CHAPTER 5

MAJOR FINDINGS
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5.0.0.0 Introduction

The data analysis of Part 1 – The Survey and Part 2- Qualitative Research: In–Depth interviews is covered in Chapter 4. This chapter contains the major findings of Part 1 and Part 2 of the study. Part 1 of the study is aimed at mapping the factors affecting the values based leadership behavior of leaders in the pharmaceutical industry in the context of business ethics. It also aims at mapping the prevalence of ethical violations in the pharmaceutical industry, the approach to handling ethical dilemmas and the awareness of the concept of values based leadership as well as the desire to become values based leaders. Part 2 of the study aims at studying issues underlying the problem of the lack of values based leadership in the pharmaceutical industry and the role of values in the industry. Part 2 also aims to explore possible approaches to developing values-based leadership in the pharmaceutical industry and to assess the opportunity to launch an institute for values based leadership development.

5.1.0.0 Major findings of Part 1

5.1.1.0 Perception of business ethics and the pharmaceutical industry.

5.1.2.0 Perceptions about ethical violations and responsible factors.

5.1.3.0 Perceptions about ethical dilemmas.

5.1.4.0 Existence of corporate processes within organizations to create an ethical corporate culture.

5.1.5.0 Perceptions about values based leadership.

5.2.0.0 Major findings of Part 2

5.2.1.0 The current state of values based leadership in the pharmaceutical industry
5.2.2.0 Whether values based leadership can work in the pharmaceutical industry

5.2.3.0 Need for values based leadership training and possible initiatives

5.2.4.0 Caselets of companies who have been values based in the current context

5.1.0.0. Major findings of Part 1

5.1.1.0 Major findings related to the perception of business ethics and the pharmaceutical industry.

**Objective 1:** To study the industry perception of whether the pharmaceutical industry employs business ethics in their operations.

5.1.1.1 Reasons for a company to conduct its business operations ethically.

- 99% of respondents were of the opinion that organizations should operate ethically in business.
- The top five reasons for operating ethically were customer trust and loyalty, protection of brand and reputation, the right thing to do, investor confidence and public acceptance and recognition.

5.1.1.2 Perception of whether the pharmaceutical industry applies business ethics to their operations.

- 57% respondents perceive that the pharma industry applies business ethics in their operations in India and support that perception with the reasoning that ‘Pharma is a strongly regulated industry’, and that ‘it is the responsibility of the industry to save lives’ and ‘MNC’s have a strong code of ethics’.
- However, 43% feel that the pharmaceutical industry violates business ethics in their operations and support this belief with the reasoning that ‘companies use unethical practices to grow aggressively’, ‘commercial incentive payments to doctors by companies are unethical’ and ‘companies are competing for aggressive growth, in a cut throat competitive environment, so any means are acceptable’.
5.1.2.0 Major findings related to perception about prevalence of ethical violations and responsible factors

Objective 2: 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

5.1.2.1 Awareness of types of ethical violations (Spontaneous comments)

The findings indicate that respondents are aware of many types of ethical violations that take place in the pharma industry, of which most common are unethical payments to doctors in lieu of prescription (50%) and regulatory violations (18%). Some other violations include manipulation of clinical trial data (11%), off label usage (usage for indications other than approved by FDA) (11%) and incorrect promotional information about drug benefits (11%).

5.1.2.2 Awareness of ethical violations (Aided responses)

The findings indicate that 95% of the respondents are aware of companies giving / receiving bribes, 91% are aware of unethical practices in marketing, while 75% are aware of false or incomplete information. Other violations include Financial malpractices (70%), dealing with vendors (68%), unethical practices in clinical trials (68%), insider trading (67%) and health and safety violations (57%). This indicates that ethical violations are widespread in the industry with an emphasis on marketing, financial and clinical trial fronts.

5.1.2.3 Ethical violations witnessed

It was found that 46% of the respondents have witnessed giving/receiving bribes, 28% have witnessed unethical practices in marketing and 18% have witnessed falsifying of information.
5.1.2.4 Prevalence of ethical violations

The findings indicate that the most prevalent violations are Giving and receiving bribes (Mean score 4.05/5.0), Unethical practices in marketing (Mean score 3.83/5.0), Falsifying or incomplete information (Mean score 3.21/5.0) and Dealing with vendors (Mean score 3.14/5.0).

