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Strengthening Workforce Governance in Pharmaceutical Industry

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Government regulatory bodies must consider creating or formulating sector-specific guidelines to support the pharmaceutical units



The Indian Pharmaceutical Industry is one of the fastest growing sectors in the world, contributing significantly to global drug supply, exports, and public health outcomes. With its expanding market reach and regulatory complexity, it is pertinent to create a robust workforce governance for ensuring compliance, maintaining quality, and safeguarding patient safety. In the current scenario, workforce governance is more of front ending function. It is a strategic aid for ethical culture, operational excellence, and sustainable growth.

The industry has a workforce numbering in millions spread across manufacturing units, laboratories, packing facilities and research divisions, which attracts a labour intensive and regulatory segment of the economy. Labour Laws play a prudent role in structuring the operational excellency, compliance obligations and employee welfare in this industry.

With the recent Labour Codes coming into the picture, the pharmaceutical industry has a great opportunity at its hands to strengthen the workforce welfare and governance, even though these new codes might pose both as a boon and a bane for this sector. The Code on Wages, 2019 introduces a uniform definition of “wage” and a national floor wage, promoting consistency across states and industries. Employers now have a reduced scope of structuring compensation in ways that minimize the weightage of statutory contributions.

The Pharmaceutical Industry shall be significantly affected by this code primarily because they engage a large number of workers in production, packaging and quality control profiles. They shall have an opportunity to restructure their salary components to comply with the new requirements.

The Industrial Relations Code, 2020 provides new guidelines for lay-offs and retrenchments by revising various applicability thresholds and streamlining the approval procedure. It formalizes fixed-term employment, allowing the employers to hire workers for definite durations without compromising on statutory benefits for such employees. Pharmaceutical units can take advantage of the flexibility promoted by the Code in terms of workforce management in case of layoffs and retrenchments. However, the Code also imposes strict documentation, compensations and grievance procedures to prevent arbitrary actions.

The Occupational Safety, Health and Working Conditions Code, 2020 provides a cohesive health and safety regulatory framework for the pharmaceutical workforce, replacing the prevailing scattered rules and regulations. The industry, being one of the largest recruiters, shall be obligated to conduct regular health screenings, perform periodic medical surveillance for hazardous roles, create and maintain proper safety logs, provide adequate welfare facilities to the workers and constitute safety committees in their premises.

These practices are well aligned with the GMP (Good Manufacturing Practice) standards and shall be resultant in better quality control, reduced risk of contamination and enhanced employee well-being. These obligations under the Code shall ultimately contribute towards the reduction of risks of untimely accidents in factories, fewer disruptions, better employee satisfaction and lastly better operational output and efficiency.

The fourth and the last Code, i.e. the Code on Social Security, 2020 brings the provisions on provident funds, employee state insurance, maternity benefit and gratuity under one roof. It has expanded and diversified the coverage of these benefits by including fixed-terms employees and platform-based gig workers. Now, the pharmaceutical industries have various contract research organizations and outsourced quality testing units which engage a significant number of fixed-term employees.

Therefore, now they will be able to regulate this kind of fixed term employment with expansion of coverage benefits without compromising on the employees' statutory benefits. While on the other hand the expansion of these statutory contributions/benefits changes the cost dynamics and demands closer monitoring of vendor compliance.

The above-mentioned labour governance reforms have various such provisions and initiatives which should help strengthen workforce safety, welfare, accountability and regulatory compliance. For the Pharmaceutical Industry, there lies an opportunity to strengthen the backbone of workforce governance and master a much-simplified Indian regulatory compliance. While there might be the immediate challenge of restructuring the wages, modifying the safety norms and upholding industrial relations, however the reforms significantly contribute towards a more robust and improvised labour-centric governance. Some of the key and immediate tasks that can be taken by industry to build a strong regulatory compliance in the recent scenario, is to initiate a comprehensive compliance assessment to test their readiness for the changes.

Most importantly, the employer/management and HR departments need to rethink and redesign payroll systems, update employments contracts and coordinate better with their vendors or contractors. Investment in occupational health and safety must be initiated, specifically through safety training, improved infrastructure and constitution of safety committees. The grievance redressal mechanism must be upheld with an effective approachability and communication strategies to promote an affirmative industrial relation. However, apart from the initiatives to be taken by the industry itself, the government regulatory bodies must also consider creating or formulating sector-specific guidelines to support the pharmaceutical units in building a sturdy workforce regulatory framework.

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