

ETHICAL PRACTICES IN THE INDIAN PHARMACEUTICAL INDUSTRY: LESSONS LEARNED

Amit Kumar

Guru Kashi University, Talwandi Sabo

ABSTRACT In the setting of poor health indices in India, the question of ethical and economic efficiency in the supply and delivery of services becomes more complicated. First, this round table article provides an overview on ethical issues in health care, as well as the Indian health care sector and its facilities, the key actors in institutional roles in health care, and then a discussion of key ethical issues pertaining to the various players in health care: the physician and pharmaceutical industry. In the article's second section, a panel of experts from various geographical and organisational backgrounds discussed the challenges at hand.

Keywords: Business Ethics; Pharmaceutical Industry; Ever greening; Ghost-writing; Biased research

I. Introduction

The number of firms claimed to have engaged in unlawful and unethical actions is expanding at an alarming rate as the competition grows more severe. Fortune 500 CEOs are being investigated or convicted at an extraordinary rate at the moment. Human conduct should be guided by ethical principles that specify what is good and wrong, as well as the advantages to the community, equity, and other desirable qualities (Meghana, *et al.* 2021). Business ethics is a branch of applied ethics that focuses on how individuals and organisations should conduct themselves in the business environment. As bribery and corruption become more widespread, several countries throughout the globe are taking steps to reduce their prevalence through economic sanctions and international rules of conduct. Ethical principles are applied to investigate and solve complicated moral challenges in business ethics.

II. Background

Ethics in companies is essential and should begin at the top and work its way down through the ranks. Businesses have a duty, responsibility, and obligation to society as a whole, which further allows them to do business. It is imperative that the company's executives and staff conduct responsibly in order to maintain a healthy balance between the needs of the company, the community, and their own personal reputations (Jacob, 2018). Business schools throughout the globe have come to realise that corporate malfeasance and crime is a direct result of a lack of business ethics education. The public is baffled by the scandals, fraud, irregularities, and violations that these companies conduct, and as a result, a reaction is swift.

III. Present Business Scenario & the Challenges Faced in Following Ethics

ICT advancements in recent years have had a profound impact on our lives and on our society. This includes advancements in mobile phone technology, wireless communication and digital information systems. Even while many of the changes have been beneficial, they have also placed enormous demands on the way businesses operate and the way people interact with one another in the workplace. The demands of reality have not only transformed the way labour is done, but also challenged the established ethical frameworks (Amrute, 2019). There are a number of ethical concerns that must be dealt with by the organisations to the satisfaction of their stakeholders as a result

of these developments. Because of the rapid expansion of businesses, many firms have adopted a flat organisational structure that distributes power and decision-making to lower levels of management. Several ethical difficulties arise in an organisation as a result of decentralisation (Grosz, *et al.* 2019). The basic causes of unethical actions and ethical dilemmas stem from the conflicting interests of individuals and organisations.

IV. Pharmaceutical Industry

Regulatory, capital-intensive, and driven by substantial R&D expenditures, the global pharmaceutical business is a transnational sector. The business is operated by a small group of individuals and utilises cutting-edge technology. Drugs are needed to treat a wide range of illnesses because of the prevalence of sickness in the global society. An important part of the pharmaceutical sector is developing, producing, and selling medications. As of 2012, the entire unaudited and audited pharmaceutical market size was US\$ 962.1 billion, and the CAGR percentage is predicted to be 5.3% between 2012 and 2017. There is also a stable growth rate anticipated for the worldwide pharmaceutical sector revenue, which is expected to reach \$1,226.0 billion by 2018 (Zhu, *et al.* 2020). Changes in lifestyles, strenuous daily activities, bad eating habits and the rising prevalence of chronic diseases and new disorders throughout the worldwide population are predicted to drive market growth. The pharmaceutical sector does not hold the same worldwide market position as other IT-based industries. The United States, Japan, France, Germany, the United Kingdom, Italy, China, Canada, Spain, and Brazil account for the majority of the global pharmaceutical market (IMS, Health) A whopping 40% of the pharmaceutical industry is accounted for by the top 10 businesses' combined pharmaceutical sales (Mari Saez, *et al.* 2018). Over a third of the industry is controlled by the top ten pharmaceutical corporations, some of which have annual revenues exceeding \$10 billion and profit margins of around 30 percent. Double-digit growth in emerging economies like China, South Korea, Brazil, Russia, and Turkey indicates a major shift in the pharmaceutical business.

V. Unethical Practices in Pharmaceutical Industry

Due to an upsurge in public concern over questionable pharmaceutical marketing practises, several doctor organisations, pharmaceutical industry groups and private companies have taken up the cause. Codes of conduct and ethical standards for pharmaceutical marketing have been enacted by many, but their influence will be limited if they are not monitored and implemented. Corruption in the pharmaceutical sector is exacerbated by a lack of transparency and severe regulation in the industry (Belhadi, *et al.* 2021). In order to protect the public from substandard pharmaceuticals and unjustly priced commodities, as well as to guarantee that industrial policies promote the pharmaceutical sector's economic competitiveness and improve innovation and efficiency, strict regulation is required. If regulators are swayed by commercial interests, such as large political campaign contributions and lobbying expenditures by pharmaceutical corporations, these two goals may be at odds. There are many unethical behaviours in the pharmaceutical sector, and this is a fast list.

