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Evaluating the Ethical Climate of the Nigerian Pharmaceutical Industry in Enhancing Health Security

Peter Ositadinma Ndubuisi (PhD)
Department Of Entrepreneurship Studies, Chukwuemeka Odumegwu Ojukwu University Igbariam, Anambra State, Nigeria.
Email: petendubuisi@gmail.com, po.ndubuisi@coou.edu.ng

ABSTRACT

Firms engage several strategies to outwit each other and gain competitive edge. Often, the pursuit of primary objective of profit making has created situations where firms de-emphasize social responsibility issues. There appears to exist widespread unethical practices in individual and corporate existence. The focus of this work is to evaluate the ethical climate of the Nigerian business environment in a reference to the pharmaceutical industry. Secondary data were sourced and processed through content analysis. Findings show that fake and counterfeit drugs (product adulteration), drug smuggling, and self medication constitute the most common unethical practices in the industry. It is recommended among others that government should strictly regulate, strengthen and monitor regulatory and enforcement agencies so that they would be effective in enforcing ethical standards within the pharmaceutical industry in Nigeria.

Key Words: *Business Ethics, Business Environment, Regulatory Agencies, Pharmaceutical Industry, Health Security.*

INTRODUCTION

Business and indeed all economic activities are consciously designed, organized and systematic. They do not result from intuition or spur of the moment reactions. Every business organization has key primary objectives viz. profit making, survival, etc among many other secondary or subsidiary objectives.

In the pursuit of these objectives, a focal business organization impacts and is impacted by the environmental variables/elements. In spite of all the environmental constraints, every business organisation must remain socially responsible and pursue its defined objectives within acceptable norms and moral standards.

Adeoti, (2004) notes that the Nigerian business environment has been characterized by series of unethical misconducts that pervade across industry domains. Consumer health and safety is jeopardized while the nation appears to be losing billions of naira annually in revenue as a result of smuggling and other fraudulent individual and corporate practices.

The pharmaceutical industry, a microcosm of the Nigerian economy is replete with ethical breaches. Uzokwe (2013) lists sharp practices like product adulteration, product smuggling and unregistration as prominent ethical violations in the pharmaceutical industry. He is of the view that the industry is unholy sunk in the cesspool of the wider economy, and the feeble efforts made overtime to strengthen regulatory control appear inconsequential. There is the need to arrest the trend and systematically sanitize the industry in consideration of the fact that public health is key to integrated economic development.

There exists widespread unethical practices in the Nigerian business environment including the pharmaceutical industry. The situation portends great danger to the health of the consumers even as the regulatory/statutory agencies appear weak in the monitoring, supervision, and ensuring that firms adopt ethical standards in their corporate practices. Unfortunately, the government appears lethargic in strengthening regulatory agencies for the effective discharge of their duties. There is therefore a dire need to comprehensively evaluate the ethical climate of the Nigerian business environment with particular reference to the pharmaceutical industry, and proffer solutions in the interest of the consumers and the society in general, for enhanced health security.

Objectives of the Study

The major focus of the study is to evaluate the ethical climate of the Nigerian pharmaceutical industry, as predictive to enhanced health security. The specific objectives include to:

1. Assess the Nigerian pharmaceutical industry and establish the extent of unethical practices in existence.
2. Identify the challenges confronting the regulatory and enforcement agencies in their effort at sanitizing the pharmaceutical industry in Nigeria.
3. Establish the level of support being provided by the government to the relevant agencies in the pharmaceutical industry in Nigeria.

Research Scope

The researcher seeks to undertake a comprehensive assessment of the Nigerian pharmaceutical industry with the aim of unearthing the ethical misconducts that prevail within the market. Subsequently, the specific issues that will be investigated include: establishing the major unethical practices in the Nigerian pharmaceutical industry; determining the challenges confronting the regulatory and enforcement agencies in their efforts at sanitizing the pharmaceutical industry in Nigeria; ascertaining the support roles being provided by the government to the relevant agencies in the pharmaceutical industry in Nigeria. The various roles being played by industry stakeholders in the production, regulation and enforcement of standards in the industry predictive to the enhancement of the health security will be thoroughly appraised.

