



## **Effect on Company Reputation on Drug Pricing Intent in India**

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### **ABSTRACT:**

Access to affordable essential medicines is a critical issue for global health. The purpose of this study is to examine issues related to access and cost of medicines and find solutions to address these problems. This article discusses factors that contribute to high drug prices, including research and development costs, intellectual property rights, and business benefits. It also examines the impact of high drug prices on patient outcomes, healthcare, and society at large. In addition, this document describes various programs or strategies and policies used to increase the affordability and availability of medicines, such as pharmaceutical competition, price transparency, international price and government intervention, where symbols are defined as additional costs. Costs used in cost of goods sold to cover labour costs, shipping costs product and results. Therefore, the rules used in the distribution of the drug will include wholesale and retail sales rules and increase the price and payment of the drug. These include drug interactions, legal and regulatory implications, and out-of-pocket costs. This study investigates the impact of Company reputation on drug prices in the Indian pharmaceutical industry. With growing concerns about the availability and affordability of essential medicines, it is important to understand the factors that influence drug pricing decisions. Through a comprehensive analysis, this study focuses on the relationship between a company's reputation and its value strategy and shows its ethical and business implications. Insights from this study can be shared with policy makers, regulators and industry stakeholders to ensure greater transparency and efficiency in India. This study aims to understand how reputation influences pricing decisions and perceptions in Indian pharmacies. The results of this study can inform business practices, regulatory policies, and public debates in India, ultimately helping to promote fair pricing and improve health.

**Keywords:** Research & Development cost, Intellectual property rights, Price transparency.

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### **INTRODUCTION:**

The pharmaceutical industry is a public and private organization that discovers, develops and produces medicines and pharmaceuticals (pharmaceutical products). The Current Era of the Pharmaceutical Industry - Isolation and purification of chemical compounds, drug synthesis and computer-aided drug design are thought to have begun in the 19th century, after thousands of years of intuition and trial and error. People believe that plants, animals, and minerals have medicinal properties. In the 20th century, the integration of research in fields such as chemistry and physiology increased understanding of the important drug discovery process. Identifying new drug targets, obtaining approval from government agencies, and improving drug discovery and technology development are challenges facing the pharmaceutical industry today. The continuous development and advancement of the pharmaceutical industry is essential for the control and elimination of diseases worldwide. When there are growing concerns about easy access and affordability of essential medicines, the pricing strategies adopted by pharmaceutical companies play an important role. However, beyond financial concerns, the reputation of these companies has become an important element of customer trust and management approach. This study aims to investigate the complex relationship between corporate reputation and drug price perception in Indian pharmaceuticals. By examining this negative interaction in depth, we aim to provide a better understanding of the ethical and economic factors affecting business decisions. Understanding these factors is crucial to sustaining a pharmaceutical field that balances economic and health benefits. The company's reputation is the main source that leads to customer demand, investor confidence and management attention. Reputation in the pharmaceutical industry includes not only the quality and performance of the products but also the organization's ethical considerations such as fair pricing and accountability. Since India is an important part of the global pharmaceutical industry characterized by intense competition and regulations, it must be understood that how the cost is determined affects the reputation of the company. Drug prices in India are affected by many factors including government regulations, market conditions and competitive environment. However, the pharmaceutical company's reputation can have an impact on the quality of the price. A good reputation based on factors such as transparency, ethics and commitment to social welfare can give companies more flexibility in pricing decisions.

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### **LITERATURE REVIEW:**

- 1) **Roy and Gupta, et al.(2018)** The Indian Pharmaceutical industry has undergone significant transformation, from the implementation of the Drug Price Control Order (DPCO) to the emergence of generic drug manufacturing hubs. Studies by highlight the complexities of drug pricing regulation and their implication on market dynamics and company behaviour.

2) **Jian and Singh, et al (2019)** Emphasize the importance of company reputation in shaping pricing strategies. Companies with a strong reputation for ethical practice and social responsibility are more likely to adopt transparent and socially – Conscious policies, fostering trust among consumer and stakeholders.

