

## Synergy in HR and Strategies, a Contemporary Need for the Pakistan Pharmaceutical Industry

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### ABSTRACT

*The empirical evidence laid out in this paper analyses the current human resource management (HRM) practices and their strategic orientation in the Pakistan pharmaceutical industry. The study emphasises and exhibits the evidence for the need to align human resource (HR) and organisational strategies, and objectives in order to retain competitive advantage, knowledge workers and achieve long term strategic objectives. This research is based on multiple qualitative in-depth case studies conducted in the industry, and recommendations indicated in the paper are based upon the empirical findings and synergistic evidence from contemporary western literature. The absence of formal HR functions in 50% of the organisations in the industry and still clerks looking after HR matters, transpire a message for organisational strategists and decision makers that 20<sup>th</sup> century personnel practices and strategies in today's dynamic economy may not enable organisations to sustain businesses, achieve strategic objectives and gain competitive advantage. This further points out the reality that organisations even in a developing country like Pakistan cannot be an island anymore in modern and dynamic interconnected global business sphere, and may be easily displaced by organisations from other parts of the world. In order to sustain businesses, retain knowledge workers and attain competitive advantage, it is crucial that HR strategies in the industry are to be aligned to long term strategic objectives, to every functional level and especially revenue generating sales and business development functions of an organisation. This can facilitate an organisation, that employees at every level will have a converged and unified view of organisational and functional strategic objectives. The essentiality of HR practices and HR functions perceived by this study respondents and the evidence from organisations implementing better HR practices advocate that organisations in the industry can also leverage from these practices in obtaining competitive advantage, achieving strategic objectives and retaining their knowledge workers. This further creates the need that other organisations within and out of the industry should be benchmarked for advancement in HR practices and strategies.*

**Keywords:** *Human resources, Strategic Human Resource Management, Strategic alignment, Competitive advantage, Pakistan, Sales employees*

### INTRODUCTION

The literature in this paper and the emphasis on HR strategies and their alignment to strategic objectives may be perceived as a common sense to academicians and practitioners in the westernised or developed world; however, in the absence of a research culture or importance assigned by organisations to research, this paper provides an empirical evidence of HR practices in an industry, emphasis laid out in the literature about HR strategies, and examples of organisations leveraging through better HR strategies and implementation. For the most part, HR strategies, occupational health and safety, separate HR functions and their involvement in long term organisational strategies still seems to be a utopian concept in Pakistani organisations. The absence (or absence of enforcement) of a standardised or legislated labour or employee system for private organisations in the country provides these organisations power to manipulate employee practices according to their needs. This may be one of the key reasons that organisations do not consider HR to be vital for organisational strategic outcomes and do not intend to have a separate HR function. This triggered to investigate the strategic importance of HR in the Pakistani pharmaceutical industry, which is considered to be a highly sophisticated and up-to-date industry in the country, in terms of technology, knowledge and practices.

Drucker (1994) believes that the difference between organisational success and failure is not that the strategies are wrong but “the right things are being done poorly and fruitlessly” (p. 95). Strategies providing success in the past do not provide same results because of their inappropriateness to the current market dynamics. Assumptions evolved over a period of time about market dynamics blindfold organisations to understand recent developments – leading to failure. Organisations do not revamp their practices and strategies to satisfy current

market and customer needs, which can only be done through continuous improvement in management processes (Deming, 2000; Taguchi, 1986).

HR strategies and practices have been proven to reciprocate enhanced profitability, prolonged organisational survival, increased sales and reduced employee attrition (Armstrong, 2009). Likewise, HR strategies focusing employee training development and HR planning have also shown to positively influence employee productivity (Chang & Chen, 2002). However, despite increasing evidence of the relationship between organisational financial performance and people management practices, there is still management's reluctance to accept this fact (Pfeffer & Veiga, 1999). It has become a norm that whenever an organisation experiences a financial panic, what follows is an avalanche of layoffs in an organisation. Indeed, even in organisations that are making healthy profits, the top management continues to look for staff reductions in order to please their investors or shareholders by maintaining its profitability year on year. In recurrent stories of layoffs and inefficiencies, few contributing factors are disparity between HR and organisational strategies, unimportance assigned to people management practices and inability to recognise their (employees') role in organisational success. Underpinned by this logic, this paper attempts to provide evidence that coherence and integration of organisational and HR strategies in the researched context can enable organisations to deliver better performances.

