

Impact of Labor Law Implementation in the Lebanese Pharmaceutical Sector

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ABSTRACT:

Labor law implementation has a basic role in increasing employment stability, decreasing turnover, and managing the employer-employee relation, which increases the productivity levels in any organization. In this paper, the importance of implementing the labor law in the Lebanese pharmaceutical sector, in the two main divisions, sales (medical representative) and community pharmacies is discussed. An interview was conducted with a community pharmacy, where the labor law is not fully implemented; employees do not have any obligatory salary range, annual leaves, or sick leaves. Interviews showed how the pharmaceutical sector is falling back due to the lack of motivated pharmacists, a stable work environment, fair competition, and the recent phenomena of hiring employees without a pharmacy degree to replace pharmacists for lower salaries. The presence of a strong labor law would protect employees, ensure their rights, motivate them and finally increase their productivity. This would support the pharmaceutical sector and protect it from further regression.

Keywords: *Labor law, Productivity, Pharmaceutical sector, Community pharmacists, Medical representatives*

INTRODUCTION

“Law is order, and good law is good order”- Aristotle. Having good implemented laws would organize establishments, relations, and governments. One of the most important laws to govern an organization for good control and management is the labor law. Labor law dictates the employers’ obligations towards their employee’s rights. This would satisfy the employee’s needs and eventually increase their productivity (Thompson, 27 November 2018). In addition, labor law would correct the imbalance of power between workers and their employers and prevent employers to force unacceptable working conditions (Blackburn, 2006).

Increasing labor market flexibility would increase labor productivity. For example, in Slovenia, introducing some changes to the labor

law making it more flexible, improved employee productivity on the short term, by creating new job positions (productivity effects of the new law on labour relations in slovenia, 2015).

In Sweden, firms are obliged to abide by the labor law, which increases the productivity due to increasing labor market flexibility (Bjuggren, December 2015)

The Lebanese labor law was issued in September 1946. It was set to regulate the relationship between employees and business owners, conserving the rights for both parties (Labor Laws General Provisions, n.d.).

According to the Lebanese labor law, all employees, regardless of age and gender, should pass through a 3-months’ probation period, after which they should be paid a minimum wage of

450\$, with a maximum of 48 working hours per week. This is applicable in all fields except for the field of agriculture. As for vacation leaves, the law has specified seventeen official holidays, fifteen days as annual leaves (as a start), fifteen days as sick leaves, and two days as a bereavement leave to be used in case of death of close family members. In case of any contract violation, the Lebanese law protects both parties. If an employee resigns, the law enforces a notice period. As for the maternity leave, it was recently increased to 70 days. According to the labor law, foreign workers are not allowed to work in Lebanon unless they have a permit from the ministry of Labor (Labor Laws General Provisions, n.d.).

In Lebanon, only part of the labor force is employed in the public sector in which labor law is implemented accurately, and approximately 80% of the labor force is engaged in the private sector where labor law is not implemented completely such as community pharmacy (Geneva). Pharmacy is one of the most attractive professions due to its social value. Therefore, the number of people working in this field exceeds the market needs, due to high number of graduates and small number of retirements. This resulted in low incomes and limited the ability of employers to apply the Lebanese labor law (labour market and employment policy in Lebanon, 2015). The absence of labor law in the Lebanese pharmaceutical sector affected the profession in different standards.

There is a relation between implementation of labor law, employee turnover and productivity. Productivity is measured by the quality of the product and the service. Labor law, as mentioned before, has a major role in empowering and protecting employees through satisfying their needs, and legislating their rights.

A firm behavior is shaped by the interaction between three institutions; regulatory, normative and cognitive, which are represented by labor laws, union power and sources of motivation respectively. Best practices are adapted differently depending on the country itself. For example, in France, Danone empowered teams, unlike in Argentina where they aimed to empower individuals due to the power of the unions and the high cost of employee termination. This is not the

case in Brazil, where labor laws promote employee turnover because of the unions' weakness. Some best practices are harder to transfer from one country to another. It is preferred that they be generalized to be easily transferred but at the same time, it should be specific to preserve the idea. Sometimes the best practice adaptation may contradict with regulatory and normative institutions of the host country, so it should be taken into consideration when best practice is transferred from home to host countries. Even the motivational factors for employees differ from one country to another. For example, in Argentina, empowering the employees and paying them well, helps preserve and motivate them, as well as reduce the high termination cost, due to the support of powerful unions. This is not the case in Brazil, however, where the labor law is not applied well; it is a challenge to motivate low-paid workers who are easily replaced (Daniel Friel).

