CHAPTER 3

METHODOLOGY OF THE STUDY
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3.0.0.0 Introduction

This chapter contains the need for the study, the definitions of the terms and the overall research design of the study. The study has been carried out in four parts and this chapter details the research design and methodology for each of the four parts.

3.1.0.0 Title Of The Study

Strategy To Launch Institute For Values-Based Leadership Development

3.2.0.0 Need For The Study

Values and ethics are at the heart of organizational behaviour and leadership. The prominent ethical scandals of the past several years have brought values to the forefront of the business world. The role of leaders at all levels is coming under increasing scrutiny because leaders impact the conduct of others through their behavior and decisions and thereby affect organizational performance and effectiveness.

In the pharmaceutical industry, ethics and values in leadership are all the more critical, precisely because the industry is in the business of saving lives. The pharmaceutical industry is a very highly regulated industry because the potential risk to patients’ lives and humankind is very high. Despite this, unethical business practices have been increasing as evident through the consistent media coverage and the conviction of drug giants in international courts with the resultant billion dollar fines. The nature of violations ranging from bribing doctors, misleading marketing, manipulating clinical trials, suppressing information of side effects and launching irrational drugs have created a reputation that pharmaceutical companies are putting profits over patient’s health.
In India too, the problem has reached epic proportions with a vicious cycle of drug companies, doctors, chemists, clinical research organizations and sales forces being embroiled in unethical business practices. The Indian pharmaceutical market has over 90,000 formulations/packs, most of which are “me-too branded generics” with no differentiation. The resultant intense competition for market share has evolved into companies using unethical means of marketing to promote their drugs.

In a developing nation like India with its huge challenges on the healthcare front, the pharmaceutical business must fulfil the mandate of providing affordable healthcare for common diseases affecting large sections of the population. If business leaders focus merely on making profit or on marketing drugs that have been banned elsewhere in the world, this mandate is not being fulfilled thereby increasing the disease burden of the nation. Lack of ethics and values in the leadership behavior of the pharmaceutical industry will impact the common man leaving him with no access to medicines and affecting the quality of life of the most vulnerable – the poor.

If there has to be a transformation of the widespread unethical behaviour, corporate leadership teams will have to develop and display values based leadership. There has to be a dedicated effort to bring about a transformation in mind-sets and equip present and potential leaders with the skills to display values based leadership. Leaders in organisations need to be trained to recognise ethical dilemmas, and make ethical decisions based on a value driven framework. The code of ethics which has been drafted by the government of India also makes it mandatory for companies to shift to a more values based method of drug discovery and marketing. Considering that, in the last two decades, employees have been used to generating results using unethical marketing methods, there will be a need for extensive re-skilling of sales and marketing employees to enable them to be successful within the values based framework. India does not have any institute dedicated to values based leadership training for the pharmaceutical industry.

In the light of the widespread ethical violations of the pharmaceutical industry, it is important to identify the factors influencing ethical violations, the types of ethical violations, the reasons for the violation of ethical standards, the dilemmas in values
based decision making and whether industry leaders desire to adopt values based leadership and become values based leaders. This will lay the framework for developing a strategy to launch an institute to promote values based leadership in pharmaceutical organisations.

The present study focuses on the following points:

i. What is the perception of leaders at various levels of management, about the operations of Indian pharma corporates being values based? Is there a difference between Multinational companies and National companies in India?

ii. What types of ethical violations occur in pharma companies? What is the extent of prevalence of these ethical violations in pharmaceutical organizations in India?

iii. What are the reasons for violations of ethical standards? What are the factors that cause people to compromise on ethical standards?

iv. Have leaders at various levels in the pharma industry faced ethical dilemmas in decision making in organisations? If yes, how did they handle them?

v. Is it possible to operate with a values based approach in the pharmaceutical industry in India?

vi. Is there an awareness of the concept of values based leadership?

vii. Is there a desire among leaders in the industry to be values based?

viii. Does industry feel the need for improving skills to be values based leaders?

ix. What initiatives can be taken to bring about a values based leadership culture within organisations?

x. Will the concept of a leadership institute to develop pharmaceutical stakeholders on values based leadership be accepted and useful?
3.3.0.0. Definition of the terms used in the study

➢ Values

Values are defined as a principle, standard, or quality considered worthwhile or desirable; beliefs of a person or social group in which they have an emotional investment (either for or against something).

A value is also as “an enduring belief” that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence. Values are the essence of “who” people are as human beings.

Values play a very important role while taking decisions on any matter whether day to day decisions or crucial decision on which the whole corporation depends.

➢ Ethics

Ethics are a set of moral principles or values which are concerned with the righteousness or wrongness of human behavior and which guides conduct in relation to others (for individuals and organizations).

Ethics is the activity of examining the moral standards of a society, and asking how these standards apply to our lives and whether these standards are reasonable or unreasonable, whether they are supported by good reasons or poor ones.

➢ Business Ethics

The study and examination of moral and social responsibility in relation to business practices and decision-making in business is called business ethics. Business ethics is generally used to portray:

- The relationship of civil society to the business sector.
- The interaction of business entities with their main stakeholders: employees, customers, suppliers and shareholders.
Strategy To Launch Institute For Values-Based Leadership Development

➢ Ethical Dilemma

An ethical dilemma is a complex situation that will often involve an apparent mental conflict between moral imperatives, in which to obey one would result in transgressing another. An ethical dilemma is an undesirable or unpleasant choice relating to a moral principle or practice.

