Need For Organizational Values And Ethics In Strategic Decision Making: A Perspective Of Indian Pharmaceutical Industry

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Abstract
This paper aims at directing the Indian Pharmaceutical Companies to apply organizational values and ethics in strategic decision making. It covers the various relevant issues like organizational values, ethical strategic decision making process, ethical principles, theories of ethics and the need for organizational values and ethics in strategic decision making in pharmaceutical industry. In the 21st century more importance has been given to win the race of competition than winning the customers and all other stakeholders. The Indian Pharmaceutical Industry has the great onus to serve the abundant population with integrity and transparency. Focus has to be shifted from profits to application of organizational values and ethics.

Key Words: Organizational Values, Ethics and Strategic Decision Making.

Preamble
Values are the principles or standards of behavior. Organizational values are a set of values to which organization subscribes. Ethics concerned with the study of what is right and what is wrong or what is good and what is bad or what is moral and what is immoral. Strategic decision making involves the selection of best available strategies to implement or to execute. The pharmaceutical industry concerns with developing, producing, and marketing drugs or pharmaceuticals licensed for use as medications. Pharmaceutical companies can be allowed to deal in generic or brand medications and medical devices and are subject to a variety of laws and regulations regarding the patent rights, testing and ensuring safety and efficacy and marketing of drugs. The pharmaceutical industry of India is the world's third largest in terms of volume and fourteenth in terms of value. It is such a difficulty to make the decision that will no cause any harm to the people especially at the time of developing and launching a new drug. Some how almost all the drugs are causing side effects to the patients. How ever less bad is better than more bad and of course more good is better than less good. This principle can be applied for the strategic decision making in pharmaceutical industry.

Insights from Literature
• According to a survey conducted by Brand Care Health Care Communications, the Indian Pharmaceutical industry needs to enhance the control over the ethical practices at the medical level, industry level and retail level.
• According to World Health Organization (WHO) up to 30 percent of branded drugs sold in developing countries like India are counterfeit or fake which may have some profound implications for customers or patients. India’s counterfeit or fake market is growing at the rate of 25 per cent per year. In reflection of the essential issues raised by the importers of the pharmaceutical products of India, the government of India, world health organization and the PSM(Partnership for Safe Medicine) are providing initiatives to fight against counterfeit drug manufacturing units and are including-providing rapid testing equipments to the drug testing laboratories, automation of laboratories, increasing the volume of investment in more drug manufacturer inspectors and enforcing the serialization(storing the data of drugs), inimitable packaging and 2D Bar coding (technology used for mobile marketing).
Dr. Shubangi R. Parker, Dr. Trupti F. Koli opined that practices in pharmaceutical industry are blurred by looking for opportunities for profit rather than helping the patients to get rid of illness and commercialization of services.

- Some examples of ethical issues from literature
- In April 2013, in the case of Novartis, Supreme Court of India denied to provide patent rights for leukemia drug with small changes.
- In recent times India made license of Bayer’s cancer drug Nexavar mandatory, and allowed generic companies to copy the patented drug.
- Revocation of Pfizer’s cancer drug Stent has been done.

**Literature Gap and Comments on Literature**

Lot of research has to be carried out in the field of pharmaceutical industry in India. Many researchers and authors have discussed about the ethical issues in pharmaceutical industry, ethical decision making, need of ethics in pharmaceutical Industry and challenges to pharmaceutical industry. But need for organizational values in strategic decision making in pharmaceutical industry, impact of organizational values and ethics on strategic decision making in pharmaceutical industry, ethical dilemma of pharmaceutical companies and conquering challenges triggered by counterfeit market are remaining to under go research and discussions so far as the knowledge of the authors of this paper.

The Market environment featured with increasing medical costs and competition is leading to endangering the patient oriented ethics. Pharmaceutical companies have to take oath in which they swear to protect their customers from whatever is dangerous and mischievous. It is not an easy task to pharmaceutical companies to make decisions such that all the organizational values are considered. Competition should be there to serve the patients better instead of skimming the cream in the market.

In India, unauthorized clinical tests are costing so many lives, especially of tribal communities living in urban and forest areas. Pharmaceutical companies have to apply ethics and values at the time of making such kind of decisions. The strategic decision making must reflect the organizational values such as protecting the interests of stakeholders, maximization of wealth of the shareholders, integrity, fairness, openness, transparency and responsibility over society at a large.

**Ethical Strategic Decision Making Process**

Ethical Strategic Decision Making process involves the series of steps involving in the ethical strategic decision making process. As usual decision making is required whenever there is problem appeared or the present strategies are not supporting the organization to meet its objectives well. Decision making in pharmaceutical company is associating with the complexity and hardship because of the unique nature of the industry. Management of pharmaceutical company should be aware of the consequences of the decisions well in advance. We should have the indicators which can provide us the required information about the ethical performance of the existing strategy. Before going to make a decision we should define the organizational values, ethics and ethical objectives we wish to achieve. Before starting the procedure, we should decide and define the organizational values and ethics, and same has to be communicated.

