

REVIEW OF LITERATURE ON BUSINESS ETHICS PRACTICES IN PHARMACEUTICAL COMPANIES IN INDIA

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Abstract

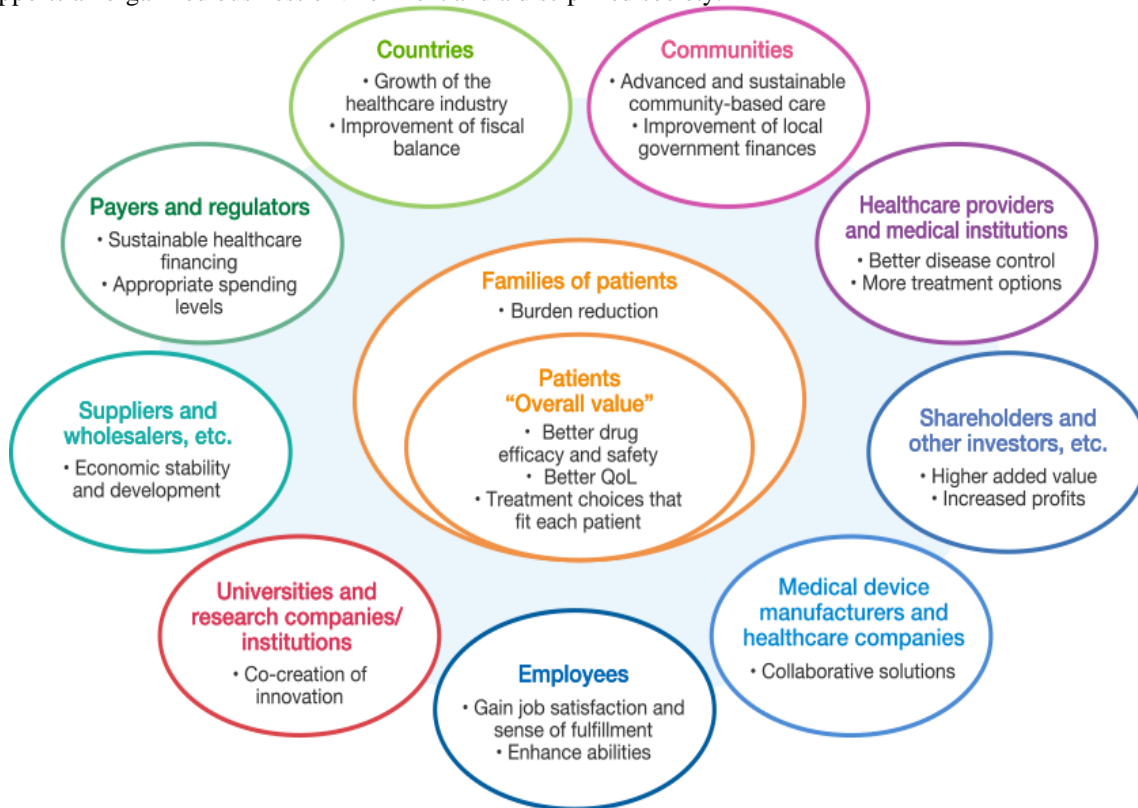
Ethics is the practice of philosophy. It is the branch of philosophy concerned with determining what is good or evil, right or wrong. Ethics is the topic of everyday life, which is regulated by whether something is good or bad and based on the ideas of morality, welfare, Rights & duties, justice, equality, liberty, and virtue. Ethics, economics, and law are so interdependent that it might be difficult to choose which should be cherished the most. Ethics include not just why something is done, but also how it is done and who did it. Topical concerns include corporate Social Responsibility and Corporate Governance. The findings of the research will provide practitioners and policymakers with assistance in educating themselves about issues that have an immediate need to be resolved, and it will shed some light on issues that should be prioritized in order to concentrate on and design strategies for effectively gaining a competitive edge. The pharmaceutical business is significantly reliant on Research & Development for the development of new products and its expansion. Nonetheless, fundamental research (discovering new compounds) is a time-consuming and costly endeavor, and is thus dominated by giant multinational corporations