Some examples of ethical dilemmas would be: downsizing of staff, pollution control, disposal of toxic waste, depletion and allocation of scarce resources, cost containment, changes in law and technology, employee rights, discrimination against women and minorities, and product safety.

➢ Ethical Leadership

While leadership is influencing people to achieve common goals, ethical leadership is achieving those goals in a way that is fair and just to one’s employees, customers, suppliers, communities, shareholders, and to oneself.

➢ Values Based Leadership

Values-based leadership is leading by staying true to one’s values. It is a way of making authentic decisions that builds the trust and commitment of employees and customers.

Values-based leadership denotes that the performance and behaviour of management leaders in the organization are guided by the adherence and practice of "leaders and organizational core values" which include integrity, honesty, fairness, consistency, accountability, due care, fiduciary duty, professionalism and ethical practices amongst others.

Values-based leadership is based on the principle that personal and organizational values are aligned. A company’s mission, vision, strategy, performance measures, incentive programs, procedures, and values are all a representation of the leader’s ethics and values. This approach to leadership assumes that managers’ and workers’ core principles are the same; therefore, little time is spent on office conflict. This also means that
employees and managers behave in a way that is conducive to the productivity, profitability, sustainability, and integrity of the business.

Values based leadership or moral leadership means empowering everyone in the organization to be a leader. A strong, moral leader has “courage, authenticity, integrity, vision, passion, conviction and persistence. They listen to others, encourage dissenting opinion among their closest advisors, grant ample authority to subordinates and lead by example rather than by power, manipulation or coercion. (James O’Toole, 1995, Leading Change: The Argument for Values-Based Leadership).

3.4.0.0 Research Design

The present study consists of four parts as depicted in Figure 3.1.

**Figure 3.1 Diagrammatic Representation Of The Research Design**

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>RESEARCH PROCEDURE</th>
<th>TARGET AUDIENCE</th>
<th>SAMPLE SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td>To study the factors affecting the values based leadership behaviour of leaders in the pharmaceutical industry in the context of business ethics</td>
<td>Quantitative Primary Research</td>
<td>Top 50 Companies of the Pharma industry, Top, Senior &amp; Middle Management</td>
<td>160</td>
</tr>
<tr>
<td>To understand underlying issues and explore possible solutions to enable leaders in the pharma industry display values based leadership behavior</td>
<td>In Depth qualitative interviews</td>
<td>Thought leaders, industry consultants, leadership development experts, business school heads, industry stakeholders</td>
<td>25</td>
</tr>
<tr>
<td>To develop the strategic intent of the leadership institute</td>
<td>To develop the concept testing note for the Validation study</td>
<td>Top, Senior &amp; Middle Management of the pharma industry</td>
<td>100</td>
</tr>
<tr>
<td>To validate the concept of a leadership institute for values based leadership</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To recommend strategic initiatives for launch of values-based leadership institute.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total sample size = 285
Strategy To Launch Institute For Values-Based Leadership Development

Part 1 - The Survey: To study the factors affecting the values based leadership behaviour of leaders in the pharmaceutical industry in the context of business ethics.

Part 2 - Qualitative Research: In-Depth Interviews: To understand underlying issues and explore possible solutions to enable leaders in the pharmaceutical industry display values based leadership behavior based on the insights of thought leaders and industry stakeholders.

Part 3 - Develop And Validate The Strategic Intent For Leadership Institute: To develop the strategic intent and validate the concept of a leadership institute with industry leaders.

Part 4 - Recommendations And Launch Strategy: To recommend strategic initiatives for launch of values-based leadership institute.

The objectives and sample size of the four parts of the study are summarized in Table 3.1 overleaf.
## Table 3.1 Overall Research Design

<table>
<thead>
<tr>
<th>Parts of the study</th>
<th>Objective</th>
<th>Research procedure, tools and sampling frame</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part 1 The Survey</td>
<td>To study the factors affecting the values based leadership behaviour of leaders in the pharmaceutical industry in the context of business ethics</td>
<td>- Quantitative Primary Research&lt;br&gt;- Top 50 Companies of the Pharmaceutical industry in India&lt;br&gt;- Top Management, Senior management and middle management</td>
<td>160</td>
</tr>
<tr>
<td>Part 2 Qualitative Research: In-Depth Interviews</td>
<td>To understand underlying issues and explore possible solutions to enable leaders in the pharmaceutical industry display values based leadership behavior</td>
<td>- In Depth qualitative interviews&lt;br&gt;- Thought leaders, industry consultants, leadership development experts, business school heads, industry stakeholders</td>
<td>25</td>
</tr>
<tr>
<td>Part 3 Develop And Validate The Strategic Intent For Leadership Institute</td>
<td>To develop the strategic intent and validate the concept of a leadership institute with industry leaders</td>
<td>- Concept validation&lt;br&gt;- Quantitative primary research&lt;br&gt;- Top Management, Senior management and middle management</td>
<td>100</td>
</tr>
<tr>
<td>Part 4 Recommendations And Launch Strategy</td>
<td>To recommend strategic initiatives for launch of values-based leadership institute.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total sample size</td>
<td></td>
<td></td>
<td>285</td>
</tr>
</tbody>
</table>
3.4.1.0 Research Design Of Part 1 - The Survey

Part 1 of the present research study is a quantitative study, where a survey was conducted by questionnaire method to identify the factors affecting the values based leadership behavior of leaders in the Pharmaceutical industry in the context of business ethics.

