

**THE ROLE OF ETHICAL LEADERSHIP
IN AN ORGANISATION
(Novo Nordisk)**



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1. INTRODUCTION

1.1. Background of the study

The pace of the development has been becoming so rapid that within a blink of eyes many companies are established and get closed. The survival of the companies is dependent upon various factors such as strategies, human manpower, technological changes, etc. and so on. The relationship management also plays a vital role in the efficient flow of the companies to meet their objectives of maximizing profits. Human manpower need to be well motivated and directed to have the organizational activities well done. Tillquist (2002) defines “Organizational relationships are networks of resource interdependencies.” He further adds “Organizations seek out relationships with external organizations that provide critical resources, such as raw materials, labor, access to markets, specialized skills and knowledge, and will structure their internal operations to insure access to these critical resources” Organization gets proper direction if the relationship among the staffs and the management leaders is good. Proper relationship helps to get the things get done in right time. Relationship between the manager and staffs is bounded by various factors like hierarchy, chain of commands, level of comfort, etc. The level of behavior treated to the subordinates by the manager also determines the effectiveness of the tasks. It is in general aspect termed as the ethics. Ethics is defined as a systematic approach to understand, analyze and distinguish what is wrong and what is right.

Leadership is a process of leading a group of people to the path of achieving organizational goal. Leadership can be defined as “[t]he ability of an individual to influence, motivate, and enable others to contribute towards the effectiveness and success of the organizations of which they are members” (House et al., 2004). Leadership is “the capacity to create a compelling vision and to translate vision into organizational realities” (Bennis and Townsend, 1995). Novo Nordisk follows

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Scandinavian style of leadership. It can also be said as democratic leadership style. Democratic/Participative Leadership Style is a type of leadership style where leaders make the final decisions, including team members during the decision-making process where they encourage creativity. (Amanchukwu et. al., 2015)

Novo Nordisk is a very popular multinational company related in the field of bioscience. Novo Nordisk supplies insulin that is used for the treatment of diabetes to various countries of the world. Different ethical issues and dilemmas do occur in the company during the process of work. These dilemmas can be categorized into various types like employee, price, environment, and fraud and corruption dilemma and so on.

Organization performs its work through the equal and integrated efforts of people. Every human being is naturally gifted with the unique behavior. The behavior which they share or show among the fellow individual is their behavior which they personally like or dislike. This is where ethical issue appears. Similarly, during the time of work people show various behavior like; use of rough language during communication, hurting the sentiments of religion and culture, uninformed termination of the work, lack of punctuality and accuracy in the work and many more which can be counted as bad ethical behavior to the other staffs or company too.

The timely solution of ethical issues and dilemmas is a must. In order to achieve sustainability in the market by the organization, they need to keep many things into considerations among which are ethical issues. Good ethical behavior before, during and after in the working environment lifts the working efficiency, quality of work and the relationship with co-worker always reach to the optimum level. Hence, successful company like Novo Nordisk need to think wisely in this matter in order to run to a long term in the business market.

1.2. The problem area

A research problem is defined by (Olsen & Peterson, 2005) as a problem in a specific context for example with a theory with which a group works. A problem is placed in a horizon or in a context of problem area. A study of problem area requires deep understanding, precise concept and theoretical background of that research problem.

Ethical dilemmas are situation in which a person or organization has to make a decision choosing between two options. In such type of situation neither of the choice can give satisfaction to the person or organisation within the guidelines of ethics. The person or organisation cannot feel satisfactory in this situation while choosing an option within the guidelines of an organization or personal ethics. The reason that the chooser is not satisfactory is because of the ethical dilemma. In ethical dilemma, the chooser has to follow the ethical guidelines of the company or follow personal ethical rules that he has been taught.

Ethical dilemmas occur in every organization. Ethical dilemma and ethical behaviour are much interconnected with each other. Ethical behaviour can be used to overcome the ethical dilemmas and ethical issues. Lombardo (2017) argues that there are four reasons due to which ethical problems occur in an organization that includes: lack of integrity, organizational relationship problem, conflict of interest and misleading advertisement. In a study by Finegold1 & Allison (2006) most bioscience companies have responded common ethical issues as employee misbehaviour, conduct of clinical trial, legal compliance and marketing. Those companies further highlighted ethical issues in the area of governance, regulatory strategy, accounting practices and sales practices.

Internally an organization's ethical issues can be related to misleading financial information, human resource management related to employees' discrimination and their privacy. Other internal organizational ethical issues can be regarding sales and marketing this includes all forms of advertisement and public awareness techniques. Another internal ethical related issue is about production. Any

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defective, addictive or hazardous product can cause ethical issue for the company and bad reputation. According to Bundegaard (2017) Novo Nordisk considers ethical dilemma as breach of legislation in its company and its ethical standards. Novo Nordisk has a tightly regulated industry any kind of breach of its legislation of its industry codes or company policies may occur in connection with business interactions, such as with healthcare professionals, business partners or other stakeholders. This could compromise the integrity of the individuals involved and could cause damage to Novo Nordisk's reputation and financial situation. Novo Nordisk has four broad categories of business ethics regulation that is comprised of fraud, anti-corruption, off label communication and transparency in its payments.

1.3. Research question

Research questions are the issues which researcher desires to achieve from the research organized. Research questions provide the direction to the project and deals with the giving the shape to the project.

The main research question of the project is: ***Which ethical dilemmas does Novo Nordisk face and how can the leaders overcome them?***

The following sub-questions are intended to be researched for the support in answering the main research question:

1. Why is ethics important for Novo Nordisk?
2. What kinds of ethical dilemmas Novo Nordisk deal with?
3. Which recipes do leaders use to decide ethical dilemmas?
4. How does Novo Nordisk prepare for upcoming ethical issues?

1.4. Key theory concepts

The ethics issue in the research projects is sometimes superficially treated.

The most common definition of ethics is norms for conduct that distinguish between unacceptable and acceptable behavior.

The word ethics came from Greek word *ethos*, which translates to customs, conduct, or character. Ethics is concerned with the kinds of morals and values a society finds desirable or an individual. Moreover, ethics is concerned with the virtuousness of individuals and their motives. Theory of ethics provides a system of principles or rules that guide us in making decision about what is wrong or right and bad or good in a particular situation. Ethics theory means to be a morally human being (Northhouse P.G., 2013).

In this chapter, we describe ethics and ethical theories, ethical dilemmas and some perspective views from four experts within business and sustainability.

What leaders do and who are leaders, regarding to leadership, ethics doing with. The nature of leaders` behavior and with their virtuousness concerned with ethics. Ethical issues are either explicitly or implicitly involved in any decision-making situation. Leaders make choices in business and how they respond in a circumstance are directed and informed by their ethics.

Theories about leaders` conduct and theories about leaders` character are two main ethical domains for studying ethics. Who are leaders as people and what actions they do, ethical theories applying for.

Teleological theories, from Greek word *telos*, tend to answer questions about right and wrong. By looking at results we can answer the question “What is right?” from the teleological perspectives. Actions of individuals define the goodness or badness of a behavior (Northhouse P.G., 2013).