3) **Mitra and Chakraborty, et al. (2019)** CSR initiatives have gained prominence in the pharmaceutical sector, with companies investing in healthcare infrastructure, research, and community outreach programs. Argue that CSR activities positively impact company reputation, potentially influencing drug pricing intent by aligning with societal expectations and demonstrating commitment to public health.

4) **Mishra et al.(2020)** The regulatory landscape in India, governed by bodies like the national pharmaceutical pricing. Authority (NPPA), Influence companies pricing decision. discuss hoe regulatory pressures and pricing controls impact companies pricing strategies, often prompting them to balance profitability with compliance and social expectation.

5) **Gupta and Jain, et al. (2021)** A positive company reputation not only influences pricing decisions but also affects consumer perceptions and brand loyalty. suggest that consumers are more willing to pay premium prices for drugs manufactured by reputable companies, perceiving them as safer and more effective, thus highlighting the importance of reputation management in pricing strategies.

6) **Gupta and Dhingra (2019) and Mohanty and Sarangi (2017)** Various factors influencing drug pricing strategies in India. These factors include production costs, regulatory frameworks, and market dynamics. However, research specifically addressing the influence of company reputation on pricing intent is limited.

7) **Thomas & Grobler, (2020)** The importance of corporate reputation in business success has been well-documented A positive reputation can enhance brand loyalty, attract investors, and mitigate risks. However, there is a dearth of research exploring how reputation impacts pricing decisions in the pharmaceutical industry.

8) **Khan & Jamshed, (2016)** Ethical concerns surrounding drug pricing practices have garnered significant attention globally. Pharmaceutical companies are increasingly under scrutiny for their pricing strategies, particularly concerning essential medicines. Maintaining a positive reputation is essential for companies to navigate these ethical challenges.

9) **Gupta & Dhingra, (2019)** Government regulations, such as those enforced by the National Pharmaceutical Pricing Authority (NPPA), significantly influence drug pricing policies in India. However, the interplay between company reputation and pricing intent within the regulatory framework remains underexplored.

10) **Srivastava & Ray, (2017)** The pharmaceutical market in India is characterized by intense competition among domestic and multinational companies. Company reputation can serve as a competitive advantage, influencing consumer preferences and purchasing decisions.

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## PROBLEM STATEMENT:

The main problem of this study is to examine how the reputation of pharmaceutical companies operating in India affects drug prices and decisions. Relationship between reputation management and cost leadership in Indian medicine market. By exploring the attitudes, behaviour and decision-making processes of key stakeholders, including pharmaceutical companies, regulators, healthcare providers, and consumers, this study seeks to elucidate the complex interplay between reputation, market dynamics, and pricing strategies. Ultimately, the findings of this research aim to inform policy discussions, industry practices, and regulatory frameworks, thereby contributing to the promotion of fair and transparent drug pricing practices and the enhancement of healthcare accessibility in India.

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## OBJECTIVE OF STUDY:

- 1.To analyse the relationship between drug pricing strategies of pharmaceutical companies and their reputation in the Indian market by examining regulatory frameworks, price transparency and consumer sentiment.
2. Investigate the impact of fairness perceptions of pharmaceutical prices in India on public perception of pharmaceutical companies by examining factors such as affordability, availability, and ethical considerations.
- 3.To evaluate the effectiveness of communication strategies adopted by pharmaceutical companies in reducing negative perceptions and maintaining trust during drug pricing controversies in India.
- 4.Check out best practices and recommendations to help pharmaceutical companies maintain a good reputation as you navigate India's drug pricing regulations and good business practices.

