DOING THINGS RIGHT OR DOING THE RIGHT THINGS?

A QUALITATIVE EXPLORATION OF ETHICAL CULTURE AND ORGANIZATIONAL DECISION-MAKING IN THE PHARMACEUTICAL INDUSTRY

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Doing things right or doing the right things?

Abstract:

This thesis investigates the influence of Ethical Organizational Culture (EOC) on Interdepartmental Decision-Making (IDM) through a qualitative case-study of a Swedish pharmaceutical company. Through a qualitative case study, which employs the Ethical Corporate Culture (ECC) model and the Bounded-Rationality decision-making model, the research highlights the complexities faced by pharmaceutical companies at the intersection of ethics and business. The study focuses on how different departments perceive ethics and how this impacts interdepartmental decision-making. The findings reveal differing ethical subcultures within the organization, which correspond to 'quality' and 'business' orientations of departments. The quality subculture emphasizes regulatory compliance and risk aversion, whereas the business subculture focuses on market responsiveness and accessibility. This dichotomy hinders alignment with regards to what constitutes a satisfactory decision, which ultimately causes inefficiencies in IDM. Yet, top management was found to mediate and bridge the subcultures in IDM processes. This study contributes to an improved understanding of the IDM process in pharmaceutical companies.

Keywords:

Ethical Organizational Culture (EOC), Interdepartmental Decision-Making (IDM), Pharmaceutical Industry, Bounded-Rationality decision-making, Ethical Subcultures

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1. Introduction

1.1. Background

Pharmaceutical companies operate at the complex “intersection of economics, pharmacology, ethics, clinical practice, and philosophy” (Avorn, 2005). They must balance the need for business success – to fund research and product development – with the ethical requirement to positively influence patient health (Lamattina et al., 2022). Ethical dilemmas are found in a wide range of operations and departments – and carry implications for both public health and company integrity (Santoro & Gorrie, 2005). Therefore, pharmaceutical companies experience a unique need to balance ethics and business (Akhmaddhian et al., 2021).

The recent Covid-19 pandemic exemplifies this dilemma. The rapid development and distribution of vaccines can be considered an ethical feat. Yet, the urgency to develop a vaccine had to be balanced with the need to uphold safety and efficacy standards (Grady et al., 2020). This dilemma related to all operational divisions of the pharmaceutical companies working to develop vaccines, and thus entailed joint-departemental decision-making (Iverson, 2021).

This thesis is conducted through a case study of a pharmaceutical company in Sweden. By utilizing the Ethical Organizational Culture (EOC) theory and the Bounded-Rationality Decision-Making Model, it explores how the perceptions of ethical culture influence interdepartmental decision-making (IDM). As such, this study aims to shed light on joint-departmental decision-making processes in the pharmaceutical industry.

1.2. Aim and research question

This thesis aims to investigate the influence of perceived EOC on IDM. In doing so, this thesis will contribute to the field of organizational decision-making. The research hopes to provide insights which can be used to suggest improvements in departmental collaboration in the decision-making process.

The perceived existence of EOCs are studied through the Ethical Corporate Culture theory. Moreover, these will be analyzed in relation to their influence on the

Bounded-Rationality organizational decision-making model, to ultimately provide insights on IDM.

Through a qualitative study, this thesis aims to answer the research question:

> *How do perceptions of ethical culture influence interdepartmental decision-making?*

1.3 Delimitation

This research is conducted as a case study of one company in the pharmaceutical industry. A case study is utilized as the research approach in this thesis as it allows for a detailed study of the company's organizational culture (Johansson, 2007). Although it is beneficial to include multiple techniques of data collection to minimize the effect of bias in a case study, only data from semi-structured interviews were collected due to time limitations and the subjective nature of the research topic.

It should also be clarified that this thesis does not intend to explore whether the interviewed participants or the researched company are ethical. Given the complicated nature of ethics and the subjectivist ideological stance of the researchers, ethics is neither defined nor considered as a prescriptive concept. Rather, ethics is researched and understood through the plethora of perspectives on it as provided by the interviewees.

In this essay, decisions are delimited to interdepartmental decisions. These are decisions which include members from multiple departments within the organization.

1.4 Knowledge Gap

Pharmaceutical companies necessitate a variety of departments in their operations, such as research and development, quality, and sales (Achilladelis & Antonakis, 2001). Given the widely differing sets of expertise in departments, yet a shared organizational goal, numerous studies have been done on IDM (Dutton, 1967; Dutton, 1971).

The pharmaceutical industry is strongly intertwined in ethical dilemmas due to its interconnection with human life (Santoro & Gorrie, 2005). Furthermore, there are many cases when ethics of pharmaceutical companies have been questionable, which has resulted in numerous studies on ethics in pharmaceuticals has been conducted within a variety of managerial fields (Gray, 2013). Previous research on ethical cultures have

suggested a relationship between ethical culture and operational aspects within organizations (Chadegani et al., 2016).

While research is prolific in the fields of IDM, ethical cultures, and ethics in pharma, respectively, to the author's knowledge the three research fields have not been combined. The authors believe that meaningful relationships can be derived from a study of the combination and interaction of these fields. This presents the knowledge gap underlying this research.

2 Literature review

The research question of this thesis relates to the intersection of three different academic research fields: ethics in pharma, ethical organizational culture, and interdepartmental decision-making. Decision-making processes in the pharmaceutical industry are subject to the linkages between the three areas on a daily basis (Javaheri et al., 2020). Thus, examining the intersection is not a mere theoretical framing, rather a theoretical reflection of a real and practical issue. Combining the three allows the researchers to examine the complex interplay between the three research areas. This section provides an overview of the relevant academic literature with regards to the three research topics.

Figure 2.1 *Research Intersection* (Nilsson & Wihman, 2023)

2.1 Ethics in pharma

While business operations and ethical decisions are not necessarily contradictory, the unique nature of the pharmaceutical industry mandates the implementation of ethics in all departments (Salek, 2002). Pharmaceutical products directly impact patient health, which entail grave consequences if ineffective or harmful drugs are distributed (Goldacre, 2013). In light of this, the pharmaceutical industry is heavily regulated (Berry & Martin, 2008). As such, pharmaceutical companies cannot simply introduce

new products or alter existing ones without first undergoing rigorous testing and approval processes (Hill, 2012). This means that development of pharmaceutical products is a long and costly process to ensure adequate safety and benefit for the patients.

Pharmaceutical companies must balance the need for profit (to fund research and drug development) with the moral imperative to develop life-saving or life-improving drugs which are accessible to those who need them (Committee on Ethical and Scientific Issues in Studying the Safety of Approved Drugs, 2012). To fund development, pharmaceutical companies must have adequate profit margins. Yet, to simply increase sales is not possible without consideration of ethical factors in the pharmaceutical industry (Bramstedt & Down, 2014). To increase sales, the companies must influence doctor's prescribing habits or patients' drug choices. This raises ethical concerns around off-label marketing, selling products which are more expensive than equally effective market alternatives, or the promotion of superfluous use of medications (Bramstedt & Down, 2014). The industry also relies heavily on patents to protect newly developed drugs, which can lead to monopolies and high prices, which, in turn, reduce the accessibility of a medicine (Abbott & Dukes, 2009).

This essay broadly defines ethical behavior in pharma as a positive impact on the patient, which can be achieved through safety, quality, accessibility, and speed (Santoro & Gorrie, 2005). Accessibility refers to the availability of the medication. Quality is the efficacy and safety of the medication, which is largely contingent on measures within the research and development processes (National Academies of Sciences, Engineering, and Medicine, 2016). Quality must also be communicated honestly throughout the marketing and sales processes. Speed concerns the rate at which a medicine is made accessible to patients through the development process. Within these aspects, there is no absolutist criteria about what is the most ethical priority, as this is subject to individual interpretation. Although ethics in pharma also includes other considerations, these aspects provide guided means to explore ethical cultures in pharma (Edvardsson, Enquist, & Johnston, 2006).

2.2 Ethical Organizational Culture

2.2.1 Organizational Culture

The study of EOC emerges from the broader field of organizational culture, which gained prominence in the early 1980s within management discourse with studies presented by Deal & Kennedy (1986), Kilmann (1985), and Schein (1984). A nuanced understanding of the term "culture" is fundamental to grasping organizational ethical culture. Hofstede (1980) defines culture as an outcome of shared norms and values, emphasizing cohesive societies with a shared system of norms and values. Heckathorn (1990) extends this by defining culture as norms providing behavioral cues. At its core, culture is a set of shared beliefs, norms, and practices among individuals within a group.

Despite the extensive literature on organizational culture since the 1980s, Schein's (1985) definition remains preeminent (Rivarii, 2012). Recognizing the subjective nature of this research domain, Schein's (1985) definition serves as a guiding framework due to its widespread recognition. According to Schein (1985), organizational culture is a "pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems."

2.2.2 History of Ethical Organizational Culture

The first generation of studies on EOC aimed to formulate a framework which examines the interplay of ethics and organizational culture, building on the seminal work on ethical work climates by Victor and Cullen (1988). Key (1999) suggests that EOC is a specific dimension of organizational culture describing organizational ethics and predicting behavior concerning ethics. Trevino and Weaver (2003) further expound on the construct of ethical culture, proposing that it consists of experiences, expectations, and presumptions about how the organization promotes ethical behavior and prevents unethical conduct.

The second generation of studies extended their research focus, utilizing the EOC framework to unravel connections between EOC and organizational behaviors. Organizational culture has been identified as a crucial contributor to organizational

success (Peters and Waterman, 1982; Schein, 1985). Brown's exploration of EOC in 1995 positioned it as a tool for enhancing organizational performance, emphasizing its centrality to effective leadership and organizational development. Recent scholarly endeavors have seen a heightened interest in investigating EOC and its implications for organizational innovativeness. Researchers like Kaptein (2008), Huhtala et al. (2011), and Rivarii (2012) underscore the significant impact of diverse forms of ethical culture on organizational innovativeness and organizational effectiveness.

