

# UNETHICAL PRACTICES OF PHARMACEUTICAL PROFESSIONALS IN THE COMPETITIVE CORPORATE WORLD

**J.A.BALENDRAN MIRANDA**  
**Dr.A.CHANDRA MOHAN**

## **ABSTRACT**

*Pharmaceutical companies when they promote branded ethical products to doctors simultaneously they dispatch branded generic products directly to the wholesaler to push it to the retailer chemist. The money retail chemist, they sell or substitute both the branded products for the same diseases which are indicated for diseases by the doctor. They welcome the free bees given to them by the stockiest and simultaneously the substitute the generic products with the patients' concurrence even. The pharmaceutical industry should consider adopting more ethical business strategy that benefits patients rather than supermarket pushing the products to the consumer. The paper concludes with a set of summary recommendations for managers embarking on the introduction of an ethical programme to their organisation. Medicine is a noble profession. The primary aim of medical profession is to render service to humanity. Financial gain is a subordinate consideration. But it has been observed globally that medical practitioners in conjunction with pharmaceutical companies are prescribing and thereby promoting unnecessary drugs just for the sake of monetary gains. This article reviews the salient aspects of the relationship between doctors and drugs companies and its future consequences.*

**Key Words:** *Unethical Practices, Professionals, Pharma Industries, Business , Corporate World*

## **Introduction**

Interaction between drug companies and doctors are pervasive. Relationships of doctors with drug companies begin when they are just medical students attending the various clinical OPD's and wards, continue during internship and residency training, and persist throughout their professional careers. The basic role of a medical representative is to apprise the doctor about his company's products including the drugs. There is nothing wrong in that as long as the ultimate beneficiary of this information is the patient. After all, continued professional

development is an essential component of a good health care system. WHO defines drugs promotion as all informational and persuasive activities by manufacturers, distributors to induce /influence the sale and use of medicinal drugs. Drug promotion has an important bearing on the rational use of drug; on drug -price control mechanism; on equity of drug distribution - all making it a central public health issue. Often, drug promotion strategies adopted by various drug companies are too attractive to be resisted by a doctor. This, in turn, places the interest of the doctors ahead that of the patients. Doctors, who are frequently in contact with medical representatives, are more likely to prescribe newer and expensive drugs of their favourite pharmaceutical companies to achieve their selfish end i.e. to receive more and more financial gain from the companies as cutbacks. In our country, the doctors are held in high esteem by the gullible patients.

The consumers' international reports say, drug companies use unscrupulous and ethical marketing tactics not only influence doctors to prescribe their products but also to persuade consumers that they need them. Drug companies are not permitting to advertise products to the public. But companies are increasingly looking to influence consumers through funding patients group and launching disease awareness campaign which do not name a product but are likely encourage patients to seek treatment. This type of friendly making is often disguised as a corporate responsibility and has been shown to create a need among consumers to demand drugs for the conditions. Consumers are in the dark about how their medicine consumption choices out or the results of valid relationships between doctors and pharmaceutical companies. "Rather than doctors personal profit, patients' interest should be the priority.

### **Brief overview of unethical practics of professionals**

The basic role of a medical representative is to apprise the doctor about his company's products including the drugs. There is nothing wrong in that as long as the ultimate beneficiary of this information is the patient. After all, continued professional development is an essential component of a good health care system. WHO defines drugs promotion as all informational and persuasive activities by manufacturers, distributors to induce /influence the sale and use of medicinal drugs. Drug promotion has an important bearing on the rational use of drug; on drug -price control mechanism; on equity of drug distribution - all making it a central public health issue. Often, drug promotion strategies adopted by various

drug companies are too attractive to be resisted by a doctor. This, in turn, places the interest of the doctors ahead that of the patients. Doctors, who are frequently in contact with medical representatives, are more likely to prescribe newer and expensive drugs of their favourite pharmaceutical companies to achieve their selfish end i.e. to receive more and more financial gain from the companies as cutbacks. In our country, the doctors are held in high esteem by the gullible patients.