3.4.1.1 Objectives Of Part 1 - The Survey

The objectives for Part 1- The Survey are as follows:

- To study the respondents perception of whether the pharmaceutical industry employs business ethics in their operations.
- To study the prevalence of ethical violations in pharma companies and the factors most likely to cause employees to compromise on an organization’s ethical standards.
- To understand whether leaders at various levels in the pharma industry have experienced ethical dilemmas in decision-making and conflicts between the roles expected from them and their personal values.
- To study whether corporate processes exist within organizations to create an ethical corporate culture.
- To study the awareness of the concept of values based leadership and the desire to develop skills to be values-based leaders within the pharmaceutical industry.

3.4.1.2 Variables studied for Part 1 – The Survey

Variables chosen for the present study are as follows:

**Independent variables**

i. The level of management: Top, senior and middle management levels

ii. Type of company: Multinational company or National Company
Dependent variables

i. Prevalence of different types of ethical violations in the pharmaceutical industry in India. The following variables were each tested independently:

- Insider trading
- Giving/receiving bribes
- Conflict of interest
- Falsifying information
- Unethical marketing practices
- Unethical practices relating to clinical trials
- Dealing with vendors
- Mismanagement of contracts
- Health and safety violations
- Financial malpractices
- Ecological and environmental violations

ii. Factors likely to cause employees to compromise on an organization’s ethical standards. The following factors were each tested independently:

- Pressure to meet unrealistic business objectives
- Desire to retain the job
- Desire to further one's career
- Pressure of achieving top line
- Working in an environment where values are not given importance
- Lack of consequences if caught
- Need to follow boss's order
- Peer pressure
- Ignorance that the act was unethical
- Inability to apply ethical criteria to make an ethical judgment
- Improper training to handle the unethical situation

iii. Experience of ethical dilemmas

iv. Experience of conflict in role expectations and personal values
v. Awareness of the concept of values based leadership
vi. Desire to develop skills to be a values based leader

3.4.1.3 Hypotheses of Part 1

1 Ho: There is no significant difference between prevalence of the following ethical violations in the pharmaceutical industry in India across types of pharmaceutical companies

   i. Insider trading
   ii. Giving/receiving bribes
   iii. Conflict of interest
   iv. Falsifying information
   v. Unethical marketing practices
   vi. Unethical practices relating to clinical trials
   vii. Dealing with vendors
   viii. Mismanagement of contracts
   ix. Health and safety violations
   x. Financial malpractices
   xi. Ecological and environmental violations

1Ha: There is a significant difference between prevalence of the following ethical violations in the pharmaceutical industry in India across types of pharmaceutical companies

   i. Insider trading
   ii. Giving/receiving bribes
   iii. Conflict of interest
   iv. Falsifying information
   v. Unethical marketing practices
   vi. Unethical practices relating to clinical trials
   vii. Dealing with vendors
   viii. Mismanagement of contracts
   ix. Health and safety violations
x. Financial malpractices
xi. Ecological and environmental violations

2 Ho: There is no significant difference between prevalence of the following ethical violations in the pharmaceutical industry in India across levels of management

i. Insider trading
ii. Giving/receiving bribes
iii. Conflict of interest
iv. Falsifying information
v. Unethical marketing practices
vi. Unethical practices relating to clinical trials
vii. Dealing with vendors
viii. Mismanagement of contracts
ix. Health and safety violations
x. Financial malpractices
xi. Ecological and environmental violations

2 Ha: There is a significant difference between prevalence of the following ethical violations in the pharmaceutical industry in India across levels of management

i. Insider trading
ii. Giving/receiving bribes
iii. Conflict of interest
iv. Falsifying information
v. Unethical marketing practices
vi. Unethical practices relating to clinical trials
vii. Dealing with vendors
viii. Mismanagement of contracts
ix. Health and safety violations
x. Financial malpractices
xi. Ecological and environmental violations
3 Ho: There is no significant difference between the following factors that are most likely to cause employees to compromise on an organization’s ethical standards across types of pharmaceutical companies

i. Pressure to meet unrealistic business objectives
ii. Desire to retain the job
iii. Desire to further one's career
iv. Pressure of achieving top line
v. Working in an environment where values are not given importance
vi. Lack of consequences if caught
vii. Need to follow boss's orders
viii. Peer pressure
ix. Ignorance that the act was unethical
x. Inability to apply ethical criteria to make an ethical judgment
xi. Improper training to handle the unethical situation

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iii. Desire to further one's career
iv. Pressure of achieving top line
v. Working in an environment where values are not given importance
vi. Lack of consequences if caught
vii. Need to follow boss's orders
viii. Peer pressure
ix. Ignorance that the act was unethical
x. Inability to apply ethical criteria to make an ethical judgment
xi. Improper training to handle the unethical situation
4 Ho There is no significant difference between the following factors that are most likely to cause employees to compromise on an organization’s ethical standards across levels of management.

