

STRATEGIC INVOLVEMENT OF MANAGEMENT IN NEGOTIATIONS AMONG GROUPS IN PHARMACEUTICAL COMPANIES

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ABSTRACT

The paper explains the detailed study of group negotiations in the pharmaceutical companies. It also explains the involvement of top management in the negotiation process. Organizational development is important in business organization because when successfully executed by the consultant with the total commitment of top management down to the rank-and-file employees. Negotiation is an economical process that can be facilitated by internal consultants and team leaders. Based on this two hypothesis are formulated and results are drawn from the sample. From the entire study the researcher concluded that involvement and supervision of top management is satisfactory in sample companies.

Key words: Negotiation, Involvement, Supervision, Flexibility, and Adaptation

I. INTRODUCTION

All the activities of any organization are initiated and completed by the persons who make up the organization. Management is the process of “getting things” done with the available resources. Organizations utilize resources such as physical, financial and human to produce best results. When people in organization work with commitment enthusiasm and zeal to learn organization reaches top. Human resources utilize better technology for product improvement and also suggest better customer services.

Organizational development aims at creating a friendly and stress free working atmosphere where workers are encouraged and motivated to work efficiently for the profitability of the company. Such an atmosphere at the place of work facilitates better working environment so that workers work enthusiastically. As a result, their efficiency as well as productivity is enhanced; this is necessary for the healthy growth of any business enterprise. Organizational development programs are considered long-term efforts of at least one to three years in most cases. In addition, it stresses collaborative management, whereby managers and employees at different levels of the hierarchy cooperate to solve problems. The consultant is always around to monitor, evaluate, and redirect the organization and see to it that it is navigating into the right direction.

Roger Harrison (1972) was one of the founders of the professional discipline known as Organizational Development (OD) developed Role Negotiation Technique.

Role Negotiation is defined as the process of changing individual or team behavior/ performance with respect to role, through negotiating with the other team members in the organization. Role includes job description, understanding between team members, expectations from others, agreements and arrangements. The process determines how an individual or team work affects.

To be a successful organization in the present competitive world requires coordination and integration of employees towards their assigned roles. Employee's expectations and what they get from the role is not same always. Role negotiation is the one technique that brings all team members into line with the expectations of superiors, leader and peers. At this level employees need trained facilitator to help them in the team process.

Role negotiation is usually done with the aid of a trained facilitator from outside the organization and is carried out in four steps, contract setting, issue diagnosis, influence trade/negotiation and follow-up.

Intergroup development intervention mainly deals with the relationship among teams. These interventions are integrated into OD programs to facilitate cooperation and efficiency between different groups within an organization. These interventions are designed to improve interactions among different groups or departments in organizations. The microcosm group intervention involves a small group of people whose backgrounds closely match the organizational problems being addressed.

Conflict resolution meetings are one common inter-group intervention. Conflict resolution meetings are frequently conducted under intergroup development intervention. First, different group leaders are brought together to get their commitment to the intervention. Next, the teams meet separately to make a list of their feelings about the other groups. Then the groups meet and share their lists. Finally, the teams meet to discuss the problems and to try to develop solutions that will help both parties. This type of intervention helps to gradually diffuse tension between groups caused by lack of communication and misunderstanding.

These interventions involve getting a broad variety of stakeholders into a large meeting to clarify important values, to develop new ways of working, to articulate a new vision for the organization, or to solve pressing organizational problems. Such meetings are powerful tools for creating awareness of organizational problems, opportunities and for specifying valued directions for future action.

II. INDIAN PHARMACEUTICAL INDUSTRY

The pharmaceutical sector is a research-based industry which increases the life of public through innovations in medicines preparation. Protecting consumers from harmful effects of drugs and promoting research on production of drugs are the main considerations for any pharmaceutical company. These two considerations implies on controlling the expenditure of drugs. To produce the drugs with less expenditure and more innovative, balance between the interests producers and consumers are necessary. The pharmaceutical sector is a high-technology and knowledge-intensive industry. The industry has a two-tier structure. The largest firms account for the majority of the R&D investment in the industry and hold the majority of patents.

Dr. Reddy's started its operations in 1984 as an API (Active Pharma Ingredients) manufacturer in India firstly with high quality. Later it expanded its operations internationally. In 1987 it had entered in to Indian formulations market full pledge and in 1991 started their international formulations operations. Dr. Reddy's, a global pharmaceutical company committed to creating access to affordable and innovative medicine through our

three core businesses: Pharmaceutical Services and Active Ingredients, Generics and Proprietary Products. Dr. Reddy's manufacturing, sales and marketing operations span around 20 countries. The major markets are USA, UK, India, Russia and CIS, Germany, Venezuela, South Africa and Romania. Dr. K. Anji Reddy was the Founder-Chairman of Dr. Reddy's Laboratories Limited headquartered in Hyderabad, India. With his academic skills and leadership qualities, he founded Dr. Reddy's Laboratories in 1984.

