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## **HR Strategic and Analytical Report**

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# 1 HISTORY AND ABOUT THE COMPANY

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Johnson and Johnson was created in 1886 by Robert Wood Johnson, James Wood Johnson, and Edward Mead Johnson in New Brunswick, New Jersey. Joseph Lister's 1885 speech on behalf of antiseptic techniques is said to have inspired the Johnson brothers to create their company and manufacture a line of ready-to-use surgical bandages. Robert Wood Johnson served as the company's first president when it was founded in 1887. He strived to improve hygienic practices during the nineteenth century and was the company's first president.

The following year, J and J launched their first commercial first aid kits. They were designed to help railroad employees at first, but they quickly became the standard method of treating injuries. Johnson and Johnson began their baby business in 1894 by producing pregnancy kits, which are still in use today. These items were designed to make childbirth safer for both the mother and child. This year also saw the launch of the well-known, Johnson's Baby Powder. Mary Lea, Robert Wood's granddaughter, was the first newborn to appear on the label. The introduction of the first mass-produced sanitary protection products by Johnson and Johnson was also seen as a big step forward for women's health. After Robert Wood died in 1910, James Wood took over as president. Robert Wood Johnson II, the son of James Wood, became president in 1932.

Johnson and Johnson has grown significantly throughout the years due to its astute acquisitions, such as Neutrogena in 1994 and DePuy in 1998. The company bought 45 businesses and product lines between 1989 and 1999. Today, the company can brag that its sales exceed USD 61,897,000,000. The three primary product categories of Johnson and Johnson are medicines; medical equipment and diagnostics; and consumer health care.

## 2 COVID-19 AND ITS EFFECTS

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Due to its size, J and J had the means to combat the COVID-19 pandemic in 2020 and 2021. The business began working with the US government immediately on the vaccine. Pfizer and AstraZeneca's products were licensed before Johnson and Johnson's vaccine was because they performed better in clinical testing. However, the business intends to gain a competitive advantage by administering the vaccine in a single shot rather than two, unlike many of its major rivals, and by making it simpler to store. In 2020, COVID uncertainty negatively impacted J and J's profitability, as it did for the majority of the pharmaceutical industry, and the repercussions may endure for years. Long-term, J and J is likely to see these declines as nothing more than hiccups, as it is by far the most valuable pharmaceutical corporation in the world, and it does not seem that this will change in the near future.

## 3 INTERNAL ANALYSIS

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### 3.1 SWOT ANALYSIS

#### 3.1.1 STRENGTHS

1. **Research and Development:** In 2020, research and development expenses accounted for 20.13 per cent of Johnson and Johnson's overall spending, which was USD11.35 billion in 2019. Johnson and Johnson's research and development expenditures provide a significant competitive advantage in the pharmaceutical and healthcare sectors. Last year, Johnson and Johnson earned USD 80.86 billion. J and J's closest competitor, Pfizer, earned USD 48.65 billion. Johnson and Johnson has a margin above the industry average of 66.2 percent.
2. **Products:** Johnson and Johnson makes pharmaceuticals, medical equipment, and health products such as Listerine, Tylenol, Band-Aid, and Pepcid. Johnson and Johnson's Janssen division produces 380 products. This extensive selection of well-known and obscure items is one of Johnson and Johnson's greatest assets.
3. **Global Reach:** Johnson and Johnson operates in over 60 countries and sells products in an additional 140. Due to the company's vast activity, its items are used by millions. Johnson and Johnson's products are everywhere, even if we are unaware. Johnson and Johnson is a strong corporation because of its connection to people's everyday lives.
4. **Stable Market Performance:** According to its investor information sheets, Johnson and Johnson has raised its dividend for 58 years. 70 percent of their income is derived from being the global market leader or runner-up. 25 percent of Johnson and Johnson's income comes from new products. Johnson and Johnson is one of the most reliable and consistent companies in the world, with a 10-year return of 11.8 percent.