i. Pressure to meet unrealistic business objectives
ii. Desire to retain the job
iii. Desire to further one’s career
iv. Pressure of achieving top line
v. Working in an environment where values are not given importance
vi. Lack of consequences if caught
vii. Need to follow boss’s order
viii. Peer pressure
ix. Ignorance that the act was unethical
x. Inability to apply ethical criteria to make an ethical judgment
xi. Improper training to handle the unethical situation

4 Ha: There is a significant difference between the following factors that are most likely to cause employees to compromise on an organization’s ethical standards across levels of management.

i. Pressure to meet unrealistic business objectives
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iii. Desire to further one's career
iv. Pressure of achieving top line
v. Working in an environment where values are not given importance
vi. Lack of consequences if caught
vii. Need to follow boss's order
viii. Peer pressure
ix. Ignorance that the act was unethical
x. Inability to apply ethical criteria to make an ethical judgment
xi. Improper training to handle the unethical situation
5 Ho: There is no relationship between the experience of ethical dilemmas and the type of pharmaceutical company.

5 Ha: There is a relationship between the experience of ethical dilemmas and the type of pharmaceutical company.

6 Ho: There is no relationship between and the experience of ethical dilemmas and the level of management.

6 Ha: There is a relationship between and the experience of ethical dilemmas and the level of management.

7 Ho: There is no relationship between the experience of conflict in role expectations and personal values and the type of pharmaceutical company.

7 Ha: There is a relationship between the experience of conflict in role expectations and personal values and the type of pharmaceutical company.

8 Ho: There is no relationship between the experience of conflict in role expectations and personal values and the level of management.

8 Ha: There is a relationship between the experience of conflict in role expectations and personal values and the level of management.

9 Ho: There is no relationship between the awareness of the concept of values based leadership and the type of pharmaceutical company.

9 Ha: There is a relationship between the awareness of the concept of values based leadership and the type of pharmaceutical company.

10 Ho: There is no relationship between the awareness of the concept of values based leadership and the level of management.

10 Ha: There is a relationship between the awareness of the concept of values based leadership and the level of management.
Strategy To Launch Institute For Values-Based Leadership Development

11 Ho: There is no relationship between the desire to develop skills to be a values-based leader and the type of pharmaceutical company.

11 Ha: There is a relationship between the desire to develop skills to be a values-based leader and the type of pharmaceutical company.

12 Ho: There is no relationship between the desire to develop skills to be a values-based leader and the level of management.

12 Ha: There is a relationship between the desire to develop skills to be a values-based leader and the level of management.

3.4.1.4 Selection Of The Sample For Part 1 - The Survey

Universe: Industry Composition

The pharmaceutical industry in India comprises of companies involved in the manufacturing and marketing of fixed dose formulations in the organised sector as represented in ORG IMS; it does not include bulk drug companies.

ORG-IMS tracks the industry every month through an extensive syndicated survey – the retail audit. ORG-IMS tracks 400 manufacturers all over India. These are classified as Multinational companies, National companies and Small-scale companies.

The size of the organized pharmaceutical industry is Rs. 66,438 crores (ORG IMS April 2012). The top 50 companies hold 85% market share (Rs. 56,303 crores) and drive industry trends. Hence, for the purpose of this study the universe is considered as top 50 companies in ORG IMS. The extract from ORG IMS given below in Table 3.2 and indicates the shares, growth and turnover of top 50 companies.
### Table 3.2 Top 50 Companies in ORG –IMS as on April 2012