### **HR AND COMPETITIVE ADVANTAGE**

There is a perception among the organisations that HR initiatives are not contributing to the needs of employees or customers (Stone, 2013). Unlike the importance attached to financial and operational issues, HR (as a function) is faced with lack of confidence as far as their contribution to organisational objectives is concerned. Organisations take myopic view to HR's influence on organisational strategy – while this can be a potential competitive advantage (Becker, Ulrich, & Huselid, 2001). This triviality may be based upon the reason that HR professionals are becoming less relevant due to their involvement in administrative activities rather than their core responsibility of managing people (Pfeffer, 2005) and contribute to organisational performance. Stone (2013) is also of the view that when HR, instead of its strategic role is only involved in picnic and payroll activities; it surely is perceived as an organisational expense extraneous to its profitability. Despite the research and evidence of HR's strategic role and organisational performance – it has meagrely contributed to change organisational and HR managers' mindset from their conventional job roles (Becker, Ulrich, & Huselid, 2001). This may be the reason why few organisations involve HR functions in their strategy formulation. Prior to convincing their organisations, HR functions and managers first need to convince themselves that human resource strategies can be a pivotal source in organisational performance. Unless HR functions exhibit this paradigm shift and do not prove itself to be involved in organisational strategy like finance and marketing; HR functions will be a soft target for job and expense cuts and keep on being disposed even in the future.

On the contrary, when HR as a function and HR professionals are able to transform organisational strategy into actions, then their decisions are viewed as a strategic partners and actions as a catalyst to organisational success. In these scenarios, organisations are compelled to integrate their HR functions with other key organisational functions. This is why at the ANZ bank Australia (ANZ, 2011), HR sits in the top five principal strategic committees. Similarly at the Rio Tinto, HR and people management is the key ally in the executive and decision making committee (Rio Tinto, 2012). Sony's HR – makes strategy everyone's responsibility by communicating business strategy through town hall meetings and organisational social networks while updating required developmental skills of each employee (Sony, 2011). These successful organisations are utilising their HR functions to sustain their competitive advantage. These examples further provide convincing evidence that HR's alignment with organisational strategy and other functions provide a leading edge in competitive environments and industries.

HR activities must be considered when formulating strategic plans if competitive advantage is to be sought (Bartlett & Ghoshal, 2002) because strategies are the road map toward a competitive advantage – that can surpass average organisational performances (Becker & Huselid, 2006). Strategies mainly focus to leverage organisational resources through its strengths while tapping opportunities in the market – as these resources and competencies provide a base for competitive advantage (Progoulaki & Theotokas, 2010). Employees being the prime organisational resource should therefore be primarily considered in formulating new strategies. This requires a paradigm shift in the way employees management practices are carried out in organisations (Pfeffer, 2005). This further expects HR functions to develop HR strategies which are not only able to motivate and retain their human capital but also integrate with overall organisational strategies (Stone, 2013). In this developmental process however, 78% of the organisations desire their HR functions to produce strategic managers (Michaels, Handfield-Jones, & Axelrod, 2001). Associating HRM strategies with organisational objectives and strategies provides a new dimension in the discipline that of strategic human resource management (SHRM).