Keywords: Pharmaceutical companies, Business Ethics, Pharmaceutical company's ethics and marketing ethics

Introduction

It is a common belief that effort will lead to success. This idea is important to our self-image as a nation, where anybody with the skill, gumption, and determination can succeed. In fact, this premise of reward being proportional to work has been a tenacious conviction and moral necessity in our culture. This view is less persuasive now since businesspeople and society as a whole have less tolerance for individuals who, although working hard, are unsuccessful. Success is ultimately what counts. Men and women in the organisations no longer associate success with laborious effort. Company Ethics is the study of right and wrong in the context of business rules, structures, and actions. Given that corporations are among the most prominent entities in contemporary society, business ethics is a crucial subject of study. The fundamental economic institutions through which individuals in contemporary societies carry out the responsibilities of manufacturing and distributing goods and services are business enterprises. [De George, R.T. 1987] They offer the essential institutions within which society's members combine their finite resources — land, labour, money, and technology — into useful commodities, as well as the channels via which these things are transferred in the form

of consumer items, employee pay, and investment returns. Large corporations now control our economy and communities. Individuals and organisations get their worth and social structure from their code of ethics. It supports an organized business environment and a disciplined society.



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Theoretical Underpinning –Review

Ethics and values are deeply embedded in our cultural and religious traditions. The ancient Indian educational system imparts a solid foundation of moral principles and economic practices, and as a result, it protected the interests of all stakeholders. However, modern industry and society seem to be departing from ethical principles in their pursuit of personal profit maximization. Black-marketing, stockpiling, tax evasion, and fierce rivalry have grown pervasive in contemporary corporate society and are plainly observable. There is a need to reform company culture such that it has an ethical foundation and all commercial actions are governed by ethics. The study of ethics has a significant impact on the culture of the person, company, industry, country, and globe at large. In a broad sense, "ethics in business" refers to the application of common moral or ethical standards to the corporate world. Our cultures and faiths have equivalent holy or ancient books that have directed human conduct in many spheres, including business, for ages and continue to do so. Perhaps the example from the Bible that comes to mind first is the Ten Commandments, which are still followed as a guide by many people today. Without marketing, a company cannot survive. However, Levitt should also note that firms must provide goods and services that people want and are willing to pay for. Product, pricing, promotion, and placement are often referred to as the four Ps of marketing.



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In the realm of marketing ethics, Robin (1980) offers ethical relativism as a theory. He contends that all parties engaged in business and society see their value systems as absolutes and interact with one another. Particularly, businesspeople are operating in an ethical manner, according to their own convictions. On the other hand, society has different values and considers the same behaviour unethical. The answer to this dilemma is for business professionals to adopt the relativist's mindset and acknowledge the right of others to have differing values. India is a nation of enormous size. Its 3287590 sq. km. territory, around 1210 million inhabitants, official languages, and 35 states & union territories (some of which are bigger than a number of European nations) are not conducive to traditional logistics. More than 500,000 skilled physicians serve the healthcare requirements of our large country¹. India, the world's third-largest producer of medicines, produces and consumes an enormous quantity of medications. The Indian Pharmaceutical Industry is positioned for significant, sustained growth in the next years due to a variety of reasons. The presence of leading Indian corporations such as Ranbaxy, DRL, CIPLA, and Dabur has already been established.