Deontological theory is derived from the Greek word *does*, that means “duty”. Whether the action itself is good determinate that theory. All examples of actions such as telling the truth, keeping promises, being fair and respecting others depending of the consequences. The actions of leader and his moral obligations and responsibilities to do the right thing, towards the deontological perspectives. If

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the leader has a moral right to do actions, a leader`s actions is moral, if the actions do not infringe on others` rights, and if the actions further the moral rights of others (Schumann, 2001).

The viewpoint of a leader`s character is called virtue-based theories. They focus on who leaders are as a people. Virtues are rooted in the heart of the individual and in the individual`s disposition (Pojman, 1995). Virtues and moral abilities can be learned through practice. To be morally appropriate human beings, people can be taught by their families and communities (Northouse P.G. ,2013).

The Greek term is aretaic, that means “virtue”. Virtue-based theory stresses to the development and training of moral values (Velasquez, 1992). Telling people what to be, rather than telling people what to do. It helps people to become more virtuous.

1.5. Literature review

1.5.1 Introduction

The literature review explains about the ethics, evolution of ethics, and business before discussion about the role of ethical leadership aspects. The organization seeks to implement these ideas to get rid of the difficulties or challenges to handle the culture for specific goal. To know about the ethical leadership, it is needed to know the term ethics and moral which follow to seek the ethical leadership.

1.5.2 Ethics and moral

According to this research, the word ethics are used as the ethical term in the leadership that provides the research background. Ethics is the set of principles which in related on values and culture. It is said as the way of thinking on the authority or study how to act. It consists of religious norms and values, philosophical belief, ethical behaviour and ethics related to the business. Ethics

creates the social evaluation and it is existed in all human's environment that helps to jot down the morality in people (Singer, 1994).

In ancient Greeks, philosopher like Socrates presented this philosophical study about the human nature to understand the value and rational moral. Ethics is described as the character of individual as a 'good person' and it is concerned with whole society, said as Ethos. The word morality is known as Moralis in ancient age which means beliefs and customs. It is related to human behaviour that influences the ethics. The dilemma and problems are solved with the experience of moral knowledge that is a part of decision making process (Crews, 2011).

Ethics is defined as the fair or right about what we do and accept. Ethics is related to the motives of individual or society which is concerned with the values and norms. It consists of rules that guide people to take decisions. Ethics provides the knowledge regarding right or wrong in specific circumstances (Northouse, 2013).

Ethics provides the moral understanding among the human being. Ethical culture enhances the behaviour of leader that affects the organizational norms (Copeland & Winston, 2013). Business ethics defines as the ethical behaviour and decision applying into business activities which is generally judged by the standards of society regarding ethics. It is concerned with the relationship and values of business and ethics in between persons, society, nation and globes. It explains the ethical and legal business in order to take decision (Weiss, 2009).

1.5.3 The evolution of the Ethical leadership

In the context of leadership, leader act reflected the ethics. It is connected to the leader's attitude and behaviour. Ethics directs the leader's decisions in which it shows how leader choose the respond on various situation. Ethics depends on the leader's choice, how they involved and respond the ethical issues (Northouse, 2013).

When we turn the pages of history, we found many literatures related to the ethics and its origin. In 1970s, there have been many studies which are related to the ethics and leadership. There are also some books used for the practitioners.

The relation of leader and follower become strong if there are positive vibes of ethics and moral behaviour among them. Good leader is produced when there is ethical leadership approach that cares about the value, moral, and ethical behaviour of the follower.

However, leaders who emerge in ethical traits and behaviours concern in any common approaches enhance the organization values. In some early research, it is found that value based approaches describe the problem to understand the environment. However, ethical dilemma is the main aspects that create the real leadership approach.

Ethical leadership starts with examine the traits of the leader before integration the leadership approach. After that, it focused on how leader lead ethically and manage the organization culture and make more ethical or responsible regarding the rule and regulation of an organization. Similarly, it focuses on the process of training, communicating, and decision making process with ethical values.

1.5.4 The role of ethical leadership

In leadership process, leadership should have influence others to get the goal with the ethical responsibilities. As leader is more powerful, they have more responsibility to influence the follower in significant ways. Leader creates the value and norms of the organization to establish the ethical environment in an organization. Ethical effectiveness is based on the performance and commitment of leaders and satisfaction of the followers where a leader trait plays a significant role (Copeland & Winston, 2013).

The principle of the ethical leadership describes about the ethics and its effect in organization regarding the act of leader. Leader should respect the follower and allow them to share their knowledge, vision, ideas, and desire. Respecting other is treating well which is also a part of the ethics. Ethics is based on the perception of right and wrong issues that is linked with beliefs, norms, expression, practices (Fan & Machi, 2011).

Marshall & Bocarnea (2012) describes leader behaviours are concerned with the task and relationship of involving people. Leader should provide the good role to the follower. Leader should have honest and able to ignore the unethical behaviour. Leader should be aware of the ethics training that helps to understand the decision-making process ethically and value the code of conducts. It is very necessary to create the culture that value the followers and should have aware about the ethical right.

Leaders also have to serve followers and take care of them. This concept is developed by servant leadership theme which explains the ethical attention of leader to the follower. Servant leader have responsibility to avoid the injustices and have to give more priority on followers' desires and ideas.

Leader should have knowledge about the justices and concerned about the equality at the middle of the decision process. The major role of the leader is how they ethically deal with followers to make great decision making. Ethical leadership is based on honesty, respect and equality that contribute followers to achieve common goal and solve the challenge concerned with ethics (Northouse, 2013).

According to Nkosi (2014), leader is responsible for making the entire sustainable task developed in any organization is based on the performance of the leader. The impression of the leaders and the standards shaped the organization and creates value and principles to make ethical decisions.

Leaders must adopt the ethical principles to emphasize the workforce for the success. There should be value of priorities and required perception of the

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employees to tackle with the challenges. It is needed to conduct the ethical manner in an organization and establish a suitable environment concerned with right and values.

It is required to have understanding and interpretation within leader and follower to be clear about the ethical principles and ethical manner to obtain the target goal of the organization. Leaders have to create the culture based ethical principles that mandate the practices related to the ethical behaviour. It helps to recognize the discipline and performance and make sure about the business updates (Garber, 2008).

The ability of the leader is to influence the follower to aware about the ethical issues and to make satisfy the stakeholder. The challenges for the leader are to build the trust and deal with critical situation. Ethical values are related to the transparency in task as decision making, responsibilities of the leaders towards the followers, fairness and trust that reflect the ethical codes and set the guidelines to achieve the organizational goal concerned with the ethical values.

Ethical leadership maintains the mission and vision and delegate the responsibility. Ethics describes the core beliefs and interpret to construct the building of integrity and responsibility. Leader should be courage to respond and faced the ethical dilemmas and takes action along with leading the followers and review mechanism by making policies. Leader should know how to use the company's assets and policies for guidance. Leader should implement strategy to build the trust with the stakeholder which raised the financial performance. The risk increases when leader gives less priority to ethical issues (Back, 2005).



