

LIHMR UNIVERSITY
School of Pharmaceutical Management
MBA Pharmaceutical Management
Batch-10 (2018-2020)
First Year



HUMAN RESOURCE MANAGEMENT
Term Examination

Time - 3 Hour

MM-70

The question paper contains 4 printed pages

INSTRUCTIONS

- There are two sections in the Question Paper: A and B
- Section A is based on the situation backdrop. The questions are in the backdrop of article titled E-Cigarettes: Marketing Versus Public Health, circulated as pre read.
- You can attempt any combination of questions from section A and/or B to add upto maximum 70 marks.
- You can attempt maximum 2 questions from Section B.

SECTION A

The section is in the backdrop of article titled *E Cigarettes : Marketing Versus Public Health* circulated to you as pre read . Assuming that the information in the article is equally relevant to India, attempt the questions in background of information contained in the article. Some relevant part of the article which may be useful while attempting the questions is reproduced at the end.

Situation Backdrop

Assume that you are the HR manager of a pharmaceutical company that has been contemplating to start manufacturing and selling nicotine patches and nicotine chewing gums as to ride the wave your nearest competitor has created around these products. The competitor is making big money selling the nicotine patches and chewing gums as smoking cessation aids. However, now your company has changed plans and would like to venture into e-cigarettes as the initial environment scan indicates there is big market for E-cigarettes, which are even better in efficacy in tobacco smoking cessation than nicotine patches/ chewing gums. The company now plans to procure e-cigarettes from US and sell here as OTC product not only through chemists but through other distribution channels too including shops selling tobacco cigarettes.

Attempt the following questions in light of the above situation

Q.1. Create a job highlighting atleast 8 points in job descriptions and 8 in specifications for the Business Development Manager of the e-cigarettes vertical. (16)

Q.2. a) What alternative recruitment sources you would approach to scout for a suitable Business Development Manager of the e-cigarettes vertical? Justify your recommendations and also enumerate advantages and limitations of the sources you recommend. (6)

b) Propose a three step (explaining in detail each step of your proposal) selection process for the Business Development Manager of the e-cigarettes vertical. (For example, if you propose interview as one of the

stages, frame atleast three questions and explain what did you intend to evaluate from the question) (10)

Q. 3. Create a one week orientation program (suggest six themes and explain your choice of themes and contents of programme) for sensitizing the Business Development Manager of the e cigarettes vertical towards the concept of e cigarettes based on article shared as pre read. (16)

Q. 4. Create a performance appraisal form to measure the performance of the Business Development Manager of the e cigarettes vertical after one year, mentioning at least 8 qualitative indicators and 4 quantitative KRAs and an appropriate scale to measure the indicators (16)

Q. 5. a) Which method of job evaluation do you propose to calculate the money worth of the job of a Business Development Manager of the e cigarettes vertical and why? (6)

b) Also workout atleast six components of compensation as per Indian standards for the job worth that you calculated in part a) (10)

SECTION B

Q.1. Explain Human Resource Planning in the Pharmaceutical Industry context (16)

Q.2 What do you understand by Career Management Systems (Career Planning and Succession Planning) (16)

Q.3 Explain any eight types of Learning and Development methods. (16)

Q.4. Explain any eight fringe benefits (16)

Part reproduced from the article for reference



E-Cigarettes: Marketing Versus Public Health

We are at the dawn of a revolution in the fight against tobacco.

— Brice Lepoutre, president of the Independent Association of Electronic Cigarette Users

The [e-cigarette] market is producing, at no cost to the tax-payer, an emerging triumph of public health.

— Clive Bates, former director of Action on Smoking and Health, a British advocacy group

In 2013, the public health debate regarding electronic cigarettes, “e-cigarettes,” was lighting up. Developed as a safer alternative to tobacco cigarettes, e-cigarettes delivered nicotine to users through the vaporization of chemical cartridges, rather than the combustion of tobacco. By 2012, retail sales of e-cigarettes were \$1.7 billion in the U.S. and were expected to reach \$3 billion in 2013. E-cigarettes contained far fewer toxins than tobacco cigarettes, and did not produce second-hand smoke. Some observers were concerned about potential risks to public health as a result of the product’s positioning as a break-through smoking cessation aid. Many were concerned that e-cigarettes would instead serve as a gateway for young people to eventually smoke tobacco cigarettes, due to the addictive properties of the nicotine found in most e-cigarettes.

