



## Unethical Practices and Values of Marketing Executives of Pharma Industries in the Present Corporate World

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### ABSTRACT

The authors are convinced that business ethics in its present form is not sufficient to overcome the reluctance of a large number of companies and owners to adopt ethics in their business. A more activist and direct approach is needed, and this paper intends to find the origin of such an activist ethics in business. In addition to reviewing mechanisms for promoting an ethical climate, where appropriate reference will be made to prior research and specific organizations where these practices have been used successfully. Pharmaceutical companies when they promote branded ethical products to doctors simultaneously they dispatch branded generic products directly to the wholesaler to push it to the retail chemists. The many retail chemists, they sell or substitute both the branded products for the same diseases which are indicated for diseases by the doctor. They welcome the free bees given to them by the stockiest and simultaneously they substitute the generic products with the patients' concurrence even. The pharmaceutical industry should consider adopting more ethical business strategy that benefits patients rather than supermarket pushing the products to the consumer. The paper concludes with a set of summary recommendations for managers embarking on the introduction of an ethical programme to their organization.

**Keywords:** Unethical Practices, Values, Marketing, Executives, Pharma Industries, Business and Behaviour.

### INTRODUCTION

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

#### Brief Overview of Ethical Practices of Professionals

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

and businesswomen, academics, educationists and associations of stakeholders and minority shareholders.

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

When we talk about ethics, the three words comes to our mind i.e. honesty, integrity and values. Earlier days, we used to talk about professional ethics which were understood in the context of Doctors and Advocates. Like a doctor, will take the oath before entering into profession to follow the laid-down principles. The ethics were very much attached with the value system of a person. Following the path of honesty and maintaining integrity while undertaking the professional jobs was the way of life. The medical profession was considered as the most noble profession, similarly, the teaching profession was also highly respected, the advocates followed the ethics of doing justice with the client by way of defending the case with best of their capability.

When we talk about the business the definition was something different. If marketing was to be defined, it was "making the product available from manufacturer to



the consumer after giving reasonable profit to all concerned". We may appreciate that money was an important aspect of any business or profession but ethical values used to prevail. The corruption was there in every vocation, but it was not generalized. The business houses were having cut throat competition, but they never compromise on the platform of business ethics.

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

Earlier days business was synonym and none other to trade and industries, we never thought of making the field of education, medical science and places of worship /pilgrimage as business. Today the traditional safeguards of the interests of the stakeholders, namely the media, the law, the boards of directors, etc, are also not sufficient. The activist business ethics has to be enhanced by the personification of stakeholders, the predominance of the values and ethics of the CEOs and a change in the attitude of society toward ethics. The society has witnessed that even the new vehicles for the safeguard of interests of minority shareholders and stakeholders namely the Internet, Transparency, Whistle-Blowers, Activist Associations, the Supervision Boards and the likes are not sufficient in many cases though these vehicles give the shareholders the chance to understand the pattern and methods that are utilized to wrong them and give them a viable alternative for investment in ethical funds.

### Objectives

1. The main objective of the present study is to understand unethical practices and values of marketing executives in corporate world.
2. To examine unethical business practices and behavior.
3. To access the role of tone from the top.
4. To ascertain the present scenario of pharma industry.
5. To give suggestions to inculcate the business men with ethics and principles ultimately to eradicate unethical practices.

### Unethical Business Practices and Behaviour

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

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

### Literature Review

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

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

Hartshorne and May were right! Cheating is situation-based for 90 percent of the population. At one time or another, depending on the situation, 90 percent will cheat. The other 10 percent? They will cheat all of the time, unless it is too easy! When the stakes are high and the supervision is low, somewhere between 20-25



percent will cheat. It is not always the same 20-25 percent; and over a period of time, 90 percent will cheat in that situation. Where the stakes are high and the supervision is high, the cheating runs from 8-12 percent. This includes the hard-core cheaters and those driven by desperation.

Does this 60 years of research hold true for adults?

In a poll conducted by Professor Donald McCabe of Rutgers University among 6,000 students in 31 universities, the highest percentage of students who admitted cheating at least once in an examination or a major paper was among the business administration students – 76 percent, compared to 63 percent among Law students or 68 percent among medical students. In order to change those alarming findings we have to change the attitude of the business students and the managers of companies. "Ethics is not a blind impartiality, doling out right and wrong according to some stone-cold canon of ancient and immutable law. It's a warm and supremely human activity that cares enough for others to want right to prevail." (Kidder, *How Good People Make Tough Choices*, p.59).

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

### The Role of Tone from the Top

Tone at the top, a much discussed term, is vital and necessary, but it is not sufficient for an ethical culture. For that, a strong tone needs to be reinforced, up and down the corporation, with defined processes, procedures and examples. The ethical fiber of a company does not rest solely in words or codes of conduct, but in the actual

behavior observed by suppliers, dealers, customers, and employees.