Hetero is a research based pharmaceutical company established in 1993. Hetero is quietly focused on development, manufacturing and marketing of active pharmaceutical ingredients (API), intermediate chemicals, formulations and finished dosages. By 2013, it means 20 years later the name is synonymous with leadership in pharmaceuticals with more than 18 manufacturing units and 9000 employees. Organization manufacturing capabilities are meeting global standards in terms of infrastructure and systems. It is a leading organization that is supplying its products over wide range of therapeutic categories. It's also a leading supplier of 200 products worldwide both in APIs and finished dosages. Ever since its establishment in 1993, Hetero showed a tradition of excellence and deep sense of commitment in developing cost effective processes to offer wide range of affordable drugs. Hetero is building on the strengths of vertical integration in discovery research, process chemistry, API manufacturing, formulation development and commercialization. With full-fledged marketing capabilities, the company has been able to market its products in over 138 countries across the globe. Dr. Bandi Parthasaradhi Reddy, founder of hetero drugs working in the position of Chairman & Managing Director of Hetero group.

III. REVIEW OF LITERATURE

Kahn et al (1964) found that workers who suffered from role ambiguity were more likely to experience lower job satisfaction, a great incidence of job-related tension, greater feelings of futility and lower levels of self confidence.

R. Wayne Boss and Robert T. Golembiewski (1995) explained the role of CEO in organizational development. For this they conducted interviews with CEO's of two different companies in a medium- sized medical center during a 4- year period. First two years there were no significant improvements in the organizations. Second year ending CEO's noticed improvements in the organization climate, nursing turnover, market share, the design of the project, the number of days the consultant spent in the organization, the general approach to delivering patient services, the medical staff the economy, the medical job markets, and the organizational population-all remained approximately the same during the 4-year period. The entire study results that data attributed both positive and negative results.

Allen C. Amason and Harry J. Sapienza (1997) described how cognitive and affective conflicts can be engaged in organizations and the involvement of top management in resolution of conflicts. The study was conducted on 48 top management teams (TMTs) to know their views about the conflicts in teams. Cognitive conflict is task-oriented disagreement arising from differences in perspective. Affective conflict is individual-oriented disagreement arising from personal disaffection and associated with team size. If the team size is high with greater openness and high levels of mutuality it leads to less affective conflict.

M. Audrey Korsgaard, Sophia Soyoung Jeong, Douglas M. Mahony and Adrian H. Pitariu (2008) reviewed the main reasons for conflict between team members and among teams. The study focused on conflicts and relationships between team members and among teams not on multilevel nature of intragroup conflict and its emergence processes. The authors conclude the study by proposing a model of group conflict for organizations. The group conflict model integrates the individual, dyadic, and intragroup levels of analysis. Authors also examined and reviewed the antecedents of conflicts across levels and stated that constructs and processes are common to the intra-individual, dyadic, and group levels.

Jonas A Ingvaldsen and Monica Rolfsen (2012) explored two different structures for intergroup coordination as an alternative to traditional hierarchical control. In this, the authors coordinated the different autonomous work groups to produce desirable efforts. The two structures are rotating group spokespersons and shared leadership. The authors concluded that coordination will be less if the groups are enjoying high levels of autonomy.

Alice H. Y. Hon and Wilco W. Chan (2013) examined the positive and negative effects of group conflict and work stress by using multi-level analysis. They conducted survey on 265 employees and managers of few popular Chinese hotels. Authors examined the effects of task-related conflict and relationship conflict. In this study, they considered two types of work stress; challenge-related stress and hindrance-related stress. From the survey, authors obtained valuable information from the employees of different hotels. Challenge related stress enhances job performance and job satisfaction. The key finding of the study is task related conflicts are good for organization, because these types of conflicts improve “sense of accomplishment” among employees when task is complete.

IV. NEED OF THE STUDY

The Pharmaceutical industry is gaining more important from the past two decades. Pharmaceutical companies mainly deal with the life of public and works to serve public. Nearly 30 millions of employees are working in various pharmaceutical companies. Even though there are numerous players in the market, only few companies build trust among public. In times of stress and performance demands, pharmaceutical companies need to focus on group as a whole more than individuals. The presence of foreign firms in India has a large impact on the competitive environment and stimulates the domestic firms.