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## RESEARCH METHODOLOGY:

The research for this study used a mixed methods approach, combining quantitative and qualitative methods to collect data on drug price increases and improvement strategies. This study aims to better understand the factors affecting drug prices and access to medicine by using primary and secondary

data. The study design is generally descriptive and focuses on identifying current factors, trends, and relationships related to drug costs and access. In addition, the suggestions resulting from the evaluation will ensure that the analysis is more useful by providing negative feedback from stakeholders.

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## RESEARCH DESIGN:

This is the whole plan or structure of the research. It involves decision on the type of research (descriptive, qualitative, quantitative), data collection methods, and research duration.

## SOURCES OF DATA:

sources of data in research can be categorized as:

- Primary sources (data collected directly by researchers)
- Secondary sources (existing data from publications, reports, databases, etc.)
- Tertiary sources (summaries and compilations of data)
- Administrative data (records from institutions)
- Online and digital sources (including social media and websites)
- Specialized data types like sensor and geospatial data, and personal documents

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## DATA COLLECTION METHOD:

**1.SURVEY:** An appropriate survey will be sent electronically to a broad group of participants, including physicians, patients, policy makers, and group commentators. The survey will include closed-ended questions to collect comprehensive information to understand drug price increases, access barriers and improvement strategies.

**2.INTERVIEWS:** In-depth interviews will be conducted with a good sample of stakeholders based on their expertise and involvement in drug cost and access issues. Semi-structured interviews enable open discussion by allowing participants to share their insights, experiences, and suggestions in their own words.

**3.ANALYSIS OF SECONDARY DATA:** Analysis and analysis of existing data, research articles and government publications will be conducted to support relevant information. Secondary data analysis involves combining data from multiple sources to identify major themes, patterns, and inconsistencies in the data.

Data collection methods include both primary and secondary. surveys, interviews, observations and archival research etc.

## POPULATION AND SAMPLING TECHNIQUE:

**1. POPULATION:** The target audience for this study includes physicians, policymakers, patients, advocacy groups, and other stakeholders concerned with drug costs and access. Population: The population for this study includes physicians, policymakers, patients, diverse groups, and other stakeholders in drug costs and access.

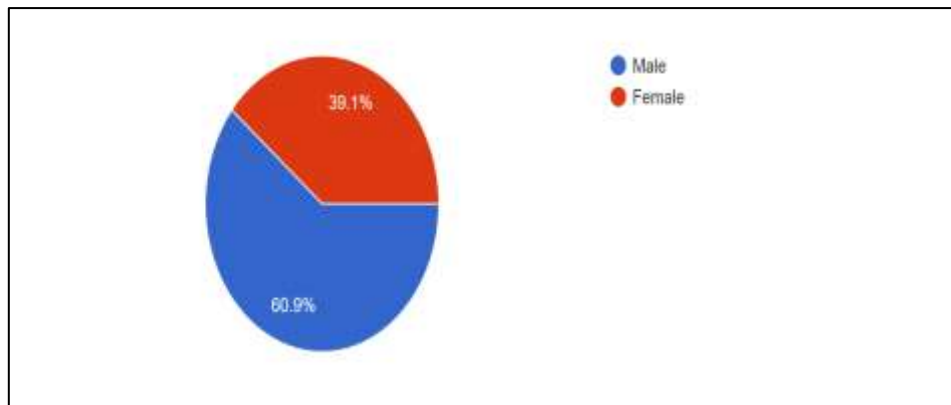
**2. SAMPLING FRAME – 200**

**3. SAMPLING TECHNIQUES:** Random Sampling involves selecting a group of individuals or items from a larger group. The choice of sampling design (e.g., random sampling) affects the generality of the study.