We can have the best illustration, by having glance at the below figure and the annotation written below the figure.
Annotation

i. Evaluation of present strategies- Evaluation of present strategies involves the identification of the problem, assessment of performance of present strategies against the organizational values, ethics and objectives. Strategies are expected to imply the organizational values and ethics during the process of achieving the objectives. Some times it is required to redefine the mission and vision statements of the organization. If present strategies are fulfilling the all the ethical and commercial requirements then no need to prolong the process to make the decision, if not, then we should generate all the feasible alternatives.

ii. Generation of Strategies- Here we generate the all possible alternatives through different methods of generation like discussion, brain storming, and voting method and so on. While generating the strategies we take the cost, reliability, robustness, risk, flexibility, stability, communicability and compatibility in to the account. We can take the support from experts, management consultancies and research studies.

iii. Evaluation of Alternative Strategies- Once generation of strategies has been finished then we evaluate the each strategy against the organizational values, ethics and objectives. Here we check the suitability of different strategies with our requirements.

iv. Selection of the Best Strategy- Here, the best strategy can be defined as the strategy that implies the organizational values, ethics and contributes for the achievement of objectives best. It is not always possible to come with the best solution, how ever we may take the decision based on the guidelines provided by the ethical principles and theories as cited below.

Ethics: The Science of Morality

Ethics is the branch of philosophy that helps us to judge what is right and what is wrong or what is good and what is bad or what is moral and what is immoral in the conduct of someone under a situation. It enforces to follow moral principles and values. It can be considered as the science of
morality. Sometimes under varying circumstances, it is very difficult to judge whether an action is right or wrong. However ethical principles and theories help us to make ethical judgments.

**Ethical Principles**- Ethical principles are shared goals that every theory attempts to achieve in order to be successful. These principles are utility or beneficence, do no harm or least harm, justice and respect for autonomy.

i. **Utility or Beneficence**- It guides the theories to do more good. Because people will be benefitted from the more good. More good provides more utilities or benefits to the people. An action is ethical if it is providing more benefits to the more people. For an example paracetamol is somewhat detrimental to liver, but it protects the people from the fever. Hence it is ethical.

ii. **Least harm**- When neither choice is beneficial, then we should choose to do that least harm choice and to do harm to very few people. Because less harm is better than more harm. It is applicable when all the available options are not good or beneficial.

iii. **Justice**- It states that ethical theories must prescribe the actions that are fair. It means an action must be fair. An action should be justified under the specific circumstance with rationalizing. For an example, an ambulance is allowed to speed in the traffic even to violate the traffic rule when it is on the way of shifting the patient to hospital.

iv. **Respect for Autonomy**- It states that everyone deserves the right of freedom of making decisions about their life and life style. One must respect the emotions of others. For an example a cancer patient can wish to live his life peacefully without taking medicine prescribed by the doctor.

**Theories of Ethics**

These are based on the principles cited above. These focus on the various perspectives of ethical dilemma and drive to the ethical resolution according to the guidelines within them self. These are utilitarian theory, deontological theory, virtue theory, rights theory and casuist theory.

i. **Utilitarian Theory**- It is based on the predicting the consequences of an action. If an action is providing the more benefits or utilities, then it is ethically correct. It is of two types. One is act utilitarianism and another one is rule utilitarianism. Act utilitarianism ignores the personal feelings and societal rules like law. It treats an action as ethical if it provides more benefits to more people. In contrast rule utilitarianism enforces to follow the law and fairness and to provide more benefits to more people.

ii. **Deontological Theory**- It states that one must adhere to his or her obligations. It enforces the people to do their duties. It sets a base for special duties for specific people. For an instance it is the duty of people to help the blind people to cross the roads in the traffic.

iii. **Virtue Theory**- It judges the people by their character rather than their actions which may differ from their normal behavior. It considers the people’s morality, reputation, and motto when judging unusual, irregular behavior which considered as un ethical. It emphasizes on character rather than the consequences of irregular behavior of people.

iv. **Rights Theory**- Society sets and endorses rights. One can exercise the rights and are ethical. People should respect the rights of the others and they can expect the others to respect their rights. For an example, a man can borrow money from his friend, as he has right to seek help from his friend.

v. **Casuist Theory**- It attempts to compare the present ethical dilemma with the experiences of similar ethical dilemma conditions and their out comes. It lets one to estimate the severity of the condition and to produce the best possible solution according to others experiences. Here experiences of others serve as the guidelines for us to make the decisions.