2.2.3 Perceived Ethical Organizational Culture

In the past two decades, a novel perspective has gained prominence among researchers. Scholars such as Sweeney et al. (2009) and Lamontagne (2012) have explored varied interpretations and perceptions of ethical cultures within organizations, coining the term "perceived ethical culture." Empirical findings illustrate a strong association between perceived ethical culture and ethical decision-making within the organizational context (Chadegani et al., 2016). Lamontagne (2012) advocates for examining perceived ethical culture as an efficient analytical tool to comprehend how the ethical culture in an organization influences individual ethical and unethical decision-making. Moreover, Sweeney (2009) underscores the important role of ethical leadership in shaping perceptions of ethical culture within organizations, providing a guiding framework for ethical behaviors when confronted with ethical dilemmas. This thesis aims to determine the relationship between ethics and organizational decision-making in the pharmaceutical industry.

This academic framing of EOC aligns with the subjectivist ontology adapted in the thesis – assuming the existence of multiple realities from individual interpretations. Furthermore, it is deemed as a suitable theoretical stance for the interpretivist approach as it provides a framework for understanding individual experiences of the EOC.

2.3 Interdepartmental Decision-making

In organizational decision-making research, three main theoretical perspectives exist: the rational, bounded-rational, and intuitive (Pinfield, 1986). The rational school posits that decisions are made with all available information and results in an optimal decision outcome (Luoma, 2016). In contrast, the bounded-rationality model acknowledges that information availability, cognitive capacity, and time are limited in all decision-making processes. As a result, decisions in the bounded-rationality framework can at best be

'satisfactory' with the bounds of its limitations. The intuitive model decisions as reactions to situational issues, deviating from structured processes and rational behavior.

IDM involves multiple, interdependent departments within an organization (Eisenhardt & Tabrizi, 1995). In the joint decision-making process, some researchers take the perspective that departments share goals and preferences. This differs from the Coalitional perspective, as proposed by Cyert and March (1963), which emphasizes the interdependency and power dynamics between departments. This thesis views IDM through the lens of bounded-rationality, recognizing unified organizational goals but acknowledging differing departmental preferences. Integration of IDM, through increased information exchange, has been shown to foster innovation in problem-solving processes (Troy et al., 2008), as well as enhance mutual learning and productivity (Walton & Dutton, 1969). On the contrary, Hansen (2009) notes that interdepartmental collaboration can result in conflicts due to conflicting interests. Conflicts in IDM can arise from task interdependence, asymmetrical conditions, and differing departmental responsibilities, which result in inefficiencies, resource conflicts, and project failures throughout decision-making processes (Troy et al., 2008; Slater et al., 2001).

To evaluate the influence of ethical culture on IDM processes, the Bounded-rationality model provides a flexible framework for viewing various departmental perspectives through the limitations they incorporate in the model. As a result, its designation of “satisfactory” decisions allows for an understanding of the “specific commitments to action” taken amongst departments as a result of compromise in limitations (Kihlström, S. 2018). Thus, it offers both a structured and flexible framework to consider diverse perspectives and constraints across departments. Despite its age, the Bounded Rationality framework is still very relevant and used in the most current decision-making research, such as within studies on AI decision-making (Schwartz et al., 2022), which proves its maintained academic relevance.

3. Theoretical framework

The authors will examine perceptions of the ethical culture within the company and its influence on the IDM with the support of the Ethical Corporate Culture model and the Bounded Rationality Decision-making model.

The ECC model is normally used as a prescriptive tool in understanding how to build an ethical culture (Schwartz, 2013). However, in the construction of this theoretical framework its purpose has been altered. Instead of a prescriptive tool it is ascribed the role of a foundational framework for the authors in their analysis of perceived ethical culture.

The Bounded Rationality Decision-making model is used in order to understand the process of IDM and to gain a nuanced understanding of actors' different limitations shaped by their perceptions of the ethical culture, thus providing a tool for understanding the relationship between the two.

3.1 The ECC Model

Schwartz (2013) provides a comprehensive framework for creating and sustaining an ethical corporate culture: the ECC model. This model suggests that ethical corporate culture consists of three pillars which need to be sustained: core ethical values, a formal ethics program and ethical leadership. By incorporating those values into a multidimensional model, Schwartz developed a toolkit for organizations to promote and manage ethical culture.

In this thesis, the ECC model (Schwartz, 2013) is adapted to serve a new purpose, as the authors aim to examine the perceived EOC of employees. Thus, instead of serving the purpose of a prescriptive tool for managing ethical culture, the ECC model is utilized as a foundational framework to map the perceptions of an existing organizational ethical culture. The literature review highlighted the importance of ethical leadership and existing ethical sanctions when creating an understanding of perceived ethical culture. The alignment between the core pillars of the ECC model and the key factors of understanding perceived ethical culture proposed by Lamontagne (2012) and Sweeney

(2009) suggest that the ECC model will provide a useful means of measurement when adapted to the perceived EOC perspective.

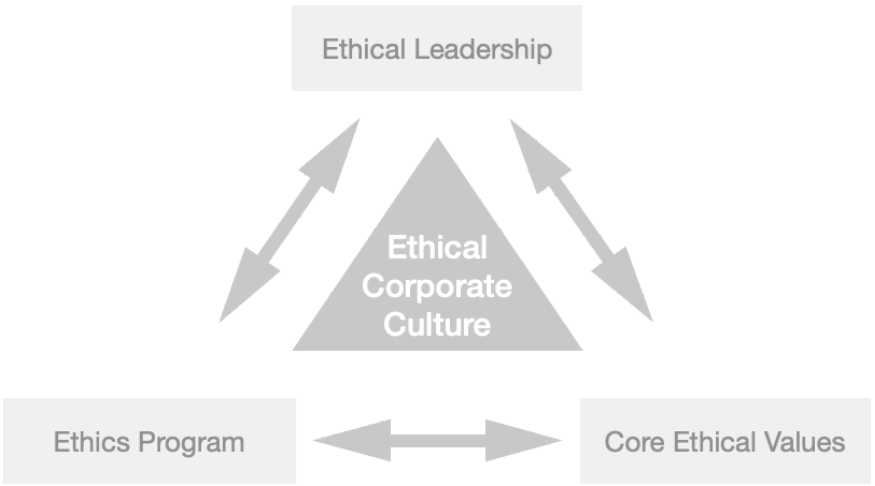

Figure 3.1 *Ethical Corporate Culture Model* (Schwartz, 2013)

3.1.1 The Structure of the ECC-model

The ECC-model consists of three core pillars: the existence of shared core ethical values, implementations of a formalized ethics program encompassing elements such as a code of ethics and ethics training, and the presence of ethical leadership throughout all organizational levels. These three integral ethical aspects interact with each other in the process of establishing ethical principles into the organization's decision-making processes, policies, and practices, ensuring a cohesive and consistent ethical framework throughout the enterprise.

3.2 The Bounded Rationality Decision-Making Model

The literature review presented an overview of the academic discussion surrounding ODM, which culminated in the conclusion that this thesis will contribute to the discussion through the bounded rationality school. Thus, the bounded rationality model, introduced by Herbert Simon in 1957 will be used to examine the IDM within the company.

The bounded rationality school assumes that omniscience is impossible, both on an individual and organizational basis (Shannon et al., 2019). The bounded rationality accounts for that by incorporating limitations in regards to information, time, and cognitive capabilities. The authors believe that those assumptions further strengthen the legitimacy of the model, as it reflects the various predispositions and knowledge held by decision-makers.

In short, Simon's model assumes that organizations operate under conditions of uncertainty and limited resources, which make it impossible to achieve perfectly rational and optimal decisions. Thus, the model aligns with the interpretivist approach, recognizing the subjective nature of decision-making, influenced by individual perceptions, interpretations, and bounded rationality. The notion that decisions can be defined at best as “satisfactory” results also reflects compromise within an IDM decision process, whereby knowledge and expertise from the various departments can be combined to improve a given decision, but will nonetheless reflect a compromised integration and understanding of each departmental perspective.

In the context of this thesis, the bounded rationality model is useful as it can be applied to a variety of levels of decision processes, including individual, intradepartmental, and interdepartmental. This allows the researchers to compare each level through the same theoretical model, which provides insights on how the levels compare and differ. Ultimately, this can strengthen an understanding of IDM in the organization. Moreover, the model provides useful structure to analyze decisions as a process, whilst maintaining flexibility to be used in different organizational contexts. This model allows for a nuanced exploration of how various limitations - such as information asymmetry, time constraints, and cognitive biases - shape decision-making in organizations. These can be used to understand the complex interplay of various factors, including ethical considerations, in the decision process. The limitations also provide a means to explore contextual considerations specific to each department.

3.2.1 Decision-making process according to the BRD model

The decision-making process in the BRD model portrays decisions as the result of a limited set of inputs. The decision is therefore “satisfactory”, rather than optimal, given the limitations and contingent on circumstance.

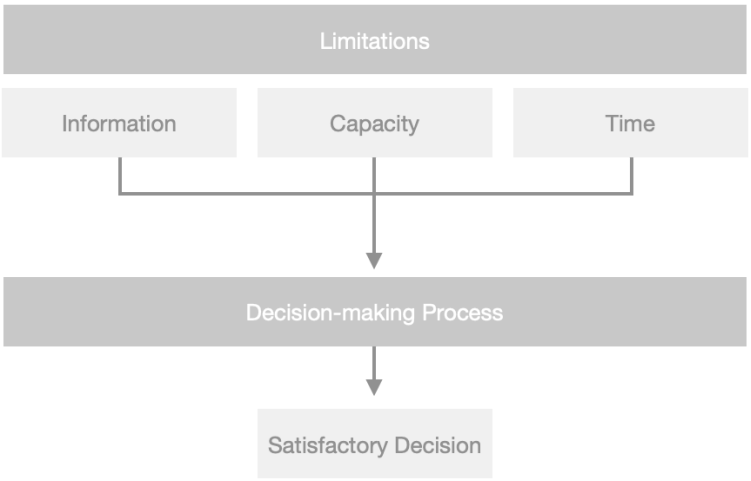

Figure 3.2 *Bounded-Rationality Decision-model* (Simon, 1957)
adapted by Nilsson & Wihman in 2023

3.3 Combined Theoretical Framework

The ECC model provides a means to understand the individual perceptions of the organizational ethical culture. The individual perceptions of the ethical culture are intrinsic to the empirical factors determined in the decision-making process (Fritzsche, 1991). These factors shape limitations in the bounded rationality decision-making model, as they influence the interpretations of different alternatives and subsequent understanding of consequences (Simon, 1957).

