

Staffing Pharmaceuticals: The Case of Novartis

A. Mylona

Deree School of Business, The American College of Greece, Athens, Greece

This theoretical study contributes to the research of pharmaceutical companies' HR Management practices, and more specifically their staffing systems, through close examination of Novartis Consumer Health Division's recruitment system. After an overview of the firm's overall staffing philosophy, external and internal recruitment are also reviewed. E-Recruitment is explored due to its significant place in today's staffing methods, as a result of technological advancements. Last but not least, the Equal Employment Opportunities of Novartis are examined, since Human Rights and Diversity & Inclusion receive great attention nowadays in most companies' HR Management strategies. The findings of this study for each section are based on a comparison of the information which was provided through interviews of HR Department employees of the company, as well as my individual research, with the literature review. The most important conclusions that were drawn were, first, that Novartis closely follows Schneider's Attraction-Selection-Attrition (ATA) model when it comes to its Person-Organization versus Person-Job fit, and second, that one of the main methods through which the company achieves organizational effectiveness, is through successful alignment of its HR systems with those of the

other departments/line managers. Finally, recommendations for future research are also provided.

Keywords: HRM, Recruitment, Pharmaceuticals, Person-Organization vs Person-Job fit, Equal Employment Opportunities, Staffing.

Introduction

Nowadays, it is very common among CEOs to be citing their people as the resource that adds most value to the company. This is justifiable, because corporate culture, mission, vision, and performance are all dependent upon the people who form the organization, and who work together to accomplish organizational goals and objectives. It is therefore of crucial importance to choose the right people, in the right numbers, time and place. This is where recruitment comes in, to contribute to organizational effectiveness. Recruitment affects performance, turnover rates, profitability and many more organizational functions. It is therefore worthwhile to study each firm's staffing system.

Novartis AG is a Swiss multinational pharmaceutical company, founded in 1996, in Basel, Switzerland. It has a current revenue of 56.3bn CHF, while it employs about 135.000 people worldwide. Novartis is dedicated to the research, development, production and marketing of various healthcare products. At the moment, the company consists of five segments: Pharmaceuticals, Alcon

(vision care products), Sandoz [vaccines, diagnostics, consumer health, which include over-the-counter medicines (OTC)] and Animal Health. In February 2014, the company acquired CoStim Pharmaceuticals Inc. (cancer treatment), and GSK's oncology portfolio in March 2015.

The current paper examines the Novartis Nyon Consumer Health Division staffing system, in its Swiss Headquarters, as well as in its worldwide subsidiaries. Functions such as recruitment and person-organization vs. person-job fit are addressed. Any information on Novartis' systems derives from a number of interviews I have conducted with HR specialists of the company worldwide, as well as my individual research. Conclusions on each chapter concerning Novartis' staffing system will be drawn, as a result of comparing the company's functions to the literature review.

A. Theoretical Analysis of Staffing Systems

1. Overview of the Staffing System

Staffing is defined as the system that guides the "acquisition, deployment, and retention of an organization's workforce"¹. However recent this definition may sound, it has its roots back in ancient times. As Aristotle, the great Greek philosopher and scientist, explains:

"[t]here are four attributes which the head of the household must have to deal with his property. First, the ability to acquire. Second, the ability to preserve what is acquired: if he doesn't have that, there is no benefit in acquiring. Third, he must know how to improve his property. Fourth, how to make use of it. After all, those latter two attributes are why we want the ability to acquire and preserve"².

-Aristotle, *Economics*, 1344B

What Aristotle practically stresses in this passage is the significance of the notion of acquiring, developing and retaining one's workforce. The main purpose of staffing is to make sure that a company constantly possesses the appropriate quality and quantity of employees in the correct place and time, in order to effectively carry out the work of the institution.

Tasks must be integrated to form a procedure which functions in a "timely fashion", and these tasks ought to be "harmoniously coordinated with the environments and contexts in which they occur"³.

