

# Pharmaceutical industry

Business



This essay investigates the literature available on socio-ethical factors considered in outsourcing the pharmaceutical industry. It establishes the industrial controversies that often lead to over-concentration on production at the expense of medical ethics. According to literature, the pharmaceutical industry is gradually changing from the traditional setup, whereby in house strategy was employed, all the products were built internally and all vital information and resources were tightly confined and not easily accessed by external individuals or third parties. This has changed overtime and many pharmaceutical firms have resolved to outsourcing due to many problems associated with internal production, such as exhaustion of resources and many products are getting off patents. Outsourcing allows the company to obtain products and services at cheaper costs without much investment; it minimizes risks and exposure of finance, allows for flexibility in production and aids small companies to establish in the market.

The company is, therefore, able to concentrate funds on their key competencies, it allows for risk sharing and products to move faster in the market. Pharmaceutical profits have been on the decline of late due to threats posed by generics, R&D process yields low productivity and approval of products are relatively expensive. Outsourced R&D expenditure has also been observed to increase annually, thus resulting in higher business prospects for research and manufacturing services (Emanuel, 2004). Outsourcing is, therefore, being implemented by this industry as part of its production strategy. However, there are some legal implications that must be taken into consideration before a company embarks on outsourcing.

Outsourcing arrangements usually include handling of other details of the company and employees.

This information can be sensitive in nature, for instance data on finance, medical background of individuals, benefits to employees and payroll. The activity may also be across the borders of a given country, and therefore, must subscribe to the legal frameworks of the receiving country (Merrill, 2004). Privacy law is a key regulation, when it comes to outsourcing; different countries, however, have their own approach and measures taken to uphold privacy. The European Union, for instance, has regulations that are meant to limit the processing or transfer of data personal in nature.

Processing of such information is also restricted, if such action may lead to actual harm to the individual.

Such laws often apply mostly to the area the data has been obtained and not where it is processed and hence more often it affects the pharmaceutical industry. For instance, Gramm-Leach-Bliley Privacy and safeguards Rules regulates data handling, even if the outsourcing is done by a foreign company (Marcia, 2004). Security of the information or product to be outsourced, must be diligently upheld and any unauthorized access to it be avoided. The company, therefore, must undertake all measures possible to ensure that the information does not spill over to third parties. Access control should be put in place whether it is within the country or across border; this further enhances the confidentiality and privacy of the information. Several laws expect the company to always ensure reasonable physical, administrative and physical safeguards.

This is, however, internationally expected of most outsourcing companies even in the absence of such laws in that particular country. This can be put down and implemented through contracts and thus incorporating the laws of contract. Public disclosures of security breaches are also required by law and individuals must be notified, if some sensitive information is required from them by a person who is not authorized by the pharmaceutical company (Emanuel, 2004). The vendor must also ensure that they live to the expectations of the pharmaceutical company and also be keen to provide the services or products as expected. They must also accomplish the representations made to any stakeholder by the pharmaceutical company as any breach would be considered a deceptive trade by law, which is unfair to the stakeholders.

Therefore, before a company decides to engage a vendor for outsourcing, they first have to consider the legalities that affect this activity in the country of origin and the country of the vendor. This is because the processing will depend on such state law and comply with its requirements and hence due diligence about legal systems must be complete. The companies, being mostly human labor driven also have ethical obligations; the law, therefore, ensures that ethics is upheld even though this might be internally (Merrill, 2004). Ethics and outsourcing has spurred wild debates and more often companies are left in dilemma and are forced to decide between loss of employment and saving on costs. The company also faces other problems like quality of the products, control and even the cultural differences. The working environment also changes due to different company ideologies and human resource management strategies.

The ethics of the vending company must also be analyzed before one decides to pick on a particular one as a partner. The following approaches can be used: Utilitarian ethical analysis and Kantian ethical analysis (Marcia, 2004). The utilitarian idea on ethics analysis is that an action is morally worth what it contributes to the overall wellbeing of the stakeholders or how they view its outcome. Therefore from this viewpoint, the vending company should provide services that will be accepted by the pharmaceutical company so that it is considered ethical. If they do not live up to the expectations of this company or the outcome of their service do not add any utility, then they are considered to be unethical (Emanuel, 2004). Immanuel Kant argued that moral duties were often largely categorical imperatives.

