



Chapter 6

Corporations and Stakeholders: Managing Businesses in Turbulent Times (An Ethical Dilemma)

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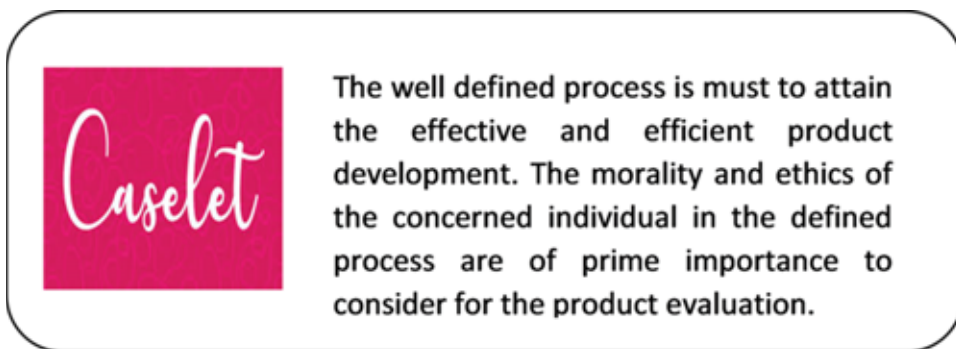
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ABSTRACT

American companies dominated the corporate scenario in the early 90's, then Asian and European companies rose and challenged the mighty American corporation at global scenario. In the last decade also, we have seen various mergers, acquisitions, and takeovers by companies in a bid to salvage their businesses. Economic theories related to trade like absolute and comparative advantage have further helped companies to manage their global businesses under fierce competition. Corporations have adopted corporate governance models like Anglo Saxon model of corporate governance focused theoretically on accountability and reporting, but the continental European model stressed concentration of economic capital. Also, the chapter will provide an insight as to how stakeholder management approach in light of redefining the businesses makes changes to stay relevant to the market. The time of turbulence is also one of the great opportunities for those who can understand, accept, and exploit the new realities.

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Figure 1. Case-let: Product development and evaluation



MINI CASE

A leading pharmaceutical company XYZ, having formidable presence in the cardiovascular, endocrinology segment, commands a market share of 34% in each of them. The company plans to grow at a pace of 10% for the next 7-10 years. The CEO of the company has been doing various round table conferences with all the shareholders to pave the path for the future growth of the business. Some of them are asking them to expand the existing product portfolio by citing logic that it will help them garner more market share and the others are pressing for entry into new therapeutic categories as the competition is heating up in the existing categories. After all the deliberations, the CEO has formulated the pathway of the company's futuristic business portfolio. CEO wants to bring the drug in the female contraceptive market which has been growing at 16% from the last 8 years and the future looks quite optimistic.

CEO has suggested:

- To reduce the price of those drugs which are growing at stagnant pace
- Launch new molecules in the existing therapeutic categories
- Launch new molecules in the new therapeutic categories
- Recruit new sales representatives

Do you think all these options are right? The answers to the foresaid questions will be continued in the forthcoming sections of the chapter for better application oriented learning.

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