Lean production programs are used mainly to improve performance and increase the speed of production with a lower cost through eliminating the middle management position and assigning their tasks to workers, who are expected to be highly skilled and committed. This type of production is effective in institutional settings that promote high employee turnover (Daniel Friel).

Danone is an Argentinian organization for dairy product and water production, which owns 194 factories Latin America (figure 1). Since they drive businesses in many countries, they believe that every country has its own constraints and different best practices should be adapted accordingly to what suits every country. Some factors are taken into consideration such as what motivates workers. Example DeMaWay was developed, in which the planet was divided into different parts where every individual was responsible for a part, and workers were trained to maintain the machine. In this way individuals took pride of what they did, which is an essential element in Argentina where they are proud of individual work and not in team works. This practice increased the motivation within their workers. Pride is more motivational for them than monetary compensation.

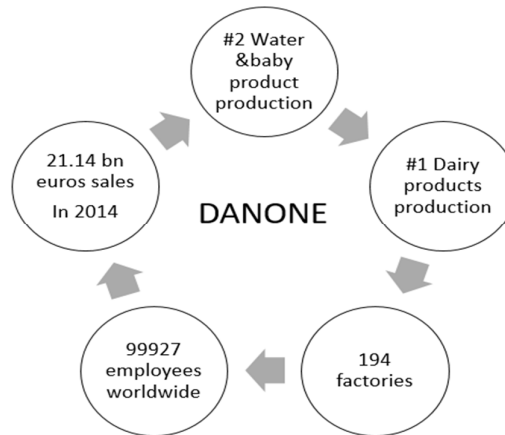


Figure 1: DANONE descriptive properties

Although the labor law in Argentina limits employee termination, by requiring the firms to pay the workers an extra month salary for every year worked by the employee yet the union was more powerful and forced firms to keep workers even if they agreed to pay workers more than the required amount. DaMaWay found that the best way to enhance production is through motivating their workers since they are not flexible in replacing employees. This resulted in a zero-turnover rate since Danone pay very well for their workers (Daniel Friel).

This wasn't the case in Brazil where they couldn't turn workers to owners nor eliminate the middle manager positions. What motivates the Brazilian workers is promotions, and in lean production, there are fewer opportunities for promotion. For this reason, they couldn't adapt the same best practice in Brazil, instead, they gave the workers the chance to be promoted to managerial positions after passing through several trainings such as; food preparation, electricity, and mechanical repairs. Workers who refuse to pass through these training sessions were let go. In addition to the possibility of promotion, Danone offered full-month worth bonuses to workers. Although they tried to motivate their employees, the turnover rate ranged between 16 and 18% per year. As per Danone, this was due to low performance although they tried to give their employees three months to improve. Those who don't improve

would be fired. It is easier to fire workers in Brazil than in Argentina due to the absence of a powerful union and the absence of labor law enforcement in the latter (Daniel Friel).

So every country should be treated differently for the firm to develop and grow. There were major differences between Argentina and Brazil in motivational factors, structure preference, needs, implementation of labor law, presence of effective union, etc... Although these are neighboring countries, they adapted different best practices (Daniel Friel).

As a conclusion, three aspects were studied in order to compare Argentina and Brazil: regulatory (labor law), cognitive (motivation) and normative (union's power). In Argentina, the presence of strong union even more powerful than the labor law, gave strength and security to the workers at Danone. Whereas in Brazil it was totally different because of the absence of a union and a labor law implementation, which caused high levels of termination, and employee turnover. Employees are motivated through monetary compensation, which would be acquired through promotions, bonuses, and trainings that qualify them to fill their positions as managers if given the chance. (Daniel Friel).

In India, labor law is highly respected and it adds excessive pressure on the firms. A study was conducted in India to evaluate the effect of the labor law on the economic performance where it showed a positive relation. When good labor laws

are implemented correctly, employees' performance and productivity are enhanced. This reflected a positive relation between development in other parameters such as health, education, and infrastructure with the economic freedom. The Indian labor laws are strict and protective of the employees preventing unjustified termination, which could have led to increased levels of crime, anarchy and lawlessness due to the presence of dictatorial employers who tend to overpower the working class. It increased the stability of employment through limiting the ability of employers oppressing their workers.