#### 3.1.2 WEAKNESS

1. **Uneven Revenue Distribution:** The pharmaceutical division contributes 50.7 percent of Johnson and Johnson's revenues. Immunology-related products account for 32 percent of the pharmaceutical industry's revenue. Johnson and Johnson's revenue is primarily dependent on a few key products. The expiry of patents and competition endanger these essential products. Johnson and Johnson's worst flaw is its lack of diversity.
2. **Unethical Practices:** A court in Oklahoma found Johnson and Johnson guilty of "false, fraudulent, and lethal opioid marketing." The court ruled that its advertisements contributed to an increase in drug abuse and overdose fatalities. Johnson and Johnson has

contributed USD 1 billion to the USD 4 billion budgeted to handle the 2,000 opioid-related complaints in the United States.

3. **Fall in Consumer Health Sales:** Consumer health care is the least lucrative industry for the company out of its three sectors (pharma, medical devices, and consumer health care). Increasing sales in this area would increase profitability and help to maintain a portfolio balance.
4. **Gender Discrimination Allegations:** The Diversity and Inclusion Policy of Johnson and Johnson highlights the company's commitment to diversity and an inclusive workplace. The gender discrimination and harassment complaints of a former top executive call into question Johnson and Johnson's commitment to keeping its promise. If true, the assertions reveal a fundamental problem.
5. **Kickback Allegations:** Pharmaceutical companies are known to compensate doctors in order to boost prescriptions for their products. A whistle blower alleged that Johnson and Johnson provided complimentary services to doctors in order to increase prescriptions for Remicade and Simponi. Johnson and Johnson has damaged its image by acquiring an unfair advantage via bribery.

### 3.1.3 OPPORTUNITIES

1. **One-Dose Vaccine:** Pfizer and Moderna have already issued their respective vaccines. However, the Pfizer and Moderna vaccinations must be administered in two doses separately. The vaccine produced by Johnson and Johnson only has to be given once. Therefore, Johnson and Johnson can earn twice as much income for each vaccine sold as Pfizer and Moderna. Consequently, this is the most lucrative choice provided to Johnson and Johnson.
2. **Robotic Surgical System:** Intuitive Surgical controls 92.3 per cent of the robotic surgical system market. Johnson and Johnson has just introduced the Ottava robotic surgical system. They expect clinical trials to begin around 2022. Even though the industry is new and exclusive to the United States, it offers untapped growth potential. Johnson and Johnson may obtain a competitive edge by introducing Ottava.
3. **Bio-Implants:** Synthetic bio-implants are created from collagen and tissue and skin that have been chemically changed. These are materials for bio-implants. Twenty per cent of Americans will be over 65 by 2030. Population expansion may increase the need for bio-implants. Johnson and Johnson should examine this possibility.
4. **Acquisitions and mergers:** Acquisitions and mergers enable firms to extend their product lines without spending on in-house talent. J and J recently acquired Momenta for

USD65 billion, which has improved Johnson and Johnson's standing in the field of autoimmune medicine.

5. **Tele-Health:** Telehealth delivers healthcare and healthcare-related services through electronic media. It allows remote counselling and treatment. The global market for telehealth services is expected to grow by 14.9 percent each year. Johnson and Johnson saw the market's potential and invested in Thirty Madison.

#### 3.1.4 THREATS:

1. **Lawsuits:** Johnson and Johnson will pay USD100 million to settle 1,000 cases involving talcum powder. Plaintiffs claim that talcum powder manufactured by Johnson and Johnson caused ovarian cancer. This case undermines Johnson and Johnson's reputation and consumers' trust.
2. **Competition:** Pfizer is Jand J's main competitor. Pfizer's COVID-19 vaccine is extremely successful. Johnson and Johnson has not completed their vaccine research. In 2021, Johnson and Johnson will reveal the product's effectiveness. Johnson and Johnson's rivals have a market-leading position.
3. **Government Regulations:** The healthcare sector is heavily regulated by the government. These constraints influence the maximum product price for a corporation. Joe Biden pledged to oppose the power abuses of pharmaceutical companies. Pharmaceutical pricing rules vary by country. Global compliance is a persistent issue for Johnson and Johnson.
4. **Surgery Deferrals:** Johnson and Johnson provides medical equipment and supplies for surgery deferrals. This vertical's income has decreased during the last two quarters. Johnson and Johnson said that the sales decline may be attributable to surgical delays caused by COVID-19.
5. **Corporate Espionage:** The Rand D section of Johnson and Johnson is well-funded. Others steal Johnson and Johnson's intellectual property. North Korean hackers stole COVID-19 vaccination research from Johnson and Johnson.

