

The Business *Enterprise Trust*

Date: 26/01/2018

*Ethics and Regulations of International
Business :*

*GMS 802-021
LEC (8447)*

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Basic Facts

It is an indisputable fact that the existence of pharmaceutical companies have saved countless of lives from the time of their Inception. Although, it is the research conducted by the brilliant scientists of today that makes the pharmaceutical production of revolutionary medicine possible. For an effective drug to be created, pharmaceutical companies must take into consideration the time, money, and effort that must be invested into the process of creating the effective new drug. If the investment in a new drug is deemed to be unprofitable then the pharmaceutical company would most likely have no intention to forgo production, regardless of the necessity of the drug. A drug may be deemed unprofitable if the results of the market research conveys that the price of the new drug is far too expensive to afford for a large majority of people. The pharmaceutical company Merck & Co., Inc have experienced this exact ethical scenario in the Business Trust Enterprise case. In 1978, the head of Merck research labs, Dr. P. Roy Vagelos, received a memorandum from Dr William C. Campbell who was a senior researcher in parasitology, Dr William C. Campbell had reported that the new antiparasitic compound “Ivermectin” could be a potential cure for “River Blindness” (*Onchocerciasis*). “River Blindness” is caused by a parasitic worm that is carried by a tiny black fly that breeds near rivers. When a human gets bit by the tiny black fly, the larvae of a parasitic worm enters the victims body, theses worms then use the human as a host for nourishment until they grow into adulthood and reproduce to create millions of offspring known as microfilariae. Microfilariae then invades the tissue of the body, causing itching so severe that people committed suicide for relief. The microfilariae would cause lesions and depigmentation of the skin and would eventually invade the eyes of the host resulting in blindness. The World health Organization (WHO) approximated that in 1978, 340,000 people

were blinded by *Onchocerciasis* and 18 million people harboured the parasite. The flies had caused people to abandon the fertile lands used for farming near the rivers where they resided, resulting in food shortages and greater difficulty for people who were already poor. The symptoms of *Onchocerciasis* was so common that the children of these communities believed blindness and severe itching were just a natural part of life! Given all of the terrible consequences that the parasite causes, and the amount of people it affected, a proposal for a potential cure should have been very exciting news to Dr. P. Roy Vagelos as it would have been an opportunity to improve corporate image by alleviating a horrifying and prevalent disease. However, Dr. P. Roy Vagelos knew that Merck would have to invest millions of dollars to develop a formula that can be applied to humans and then to run field trials to prove this formula. Even if the tests determined that the formula was effective on humans, Merck would lose millions of dollars on their investment as the people that are affected by *Onchocerciasis* are generally poor and cannot afford the medicine. This brought Dr. P. Roy Vagelos to an ethical dilemma, either develop Ivermectin as a medicine for a substantial amount of capital with hardly any monetary gain or refuse to create the medicine and let thousands of people suffer!

Ethical Issues

Company: Merck & Co., Inc would lose millions of dollars if they decided to invest in Ivermectin as a medicine that can combat *Onchocerciasis*. The success of a Pharmaceutical company is based on R&D strength. It takes an average of 12 years and \$200 million dollars to bring a drug to market, millions in lost profit for the expensive development of a drug that people cannot afford means that there is less capital for available for R&D, this can cause significant harm to the future operations and development of Merck & Co., Inc

Investor: Investors only want to fund companies that can continually make them a profit through the successful operations of their business. If Merck & Co., Inc decided on creating a drug that would potentially lose them millions of dollars, the investors that have capital in the business would lose the value of their money.

Employees: The researchers of Ivermectin, who would have spent countless of hours developing the drug for human use would ultimately have all of their efforts backfire on themselves. People work to be financially stable and earn an income, the work of all the researchers who created a drug that would result in a huge loss in investment and profits can potentially render a loss in their personal income because of the decrease in available compensation Merck is able to pay due to the loss in investment and profit.

Society: Society would greatly benefit if Merck decided to develop the antiparasitic drug. Children can live better lives and have more opportunities to contribute positively to society and even the entire world as they can live through *Onchocerciasis*. The overall lifespan of a population that are at risk to be affected also increases, giving society a better longevity of workers and producers.

Alternatives

As a business professional, I would never advise Merck & Co., Inc to invest in a drug that has so many uncertainties and risk involved. Especially considering the tremendous amount of capital investment that is needed to produce a drug that will only return immense losses and create negative ramifications for numerous parties involved. Instead of actually developing a drug that can combat *Onchocerciasis*, Merck & Co., Inc could avoid negative feedbacks by

donating generous amounts of money to those affected by the parasite, a billion dollar pharmaceutical company should not have any problem in providing aid. Merck & Co., Inc could also collaborate with the Onchocerciasis control program that is administered by the WHO to arrive at a solution that can eradicate *Onchocerciasis* once and for all!

References

Wicks, A. C. (2010). *Business ethics: a managerial approach*. Upper Saddle River, NJ: Prentice Hall.