This relationship is captured through the construction of a combined explanatory theoretical framework, suitable for examining the relationship between ethical culture and decision-making. Ultimately, acting as the theoretical toolkit when exploring the influence differing perceptions of the organizational ethical culture has on the interdepartmental decision-making in a Swedish pharmaceutical company. Where the main point of interest is to examine the influence of the Perceived EOC on the shaping of limitations in the BRD-model.

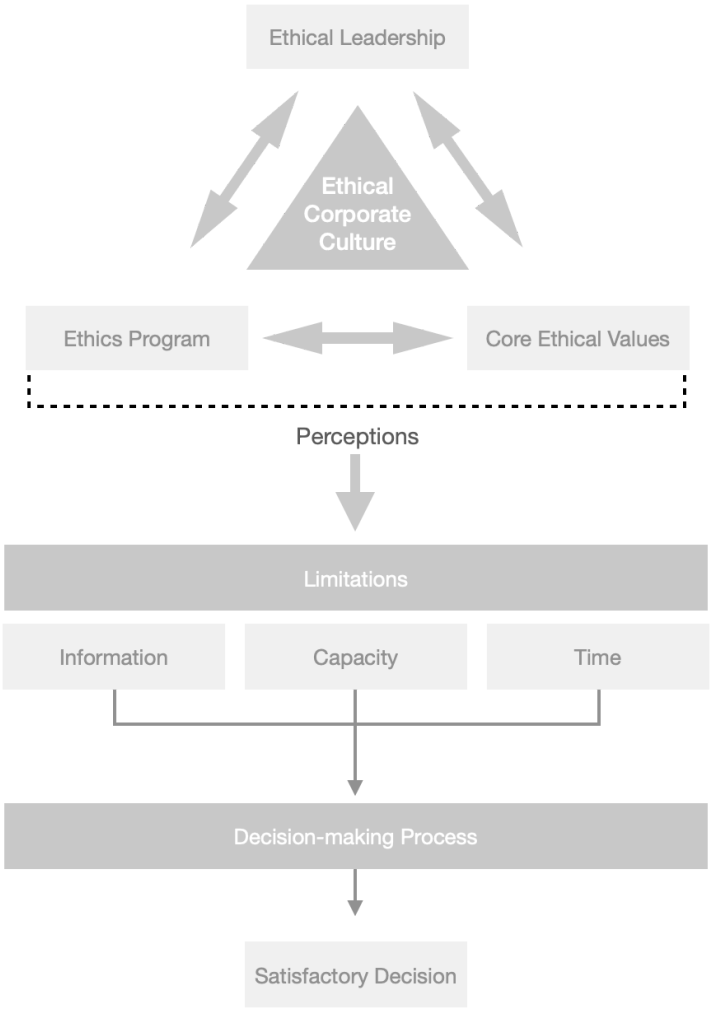

Figure 3.3 *Model of the relationship between ECC and BRD* (Nilsson & Wihman, 2023)

4. Method

4.1 Research approach

4.1.1 Research strategy

This study adopts a subjectivist, interpretivist ontological position to underscore the importance of individual perceptions and experiences (Hiller, 2016). Ethical culture is viewed as a dynamic construct, shaped by individual experience and context (Roy et al., 2023). As such, the resulting analysis aims not to provide a perceived situation, rather than an absolutist description.

Moreover, an abductive approach is utilized. This allows for fluid navigation between the empirical data and theoretical constructs (Saunders et al. 2019). As further insights were found about ethical cultures and IDM throughout the research process, the abductive approach prevented the text from constraint within preconceived notions from the theoretical models. This method aims to enrich our understanding of the research question, as well as enhance the relevance and applicability of our findings to external academic discourse.

4.1.2 Research design

This research is conducted through a case study on a single organization. This strategy allows for a deeper understanding of how the interviewees perceptions of ethical culture relate to each other in the organization (Saunders et al. 2019). This depth of understanding about organizational culture is useful to then extrapolate its effect on the decision-making process.

Semi-structured, in-depth interviews were conducted with participants. These aimed to enable participants to expand upon the interview questions freely (Saunders et al. 2019). This methodological choice ensures that the data captures the multifaceted nature of organizational ethical culture. Adjunct to this, the cross-sectional design used to relate the research to a specific point in time. While this may limit the long-term applicability of the study's findings to the organization, it offers a focused and detailed examination of the current state of affairs, which ensures its current relevance to the organization researched (Saunders et al. 2019).

4.2 Data collection

4.2.1 Organizational Structure

The studied company consists of 8 different divisions, Top Management, Clinical Success (CS), Business Development (BD), R&D, Production, Quality Assurance (QA), Quality Control (QC), and Medical. The roles of the different departments are centered around two main responsibilities: business operations (CS & BD) and the development of the product (R&D, Production, QA, QC, & Medical). Although these departments collaborate at an organizational level, the responsibilities of the employees within the different departments vastly differ.

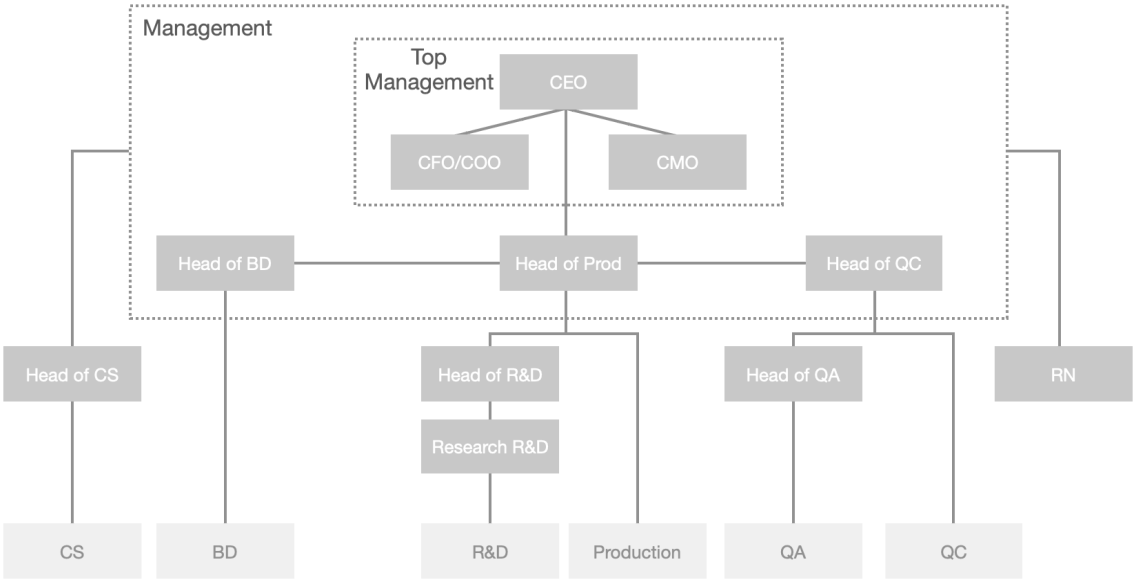

Figure 4.1 *Overview of Organizational Structure in Company X*
(Nilsson & Wihman, 2023)

For the sake of anonymity, the specific departmental role of the interviewees will not be disclosed. However, for analytical purposes it will be showcased if they are part of the business-oriented or product-oriented side of the company, through reference to the "business side" and the "quality side", respectively, throughout the paper (see *appendix A* for clarification on which departments belong to what side).

4.2.2 Sample

The selected interview sample aims to provide a representative population within the organization. In order to do so a combination of stratified sampling purposive selection method, proposed by (Cohen & Crabtree, 2006), was used. First, the company was divided into subgroups (by departments and hierarchical levels). Then, members from each department and hierarchical level were purposely selected. The authors believe that stratified representation of hierarchies within each department is required to explore the complexities of perceptions of the EOC and IDM. Cohen and Crabtree (2006) suggests that stratified sampling and purposive selection provides an adequate sampling method when different characteristics are expected between the subsets, which will influence the phenomenon. Given the different departments with different orientations described in *section 4.2.1* the authors expected there to be differences in perceptions of ethical culture between different departments and individuals which supported the decision of the sampling method.

In the purposive sampling within the subsections the authors aimed to diversify the sample as much as possible in regards to time worked at the company, gender, academic background and age to ensure full representation of the different perspectives. The final sample includes 12 employees, where the participants were representative of organizational distribution between quality and business orientations (*see appendix B*).

4.2.3 Construction of interview guide

The interview guide was designed to adhere to the interpretivist research paradigm. The questions were framed to explore the different perceptions of ethical culture and IDM, through inclusion of theoretical aspects from the ECC and the Bounded Rationality decision-making models. Through open-ended questions, the interview questions aimed to allow participants to share their experiences, perceptions, and interpretations.

The interview questions were structured in three parts. The first focused on understanding participants' perceptions of EOC, including their personal values and their views on how such a culture is formed and maintained. The second part focused on their perceptions of ethics in the pharmaceutical sector, to examine its distinct characteristics and its intersection with decision-making, ethical culture, and

industry-specific ethics. The final section asked the participants for their response to specific decision-making scenarios, in order to relate their ethical perceptions with IDM processes. This was conducted in two ways. Firstly, the interviewees answered questions about ethical dilemmas they have experienced in the organizations and how they have acted in those situations. Secondly, they were presented with generic real-life scenarios which related to ethics in the pharmaceutical sector and asked to explain how they would act in the given situation, and within their own role at the company. This structure aimed to capture a comprehensive view of the relationship between perceived ethical culture and IDM within the organization.