Business ethics practices in Pharmaceutical Companies in India- An overview

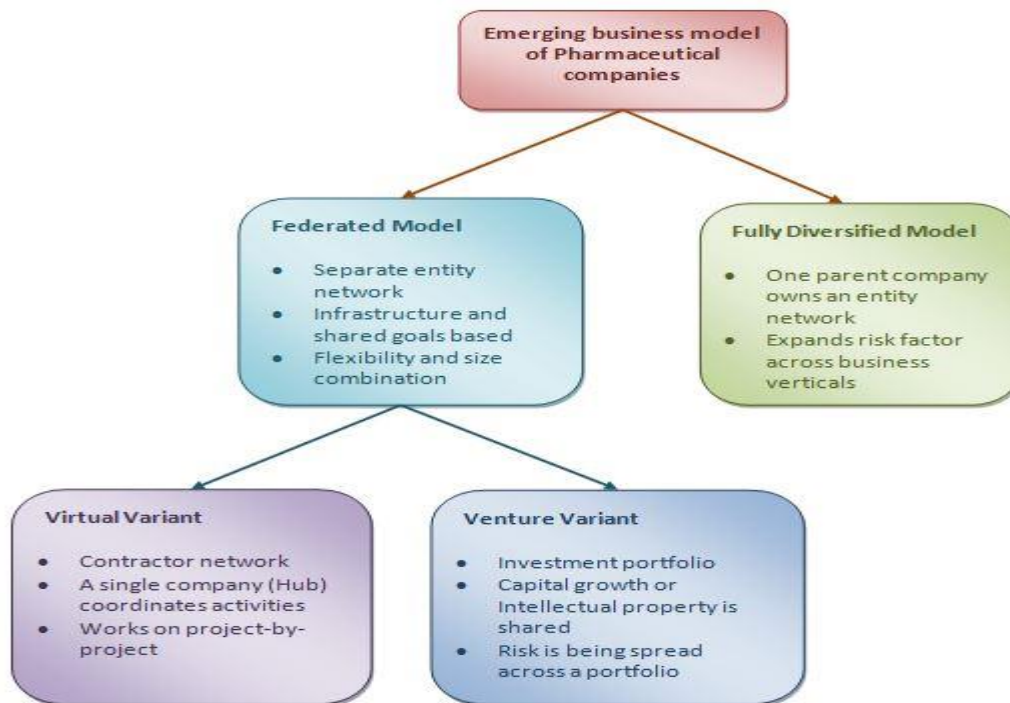
Regarding technology, quality, and variety of produced pharmaceuticals, it scores extremely well in the third world. Almost every sort of medication, from basic pain relievers to sophisticated antibiotics and complicated cardiac chemicals, is now produced locally. The pharmaceutical sector in India is now comprised of about 20,000 licensed businesses employing over 500,000 people. 70% of the pharmaceutical market is controlled by the top 250 businesses. In 1901, Bengal Chemical & Pharmaceutical Company began its operations in Calcutta, marking the beginning of the Indian pharmaceutical sector². The pharmaceutical sector went through numerous stages during the following several decades, primarily in conformity with government policy. Beginning with the repackaging and production of formulations from imported bulk pharmaceuticals, the Indian sector has become a net foreign currency earner drug manufacturers in the world. In the early 1970s, when the Indian government made two crucial choices, a tremendous growth began. First, it agreed to allow local manufacturers to develop generic copies of patent-protected substances without the consent of foreign inventors, so long as a different production procedure was used. Small-scale pharmaceutical enterprises were also eligible for substantial fiscal incentives and public subsidies. The new strategy resulted in an unparalleled increase of pharmaceutical companies.

In 2009, the worldwide market for generic pharmaceuticals was expected to be about US\$ 84 billion, with the United States accounting for around 42%. India's contribution is around US\$ 19 billion, however it ranks third globally in terms of production volume at 10% of the global share and fourteenth in terms of value at 1.5%. One

¹ Annual Report 2009-10, Department of Pharmaceuticals, Ministry of Chemicals & Pharmaceuticals, Government of India

² India's Pharmaceutical Industry On Course for Globalization; Deutsche Bank Report; 9 th April 2008

explanation for the lower value share is that the cost of pharmaceuticals in India is 5 to 50 percent cheaper than in most other nations. Representatives of Pharmaceutical Companies (Pharmaceutical Marketing Professionals) meet an average of 200 physicians each month, ranging from 50 to 300 physicians per month, and they visit each physician twice per month on average. According to Pharmaceutical marketing Professionals (PMPs), over 70% of the physicians they visit accept drug samples, of which only 30% are evaluated prior to general prescriptions to patients. According to PMPs, just 45 percent of physicians distribute free pharmaceutical samples to patients. More than a quarter of PMPs concur that they provide cash, sponsorships, gifts, and other perks in exchange for physicians prescribing their company's prescription.