The Emergence of E-cigarettes

E-cigarettes were hailed as disruptive technology that would revolutionize the consumption of nicotine. Developed in 2003 by Hon Lik, a pharmacist in China, e-cigarettes used small batteries to vaporize a nicotine-laced solution, which consumers then inhaled. The e-cigarette design allowed smokers to closely mimic the sensorial experience of smoking by inhaling vapor from a tube placed in the mouth, a behavior called "vaping". In 2013, Goldman Sachs called e-cigarettes one of the top eight disruptive technologies to watch. The firm estimated that, by 2020, e-cigarettes could reach sales of \$10 billion, delivering 10% of the sales volume and 15% of the profits for the entire tobacco industry. E-cigarettes could be made to deliver zero nicotine, or more nicotine than traditional cigarettes. E-cigarettes contained far fewer toxins than tobacco cigarettes and did not produce second-hand smoke, because they did not require the burning of tobacco.

According to the Centers for Disease Control and Prevention (CDC), roughly 6% of all adults in the U.S. had tried an e-cigarette in 2011 (roughly double the percentage in 2010).

Market for E-Cigarettes

In the U.S., around 300 million e-cigarettes were sold in 2013. E-cigarettes represented roughly 2-3% of the \$100 billion retail tobacco market in the U.S. According to *The Economist*, in 2013, almost all users of e-cigarettes were smokers or those who had smoked previously. A 2013 study published by the CDC found that six in ten U.S. adults were aware of e-cigarettes, up from four in ten in 2010. In 2011, one out of five current smokers in the U.S. had tried an e-cigarette. The CDC found that the proportion of high school students who had tried e-cigarettes had increased from 4.7% in 2011 to 10% in 2012. The percentage in middle school rose from 1.4% in 2011 to 2.7% in 2012. The study found that, in total, 1.8 million middle and high school students in the U.S. had tried e-cigarettes in 2012. Of those who smoked e-cigarettes within 30 days of the survey (about one third of the 1.8 million), about 80% had also smoked a tobacco cigarette within the same period.

Pricing and Distribution

Part of the appeal of e-cigarettes to smokers was their cheapness relative to tobacco cigarettes. Cigarettes cost about \$7.50 a pack of twenty versus \$75-\$115 for an e-cigarette starter pack, which included the rechargeable e-cigarette and five cartridges (equivalent to around 10 packs of 20 cigarettes). A set of five refill cartridges for e-cigarettes ranged in retail price between \$15 and \$25. In 2012, \$3.16 per pack of cigarettes sold was collected by U.S. government agencies via excise taxes, fees and settlement payments. E-cigarettes were not subject to excise taxes, and retailer margins on e-cigarettes were 30% to 40% (versus the 5% to 15% margins on tobacco cigarettes). CFO of Philip Morris, Jacek Olczak, attributed the growing popularity of e-cigarettes to the "phenomena of price" and asserted that the flavor of e-cigarette products was not comparable to tobacco cigarettes. Research by the U.S. Department of Health and Human Services estimated that an increase of 10% in the price of tobacco cigarettes would reduce overall cigarette consumption by 3-5%.

When first sold in the U.S. in the mid-2000s, e-cigarettes were only available online and at shopping mall kiosks. Kiosks allowed vendors to demonstrate how the product worked, including its ability to be smoked indoors and the variety of flavors available. In 2010, Wal-Mart briefly sold e-cigarettes on its website, but removed them the same year due to lower than anticipated demand. Costco Wholesale Corp. sold e-cigarettes on its website but pulled them in 2010, because of the uncertainty around potential FDA regulation of the products. In 2013, e-cigarettes were widely available at convenience stores, grocery stores, drug stores, mall kiosks and liquor/specialty stores. In most drug stores, e-cigarettes were stocked alongside tobacco cigarettes behind the checkout counters rather than in the aisles. Shelf space allocated to e-cigarette brands was comparable to that of mid-volume cigarette brands (such as Pall Mall, Camel and Newport), but much smaller than the amount of space allocated to the leading brand, Marlboro. Sales of e-cigarettes online in 2013 were estimated to be \$500 to \$625 million.