<table>
<thead>
<tr>
<th>RANKINGS</th>
<th>Apr-12</th>
<th>12 MONTHS TO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CORPORATIONS</td>
<td>Values In</td>
</tr>
<tr>
<td>12 Months</td>
<td>TOTAL MARKET</td>
<td>Rs. Crores</td>
</tr>
<tr>
<td>1</td>
<td>ABBOTT*</td>
<td>4,814</td>
</tr>
<tr>
<td>2</td>
<td>CIPLA</td>
<td>3,324</td>
</tr>
<tr>
<td>3</td>
<td>RANBAXY*</td>
<td>2,940</td>
</tr>
<tr>
<td>4</td>
<td>GLAXOSMITHKLINE*</td>
<td>2,809</td>
</tr>
<tr>
<td>5</td>
<td>SUN*</td>
<td>2,786</td>
</tr>
<tr>
<td>6</td>
<td>ZYDUS CADILA*</td>
<td>2,502</td>
</tr>
<tr>
<td>7</td>
<td>MANKIND</td>
<td>2,189</td>
</tr>
<tr>
<td>8</td>
<td>PFIZER*</td>
<td>2,175</td>
</tr>
<tr>
<td>9</td>
<td>ALKEM*</td>
<td>2,168</td>
</tr>
<tr>
<td>10</td>
<td>LUPIN LIMITED</td>
<td>1,880</td>
</tr>
<tr>
<td>11</td>
<td>SANOFI*</td>
<td>1,853</td>
</tr>
<tr>
<td>12</td>
<td>MACLEODS PHARMA</td>
<td>1,705</td>
</tr>
<tr>
<td>13</td>
<td>INTAS PHARMA*</td>
<td>1,637</td>
</tr>
<tr>
<td>14</td>
<td>EMCURE*</td>
<td>1,414</td>
</tr>
<tr>
<td>15</td>
<td>ARISTO PHARMA*</td>
<td>1,406</td>
</tr>
<tr>
<td>16</td>
<td>DR REDDYS LABS</td>
<td>1,329</td>
</tr>
<tr>
<td>17</td>
<td>TORRENT PHARMA</td>
<td>1,289</td>
</tr>
<tr>
<td>18</td>
<td>WOCKhardt-MERIND*</td>
<td>1,222</td>
</tr>
<tr>
<td>19</td>
<td>MICRO LABS*</td>
<td>1,206</td>
</tr>
<tr>
<td>20</td>
<td>U S V</td>
<td>1,160</td>
</tr>
<tr>
<td>21</td>
<td>GLENMARK PHARMA</td>
<td>1,103</td>
</tr>
<tr>
<td>22</td>
<td>ALEMBIC</td>
<td>1,090</td>
</tr>
<tr>
<td>23</td>
<td>NOVARTIS INTL.*</td>
<td>1,076</td>
</tr>
<tr>
<td>24</td>
<td>FDC</td>
<td>862</td>
</tr>
<tr>
<td>25</td>
<td>IPCA LABS</td>
<td>847</td>
</tr>
<tr>
<td>26</td>
<td>UNICHEM*</td>
<td>825</td>
</tr>
<tr>
<td>27</td>
<td>ELDER PHARMA</td>
<td>705</td>
</tr>
<tr>
<td>28</td>
<td>MSD PHARmaceutICAL</td>
<td>671</td>
</tr>
<tr>
<td>29</td>
<td>CADILA PHARMA</td>
<td>554</td>
</tr>
<tr>
<td>30</td>
<td>MERCK LIMITED</td>
<td>549</td>
</tr>
<tr>
<td>31</td>
<td>FRANCO INDIAN</td>
<td>499</td>
</tr>
<tr>
<td>32</td>
<td>INDCO*</td>
<td>467</td>
</tr>
<tr>
<td>33</td>
<td>ASTRAZENECA</td>
<td>462</td>
</tr>
</tbody>
</table>
Strategy To Launch Institute For Values-Based Leadership Development

Sample

In the present study the sample consisted of Top management, Senior management and Middle management in top 50 companies of the pharma industry.

Classification Of The Sample By Type Of Company For Part 1 - The Survey

Both multinational companies and national companies have been represented in the survey among top 50 companies in the pharmaceutical industry in India. Of the top 50 companies, 10 are multinational companies while 40 are Indian national companies.
The break up by classification of company is given below in Table 3.3 and depicted in Figure 3.2:

**Table 3.3 Classification Of Sample By Type Of Company**

<table>
<thead>
<tr>
<th>Type of company</th>
<th>No of Respondents</th>
<th>Percent of sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>National companies</td>
<td>122</td>
<td>76</td>
</tr>
<tr>
<td>Multinational companies</td>
<td>38</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>160</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Figure 3.2 Graph Indicating Classification Of Sample By Type Of Company**

**Classification Of The Sample By Level Of Management For Part 1 - The Survey**

The classification of the sample by management level for Part 1 - The Survey is depicted in Table 3.4 and Figure 3.3.

- **Top management**, which includes Managing Director, Executive Director, Director, Chief Executive Officer, Chief Operating Officer and President.
Strategy To Launch Institute For Values-Based Leadership Development

- **Senior management** which includes Division Heads, SBU heads, Vice Presidents of Marketing and Sales, Sales heads, R&D heads, Finance heads, HR heads, Medical heads, Logistics, Training heads, Compliance heads and Operations heads.

- **Middle management**, which includes Marketing managers, Sales managers, Finance managers, HR managers, Training managers and Research managers.

**Table 3.4 Classification Of The Sample By Management Level For Part 1 - The Survey**

<table>
<thead>
<tr>
<th>Management Level</th>
<th>No of Respondents</th>
<th>Percent of sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top</td>
<td>14</td>
<td>9</td>
</tr>
<tr>
<td>Senior</td>
<td>32</td>
<td>20</td>
</tr>
<tr>
<td>Middle</td>
<td>114</td>
<td>71</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>160</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Figure 3.3 Classification Of Sample By Level Of Management**
Strategy To Launch Institute For Values-Based Leadership Development

The cross tabulation of the sample size by type of company and level of management is given below in Table 3.5 and Figures 3.4 and 3.5.

Table 3.5 Cross Tabulation Of Sample Size by Type Of Company and Level of Management

<table>
<thead>
<tr>
<th>Type of company</th>
<th>Level of management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Top Management</td>
<td>Senior management</td>
</tr>
<tr>
<td>MNC</td>
<td>No of respondents</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>4%</td>
</tr>
<tr>
<td>NC</td>
<td>No of respondents</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>No of respondents</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>9%</td>
</tr>
</tbody>
</table>

Figure 3.4 Classification of sample size: Type of company vs. level of management
Location

Since the drug industry of India is concentrated in the locations given below and the top 50 companies operate in the following locations, the study was conducted in:

- Mumbai,
- Hyderabad,
- Delhi,
- Chennai
- Ahmedabad
Method

The sampling method used was purposive sampling method.

