



Performance Management in Top Pharmaceutical Companies and Competency Mapping

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ABSTRACT

Performance management is a goal-oriented system to ensure that organizational processes exist to maximize the productivity of employees, teams and, ultimately, the organization. The research paper reviews the performance management system followed by top pharmaceutical companies for the medical representatives of general medicine category. The study suggests a Competency based approach for performance management.

KEYWORDS : Competencies; Performance; Medical Representatives; Area Managers

Introduction:-

In the past it was not at all uncommon for performance management to be thought as a once a year event in which the superior passed summary judgement on each of their subordinates filled out an appraisal form, informed each subordinate of the outcome then consigned the record of performance to the corporate archive. Criticisms point out that by focusing on short term individual performance and by reinforcing top down management approach performance appraisal per se is too narrow and non-strategic to provide a comprehensive approach. Performance management needs to serve a developmental purpose. This may include providing a formal feedback on recent performance including strengths weaknesses and areas for improvement, maintaining and improving motivation and performance, providing guidance on career development, identifying barriers to improved performance and assisting in human resource forward planning especially regarding the development of personal skills and competencies. In competitive markets like the pharmaceutical industry, a high performance sales force is a strategic weapon. Pharmaceutical sales reps/medical representatives play a large role in helping an industry in a rapidly changing environment achieve a new corporate vision. The successful execution of strategies for growth, new product launches, new areas/markets and collaboration depends on attracting and retaining the right sales force talent, and then rapidly developing the skills and knowledge needed to operate in this new world. In the recent years competency mapping is adopted by many organizations for performance management worldwide

Challenges Faced by Pharmaceutical Sector:-

Indian pharmaceutical industry is one of the fast growing sectors of the Indian economy and ranks among the top-15 drug manufacturing countries in the world.

However, the industry is still faced with some major challenges like increased competition, decreasing face –time with doctors, high territory development costs, high training cost of sales representatives, and day by day the decreasing quality of sales/medical representative. There are some challenges related to the market and customers and even with changing technology they remain unsolved like unknown value of revenue from each retailer in the territory, unclear value of prescription from each doctor in the list of each medical representative, non-co-operation of stockists and retailers to stock newer products, hospitals claiming larger discounts, doctors restricting appointments to a few, decreasing commitment of doctors towards promotional activities, gap between prescription support versus promotional activities is widening with the former generating low value, unethical commission practices adopted by some of the companies etc.

In recent years pharma companies are also experiencing a slow growth due to the new pricing policy and other regulatory challenges. In 2012 government has introduced National Pharmaceutical

Pricing Policy. This has lead 348 medicine formulations under price control. This has resulted in low profit margins. In the year 2015 the government has announced a uniform code of conduct for the industry in which promotional activities like sponsorships of paid vacations, cruise tickets, educational conferences and seminars, gifts, hospitality, medical samples, medical grants for doctors have been curbed. Thus putting pressure to manage business without much scope for growth due to promotional activities. In light of the challenges faced by pharma industry in the long run performance/productivity of every sales person will become imperative. For effective job performance pharma companies need to adopt competency assessment and development to enhance the success of its employees.

Competency Mapping and Performance Management

Creating competency based culture and systems in organizations are the need of the hour. It is needed to enhance specialized skills and have a continuous up-gradation of knowledge. Competencies are the skills, knowledge, behaviors and attribute that lead to high performance.

Competency Mapping is a process of identification of the competencies required to perform successfully a give job or role or a set tasks at a given point of time. Competency based performance management has also been seen as a way of encouraging employees to behave less as job holders and more as valued contributors since the approach seeks to focus on those personal attributes that are likely to deliver high performance behavior and results.

Objectives of the Study

- To know the parameters of performance appraisal
- To know the process of performance evaluation
- To acquire information on developmental programs undertaken for performance improvement.

Scope of the Study

This study will help to know the process, parameters considered for performance appraisal, developmental measures taken to improve performance.

Research Design for the Study

Type of Research: Descriptive
Population: All Area Managers/First Line Managers of top pharmaceutical companies in Pune

Sample Size: 25(Out of top 30 pharmaceutical companies, 25 area managers gave responses)

Method of sampling: Snowball Sampling
Data Type: Primary Data
Data Collection Tool: - Questionnaire.

Analytical Tools Used: Descriptive Analysis

Following are the findings of Data Analysis carried out to understand the performance evaluation system of top pharmaceutical companies

1) Details of Performance Appraisal Duration

Findings:-All the top 25 pharmaceutical companies conduct performance appraisal on yearly

2) Weightage of Parameters considered for Performance Appraisal

Findings: - Of the total 25 pharmaceutical companies surveyed for performance appraisal parameters, it was observed that:

- 100% of the pharmaceutical companies consider Sales Achievement as an important parameter for performance appraisal. The average weightage given to this aspect was 65%.
- 72% of the pharmaceutical companies consider campaigns and implementation as an important performance appraisal parameter. The average weightage given to this parameter was 17%.
- 80% of the pharmaceutical companies consider doctor and chemist call average as an important performance evaluation parameter. The average weightage given to this parameter was 14%.
- 48% of the pharmaceutical companies consider behavioral competencies/behaviors as yet another performance appraisal parameter and weightage given to this aspect was 10%.
- 44% of the pharmaceutical companies consider functional competencies/functional skills as performance appraisal parameter. The average weightage given to this parameter was 15%.