METHODOLOGY

The study adopted a qualitative research design and content analysis. Secondary data were sourced through opinion papers and library research. The study is predominantly predicated on exploring existing facts, ideas, opinions, perceptions and documented literature. Data sources were mostly books, newspapers, periodicals, journals and thus enhanced access to requisite information. Data that were available were processed in content analysis as to enable useful recommendations.

LITERATURE

Hornby (2000) defines ethics as a system of moral principles or rules of conduct. Wikipedia (2010) in relating business ethics (corporate ethics) defines it as a form of applied or professional ethics that examines ethical principles (morals) or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and business organizations.

The range and quantity of business ethical issues reflects the degree to which business is perceived to be at odds with non-economic social values. Historically, interest in business ethics accelerated dramatically during the 1980's and 1990's both within major corporations and within academia. Great attention on corporate ethics is focused on commitment to promoting non-economic social values such as social responsibility. In some cases, organizations have redefined their core values in the light of business ethical considerations.

Nature of Business

Ndubuisi (2005) defines business as an organized economic activity which generates goods and/or services for exchange transactions and for profit and societal well being. The emphasis is on legitimate commercial activities and which is systematically executed.

Nebeife (2002) defines it as economic ventures consciously designed to achieve commercial value while aiming at profit. The author further emphasizes that business activities are carried out for the benefit of individuals, firms and the society. Resulting from the above definitions, some salient points emerge:

(i) Businesses are organized and systematically planned. The starting point of any business activity is a feasibility analysis. This is a documented assessment of the economic and technological prospects of a proposed business.

(ii) Business activities must be legitimate economic activities. They must not be fraudulent or illegal. The activities must be lawful. This underscores the ethical dimension to business operations. Business must operate in responsiveness to individual, organizational and societal expectations. Social responsibility constraints business operations within acceptable social norms, morals and ethics, at the same time, brings into prominence due respect and diligence in environmental relationships.

(iii) Business activities create commercial goods and services. The emphasis here is on tangible goods and/or intangible services which are positioned for exchange consummation/transactions.

(iv) Ultimately, profit making remains the primary objective of business activities. Profit ensures business survival, growth and expansion and above all is a commensurate reward to the entrepreneur.

Ethical Issues in the Nigerian Business Environment

Nigeria has a dynamic business environment resulting from a vast population and abundance of human, natural and material resources. Business organizations engage in cut-throat competition in the pursuit of their various objectives. This has invariably created a scenario in which business organizations engage in a number of sharp practices and sometimes malpractices or outright fraudulent and unethical conducts. The doctrine of the end justifying the means is unfortunately expressed in the survival of the fittest tendencies of business organizations.

Nebeife (2002) documents the unwholesome unethical behaviour of firms in Nigerian to include:
Outright bribe, Dishonest advertising, unfair pricing, price discrimination, Nepotism or prejudice in hiring, Price collusion by competitors, Adulteration, Under measuring, Unfair credit practices, Overselling or undue profit, Contract violations, among other likes. Adeoti (2002) lists some of the prevalent corporate ethical violations in Nigeria as: Tax default, Fake and expired products, Poor working conditions, Wages and labour exploitation, Child labour, Casualization, Duping, a.k.a, Advance fee fraud.

Most authors opine that it is important to isolate the various stakeholders in the environment of business in order to adequately situate the extent to which these unethical behaviour are prevalent.

The Environment of Business

This can be seen as a composition of all the key variables or elements which mutually interact or impact with the focal business organisation. These elements exert mutual influences between them and the existing business organisation either singularly or jointly (Ndubuisi 2005).

Elements in the Environment

The environment of business is generally categorized into two; with the elements grouped accordingly. Ezeka (2014) identifies the categories in affirmation with the classical managerial literature as majorly internal and external environment:

(1) The Internal Environment: This comprises of those variables which primarily exist for the focal organisation and which relate directly with it. These include the employees, distributors, shareholders, customers, suppliers, etc.

(2) The External Environment: This includes those elements which related

indirectly and remotely with the focal organization, even though they impact significantly. In this category are: creditors, government, labour unions, competitors, the host community etc.