**Ideal Organizational Values for Indian Pharmaceutical Industry**

Organizational values are the set of principles or standards that a company enforces it self to follow. Pharmaceutical companies in the countries like India where population abundant must possess...
the organizational values to serve the society well. We can consider patients or customer satisfaction, safety, reliability, environmental protection, compliance with law, transparency, openness and ethical integrity as ideal organizational values for pharmaceutical industry.

i. Patient or Customer Delight - The strategic decisions should be customer centric. The customer is the most important thing in our business. Mostly customers in the pharmaceutical industry are patients. We must cross their expectations by solving their health problems through the drugs we produce and sell in the market. We have to stand on our promises at the time of advertisement or dealings.

ii. Safety and Disclosure - Our products should not do any harm to the patients. How ever neither choice is good then we have to choose least harm one. We must try to reduce the side effects of our products to protect patients from them. We should provide the instructions of use and other required information on the labels or packaging of the products. We must disclose the product information and about side effects of the products and precautions should be taken.

iii. Reliability - Our drugs should serve the patients such that their expectations are achieved. We should make sure that customers can hold their belief in our drugs.

iv. Environment Protection - As we are part of the society and environment, it is our responsibility to protect the environment. Especially pharmaceutical companies release detrimental chemicals, solutions and polluted air which are showing hazardous effects on environment. Pharmaceutical companies should redefine and evaluate their manufacturing processes so as to protect the environment.

v. Compliance with law - All the Indian pharmaceutical companies need to follow the regulations and guidelines set by Indian Pharmaceutical Association and World Health Organization. They must obey the acts like The Drugs and Cosmetics Act, 1940, The Pharmacy Act 1948, The Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954, Drugs (Price Control) Order 1995 and so on.

vi. Transparency and Openness - Pharmaceutical companies need to maintain transparency in all the related transactions like composition of the products, performances of the products, pros and cons of the products and so on.

vii. Ethical integrity - Honesty is the best policy and is the well known and accepted universal proverb. Pharmaceutical companies should commit to the highest standards of business conduct and ethical integrity. Pharmaceutical companies should recruit a chief ethical officer to over view the ethical practices in the firm.

Need for Organizational Values and Ethics in Strategic Decision Making: From the point of Indian Pharmaceutical Industry.
Pharmaceutical Industry in India is growing at the good pace. As we cited in the preamble, India is the third largest in terms of volume of production. But it is in the fourteenth place in terms of value. There is no company from India in the list of top ten pharmaceutical companies in the world. All the companies are having equal opportunities but few are ahead and few are behind, because of the strategies they are formulating and implementing. However it is the world of competition and pharmaceutical industry is not exceptional from it. Companies are trying to get competitive advantage over the competitors in terms of market share, sales, good will, and expansion and so on. Being in this race many companies are making the strategies accordingly, and are missing some core organizational values and ethics in strategic decision making.

Though there is the Drug (Price Control) Order 1995 in the emergence, In India pharmaceutical services are becoming costly and is not affordable to many categories of people. Pharmaceutical companies need to realize their self, the essence of organizational values like customer satisfaction, safety, reliability, environmental protection, compliance with law, transparency, openness and ethical integrity and ethics in strategic decision making. Sustainability of companies depends on the standards and quality of the products and services. As we are the part of the society it is our onus to serve the
society well and protecting the interests of the entire stakeholders. Pharmaceutical companies need to have sessions on learning and practice of organizational values and ethics.

Every company needs to define and communicate its organizational values to the employees and all other stakeholders. If we (pharmaceutical companies) apply the organizational values and ethics in strategic decision making, we can be benefitted in the following ways,

- We can avoid the regular audits of government and other drug control authorities.
- We can enjoy good will in the society.
- We will earn customers and public trust.
- Customers will be delighted.
- We can draw respect from all the parties.
- Employee’s retention rate will be improved as they can enjoy the feeling of working with a company which follows ethics.
- Brand Image will be improved.
- Self satisfaction.

Apart from those we can get awards and recognitions from the government and other related associations. To enjoy all these benefits we need to apply the organizational values and ethics in the strategic decision making.

Conclusion

Pharmaceutical Industry in India is offering clues to the so many health problems of people. Severe competition in the market is forcing the drug manufacturers to skip some organizational values in strategic decision making and eventually adverse results are coming out. Indian Pharmaceutical Companies need to realize the paramount of organizational values and they have to exercise the values and ethics in their conduct. Customer illness is not an opportunity to make profits or business. It is an opportunity to help him to recover from illness. We are in the society in which all are interdependent. Making others problems especially health issues as an advantage is certainly unethical. Conscience is most demanded element in decision making and other business practices. All Indian Pharmaceutical Companies need to define their organizational values and ethics and same have to be applied in strategic decision making such that all the interests of stakeholders are protected.

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