#### 3.1.5 INSIGHTS

The most significant assets of Johnson and Johnson, according to this SWOT analysis, are its revenue stream and global reach. The majority of Johnson and Johnson's revenue comes from just a few items. Additionally, legal disputes have harmed the company's profitability. The challenge for Johnson and Johnson is to correct its errors and avoid their recurrence. If clinical trials are successful, Johnson and Johnson's one-dose flu vaccine will be a significant medical



advancement. Johnson and Johnson is a pharmaceutical business with the mission of helping people worldwide. By emphasising service, Johnson and Johnson can bolster its legacy and bottom line

## 4 EXTERNAL ANALYSIS

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### 4.1 PESTLE ANALYSIS

1. **Political:** Johnson and Johnson operates in almost every country, requiring continual policy monitoring. Successful companies require effective government policies. The impact of political stability on Johnson and Johnson's company cannot be overstated. Johnson and Johnson halted operations in Russia as a result of the war between Russia and Ukraine. As Russia was a significant market, Johnson and Johnson's actions would diminish revenue. Each nation has different rules. Certain countries have stringent commercial prohibitions. Such restrictions could harm Johnson and Johnson worldwide.
2. **Economic Factors:** Johnson and Johnson, like other firms, is impacted by external economic forces. Johnson and Johnson could potentially invest in nations of low income seeking inexpensive labour, enhancing Johnson and Johnson's profit margins. The medical and pharmaceutical goods of Johnson and Johnson are recession-proof. Johnson and Johnson provides necessities, so demand will not decrease during economic downturns. Due to the euro, Johnson and Johnson may operate freely in 19 European nations. While inflation may increase the price of Johnson and Johnson's goods, hence decreasing demand.
3. **Socio-Cultural Factors:** Social factors influence Johnson and Johnson's behaviour. The company offers a variety of items and must maximise profits by analysing market demographics. For example, Niger has the most fifteen-year-olds. This signifies a large number of young children. Johnson and Johnson may sell neonatal products at this location. While Luxembourg has a frugal population, which may not generate a lot of revenue.
4. **Technology Factors:** Innovative technologies improve the efficiency of healthcare while decreasing expenses. The popularity of social media J and J's business may benefit from social media marketing. Customers may benefit from Johnson and Johnson's online store. Both profits and market share will grow. People expect that Johnson and Johnson is technologically advanced. To remain competitive, J and J spends a lot on R and D. Johnson and Johnson spent USD82.6 billion in R and D in 2020. Recent R and D led to the development of the COVID-19 vaccine by Johnson and Johnson.
5. **Legal Factors:** Johnson and Johnson is required to comply with local regulations everywhere it operates. Minor errors might result in bans and sanctions that impact a com-

pany's revenue and reputation. J and J must avoid litigation. Johnson and Johnson must determine whether its factories adhere to international health and safety regulations. While developing HR practices, anti-discrimination regulations must be considered because discrimination lawsuits harm an organization's image and ability to attract and retain workers. An employee of Johnson and Johnson alleges he was terminated owing to his age and disability. Illegal acts result in contention and financial loss. Reputation diminished Johnson and Johnson must examine data protection rules for customer information. Legislation governs price constraints, quality criteria, and consumer fraud. Johnson and Johnson is governed by consumer protection laws. The IP practices of Johnson and Johnson protect patents and other innovations. Patents reveal a company's growth strategy, which may provide a competitive edge.

6. **Environmental Factors:** Environmental analysis has become more important due to concerns about global climate change, pollution, and human health. When exploring new markets, businesses must take economic and environmental considerations into account. Environmental norms must govern corporate decisions. Johnson and Johnson must be environmentally conscious as it expands abroad. Renewable energy is rising. Governments provide enterprises that use renewable energy with investment incentives. Johnson and Johnson is aided by renewable subsidies. It may then invest in renewables. This expenditure improves long-term profitability, stakeholder satisfaction, and brand reputation. Countries have varied ways of depleting resources. To minimise negative publicity, Johnson and Johnson should investigate resource depletion practices. Environmentalists, customers, and the general public may be offended by Johnson and Johnson's excessive resource usage, resulting in financial and reputational implications.