In the case of pharmaceuticals, according to Reche et.al, "[i]n the pharmaceutical industry, firms have strategies based on a strong investment in research, development and innovation, as an essential aspect for gaining and maintaining their competitive advantage. Consequently, from the perspective of SHRM [Strategic HR Management], if the firm's strategy is oriented to innovation, its HRM must seek out and execute actions in the HR area that most contribute to the success of that general corporate strategy"⁴. In other words, the point where staffing comes in the strategy of innovativeness is through the process of the firm's external recruitment. According to Reche et.al, strategic innovation in pharmaceuticals also "derives through a firm's learning programs"⁴.

2. Person-Job or Person-Organization Fit?

The person-job fit is defined as the match which aligns the "characteristics of individuals and jobs in ways that will result in desired HR outcomes"⁵. In other words, there needs to be a match between the requirements of a job, and the qualifications and motivation of an individual. The qualifications of a person are called Knowledge, Skills, Abilities and Other characteristics (KSAOs). If the match between the person's KSAOs and the requirements of the job is good, hiring such a person will have several benefits for the organization, such as improved performance, retention and job satisfaction⁶.

On the other hand, person-organization fit is defined as the "match of an individual's values with the value system in a specific organizational context and the potential effects that this match (or lack of a match) has on employees' behaviors and attitudes within the organization"⁷. In other words, person-organization fit refers to the congruence of an applicant's personal values, which match with those of the organization (e.g. innovation and teamwork). There is a need for employees to fit the characteristics of an organization and not just the requirements of a specific job. This is because, according to Bowen et.al, this concept is based on the notion of employing a "whole individual" who will match well with the corporate culture⁸. Furthermore, this

model focuses on that the selection should not only be based on the match of the person's KSAOs and the job's task demands (person-job fit), but also on the match between personal and organizational values (person-organization fit). The model is therefore more beneficial, because it combines both theories of selection (i.e. Person-Organization fit and Person-job fit). Furthermore, an essential aspect to which attention should be paid by the interviewer during the selection process, is to have a very clear view of the espoused and enacted values of the company, so as to fairly evaluate the applicant.

With regards to pharmaceutical companies, Pfizer, one of the world's premier biopharmaceutical companies, known for its devotion to training and developing its employees, decided to alter its staffing and development system in 2007⁹. In the past, the company used to hire people who matched the job description. However, nowadays it is extremely significant for giant biopharmaceuticals to sustain an uninterrupted flow of promising medications, in order to stay competitive and to also antagonize with smaller firms. As a result, Pfizer altered its staffing system to one in which employees are hired with the potentiality to develop and to "jump from one position to the next", explains Chris Altizer, Vice President of Global Leadership and Talent Development¹⁰. Therefore, it would be worth the while to examine whether Pfizer's initiative is a trend in the pharmaceutical industry overall, or just a preference of the specific company.

3. Recruitment

Inevitably, an organization must look at external sources for additional employees. According to Caruth, this is especially true when companies are "permanently expanding their workforce and innovation system"¹¹. There are several benefits in external recruitment for both the applicant and the organization. As far as the applicant is concerned, Chan explains that "a successful external candidate tends to often be superior in ability relative to internally promoted colleagues and therefore enjoys a higher probability of subsequent promotion"¹². With regards to the benefits for the organization, the latter effect is likely to "diminish up the hierarchy if external competition is more of a threat at lower job levels"¹². Another benefit for the organization is that external candidates are people who will "bring a spark to the

organization", since "by combining the experience of existing subject matter experts with new employees, we can create truly innovative products"¹³; it is also really important for an organization to be aware of the value of "next generation talent"¹³.

On the other hand, in today's fast-changing technological world, e-recruitment offers a unique method of attracting talent, for both internal and external candidates. Immediacy, cost reduction and time-saving are just a few of e-recruitment's benefits, which companies are to use to their advantage. Many firms have created their own LinkedIn recruitment page, as well as relevant websites which offer applicants the opportunity to apply for any career opportunity that seems to be of interest. According to Smith, "[t]he most important part of any recruiting strategy is a career site, that not only posts your job openings, but powers them with content to really engage candidates and ensure you're finding the best talent"¹⁴.

With regards to internal recruitment, the management in every organization needs to be aware of its current employees who are ready to move onto higher level positions, as these positions become available. According to Caruth, job postings and bidding procedures are helpful tools used in internal recruitment. On the premise that the firm retains an up-to-date basis, internal recruitment is a valid method of locating talent within the organization¹⁵.