5.1.2.5 Testing of Hypothesis 1: Statistical analysis for difference between prevalence of different types of ethical violations in the pharmaceutical industry in India across types of pharmaceutical companies

The results of the one-way ANOVA test indicate that there is no significant difference in the prevalence of the following ethical violations in the pharmaceutical industry in India between MNC’s and National companies (p>0.05).

 i. Giving/receiving bribes
 ii. Insider trading
 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

Thus the null hypothesis 1Ho is not rejected on above parameters at 95% confidence interval.

The results of the analysis of the mean scores from the Descriptive statistics to assess the prevalence of the different ethical violations in the pharmaceutical industry indicate that out of the above parameters, the following two ethical violations are prevalent in both multinational and national companies:
i. Giving and receiving bribes
ii. Unethical marketing practices

5.1.2.6 **Testing of Hypothesis 2: Statistical analysis for difference between prevalence of different types of ethical violations in the pharmaceutical industry in India across levels of management**

The one way ANOVA test results indicate that there is a significant difference in the prevalence of the ethical violations “insider trading” and “giving and receiving bribes” in the pharmaceutical industry in India between top management, senior management and middle management.

**Hence, the null hypothesis 2 Ho is rejected for the two parameters “insider trading” and “giving and receiving bribes” at 95% confidence interval.**

However, the one-way ANOVA results for the following 9 parameters showed that there is no significant difference in the prevalence of the ethical violations in the pharmaceutical industry in India, between top management, senior management and middle management:

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

**Thus, the null hypothesis 2Ho is not rejected for the above nine parameters at 95% confidence interval.**
The results of the Descriptives test indicate that the ethical violations “giving and receiving bribes” and “unethical marketing practices” are prevalent at top, senior and middle levels of management, whereas the others are not prevalent at all levels of management.

5.1.2.7 Factors causing employees to compromise on organisations stated ethical standards

It was found that the major factors causing employees to compromise on an organisation’s stated ethical standards are ‘Unrealistic business objectives (Mean score 3.96/5.0), to achieve top line and bottom line (Mean score 3.88/5.0), to retain one’s job (Mean score 3.64/5.0) and to further one’s career (Mean score 3.54/5.0).

5.1.2.8 Factors causing employees to compromise with personal values

The findings reveal that the factors most likely to cause one to compromise with one’s values were Focus on short-term results (Mean score 4.28/5.0), Rewarding results and not processes (Mean score 3.93/5.0), and furthering personal goals (Mean score 3.71/5.0).

5.1.2.9 Testing of Hypothesis 3: Statistical analysis of the difference between factors likely to cause employees to compromise on an organization’s ethical standards across types of pharmaceutical companies

The results of the one-way ANOVA test reveal that there is a significant difference between the type of pharmaceutical company and the factor “inability to apply ethical criteria to make an ethical judgment” which is likely to cause employees to compromise on an organization’s ethical standards.

Thus the null hypothesis 3Ho is rejected at 95% confidence interval for the above factor.

However, the results of the one-way ANOVA for the following ten factors tested reveal that there is no significant difference between the type of pharmaceutical company and the following factors likely to cause employees to compromise on an organization’s ethical standards.
Strategy To Launch Institute For Values-Based Leadership Development

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. Improper training to handle the unethical situation

Thus the null hypothesis 3Ho is not rejected on the above ten factors likely to cause employees to compromise on an organization’s ethical standards at 95% confidence interval.

The results of the Descriptive statistics test indicate that the factors likely to cause employees to compromise on an organization’s ethical standards in Multinational companies are:

i. Pressure to meet unrealistic business objectives
ii. Pressure to achieve top line

Whereas, the Descriptives statistics revealed that the factors likely to cause employees to compromise on an organization’s ethical standards in National companies are:

i. Pressure to meet unrealistic business objectives
ii. Pressure of achieving top line
iii. Desire to retain the job
iv. Desire to further one's career
5.1.2.10 Testing of Hypothesis 4: Statistical analysis of the difference between factors likely to cause employees to compromise on an organization’s ethical standards and levels of management in a pharmaceutical company

The results of the one-way ANOVA test reveal that there is a significant difference between the levels of management and the factors “pressure of achieving top line” and “lack of consequences if caught” which are likely to cause employees to compromise on an organizations stated ethical standards.