The philosopher Schopenhauer believed in the eventual triumph of truth, despite the disappointments engendered by his indifferent contemporaries. Today, we live in a time of accelerated changes, and we do not have the long life to wait for the truth. Activist business ethics, business ethics with a more activist militant approach, is needed in order to remedy the wrongdoing committed to the stakeholders and minority shareholders. This can be achieved by cooperation between ethical businessmen and businesswomen, academics, educationists and associations of stakeholders and minority shareholders.

The deontology claims that the moral statute of an action should not be judged by its consequences, as the utilitarians advocate, but by its intention, as the consequences cannot be predicted. Therefore, we should treat others as we would want them to treat us, not through interest, but by conviction. Yet this principle is not the guideline of many companies in the modern business world, although most of religions and philosophers have professed it in the last so many years.

In today's scenario during last one decade we have witnessed sea change in terms of ethical values when the meaning of honesty is changing. Today, a business house is ready to compromise in all spheres whether it comes in terms of quality of raw material and other resources, profit, employee relationship management or customer relationship management. The profit has become the sole consideration giving bribes or grease payments for getting the business has become a common practice. The philosophies made and practiced by the corporate giants such as Tata's, Birla's, Dalmia's, Modi's, Kirlosker have been kept aside. It used to take generations for a person to become wealthy, but today the recent scams shows that the corruption can lead to overnight success at the cost of losing not only ethical values but morality also. The current stories of Satyam, 2-G spectrum, black money scandals, CBI raids to bureaucrats finding tonnes of gold and crores of rupees in their houses and lockers are witnessing the decline in one's ethical values.

Earlier days business was synonym to trade and industries, we never thought of making the field of education, medical and places of worship /pilgrimage as business. Today the traditional safeguards of the interests of the stakeholders, namely the media, the law, the boards of directors, etc, are also not sufficient. The activist business ethics has to be enhanced by the personification of stakeholders, the predominance of the values and ethics of the CEOs and a change in the attitude of society toward ethics. The society has witnessed that even the new vehicles for the safeguard of interests of minority shareholders and stakeholders namely the Internet, Transparency, Whistle-Blowers, Activist Associations, the Supervision Boards and the likes are not sufficient in many cases though these vehicles give the shareholders the chance to understand the pattern and methods that are utilized to wrong them and give them a viable alternative for investment in ethical funds.

## Objectives

1. The main objective of the present study is to understand unethical practices of pharmaceutical professionals in the corporate world
2. To examine unethical business practices in the corporate world
3. To ascertain the present scenario of pharma industry
4. To give suggestions with ethics and principles ultimately to eradicate unethical practices

## Unethical business practices in the corporate world

They say, *it was quite inevitable to loose the values of professional ethics when there is a cut throat competition among business houses.* The consumers are being cheated in a clever manner when a packet which normally comes for the quantity of 500 gms or 250 gms contents of the material is being sold in the same packing with the reduced quantity of 240 gms and 480 gms. These minute figures may not be seen by consumers due to oversight while purchasing the goods but definitely adds profit to the seller. Another, tactics being adopted is in the form of the fake medicines being sold in the open market endangering the life of the human being. The compromise in the quality of oils, pulses, ghee, sweet eatables is common. Milk is a big industry we never thought of getting artificial milk which is available today with the ingredients of Urea, Soap, Oil and what not.

A question comes to our mind that is it business? Is it success? Is it the way of progress? It is the way of beating the competition? What is the root cause for losing the ethical values? Again, it makes us think about the probable causes for this shift in thinking specially when words are losing meanings ...bribe corruption desire for quick money and gains ...why it is so ?

## **Literature review**

Do people in general and businessmen in particular have a tendency to cheat and conduct themselves in an unethical manner? "The baseline research on cheating was done in the 1920s by Hartshorne and May, and published by Macmillan under the title, *Studies of the Nature of Character*. Their research question was, 'Do people who have received character education (later called moral education and now often known as ethics training) cheat less frequently than those who have not received character education?' One activity they used to investigate the question was to administer tests to different groups of students (religious, private, and public schools) and monitor the cheating rates. Their conclusion? They found that character education had 'no influence on producing a general moral character trait which consistently resists opportunities to cheat.' One of their assumptions was that cheating in school indicated future cheating as an adult.