From the extensive survey of available literature it has been identified that many research works have touched upon the “Role negotiations and management involvement in the group activities” in the hospitality and service industry. Very few studies have been identified in Manufacturing and Pharmaceutical industry. Hence an attempt has been made to conduct research on Role negotiations and management involvement and supervision in the group activities in four reputed pharmaceutical companies located in Hyderabad.

V. SCOPE OF THE STUDY

The present study focuses on “Strategic involvement of management in negotiations among groups in pharmaceutical Companies”. Two large companies are selected for the study based on their turnover and employee strength. Dr. Reddy’s labs and Hetero drugs are chosen as sample companies which are located in Hyderabad. The study is to assess the impact of group conflicts on the performance of employees.

VI. OBJECTIVES OF THE STUDY

1. To analyze the performance of teams in pharmaceutical companies.
2. To analyze the effect of flexibility and adaptations on role negotiations among the team members.
3. To analyze the impact of management supervision and involvement on intergroup team building.

VII. HYPOTHESIS

Hypothesis-I

H0: Flexibility and adaptation doesn’t affect the constructive negotiation among team members.

H1: Flexibility and adaptations leads to constructive role negotiation among team members.

Hypothesis-II

H0: Involvement and supervision of management doesn’t impact the intergroup team building activities.

H1: Involvement and supervision of management impact the intergroup team building activities.

VIII. RESEARCH METHODOLOGY AND SAMPLING

METHODOLOGY

The primary data is collected by discussions with the employees and also by distributing questionnaire to the employees of two companies; Dr. Reddy’s labs and Hetero Drugs.

The secondary data is collected from the company records available at the regional offices, websites and also at the production units of as mentioned two companies. An effort has also been made to present different studies in newspapers, journals, magazines and also from the doctoral works.

IX. SAMPLING

For the convenience of the study pharma companies have been selected for the study. While selecting the companies, employee’s strength and sales turnover of the companies are taken into consideration. The sample selected from the two sample companies

1. Dr. Reddy’s Labs -200

2. Hetero Drugs - 200

SAMPLING POPULATION: The sample chosen for the study is the employees working in the production units of two companies (Dr. Reddy’s labs, Hetero drugs).

SAMPLING METHOD: The sampling method adopted for this study is non-probability sampling method in which convenience sampling method is used. The researcher has chosen the companies as per her convenience and availability of permissions, contacts with the employees.

DATA COLLECTION INSTRUMENT: Questionnaire method was adopted to get the responses from the respondents. Well structured questionnaire were personally distributed among the sample.

STATISTICAL TOOLS USED: The data is analyzed by using statistical tools like Weighted Average Method, Frequency Method, ANOVA, Correlation Coefficient and Chi- square method for hypothesis testing with the help of Microsoft Excel and Statistical Package for the Social Sciences (SPSS) version 16.0 for windows.

X. DATA ANALYSIS AND INTERPRETATION

Here the researcher explained how the two companies management is involved in the negotiation aspect among groups.

Table- 1: Employee Involvement in Conflict Resolution

Sl. No	STATEMENTS	DR.REDDY'S (MEAN SQUARES)	HETERO DRUGS (MEAN SQUARES)
1	I am flexible about making changes in my role.	4.5	4.40
2	I work hard to negotiate for the role requirements.	4.75	4.28
3	I make personal sacrifices for team success.	4.79	4.24

Source: Primary Data

Flexibility is a type of compromise, which in turn leads to concessions and conclusions. It is helpful in choosing the right negotiation tactic. While negotiating about the role, commitment is important. And employees have to work hard to negotiate. After negotiating if employee is not ready to perform his/her role, it is not useful and time waste. In a team, team performance adds more value to the organization than individual performance. Individual performance is counted while evaluating the performance of individuals. So, employees have to work for team keeping beside their personal issues. All these are well followed in Dr. Reddy's when compared to hetero drugs.

Table- 2: Employee Behaviour in Team Negotiation

Sl. No	STATEMENTS	DR.REDDY'S (MEAN SQUARES)	HETERO DRUGS (MEAN SQUARES)
1	Polite atmosphere exists when teams work together.	3.99	3.55
2	Termination of relationship is always individual choice.	3.95	3.33
3	Respecting opponents makes it easy to negotiate.	3.32	3.02

Source: Primary Data

Major part of the employees feels that healthy atmosphere is crates in a team when all the members of team work together. Maintaining relationships with the others are always depends upon the working conditions. So the decision is up to individual whether he/ she want to continue the relationship or terminate it. Employees have to respect the others. Then it is easy to negotiate. It also creates a sense of positive attitude towards the others. In companies respecting opponents is important for negotiating their role. All these are well followed in Dr. Reddy's when compared to hetero drugs.