Identification of the best HR practices that can leverage from external factors is the basic realm for SHRM (Finegold & Frenkel, 2006). SHRM being the set of measures, shared by HR and line managers in addressing employee issues (Schuler & Walker, 1990) is also the full cultivation of these into organisational strategic planning process (Guest, 1989) rather than only implementation. Kaplan and Norton (2001) suggest that strong strategic alignment and focus in an organisation can result into breakthrough performances. Likewise, Becker and Huselid (2006) argue that competitive advantage can only be sought through a fit between HR structure, strategic potentialities and organisational processes. This strategic fit seems to play crucial role in organisational performance as Youndt *et al.* (1996) find that HR strategies and systems directly influence operational performance of employees. The aspired strategic alignment may not be achieved unless the following illustrated five strategic focus principles are adopted.

Figure 1: Five principles of strategic focus



Source: Developed for this paper based on Kaplan and Norton (2001)

Apart from top management's strategic approach in people management practices, HR's strategic role requires this function to play a pivotal role in strategic management and alignment in today's uncertain and turbulent business environment to retain valuable human capital (Boxall & Purcell, 2011). Armstrong (2008) believes that the essence of SHRM is the strategic fit between HR and organisational strategies. However, Becker and Huselid (2006) emphasise that HR strategies being a long term orientation – need to concentrate on organisational performance and provide solutions to business problems. This long term orientation elaborates that how HR strategies can substantiate and complement business strategies in achieving overall objectives. This further creates the basis for continuous evaluation of these strategies that how well HR strategies have complemented in achieving organisational objectives (Stone, 2013).

One of the key factors in this alignment process is organisational intent to foster their human capital to develop a culture strong enough to be used as a competitive advantage (Barney, 1986). Boyer and McDermott (1999) elaborate that an organisation is said to be strategically aligned – when employees at different levels have consensus on factors important for organisational success. This convergence can be variable because the strategies implemented in an organisation also ascertain behaviours underpinning its culture (Fombrun, Tichy, & Devanna, 1984) – and the cultural factors can bring about 10 per cent change in its productivity and profitability (Patterson *et al.*, 1997). In order to achieve the desired organisational objectives, it also becomes imperative for organisations to focus issues underpinning employees' attitude and behaviours. This becomes essential because in knowledge driven businesses, organisations need to motivate and retain their human capital to create, retain and sustain competitive advantage (Finegold & Frenkel, 2006). In essence, it is the knowledge possessed by intangible human capital of an organisation that provides competitive advantage. Drucker (2002) also concludes that the human capital of an organisation is the decisive factor in its performance – and the competitive advantage of an organisation attained through people is unlikely to be imitated because of their uniqueness and skills (Peteraf, 1993).

Although there has been rhetoric acknowledgement of employees being an organisational asset, they are not treated as such strategically in organisations. De Cieri *et al.* (2008) argue that strategic managers focus on organisational objectives and neglect human capital who achieves them, resulting in poor execution of strategies. Drucker (2002) also reports this change in organisational attitude which consider employees as a liability rather than an asset. The recent waves of layoffs and closures in Australia also affirm this assertion. This triviality may possibly be mitigated through alignment of HR and organisational strategies and objectives. Hence, better HR practices will entice employees of being important and persuade performers to stay in the organisation. On the one hand HR's involvement in organisational strategy will highlight its effectiveness as a function (Delery & Doty, 1996) while on the other, proper implementation of HR strategies will bring financial benefits for an organisation (De Cieri *et al.*, 2008). However, due to competitive and dynamic market environment and short term planning, fewer organisations have aligned their HR function strategically (Kramar, 1992) to gain competitive advantage.

### **PAKISTAN AND MANAGEMENT PRACTICES**

Pakistan's business and organisational management history does not go far back in time. Since its independence in 1947, most of the institutions have been governed by the public sector in line with the colonial system legacies. Authority, centralisation along with bureaucracy and over use of committees has been a norm in these public sector departments (Islam, 2004; Khilji, 2002). These practices also carried on in these organisations even after their privatisation becoming the cause of non-profitability and non-productivity. These orthodox practices can be mainly blamed for organisational inefficiencies leading to massive national losses in cases such as Pakistan Railways, Pakistan international airline (PIA) and the Pakistan Steel (Safdar, 2012) and the list goes on. Despite the privatisation, these organisations are continuously unable to achieve their strategic objectives because of inability to revamp their practices. These poor outcomes may have been the aftermaths of managerial decisions influenced by organisational culture and external factors (Robbins *et al.* 2012) such as bureaucracy and authority left by public departments.