Since their controversial reports were published, the research methodology has been repeated over 700 times in the United States, Canada, United Kingdom, France, Germany, Israel, and in many Eastern and Spanishspeaking countries. What does over 60 years of research in over 30 countries have to say about whether teaching right from wrong influences behavior?

Hartshorne and May were right! Cheating is situation-based for 90 percent of the population. At one time or another, depending on the situation, 90 percent will cheat. The other 10 percent? They will cheat all of the time, unless it is too easy! When the stakes are high and the supervision is low, somewhere between 20-25 percent will cheat. It is not always the same 20-25 percent; and over a period of time, 90 percent will cheat in that situation. Where the stakes are high and the supervision is high, the cheating runs from 8-12 percent. This includes the hard-core cheaters and those driven by desperation.

According to Aristotle, the unjust men have chosen deliberately to be so, and now that they are so, they cannot change. This theory is in contradiction to Christian

theory, which enables followers to repent even at their dying breath. We can reach truth according to Aristotle in five ways: through science – episteme, art – techne, prudence – phronesis, intelligence – nous, and wisdom – sophia. How many business administration faculties give courses or try to develop those qualities? They teach mathematical models, which are almost never applied in practice and are completely irrelevant, but who gives courses or case studies, which could develop those qualities that are so necessary to businessmen? One of the most striking features of modern businessmen is the intellectual superficiality of many of them. How many businessmen read classic literature, philosophical dissertations and poetry? How many go to the theater, to concerts, to museums? A business dinner consists almost always of talking about business matters, or often about the best restaurants in New York, Dallas, London or Singapore. With such a limited scope of interests, how can we wonder that some businessmen are not ethical, do not seek truth, moderation or wisdom? Are those qualities incompetent to businessmen? But the fact that this situation prevails in some cases does not mean that it should be so.

### **Present scenario of pharmaceutical industries**

One of the prime examples of how a commitment to ethics pays off is Johnson & Johnson, the pharmaceutical manufacturer. When seven individuals died after consuming Tylenol capsules contaminated with poison, a massive recall of all Tylenol capsules was launched, a move that cost the company an estimated \$50 million after taxes. This conduct was according to the company's credo, which states 'our first responsibility is to the doctors, nurses, hospitals, mothers, and all others who use our products'. Following its brave and costly ethical conduct, the company has recovered its losses, sales have reached record levels, and the firm is prospering, benefiting from the trust and confidence that its response has created. This crisis might have destroyed the company, but its ethical conduct boosted its image in the eyes of Johnson & Johnson's millions of customers.

Many theories have been proposed in order to prove that there could be a difference in the ethical norms in different countries. It is evident that there are various nuances in the practice of business ethics in all the countries of the world, but there are no major differences in the ethical concepts in the world.

In the same manner that it was possible to establish universal human rights of the UN, that democratic principles are universal, and that ecological norms are known throughout the world, even if they are not applied universally, it is possible to define universal norms of ethics in business and particularly of ethics in the relations between companies and stakeholders.

One reason for the 'clean' conscience of the managers of the companies, who despoil the rights of the individual stakeholders and minority shareholders, is the lack of personification of those groups. It is much easier to commit a wrongdoing toward somebody who you do not know and do not appreciate, especially if you are convinced that you are right.

The executives and majority shareholders who commit unethical and unlawful acts are not ostracized by society. On the contrary, very often, they are admired and envied by their colleagues who would have behaved similarly if they only had the opportunity. They are treated as 'smart guys' who take advantage of the good opportunities that they encounter. Man is before everything a social animal and it is imperative that businessmen who are unethical be treated as outcasts, banned by society and despised by their peers.