Simplified laws encourage employees to respect them. Although labor laws are concerned with protecting the workforce, they also respected the rights of the employers and protected them from unrealistic demands, such as unrealistic wages, increased number in sick leaves and vacations. Therefore, the laws clarified wages, bonuses, and working hours (Chotia, march 2015).

In the absence of a strong labor law and a powerful union, workers are mostly expected to lose the possibility of earning their rights and stability. In this case, levels of employee turnover is high. Employee turnover could lead to several consequences such as disruption in operations, teamwork dynamics and unit performance. It also creates costs for the organization. Employee turnover could lead to financial and non-financial consequences. These consequences include a limited productivity, as well as quality and

consequently, would affect the profitability of a firm. Employee turnover is considered one of the challenges any growing business may face. Other losses are linked to the quality of production where it is affected by employee turnover negatively, which leads to loss of customers, affects the organizational image... (Iqbal, January 2010).

When labor law is capable of establishing fair norms in any employment contract, it would prevent failure, encourage positive productivity and would consequently have a positive economic effect (Deakin, March 2016).

Employees are the major assets for any organization and motivating them is essential to augment their performance in the quality of the products and services provided for the customers (Arokiasamy). Every organization has to retain its employees to reduce turnover and this could happen through offering a good environment, satisfying their needs, and ensuring a balance between work and family life (specifying a fixed working hours) (Arokiasamy). These issues are elaborate in labor law.

RESEARCH METHOD

In Lebanon, pharmacy is an attractive profession, and there are approximately 11000 active pharmacists in a limited field of work, where a pharmacist could either be a community pharmacist or work as a medical representative in pharmaceutical companies. It is important to show the differences between the two jobs (table 1).

Table 1: Differences between community and medical representative pharmacist

	Community pharmacist	Medical Representative
Average Salary	800-1000\$	1500-2500\$
Working days	6 working days/week	5 working days/ week
Vacations (annual, sick...)	They don't have the right to have this type of vacations	They have the right to get these vacations
holidays	They don't get holidays	They get holidays
Medical information	Very wide	limited
Professional development	Limited & improvement are not significant	Improvement is possible but very limited

As we see in table 1, medical representatives possess more rights from their employers, and a stronger labor law is implemented. For that reason most pharmacists are moving to work as medical representatives although their tasks are far from being a pharmacist, Labor laws are implemented more seriously in big companies. Pharmacies are not considered “organizations”, rather small family businesses. In addition to the absence of laws which are essential to protect pharmacist rights in Lebanon, community pharmacists, and even pharmacy owners, are unable to bear the extra costs that result from implementing the labor laws in their pharmacies.

In community pharmacies, there isn't even a possibility for promotions, since in general most pharmacies have a maximum of one or two pharmacist along with the owner.

In this paper, I will discuss what mainly motivates pharmacists and the effect of labor laws in the pharmaceutical sector in Lebanon. I will interview 10 community pharmacists from different Lebanese regions, to discuss if labor law was implemented in the pharmaceutical sector, and what motivates them.

RESULTS AND DISCUSSION

Pharmacists are some of the most important pillars in the healthcare system. They are experts in pharmacology, drug's mode of administration, and drug-drug interaction. They are also responsible to teach patients about the sickness and ways to manage it. They also monitor the medication therapy, compliance, and outcomes of a treatment. Community pharmacists are in direct contact with the patients carrying the responsibility of patient education especially since they are the easiest accessible healthcare providers although not considered first aid providers (Souheil Hallit, 15 March 2017).

In Lebanon, the pharmaceutical sector faces several challenges. One of the most important challenges is that the monthly sales and profits decreased in the last decade due to the reduction in the percentage of loyal customers, increase in competition level (2897 pharmacies in a country with four million inhabitants), medication price reduction set by the ministry of health, salaries of assistant pharmacists, and total bills (refer to figure 2) (Souheil Hallit, 15 March 2017).

Also, most community pharmacists were not satisfied neither financially nor professionally. As shown in figure 3, the major difference is in the number of patients entering the pharmacy (Souheil Hallit, 15 March 2017).