The business houses are in the race of HIRING decision makers ... ..well the real cause is loss of values at initial stages .. One of the aspects of ethics in international business is ethics toward employees, which varies from country to country. "Employees should be regarded as full partners, rather than as hired labour. Their voice should be taken into account, directly or indirectly, through employee representatives on the Board of Directors, when deciding on company policy. Evidently, such participation in the decision-making process should be accompanied by participation in the ownership of the firm.

Today in the days of changing Industrial scenario when competition is stiff ..it is a question of survival for the business house. The managers are in a dilemma to weigh ...values or existence ..... Some people even say, that in order to conduct ourselves ultimately in an ethical manner, we have to do unethical actions and gather enough power and wealth that would enable us to conduct ourselves as we really want - ethically. This oxymoron, which consists of legitimizing immoral conduct in order to be able to conduct oneself in the future ethically, advocates that the end justifies the means.

Let's focus our attention on the remedial measures , it has to come from upbringing , what we learn and practice it all comes from our surroundings . It is imperative to broaden the humanist education in the universities, including an ethics course as one of the prime subject in almost all the disciplines at the undergraduate level. "The goal of ethics education is not character building; but rather, like all college course work, they attempt to share knowledge, build skills, and develop minds. A course in business ethics is a useful tool to assist students when as managers they face a decision with a major ethical component attached to it... Perhaps business ethics can be best described as a not so simple method by which people can come to know what is right from what is wrong and go on and do what is right in the business arena. It simply suggests what Mark Twain once said: 'Always do right. This will gratify some people, and astonish the rest.'" (Madsen, *Essentials of Business Ethics*, p.7) Young generation is learning wrong lessons by observing the overnight prosperity and success of dishonest and corrupt people in business and other professions ...It is so deep rooted that one thinks bribe as perk attached to his position .

Whatever we may say honesty still prevails. We may look at Laxmi Mittal ...the Tatas and Birla Groups are still maintaining business ethics and generating profits as well in the era of cut throat competition . The latest venture of Bharath petroleum Refinery worth about 20,000 cores is the glaring example.



### Present Scenario of Pharmaceutical Industries

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

It is relevant to mention here that a person practicing ethical values with faith in honesty can still raise the business. Activist ethics in business should be established in the forefront of business as a counter measure to the crumbling of moral values. The cost of the lack of ethics and the contractual costs are much higher than the cost of ethics in business, as trust becomes more and more rare. Many businessmen perceive business as a poker game, in which cheating is condoned, blotted or even encouraged.

But business is much more serious; businessmen spend most of their creative life at work; the jobs of millions of persons are at stake as well as the welfare of the world's economy. In spite of the difficulties, ethical conduct is favorable to business, as shown in numerous cases from ethical companies such as IBM, Johnson & Johnson, Levi-Strauss Tatas, Birlas and Modi's to name a few.

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

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

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

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

The new vehicles which have been developed for the protection of minority shareholders, mainly the Internet, transparency, activist associations and ethical funds are preventing minority shareholders from using the Armageddon weapon, by ceasing to invest in the stock exchange and causing the collapse of the system that discriminates against them. The preconditions for the ethical revolution in business do exist, but they are insufficient as other conditions are needed to be met, such as the ostracizing of unethical managers by society, appointment of ethical CEOs to head the companies, and above all giving an equal weight age to financial and operational performance as well as to ethics and integrity.

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

### 2011 World's Most Ethical Companies

The World's Most Ethical Companies designation recognizes companies that truly go beyond making statements about doing business "ethically" and translate those words into action. WME honorees demonstrate real and sustained ethical leadership within their industries, putting into real business practice the Institute's credo of "Good, Smart, Business Profit."

There is no set number of companies that make the list each year. Rather, the World's Most Ethical Company designation is awarded to those companies that have leading ethics and compliance programs, particularly as compared to their industry peers. This year, there are 110 World's Most Ethical Companies (data analysis by Ethisphere). Of these companies, 36 are new to the list in 2011 and 26 companies dropped off from the 2010 list. These "drop offs" generally occurred because of litigation



and ethics violations, as well as increased competition from within their industry.

### CONCLUSION

It is our duty to inculcate the businessmen with ethics principles, to eradicate the false maxims that business is a game and to ensure that practice would concur with the business ethics' principles toward stakeholders and minority shareholders. Between an unethical conduct and an unlawful act there is only one step, and this step is very easy to cross, especially if the environment is favorable and if we feel excited by the flirtation with danger. Many businessmen are convinced that while they are winning nothing could happen to them. One could imagine himself at the court of Napoleon at the eve of the Russian campaign! They start to wrong individual stakeholders; they finish by wronging all the other stakeholders. They start with millions of dollars, they continue with tens or hundreds of millions of dollars. They start with unethical acts; they finish with unlawful acts. As ethics is at the fringe of the law, from the moment that we sacrifice the outposts, the capital becomes an open city.

"A responsive community is much more integrated than an aggregate of self-maximizing individuals; however, it is much less hierarchical and much less structured and 'socializing', than an authoritarian community... Individuals and community are both completely essential, and hence have the same fundamental standing... The individual and the community make each other and require each other... The I's need a We to be." (Etzioni, *The Moral Dimension*, p.8-9)

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