Thus, the null hypothesis 4 Ho is rejected for these two factors at 95% confidence interval.

The one-way ANOVA test for the following nine factors indicates that there is no significant difference between the levels of management and the following factors most likely to cause employees to compromise on an organization’s ethical standards:

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

Thus, the null hypothesis 4 Ho is not rejected for above 9 factors at 95% confidence interval.

The results of the Descriptives test indicate that the factors likely to cause employees to compromise on an organization’s ethical standards at Top Management are:

i. Pressure to meet unrealistic business objectives
ii. Desire to retain the job
iii. Pressure of achieving top line
iv. Working in an environment where values are not given importance
The factors likely to cause employees to compromise on an organization’s ethical standards at Senior Management are:

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. Need to follow boss’s order

The factors likely to cause employees to compromise on an organization’s ethical standards at Middle Management are:

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. Need to follow boss’s orders

5.1.3.0 Major Findings Related To Experience Of Ethical Dilemmas And Value Conflicts

Objective 3: To understand whether leaders at various levels in the pharma industry have experienced ethical dilemmas in decision-making and conflicts between the role expected from them and their personal values

5.1.3.1 Encounter with ethical dilemmas

The results of the descriptive statistics indicate that 57% of the respondents have encountered situations which have created ethical dilemmas for them, while 43% have not encountered such situations.

The spontaneous responses indicate that the most commonly encountered ethical dilemmas were ‘Unethical marketing methods’, followed by ‘Doctors asking for bribes’, ‘Wrong information to customers’, ‘Pressure from top management to achieve
results’, ‘Poor product quality/ Quality check violations’ and Manipulation of Clinical trial results”.

5.1.3.2 Testing of Hypothesis 5: Statistical analysis of the relationship between experience of ethical dilemmas and the type of pharmaceutical company

The results of the Chi square test revealed that there is no relationship between the type of company and the experience of ethical dilemmas (p value > 0.05).

Thus the null hypothesis 5Ho is not rejected.

The results of the cross tabs analysis indicates that 60% of employees in Multinational companies and 56% of employees in National companies have encountered situations which have created ethical dilemmas for them. Thus prevalence of ethical dilemmas is irrespective of types of companies.

5.1.3.3 Testing of Hypothesis 6: Statistical analysis of the relationship between experience of ethical dilemmas and levels of management

The Chi square test results indicate that there is a relationship between the experience of ethical dilemmas and the levels of management (p value is < 0.05).

Thus the null hypothesis 6 Ho is rejected.

The results of the cross tabs analysis indicate that, the experience of ethical dilemmas depends on the level of management, with greater dilemmas being experienced at higher levels (top management = 85%, senior management = 66%, and middle management = 52%).

5.1.3.4 Experience of conflict between personal values and role expectations

48% of the respondents experienced a conflict between their personal values and what was expected from them while dealing with ethical dilemmas whereas 52% of the respondents did not experience any conflict.
5.1.3.5 Testing of Hypothesis 7: Statistical analysis of the relationship between experience of conflict in role expectations and personal values and type of pharmaceutical company

The findings of the Chi square test reveal that there is no relationship between the experience of conflict in role expectations and personal values and the type of company (p value > 0.05).

Thus the null hypothesis 7Ho is not rejected.

The cross tabs analysis indicate that the experience of conflict in role expectations and personal values is across types of companies with 42% respondents in multinational companies and 49% in national companies experiencing conflict.

5.1.3.6 Testing of Hypothesis 8: Statistical analysis of the relationship between experience of conflict in role expectations and personal values and level of management

The results of the Chi Square test indicate that there is no relationship between the experience of conflict in role expectations and personal values and the levels of management (p value is > 0.05)

Thus the null hypothesis 8Ho is not rejected.