3) Behavioral Competencies/Behaviors considered by companies as assessment parameters in performance appraisal.

Findings:- Out of the 12 companies which consider behavioral competency/behavior for assessment, 42% companies consider interpersonal skills, 33% consider initiative, 25% consider result orientation and customer focus, 8% consider professionalism, 8% companies consider integrity, 8% consider any other behavior which includes punctuality and respect from others competency as parameters for assessment in performance appraisal. None of the companies consider impact and influence, resilience and innovation competency as parameters for assessment. Thus it can be concluded that interpersonal skill occupies major chunk of behavioral competencies followed by initiative, result orientation, customer focus, integrity and other behavior.

4) Functional competencies/functional skills considered by select companies as assessment parameters in performance appraisal.

Findings: Out of the 11 companies who consider functional competencies for assessment, it was observed that 73% of companies consider knowledge as the top most functional competency for performance appraisal assessment, 55% of companies consider record management, sales implementation and tracking competency at 45%, sales expertise competency at 27% and territory management competency at 9%.

5) Whether pharmaceutical companies compare current year performance appraisal with that of the previous year.

Findings: Only 20% of pharmaceutical compare current year's sales performance with the previous year's sales performance, while 80% do not compare current year's sales performance with that of the previous year's sales performance.

6) Area Managers Opinion regarding quantum of improvement (in Percentage) in performance after performance appraisal.

Findings: 48% of Area Managers are of the opinion that performance improvement after performance appraisal is 10-20%, 40% are of the opinion that improvement in performance after performance appraisal is 20-30% and 12% are of the opinion that the improvement is 30% and above.

7) Whether companies conduct other performance review apart from performance appraisal.

Findings: 88% of the pharmaceutical companies perform other performance review apart from performance appraisal whereas 12% do not undertake performance review once performance appraisal is done annually

8) Frequency of Performance review

Findings: Out of the 22 pharmaceutical companies that do performance review apart from performance appraisal, 9% do performance review yearly, 13% half yearly, 50% do performance review quarterly, and 27% conduct monthly performance review apart from performance appraisal

9) Developmental measures taken for improvement of performance

Findings: Out of the 25 pharmaceutical companies, 100% companies adopt counseling for medical representative for improving their performance, 24% companies undertake refresher courses as developmental measures and 4% of companies conduct online test.

10) Number of training/developmental programs scheduled in a year.

Findings: Out of the 25 pharmaceutical companies, 68% companies conduct 1 training / development program in a year, 12% companies conduct 2 training / development program, while 20% do not conduct any training / development program.

11) Opinion of area managers whether developmental programs should be the same or different for high performers & low performers.

Findings: Out of the 25 pharmaceutical companies, 72% of area managers are of the

opinion that training / development program should be different for high performers and low performers, while 28% are of the opinion that it should be the same.

12) The contents of training or developmental programs

Findings: All of the 25 pharmaceutical companies have marketing and medical content in training programs. However only 28% of companies provide training on skill development.

13) Presence /Absence of mechanism to review improvements after training/developmental programs.

Findings: Out of the 25 pharmaceutical companies, only 20% companies have mechanism to review improvements of medical representatives while 80% companies do not have such a mechanism

14) Opinion of area managers whether developmental programs should be the same or different for high performers & low performers.

Findings: Out of the 25 pharmaceutical companies, 72% of area managers are of the opinion that training / development program should be different for high performers and low performers, while 28% are of the opinion that it should be the same.

• Recommendations:-

- 1) Competencies should correlate with roles and work responsibilities for superior performance.
- 2) Competency Profiling and Competency Assessment should be adopted for effective performance
- 3) Companies should adopt different measures for competency development like 360 degree feedback, skill training etc.
- 4) Training should be need based training and it should be different for high and low performers. There should also be a mechanism to measure effectiveness of training programs.
- 5) Companies need to include competency assessment as a part of performance appraisal and give more weightage, so as to motivate employees to perform as per the expectations of the company.
- 6) Periodic review of performance should also include review of progress on competencies as a developmental measure.

Conclusion:-

Most of the pharmaceutical still follow the traditional method for performance management. In a competitive scenario companies need to include newer methods in performance evaluation. Studies have shown that even a modest improvement in an employee's competency profile can lead to significant difference in performance outcomes. Defining and communicating desired competencies not only indicates to every employee what it makes for outstanding performance but also gives employees the framework they need to plan their personal development and to enhance their performances.

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