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Importance of the study

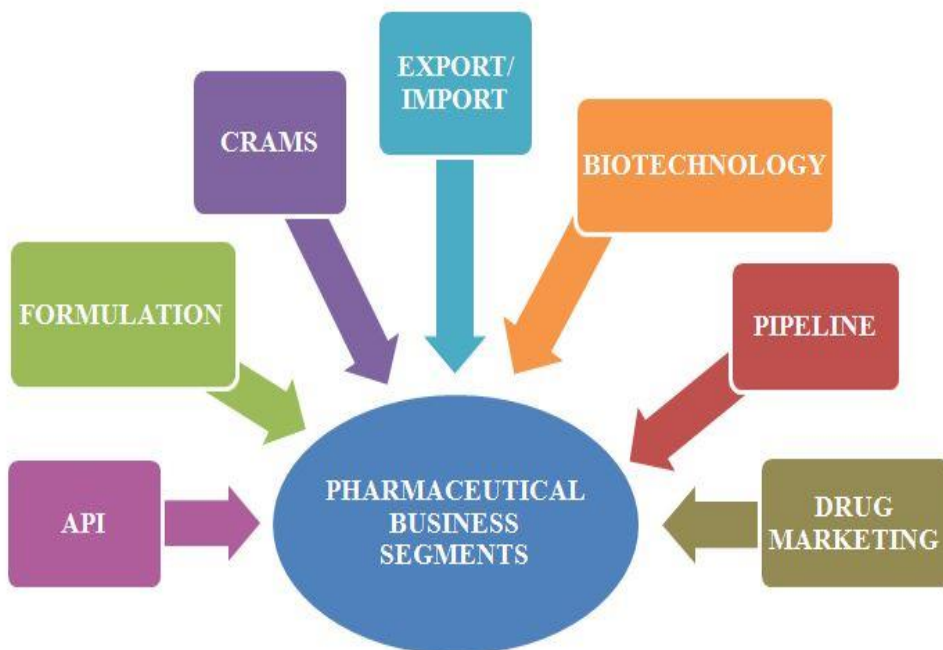
One of the greatest markets for pharmaceutical products in the world is located in India. It is rated third by worldwide research companies on a variety of criteria. Combining ethics with marketing's four Ps will yield a variety of challenges that are the focus of ethical marketing. Research undertaken in India as well as other countries revealed that although the majority of physicians said they were not affected by pharmaceutical company advertisements, many conceded that their colleagues were. Numerous nations, including the United States, Australia, and parts of Europe, have enacted legislation prohibiting physicians from taking gifts and other favours from pharmaceutical corporations. Several writers from India have explored the effect of industrial practices on medical practice habits. [Huebner 2014][6].The papers have underlined that the industry, physicians, and medical institutions must embrace ethical principles in their relationships. According to the evidence, physicians depend largely on pharmaceutical corporations for medication information. The ayurveda, homoeopathic, unani, and other practitioners of indigenous or traditional systems of medicine have no access to independent information on the pharmaceuticals they prescribe, and instruction in clinical pharmacology is the exclusive domain of poorly educated detailers. It is hardly surprising that the pharmaceutical business employs the most unethical methods possible to get the support of these physicians. The introduction of a pharmacological product to a person without pharmacology training or education is unethical.