Table- 3: Negotiations among Team Members

Sl. No	STATEMENTS	DR.REDDY'S (MEAN SQUARES)	HETERO DRUGS (MEAN SQUARES)
1	Power, Authority and influence affect the work relationships among team members.	4.74	3.70
2	Each individual in a team must give something in order to get something from others.	3.98	2.97
3	Most people prefer a fair negotiated settlement than that of unresolved conflict.	3.21	3.00

Source: Primary Data

For maintaining relationships with the team members, team members have to communicate without any hesitation. All the members of a team are not knowledgeable and experienced. Experienced employee dominates the other by saying he knows about the role more. In this case authority of the employee affects the relationships among team members. Majority of the respondents that power, authority and influence affects the working relationships in a team. While working in a team collaborative results are counted in organizations. So team members have to negotiate with team members for team performance. Individual has to believe that first he has to change before asking others to change their work behavior. In the presence of team leader also some problems or conflicts among team members are not solved due to ego. In such cases team members choose negotiation as a medium to solve the problem. In this process they set some conditions to continue the work.

Table- 4: Employee Efforts towards Negotiation

Sl. No	STATEMENTS	DR.REDDY'S (MEAN SQUARES)	HETERO DRUGS (MEAN SQUARES)
1	Individuals think of their own effectiveness if others show improved work behaviors.	3.99	3.05
2	Individuals have a chance to discuss behaviour changes they want from the other for effective team functioning.	3.78	3.47
3	When conflict arises among members, they are discussed and resolved amicably as a team.	4.7	4.18
4	Individuals have to change their work behaviour for the team to become more effective.	3.38	2.43

Source: Primary Data

In negotiation process, behaviors to be changed are to be listed first. After that team members have to discuss the reasons for necessity of change. Next team members have to discuss what changes they want from the others. Mutual discussions leads to effective team functioning. Conflicts are common at any work place especially in teams. Increased production is one of the advantages from healthy conflicts in the workplace where employees push each other to exceed their normal limits, both at an individual level and entire workforce as a whole. If the conflicts are serious and cause production problems then all the team members have to discuss and resolve it as a whole. Sometimes work behavior of one person shows more effect on team. In such cases it is necessary to change for improving team performance. Team leader has to take responsibility in changing the behavior of unproductive team members. All these are well followed in Dr. Reddy's when compared to hetero drugs.

TESTING OF HYPOTHESIS

XI. FLEXIBILITY AND ADAPTATION IN NEGOTIATION

Negotiation is the principal way that people redefine an old relationship that is not working to their satisfaction or to establish a new relationship where none existed before. Flexibility and adaptation are the two main characteristics necessary in the negotiation process. Organizations prepare their employees for changes on both sides: new people and unanticipated developments. Employees treat change as an opportunity for learning in a team. Employees have to adaptable to the changes made by the others in the negotiation process. This process is successful in organizations when team members are confident and committed to the changes.

In large organizations it is observed that flexibility and adaptations affects the negotiation among team members. Negotiations are successful when team members accept the conditions and ready to change. Negotiations are acting as an effective problem solving tool for teams to resolve their issues.

Following hypothesis is framed to know how flexibility and adaptations helps in constructive negotiations among team members.

Here ANOVA test is used for analyzing the data.

Hypothesis- I

H0: Flexibility and adaptation doesn't affect the constructive negotiation among team members.

H1: Flexibility and adaptations leads to constructive role negotiation among team members.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.885 ^a	0.783	0.783	0.22155
a. Predictors: (Constant), Flexibility and Adoption Lr				

The correlation coefficient between Flexibility and Adaptation and Constructive Negotiation among the team members of large pharma firms is positive and statistically significant as $R = 0.885$ and t significant level less than 0.01.

ANOVA ^b						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	74.074	1	74.074	1509.113	.000 ^a
	Residual	20.517	418	.049		
	Total	94.592	419			
a. Predictors: (Constant), Flexibility and Adoption Lr						
b. Dependent Variable: Constructive Negotiation Lr						

Flexibility and adaptations leads to constructive role negotiation among team members. The impact of flexibility and adaptations on the constructive role negotiation among the team members of large pharma firms is positive and statistically significant as F-cal=1509.11 is more than F-table value of 6.63 for (1,418) degrees of freedom at 0.01 level of significant.