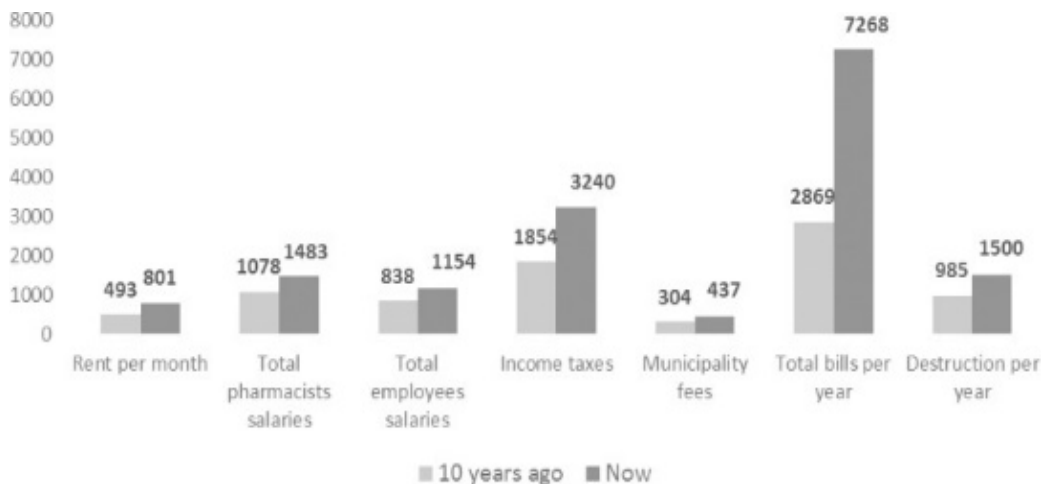


Figure 2: Financial comparison of the community pharmacies' cost within the last decade

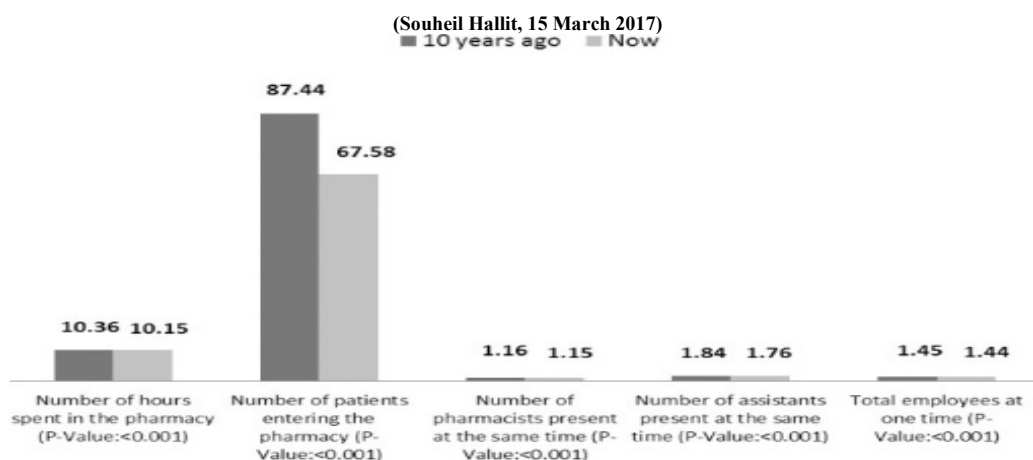


Figure 3: Comparison between the pharmaceutical status in Lebanon (now and 10 years ago) (Souheil Hallit, 15 March 2017)

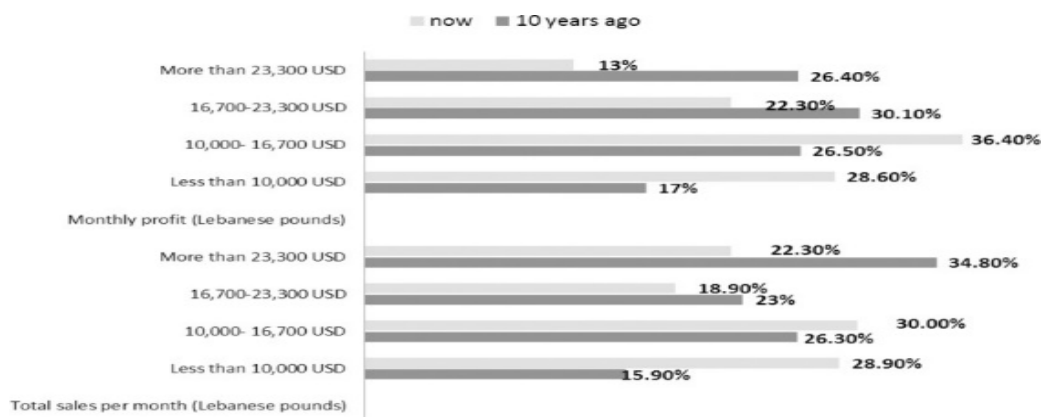


Figure 4: Monthly sales and profit comparison between now and ten years ago (Souheil Hallit, 15 March 2017).