Last but not least, the way in which recruitment is carried out affects whether a company provides its applicants with equal employment opportunities or not. According to Caruth, "a firm must thoroughly analyze its recruiting procedures and practices"¹⁵. In order for this to be achieved, the author suggests that there exists a record of the continuous flow of applicants within the organization, because this will enable the firm to keep track of minority statuses, as well as job-related data concerning each applicant. In other words, such a record enables the organization to analyze the recruitment practices which affect protected classes and then modify them.

B. The Case of Novartis

After an in-depth examination of the literature review, the current section explores the staffing system of Novartis, based on the information gathered from the interviews as well as my individual research, so that

constructive criticism can follow on the next section.

Firstly, it is essential to be aware of the company's overall staffing system, in order to see the bigger picture of how Recruitment is used as a strategic partner of HR. In Novartis, according to the interviewees, the Recruitment process goes as follows: First, there is the planning and approval of a new position/replacement from both the HR Manager and the Line manager. Second, there is the search, and then the selection of the employee from the HR and the line manager. Fourth comes the preparation of a final offer from the HR. The fifth and final step is the employee's incorporation and onboarding on the program. The whole process is managed by the HR and the hiring manager through close cooperation.

Secondly, when it comes to Person-Organization versus Person-Job Fit, Novartis, like Pfizer, also seems to focus on the former, since the ability to be flexible and match the overall corporate culture seems to be of great importance to big pharmaceuticals. According to the interviewed Novartis HR personnel, they use a "Learning Agility Sustained Performance" system, which allows them to assess and predict the individuals' ability to effectively deal with first-time and changing situations (Learning Agility) and achieve superior results (Sustained Performance) over a long period of time and across different environments and contextual circumstances. These two elements are being explored throughout the recruitment process and people who had strong track of them during the past, means that they have high potentiality to adapt and develop in every kind of job. Furthermore, according to the interviewees, Novartis considers the position's requirements, but also the potential of a candidate to match the corporate values and become a future leader. To achieve this, they use a rigorous selection process and criteria based on competency and they also always work on determining the learning agility of a candidate as well.

Thirdly, Novartis' recruitment system was examined, with a special focus on external, internal, e-recruitment, and equal employment opportunities.

In Novartis, external recruitment applicants are attracted through various sources, such as employee referral, publication of advertisements in the press and on the internet, through collaboration with personnel recruitment companies etc. When it comes to choosing between open or targeted recruitment,

Novartis' interviewed HR personnel explains that in the Swiss headquarters they tend to customize each search depending on the needs, whereas in some subsidiaries they use targeted recruitment for positions with high specialization (i.e. Health Economics) and open for positions where a large number of candidates is available in the market. This means that Novartis enjoys a high level of keeping up with the external environment, which further allows the company to stay innovative, which, as previously supported by Reche et.al, is the most important aspect for pharmaceuticals. A further example of how much Novartis keeps up with innovation, is the firm's relatively recent collaboration with Google (June, 2014), to produce technology contact lenses named as "smart lens", which are able to address medical conditions, such as presbyopia and diabetes. As a result, the initiative of Novartis and Google will allow people to enter into a new world of medical technological advances with unimaginable outcomes.

Furthermore, Novartis is well involved in e-recruitment, as it has its own LinkedIn recruitment page, named "Novartis Consumer Health Careers", as well as its own recruitment website, named Brassring.com. In this way, it attracts talent from all over the globe and manages to remain updated on the talent that currently exists in the market for each available position. This is of high significance for companies, because it allows for a conscious and informed view of what to expect, which, in turn, can only be beneficial for achieving organizational effectiveness through its recruiting techniques. As a result, LinkedIn, recognized Novartis as one of the "Global 100 Most in Demand Employer for 2014"¹⁶.

On the other hand, when it comes to internal recruitment, according to the interviewees, in Novartis every time a new position arises, the company prioritizes the filling of this position internally through internal job posting. Any employee can apply, if his/her profile matches the position requirements. It is therefore understood that Novartis' internal job posting and bidding system reflects a staffing philosophy of openness and genuine interest in the advancement of its employees.