4.2.4 Pilot testing and adaptations of questions

The first draft of the interview guide was tested in a pilot interview with an interviewee from the quality side. After the interview, the authors adapted the initial interview guide based on the information and experiences gained from the pilot interview. The changes conducted aimed to increase the number of open ended questions, to allow for more open deliberation of ethical concepts. Moreover, it added a scenario question about the pandemic to provide interviews with an understanding of the research dilemma. The interview guide that was constructed after the pilot interview was used as a foundation in the rest of the interviews (*see appendix C)*. Important to note is that the authors updated the interview guide slightly during the process and throughout interviews, in conjunction with the abductive approach.

4.2.5 Interview process

The interview guide was utilized as a framework for all interviews, although the qualitative semi-structured in-depth interviews provided the flexibility to deviate from the interview guide to incorporate follow-up questions and clarification of responses.

The interviews were conducted in English, as this is the language used in the studied company. Furthermore, this allowed for consistency in data gathering - as the data could be directly transcribed and presented in the empirics, and lessening the risk of translation errors by the authors.

Both researchers participated in the interviews. To maintain data integrity, every interview was recorded and transcribed in Teams. Directly after each interview, the

authors read through the transcription and ensure that the digitally transcribed text maintained coherence with the actual interview.

4.3 Data analysis

The analysis was conducted through a thematic approach, where relevant themes were codified as they were found by researchers in the interview transcript (Maguire & Delahunt, 2017). These themes were identified through repeated topics and common concepts, as well as theoretical relevance. The themes were not predetermined, but rather coined as they came up and new themes did not necessarily relate to older themes. The initial coding process was done individually, as to minimize confirmation bias amongst the partners. The combination of the two partners' coding resulted in 30 first-order themes (*see appendix D for coding example*). Thereafter, a theoretical lens was applied and the first order themes were analyzed according to their alignment with the theoretical framework, in accordance with Thompson's (2022) guide to abductive thematic analysis. The theoretical matching resulted in 7 second order themes, determined by the author's combined decision regarding which first-order themes related the most to each other, which were then analyzed in terms of the combined theoretical model to understand the impact of EOC on IDM.

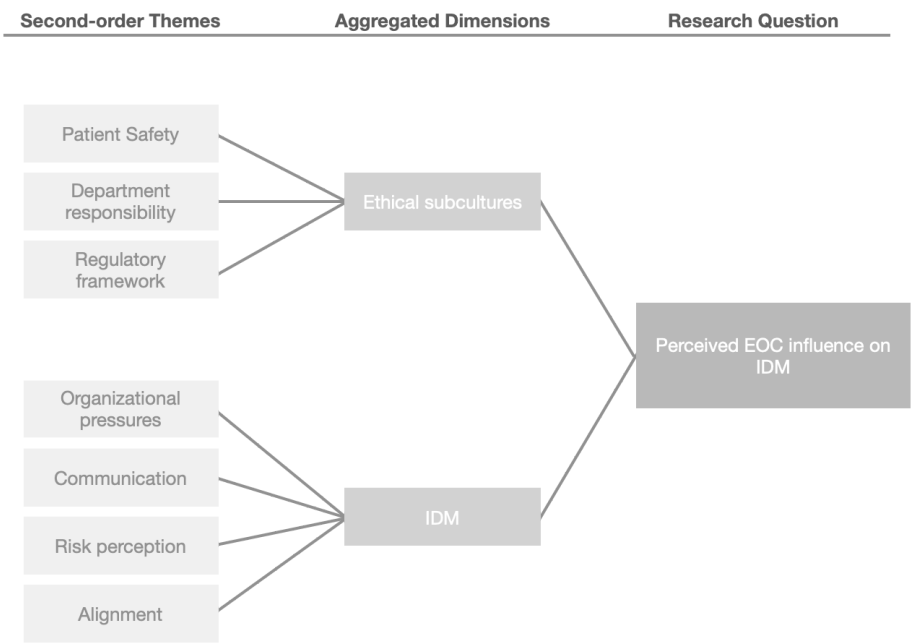

Figure 4.2 *Overview of Thematic Analysis* (Nilsson & Wihman, 2023)

4.4 Method discussion

4.4.1 Method criticism

To mitigate participant bias, interviewees were consistently reminded of their anonymity, to promote authentic response and try to minimize reservation (Saunders et al., 2019).

In terms of researcher bias, one researcher is an internal researcher. Their role in the company entails preconceptions about ethics and the IDM processes in the company. Also, they may naturally have greater alignment with their division in the organization. The other researcher was however an independent and objective interviewer. Their external status to the company adds a valuable outside perspective, which allowed them to question aspects which the internal researcher has grown accustomed to. It is worth noting that both researchers are Swedish. This may entail a cultural bias in their understanding of "ethics." However, as the thesis does not seek to examine whether or not decisions are ethical, the authors' own ethical stance is not deemed to have a significant influence on the research.

The study could be criticized for its transferability to outside contexts beyond the case study conducted. The cross-sectional design, time constraints, and interpretivist nature, may pose challenges when extrapolated to different contexts (Saunders et al., 2019). The case study format, which was chosen to provide a deeper understanding, further complicates transferability. However, the similarities in pharmaceutical organizational departments may suggest transferability to other organizations.

4.4.2 Ethical considerations

The study incorporated ethical considerations throughout through alignment with the four key ethical principles proposed by Diener and Crandall (1978). These principles are: minimize harm to participants, ensure informed consent, safeguard privacy, and prevent deception. To uphold these principles, the organization studied and the individual within are kept anonymous. Participants were made aware that they may leave the interview or withdraw from the study without needing to provide a specific

reason. Prior to participation, participants were briefed on the study's objectives, format, and terms, and asked if they had any clarifying questions.

However, participants provided consent prior to being informed about the study's objective. As the research topic was not disclosed prior to the interview, this could be scrutinized for limiting the participants' ability to make fully informed decisions (Saunders, Lewis et al. 2019). However, we maintain that the participants' ability to withdraw from the study and ability to request the retrieval of their contributed data at any juncture – both before and after becoming aware of the research topic minimizes the seriousness of this ethical risk. Moreover, comprehensive information about their rights under GDPR and assurances of confidentiality were communicated to all participants in advance, whereby consent was confirmed through a signed consent form in accordance with GDPR regulations.

5. Empirics

The empirics are presented in 2 different subsections structured after the aggregated dimensions presented in *Figure 4.2.* Longer, more elaborate quotes are presented in order to illustrate the sense-making which the authors deem necessary for an understanding of the relation between ethical perceptions and IDM.

The first section on ethical subcultures provides empirical material delving into the perceptions of ethical perspectives within the organization and relates those to pertinent second order-themes to provide an overview of the perceptions of the EOC.

The second section on decision-making presents empirical material where the interviewees reflect upon real-life decision-making scenarios. The conditions in inefficient and well-functioning situations are contrasted and expanded upon through the lens of the relevant second-order themes presenting a picture of the IDM within the organization.

5.1 Ethical subcultures

When examining the perceived EOC, one common theme can be seen throughout all interviews: differing perspectives with regards to organizational ethics. The different perspectives relate to the employees' responsibilities, educational background, and work experience. Although interviewees perceived ethics differently, relationships were found between employees with similar ethical perceptions.

- *Because you have a general ethical perspective for what the whole company wants, what you as a person want. But then of course you have to, you know, dissect it into smaller pieces. ___ Those who work within this area might of course have been faced with different ethical dilemmas compared to other groups because we are working in different ways within different parts of this company. We, the ones who _____, may end up with a different ethical dilemma if you compare it to the finance part of the company. So yeah, I think you might not need to have different ethical perspectives. But yeah, I think you end up with different ethical dilemmas.* ***- QS3***

In particular, two main ethical perspectives were identified, which relate to the two different purposes within the organization: business and quality (described in *section 4.2.1*.). The business side was found to include employees whose roles relate to sales, marketing, and financial aspects, while the quality side includes employees involved in product development and production, as well as quality control. Due to their conflicting interpretations of the shared organizational core values some employees refer to the groups as ethical subcultures. The empirics aims to examine these subcultures on a deeper level by providing data from the business and quality perspective in regards to ethical dilemmas.

- *"Yeah, absolutely. I think, yeah, there's a big difference in understanding [of ethics]... For the quality Department, it's only the quality that matters. But for the business team, it is of course that they want to sell." -* ***QS2***

5.1.1 Quality ethical subculture

One main factor which aligns the individuals within their ethical subcultures is their shared perception and interpretation of patient safety. The data provides information on the development process which is closely linked to patient safety. Amongst the interviewees from the quality side a clear trend can be seen: they all highlight the importance of ensuring efficacy and potency of the product through a rigorous development process.

- *Yeah, I mean there is always, I mean nothing is 100% safe, I would say. And there is always a small risk that you have to take with all kinds of drugs that you produce, I guess. But I think it's very important to have good research that is behind the product so that we really know what we are doing and then that the whole process is stable so that we can really be sure that what we are producing. And that it actually follows all the rules. The whole manufacturing should be really controlled. -* ***QS2***

The empirics show that in their ethical work, interviewees from the quality side put

large emphasis on risk minimization. Their reasoning for that is based on their belief that it is one of the most important factors to ensure the quality of the product. Thus, the data suggests that risk minimization is a core value in the ethical subculture of the quality side. In the interviews risk was many times contrasted with speed, as if they are two counteracting forces. Implying that the choice of prioritizing speed or risk minimization becomes a matter of ethical stance.

- *Since I'm always on the side where you have the patient in front of you, I'm not in that other part of the company. For me, safety is always the 1st and and most important thing you can't not speed that up.* - ***QS3***
- *No. So it's more efficient for the process. It's like they can think it's, it's just like a small change and we will make so much more time or money in this if we just do this small change. But what do you forget about that? OK, but we promised not to do it this way and if we need to change it, we need to get approval and we need to write exactly how we will do the change. So it's hard to do a change in a quick manner and we also need to think about all the consequences, consequences if we do this change, can it affect someone?* - ***QS6***

The strive for quality, both in regard to the product but also process, can be reflected by the quality side's strong regulatory guidance. Many of the employees on the quality side had internalized Swedish laws and regulations as their formalized code of conduct in regards to ethics.