It is important to note that all these relevant elements and their impacts on the business organisation are usually influenced by the general economic, political, social, legal, technological, and ecological system

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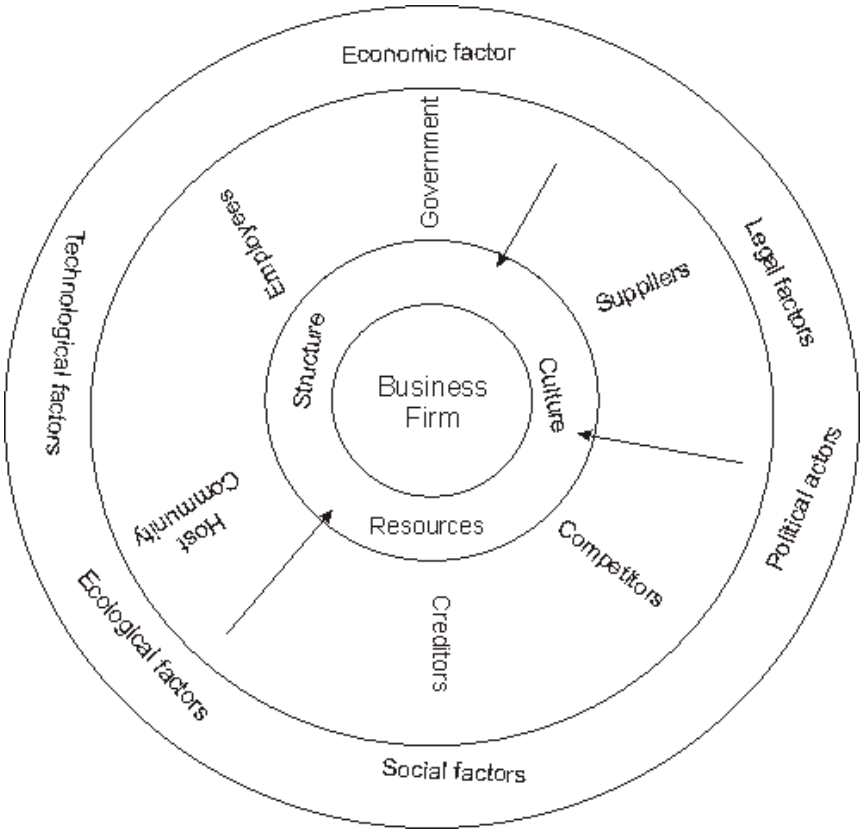


Figure 1: A graphic illustration of the business environment.
Source: Anugwom G.A. (2007) Entrepreneurship in Nigeria: Principles and Practices (2nd ed), Enugu, Rhyce Kerex Publishers.

Pharmaceutical Industry and Health Security

This is the aggregation of all major and minor players in the export/import, manufacturing, supplies, wholesale, retail in the drug business or subsector. Major driving force in the Nigerian pharmaceutical market is the Nigerian government endeavour to tackle the existence of counterfeit drug and drastically reduce medical tourism out of the country. In addition, there is the overly ambitious goal of re-launching the National HIV vaccine plan. Ogunyemi (2015) argues that there is the exigency to address fundamental issues in the Health care sector comprehensively. He sees Health security as the accessibility and affordability to quality pharmaceutical and medical attention by citizens and inhabitants of the country. This will improve quality of life and increase life expectancy.

Key Market Players

The Nigerian pharmaceuticals market outlook (2012) documents the major players in the industry following in-depth market assessment of industry experts. The report covers the

competitive landscape and current position of major players in the Nigerian pharmaceutical market. Indices captured in the report include Porters Five Force Model, SWOT Analysis, Company profiling, Business Strategies of market players, and their business models. It also considers and incorporates value chain analysis to understand the cost differentiation to provide competitive advantage to the existing and new entry players. Some of the major companies identified as key players in the market include. Sun Pharma, Cipla, Candila Glenmark, Glaxo Smithkline, Abbot Nigeria, Blocon, Jubilant life, Sanof, Elys, Pfizer, Cosmos, Bayer, Emzor, Fidson, Dawa, Regal, Lab and Allied, Roche, Astra Zeneca, Merck etc.

Prevalence of Ethical Violations

A major unethical corporate practice in Nigeria is the issue of fake, adulterated or sub-standard products in the Nigerian market. Iba et al (2010) reports that the high volume of counterfeit and substandard products in the domestic market was a threat to the nation's economy. It was estimated that 55% of imported products are fake and substandard. Likewise, the report added that an estimated N150 billion is lost annually to fake or counterfeit goods in terms of loss of tax revenue to government, income to local manufacturers, and employment generation to Nigerians.