Source: The ethical leadership (Back, 2005)

The literature review describes the overview of the ethics and leadership and it makes able to construct the characteristics and role of the ethical leadership. Overall, this chapter is able to explain the influence and relationship of ethics and leadership. The next chapter shows the methodology part applied in this research paper.

2. METHODOLOGY

2.1. Introduction

This section aims to sketching the methodological approach which is connected with the overall study regarding the research. It consists of the description of the idea and purpose of theory, approach, and technique utilized as the part of the study.

This methodology chapter divided into two subchapters to make the structure of the research more specific and clear. Firstly, chapter starts with the brief description with the topic “Philosophy of science” and continued with the next chapter “Research approach” which is applied in this research paper.

2.2. Philosophy of science

Philosophy is about a system of belief to understand the world and reality. Philosophy of science is about the application of scientific methods to science (Malisoff, 1934). Philosophy helps us to understand nature and the living being in it. (Rosenberg, 2001) understands that philosophy and science and its interconnectedness with each other when science does not give answer to a problem then philosophy deals with it. Overall philosophy is the foundation of knowledge. It helps human to understand things by reasoning and understanding the objects. It helps human to understand the world in a particular way that exists. It provides a framework for the man to understand the world. Psillos (2007, p.5) believes that the central role of the philosophy of science is to understand science as a cognitive activity.

Philosophy of science is huge topic that is concerned with the study of theories and foundations of sciences. It describes the purpose of science and the scientific theories.

2.2.1 Ontology

Heidegger & Buren (2008 p.3) defines ontology as the doctrine of being. He describes the modern ontology as the theory of objects and then he connects it to phenomenology. The theory of ontology describes the existence of world and its basic notions (Olsen & Peterson, 2005, p 196). Jacquette (2002) describes the existence of being and its different categories and then he integrates it to philosophical ontological science. He further advocates the overall design of the ontological framework. The world could be described with respect to things. It deals with the particular existence of things and their properties. It deals with the world nature and its happening. Ontology can be used for quantitative description. It gives answers to the basic notion about society.

2.2.2 Epistemology

Epistemology describes the method of discovering knowledge (Olsen & Peterson, 2005, p 197). It deals with what ways are used to find knowledge. It tries to find relevant techniques and methods to find knowledge. Epistemology deals with the construction of method for investigating the problem. It describes what kind of models can be used and what theories are relevant for using that method as an investigating tool. Epistemology is the study of how knowledge is acquired. This deals with the encompassment of nature of concepts and formation of those concepts. It further finds what senses are used with what logical reasoning is required.

Rescher (2003) describes epistemology as the theory of knowledge that clarifies what concept of knowledge is applied for its explanation and further to construct the idea of knowledge to include belief and conjecture. These all matter are studied deeply in epistemology. Epistemology further describes the relationship of our mind with the world reality and how it is related. Epistemology describes how we think about the world. It helps us to determine what is right and what is wrong by following a proper way. The degree of understanding reality is connected to the degree of understanding epistemology. If there are any flaws in episteme it will

make our research work complicated and our understanding toward problems. The key elements of an epistemology are the reasoning of getting knowledge that helps our senses and concepts. We use reasoning to gain knowledge and logic as a method to maintain our understanding. Further we use objectivity to associate knowledge with reality to check its validity. Concepts are abstraction and proper epistemology is rational.

2.2.3 Objectivist

The objectivists posit absolute criteria for truth (Olsen & Peterson, 2005, p.126). The objectivist study about the existence of reality or truth despite the lack of human knowledge. Objectivity is the central concept of philosophy in relation to truth and reality. The general meaning of objectivity is the quality of being true even outside of subject's interpretation of feelings. This illustrates that one can get knowledge through common perception formation and inductive knowledge. According to (Olsen & Peterson, 2005, p.137) objectivity cannot be ignored when to study about social science and when truth is opposed to ideology and illusion. He further believes that objectivity is common in project works and can assist in discussing some problems. By using objectivity, we can approach a research problem that can be viewed as relationship between theory, empirical data and methodology.

2.2.4 Positivism

The positivist model of science describes that scientists on the basis of observation and through the process of induction or deduction discover general laws that are formulated as theories and then test them through deduction to move closer to reality or truth (Olsen & Peterson, 2005, p.138). In positivism knowledge is verifiable through observation and all laws become more and more close to reality or truth. The positivist sees the world as an orderly universe with discoverable laws (Olsen & Peterson, 2005, p.138).

2.2.5 Objectivism

Objectivism believes that truth is tested and general laws can also be formulated (Olsen & Peterson, 2005, p.140). In objectivism, it's believed that if a truth is real then its independent of mind and reality further may contain objects that are unknown to consciousness. It is an ontological theory that incorporates a commitment to the objectivity of objects.

2.2.6 Realism

Realists believe that there exists a world outside theories and observations (Olsen & Peterson, 2005, p.139). Popper has the idea of realist and he believed that the real world itself can not reveal itself but can only be observed with the help of pre-existed theories. Philosopher in realism believes that societal events result from underlying structures and mechanism. Realism can also be described as objectivist because theories can be tested with certain criteria's.

2.2.7 Interpretivism

Interpretivism is an approach in social science that opposes positivism. In this school of thought they believe that human life prevents in adopting natural theory structure, its concepts, development and the objectivity from natural world Mark(2014, p.57). In interpretivism the interpretivist base their theory and study on field work. Qualitative study is used in interpretivism. It is an epistemology that studies society differently than compare to natural world. Interpretivism studies the complexity of society differently than compared to positivism.

2..2.8 Hermeneutics

Hermeneutics word is derived from ancient Greece and its origin was from interpretation of texts and sculpture (Wright and Losekoot, 2012 p.419). As this paper studies, the human ethical issue in an organizational setup and business so the epistemology is taken as Hermeneutics. Hermeneutics is a branch of science that deals only with study of interpretation. The study is further adopted as qualitative since so it interprets the texts and human annotations. It makes it more

relevant to adopt the Hermeneutics way of approach. Since hermeneutics refers to the interpretation of text, speech or a symbolic expression (Gjesdal, 2015). This epistemology is relevant to our study because it interprets the human behaviour in the organization. The idea of interpretive comes under hermeneutics; it has a long history back to ancient Greek that deals with the study of theory and its interpretation. An element of philosophical hermeneutics is interpretation. This branch of Philosophy has also been described as the interpretation of world experience and reality. It's a tool that describes human action and their behaviour.

As the branch of philosophy studies interprets human action therefore it is relevant to our project work on the ethical issues in Novo Nordisk. As our paper investigates the ethical dilemmas of Novo Nordisk and how their top leaders deal with it. It becomes a social problem for the organization. By using interpretive method, we can understand the underlying ethical issue of the organization that their leader faces today and how the leader of Novo Nordisk can overcome it.