Literature emphasises on a long term orientation towards people management practices and a strategic fit between organisational strategies and the HRM – as this can enable an organisation to attain an intangible advantage over its competitors. Having said, HR practices in Pakistan are still in its infant stages or non-existent with a few exceptions at multi-national organisations. This is because these follow their parent company procedures. On the one hand, Pakistani public sector has failed to provide a base for development of better HR practices while on the other, private sector comprising more than 50,000 family owned businesses (Siddiqui, 2011) rely on intuitional decisions and are unable or unwilling to accept innovative practices.

#### ***The Pakistan pharmaceutical industry***

Pakistan's GDP is mainly contributed by the industrial and services sector. One of the major segments in this contribution is the pharmaceutical industry Pakistan is the 11<sup>th</sup> largest pharmaceutical market in the Asia Pacific (in US dollar terms) (Espicom, 2012). There are over 400 licensed pharmaceutical companies in Pakistan (Intelligence, 2010) including 25 Multinationals companies (MNC) enjoying half of the market share (Espicom, 2012). The Pakistan pharmaceutical market grossed \$1.4b in 2007 and was expected to reach \$2.3b in the year 2012 with an export objective of \$500mil. (PPMA, 2008) and growing annually at the rate of 9% (Insight, 2010). The market comprises the Multinational and the National Companies (NCs). Despite an equal split, NCs lead the market in volume turnover by meeting almost 90% of the country's medicinal requirements (Espicom, 2012). Pharmaceutical companies in Pakistan face intense competition due to price wars among generic and research products.

Organisations in both groups differ significantly in terms of their HR, marketing, sales and other functional practices. MNC's are constrained by their corporate standard operating procedures (SOP) and HR practices whereas NCs are still owned by families and manoeuvre their HR and other practices to suit their business needs. For the most part, NCs do not consider HR important enough to be a separate function as recruitment and selection, and appraisal responsibilities are delegated to other functional areas mainly sales management.

The intense competition in the industry and lax employee management practices are keeping employee attrition rates in sales functions high resulting in high defection and induction costs. The reason for attrition at the MNCs is the lack of career growth opportunities while intense competition and consistent sales pressure causing burnout of sales employees remains a major cause in the NCs. These reasons in both groups highlight a lack of HR planning and HR's strategic orientation while the emphasis remains solely on sales volume objectives. Despite these factors NCs manage to attract high performing sales employees from MNCs because of their attractive remuneration packages. NCs recruit these employees because of their background of comprehensive training, professional knowledge and developed skills. Most of the NCs lack or take casual approach to these

key developmental aspects of their employees because of their short-term focus on financial objectives only. This is also one of the key reasons that young and good performers at NCs do not stay longer and aspire to switch to MNCs for career stability and professional development. These may be the few visible reasons; however, the inability of MNCs to retain their employees and NCs to overlook HR needs such as training and developmental needs can be associated to the casual HR practices and strategies or poor strategic alignment to organisational objectives. These aforementioned logical arguments and problems in the pharmaceutical industry instigate the reason to explore existing HR practices and their strategic importance. Based on the mentioned factors pertaining to HR, its strategic alignment and triviality associated to HR in the industry; the purpose of this research was to explore:

*What is the strategic importance of HR in Pakistani pharmaceutical organisations?*

## **METHODOLOGY AND DATA ANALYSIS**

Business research traditionally adopted a positivist approach (Bisman, 2010); however, there is an ascending trend towards more researchers using the realism paradigm (Hunt, 1990), which is more practice-based (Riege, 2003). Realism has facets of both positivism and constructivism (Healy & Perry, 2000) as it addresses the social values of both a system and a researcher (Krauss, 2005) while recognising the flexibility (Churchland, 1995) and diversity (Bisman, 2002) of social perspectives. This research approach therefore perceived realism to be the most appropriate.