- *Yes, but also I mean this is quite built in the legislation that we need to comply with all the time. So I think the ethical aspects are already there more or less. So if we comply with all the regulations, I would say that we are, yeah, taking a very good and ethical decision.* - ***QS2***

In short, the quality side perception of acting ethically seems to be centered around the idea of *doing things right*, whereby "right" is defined as the rigorous processes shaped by regulations. Regulations thereby provide a recipe for quality of the product, which ultimately maximizes patient safety.

5.1.2 Business ethical subculture

Empirics show that the business ethical subculture shares the core value of patient safety (similarly to the quality subculture). However it appears to be a discrepancy in the perceptions of what patient safety really is. Whereas the quality subculture shared a rather straightforward perception of patient safety, the business side's perception is not as clearly defined. It is evident that the business side incorporates many more aspects into patient safety, such as accessibility of the product as well availability, looking at patient safety on a more collective societal basis rather than the mere patient safety on an individual level.

- *" And if we can start to treat patients expensively in _____ and scale up, then it will become cheaper over time and we get more data and we can also get the correct approvals in Europe faster and it would be great for the whole industry and for patients all around the world. Because we truly believe that our treatment can treat a lot of chronic diseases and they have been proven, for example, for lung inflammation or for arthritis or to really good cases where we know basically that they work. So if we can just get them out to the market and the product is safe. Ethically, I really see no downside in just doing everything we can. While if you ask production, they would probably have ethical concerns with it." -* ***BS2***

Furthermore, a discrepancy in risk-tolerance can be observed. The business side seems to be less risk-averse in comparison to the quality side. The reasoning for that is that they share a stronger sense of a need for a fast and agile development process in order to provide a product which meets their strive for to deliver an accessible end product.

- *Yeah, yeah, that's what I think they should be. More risk-taking as long as we don't jeopardize patient safety. We should take a lot more risks and that's not the mindset of the pharmaceutical industry. It is the opposite. Everyone is so afraid of the regulators. So no one wants to take any risk at all doing things quicker or yeah it's very slow. -* ***BS2***

- *Yeah. I'm just thinking to our situation, maybe it's not answering your question, but what you see here is we have this shared view of no harm to patient safety and around that having agreed on that, how can we do things efficiently and we should try to make as many short cuts or smart decisions or controlled risk taking as possible. And we do that every day. I think that's extremely important, especially for a company like this.* - ***BS2***

One factor that coincided between the two subcultures was the view on ethical leadership. Interviews from both sides highlighted the importance of the leaders acting in an ethical manner themselves. This applied to their understanding of different ethical considerations, but also embodiment of ethics in their actions.

- *I think much [Ethical organizational culture] comes from management and to keep people really emphasizing this. Of course, then I've always been a believer in "walk the talk". It is one thing to say something. It's a completely different thing if you do not act in that way that you suggest the other should act in.* - ***BS4***

Another difference that can be concluded from the data is the differing perceptions of the Swedish regulations. Whereas the majority of the interviewees from the quality ethical subculture live by the regulations and conflate them with quality and safety, employees from the business side show more skepticism. Instead, the business side emphasizes flexibility and a need for interpreting regulations, and in some cases when they deem it is obvious that they are redundant even challenging them.

- *In any study, there will be hundreds, if not thousands of deviations. Some really problematic others are not. Large number of non problematic deviations may add up to something serious and it's a matter of having the experience to understand where we can accept certain deviations and defend them later on, live with them and say they look here this is not jeopardizing patient safety, it's it's not critical for the quality of the data.* - ***BS2***

In contrast to the quality ethical subculture, the business side perception of acting ethically does not seem to be as strongly centered around the idea of *doing things right* but more emphasis is put on *doing the right thing*. Patient safety is ascribed a more complex meaning, not only incorporating product and process quality but also the potential positive impact and the risk of not providing the treatment.

- *"I feel like the business side, we are actually more concerned with living with our vision and mission to get the treatments out to the patients. So we're starting that and like how can we do this? What are the opportunities? And then we look at the regulations and say, OK, is this compliant and is this ethical to do? So I think we have quite different perspectives on it and there are some fundamental differences."* - ***BS3***

5.1.3 Department responsibility:

The empirics further showed that the employees mainly adapt an "us-vs-them mindset" with regards to the different departments. Thus, when reflecting upon the differing ethical perceptions most interviewees ascribed the differences to their different roles and responsibilities, and not personalities or ethical cultures.

- *"I think we have different perspectives actually from different departments because we have different responsibilities."* - ***QS5***

- *Perhaps not misaligned, but their respective purpose is naturally not designed to work in the same way. … I do believe that the purpose of, for example a quality assurance and the quality control team is to do things slowly, rigorously. There is just a natural clash which is very, very hard to come around.* - ***BS4***

One interviewee developed the reasoning by prescribing the differences of the departments not being solely based on different roles, but also being a product of the

differing professional and educational backgrounds in between the departments.

- *I would say an ethical culture is very much formed from the profession, from the education already, and that I can see amongst physicians. You can also see it amongst all the people who work in quality and also in the laboratory and down to the people doing the auditing, they all have their professional ethical rules, which they perform their profession according to and it comes from there.* - ***TM***

In conclusion, employees are aware of the different ethical priorities within different departments. However, most of them ascribe this to be a necessity, due to the different roles of the departments. Implying that the different departments are part of an organizational ecosystem, where each department has its own role to play in the ethical culture of the entire organization.

5.2 Decision-making

The empirics on decision-making revealed how the differences between ethical subcultures led to inefficiencies in the decision-making process.

The employees revealed that the different perceptions led to fundamental disagreements regarding how the business should be run.

- *"Usually a conversation is like OK, we have some idea from the business side and it gets shut down by quality and we almost can have the argument that the quality side is not ethical because our solution would actually provide our treatments to patients."* - ***BS3***

Moreover, the different departments would decide not to communicate with each other, in order to prevent disagreement and hurdles in the decision-making process. They expressed that the decision-making process becomes much slower when the quality department is involved.

- *"If it's something where we know that we're not breaking the law, that we actually have an opportunity to do something interesting, usually I would say the decision ends with with the business part of it and we don't even ask the quality department because we know that the quality Department is very coloured by what they know in Sweden. And so they have a really hard time, I feel, to open*

their minds to something else. And if we involve them in discussions, it's going to be super long discussions. ***- BS3***

The different teams also reflected upon the same situation from entirely different perspectives. While an employee from the quality department quoted a given situation as an example of an ethical role model, an employee from the business department used the same situation to describe a decision they did not agree with, as it prevented the accessibility of the medicines.

Perspective on the situation from the quality department:

- *"I don't know how to describe it exactly, but there was an issue with the external analysis that was so, so, so minor that it's almost like most people would probably not even notice it, but she noticed it and it was just when we were about to release the product, which is when we approved it to be sold on the market, and it was like just on the finish line and it was a really, really big batch and she just pulled the handbrake and just stopped everything and just shut down the whole process and we have to start over and it was at a moment where the company was, really, on the verge of not making it. I just thought it was really cool that she had the… what do you call it? The bravery, I guess, to do that. Because I mean it, it was such a minor thing. And then and once we started the deviation investigation, it turned out that it wasn't such a big deal, but just that she did that, like, right on the finish line and just pull the brakes, start over."* ***- BS3***

Perspective on the situation from the business department:

- *And so we have many deviations every week in production and if we don't work together in a problem solving way, maybe we have to throw out certain drug products. You know, batches of cells, unnecessarily, which we could have saved if everyone took kind of more responsibility individually. And yeah. So that's oftentimes what conflicts can be about. And oftentimes we have, of course, pressure from management to make sure we are well stocked and can actually deliver to the market.*
  That's what is always on my mind. Also like, why are we only have 1 research

grade batch still? Why can't we have three and then there are some things being messed up in production and then which we think that they could have solved but in the end QS4 decides that we need to throw it away because something happened and always those are interesting discussions. - ***BD3***

Yet, the lack of consensus about what the "correct" decision was in the situation described above led the employee to feel alone in her decision, and shameful for her own interpretation of what was the right thing to do in the given situation.

- *We didn't really talk about it after, but I felt like she was kind of nervous to bring it up and felt like. She was doing something that she had to do, but probably didn't really want to do it, so you just like it was her role and she had to do it, but she was not happy about it. And you can just read from her body language that she was upset.* - ***QS5***

5.3 Top management as an organizational mediator

Despite the challenges found between the subcultures, top management was found to be largely aligned in their ethical perspectives through consideration of both business and quality perspectives.

- *"I think the whole management team is quite aligned and then there are many individuals in other teams that I think they are not very aligned."* - ***BS3***

Moreover, top management was credited with seeking to understand the different perspectives and have a personable and approachable nature to the employees. This emphasized the role of communication and understanding

- *I don't talk to [Top Managment] a lot, but from what I've spoken to them [Top Managment], I I think everyone is quite aligned and it's quite impressive, for*

example even though _____ works in finance, but again he tries to understand so much the science and to me that's very impressive. **- *QS7***

- *"So it's built in the expert roles like quality have their [expertise] and also the production team have their [expertise] and we, the management team, respect that, but it's clearly so different. And I think to be successful we need to have a management that respects and understands the departmental, expert roles, because otherwise they will be paralyzed, and it will be difficult to move on."* ***- TM***

The empirics show that the alignment within the management team and their understanding of departmental perspectives act as a bridge between the ethical subcultures, which was emphasized as an aspect in reaching decisions between departments.

6. Analysis

The empirical analysis reveals the existence of two distinct ethical subcultures, each of which influences the decision-making process through the theoretical lens of the bounded rationality framework. The two subcultures, quality and business, differ with regards to their perception of ethics in terms of accessibility, quality, and safety. The subcultures display divergent ethical orientations shaped by their specific departmental responsibilities and educational backgrounds.