The second reason that hermeneutics is better for our study is that it uses interpretation and that is opposite of positivism. As positivism tries to understand natural world problem but interpretivism on the other hand studies the social and business issues within an organization. This gives us more advantage to understand the hidden problems of ethical issues in the organization. Hermeneutics was initially understood to interpret bible but it was Han George Gadamer who transformed Hermeneutics from bible interpretation to philosophical movement to understand and interpret general things (Nuyen, 1994).

In his book (Kennedy, 2014, p 2) describes the ranges of hermeneutics as laws. He argues that scientific hypothesis cannot be considered as interpretation. Different philosophers have different understating of hermeneutics as Schleiermacher believes that it's the art of understanding of knowledge that includes methodological rules rather in his understanding each single language can understand by rules and that is mechanism. According to Dilthy understanding hermeneutics is the theory of the rules of interpreting written monuments

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(Kennedy, 2014, p 29) whereas Heidegger understands it as having insights into the theory of cognition of history and Gadamer discovers two different tasks on hermeneutics as construction and integration. Relating to human science Johnson (2002) believes that hermeneutics is the description of human nature and interpretation of its behaviour. The evaluation of hermeneutics methodology is considered to be different with respect to world view and comparing it to individual perspective on different world views. These different perspective and thoughts can help us to study organizational research of Novo Nordisk's ethical dilemma.

2.3 Research

“Research is at times mistaken for gathering information, documenting facts, and rummaging for information” (Leedy&Ormrod, 2001). “Research is the process of collecting, analyzing, and interpreting data in order to understand a phenomenon” (Leedy&Ormrod). Research is the basis of invention. It helps to provide authenticity and reliability to the documents.

Research philosophy is a belief concerning the information and idea whereby data and information about a phenomenon need to be collected, analyzed and utilized. It is the basis for developing and undertaking the research strategy. Furthermore, it is the method of collecting data by which fine and fair results are delivered.

2.3.1 Research approach

“Research approaches are plans and the procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis, and interpretation.” Creswell (2014).

Research approaches are of three types; inductive, deductive and abductive approaches.

Inductive approach does not involve any hypothesis but begins with the formulation of the research questions and research aims, objectives in the period of research process.

Deductive approach deals with the formulation of a series of hypothesis which is either rejected or fixed during the process of research process.

Abductive approach deal with explaining the facts, puzzles or the 'incomplete observations' by using the qualitative and quantitative data collection method and analysis of the data.

Here, the present report deals with the inductive research approach since there will be the analysis and fair presentation of the information and data with respect to the ethical issues of Novo Nordisk Company.

3. CASE PRESENTATION

3.1. Overview about Novo Nordisk facts

Novo Nordisk is a global healthcare company with more than 90 years of innovation in diabetes care. They are helping people defeat serious chronic diseases such as hemophilia, growth disorders and obesity.

Novo Nordisk headquartered in Denmark, has 16 production sites on 5 continents. Company has offices in 77 countries, products marketed in more than 165 countries.

Novo Nordisk has approximately 42,000 employees (March 2017). 42% of employees are working in Denmark (17,804) and 58% in the rest of the world (North America 6,321 and in International Operations, 4,296 in Europe, 6,321 in Africa, Asia, Middle East & Oceania, 4,371 Region China, 1,777 in Latin America and 1,179 in Japan & Korea).

20% of employees work within research and development, 32% work in production and production administration, 36% work in international sales and marketing, 12% work in administration.

They have five product area: diabetes care, obesity and weight management, hemophilia management, growth hormone therapy, hormone replacement therapy. But most famous product that Novo Nordisk sell is insulin. Company has different kind of insulins: human insulins, modern insulins, new generation insulins. They are also selling diabetes devices and Glucagon-Like Peptide-1.

Company has sold products in first quarter 2017 for 28,452 million Danish kroner. For 2016 year, company has sold for 111,780 million DKK.

Novo Nordisk has two kind of sales: by business segments and by regions. They have sold by business segment in diabetes and obesity care for 23,761 million DKK. Biopharmaceuticals have sales for 4,691 million DKK.

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In North America sales were less for 14,940 million DKK. In USA - 14,402 million DKK. They also operated in region Europe: 5,226 million DKK, region AAMEO: 2,964 million dk. Region China: 3,060 million DKK, Region Japan & Korea: 1,467 million DKK, Region Latin America: 795 million DKK.

3.2. About ethics in Novo Nordisk

Novo Nordisk employees bring ethical standards to work each day. That company working in diverse cultures where concepts of appropriate business conduct can change widely. Novo Nordisk doing their business globally therefore it entails many challenges. The competitive business environment pressing to make the right choices therefore it becomes more complex.

Novo Nordisk Business Ethics Code of Conduct applies to all Novo Nordisk employees. Kim Bundegaard, Chief Compliance Officer and Chair of Business Ethics Board, emphasize one of most important values are never compromise on business ethics (Novo Nordisk Way, Essential 10).

Ethical Business Conduct is about compliance and risk mitigation as well as values and integrity. Enhanced trust in the company and improving relationships with stakeholders taking a proactive approach.

Business ethics in Novo Nordisk Code of Conduct consists of four elements:

- Setting direction
- Training the organization annually
- Implementing the standards in daily business decisions
- Monitoring activities, including audits and cases investigations of potential misconduct

Business ethics in Novo Nordisk covers most important areas that applying to all employees:

- Fraud – is committed to prevent and detect fraud against the company.

- Anti-corruption – bribery undermines sustainable development and the rule of law therefore Novo Nordisk supports the fight against bribery in international business
- Off-label communication – how to promote Novo Nordisk products.
- Transparency in HCP (Health Care Professionals) payments – is committed to ensure transparency in Novo Nordisk interactions with HCPs and to achieve compliance with all state, federal, local and regional transparency requirements worldwide.

Effective business ethics compliance program set out by the US Office of the Inspector General of the Department of Health & Human Services consists of the seven elements:

1. Trends, risks and procedures
2. Governance and coordination
3. Training
4. Effective lines of communication
5. Auditing and monitoring
6. Disciplinary guidelines
7. Investigations and corrective actions

Novo Nordisk believes that interactions with HCPs (Health Care Professionals) and HCOs (Health Care Organisations) have positive impact on the quality of patient treatment and future innovations. They are sponsor of meetings with HCPs and arrange meetings to inform them about the medical aspects of their products. Based on scientific purpose, all interactions in the company in compliance with all laws and industry codes.

Novo Nordisk never gives or offers anything of value to Health Professionals or Organizations to influence their prescribing.

Novo Nordisk focuses on what is best for the patient. Company is vital because they exchange of information with patients and patient organizations. They ensure

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transparency and high ethical standards in their interactions with patients, complying with local and international laws.

Novo Nordisk has individuals or companies that represent them in interactions with Public Officials and HCPs or HCOs. Those employees called `Third Party Representatives`. They perform lobbying, sales promotional activities, marketing; organize educational meetings for HCPs for company.

Third Party Representatives should agree to follow Code of Conduct of Novo Nordisk because they may expose company to liability and damage reputation.