Case study research approach has been widely accepted and used to address issues related to social sciences (Grassel & Schirmer, 2006) by providing a holistic and in-depth understanding – this can be attained through qualitative or quantitative methods of data collection (Zainal, 2007). Case study research also helps to understand course and results of a research problem through triangulation of data (Tellis, 1997). Furthermore, Yin (2009) argues that case study is unique in its ability to capture issues involved in a particular research setting while Eisenhardt (1989) believes it as a strategy to seek and understand the dynamics involved within the settings of a single case.

The selection of cases in this qualitative research was done on the basis of purpose, information richness and replication logic (Yin, 2009) rather than on representation of the population (Stake, 1995). Cases were selected which led to “theoretical saturation” (Eisenhardt, 1989, p. 545). The research focused six organisations drawn from multi-national and national companies in the Pakistan pharmaceutical industry. Two global MNCs were included on the bases of their volume turnover, number of employees and their presence in the country. The research also included four NCs on the same criteria. Diversity in organisational demographics enabled the research to contrast practices within and across the studied cases. The research focused sales representatives (medical representatives), supervisors (sales manager) and HR managers (or person responsible for employee matters) as respondents from each of the chosen organisation. In the first phase, the research used in-depth interviews to collect data from these cases. Further, in order to triangulate the findings, the second phase conducted a focus group comprising seven members from the pharmaceutical industry.

To avoid the loss of vital information, the transcribing phase was aided by all records such as research notes and taped interviews. All the collected data were organised to be coded to generate themes and develop memos. Qualitative data analysis in this research relied on organising data into families of similar constructs, which further facilitated the understanding of relationships and introduction of new dimensions into the study’s concepts (Neuman, 2011). Prior to developing themes and memos – the data were scrutinised in phases of open, axial and selective coding processes – these role-played as of telling a story, where the responses were woven together in such a way to capture the lived experience of the research participants. This further facilitated to locate themes in the data based on repetitions, similarities and differences (Bernard & Ryan, 2010), while memos provided a platform to link themes to theoretical discussions. Memos exhibited that HR’s strategic alignment has been associated to factors (themes) such as: its existence and general importance in the organisation, strategic role of HR and top management’s commitment. These factors also influenced the success of other HR related functions, employee retention as well as employee perceptions about their job and the organisation.

## **RESULTS AND DISCUSSIONS**

The findings highlighted several aspects pertaining to the strategic importance of HR. However, these organisation dependent themes were divided into two categories, organisations with a formal HR function and the ones without it. These were further divided into three sub-categories for commonality and contrast purposes within and across the cases. The forthcoming excerpts describe each of these sub-categories.

***HR as a function***

The research found that among the six studied cases, only three had a formal HR department whereas employees keenly sought to have a function looking after their issues and concerns. Some of the employees at NCs were not fully aware of the role HR can play or its importance in an organisation.

It was observed in the NCs that HR as a separate function, is not of primary importance as one of the managers said,

*HR is not an established function and a clerk looks after all the administrative work for HR activities.*

Although some of the cases did not have a formal HR function in place, their executives are aware of its crucial role in organisational productivity, as a top executive from an organisation without the HR function said, *No company can grow without a proper HR function in any business.*

This further poses a question that if the executives are aware of its importance then why it is not implemented in their own organisation. This was highlighted by another top executive that particularly in NCs, *The owner does not take interest in things like HR and thinks it as unnecessary.*

However, the situation seemed more optimistic in one of the MNCs as it was highlighted, *HR is one of the major functions in the company and plays very important role in employee issues.*

The findings of this research reveal that generally and strategically, importance assigned to HR functions is relatively low or none in the industry as compared to sales, marketing or finance. It was evidenced in the NCs, there is absence of formal HR functions in three out of the four studied cases and some of the prevailing HR activities such as recruitment, training and performance evaluation are delegated to the sales management. Despite the acknowledgment of HR's strategic importance by the executives; NCs' decision makers do not or not willing to render importance to people management practices and believe HR as an extra over-head expense for the organisation. This may be due to short term and cost focus strategy at the NCs as these compete in price sensitive market as compared to research oriented MNCs. This short term focus may also be resulting in decision makers' assumption that HRM initiatives do not bring an immediate financial benefit for their organisations.