## 5 DASHBOARD

This dashboard was created by keeping in mind the HR issues that pharmaceutical companies such as J and J face.

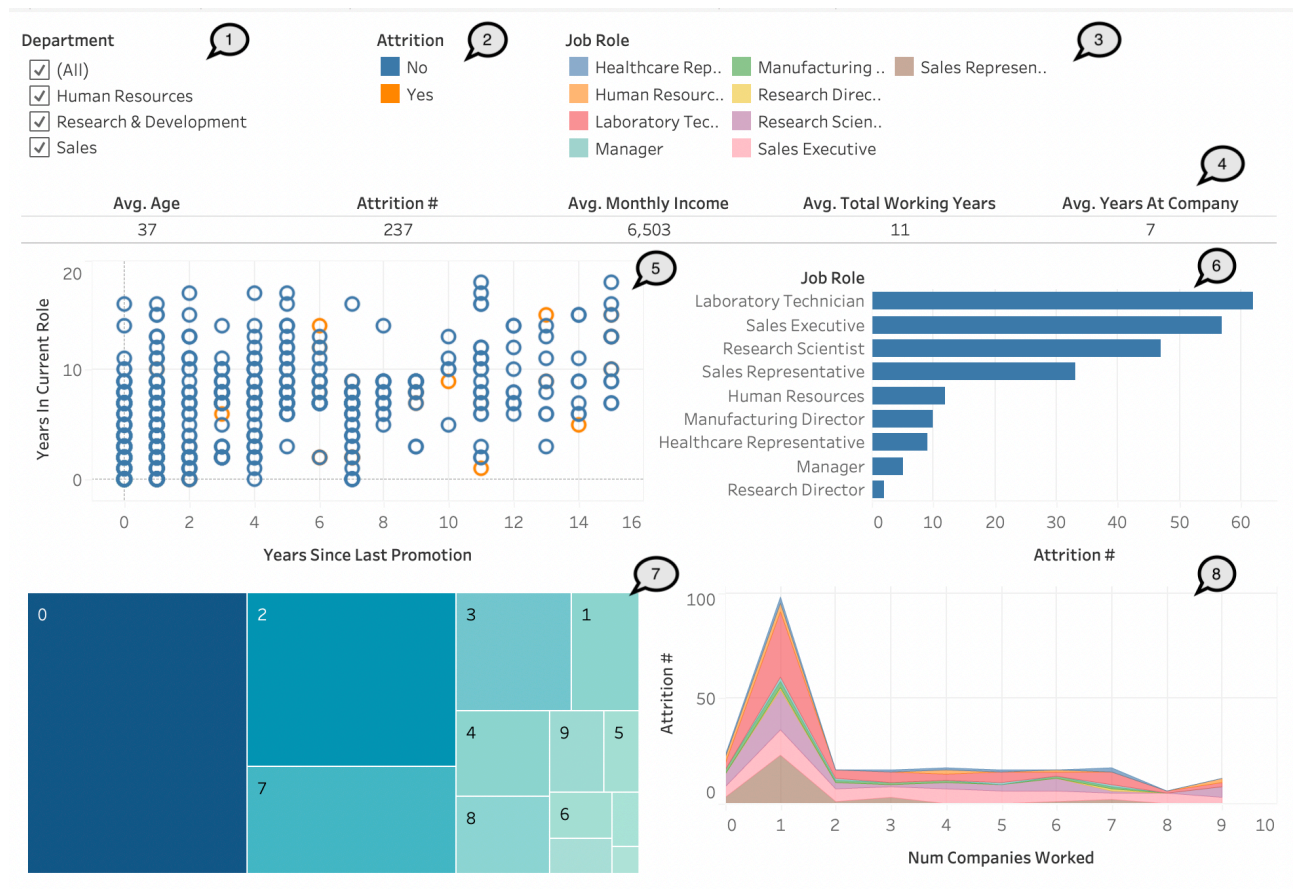


FIGURE 1: DASHBOARD HOME PAGE

- Number 1 is a filter that displays the following departments: All, Human Resources, Research and Development, and Sales.
- Number 2 is a filter that determines whether or not Attrition has happened in graph number 5.
- Number 3 is the colour scheme label for the graph number 8.
- Number 4 is a table displays the averages for age, attrition rate, monthly income, total working years, and business tenure. This table is department-specific and may be filtered by filer 1.
- Number 5 is a graph compares the time spent in the present capacity to the time since the previous promotion. This may be filtered using the second filter.
- Number 6 is a graph that displays, in decreasing order, the attrition rates for each employment position, which may be sorted using the first filter.

7. Number 7 is a tree map depicting the attrition rate vs the number of years under the present management.
8. Number 8 is a area chart that compares the attrition rate to the number of organisations for which individuals have previously worked.