The results of the cross tabs reveal that experience of the experience of conflict in role expectations and personal values is present across levels of management with 69% of top management, 56% of senior managers and 43% of middle management levels having experienced conflict in role expectations and personal values.

5.1.3.7 Approaches to handle the ethical dilemmas

The descriptive test results indicate that the respondents have tried more than one approach to resolve the ethical dilemma. The majority 77% confronted their superiors, while 29% did what was expected of them, 28% tried to change the unethical practice, 15% passed the ball to their superiors and 10% quit the organization.
5.1.3.8 Responsibility for ethical dilemmas in an organization

The analysis of the data reveals that the respondents perceive that top management has the greatest responsibility for ethical dilemmas in an organisation (Mean score 4.58), closely followed by senior management (Mean score 4.43).

5.1.4.0 Major findings related to perception of corporate processes within organizations to create an ethical corporate culture

Objective 4: To assess whether organizations have corporate processes to create an ethical culture

5.1.4.1 Perception of current company’s orientation to do business in an ethical manner

The results of the descriptive tests indicate that 98% of the respondents felt that their current organization’s considered it important to do business in an ethical manner.

However, of the various listed processes, 93% respondents reported the presence of a defined company code of conduct, and 74% had corporate social responsibility programs. The other processes essential to an ethical corporate culture were not so prevalent with a mere 40% reporting ethics training, while only 38% reporting a whistleblower policy, 35% an ethics committee, 34% an ethics helpline, 32% ethics audits and a mere 28% reporting an ombudsman. Only 18% had an ethics office to run the ethics related programs for the company.
5.1.5.0 Major findings related to perception of values based leadership

**Objective 5:** To study the awareness of the concept of values based leadership and the desire to become values based leaders.

5.1.5.1 Awareness of the concept of values based leadership

The findings from the descriptive statistics reveal that 82% of the respondents are aware of the concept of values based leadership.

Spontaneous comments on the understanding of values based leadership include: Values based leadership means leadership driven by values, lived by example and with integrity at its core (46%). 18% felt it involves being clear about one’s core values while 13% felt it entailed doing the right thing.

5.1.5.2 Testing of Hypothesis 9: Statistical analysis of the relationship between awareness of the concept of values based leadership and type of pharmaceutical company

The Chi Square test results indicate that there is no relationship between the awareness of the concept of values based leadership and the type of pharmaceutical company (p value > 0.05).

**Thus, the null hypothesis 9 Ho is not rejected.**

The results of the cross tabs indicate that the awareness of the concept of values based leadership is across types of companies with 87% of employees in multinational companies, and 80% in national companies being aware of values-based leadership.

5.1.5.3 Testing of Hypothesis 10: Statistical analysis of the relationship between awareness of the concept of values based leadership and level of management

The Chi Square test results reveal that there is no relationship between the awareness of the concept of values based leadership and the level of management (p value > 0.05).

**Thus the null hypothesis 10 Ho is not rejected.**
The cross tabs finding implies that the awareness of the concept of values based leadership is present across top (92%), senior (88%) and middle (79%) levels of management in pharmaceutical companies.

**5.1.5.4 Desire to become values based leaders and develop skills for values based leadership**

96% of the respondents would like to be values based leaders.

93% of the respondents would like to develop their skills to become values based leaders.

**5.1.5.5 Testing of Hypothesis 11: Statistical analysis of the difference between desire to develop skills to be a values-based leader and type of pharmaceutical company**

The results of the Chi Square tests reveal that there is no relationship between the desire to develop skills to be a values-based leader and the type of pharmaceutical company (p value > 0.05).

*Thus, the null hypothesis 11 Ho is not rejected.*

The findings from the cross tabs indicate that the desire to develop skills to be a values-based leader is present across the types of pharmaceutical companies with 97% of employees in multinational companies an 91% of employees in national companies.

**5.1.5.6 Testing of Hypothesis 12: Statistical analysis of the difference between desire to develop skills to be a values-based leader and level of management**

Chi Square tests results indicate that there is no relationship between the desire to develop skills to be a values-based leader and the level of management (p value > 0.05).