Novo Nordisk has external guidelines and regulations originating in the Nuremberg Code, the Declaration of Helsinki, local laws and the principles of current GLP (Good Laboratory Practice), GCP (Good Clinic Practice) and GMP (Good Manufactory Practice). Furthermore, company has procedures guiding employees within marketing and how they should interact with healthcare professionals.

All employees have access to the e-learning from their workstations. The program is linked to the company`s Balanced Scorecard, translated in eight languages.

Local management has responsibilities to provides patients accessible, accurate and useful health information.

Novo Nordisk does not accept or give any kind of gifts, entertainment or hospitality concerning company`s integrity. This could lead to a conflict of interest and be perceived as an improper advantage or a bribe.

All employees are instructed to avoid this:

- Never ask for hospitality, gifts or entertainment from current or potential business partners of Novo Nordisk
- Any offer of gifts, hospitality or entertainment of minimal value, related to a business purpose. Lavish gifts, hospitality or entertainment are prohibited

- Never pay for spouses, family members or other companions
- Entertainment to healthcare professionals must comply with any applicable local laws and policies

3.3. Data collection

In this part of our project we are going to describe what data are appropriated for our research and what data we have really collected.

Like most of business researchers we collected empirical data for our project and applied different kinds of data collection methods for this (P. Eriksson, A. Kovalainen, 2011, p.78).

There are two types of data collection in research: primary and secondary data.

Primary data is empirical data collecting by researchers themselves. This data includes interviews, observations, participants' stories, diaries, etc.

Secondary data is already existing empirical data that exist already before research. This data consists of both textual (documents, stories, dairies) and visual materials (videos, recordings) that exist without any personal efforts from researchers (ibid).

Facts, figures and other data that can be statistically calculated are called *hard data*. Diaries, video, recordings, stories, field observations will be examples of *soft data* (Harboe, 2013, p. 47).

3.3.1 Primary data

The primary data for this paper is based on our interview with Vice-President, Sustainability Management and Reporting, Chief Sustainability Officer in Novo Nordisk Susanne Stormer and the presentation of Novo Nordisk for RUC students.

We had a plan to participate in conversations between employees, describe the routines and everyday activities in Novo Nordisk, to have interviews with employees from different department and different positions in a way to draw research narratives, to write field notes about social atmosphere, emotional states of employees.

Because of limited time and possibilities to meet another personal from Novo Nordisk we decided to satisfy with the personal interview with Susanne Stormer as far as she is aware about all ethical sphere in Novo Nordisk and the presentation of Novo Nordisk.

Presentation for RUC students in Novo Nordisk took place in March, 2017 and gave us detailed overview about Novo Nordisk Corporation, its goals and perspectives and answers for number of unprepared questions that were asked by participants. We became acquainted about Novo Nordisk structure and met Susanne Stormer that gave us possibility to interview her for further research of our paper. As a result we have got primary perception about Novo Nordisk, its employees, some transcription of question interaction (primary data) and presentation slides as secondary data.

Interviewing is appropriable for subjectivist research because it creates an interactive relationship with the research participants. Alvesson and Deetz wrote about interviews as a "... difficult but highly useful method ...". King assumed that interview is "... the most common method of data gathering in qualitative research ...", which is easy understood by people that participant, flexible and gives well data (Cole C. et al, 2011, p.147).

Interview was participated by four of our project group members. Before interview questions we discussed and prepared various types of questions.

First of all, there were open questions, that encourage our interviewee to talk more freely, to give her freedom to choose story or case she liked to tell about, to express her private meaning about subject (e.g. questions about ethical dilemmas).

In addition, the specific questions also took place at the interview: questions about ethical systems and procedures of ethical training.

Despite of prepared in advance questions, all interviewers were able to ask spontaneous questions in a way of discussion to make interview more interactive and alive.

The interview had duration about 1 hour and occurred in Novo Nordisk Headquarter. By agreement with interviewee all data were recorded on voice recorder.

After our interview and the presentation transcription of the recording materials occurred. We wrote one by one all questions that had been asked and all information that we received. Then we identified various themes groups and organised our data in groups for future analyses. These groups are:

- Leadership style in Novo Nordisk;
- Ethics in Novo Nordisk: why it is important to be ethical company;
- High ethical standards in Novo Nordisk: how to ensure;
- New employees: ethical selection and socialization;
- Employee and ethics: control and motivation;
- Ethical training for employees and leaders;
- Ethical issue in Novo Nordisk: how it raises up;
- Ethical issues in future: how Novo Nordisk prepare for this;

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- Ethical dilemma: balance between profit and saving lives;
- Ethical dilemma: setting prices;
- Ethical dilemma: fraud, bribery and corruption.

3.3.2 Secondary data

The secondary data for our project is based on *textual*, *statistical* and *visual* materials that came from various internet sources: official site of Novo Nordisk novonordisk.com, youtube.com, social media as official account Novo Nordisk in facebook.com, different news sources in internet. In this part of the chapter we will talk in detail about each of them.

At the present our life is strongly connected with written texts. Society cannot keep going without written regulations and laws and company would not function without written rules and reports. That is why written texts in forms of various statements and regulations provide important data for research analyse (Eriksson & Kovalainen, 2011, p.91).

The textual data for this paper were collected from:

- Novo Nordisk Business Ethics Code of Conduct (ethical values and rules for employees);
- Internal newspaper TBL Quarterly (discussion about ethical dilemmas, ethical values in Novo Nordisk's departments in different countries);
- Novo Nordisk Annual report 2016 (letters from CEO, Novo Nordisk Way, breath of legislation or ethical standards);
- Consolidated social statement 2016 (information about business ethical training, company reputation);
- Novo Nordisk Form 20-F 2016 (code of ethic, Novo Nordisk Way, the Nyse listed company manual);

- Accomplishment and results 2016: social performance (information about employees, gender diversity);
- Statement of social performance (business ethics reviews);
- “In business for the next generations” (presentation of Novo Nordisk for students of RUC);
- About Novo Nordisk – Stories (stories about different aspects of Novo Nordisk from official site);
- Novo Nordisk Communication on Progress 2016 - UN Global Compact 2016 (challenges, risks, labour rights, anti-corruption etc.);

Statistical data is accountable and can be useful in comparative analyse when economic or social results of the organisation compare with another organisations or previous years of the same organisation.

As much as ethics and ethical dilemmas are not accountable conceptions it was

Not possible to find a lot of statistical information about ethical position in Novo Nordisk.

Statistical data for our paper were extracted from Novo Nordisk Annual Report 2016, Novo Nordisk Form 20-F, Consolidated social statement 2016 in forms of tables and diagrams for last 3 years.

Visual materials are presented by various video interviews with employees and CEO from official site of Novo Nordisk and from youtube.com that help us to fill out a gap of primary data because of an inability to reach sufficient number private interviews with various employees in Novo Nordisk.

4. ANALYSES AND FINDINGS

4.1 Introduction

In this chapter, we are going to analyse the findings from the collected data. This part describes the data collection and its analysis related to the primary data and the secondary data. The empirical data that includes interview, stories, observations, visual materials, annual report, TBL quarterly, code of conduct, UN global compact reports, etc. The interviews were transcribed by researcher by listening to the recordings of the interview and followed the depth reading of the transcripts and categorize them with the relevant forms based on the process of the related content.