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.610	0.080		7.578	0.000
	Flexibility and Adoption Lr	0.817	0.021	0.885	38.847	0.000
a. Dependent Variable: Constructive Negotiation Lr						

Regression coefficient of Flexibility and Adoption is 0.885 which has positive impact on constructive negotiation of team.

XII. INTERGROUP TEAM BUILDING

This method can be used with more than two groups where the hostility between the groups may not be extreme. It also mainly deals with the relationships among teams. Intergroup relations refer to individual interactions involving members from different groups and the collective behavior of groups in interaction with other groups, either intra or inter organizational level.

Table: 5 Team Leader Interaction

ELEMENTS	Company Name	
	Dr. Reddy's Labs (%)	Hetero Drugs (%)
Yes	92.5	12.3
No	7.5	87.7

Source: Primary Data

In Dr. Reddy's Lab nearly 93% of the respondents agreed that team leader interacts with the top management about the team achievements, performance and issues if any. In the case of Hetero Drugs it is different. Majority of the respondents told that team leader doesn't interact with the top management.

Table- 6: Competitions / Top Management

Sl. No	STATEMENTS	DR.REDDY'S (MEAN SQUARES)	HETERO DRUGS (MEAN SQUARES)
1	Interaction and Communication gets affected because of intergroup competition.	4.46	4.01
2	Top management work towards congenial atmosphere among teams.	3.95	3.57

Source: Primary Data

Intergroup team building intervention is designed for the purpose of helping two interdepartmental groups in the same organization for the resolution of dysfunctional conflicts. Intergroup conflicts can both be bad or good and in some areas it is necessary for the organization to increase productivity because when there is a little participation, little interdependence among departments and competition among them can boost up productivity levels. Conflicts within work teams and conflicts between work teams is a challenge presented by team work. Communication and interaction among teams gets affected due to competition among teams. For this response rates given by Dr. Reddy's Labs and Hetero Drugs are 4.46 & 4.01 respectively.

Some problems or conflicts are solved with the involvement of leaders and some not. In that case team leaders have to consult management for solving the issues of teams. Employees always listen to employer than other superiors. But in the case of Covalent Pharma and Fleming Labs, top management doesn't allow team leader to consult directly. For this response rates given by Dr. Reddy's Labs and Hetero Drugs are 3.95 & 3.57 respectively.

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	180.928 ^a	9	0.000
Likelihood Ratio	123.861	9	0.000
Linear-by-Linear Association	26.154	1	0.000
N of Valid Cases	420		

a. 5 cells (31.3%) have expected count less than 5. The minimum expected count is .64.

Involvement of top management differ the intergroup team building activities on companies. The Chi-square value for 9 d.f at 0.01 level of significance is 21.666 which is less than the Chi-Square calculated value of 180.928. It means that interaction and communication among groups is effective then management work towards solving their problems.

Table- 7: Conflict Resolution / Top Management

Sl. No	STATEMENTS	DR.REDDY'S (MEAN SQUARES)	HETERO DRUGS (MEAN SQUARES)
1	Interaction and Communication gets affected because of intergroup competition.	4.46	4.01
2	With the involvement of top management intergroup problems are easily resolved.	3.85	3.30

Source: Primary Data

Majority of the employees feels that intergroup problems are solved fastly and effectively with the involvement of top management. But the actual scenario in companies is different. Top management is not involved in conflict resolution problem. If problem is severe they can. For this response rates given by Covalent Pharma and Fleming Labs are 3.85 & 3.30 respectively.

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	84.489 ^a	9	0.000
Likelihood Ratio	108.935	9	0.000
Linear-by-Linear Association	17.528	1	0.000
N of Valid Cases	420		

a. 4 cells (25.0%) have expected count less than 5. The minimum expected count is 1.61.

Conflicts among teams are solved effectively with the involvement of top management in the intergroup team building activities. The Chi-square value for 9 d.f at 0.01 level of significance is 21.666 which is less than the Chi-Square calculated value of 84.489. It means that interaction and communication among groups is effective then management work towards solving their problems.

XII. CONCLUSION

From the entire study I want to conclude that for effective functioning of a team, communication, flexibility, coordination, participation, involvement and inter personal relationships are important. There is no one size fits all for how to communicate optimally with each individual but the basis of effective communication will put you on the right track. Apart from this top management involvement and supervision in group activities can make the functioning of groups and teams better. Involvement and supervision of management is satisfactory in the case of two companies chosen for the study. If the same followed in medium pharmaceutical companies, it can achieve good results.

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