Last but not least, the company has faced some challenges with equal employment opportunities in the past, and has taken some important initiatives to deal with them. More specifically, in 2010, Novartis' United States division was charged with

a \$250 million penalty for “discriminating against thousands of female sales representatives over pay, promotion and pregnancy” from the federal court in Manhattan¹⁷. Therefore, one of the interview questions was what practices does Novartis follow nowadays in order to avoid incidents of “glass ceiling”, which is defined as “strong but invisible barriers for women and minorities to get promoted in the organization, especially in the highest levels”¹⁸.

According to the interviewed HR personnel, in Novartis they reinforce their Equal Opportunity Policies through the opening of approximately 95% of the positions to all employees, as well as through offering annual customized development plans for all employees, aiming in preparing them for the next position. With regards to the impact that the UN Global Compact has had on the company’s recruitment, the interviewees mentioned that the firm not only follows those principles but has requested them from their providers as well. On that note, the UN Global Compact requests that organizations embrace universal principles and partner, with the United Nations, as it has grown to become a critical platform for the UN to engage effectively with enlightened global business¹⁹. Furthermore, according to Novartis’ 2012 revised Report on Diversity & Inclusion, the analogy of “board members who are not nationals of the country in which the company has its headquarters has gone up from 23% in 2006 to 32% in 2012”²⁰. Moreover, in the same report, it was announced that “46% of all associates worldwide are women”, whereas “42% of local managers are women, especially in the case of developing countries”²⁰. With regards to the beliefs of the company’s employees, Novartis conducted a worldwide survey in 2012, which resulted in that “85% believe that an inclusive corporate culture’ is essential to an effectively diverse working environment”²⁰. In addition, Mr. Epstein, Novartis’ Division Head, explained in an interview that “[w]e want to become the best pharmaceutical company by 2016; If Novartis Pharmaceuticals has employees who all look and sound like each other, our organization will work fine, but we will never be great, and we will never do anything really revolutionary and game changing”²⁰.

C. Linking Theory and Practice in Novartis

The current section serves as a careful examination of the literature review and the company practices, in order to identify the links between theory and practice.

Firstly, what is understood from Novartis’ overall staffing system is that it follows a very good method of strong cooperation between the HR and the line managers, and in this way it attains its organizational goals. Furthermore, Novartis seems to espouse Reche et.al’s views on innovation and learning. As stated in their corporate website: “Novartis aims to change the practice of medicine, and innovation at Novartis not only means developing effective, targeted medicines quickly, but also ensuring that these medicines get to the patients who need them”²⁰. With regards to learning, Novartis is the first company in its industry which managed to gain accreditation from the European Foundation for Management Development (EFMD). Novartis’ Corporate Learning was praised for “the strength of its sharply focused strategic positioning and for the remarkable integration of its programs into the company’s people development process”²¹. Furthermore, their learning programs were developed in close collaboration with “the world’s leading minds, for example, professors from world-class institutions, such as Harvard Business School, Stanford etc.”²⁰. Moreover, Novartis took a unique initiative to introduce learning as a “strategic advantage”, through the creation of Novartis China University and Novartis Asia University in 2009 and 2012 respectively, with the purpose of creating future leaders in emerging markets²¹.

Secondly, with regards to Novartis’ notion of person-organization fit, it is observed that it is intimately connected to the Attraction-Selection-Attrition (ASA) model, which was developed by Schneider in 1983²². Schneider supported the idea that organizations attain a one of a kind “personality,” which relies on the employees who construct the firm. Schneider’s model supports that certain categories of employees are drawn to specific places. The ones who match these places are unlikely to turnover, in relation to the ones who do not match. The latter forms an environment where people have comparable attitudes, experiences and beliefs, which constitute a rather homogenous

group of people. In this way, Novartis achieves its organizational goals while remaining competitive.