Table No.1 The following statements relate to Pharmaceutical chemists in Chennai city (Total No. of Chemists 100)

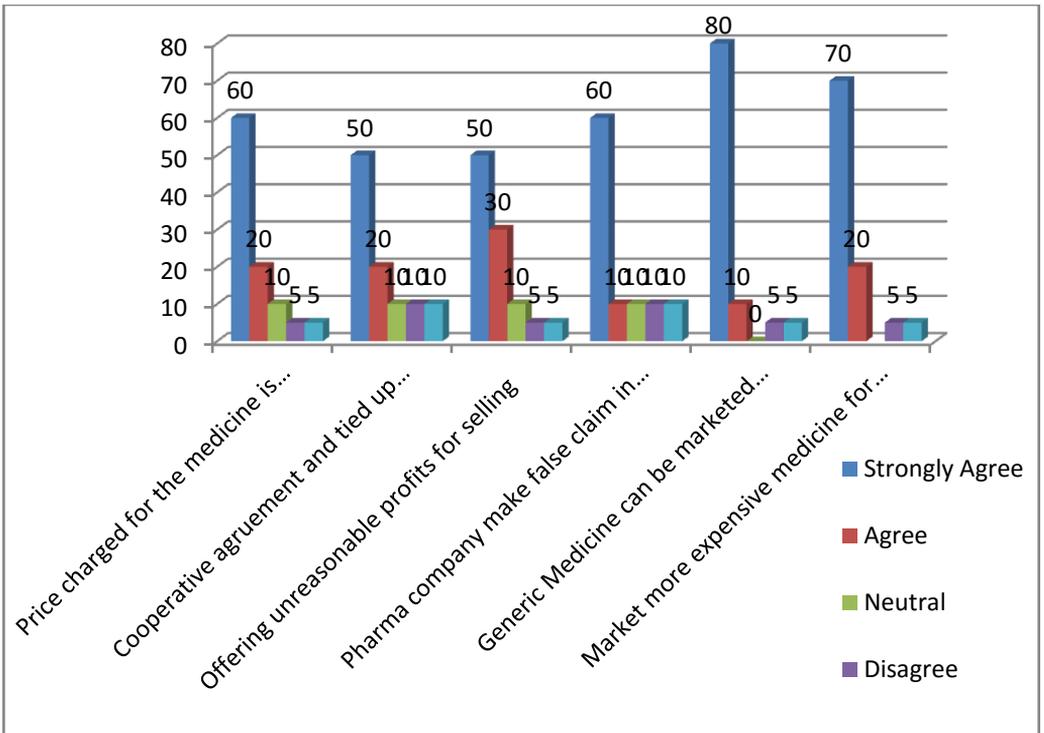
S.No.	Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	Price charged for the medicine is higher than the reasonable price in the industry	60	20	10	5	5	100
2	Cooperative agreements and tied up selling to distributors/doctors	50	20	10	10	10	100
3	Offering unreasonable profits for selling	50	30	10	5	5	100
4	Pharma company makes false claim in Promotions	60	10	10	10	10	100

5	Generic Medicine can be marketed under different Brand names (i.e.Unbranded)	80	10	-	5	5	100
6	Market more expensive medicine for patients when the less costly medicine is available	70	20		5	5	100

As an ongoing measure to check corruption and ensure transparency among business communities, the Confederation of Indian Industry (CII) has recently released a 'Code on Business Ethics' for its member companies. The Code is intended to strengthen the institutional framework that would help drive ethical practices in the organisation. CII would distribute the Code to its 8,000 member companies and though it was not mandatory to follow it, they are expected to follow it as a guide, as opined by Godrej, the Chairman of Godrej Group on July 5, 2011 in a Conference held in Chennai. He claimed CII was the first industry body to devise such a code of ethics and said the organisation would distribute a separate 'Code on Human Values' to schools and colleges.

Totally hundred chemist and ten distributors (each distributor is having more than twenty companies) from whom the following primary data were collected. Period of study May 2016 to August 2016.

(\*Primary Data)



**Inferences:**

60% of the chemist have strongly agreed that the price charged is higher than the reasonable price in the industry. 50+20% agreed that the Cooperative agreements and tied up selling to distributors/doctors. 50+30 agree that the pharma companies offer unreasonable profits for selling. 60% of them agreed Pharma company makes false claim in Promotions in the business.