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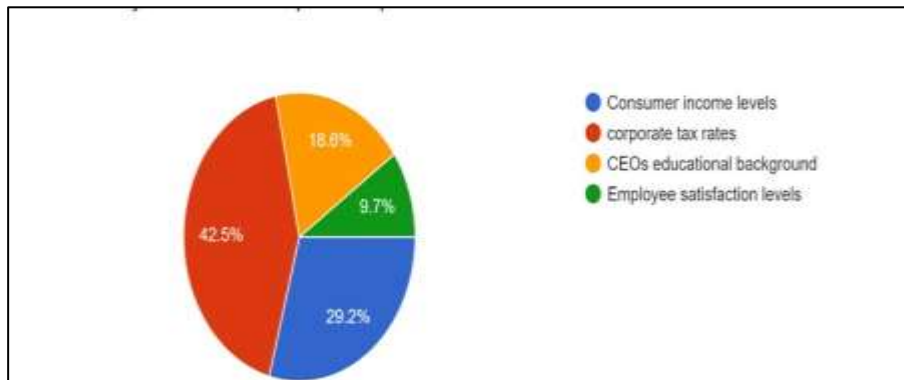
## DATA ANALYSIS:

The researcher uses statistical analysis to analyse the collected data depending on the research design and type of data. This may include.

**1. Gender**

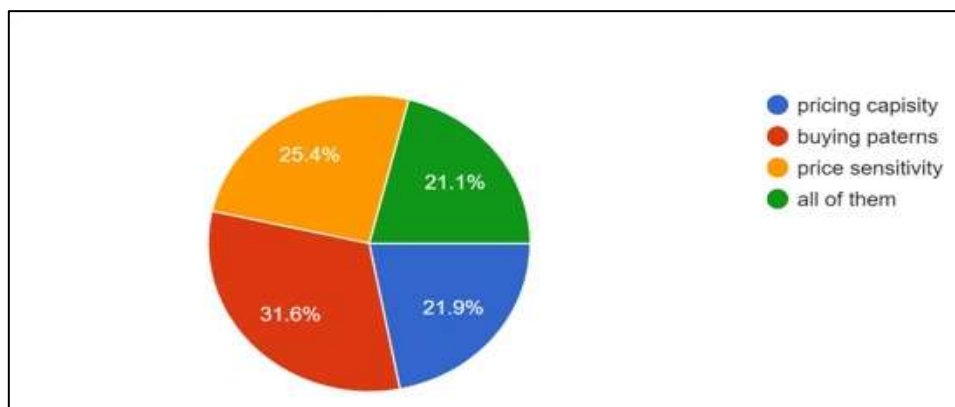
INTERPRETATION: The data Indicates that 60.9% are male and 39.1% are female.

**2. Which of the following is an optional variable that could influence drug pricing intent in India but is not directly related to a companies reputation?**



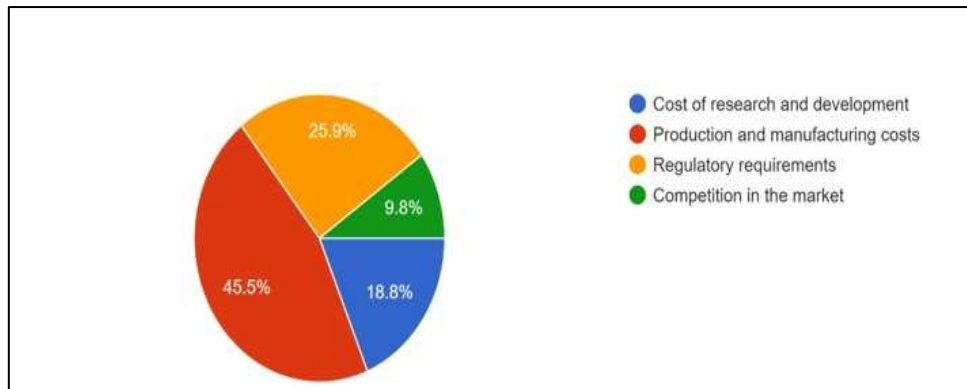
INTERPRETATION: Optional variable influence drug pricing intent in India but is not directly related to a companies reputation are maximum 42.5% responses indicates corporate tax rates, 29.2% responses indicates consumer income levels, 18.6% responses indicates CEO,S educational background, minimum 9.7% responses indicates employee satisfaction levels.