The primary data finding includes the extracts from the transcripts of the interview. As a part of primary data, we conducted an interview with the vice-president of Novo Nordisk Sussane Stormer regarding the ethical issues and dilemmas faced by Novo Nordisk. We asked the questions related to the ethical issues and dilemmas, their view on it, and the various strategies to deal with those issues on time. The interview part covers the main points about ethical dilemma the company faces and also how they overcome it. This part explains in detail about real life issues and problems of the company that has become ethical dilemma for the company.

In the secondary data analysis part, we extract ethical issues and problems that have been written in different research reports, official websites of the company, and its code of conduct and TBL quarterly magazines and used to gather related information on the ethical issues and dilemmas and the way they reach out to them and control. Furthermore, the booklets and the code of conduct of Novo Nordisk were also used to collect the necessary data so that possible analysis can be done. It's then compared with the theoretical part of the literature review and analysis further to find out the ethical dilemma face by the company.

TBL stands for Triple Bottom Line which deals with the financial, environmental and social impact on business market. TBL quarterly is a booklet published by Novo Nordisk focus on how they organize themselves with the financial, environmental and social aspect. It furthermore describes about the ethical dilemmas experienced by them and the ways by which they overcame them in their organization.

The analysis part is mostly dependent on these, above mentioned sources. Moreover, the articles praising and criticizing the issues of Novo Nordisk are also mentioned so as to make the analysis more accurate.

4.2. Categories of ethical dilemma faced by Novo Nordisk

The subject related to the ethics in business is being one of the curious and important terms in competitive world. The highly reputed company is facing a lot of troubles due to the ethical breaches so they have to go through fines, loss, penalty, and so on. However, many top companies create ethical values within organization to operate the social and environmental responsibility and also aware about their customers (Garber, 2008).

Novo Nordisk's ethics consists of different elements that help company to maintain the ethical standards and tackle with the different challenges and competitive environment. They concerned about the value chain and high standards of integrity for the long term business globally (Code of conduct Novo nordisk).

To operate business globally and maintain their license, Novo Nordisk faces everyday various business and ethical dilemma. In this dilemma, they have met difficult situation and confuse to choose better option between two and more alternatives. These dilemmas affect not only the company but also patient and other stakeholders as well. Novo Nordisk recognizes that sometime there are situation created when ethical judgment is left on individual people.

The company's business principles are in this situation left alone. Sometime sticking with these businesses creates dilemmas. In the UN report on Oil for food program, Novo Nordisk was mentioned in those companies list who paid so called after sales service fee (NN Annual Report 2005). This issue highlights that sometimes it's very difficult to handle business transaction with countries where business practices are different then the company's originating country.

4.2.1. The price dilemma

The dilemmas and issues faced by a company during the price fixing period are generally known as price dilemma.

Price dilemma arises when there is the issue developed during the price fixing of a product. When a company fix the price of the product is different with the price that a customer is ready to pay then there will be the price dilemma in a company. When this case appears in an organization then the organization will face difficulty in developing further research and development projects. Novo Nordisk also had a price dilemma when it had different price of insulin fixed in developing countries and European countries which hampered its innovative creation.

Price is also related to the affordability issue. The price becomes an ethical issue for the Novo Nordisk when it has to keep a balance on its profit and affordability to the customers. If the company keeps price of the medicines very high then its sales and marketing are affected and if it keeps the price of the medicines very low, the company faces huge deficit in its profit and sales. The company has to keep a specific level of profit so it could further invest on the future research on new medicines. This becomes an ethical dilemma for the company.

According to the process of pricing, there are different views related to the price for the medicine based on the insurance and other related aspects. Normally, Novo Nordisk set the price for the medicine as a manufacturer, later on payer negotiated.

The revenue is given to the payer as net price after concessions. Company focused to find out the better way to provide medicine to the patients.

According to the Lars Fruergaard Jørgensen, company focused on the managing the pricing system and reducing the out of pocket cost for them who is struggling to pay for the medicine. This conditions describes the possible certain challenges in collaboration. However, it shows how share responsibility for sustainability and innovation.

Novo Nordisk is not only focused in the price as it adopts the triple bottom line approach. It should be focused on the social, environment, and financial performance. But it is difficult for Novo Nordisk to sustain if the customer cannot afford to buy the medicine so they also have to find out the solution that how can they manage the price to make afford it by the customer and they can buy.

Company is pretty much determined about how they do market assessment and also conduct the programs for the patients who are unable to afford it through the ethical decision. The price of the medicine is different according to the structure of the market and countries. Some of them have private market so obviously, they are more expensive and really difficult to afford it. So, they have patient assistance program that helps to available the products.

The price of the insulin varies in different countries. The price of insulin is way less in developing countries than in European countries. Depending upon the status of the countries, Novo Nordisk has fixed the price of insulin so that patients all around the globe can reach to the medication. But the unsatisfied European patients brought the price issue claiming the price of the insulin to be same everywhere. For this issue, Novo Nordisk is very clear that the price of the insulin is made affordable according to the ability of the patients.

Because of the price issue, the people of Europe are not responding to the creative innovation developed by Novo Nordisk. The patients are saying that they are okay

with the previous medication because of price issue. Due to this issue, there is a great possibility of failure of the creative innovation.

Novo Nordisk compares different prices and makes an assessment of the market. It helps the company to overcome prices issues and help to overcome the dilemma of price. The market assessment covers different regional and international markets.

The high cost of medicines becomes an issue in countries without health care system like United States. In these countries, individual and companies has to pay for their own medicines and treatment. The current speed of information and e-commerce on internet creates issues where these countries people order medicines online from those countries where the medicines are cheap. This creates a sustainable focus on this issue.

Another issue is created when companies claim that they are investing more on the research and development and because of it the price of the medicines are higher but the critiques claim that the company invests more on the marketing rather than on research and development. This creates a great challenge of pricing issue within the Novo Nordisk.

In some least developed counties, it is very difficult to provide the medicine however accessing affordable medicine plays a vital role in the world's economy. Many streams like manufacturer, wholesaler, retailer, patients etc. become a bridge to contribute the global economy. In some countries like Bangladesh, they have public health care system to make available to the products. They focused on the 50 poorest countries for the low prices. But in Europe, they have reimbursement schemes. According to the price of the product they have different rangers. They sell 20% less in the least developed countries than the developed countries. Even some of them are unable to afford either it is very cheap or they do not have to pay for the new drugs.

Another pricing issue was faced in Greece. Novo Nordisk had business presence in Greece through a wholly owned Novo Nordisk Hellas Ltd. The company maintained its business in the country and kept the price lowest in whole Europe. The company stopped selling its insulin products. Those issues were solved when the government agreed to raise the price. The new price was lower than the three lowest prices in Europe.