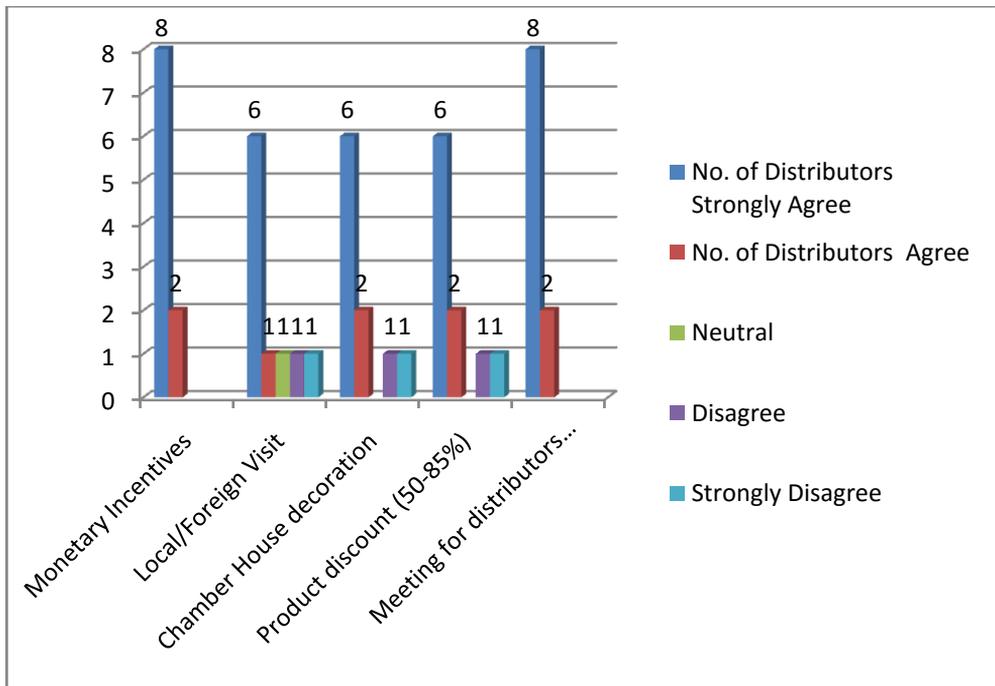
80+10% agree that generic medications can be marketed under different Brand names (i.e.Unbranded). 70+20 agrees that the companies market is more expensive medicine (imported from foreign countries) for patients when the less costly medicine is available.

Table No.2 Rate the common type of marketing practices that prevailing in pharma industry

A Grade Distributors - 10 (Each distributor is having more 20 company's distribution)

S. No.	Variables	No. of Distributors Strongly Agree	No. of Distributors Agree	Neutral	Disagree	Strongly Disagree	Total
1	Monetary Incentives	8	2				10
2	Local/Foreign Visit	6	1	1	1	1	10
3	Chamber House decoration	6	2		1	1	10
4	Product discount (50-85%)	6	2		1	1	10
5	Meeting for distributors 6mnths/1year	8	2				10

(\*Primary Data)



## **Inferences:**

80+20% almost agree that the distributor accepts Monetary Incentives from the pharmaceutical companies.

60% agree that they receive that they receive financial support to visit Local/Foreign tours. 60% agree that the receive financial support decorate their Chamber/Houses.

Around 60% agree that they receive Product discount around (50% to 85%) in every invoice.

Around 80% agree that they receive money for conducting bi-annual and yearly meeting of distributors at different places.

## **CONCLUSION**

Pharmaceutical companies when they promote branded ethical products to doctors simultaneously they dispatch branded generic products directly to the wholesaler to push it to the retailer chemist. The money making retail chemist, they sell or substitute both the branded products for the same diseases which are indicated by the doctor. They welcome the free bees given to them by the stockiest and simultaneously the substitute the generic products with the patients' concurrence even. The pharmaceutical industry should consider adopting more ethical business strategy that benefits patients rather than supermarket like pushing the products to the consumer.

It is our duty to inculcate the businessmen with ethics principles, to eradicate the false

maxims that business is a game and to ensure that practice would concur with the business ethics' principles toward stakeholders and minority shareholders. Between an unethical conduct and an unlawful act there is only one step, and this step is very easy to cross, especially if the environment is favorable and if we feel excited by the flirtation with danger. Many businessmen are convinced that while they are winning nothing could happen to them. One could imagine himself at the court of Napoleon at the eve of the Russian campaign! They start to wrong individual stakeholders; they finish by wronging all the other stakeholders. They start with millions of dollars, they

continue with tens or hundreds of millions of dollars. They start with unethical acts; they finish with unlawful acts. As ethics is at the fringe of the law, from the moment that we sacrifice the outposts, the capital becomes an open city.