***Strategic orientation and HR***

Despite the presence of HR in three of the studied cases, there seemed a lack of HR's involvement in strategy formulation rather involved in implementation. However, the situation seemed interesting in two of the studied MNCs as a respondent from one said,

*HR does not play any role in strategy formulation rather than implementation and acts as a support function and this is common in the industry.*

Whereas at the other MNC it was highlighted, *HR is involved in all the key decisions at our company.*

In a studied NC with a new HR initiative, it appeared however, the processes are still dominated by the other functions as a respondent said,

*Although all HR processes are followed categorically, key decisions like promotions are based on sales management recommendations rather than on HR.*

Despite HR neglect primarily at the NCs, an executive emphasised, *Effective organisational strategy can only be made with the (functional) collaboration of marketing, sales, finance and HR.*

It was further observed that employees in the studied organisations are not at the same wave-length with the management about their organisational strategic objectives. In a studied NC without a formal HR function, this opacity about organisational objectives was commented by a respondent,

*Company objectives are not publically shared in meetings, our targets are allocated every quarter, and next quarter objective is variable to the achievement of the previous quarter.*

While the MNCs take a different approach for strategic objective distribution as it was highlighted, *Organisational long term or annual strategic objectives are discussed in our sales meetings and these objectives are divided and allocated to regions and eventually to a person annually.*

Pakistani pharmaceutical organisations are at the infancy of HR practices. Findings of this research reveal that even at the MNCs, HR functions only play a role in strategy implementation rather than a key ally in the formulation. Weak HR practices at the studied MNCs may be influenced by local culture and management practices as Laurent (1991) validates that HR practices are context specific and MNCs are not an exception.

#### ***Top management commitment***

The findings of the research suggest that top management commitment at the MNCs and the owners' willingness at the NCs are vital in successful HR initiatives. This was highlighted by an executive,

*Commitment of top level management is vital for implementation and clarity of any process in any organisation.*

As mentioned earlier, besides the willingness of the owner at the NCs, another vital issue was highlighted by an executive that,

*Unfortunately most of the organisations have one man show, who controls all the company decisions and that is also one of the reasons of HR neglect.*

Besides the aforementioned in-depth interview findings, the triangulated data from the focus group discussion substantiated the aforementioned findings. It was summarised by the group that,

*Pharmaceutical organisations in Pakistan are dominated by 'Saithism' (Saith: the owner, while the word Saithism points towards the owner's authority as a sole decision maker).*

The focus group consented that organisational management are least concerned in employee issues as more emphasis is laid on financial objectives achievement. There was agreement by the group on the view that Pakistani pharmaceutical organisations especially the NCs, take a casual, even off-handed approach to the importance of HR. Furthermore, the respondents were of the opinion that top management's commitment to the HR issues is relatively low as compared to marketing and sales. Traditionally, in this industry, management's prime focus is on achieving financial objectives while overlooking the people who achieve them.

Strategic directions supported by HR functions in line with organisational strategy provide a roadmap to employees in achieving their objectives efficiently and effectively. It is the unique set of skills and knowledge possessed by employees that create strong competitive advantage. Hence, it deems necessary for an organisation to reframe their people management practices not only to retain and motivate their human asset but also to sustain their competitive advantage (Finegold & Frenkel, 2006). This task can only be achieved through HR's strong strategic commitment and alignment with the organisational strategy. This organisational commitment can not only result in outstanding performances (Kaplan & Norton, 2001) but also in financial benefits for an organisation (De Cieri *et al.*, 2008).