Unfortunately, counterfeit and piracy has spread across industries from the pharmaceuticals to textiles, beverages, ceramics, electrical/electronics, publishing, music, motor parts, home videos etc. However of great concern is the preponderance of these ethical violations in the pharmaceutical industry, the hub of the nation health security.

In a report commissioned by the pharmaceutical industry experts in 2017, the major challenge in Nigeria pharmaceutical market is poor infrastructure, counterfeit drugs, a brain drain of health professionals and inadequate funding of the public health system. Ogunlade (2014) observes that these recurring constraints have negatively impacted on the quality of pharmaceutical infrastructure and overall health service delivery. He further stressed that owing to poor social and economic infrastructure and recalcitrant regulatory enforcement of local content initiatives, licensing rights have been fragrantly violated and undermined. There is the compromised quality in products manufactured by local firms under licensing arrangements. Piracy is wide spread resulting in counterfeiting, sub-standard drugs, and related products.

In the pharmaceuticals, the National Agency for Food and drug Administration and Control (NAFDAC) a body established in 1993 as a regulatory agency in the sub-sector, in 2001 carried a baseline study to ascertain the level of incidence of fake drugs in the Nigerians market. The first phase of the baseline study by the agency in six major drug markets across the country in early 2002, revealed that 67.95% of drugs were fake and unregistered by NAFDAC in Nigeria. A report of the study in 2003 and 2004, however, revealed a 67% and 80% reduction respectively. Subsequently, similar studies have been carried out progressively. Arinola et al (2017) report that the prevalence of fake and adulterated drugs in the Nigerian market is 49%. Recent studies have revealed a drug counterfeit prevalence rate of between 40-50%. Arinola leading a health care providers team, attributes the high rate of fake drugs as being motivated by potentially huge profits. Counterfeiters usually operate in unauthorized settings within the international networks and with the intention of hiding their identities: As a result, measures adopted by law enforcement agencies, nationally and internationally appear insignificant in arresting the malady.

In close alignment to the menace of fake and counterfeiting of pharmaceutical product is the incidence of smuggling and illegal importation of products, mainly from Eastern nations especially India and China. Ogbonnaya (2021) reports that most prime pharmaceutical products in the Nigerian market are counterfeited or rebranded in eastern countries and smuggled into the Nigerian market. For instance, manufacturers in India have rebranded the opioid Tramadol to Tafrodol in connivance with unpatriotic Nigeria business persons. This makes it easier for them to evade detection by custom officials at Nigerian ports and borders. Tafrodol, a deadly medication contains two ingredients

that should not be combined and that can cause respiratory infection and even death. Lagos is the major market for Tramadol and it is smuggled through Cotonou in Benin Republic and subsequently distributed to other major locations especially Edo and Kano.

Yakasi (2020) discloses that rebranding some of the popular used drugs including Tramadol was owing to a criminal collaboration between some pharmaceutical companies in Asia especially India and criminal allies in Nigeria to promote illegal pharmaceutical business for illicit gains. This is also seen as a response to the crack downs by regulatory agencies on Tramadol tablets since 2018. In November, 2018, 581 million tablets of Tramadol worth over N241 million and weighing about 118 metric tons were seized in Lagos by the National Drug Law Enforcement Agency (NDLEA). Similarly, in June 2020, there was a seizure in Kaduna of 379 packs of Tramadol worth over N56 million by the Nigerian customs.

Abubakar (2020) observes that concealment, rebranding and smuggling persists owing to gargantuan public sector corruption, including porosity of ports and borders, compromised regulatory and law enforcement officials, who are offered and who receive bribes, black mailing, threats and possible assassination of government officials who have shunned connivance, poor equipments and motivation of personal in regulatory and enforcement agencies. He is of the opinion that the continued illicit trade in the pharmaceutical industry which is a ferocious assault on our collective Health security, despite government restrictions, provokes negative commentary on the adequacy, capacity and integrity of regulatory institutions.