Thirdly, when it comes to recruitment, the firm's initiatives on their equal employment opportunities are the most interesting to examine, because they serve as an exemplary on how big pharmaceuticals deal with such challenges. What is understood from these initiatives is that Novartis has taken great care of its Equal Employment Opportunities, especially after 2010, which is evident in both the company's recent reports, as well as in its employees' survey. Besides, as the great Greek philosopher Socrates said: "[t]here is only one good, knowledge, and one evil, ignorance"²³. This means that it is always beneficial to be aware of one's condition in order to be able to improve. The ability to be transient, to keep moving, expanding, developing and learning from past attitudes, is really important, since "[t]he secret of change is to focus all of your energy, not on fighting the old, but on building the new"²³. The philosopher therefore concludes that "[w]e cannot live better than in seeking to become better"²³. Novartis seems to be well aware of its strengths and weaknesses as a company, and has therefore taken some concrete steps towards the enhancement of its practices, through facing internal issues and developing employee morale and ethics, which, in turn, ensures the company's continuing future success in the following years.

Conclusion

The current paper examined the overall staffing system of Novartis Nyon Consumer Health Division. Practices concerning Novartis' external, internal and e-recruitment were evaluated as a result of comparing them with the literature review in order to offer some constructive criticism. With regards to Novartis' person-organization fit, it was concluded that the company's strategy on this issue matches Schneider's ASA model, which supports that certain categories of people are drawn to specific venues. The most significant conclusion that was drawn on how Novartis manages to achieve its organizational effectiveness, was through efficient cooperation of its HR's practice (i.e. recruitment, selection, retention, performance management) with the company's line managers. Finally, a recommendation for future research could include examining the effect of successful recruitment in the company's turnover rates in order to have a

clear view of staffing's overall impact on employee retention, which is of great significance since it affects organizational effectiveness and competitiveness.

Acknowledgements

I gratefully acknowledge the excellent support of my professor Dr. E. Patra for her patience and encouragement throughout the making of this project. I am equally grateful to Ms. C. Raffray and Mr. R. Canevari for agreeing to contribute to this project by providing an insight into the company's HR systems.

References

1. H. Heneman & T. Judge (2009). Staffing Organizations. New York, NY/USA: McGraw Hill.
2. Aristotle (384-322 BC). Economics. Retrieved from <http://www.perseus.tufts.edu>
3. D. Caruth & G. Handlogten (1997). Staffing the Contemporary organization. London, UK: Praeger.
4. F. Reche, V. J. Garca-Morales, & I. Martn-Tapia (2010). International Journal of Selection & Assessment, 18(3), 342-350.
5. H. Heneman & T. Judge (2009). Staffing Organizations. New York, NY/USA: McGraw Hill.
6. C. Chen, C. Yen, & F.C. Tsai (2014). International Journal of Hospitality Management, 3721-28.
7. S. A. Goodman, & D.J. Svyantek (1999). Journal of Vocational Behavior, 55(2), 254-275.
8. D.E. Bowen, G.E. Ledford, & B. R. Nathan (1991). Academy of Management Executive, 5(4), 3551.
9. J. Marquez (2007). Pfizer Overhauls Talent Strategy. Workforce Magazine.
10. Novartis.com.
11. D. Caruth & G. Handlogten (1997). Staffing the Contemporary organization. London, UK: Praeger.
12. W. Chan (2006). External Recruitment and Intrafirm Mobility. Economic Inquiry, 44(1), 169-184.
13. J. Lawrence (2014). People Management, 47.
14. J. Smith (2012). New Research Shows Where Employers Find Their New Hires. Forbes.Com, 9.
15. D. Caruth & G. Handlogten (1997). Staffing the Contemporary organization. London, UK: Praeger.
16. Novartis, LinkedIn.com



Journal of Undergraduate Research in Alberta • Volume 5 • 2015

17. D. Wilson (2010). Women Win a Bias Suit Against Novartis. The New York Times.
18. H. Heneman & T. Judg (2009). Staffing Organizations. New York, NY/USA: McGraw Hill.
19. B. Ki-moon (2014). What is the UN Global Compact?
20. Novartis.com
21. F. Waltmann (2013). Novartis Takes the LEAD. Training, 50(3), 44-45.
22. B. Schneider (1983). Research in Organizational Behavior (Vol. 5, pp. 131).
23. D. Lartius (469-399 BC). Lives of Eminent Philosophers