*Thus the null hypothesis 12Ho is not rejected.*
The cross tabs analysis indicates that the desire to develop skills to be a values-based leader is present across top (92%), senior (97%) and middle (91%) levels of management in pharmaceutical companies.

5.1.5.7 Perceived training needs to become values based leaders

Perceived training needs (spontaneous comments): The spontaneous responses predominantly centered on the confidence to speak up (39%) and the skills to address ethical dilemmas and take decisions (20%). Other needs that emerged include ethics training (14%), values training (14%) and assertiveness training (12%).

Perceived training needs (aided responses): The following training needs emerged:

- Assertiveness training (72%)
- Ethics training (68%)
- Confidence and courage to take a stand (67%)
- Leadership training (65%)
- Ethical decision-making (62%)
- Identifying values (58%)
- Communicating with superiors (58%)
- Ethical behavior (57%)
- Recognizing an ethical dilemma (57%)

5.1.6.0 Conclusion Of Major Findings Of Part 1 - The Survey

5.1.6.1 Related to perceptions of business ethics and the pharmaceutical industry

It can be concluded that while 99% respondents believe that an organization should operate ethically, only 57% perceive that the pharmaceutical industry applies principles of business ethics in India. However, 43% believe that the pharmaceutical industry violates business ethics in their pursuit of aggressive growth.
5.1.6.2 Related to perception about prevalence of ethical violations and responsible factors

It can be concluded that there is no significant difference in the prevalence of the different ethical violations across types of companies. However, the most prevalent ethical violations are giving and receiving bribes and unethical practices in marketing in both multinational and national companies. There is a significant difference in the prevalence of the ethical violations ‘insider trading’ and ‘giving and receiving bribes’ in the pharmaceutical industry across levels of management. These are also the most prevalent violations across levels of management.

It can be concluded that there is a significant difference in the factor ‘inability to apply ethical criteria to make an ethical judgment’ causing employees to compromise on an organization’s stated ethical standards across types of companies. However there is no significant difference in the other factors across types of companies. The factors most likely to cause employees to compromise in a multinational organization are ‘pressure to meet unrealistic business objectives’ and ‘pressure to achieve top line’. Whereas in a national organization, the factors are ‘pressure to meet unrealistic business objectives’, ‘pressure to achieve top line’, ‘desire to retain the job’ and ‘desire to further one’s career.’

Across levels of management, it can be observed that there is a significant difference in the factors ‘pressure to achieve top line’ and lack of consequences if caught’ which are likely to cause employees to compromise on an organization’s stated ethical standards.

5.1.6.3 Related to experience of ethical dilemmas and value conflicts

It can be concluded that 60% respondents in multinational companies and 56% respondents in national companies have encountered ethical dilemmas. There is no relationship between type of company and experience of ethical dilemmas. However, there is a relationship between experience of ethical dilemmas and levels of management with a greater percent of higher management experiencing ethical dilemmas. There is no relationship between experiencing of conflict in role expectations and personal values across types of companies and across levels of
management. Top management has the greatest responsibility for ethical dilemmas in an organization.

5.1.6.4 Related to presence of Corporate processes within organizations to create an ethical corporate culture

While 98% respondents stated that their organizations considered it important to do business in an ethical manner, the most prevalent processes were a code of conduct and corporate social responsibility programs. Most of the other processes essential to create an ethical corporate culture and ensure compliance to the code were not present in most companies.

5.1.6.5 Related to perception of values based leadership

Over 80% of respondents were aware of the concept of values-based leadership across types of companies and levels of management. 96% of the respondents would like to be values-based leaders while 93% want to develop their skills to become values-based leaders across types of companies and levels of management. Perceived training needs include assertiveness training, ethics training, confidence and courage to take a stand, leadership training, ethical decision-making, identifying values, communicating with superiors, ethical behavior and recognizing an ethical dilemma.
5.2.0.0 Major Findings Of Part 2 - Qualitative Research: In-Depth Interviews

5.2.1.0 Major Findings related to the current state of values based leadership in the pharmaceutical industry

Objective 1: To understand the current state of values based leadership in the pharmaceutical industry.