3.4.1.5 Selection And Preparation Of The Tool For Part 1 -The Survey

To survey the decided sample in the top 50 companies of the pharmaceutical industry, a self-constructed structured interview schedule (See Appendix A) was developed with the help of experts to check for clarity, specificity and content validity.

The structured interview schedule was pilot tested with target audience in Mumbai to reduce bias.

3.4.1.6 Procedure Followed To Collect The Data For Part 1 -The Survey

The selected top 50 companies in ORG IMS were approached for data collection according to the decided classification by type of company and level of management. Target respondents from the selected companies were contacted via telephone and e-mail for an appointment and were visited personally by the researcher in their offices or the places where they were comfortable to respond to the questionnaire. During the collection procedure many of them requested the researcher to keep the data confidential considering the nature of the survey.

3.4.1.7 Statistical Analysis Of The Data For Part 1 -The Survey

Relevant statistical tools including cross tabs with Chi-square techniques and one way analysis of variance (ANOVA) have been used to analyze the data and test the hypotheses.

3.4.2.0 Research Design Of Part 2 – Qualitative Research: In-Depth Interviews

Part 2 of the present research study is a qualitative study with in-depth interviews being conducted with stakeholders of the industry and thought leaders in order to understand issues underlying the problem of lack of values based leadership in the pharmaceutical industry. The study also aimed to explore possible solutions as well as the potential for a values-based leadership training institute.
3.4.2.1 Objective Of Part 2 - Qualitative Research: In-Depth Interviews

i. To understand the current state of values based leadership in the pharmaceutical industry

ii. To understand the forces working against values based leadership in the pharmaceutical industry.

iii. To understand whether values based leadership can work in the pharmaceutical industry

iv. To understand whether there is a need for values based leadership training.

3.4.2.2 Aspects To Be Studied For Part 2 - Qualitative Research: In-Depth Interviews

i. Forces which work against values-based leadership

ii. Whether the crisis of values differs between multinational and national companies.

iii. Role for values and values based leadership in current context of the pharmaceutical industry

iv. Whether values based leadership behavior has worked in pharmaceuticals and what has been done

v. Possible initiatives that can be considered for a transformation of the situation

vi. Whether training on values based leadership would work; if yes what kind of training, for whom and at what level

3.4.2.3 Selection Of Sample For Part 2 - Qualitative Research: In-Depth Interviews

Twenty five (25) in–depth individual interviews were conducted with thought leaders and stakeholders of the pharmaceutical industry. Stakeholders included industry leaders, regulatory experts, recently retired Government officials, media professionals, Pharmaceutical Industry association leaders, clinical trial heads, medical ethicists, human rights activists, medico legal lawyers and industry consultants. Thought leaders
also included experts in values based leadership development, experts in setting up training institutes and experts on corporate governance.

Sample

Respondents in the following categories (Table 3.6) were met after prior appointment for a one-hour face-to-face interview.

However, since some of the respondents requested their details to be kept confidential, their names have been masked and only a brief profile has been given.

Table 3.6 Sample For Part 2 - Qualitative Research: In-Depth Interviews

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Category</th>
<th>No of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industry leaders</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Ex-Government senior officials</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Regulatory experts</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Clinical trials experts</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Pharmaceutical Media professionals</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Industry Associations</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Activists/ medical ethicists/medico legal lawyer</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>Industry Consultant</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Leadership development experts</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>Management Institute expert</td>
<td>1</td>
</tr>
<tr>
<td>11</td>
<td>Corporate governance expert</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total In-Depth Interviews</strong></td>
<td><strong>25</strong></td>
<td></td>
</tr>
</tbody>
</table>
3.4.2.4 Method

Purposive sampling method was used to select thought leaders and stakeholders based on their expertise, track record, past and current work profile, publications, conference speeches, references and contribution in a given area.

3.4.2.5 Selection And Preparation Of The Tools For Part 2 - Qualitative Research: In-Depth Interviews

A self-constructed semi structured discussion guide was prepared to achieve the objective of Part 2 (See Appendix B).

3.4.2.6 Procedure Followed To Collect The Data For Part 2 - Qualitative Research: In-Depth Interviews

The target audience from the sample was contacted via telephone and e-mail for an appointment. Each appointment lasted from an hour to an hour and a half. The researcher visited them personally in their offices or the places where they were comfortable to discuss the issues outlined in the discussion guide.

Considering the sensitive nature of the subject, none of the respondents allowed the researcher to audiotape or videotape the interviews. However they allowed the researcher to take extensive notes. Leads from one interview were tested in the subsequent interviews for workability. During the data collection procedure some of the respondents requested the researcher to keep certain data confidential considering the nature of the survey.

3.4.2.7 Transcription Of Interviews

Each interview was transcribed immediately so as not to lose the nuances of the interview.

3.4.2.8 Analysis And Inferences

The In-Depth interviews were analyzed and coded for trends, patterns and possible solutions.
3.4.3.0 Research Design Of Part 3 - Leadership Institute - Strategic Intent And Validation

Part 3 consists of a two-fold approach to develop and test the validity of a leadership institute to promote values based leadership in pharmaceuticals.

i. Developing The Concept And Strategic Intent Of A Leadership Institute To Promote Values Based Leadership In Pharmaceuticals.