## 6 HR ISSUES FACED BY JOHNSON AND JOHNSON

### 6.1 DEVELOPMENT IN TECHNOLOGY

The medical field is no exception to the rule that new technologies inevitably shake things up. Patients may take an active role in their healthcare by using modern technology. Pharmaceutical firms are always on the lookout for specialists who can assess how new technologies could improve patients' health. Businesses that invest in technologies like artificial intelligence, machine learning, virtual reality, and augmented reality to evaluate products and distribute them will see large returns. The pharmaceutical industry of tomorrow will need to be creative and risk-taking to survive. Problematically, emerging technologies in the pharmaceutical industry need more technically proficient staff. To see the technological competency of the staff in each job role, I created a dashboard where one can track this information.

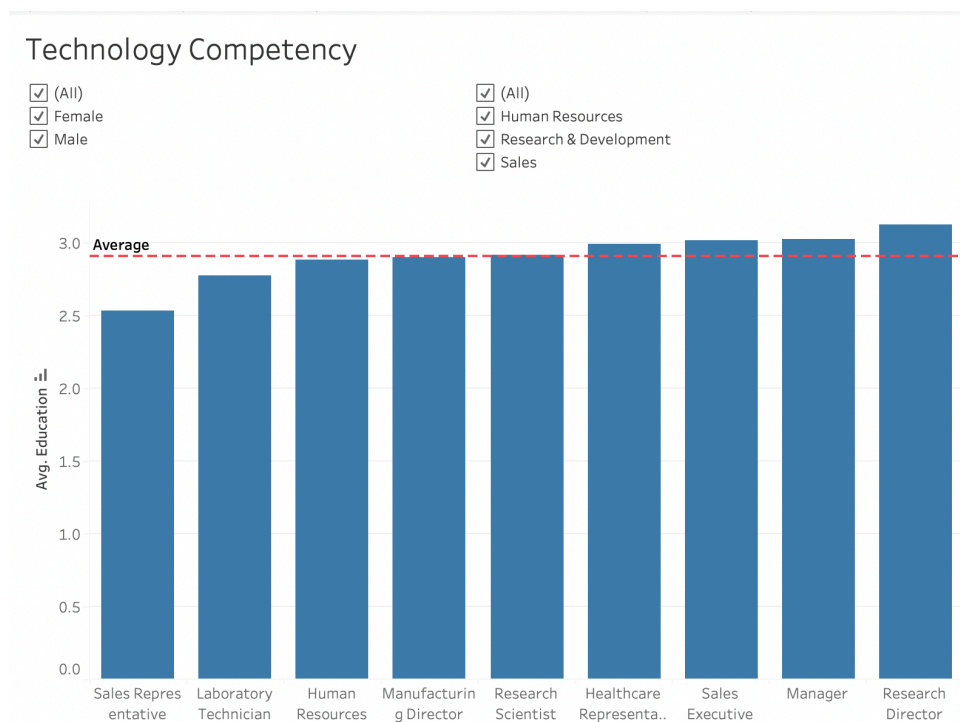


FIGURE 2: TECHNOLOGY COMPETENCY

## 6.2 SCARCITY OF TALENT

Pharmaceutical jobs are often research-intensive and may not have a set timetable. It takes years of experience to become an expert in any one area. Due to a scarcity of skilled professionals and human resources for health, all pharmaceutical companies compete for the best and brightest. To see this, we shall observe the talent retention.