6.1 Quality Subculture: Regulatory Compliance and Patient Safety

The Quality Subculture's ethical perception is rooted in regulatory compliance as a means to ensure patient safety. This group aligns its ethical framework with relevant regulatory standards, which are used as a clear, almost binary, means to determine product quality and safety. Thus, for them, abiding to Swedish regulatory frameworks has become a core pillar in their ethical decision-making. Having a substantial impact on their definition of what is ethical, and as a function of that, what patient safety is. Here, speed is not a primary concern; the paramount objective is to uphold the quality of the product, which can be equated with its respective safety for the patient who receives it. As such, quality is the core ethical value upheld as per the ECC model supported by a strive for safety through precaution. This perspective is underpinned by their consistent engagement with regulatory bureaucracy, whereby a risk-based approach is used to minimize risks. Consequently, in the bounded rationality decision-making model, this subculture defines a “satisfactory” decision as one that adheres strictly to regulatory standards and ensures the highest degree of patient safety, even if this approach prolongs the decision-making process.

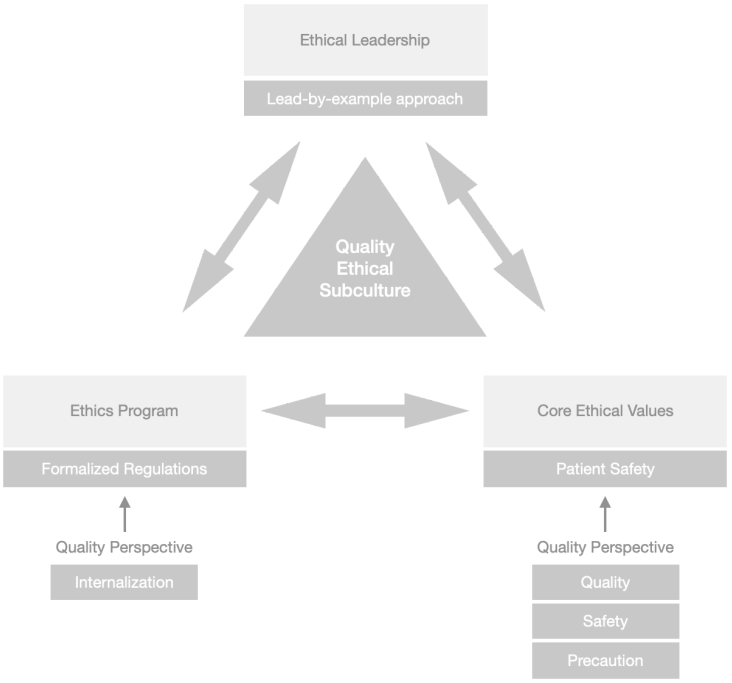

Figure 6.1 *Quality Side: Ethical Subculture* (Nilsson & Wihman, 2023)

6.2 Business Subculture: Accessibility and Market Responsiveness

In contrast, the business subculture focuses on the accessibility and availability of medical products. Driven by a need to deliver solutions at scale, this subculture embraces a certain degree of risk, deemed necessary to aid a larger patient population. Although this perspective is related to financial pressures, it is driven by an ethical perspective that patient benefit is achieved when medical solutions reach as many people as possible, quickly. Moreover, the business subculture, while acknowledging the importance of quality and safety, does not view these solely through the lens of regulatory adherence. Instead, it advocates for a balanced approach that combines internal standards of research and quality with regulatory requirements, adapting to different geographical contexts. This implies a need to interpret the purpose of regulations and be flexible in the adaptation of them. This stance shapes their interpretation of the bounded rationality model, where a “satisfactory” decision is one that balances safety, quality, and accessibility with market needs. One common denominator in ethical perspectives between the two subcultures was the role of an ethical role model, through a lead-by-example approach to exemplify ethical standards which apply to all departments.

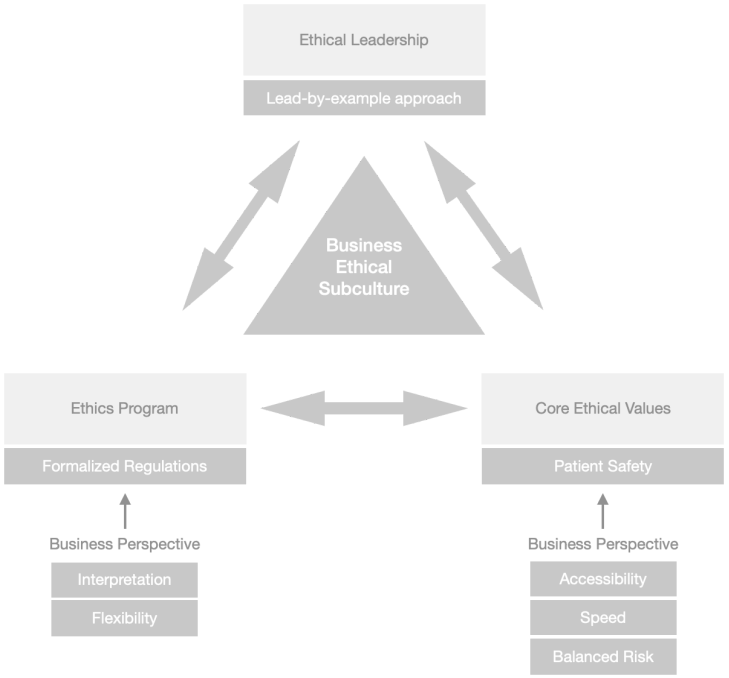

Figure 6.2 *Business Side: Ethical Subculture* (Nilsson & Wihman, 2023)

6.3 Decision-Making Inefficiencies: Clash of Subcultures

The clash between these subcultures manifests as inefficiencies in the organization's decision-making process. Instead of operating as complementary units working towards a unified goal, these subcultures often find themselves in conflict, which hinders them from collaborative decision-making with a common goal in mind. This conflict leads to increased workloads, emotional distress, and resistance to decisions made by the other subculture. Decisions driven by the business subculture's focus on market opportunities and availability and company survival often collide with the risk-averse and regulatory-driven approach driven by the focus on regulatory adherence and rigorous processes of the quality subculture. Conversely, the cautious and safety-first decisions of the quality subculture can be at odds with the business subculture's push for agility and market expansion.

In the bounded-rationality model, each subculture enters the decision-making process with limitations respective to their departmental roles. Yet, the employees clearly understand how their departmental roles – such as production, quality control, and sales – relate to the organizational goal. Thus, the departments themselves can agree that

achieving the organizational goal through a combination of their expertise would constitute a “satisfactory decision”. However, the ethical externalities of each decision are subject to different perceptions. Ultimately, this stems from a misaligned view of what constitutes a “satisfactory” decision according to ethical perceptions.

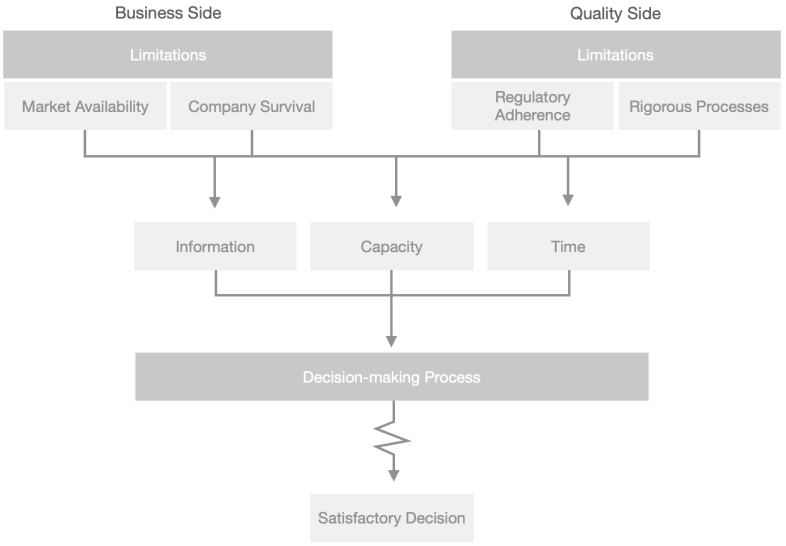

Figure 6.3 *The Influence of Misalignment in Limitations on IDM-process* (Nilsson & Wihman, 2023)

6.4 Ethical Perceptions and Interdepartmental Decision-Making

When the interviewees discussed conflicts or misalignments in decision-making processes, employees often attribute inefficiencies to differences in departmental roles and responsibilities. They perceive these departments as necessary counterbalances rather than as integral, complementary components which are in charge of tasks which relate to a collaborative goal. This view fosters a siloed operational culture, where, on an organizational level, the departments, each guided by its own set of ethical perceptions and limitations within the bounded rationality model, struggle to find a common ground in defining what constitutes a “satisfactory” decision.

The empirical findings in relation to Covid-19 indicated that aspects valued differently by each department need not be contradictory. These empirics indicated that the employees agreed that departmental collaboration can exist as a means of ensuring speed, quality, and accessibility on a grand scale, together. Thus, while inefficiencies in

the studied organization were often attributed to departmental disparities in the empirics, the departments are not the root cause of the issue. The departments are merely segmented means to distribute tasks. Rather, it must be understood that the deeper issue lies in the varying ethical perceptions that underpin these responsibilities. Each department, influenced by its specific ethical subculture, sets its parameters for decision-making within the bounded rationality model. This divergence prevents the subcultures from a shared understanding of limitations in IDM, and thus hinders them from agreement about what constitutes a satisfactory decision.

In summary, the decision-making inefficiencies in the pharmaceutical organization are not merely a product of diverse departmental responsibilities but are fundamentally rooted in differing ethical perceptions. To recognize and reconcile these varying ethical subcultures within the framework of bounded rationality would therefore be beneficial for efficiency in the organizational decision-making process. Only then can the organization align its decision-making processes towards a shared organizational goal, transcending the limitations imposed by these disparate ethical orientations.