In his assessment of the cumulative damages to the nation of the dual evil of substandard pharmaceuticals and unwholesome importation, Okonkwo (2018) concludes that patronizing substandard drugs constitutes grave health risk and portends maximum life fatality, so much as unmitigated smuggling and importation is the fastest route to economic distress. He is of the opinion that the government, especially at the Federal level, appears lethargic in ensuring that existing laws are enforced strictly. The National Assembly is obviously in dereliction of its oversight functions in the industry. There is, obvious misappropriation of funds usually budgeted to actualize efficient and effective reforms in the industry.

In their analysis of major ethical breaches in the pharmaceutical Industry in Nigeria, Arikpo and Eja (2010) observe that self medication is highly prevalent among all communities. They opined that this practice is obtained across the globe, but most common in developing countries, and reported 99.4% prevalence rate among Nigerians. This buttresses the earlier research finding of Afolabi (2008) showing 95% prevalence rate in the country. The World Health organisation defined self medication as "the selection and use of medicines by individuals (or a member of the individual' family) to treat self recognized or self-diagnosed conditions or symptoms (Pankej, et al, 2012m Aqeel et al 2014, Eticha and Mesfin, 2014). Thus, it is the self treatment of common health issues with pharmaceuticals, particularly planned/designed and labeled for use without medical supervision and endorsed as protective and effective for such use.

Gupta et al (2011), Kumari et al (2012) list common reasons for self medication to include: socio-cultural belief, long delays in health centers, bureaucratic bottlenecks, relatively high cost of hospital treatment, pre-existing treatment experience, illnesses considered minor, easy availability of over the counter drugs, non availability of essential drugs in most public hospitals, ignorance, poverty, non availability of health facilities, etc.

Unfortunately, this unholy practice portends grave costs and consequences, and Burton (2012) notes that though self medication offer temporary relief of illness, permanent and enduring cure is a mirage. Relapses usually occur with recurring or aggravated symptoms. There is the dilemma of under or over dosage and the concomitant problems of treatment failure and the development of drug resistant strains (Kalyan, Sudhakar, et al, 2013) particularly in developing countries. Self

medication can result in drug addiction, delay in care seeking/sickness recovery, damage to vital body organs such as liver, failure to recognize or self diagnose contra-indications, and several other adverse effects.

CONCLUSIONS

It is obvious that in the Nigerian pharmaceutical industry, fake and counterfeit (product adulteration) product smuggling, and self medication constitute the most prominent unethical misconducts. The regulatory bodies and enforcement agencies like National Agency for Food and Drug Administration and Control (NAFDAC), Consumer Protection Council (CPC), Standard Organisation of Nigeria (SON) and the Nigerian Customs Service (NCS) are seemingly ineffective in sanitizing the pharmaceutical industry. The major challenges facing them include obsolete working equipments, poor motivation, poor coordination among relevant sister agencies, the lure of public sector corruption, poor funding, threats and insecurity, etc. There is seeming lack of will power of Government in overseeing the activities of the regulatory and enforcement agencies in the industry. There is poor oversight functions by the National Assembly.

The wide prevalence of unethical practices across industries in Nigeria especially the pharmaceutical industry is unacceptable considering the fact that it has continued to pose a major threat to the health and life of the consumer. Appropriate corporate behaviour must incorporate integrated response to profit instincts with a good measure of social responsibility. Business exists for both individual and corporate survival, as well as for societal well being. It is imperative to strictly pursue measures that will enhance attainment of nation's health security.

The following research recommendations have been itemized.

1. Government should ensure that the various relevant regulatory agencies: the Nigerian Customs Service (NCS), National Agency for Food and Drug Administration and Control (NAFDAC), Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices Commission (ICPC), Code of Conduct Bureau (CCB), Standards Organization of Nigeria (SON), etc, are manned by qualified, experienced, credible and reputable individuals, and should be impressed to enforce appropriate sanctions on defaulters (individuals and firms) who engage in unethical practices using relevant laws. Drug shops, sales outlets and pharmaceutical stores that dispense medications without valid prescriptions should be sanctioned in line with existing laws.
2. Formulation and implementation of appropriate polices, e.g. import restrictions, standardization, and inspections, thus ensuring that the entry points of the country are not porous as to ensure that only original drugs are imported, and smuggling and other illegal across the border activities hindered.
3. Government should continuously strengthen the regulatory and supervisory agencies within every industrial domain, especially the pharmaceutical sector. This is possible through adequate funding and monitoring by the host ministries or special units set up for such purposes, and through the oversight of the legislature.

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