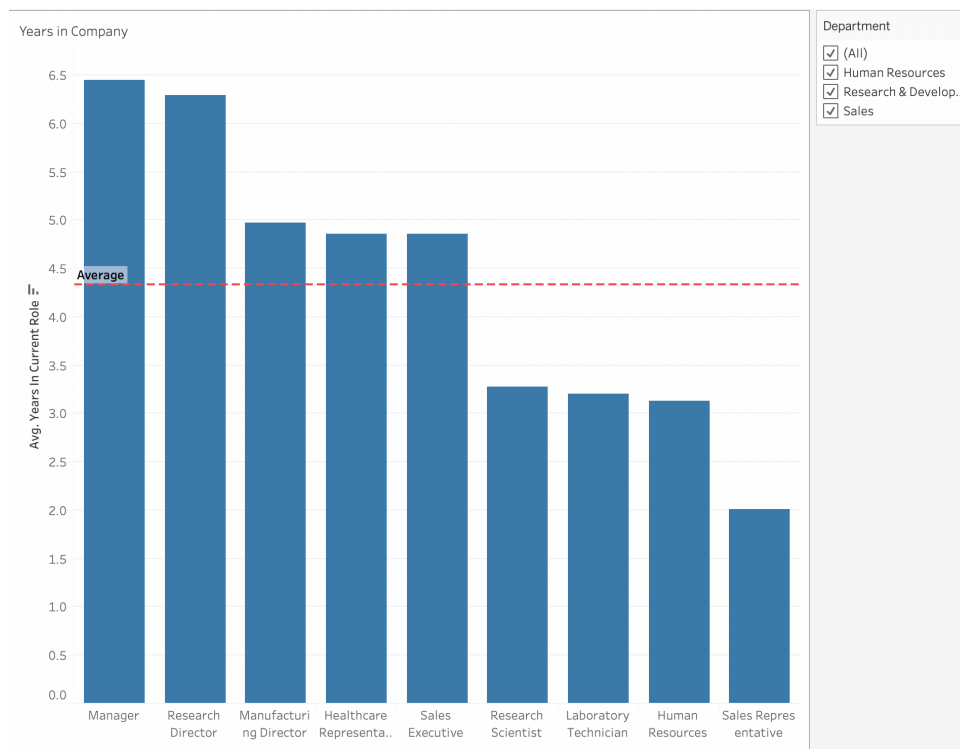
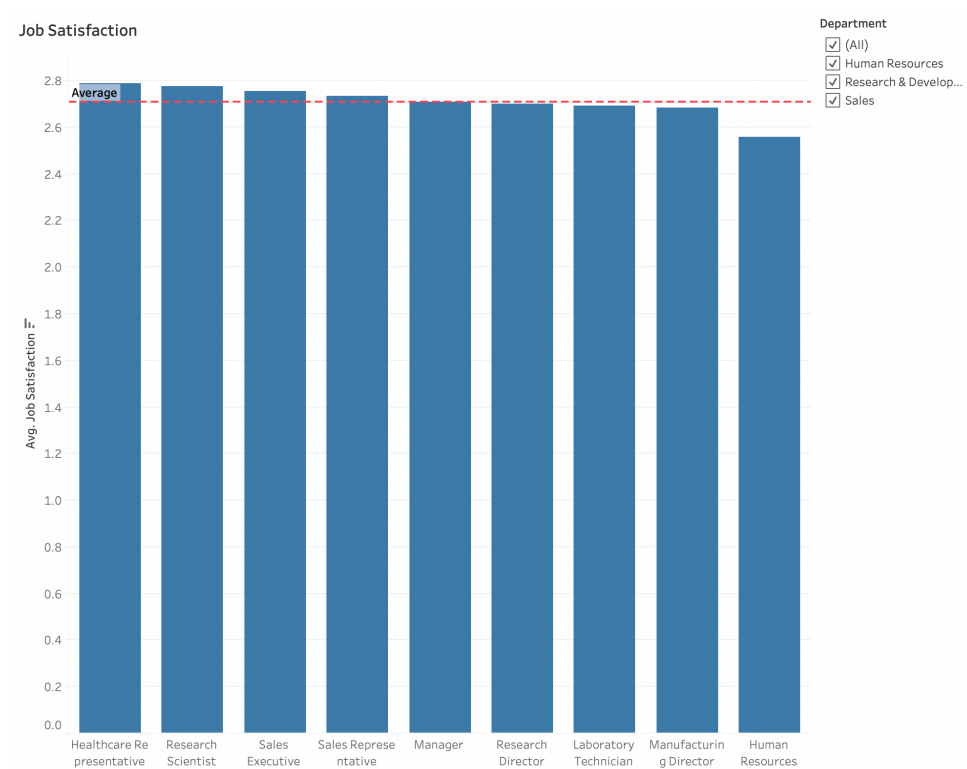