6.5 Top Management: the mediating factor

Despite the inefficiencies which result from the differing subcultures, the firm still operates at a rapid pace and has succeeded in their pharmaceutical operations, as indicated by their rapid growth and market expansion. This suggests that the IDM generally functions well in the organization. Empirically, this could be attributed to the mediating role of top-management between the departments. Top management showed an understanding of the differing subcultures, and were perceived to have a personable nature and close relationship to each of the departments. As such, they could communicate a shared vision through relating the various perspectives to the goals of the organization as a whole. This counteracted the inefficiencies in the IDM by bridging ethical perspectives. It also suggests that the firm would potentially have more issues if top management also adhered to the subcultures.

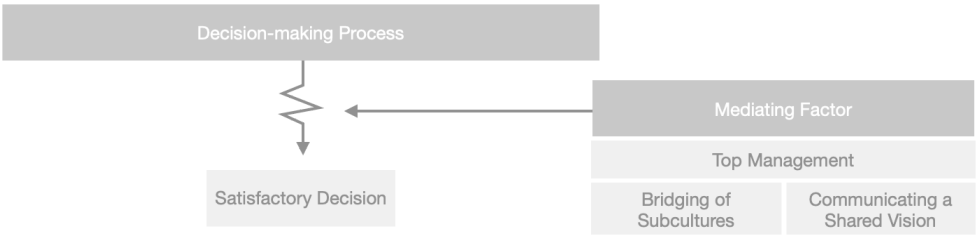

Figure 6.1 *IDM-inefficiencies and Mediation* (Nilsson & Wihman, 2023)

7. Answer to Research question

The authors have studied the relationship between perceived ethical culture and organizational decision-making through a qualitative case study. The ECC model and the bounded rationality decision-making has been the foundation in the theoretical framework which has been adopted when analyzing the empirics with the aim of answering the research question:

> *How do perceptions of ethical culture influence interdepartmental decision-making?*

Based on the empirical results, the authors found that:

> *Differing perceptions of ethical culture leads to ethical subcultures, which hinder departments from reaching alignment on what constitutes a satisfactory decision in interdepartmental decision-making processes.*

Pharmaceutical companies must balance running a business within the industry's complex ethical climate. To do so, each of the departments within the organizational ecosystem incorporates role-specific ethical principles in their decision-making. However, the differences in departmental roles and responsibilities results in the formation of ethical subcultures with differing ethical standpoints.

The subcultures entail differing perspectives with regards to what constitutes a "satisfactory decision". As such, the departments involved in a given IDM process do not align in their decision criteria and thereby suggestions of decision alternatives. The misalignment results in inefficiencies in the IDM process.

Although the inefficiencies are due to different ethical subcultures, the employees believe that inefficiencies in IDM processes are the result of necessary counterbalances between departments. However, each department plays a necessary role in the organizational ecosystem, empirics suggest ethical alignment is both possible and beneficial for the IDM process, as proven by the Covid-19 pandemic. Furthermore, management can play the role of a mediator, which fosters alignment in between ethical subcultures by formulating a shared vision. This allows for alignment within the IDM process, albeit not as efficiently, despite the discrepancies in ethical perceptions.

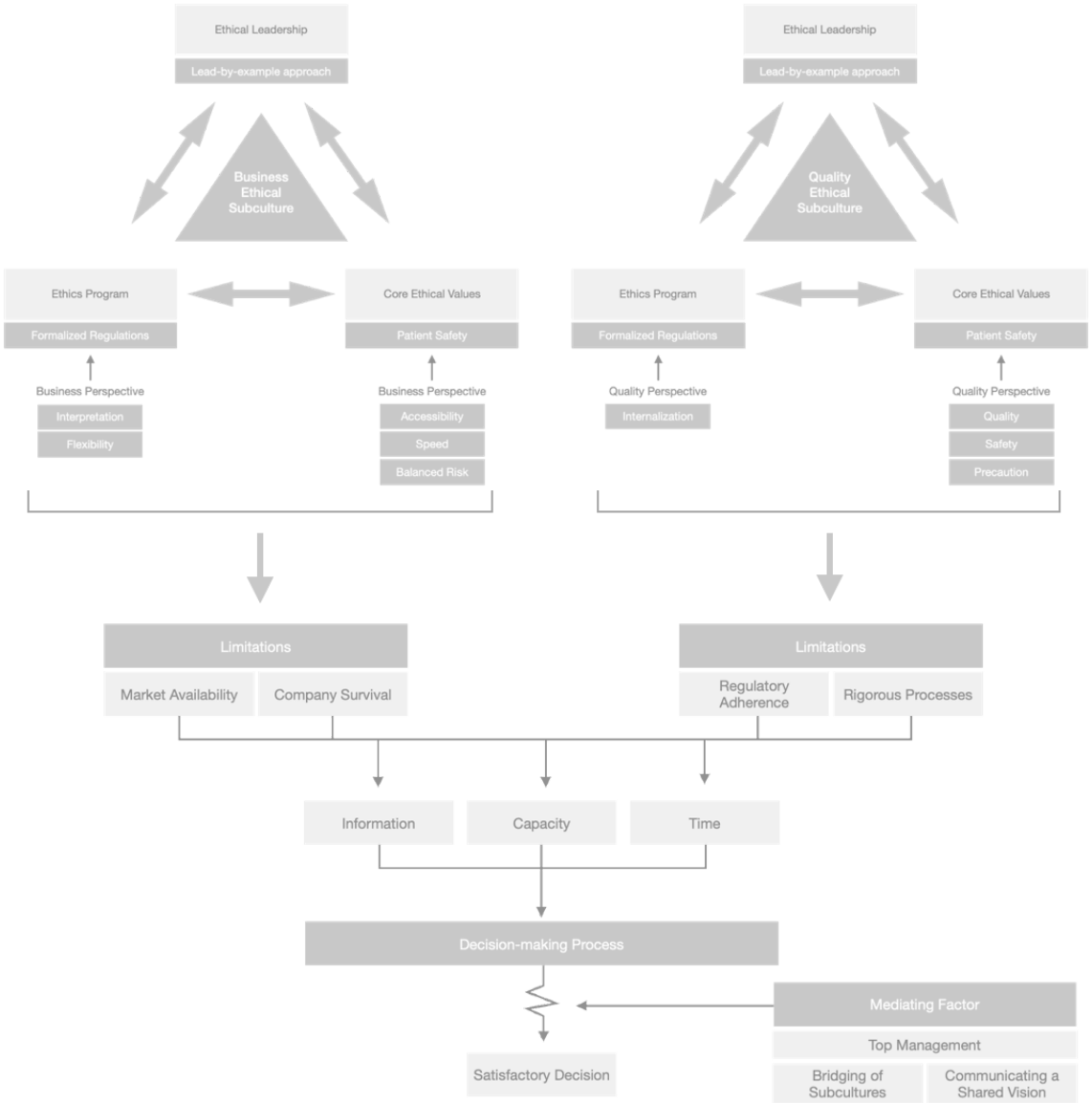

Figure 7.1 *Comprehensive Model for the Influence of Perceived EOC on IDM in the Pharmaceutical Industry* (Nilsson & Wihman, 2023)

8. Discussion

8.1 Contributions

The research findings in this study relate to the balance of diversity and homogeneity in decision-making processes, as well as organizational structures. The empirically identified ethical subcultures of this study echoe the complexities of managing diversity in organizations. Studies on diversity have noted that it can reduce intra-group-cohesiveness, and thereby lead to conflicts and misunderstandings (Roberge & Dick, 2010, Broome, et al. 2002). However, diversity has also proven beneficial to organizational performance, as it fosters creativity and innovation (Roberge & Dick, 2010). This can be compared to the empirical finding that each department of the organization contributes specific expertise and knowledge in the decision-making process, which benefits the organization's ability to achieve their unanimous goal. At the same time, the variation in the subculture's perspectives was found to cause inefficiency and conflict in the decision-making processes. This could potentially suggest that managerial tactics for successful integration of diversity could be useful to manage IDM in an organization (Broome et al, 2002).

The implications of ethical subcultures on IDM also resonate with existing literature on expertise silos in organizations. Silos, which refer to when expertise becomes compartmentalized within an organization, have been shown to hinder the exchange of knowledge and information, which then thereby "hinder internal collaboration and organizational learning" and "prevent achievement of high performance" (De Waal, et al, 2019). An article by Gleeson (2017) similarly emphasizes how silos undermine unified vision and communication, which results in inefficiencies. The subcultures' divergence in ethical standpoints existed to a degree whereby it be referred to as "siloed" within the organization. Moreover, the implication of impeded decision efficiency aligns with Jehn, Northcraft, and Neale's (1999) research. They suggest that, although a moderate level of conflict can stimulate creativity, excessive dissonance, especially in core values, may be detrimental to decision-making efficiency (Jehn, et al 1999). These findings are particularly relevant for the pharmaceutical sector, where ethical considerations are ubiquitous, and a diversity of departments (and thus perspectives) are involved in the decision-making processes.

The empirical importance of alignment in IDM relates to research on communication and organizational alignment. Empirically, alignment was found to be accomplished through communication and social relationships within the company. This relates to the 5 “silo-busting” factors as suggested by De Waal (2019), namely: values, collaborative operating models, a collaborative environment, leadership, and people development and rewards. can be used to enhance interdepartmental understanding and alignment in decision-making processes. These factors help break down silos through encouragement of open communication, developing an understanding of shared values, unifying perspectives through effective leadership, and the reward systems that recognize and promote cross-unit cooperation, thereby enhancing overall organizational effectiveness (De Waal 2019). Similar factors were acknowledged as mediating forces in the decision-making process in the empirical findings. This suggests the potential for strategies from organizational silo research to be applied or combined in IDM processes.