All these factors resulted in a decrease in sales and profits for the pharmacist as shown in figure 4. All these results and figures showed that the pharmacy profession is falling back.

In the presence of all these challenges, it is important to study what would help the pharmaceutical sector and how pharmacists could be motivated to boost this sector again. I

interviewed 10 community pharmacists from different regions (Beirut; 3, north Lebanon; 1, south Lebanon, 2 and Suburb; 4). The limitations in the pharmaceutical sector is that labor law is not implemented, in its minimum standards, there is no annual leaves, sick leaves, maternity vacation. Motivating pharmacists is not taken into consideration; they are not rewarded, recognized

or paid well even. Although 80% of the interviewees are young, they were not motivated. Pharmacists are not even engaged in the national social security fund.

The pharmaceutical sector in general lacks the interaction between two important institutions: labor law absence (regulatory) and motivational factors (cognitive). First off, empowering these two institutions would improve this sector. The labor law implementation is a must, specifying a specific number of working hours for a pharmacist, a minimum salary that should be given for an educated healthcare provider, and prohibition of a non-pharmacist worker to be hired in a pharmacy.

Most of the pharmacists I interviewed respect their job and profession, yet they are not motivated in the absence of a reward system either through intensives or benefits. They agreed that they don't have the right to get long vacations despite the fact that they work for long hours and low salaries. After explaining and highlighting the major principles of the Lebanese labor law, seven out of 10 pharmacists agreed on the importance of labor law implementation parallel with implementing special systems that motivate the pharmacist such as specific intensives.

More than five pharmacists agreed that the pharmaceutical sector is passing through a critical situation, but they believe that the new generation should be proactive and try to implement new strategies to ensure sustainability. Other professions are aligned with technologies for example, mechanical engineers use a specific program (AUTOCAD) to help them in their work which reduced the time to do their job, it is the time for our sector to evolve.

They all agreed that there is a need to enhance the pharmacist's image and return the trust between the pharmacist and the patient, through working in more ethical conditions and being transparent with customers. In addition to the ethical standards pharmacists should work within, they should focus on being updated and continuously educated. In the absence of employee stability, the level of turnover is increasing, as pharmacists are continuously searching for better working environments.

Comparing the Lebanese pharmaceutical sector to the UAE pharmaceutical sector we can see that in UAE, there is shortage in pharmacist

and there is a need for pharmacists (Dameh, 2009). The UAE law prohibits females from working night shifts (from 10 pm-7 am) except for the health services (UAE Labour Law, 2007). UAE pharmacies could be owned by non-pharmacists and are open for 7 days per week with an average 13 working hours covered by approximately 2.6 pharmacists per day along with 1.8 pharmacy assistants (hasan, December 2011).

CONCLUSION

Enhancing the pharmaceutical sector is essential to ensure the sustainability of the pharmacies. Pharmacists should get their rights in order to be motivated through labor law implementation, they should have a minimum starting salary, limiting termination, preventing any other specialties to work in the pharmaceutical sector. Having a good labor law ensures good management and shapes the relation between employers and employees, which would in turn motivate employees.

Since the pharmaceutical sector is passing through a critical phase, solutions should be applied rapidly. The quality of the work would be affected although most people would see that any pharmacist is able to dispense the drugs correctly. However, this is not the only role of a pharmacist. Patients are used to a pharmacist, especially those with chronic diseases; they feel comfortable when they are reassured that the pharmacist knows their medications.

Finally it is the time to consider pharmacy like other professions. It needs technological support and enhancement. Since the ministry of health is also concerned for the people's health along with the pharmaceutical sector, they should be supportive of this sector. The pharmaceutical image should be built again and the trust is essential between pharmacists and their patients, to increase the number of loyal customers, and consequently improve sales and profits. This would lead to a better job satisfaction. Best practice should be adapted in the pharmaceutical sector through the Lebanese order of pharmacists, to satisfy the needs of the pharmacists, motivate them and decrease turnover levels. All these details should be treated by the labor law and implemented in the pharmaceutical sector in Lebanon for a better future for this profession.

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