FIGURE 3: YEARS IN COMPANY

## 6.3 EMPLOYEE RETENTION

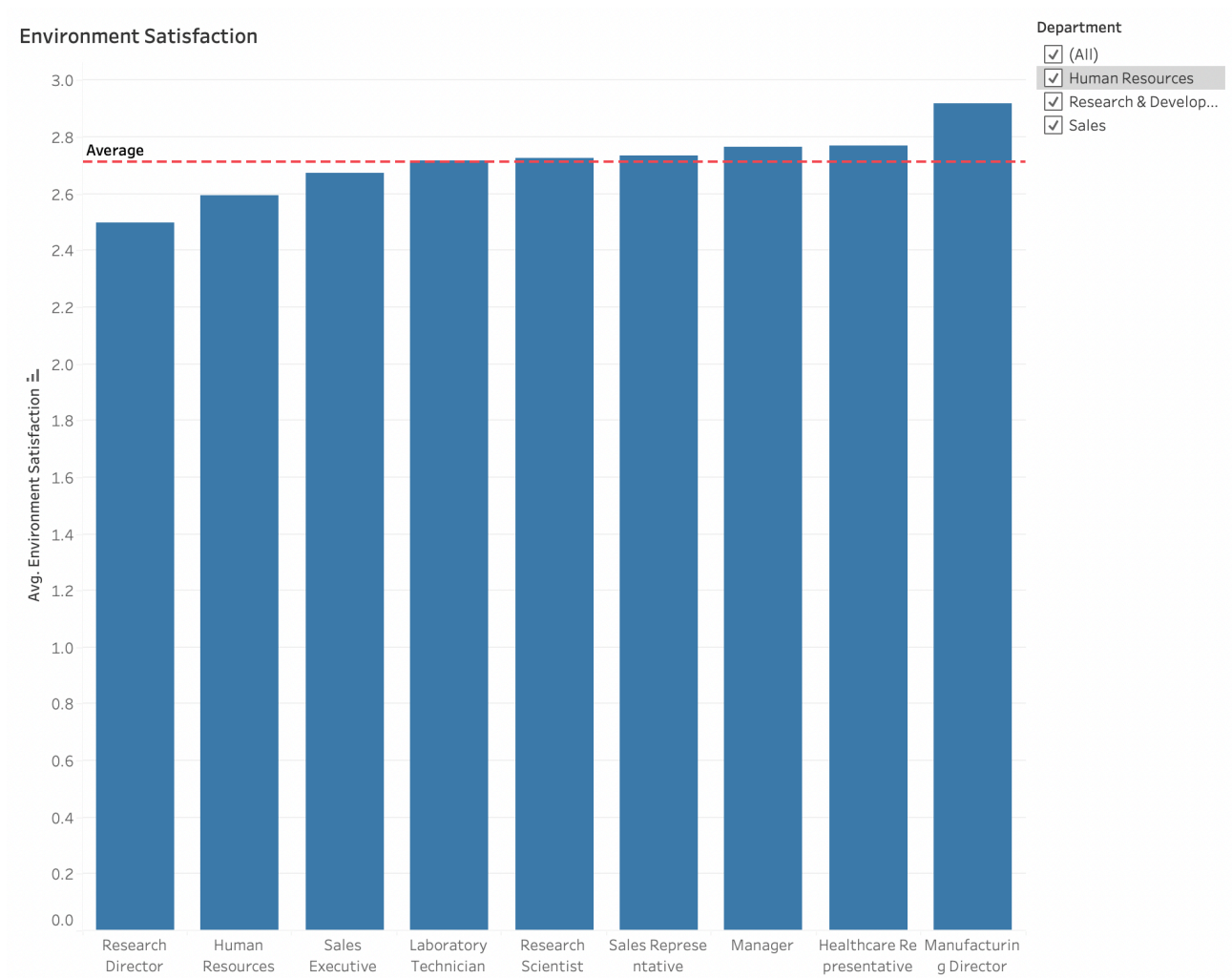
The pharmaceutical industry is very competitive on both internal and external levels. When an organization loses a prominent scientist or project manager, it may experience significant setbacks until a suitable successor is identified. One of the most challenging aspects of working in the biomedical sciences is doing what it takes to attract and keep talented people in the field. A lot of professionals are jumping ship from established pharmaceutical firms to startup bio-techs in search of better pay. As the baby boomer generation of pharma workers retires, the industry is shifting its attention to the next generation. New challenges and possibilities for learning motivate them. Thus, they must have access to a wide variety of educational and professional growth options. To assess this, we evaluate the job satisfaction rate of employees.