8.2 Implications

The study’s insights into the presence of distinct ethical subcultures within companies have broader implications for the pharmaceutical industry and beyond. Given the similar types of departments which exist in pharmaceutical firms, the researchers posit that ethical subcultures likely exist in firms across the industry. Acknowledgement of these cultures and their implications on the decision-making process could result in more efficient, ethical, and aligned IDM processes. This reflects the sentiments of Treviño, Weaver, and Reynolds (2006), who suggest that understanding and integrating diverse ethical perspectives are necessary for ethical coherence in large organizations. Hence, pharmaceutical firms can benefit from these insights by developing strategies to bridge ethical subcultures, thereby enhancing decision-making efficiency while maintaining or even strengthening their ethical standards. This finding is consistent with the research of Schein (2010), who argues that an understanding of organizational culture is important for effective management.

8.3 Suggestions for Further Research

The findings in this thesis relate to the core reason for inefficiencies in the IDM processes. As these reveal how ethical subcultures relate to inefficiencies in IDM, a suggestion for further research would be to explore how alignment could be created

between ethical subcultures and how the inefficiencies in IDM could be remedied. This could be used as a foundation to further study how to resolve the conflict between balancing ethical and business considerations within a pharmaceutical company.

Moreover, the differences in ethical subcultures could be further researched from a power perspective, to examine how the hierarchical relationships relate to the decision-making conclusions.

9. Conclusion

This thesis has explored the impact of EOC of IDM in a qualitative case study of a Swedish pharmaceutical company. The findings illustrate that the existence of ethical subcultures hinders departments from reaching alignment on what constitutes a satisfactory decision, which results in inefficiencies in the IDM process. The evidence suggests that while the departments' core purposes align in terms of the organizational goal, their differing ethical perceptions prevent them from working in a complimentary manner in IDM processes. This implies that acknowledgement of ethical cultures provides a foundation to understand, and ultimately remedy, the lack of alignment and the resulting inefficiencies in the IDM process. These findings thereby contribute to the dilemma of how to balance, and ultimately manage, ethical considerations within business operations in the pharmaceutical industry.

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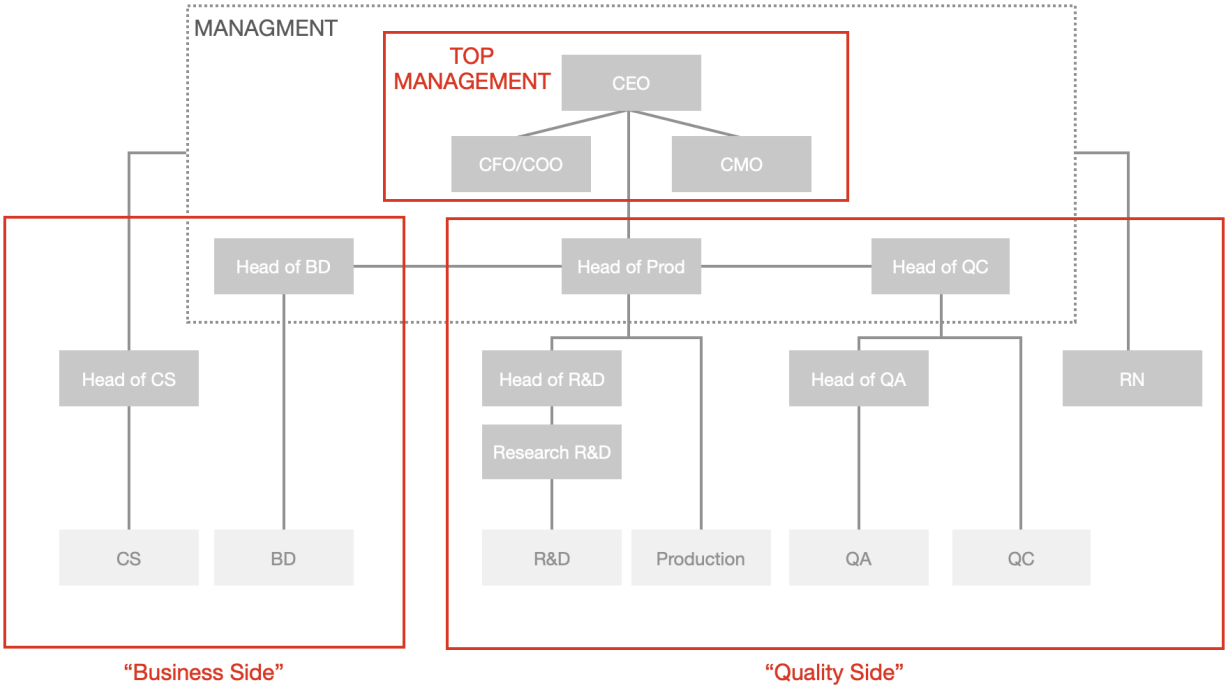
Appendices

Appendix A - Clarification of “Business & Quality Side”



Abbreviations:

BD: Business Development

CMO: Chief Medical Officer

CS: Clinical Success

Prod: Production

QA: Quality Assurance

QC: Quality Control

RN: Research Nurse

R&D: Research & Development

Appendix B - Interview Information

No.	Code Name	Time	Date	Place
1	QS1	42:35	2023-10-07	Microsoft Teams
2	BS1	26:39	2023-10-09	Microsoft Teams
3	QS2	41:00	2023-10-14	Microsoft Teams
4	QS3	46:21	2023-10-14	Microsoft Teams
5	QS4	42:30	2023-10-14	Microsoft Teams
6	QS5	35:45	2023-10-16	Microsoft Teams
7	BS2	40:41	2023-10-17	Microsoft Teams
8	QS6	28:49	2023-10-18	Microsoft Teams
9	QS7	36:31	2023-10-18	Microsoft Teams
10	BS3	46:57	2023-10-18	Microsoft Teams
11	TM	42:10	2023-10-20	Microsoft Teams
12	BS4	33:59	2023-12-02	Microsoft Teams

Code names:

QS - Quality Side

BS - Business Side

TM - Top Management

Time:

Mean: 38:40

Median: 40:50

Min: 26:39

Max: 46:57

Appendix C - Interview Guide

Formalities:

- Participation in this study is voluntary.
- In our study, which is our Bachelor's thesis in management at Stockholm School of Economics, you as a participant and your employer will be anonymous.
- Also, we will not disclose any other participants in the study, neither to the employer nor to other participants.
- You may interrupt and/or leave the interview at any time and without disclosing the cause to us.
- We would like to ask whether we have permission to record the interview, so we can transcribe it afterward?
- Before we start, do you have any questions for us?

Background:

Part 1 – Perception of Ethical Org Culture

Intro:

Describe role within company?

Core ethical values:

1. What are your core ethical values within your work?
2. Why are those so important to you?
3. How do you act upon them?

*Overview***:**

4. How would you describe an ethical culture in an organization?
5. How do you believe an ethical culture is formed?

Core ethical values:

6. If you were to describe the ethical culture at Company X, what values would it comprise of?
7. What is the intersection between your personal core values and the organization's values? - elaborate
8. Have you been part of shaping the ethical culture at Company X?

Formal Ethics Program:

9. In connection to the previous question, is there a formalized code of ethics at Company X? How and to whom is it communicated?
   Is it enactable? Is it enforced? If so, how?
10. Do you believe it is necessary for an ethical culture to be enforced from above?

Ethical leadership:

11. Who do you consider an ethical role model for yourself? For the organization? What values would you ascribe to them?
12. Can you give an example of when someone in Company X has acted ethically? Who was it?
13. Can you describe a time when you have faced an ethical dilemma? What considerations were taken and decisions were taken to resolve it?

Decision Making:

14. If you are proposing a new idea what does the process of approval look like? Who are the decision makers involved in approval and implementation of an idea? Is this a smooth process?
15. How would you describe the dynamic between departments and their role in the decision-making process?

Part 2 – Ethics in Pharma:

1. Do you think ethics in pharma differs from other industries? If so, how?
2. What is the most important aspect of ethics in pharma?
3. Covid19 - decision-making scenario and reflection exercise

Part 3 – Scenarios:

- In this part we will provide a few generic situations applicable within the pharmaceutical sector. If the situation applies to your role, then describe what decision you would make or actions you would take. If the situation does not apply to your role, then describe your ethical point of view in this situation, or what decisions you would take if you had the chance.

- Your company has recently begun your clinical trials and everything is looking good and moving forward at a satisfactory rate. However, one patient has had a serious adverse event after their treatment. You are amongst the first to find out about this occurrence.

- Your company and a competitor are developing the next generation of a popular drug. This new generation will save millions of people from the uncomfortable side effects. However, the drug development process must be made more cost efficient in order to sell the drug at an accessible price.

- You are setting up a phase II clinical trial. The phase I study showed astounding results, leading you to believe the drug could potentially save thousands of patients. You have a choice between running the trial without a placebo group or you can run a double-blind trial. The trial without placebo would entail a faster release of a viable treatment.

- You have a product which you know is compliant with regulatory standards and the highest research quality. However, you have not yet officially received regulatory approval of the specific product. Customers have already reached out to buy your product.

Appendix D - Example of Coding

Would you say that within the company different parts of the company have different perceptions or tend to lean more towards one of the different directions in what is the most ethical thing to do?

"I feel like the business side, we are actually more concerned with living with our vision and mission to get the treatments out to the patients. So we're starting that and like how can we do this? What are the opportunities? And then we look at the regulations and say, OK, is this compliant and is this ethical to do? So I think we have quite different perspectives on it and there are some fundamental differences. Usually a conversation is like OK, we have some idea from the business side and it gets shut down by quality and we almost can have the argument that the quality side is not ethical because our solution would actually provide our treatments to patients. And if we can start to treat patients expensively in the [country] and scale up, then it will become cheaper over time and we get more data and we can also get the correct approvals faster and it would be great for the whole industry and for patients all around the world. Because we truly believe that our [medicine] can treat a lot of chronic diseases and they have been proven, for example, for [disease] or for [disease] or to really good cases where we know basically that they work. So if we can just get them out to the market and the product is safe. Ethically, I really say no downside in just doing everything we can. While if you ask to call it in production, probably they would have ethical concerns with it."

First Order Themes:

_____ Acknowledgment of different perspectives
_____ Patient Safety
_____ Decision-process
_____ Accessibility
_____ Tensions