Public Health Risks of Cigarettes

A 2010 study published by the Independent Scientific Committee on Drugs found tobacco caused more



harm than amphetamines or cannabis. Between 2000 and 2004, cigarette smoking in the U.S. cost more than \$193 billion (\$97 billion in productivity loss and \$96 billion in health care expenditures). Tobacco cigarettes contained over 7,000 chemicals, of which hundreds were toxic and roughly 70 caused cancer. Traditional cigarette smoking contributed to the incidence of heart disease, cancer, stroke and lung diseases. In 2013, over 40 million people in the U.S. were tobacco smokers. More than 400,000 died in the U.S. each year from tobacco use (nearly 50,000 of whom died from exposure to secondhand smoke). For every person who died, it was estimated that 20 more suffered from at least one serious illness.

Youth smoking rates declined from highs in the mid-1990s to a rate of roughly 10% of teens smoking regularly in 2010. In a 2011 study, the CDC found that 18.1% of high school students, and 4.3% of middle school students, had tried a cigarette in the prior month. Young people were particularly at-risk as they had greater sensitivity to nicotine and could develop dependencies more easily than adults. Nearly nine out of ten adult smokers had begun smoking by age 18. The CDC identified advertising, peer group pressure and easy access as important in promoting youth tobacco use.

Smoking Cessation Aids

Nicotine was a psychoactive drug found in tobacco products. Dependence on nicotine was the most common form of chemical dependence in the U.S. in 2010. Research suggested that nicotine was as addictive as heroin, cocaine or alcohol. The CDC conducted a study in 2010 which found that 52.4% of U.S. smokers had attempted to quit at least once in the prior year, but only 6.2% of smokers had done so. Of those who attempted to quit, 30% used medication and 6% used counseling.

Smokers who wanted to quit had a variety of counseling and medicinal options available. Those who sought counseling could choose to obtain a clinical intervention from a doctor, group counseling, online or telephone hotline resources or behavioral cessation therapies. A variety of smoking cessation medicinal aids was available, including over-the-counter products (e.g. nicotine gum, patches or lozenges) and prescriptions (e.g. nicotine nasal sprays or inhalers). The size of the market for over-the-counter smoking cessation products in the U.S. was \$528 million in 2012. Smokers who used both counseling and medications had higher rates of cessation than those who used only one approach. Pharmaceutical companies typically made and marketed the chemical smoking cessation aids such as nicotine patches. The pharmaceutical companies viewed e-cigarettes as competition to their smoking cessation products. Unlike the smoking cessation products manufactured by pharmaceutical companies, e-cigarettes did not need to meet pharmaceutical safety standards or secure prior approval from the FDA.

The Efficacy of E-cigarettes as Smoking Cessation Aids

Research conducted by the University of Catania in Italy found that e-cigarettes were helpful cessation aids for some smokers. Between 2010 and 2012, researchers tracked 300 smokers who were given e-cigarettes to help them quit. On average, 8.7% of study participants were no longer smoking traditional cigarettes after one year (the quit rates varied depending on the differing levels of nicotine in the e-cigarettes given to participants). Of those who gave up tobacco cigarettes, 73.1% had also ceased use of e-cigarettes after one year. The participants in the study who were given e-cigarettes that contained no nicotine had a quit rate of 4%. Another study conducted by researchers at the University of Auckland found e-cigarettes to be more effective than patches in helping smokers to quit. The study found that 7.3% of smokers who switched to e-cigarettes had quit smoking traditional cigarettes after six months. By comparison, only 5.8% of those smokers who were given nicotine patches were able to quit smoking.