VI. Ever greening Practices

Companies utilise patent rules and modest adjustments to extend their monopoly privileges on drugs known as "ever greening." There are often a number of these methods in place before a high-revenue pharmaceutical patent expires. A fresh patent for a minimally altered version of the medicine or an extension of the patent protection period is possible if it is secured, allowing the inventors to keep control of their product even after the patent term has expired. Inventors typically make minor tweaks and then file for patents that last for 20 years.

- 1) The pharmaceutical sector employs a variety of ever greening tactics, including:
- 2) Extensions and production of 'next generation pharmaceuticals,' resulting from excessive change to a product and patenting it as a whole new application,
- 3) The move from prescription to OTC
- 4) As a result, the brand value of the product is greatly enhanced and interim royalties are earned on the product through exclusive relationships with generic medication companies in the market prior to the expiration of the medicine patent.
- 5) In order to maintain healthy competition, innovator firms lower the price of their product in order to match the price of generic competitors.
- 6) Prior to the emergence of generic competitors, the individual innovator corporations established subsidiary divisions in generic domain.

VII. Consequences of ever greening

An effect of ever greening is the delay of generic drug introductions due to the patent protection of a slightly changed version of a drug and competition with generics. Keeping the less expensive generic alternatives off the market might result in higher prescription reimbursement expenses. Businesses justify ever greening techniques by claiming that patients and the pharmaceutical industry both benefit from improved formulae (Meghana, *et al.* 2021). Extending the patent term prevents generic medication manufacturers from making and selling their products. It is possible that the price of a generic medicine might reduce by as much as 90% once it is being manufactured (Jacob, 2018). A delay in generic entry can have a major impact on public health expenditures and eventually the consumer's health care prices.

Ever greening patents have a significant impact on society's bottom line. As a result of ever greening patents, pharmaceutical corporations are able to charge high monopolistic prices for longer periods of time than is warranted.

VIII. Prescription Data Mining

Pharmacy information regarding doctors' prescribing behaviours is purchased by drug firms from pharmacies. These businesses then use this information to target specific doctors in their sales calls and other marketing activities. Because of the enormous expenses of detailed efforts, pharmaceutical corporations utilise the most efficient methods possible (Zhu, *et al.* 2020). Companies interested in current pharmaceuticals want to identify which physicians are already prescribing them so that they can reinforce the preferences of the physicians prescribing the drugs. As an additional benefit of tracking physician drug switching, firms can use this information to entice the physician to switch back to their medicine of choice (or vice versa). Practices such as prescription data mining have been there since the early 1990s when prescription records were converted to digital format (Kumar, & Giri, 2020). Specifically, pharmaceutical companies use the records to determine which doctors are more susceptible to various types of sales messages, which doctors are more likely to use new drugs, which physicians are "brand loyal" to a particular manufacturer, and which doctors should be rewarded for their prescribing practises with high-paying consultancies, advisory board positions, and scholarship opportunities to "educational" seminars (Belhadi, *et al.* 2021). Access to prescription data sparked a large surge in expenditure on personalised marketing as well as the quantity of sales force involved.

Ethical Considerations: First and foremost, prescriptions are part of medical records that serve to chronicle private decisions taken in the context of the doctor-patient relationship, which are documented by prescriptions (Rajhans, *et al.* 2020). By granting permission for commercial use of these records, marketing influence is introduced into the exam room. The second issue is that drug marketers are exerting excessive influence on prescribing practises, which is contributing to illogical prescribing behaviours that are harmful to public health and boost the expense of health care needlessly. Second and last, the availability of this data is corrupting the medical profession by allowing firms to employ advisory board positions as well as consulting and gift payments to directly compensate physicians for observed prescription habits (Chadare, *et al.* 2019). To conclude, having access to customised data encourages the use of harassing and vexatious sales methods, in which sales people seek to hold doctors "accountable" for gifts and promises made in order to complete and fulfil their sales objectives. Whatever the "free speech" arguments advanced by the business, all of these objectives give sufficient reason for state control in this domain.

IX. Conclusion

Ethical difficulties in the pharmaceutical industry are extremely complicated, and they might arise at any point of the process, from manufacture to distribution and distribution to dispensing. In the future, ethics will play a significant role in decision-making. As a result, in the pharmaceutical sector, it will be necessary to integrate ethics into all areas of individual and organisational functioning (Grosz, *et al.* 2019). In order to offer excellent healthcare, healthcare practitioners and the pharmaceutical sector must collaborate, which necessitates the adoption of codes of ethics. The pharmaceutical industry has a terrible reputation, despite the fact that the services and products it provides are of high quality and have the capacity to make a difference between life and death. Having a right to health is an ethical necessity, not an economic calculation; chasing profits at the cost of individuals who require access to life-saving medications is unethical and ethically wrong. In the medical and pharmaceutical industries, unethically compromised and unregulated activities may necessitate a thorough reconsideration as well as further regulatory constraint (Mari Saez, *et al.* 2018). As healthcare costs continue to rise and increasing numbers of individuals find themselves unable to pay for their necessary prescriptions, it is unacceptable for the pharmaceutical business to waste money on unethical marketing methods that are not necessary (Amrute, 2019). Accordingly, all healthcare practitioners must be aware of, and refrain from participating in, activities which result in wasteful expenditures while also representing unethical behaviours for healthcare professionals. It discussed ethical concerns in the pharmaceutical sector, the necessity for "structured training in ethics" for all stakeholders, and the need of ethical leadership in an organisation, all of which were discussed in this chapter. It is just as crucial as corporate culture, commercial performance, industry and company rules, and legal guidance that employees are aware of and trained in ethical norms. The most important realisation for all firms is that ethical business practises are the route to long-term success in both the top and bottom lines.

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