One more example with pricing issue is about the diabetes. People find it very hard to pay for the treatment of diabetes but the company is focusing on this issue that every people can afford to pay for the treatment of diabetes drugs (TBL quarterly, 2017).

Pricing issue is a big concern for Novo Nordisk. There are different entities involved in pricing process. Different people pay different price for a medicine that is affected by different coverage of insurance and other benefits. Novo Nordisk has set a price list of its medicines. Even after setting the price list Novo Nordisk has to negotiate with the pharmacist managers and suppliers in order to keep the medicines in their preferred list. In recent years, the insulin price has increased significant. Due to this price issue, all people cannot get benefit and those people without insurance policy like in United State.

Therefore, they have price dilemma because they have to follow the sustainability terms and they also have to make balance between profit and innovation as well. They are planning to create the diabetes foundation to manage this dilemma for the least developed countries.

To overcome the pricing issue in December 2016 Novo Nordisk took a pricing list in three areas. These were included as transforming the complex pricing system, creating more pricing predictability and reducing the burden of out of pocket cost (TBL quarterly, 2017). Novo Nordisk introduced a program for the United States patient who could not afford to buy insulin to overcome the affordability challenge.

Another example of dealing with the price issue was taking by Novo Nordisk when it signed a deal with NGO's and provide medicines on affordable prices to those countries which were declared as poor countries by the United Nation.

Another issue with pricing is that in developing countries many people have no access to these high cost medicines. To overcome this challenge Novo Nordisk gives donation and grants to make it available to the poor people. But it cannot be sustainable for long term. Sometime the company wants to reimburse from the government which creates legal problem for the company. If Novo Nordisk goes to sell their product on the cost of production and lower its price then it will go financially into a difficult situation. An example of such issue is the price of insulin which is not affordable in many developing and underdeveloped countries even if the price is decreased on its production cost.

Novo Nordisk sets price different according to different country. That makes it available to every country and every market. For example, the price of insulin is lower in poor countries compared to other developed countries.

4.2.2. Environment

Environment dilemma is also another type of dilemma found in a company. It appears when a company faces confusion regarding if the company's work is affecting the environment or not. Environment is a very crucial factor for any organization. A company needs to be very attentive regarding the environmental issues due to the organizational tasks because there are various acts and policies developed by the environmental conservatism forums or agencies for the conservation of environment from various companies. Novo Nordisk has also been very careful regarding environment about the carbon dioxide produced by them which deteriorates the environment. They are obliged to control the production of CO₂ from them in order to be eco-friendly.

Environment is one of the triple bottom line aspects of the Novo Nordisk. It consists of animal welfare, bioethics and natural environment. Novo Nordisk is facing lots of environmental dilemmas in past and present about the environment. Company faces lots of pressures regarding the uses of chemicals for the manufacturing process. Environmental responsibility has been an important agenda for Novo Nordisk since 1975. From that time, they have established dedicated environmental departments and corporate policy.

Novo Nordisk takes care of environment in four dimensions that include: consumption of energy, consumption of water, carbon dioxide (CO₂), emission from energy consumption and waste. Novo Nordisk main target is to reduce CO₂ and emission from production sites and also from the distribution site as well.

Novo Nordisk is trying to decrease the emission of CO₂ at production level they have reduced the emission by 11%. On international level, they are using wind energy. Further the company has taken initiative to decrease the CO₂ emission from the transport used in product distribution by 25%. Novo Nordisk has further plan to reduce CO₂ emissions from flights and company cars. The resulted emission due to business flights were recorded as 74000 tons which is an increase by 9% (Novo Nordisk annual report, 2015).

Novo Nordisk has set a long term strategy to reduce CO₂ emissions. Their strategy includes the use of renewable energy. Their target is to make 100% worldwide in their production sites by 2020. The EU has forced a regulation called EU REACH to protect the environment from hazardous chemicals. This regulation creates pressure on Novo Nordisk in the use of chemical for the manufacturing of certain products. The company is working to solve this issue to use necessary safe chemicals that could not affect the environment.

The company claims that further responsibility is not on their shoulder if the customer using their products. But the company is trying to overcome this problem

by substituting chemicals that do not interfere with the quality of the products and must meet the global regulatory requirements (TBL quarterly, 2017).

When Novo Nordisk operates business with their partner, they make it sure that their operation could minimize the impacts on environment. They follow all the environmental laws in the country of operation and maintain necessary registration and permits and insurances. Further they establish system for ensuring safe handling, disposal, recycling and reuse of materials. They take necessary steps to manage the waste that could harm the environment and human for the better human and environmental health.

According to the long term environment target, Novo Nordisk has made double the consumption of water and energy from sales growth. The lower growth sales reflected the challenges of environment in 2016. Further, Novo Nordisk has planned to meet the target of the goals of Paris Agreement to keep the rise in global temperature below 2 degree Celsius (Annual Report 2016).

Novo Nordisk makes face to face meetings and conversation to every stakeholder of their business in order to overcome the environmental issues. These meeting include from school going children to college and university students, researchers, media groups and other stakeholders. The company has the good experience of discussing the environmental issues with these groups. A systematic dialogue is the best way for Novo Nordisk to understand the ethical issues related to environment (Finegold et.al, 2005).

Novo Nordisk has another aspect of business bottom line called social responsible investing (SRI). This strategy is also becoming popular around the world and different companies are adopting it. SRI considers both the investors financial needs and the impact on environment as well (Finegold et.al, 2005)

Novo Nordisk has made an environmental strategy forum. This forum inspects the strategies related to environmental issues (UN global compact 2016). Novo Nordisk is trying to find out the solution related to this challenge. It is needed to be

sure about that the substitute chemicals will not be the problems for the product and its quality. The challenge is to convince the people to understand the complex situation.

According to Hanne Gurtler (director of bioethics management), they work as ethics in practice by applying bioethics. They don't have debates regarding to the ethics and they also understand the natural science which is necessary. Environment issues related to the cloning, stem cell, and animal welfare are discussed by the internal and external committees. They have clear guidelines concerned with the ethical issues regarding research as well. They follow the actions like improvement in environmental performance and awareness with the better practices.

4.2.3. Affordability of medicines

Novo Nordisk faces ethical dilemma on the accessibility issue of medicines to its suppliers and customers. As Novo Nordisk operates on international level and the accessibility of its medicines are affected according to international rules and regulations. If in one country has different rules and accessibility criteria and the company has to comply with the rules of that country. Another issue is purchasing power of a population of that country. The company has to set a price level so everyone could get access to its medicines.

Novo Nordisk deal with another dilemma on the accessibility of its products equally to both low income countries and where they have market for the next generation products. The company is committed to solve this issue by finding a balance between developing a commercially viable way to grow the company business and in the meanwhile providing better accessibility for people (Wulff, 2017 cited in TBL quarter).

Novo Nordisk works with partners and other business stakeholders about the accessibility of health care. They are working to strengthen the health care system,
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improve accessibility to insulin in remote areas of the world, and improve access to diabetes care for women and children.