"A responsive community is much more integrated than an aggregate of self-maximizing individuals; however, it is much less hierarchical and much less structured

and 'socializing', than an authoritarian community... Individuals and community are both completely essential, and hence have the same fundamental standing... The individual and the community make each other and require each other... The I's need a We to be." (Etzioni, *The Moral Dimension*, p.8-9)

## REFERENCES

1. "Business Ethics (Stanford Encyclopedia of Philosophy)". Plato.stanford.edu. 2008-04-16. Retrieved 2013-06-0
2. Drucker, P. (1981). "What is business ethics?" *The Public Interest* Spring(63): 18–36.
3. Armstrong, M. B. (2002). Ethical Issues in Accounting. In N. E. Bowie (Ed.), *The Blackwell guide to business ethics* (pp. 145–157). Oxford: Blackwell ISBN 0-631-22123-9
4. Koehn, D. (2002). Ethical Issues in Human Resources. In N. E. Bowie (Ed.), *The Blackwell guide to business ethics* (pp. 225–243). Oxford: Blackwell ISBN 0-631-22123-9.
5. Guest, D. E. HRM and performance: can partnership address the ethical dilemmas? Pinnington, Macklin & Campbell 2007, pp. 52–65
6. Marcoux, A. (2009). Business-Focused Business Ethics. in *Normative Theory and Business Ethics*. J. Smith. Plymouth Rowman & Littlefield: pp. 17–34 ISBN 0-7425-4841-4
7. Fisher, B., 2003-05-27 "Ethics of Target Marketing: Process, Product or Target?" Paper presented at the annual meeting of the International Communication Association, Marriott Hotel, San Diego, CA
8. Anand, V.; Rosen, C. C. (2008). *"The Ethics of Organizational Secrets"*. *Journal of Management Inquiry*. 17 (2): 97.
9. Christoph Luetge (ed.): *Handbook of the Philosophical Foundations of Business Ethics*. Heidelberg/New York: Springer 2013, ISBN 978-9400714953.
10. "Business Ethics: Ethical Decision making and Cases", Ferrell Fredrich and Ferrell
11. DeGeorge, Richard. *Business Ethics*. Prentice Hall. pp. 207–208.
12. Enderle, Georges (1999). *International Business Ethics*. University of Notre Dame Press. p. 1. ISBN 0-268-01214-8.

13. Elsevier B.V.Social Science & MedicineVolume 66, Issue 12, June 2008, Pages 2495–2505
- 14.Kerry BreenEthical issues in the use of complementary medicinesPages 268-272 | Published online: 03 Jul 2009
15. Daryl Koehn (2005).Integrity as a Business Asset. *Journal of Business Ethics* 58 (1-3):125 - 136.
16. Franklin CA. Modi Textbook of Medical Jurisprudence & Toxicology, 21st edition, NM Tripathy Pvt. Ltd. 1990: p 684-94.
17. Bluementhal D. Doctors & Drug companies. *N. Engl. J. Med.*2003;315; 1885-90.
18. Roy Nobhojit. Who rules the great Indian bazaar. *Indian journal of Med. Ethics.* 2004; 1; 2-3.
19. Brett AS, Burr W and Moloo J. Are gifts from pharmaceutical companies ethically problematic? *Arch Intern Med*; 2003; 163: 2213-18.
20. Agarwal S, Saluja I and Kaczorowski J. A prospective before- and-after trial of an educational intervention about pharmaceutical marketing. *Acad Med*; 2004; 79: 1046-50.

## About the Authors

J.A.BALENDRAN MIRANDA, Research Scholar in Management Studies AMET University Chennai. Email jabmiranda2006@yahoo.co.in.

Dr.A.Chandra Mohan Professor of Management SRM University, Kattankulathur Chennai-603203 Email dracmohan\_mannava@yahoo.com.