The concept and strategic intent was developed based on the findings of the quantitative survey in Part 1 and the qualitative in-depth research in Part 2 of the study.

ii. Validating the concept and strategic intent of a Leadership Institute to promote values based leadership in pharmaceuticals.

This section consisted of a study to validate the need for and test the acceptance of the concept and strategic intent of launching such an institute to promote values based leadership in pharmaceuticals.

3.4.3.1 Objectives Of Part 3 - Leadership Institute – Strategic Intent And Validation

i. Developing The Concept And Strategic Intent Of A Leadership Institute To Promote Values Based Leadership In Pharmaceuticals

➢ To develop the strategic intent of launching values based leadership training institute aimed at values-based leadership development for the pharmaceutical industry.

ii. Validating The Concept And Strategic Intent Of A Leadership Institute To Promote Values Based Leadership In Pharmaceuticals

➢ To validate the need for and test the acceptance of the concept of launching this training institute.

➢ To validate whether leaders of pharmaceutical companies feel that there is a need for such a values based leadership development institute.
Strategy To Launch Institute For Values-Based Leadership Development

➢ To validate whether such an institute is perceived to be useful to the industry.
➢ To validate whether respondents are willing to use the services of such an institute to develop values based leadership teams in their organizations.

3.4.3.2 Variables Studied for Validating the Concept and Strategic Intent of a Leadership Institute to promote Values Based Leadership in Pharmaceuticals

Independent Variables

i. Type of company: Multinational company or National Company
ii. The level of management: Top, senior and middle management levels

Dependent Variables

i. Uniqueness of concept of such an institute in India
ii. Usefulness of such an institute to the pharmaceutical industry in India
iii. Need for training and re-skilling pharmaceutical sales and marketing teams to sell ethically
iv. Need for CEO forums to debate values-based leadership
v. Potential interest of pharmaceutical companies to avail the services of such an institute
vi. Respondents willingness to use/recommend the services of such an institute

3.4.3.3 Hypotheses Of Part 3 - Leadership Institute – Strategic Intent And Validation

1 Ho: There is no significant difference between the levels of agreement about the uniqueness of the concept of a values-based leadership institute in India across types of pharmaceutical companies.

1 Ha: There is a significant difference between the levels of agreement about uniqueness of the concept of a values-based leadership institute in India across types of pharmaceutical companies.
2 Ho: There is no significant difference between the levels of agreement about uniqueness of the concept of a values-based leadership institute in India across levels of management.

2 Ha: There is a significant difference between the levels of agreement about uniqueness of the concept of a values-based leadership institute in India across levels of management.

3 Ho: There is no significant difference between the levels of agreement about the usefulness of the proposed values-based leadership institute across types of pharmaceutical companies.

3 Ha: There is a significant difference between the levels of agreement about the usefulness of the proposed values-based leadership institute across types of pharmaceutical companies.

4 Ho: There is no significant difference between the levels of agreement about the usefulness of the proposed values-based leadership institute across levels of management.

4 Ha: There is a significant difference between the levels of agreement about the usefulness of the proposed values-based leadership institute across levels of management.

5 Ho: There is no significant difference between the levels of agreement on the need to re-skill sales and marketing teams to sell ethically across types of pharmaceutical companies.

5 Ha: There is a significant difference between the levels of agreement on the need to re-skill sales and marketing teams to sell ethically across types of pharmaceutical companies.

6 Ho: There is no significant difference between the levels of agreement on the need to re-skill sales and marketing teams to sell ethically across levels of management.
6 Ha: There is a significant difference between the levels of agreement on the need to re-skill sales and marketing teams to sell ethically across levels of management.

7 Ho: There is no significant difference between the levels of agreement on the need to create CEO forums to debate approaches to address the challenges of values-based leadership in the pharmaceutical industry across types of pharmaceutical companies.

7 Ha: There is a significant difference between the levels of agreement on the need to create CEO forums to debate approaches to address the challenges of values-based leadership in the pharmaceutical industry across types of pharmaceutical companies.

8 Ho: There is no significant difference between the levels of agreement on the need to create CEO forums to debate approaches to address the challenges of values-based leadership in the pharmaceutical industry across levels of management.

8 Ha: There is a significant difference between the levels of agreement on the need to create CEO forums to debate approaches to address the challenges of values-based leadership in the pharmaceutical industry across levels of management.

9 Ho: There is no significant difference between the levels of agreement on the pharmaceutical industry’s interest in availing the services of an institute dedicated to improving the understanding and application of values-based leadership across types of pharmaceutical companies.

9 Ha: There is a significant difference between the levels of agreement on the pharmaceutical industry’s interest in availing the services of an institute dedicated to improving the understanding and application of values-based leadership across types of pharmaceutical companies.

10 Ho: There is no significant difference between the levels of agreement on the pharmaceutical industry’s interest in availing the services of an institute
determined to improving the understanding and application of values-based leadership across levels of management.

10 Ha: There is a significant difference between the levels of agreement on the pharmaceutical industry’s interest in availing the services of an institute dedicated to improving the understanding and application of values-based leadership across levels of management.

11 Ho: There is no significant difference between the levels of agreement on the respondents’ willingness in using/recommending the services of such an institute for their organization across types of pharmaceutical companies.

11 Ha: There is a significant difference between the levels of agreement on the respondents’ willingness in using/recommending the services of such an institute for their organization across types of pharmaceutical companies.