**3. What are the factor affecting the pricing policy?**



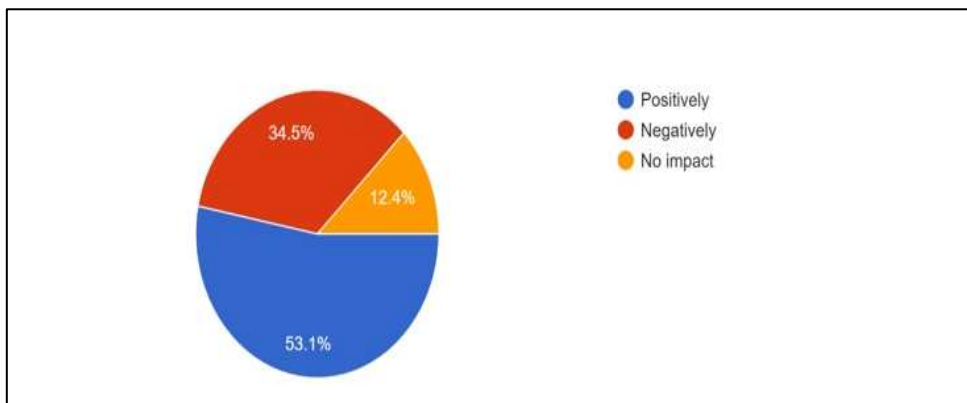
INTERPRETATION: Factors affecting the pricing policy are maximum 31.6% responses indicates buying patterns, 25.4% responses indicates price sensitivity, 21.9% responses indicates price capacity, minimum 21.1% responses indicates all of them.

**4. What factors do you believe influence pharmaceutical companies in determining drug prices in India?**



INTERPRETATION - Factors influence pharmaceutical companies in determining drug prices in India are maximum 45.5 % responses indicates production and manufacturing costs, 25.9% responses indicates regulatory requirements, 18.8% responses indicates cost of research and development, minimum 9.8% responses indicates competition in market.

**5. In your opinion, how does a pharmaceutical company's reputation affect its drug pricing decisions?**



INTERPRETATION: Pharmaceutical company's reputation affect its drug pricing decisions maximum 53.1% responses indicates positively, 34.5% responses indicates negatively, minimum 12.4% responses indicates no impact.

**FINDINGS AND DISCUSSION:**

Questions	Accepted /Rejected
1 Does a pharmaceutical companies reputation in India influence its drug pricing strategies.	Accepted
2 Which of the following is an optional variable that could influence drug pricing intent in India but is not directly related to a companies reputation.	Accepted
3 Can government interventions influence drug pricing strategies in India.	Accepted
4 Some factor are the affecting the pricing policy.	Accepted
5 Some factors do you believe influence pharmaceutical companies in determining drug prices in India.	Accepted

The results of this study show that there is a relationship between the company's reputation and drug prices in Indian pharmacy. Companies with a reputation for ethics and social responsibility are likely to use transparent and fair pricing strategies. For example, companies whose reputation has been damaged or found to have acted unlawfully may use aggressive pricing strategies to take advantage of market conditions before or without making a payment decision.

These findings have implications for pharmaceutical companies and policymakers. From a business perspective, building a good reputation through responsible business practices can provide a competitive advantage by increasing a business's trust and recognition. For example, companies that prioritize short-term profits over long-term reputation risk customer dissatisfaction and face regulatory challenges that could undermine their profitability.

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**CONCLUSION:**

In conclusion, the relationship between company reputation and drug pricing intent in India is a multifaceted and evolving phenomenon with far-reaching implications for stakeholders across the healthcare ecosystem. By elucidating this relationship, this study aims to contribute to a deeper understanding of the factors shaping drug pricing dynamics in India and inform strategies aimed at promoting equitable access to essential medicines while ensuring the sustainability and integrity of the pharmaceutical industry.

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