Moral duties, therefore, compelled individuals to undertake certain actions that are considered rational by the individual as they are able to make their own decisions. The Kantian analysis thus majorly depends on these facts and, therefore, an action done by an individual is judged according to what the individual intended to do and not the outcome. Outsourcing ethics can thus be analyzed using this approach; a company can thus choose to act morally or immorally as they have free will. When the actions of the vending company were to harm the pharmaceutical industry, then they can be considered as unethical and not by the outcome of their activities that could have been just good from a glance (Marcia, 2004). Social responsibility is a core initiative in every company, a company is, therefore, expected to undertake only those actions that they are convinced will not pose any danger to the stake holders. This also leads to a better relationship between

the company and the general public hence they are likely to record more sales.

In the pharmaceutical industry, social responsibility is an integral part, since the products are consumed directly by the clients and, therefore, due measure must be taken to ensure they are safe before release into the market. Social responsibility can be defined as the commitment of a given company to always act ethically and to contribute towards general economic growth of the area it is located and the community at large by raising the living standards and welfare of its workers and the society. The pharmaceutical company should, therefore, always strive to create a positive impact on the regions they are located in the course of their daily business. Though there are no specific intentions, the company should have its own unique objectives and laid down strategy so as to create the required impact (Merrill, 2004). Social responsibility, therefore, applies to outsourcing in the pharmaceutical industry since both the companies involved mostly rely on human labor as a primary asset. The workers involved are supposed to be as happy with their duties as possible so as to do it perfectly.

The outsourcing vendor should ensure that their workers are comfortable so that the clients job is done as required. Attrition can be expensive to any company and having to train new employees, what is often very costly. The company should thus be able to hold onto its employees by being socially responsible to ensure that they are not lured away by better companies. In outsourcing, the vendor must be careful not to lose its employees as this would compromise good relations with the client`s company (Emanuel, 2004). For a company to be successful in outsourcing it must have mastered <https://assignbuster.com/pharmaceutical-industry/>

well the good labor practices and, therefore, any new company has to follow suit or risk being kicked out of the market. Outsourcing in this industry is about building a good reputation to convince the clients that they can trust the company with the work.

This is often only possible when the company is socially responsible and ready to give the employees the rights they are supposed to be accorded. Outsourcing company that is not socially responsible in the pharmaceutical field won't have any interest to its partners, because no company will be interested to partner with it due to the critical need to be accurate in production of pharmaceutical products. The outsourcing companies should therefore be willing to make appropriate payments to its employees and build trusts around them. The salaries should, therefore, be high enough, paid on time and any complaint launched should be handled with due care (Marcia, 2004). Thus, the company should make the employees feel important and their services well appreciated. It should also take interest in their welfare and consider them as their asset.

This would make them willing to offer their services wholeheartedly. This would lead to superior and cost efficient production, which would encourage more companies to seek partnerships. The general community is also a vital stakeholder in a given outsourcing company. They make decisions regarding how acceptable the products of the company will be. Positive relationship with the community is always a plus to the company while a negative one always means trouble.

An outsourcing company that is not accepted by the surrounding community would mean that the community will decline to buy any product it produces and hence reduced sales to even its client and the partnership may not be renewed (Merrill, 2004). Outsourcing in the pharmaceutical industry should, therefore, be fully analyzed before one enters into any contract. The legality should be ascertained by both companies involved, the various regulations in each individual country involved that they have to adhere to and also the legal obligations they are required to fulfill. The companies have to be ethical and this can be analyzed using the Utilitarian and Kantian ethical analyses. The social responsibility of the vending company should also be taken into consideration before they are engaged (Marcia, 2004). In conclusion, therefore, outsourcing though very advantageous to both parties can pose various dilemma situations to be solved before one decides to partner.

This activity allows even small companies to be able to compete in the market due to its cheapness and little investment in assets required. In my opinion, I strongly support the activity since it creates employment and allows for development. However, due care should be taken and the vending company thoroughly scrutinized before making partnership. This would thus lead to more development and, therefore, a better living standard to the whole society.