12 Ho: There is no significant difference between the levels of agreement on the respondents’ willingness in using/recommending the services of such an institute for their organization across levels of management.

12 Ha: There is a significant difference between the levels of agreement on the respondents’ willingness in using/recommending the services of such an institute for their organization across levels of management.

3.4.3.4 Selection Of Sample For Part 3 - Leadership Institute – Strategic Intent And Validation

Sample

In the present study the sample consisted of Top management, senior management and middle management executives of the pharma industry.

➢ Top management includes Managing Director, Chief Executive Officer and President

Ms. Ruth D’Souza

120
Strategy To Launch Institute For Values-Based Leadership Development

- Senior management includes Business heads, functional heads including General Managers and industry consultants
- Middle management includes senior managers across functions.

Classification Of The Sample By Type of Company and Management Level for Part 3 - Strategic Intent And Validation

The break up by classification of company is given below in Table 3.7 and Figure 3.6:

Table 3.7 Classification of sample size by type of company

<table>
<thead>
<tr>
<th>Type of company</th>
<th>No of Respondents</th>
<th>Percent of sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>National companies</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>Multinational companies</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 3.6 Graph indicating Classification of sample size by type of company

Ms. Ruth D’Souza
The break up of the sample by level of management is given below in Table 3.8 and Figure 3.7:

Table 3.8 Classification of the sample by level of management

<table>
<thead>
<tr>
<th>Management Level</th>
<th>No of Respondents</th>
<th>Percent of sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Senior</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td>Middle</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 3.7 Graph indicating break up of sample size by level of management
The cross tabulation of the sample by type of company and level of management is given below in Table 3.9 and Figures 3.8 and 3.9.

Table 3.9 Cross tabulation of sample size by type of Company and level of management

<table>
<thead>
<tr>
<th>Level of management</th>
<th>MNC</th>
<th>NC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>12</td>
<td>27</td>
<td>39</td>
</tr>
<tr>
<td>Senior management</td>
<td>11</td>
<td>33</td>
<td>44</td>
</tr>
<tr>
<td>Middle management</td>
<td>4</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
<td>73</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 3.8 Graph indicating classification of sample size by type of company versus level of management
Strategy To Launch Institute For Values-Based Leadership Development

Figure 3.9 Graph indicating classification of sample by level of management vs type of company

<table>
<thead>
<tr>
<th>Level of Management</th>
<th>MNC</th>
<th>NC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>12</td>
<td>27</td>
</tr>
<tr>
<td>Senior Management</td>
<td>11</td>
<td>33</td>
</tr>
<tr>
<td>Middle Management</td>
<td>4</td>
<td>13</td>
</tr>
</tbody>
</table>

Method

The sampling method used was purposive sampling method.

3.4.3.5 Selection And Preparation Of The Tools For Part 3 - Leadership Institute - Strategic Intent And Validation

A concept note on the strategic intent, the initiatives and outcomes of the institute was prepared (See Appendix C).

To survey the decided sample consisting of top management, senior management and middle management executives of the pharma industry in, a self-constructed structured interview schedule was prepared to test the acceptance of the concept (see Appendix...
C), which accompanied the concept note. The structured interview schedule was pilot tested with target audience in Mumbai to reduce bias.

3.4.3.6 Procedure Followed To Collect The Data For Part 3 - Leadership Institute – Strategic Intent And Validation

Target respondents were selected as per sample design and the concept note and questionnaire was emailed to them.

3.4.3.7 Statistical Analysis Of The Data For Part 3 - Leadership Institute – Strategic Intent And Validation

Relevant statistical tools including cross tabs with Chi - square techniques, and one way analysis of variance (ANOVA) have been used to analyze the data and test the hypotheses.

3.5.0.0 Methodology For Part 4: Recommendations and Launch Strategy

Based on the findings of Part 1 - The survey and Part 2 - Qualitative Depth interviews and Part 3 - Strategic Intent and validation, the researcher has designed a launch strategy for an institute which is dedicated to values based leadership development for the pharmaceutical industry. The business viability of the institute has been calculated.

3.6.0.0 Conclusion

The research focuses on developing a strategy to launch an institute for values based leadership development. The research has been carried out in 4 parts as follows:

**Part 1 - The Survey:** The study involved a quantitative survey on leaders at top, senior and middle management of the leading 50 companies in the industry which hold 84% of the industry market share. The survey aimed to study the factors affecting the values based leadership behaviour of leaders in the pharmaceutical industry in the context of business ethics.

**Part 2 - Qualitative Research: In-Depth Interviews:** This part of the study involved in-depth interviews with 25 thought leaders and stakeholders of the pharmaceutical
industry with the purpose of exploring possible solutions to enable leaders in the pharmaceutical industry display values based leadership behavior.

**Part 3 - Develop And Validate The Strategic Intent For Leadership Institute:** Part 3 of the study involved developing the strategic intent to launch a leadership development institute with the aim of promoting values based leadership in pharmaceuticals and equipping leaders to display values based behavior. This section also validated the need and concept acceptance by leaders of the industry.

**Part 4 Recommendations And Launch Strategy:** Based on Parts 1 and 2, and in the light of the findings of Part 3, this section involved developing recommendations and strategic initiatives for launch of the proposed values-based leadership institute.