5.2.1.1 Crisis of values in the pharmaceutical industry

The patterns in the data of the in-depth interview revealed that there is a definite crisis of Values based leadership in the pharmaceutical industry. This crisis can be observed from the widespread corruption and greed in transactions among stakeholders. Thought leaders opined that in the pursuit of ambitious growth targets, higher stock valuations, and top line and bottom line goals, values are often compromised. Moreover there is a failure of regulators to implement the law, which has resulted in greater risks for patients.

5.2.1.2 Unethical practices exist across industry irrespective of the type of company

The in-depth interviews revealed that both Multinational companies and national companies indulge in unethical practices to generate results. However, thought leaders perceive that the MNC’s are more sophisticated in the manner in which they compromise values.
5.2.2.0 Major findings related to the forces working against values based leadership

Objective 2: To understand the forces working against values based leadership in the pharmaceutical industry.

The results of the in-depth interviews indicate that multiple forces are at work against values based leadership. They are briefly outlined below:

5.2.2.1 Competitive intensity and pressure to achieve top line goals

The fiercely intensive generic competition with hundreds of me-too products vying for the doctor’s prescription and absence of any product differentiation has resulted in marketers focusing on promotion which is mainly driven by gratification of doctors (giving doctors a range of “freebies” from “lunches to medical education to pre loaded debit cards, to direct commission on prescription”).

The product pipeline is also drying up with no new blockbuster drugs being discovered; hence companies are pursuing the inorganic growth route. In order to get better valuations, the focus is on top line and bottom line improvement. In view of the pressure on top line, companies focus on marketing muscle to generate prescriptions.

The vicious cycle of stock market pressures and weak value systems binds regulators, doctors, chemists and companies in an endless loop of unethical practices.

5.2.2.2 Weak implementation of laws

The patterns from the thought leaders’ in-depth interviews indicate that there is an absence of strong countervailing forces, which will compel industry to adopt a values-based approach in their operations.

Patients’ rights movements, pharmaco-vigilance process and ethics committees in organizations and clinical research organizations are some of the balancing forces that will help reduce value compromises.
5.2.2.3 Lack of focus on ethics and values in medical and management education

The thought leaders expressed the view that ethics needs to be taught especially in the grey areas of medicine and management with focus on the ethical dilemmas and value conflicts related to each discipline.

5.2.3.0 Major findings related to whether values based leadership can work in the pharmaceutical industry.

**Objective 3:** To understand whether values based leadership can work in the pharmaceutical industry.

5.2.3.1 Urgent need to bring back values to the pharmaceutical industry and to clean up the system.

Thought leaders agree that since the industry is in the business of saving lives, it must put the patient’s interest first. A starting point would be for companies to begin implementing the values and mission statement and the code of ethics, which currently exist on paper and are not operational in day-to-day business behavior.

5.2.3.2 Multi pronged initiatives needed

The in-depth interviews indicated several multi pronged initiatives to address the values crisis in the pharmaceutical industry. Among the initiatives suggested by the thought leaders to break the vicious cycle of ethical violations are: **Good governance,** **Leadership signalling and accountability** and **Continuous education to sensitize public on values in business.**

i. **Good Governance:** Primarily emphasizing stricter implementation of regulations and greater monitoring, with legal consequences for violations and greater transparency to minimize manipulation.

ii. **Leadership signalling and accountability:** Top management must “walk the talk” and clearly signal the values and code of ethics by modelling the way. They should be held accountable for any ethical compromise. Top management
must redefine the norms of success to include long term goals balanced with short term goals and align the organization accordingly.

iii. **Continuous education to sensitize public**: A continuous education campaign on the lines of the “polio eradication campaign” would help to create greater sensitization in society. This would create pressure on stakeholders to clean up operations and put the patient’s interest first.

### 5.2.3.3 Success stories of companies who have been values based in the current context

While the crisis of values is widespread thought leaders also cited examples of companies who have been implementing values based leadership despite the competitive intensity.