Overlooking people management practices and its alignment with strategy is preventing the NCs to take advantage of their human capital; moreover, it may also be the key reason for higher attrition rates at these organisations. Although NCs provide more fringe benefits as compared to the MNCs, sales employees do not tend to stay longer as compared to their counterparts in the MNCs. This implies that employees are not satisfied with their organisations as higher attrition rates are associated to employee satisfaction (Lawler & Porter, 1967). This also infers that people management practices of an organisation create glue to encourage employees to stick with an organisation. Boxall and Purcell (2011) also lay emphasis that better HR practices play a key role to sustain businesses as well as retain valuable employees. Higher unemployment levels may also be one of the reasons for HR neglect in the country as there are already more applicants on the waiting lists of an organisation. Therefore, the organisations may not feel obligated to retain their existing human resource. Studied organisations also presented the image portrayed by De Cieri *et al.* (2008), strategic managers primarily focus on financial objectives and disregard human capital resulting in poor execution of strategies.

#### **CONCLUSIONS AND IMPLICATIONS FOR PRACTICE**

Pakistani organisations may not feel obligated to improve HR functions and synchronise their people management practices with their strategies because their visions may be blinding them to change. This orthodoxy in the industry may be based upon their past beliefs and success. Nevertheless, organisational stories of IBM, GM, DuPont (Ingram *et al.*, 2012) and Kodak (Bingemann, 2012) prove that learning and changing with the environment and industry requirement is the only way to sustain businesses and competitive advantage; else, extinction may not be far away. However, learning stories of Levis using Facebook (Rooney, 2011) and Apple from Ritz-Carlton (Gallo, 2012) authenticate that innovation and learning in practices not only sustains survival but also potentiates in becoming a leader in the industry. These sales orientated organisations

benchmark themselves with the best practices in the industry in order to redesign their existing practices (Ingram *et al.*, 2012).

MNCs have lesser gaps in policy and practice than the NCs; however, NCs meeting 90% of the country's medicinal requirements, ought to take (accept) the responsibility to change. It is the time for the NCs to realise that 20<sup>th</sup> century people management practices will not enable them to survive in the intense competition of the 21<sup>st</sup> century.

The researcher does not intend to make the judgement that employee management practices at the NCs are wrong; however, in the presence of research evidence, the question arises, are their existing practices right and match the current macro-environmental business needs? As some of the NCs aspire to extend their businesses across Pakistani borders, they need to ask themselves the question: do their existing people management (HR) practices allow them to compete against local companies in host countries. There is a strong need for synchronisation between the aspirations and the practices in order to achieve the desired objectives. HR functions at the MNCs are more formally structured (irrespective of their effectiveness) because these organisations experience and share their practices with their subsidiaries and attempt to standardise their practices to sustain their competitive advantage. However, NCs do not have any collaborative or sharing network to learn from newer innovations and practices in their own industry. This may be why NCs rely on past experiences and intuition based decisions.

Therefore, there is a colossal need for an inter-organisational collaborative platform to share, benchmark and to learn from better HR practices adopted by other organisations in and outside of the industry. Specifically, NCs need to share their practices, learn from their industry based knowledge and from research particularly addressing their needs in order to innovate their practices by inculcating new ideas and suggestions. Furthermore, dedicated HR functions at the NCs are vitally needed – as increase in NCs' numbers and market share demand for formalisation of HR approaches and accept responsibility of people development and due diligence. MNCs should also lead as change agents in the industry to promote and exhibit benefits of better HR and other organisational processes. Being the carriers of change, it is the sole responsibility of top management to introduce procedural innovation and cultural enhancement in their organisations and harmonise strategies along functional lines and the HR. Updated knowledge is the best way to gain and sustain competitive advantage in knowledge based industry like the pharmaceuticals and this can only be achieved through learning, adopting and implementing better organisational practices.

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