**FIGURE 4: JOB SATISFACTION**

## 6.4 EMPLOYEE MOTIVATION

Pharma projects need time and patience to yield results. It is common in this field to shut down unprofitable projects. Long-term research initiatives or undertakings that provide no results are demotivating for everyone. Keeping staff interested and motivated is yet another difficulty that HR professionals in the pharmaceutical sector encounter. Employee turnover is a significant concern. A pharma salesperson's job is quite demanding in terms of meeting objectives, and they are prone to being demotivated rapidly. It is critical to understand and identify their motivators in order to develop a successful staff retention strategy. To determine this, we examine the employee environment satisfaction rate.



**FIGURE 5: ENVIRONMENT SATISFACTION**



## **7 SOLUTIONS**

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### **7.1 PROVIDE GROWTH OPPORTUNITIES**

Young workers prioritise growth and development above monetary remuneration. They must have several chances to learn and advance in business. In the long term, this will also help to reduce the shortage of skilled talent. Employees in the older age groups who are less tech-savvy must be provided with training and skill development opportunities to improve their technical abilities. It will keep them interested and motivated to learn new skills and increase productivity.

### **7.2 MAKE YOUR EMPLOYEES ENGAGED**

Everyone wants to believe that they are making a difference in the world. Employees must be engaged in their job to get the best outcomes. Because projects at pharmaceutical businesses might endure for a long time, workers may get demotivated or believe that their efforts are not appreciated. Recognizing and praising your staff might assist them in remaining engaged and involved in the firm. A simple pat on the back might also be quite effective. So, remember to continually look for methods to acknowledge and thank your employees for their accomplishments.

### **7.3 REGULAR EMPLOYEE FEEDBACK**

Disengagement is the first indicator that an employee is on the point of leaving the company. You must periodically attempt to analyse how and what your staff feel. Regularly soliciting opinions and recommendations can assist you in gaining insight and developing more effective HR initiatives. It will enhance your decision-making abilities and strategies to enhance employee engagement.

### **7.4 COMPETITIVE COMPENSATION**

Constant competition exists amongst businesses for the best talent on the market. In this fight for talent, you must be aware of market pay norms. Complement the wages with the most advantageous perks and bonuses to acquire a competitive edge.

## **8 CONCLUSION**

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What people expect is changing. They want their health care to be more tailored to them. They don't just want to pay for new tests or different kinds of medicine. They want to pay for some-



thing that works. It means that drug companies need to learn more about their customers. They need to do better research and clinical trials on specific groups. JJ will have to work with others in the healthcare system. For example, those who can help make sure patients stick to their treatments and those who can help with health education and raising awareness. They also need to be willing to work with groups that can help collect and organise patient data. Personally, tailored care also means that JJ will have more niche markets. They have to choose which technologies to put money into, which types of patients to focus on, and which partnerships to pursue. Because of the rise in personal medication, the HRM systems will have to be changed. Getting a sense of the end consumer's market conditions and expectations will help identify the system's biggest problems and weak spots.

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