Models of ethical and immoral behaviour that may be found in theory

To maintain ethical standards in their dealings with all of its many stakeholders, pharmaceutical companies must respect the ethical business practices that are required for their industry. After that, we will finally be able to start understanding why organisations operate in either of these two ways. What constitutes ethical behaviour varies

according on the context in which it is being performed. Something that is ethically acceptable in one circumstance could not be in another circumstances. A very small number of academics have made the endeavor to give an all-encompassing definition of ethical behaviour. Guillén et al. (2002) behaviour that are considered ethical are those practices and activities that are positive contribution to the well-being of society. In other words, ethical behaviour are practices and activities that make a positive contribution to the well-being of society. The following are some of the traits that define ethical behaviour: On the other hand, unethical behaviour is defined as any action that violates the generally accepted moral values, as well as those that are harmful to the organisation in question and to the general welfare of society as a whole. In other words, unethical behaviour is defined as anything that goes against the commonly recognized moral values. Murphy (1981), establishing a particular action is immoral may be done in one of two ways: either from a deontological or a consequentialist point of view. These two schools of thought are discussed in more detail in the following sentence.

PHARMACEUTICAL COMPANIES- BUSINESS SEGMENTS



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Singhapakdi and Vitell (1991) [14] established guidelines that reflect personal beliefs or principles of behaviour. Furthermore, deontological norms place an emphasis on the appropriate procedure as opposed to the outcome, whereas teleological norms place an emphasis on the effect that the activity has. It determines if a certain behaviour is ethical or immoral by looking at the benefits that are acquired from that behaviour and basing its decision on those benefits. It has been shown that firms that have an ethical climate that is higher than average often analyze activities deontological, while organisations that have an ethical climate that is lower than average investigate operations. The programme has to have a degree of flexibility that allows it to accommodate a variety of conceivable intents with regard to philosophy. Under a wide range of circumstances and situations, the same individual has been shown to exhibit a diverse pattern of behaviour. It is impossible for human behaviour to develop in a vacuum; rather, it is the result of the intricate interrelationships, shared social practices, and surrounding environment that humans are surrounded by. Bandura and Walters (1977) [2] presented the social learning theory, in which they emphasized that individuals learn from the society and surroundings around them, which is then reflected in their behaviour. In this theory, they emphasized that individuals watch and learn from the society and surroundings around them. Walther's (1977) [2] theory of social information processing defines the process by which an individual, over the course of engaging in social interaction, cultivates interpersonal relationships and, over the course of time, creates a profound connection with other people. According to the

idea of the workgroup developed by Tuckman and Jensen (1977), involvement in group activities brings with it the potential of creating the necessary degree of behaviour.

Holland's (1959)[6] theory of occupational choice, people's preferred behaviours are highly valued if they found that the circumstances in which they worked aligned with their personality types. These ideas provide support for the concept that factors like as a person's personality type, the society they live in, their experience of working in a group, and the environment they are a part of all play a significant part in determining an individual's behaviour. In a similar vein, the determination of whether a certain action or behaviour is regarded ethical or immoral may be read in a variety of different ways, depending on the theories and models that are being used.

Ferrell et al. (2007)[4] discovered evidence to support the hypothesis that ethical or immoral behaviour is the result of a number of sequential processes. The difference between ethical and immoral behaviour is said to be dependent on human, environmental, and organisational elements, according to the idea that was proposed by Bommer et al. (1987)[1]. In addition to this, they created a relationship between the decision-making process of the person and the mediating structure of the components that had an influence. According to this line of thinking, both morally upright and immoral behaviours are the results of a process that is shaped not just by the individual but also by the surrounding environment. Hunt and Vitell (1993) [7] emphasized that ethical behaviour is also a result of a range of environmental circumstances, it was a major contribution to the discourse since it brought attention to this aspect of the topic. Jones (1991)[8], an ethical behaviour is the most significant influence that a moral issue has, and the degree to which the problem's severity increases over time is an essential component in defining ethical behaviour. The researcher came to the conclusion that it was beneficial to apply a variety of different kinds of theoretical methodologies in order to highlight common patterns throughout the corpus of study. The findings of this review indicated that the commonalities between them were useful in classifying the findings. It is possible to propose that the behaviour of pharmaceutical companies, whether ethical or unethical, is a function of the content of the issues at hand, environmental factors, organizational factors, individual factors (medical representatives), and the company's relationship with the stakeholder that falls into this category. This may be accomplished by relying on various ethical behaviour theories and taking into consideration various conversations about the framework that came before it. In order to categorize the research that was given in this literature review in accordance with these categories, we relied heavily on many different theories of ethical conduct. In light of this, the structure of the article is going to be carried out in the following manner: First, we will define the nature of the ethical difficulties that arise in the setting of pharmaceutical firms, in addition to the degree of the ethical challenges, and then we will classify the elements that have been researched between the years of 2008 and 2017.