The four success stories of companies who are operating ethically in an unethical environment are: Blue Cross Laboratories Ltd, Win Medicare Ltd., Centaur Pharmaceuticals Pvt Ltd and Novartis India Ltd.

The analysis of the interviews regarding these four companies reveals that there are some common factors in these companies:

- There is a clear business philosophy and the top management lives the philosophy of the company and models the way.
- The business strategy is aligned to the company’s strengths. Blue Cross for example carefully chooses doctors who are not so popular and also not corrupt, and concentrates on delivering quality products at affordable prices. Centaur focuses on a few therapeutic segments like cough and cold, where they have made a name by delivering quality products. Win Medicare focus on in-licensing innovator products and differentiating brands. Scientific promotion is their core strategy. Novartis integrates its code of conduct with the performance appraisal of its employees and associates.
- The message of values based operations and ethical decision-making is drilled into every member of the organization.
The company’s value system and code governs all decision-making processes, and clarifies the standards of ethical business conduct expected of all its associates. The compliance of the organization to the value system and code is monitored on an on-going basis.

Aggressive training interventions from induction to on-going refresher training constantly reinforce this message. Employee are trained and retrained with relevant marketing skills to enable them to market products based on brand building and scientific merits and not to use any gratification. Budgets for gratification do not exist. They are also trained to deal with customers who ask for gratification.

Deterrent action is taken for violation of the code.

No budgets for unethical practices are planned or sanctioned

**5.2.4.0 Major findings pertaining to the need for values based leadership training.**

**Objective 4:** To understand whether there is a need for values based leadership training.

**5.2.4.1 Training interventions**

The findings from the thought leaders’ responses during the in-depth interviews reveals that they strongly recommend training as a core strategy for building values based leadership. In view of the current context of the pharmaceutical industry they have suggested that the following initiatives are critical:

**5.2.4.2 CEO coaching and board of management interventions**

Since top management leads and models the way, thought leaders strongly felt that there must be development interventions and forums for CEO’s and MDs to debate on the current issues linked to values and ethics in the pharma industry. They must also be constantly challenged and coached to redefine the parameters of success and relook at how to transform their organizations while balancing short-term goals with long term ones.
5.2.4.3 Values and ethics training across the organization

Developing a code of ethics supported by processes to implement it and strong training and review methods must be an on-going process within organizations so that all employees are clear about how to handle ethical dilemmas.

5.2.4.4 Values based leadership development

Thought leaders placed a strong emphasis on continuous training of leadership teams with a high emphasis on values at the core. They felt that existing leadership programs are ethics neutral and there is a need to create development interventions where values are integrated into decision making for people across the organization.

5.2.4.5 Sales and marketing teams re-skilling

Thought leaders felt that sales and marketing teams have got used to selling through unethical means and will need intensive re-skilling to be able to generate results without the aid of unethical practices. Teams have to be equipped with functional skills and values based leadership skills to deliver results.

5.2.4.0 Conclusion Of Major Findings Of Part 2 - Qualitative Research: In-Depth Interviews

From the major findings, it can be concluded that there is a crisis of values in the pharmaceutical industry in India. Thought leaders strongly feel that irrespective of the type of company, unethical practices exist across industry. Some of the forces working against values based leadership include:

- Competitive intensity and pressure to achieve top line goals
- Weak implementation of laws
- Absence of counter balancing forces on industry
- Lack of focus on ethics and values in medical and management education

It can also be concluded that the thought leaders feel there is an urgent need to bring back values to the pharmaceutical industry. To enable that, multi pronged initiatives
need to be launched with a focus on good governance, leadership signalling and corporate accountability.

There is a need for values based leadership training across levels of management and types of companies. Initiatives may include CEO coaching, values and ethics training, values based leadership skill development interventions and sales and marketing teams re-skilling.

Despite the vitiated environment of the current pharmaceutical marketing context, it is possible to market drugs ethically and achieve growth goals, as demonstrated by the cases of companies who have adopted a values based approach to business. A clear business philosophy based on a code of values combined with a top management which models the way, strategic decisions to implement the values, aggressive training and stringent compliance procedures are some of the initiatives taken by these companies to achieve their goals without compromising their value system.