Description of the Problem

In recent years, pharmaceutical corporations throughout the country and even the globe have been criticized for their marketing activities, especially in relation to their interactions with physicians. India is one of the largest markets for the marketing of pharmaceutical products and is considered a paradise for pharmaceutical companies due to the availability of low-cost production facilities in comparison to other regions of the world. However, India is not an exception to the alleged unethical practices of pharmaceutical companies. Therefore, it is crucial to do research on the aforementioned research field and issue of relevance.

Design, methodology, and approach

The technique of the systematic review is used in this article in order to achieve the objectives of the research project that is currently being carried out. To be more specific, it looks for and reads the most relevant articles that can be located in online databases that were generated using the keyword search strategy. These databases may be accessible online. After that, the investigations are classified into different groups and summarized with the assistance of already established theoretical frameworks and guiding principles.

Discussion

The pharmaceutical industry is the only one that deals with these issues and struggles to overcome these behaviours. It is likely due to the dyadic connection that they have with their customers, who are not often thought of as consumers. This might be the reason for this phenomenon. This presents them with new challenges that they will need to overcome in order to maintain their edge over their rivals. The vast study was conducted, and the organizational aspects were the main focus of that research. [Jones1991][8]. According to the findings of these research, dimensions are likely the single most important element in deciding whether an individual would conduct ethically or unethically. According to this finding, the degree to which pharmaceutical companies

operate in an ethical manner is largely determined by how they respond to a variety of factors. This finding confirms that the variable appears to be the most influential, which is consistent with previous hypotheses. This finding confirms that the variable appears to be the most influential. During this period of time, there has not been any investigation into the factors on an individual level. This would imply that individual considerations may not be important when discussing pharmaceutical companies due to the nature of the industry [Sims 2003] [12]. According to previous notions, one of the most important factors to consider when assessing whether or not a certain behaviour is ethical or immoral is the individual involved. This cannot be reconciled with such points of view.

Research implications

The review provides insights that may be used to better understand the ethical problems, unethical behaviour, and elements that are associated to these issues that are present in the pharmaceutical industry. In addition, this review offers insights that may be used to better understand the current state of the literature. This study only contains research that were conducted between 2010 and 2020, and they must be relevant to the ethical problem that pharmaceutical corporations face; as a result, the perspective is solely of articles published in the last 10 years. This evaluation fills in some of the blanks and sheds light on where future research ideas may come from. Additionally, it will be helpful to scholars in directing ethics-related content within the context of pharmaceutical companies

Conclusion

The study will be useful to academics in assessing the effectiveness of their efforts to produce new knowledge in the pharmaceutical industry and ensuring that such efforts are directed in the appropriate direction. The article will be a source of inspiration for forthcoming researchers, and it will aid them in focusing on the most critical conceptual issues that occur in ethical study. This text's organizational structure is mostly made up of broad categories rather than more specific ones. A future researcher should be able to utilize this technique to undertake a more accurate examination of the current body of literature on the ethical and unethical practices of pharmaceutical corporations in order to draw conclusions about how these businesses behave. The research will also be valuable to governments that are continually working to alter their legislation, as well as to managers who are responsible for monitoring the ethics and compliance programmes of their various organisations. Both of these groups may benefit from the findings of the study. (Cohen et al., 2007)[2]. In addition, the unethical practices of pharmaceutical firms are a serious issue for both practitioners and academics. The outcomes of this research will be beneficial to practitioners because they will analyze the ethical and unethical behaviour of pharmaceutical businesses.

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