Novo Nordisk sometime faces situation where it cannot provide good health care to those people who are affected by conflict areas and poor people. In this situation, the company makes partnership with other agencies, government organization and NGOs to help those affected people particularly from diabetes. It was found that more than 80% of diabetes patients and affected people were found in low income and poor countries. Still most of the world population lives in remote and rural areas where treatment of diabetes and other disease is not very well available. In those remote areas, there are poor facilitation of treatment and lack of proper doctors and medicines too.

Novo Nordisk thinks that one of the solutions is to provide mobile clinic facility and health care system to these remote areas. These units can then play an important role to give awareness to those affected population about good lifestyle, improve the diagnosis of diabetes, check the patients and provide them good medical care and medicines.

Novo Nordisk has a huge investment on the research and manufacturing of new medicines that cost very high sometime the poor countries population cannot afford to buy these medicines. The company has to deal with this issue and it becomes a dilemma for its leadership how to fix this problem while not affecting the cost of the production and also making it affordable for the common person.

Sometime the company needs to keep a good relationship with its customers and suppliers. This relationship can be affected if a supplier or customers buy illegal medicines or acts like to sell in the black market. This becomes an ethical issue and the company has to overcome this dilemma.

Availability of the medicines to every customer around the world is the main target of the company. The company sometime faces challenges when it has to supply most of its products to rich markets and the poor markets in the third world are

ignored. This is an ethical dilemma for the company in the sense that the company has to make availability of the medicines to every person.

4.2.4. Fraud and corruption

Fraud and corruption dilemma is the main area of the organizational consideration. As the main goal of the organization is to obtain the objective of profit maximization, they give their best performance to reach it. But at the same time, they also need to be socially responsible towards the community and the community people. They need to be loyal to the customers for whom they should be transparent and customers focused. And fraud and corruption seen among the company and employees may be hindrance. Hence, they have to eradicate the fraud and bribery acts from the company and really reach out to the heart of the consumers. Novo Nordisk in this case is very conscious and has been able to prove them loyal and transparent among the people since they totally forbid the policy of fraud and corruption among their staffs strictly in their code of conduct.

Fraud and corruption are the terms that deteriorate the transparency and honesty of the staff towards the company. International business can create many challenges particularly when working in diverse cultures. Novo Nordisk takes great care of its ethical values. It has instructed its employees not to involve in any kind of unethical activity that can harm the company ethical standard. The company creates relationship with its stakeholders (UN Global Compact 2016).

Novo Nordisk is preventing the fraud activities in the company and it is against the bribery in national and international business. Preventing fraud is one of the basic tools for the Novo Nordisk whether it is related with the business act, employee, business partners, patients, and government. It consists of several aspects such as; misuses of documents and reports, taking inventory, false accounting reports and so on. They follow the rule of law with local and international regulation such as “United states’ foreign corrupt practices act and United kingdom’s bribery act” (Gillespie & Sciarrino, 2016).

Novo Nordisk has created codes of conduct for its ethical business standard. The company leaders think that it requires strong values based corporate culture. The main scope of ethics in Novo Nordisk covers anticorruption, fraud and bribery. To overcome the corruption issue Novo Nordisk has taken business ethics approach that consists of: setting direction, training the organization annually, implementing the standards in daily business decisions, and monitoring different follow up activities.

Beside this Novo Nordisk has supported the 10th UN Global compact principal on anticorruption (UN Global Compact, 2016). Novo Nordisk does not accept any bribe and advantages and also, they avoid the illegal payment that includes gifts, monetary items, travels expenses, and others. It is against the code. Receiving inappropriate gifts and asking for the hospitality for business purpose and practice is extremely prohibited in Novo Nordisk (Gillespie & Sciarrino, 2016).

As per the TBL quarterly of Novo Nordisk, the staffs are strictly prohibited to take any kinds of gifts, scholarships, rewards, etc. from anyone. The code of conduct forbids them to do so. Novo Nordisk has been transparent in its activities and warns their employees or branch companies to continue it. As mentioned by Vice-president Sussane Stormer, some kinds of general fraud happen in there like taking the notes books, pens, etc. from the company. But they are highly conscious about that too.

The business ethics board in Novo Nordisk is responsible for the development and implementation of the company's global business strategy to ensure the alignment across the company. Beside this the company's executive management and the audit committee oversee the global business ethics strategy (UN Global Compact 2016).

It becomes one of the dilemma that it is very tough to be sure about it will be use in right place or not and either its corruption or not. It is very important to handle the situation related to the corruption by making such rules and regulations. Novo

Nordisk is a renowned global company so it is very much difficult to handle such dilemma and scandals worldwide in the concept of different place and their laws. For Denmark, they do not have to pay or there is no other rules based on it but other countries like there may be problems of extra payment or facilitation payment. In this type of critical condition, they do not want to do business or they do not pay.

Novo Nordisk faced a critical ethical dilemma in Iran when they involved in oil for food program. When they sell the medicines that were in US sanction. Novo Nordisk did not get added money but it goes to the Hussein's regime and they even don't know about it as they paid 20 % premium to make available medicines for the patient. But they are very serious and conscious on eradicating the fraud and corruption in their company. They are very determined in their promise that if they have to pay extra money to open an office in any country / city, then they prefer not to open office in that place rather than paying bribe.

Novo Nordisk can face corruption issue while dealing with customer or working in different environment where corruption is problem and business is affected, this can damage the reputation of the company meanwhile they have to do some business deals where they have to compromise on some matters. Corruption includes illegal trade of products for high profit purpose, accepting gifts to get favours for business profit. It also includes transfer of any illegal items for any special consideration. Novo Nordisk considers it illegal and against its code such kind of activity performed on behalf of company by their employees or business partners. This is a huge dilemma for the company.

Sometimes the company faces the dilemma of ethical issues when someone gives gifts or any other item for personal interest to the company's employees. These could lead to conflict of interest.

Novo Nordisk sometime gives grants, donation and sponsorship to organizations and individuals for research and developments. But sometime, it can go to the

wrong hands for pursuing personal interest and business benefit. This can happen to improperly encourage or reward prescription. This can also happen to promote off label products.

Novo Nordisk also faces another ethical problem of facilitation payments. This kind of payments is done in order to get administrative favours or decision for business purposes. These payments are performed illegally to government organizations or departments. These kinds of payments may include for any visa process, customer clearance or any government related activity. This becomes a dilemma for the company. Novo Nordisk strongly prohibits such kind of payments.

4.2.5. Social responsibility and conflict of interest

Social responsibility is another ethical dilemma the company has to think about. Sometimes personal Interest and benefit can affect the decision-making process in company. It becomes an ethical dilemma for the company if their employee is found in a conflict of interest.

Novo Nordisk believes in the sustainable growth can be achieved by providing social needs to the society. An example of this issue is type 2 diabetes. As a company, Novo Nordisk can develop safe and effective treatment for the people. The company further focuses on the root cause of the diabetes issue and has introduced a program called changing diabetes program.

Biosciences companies are in great pressure like other companies of not only create profit but also take important measures to improve their role to have a wider impact on society. Merks's General Counel has created a distinction between corporate and social responsibility (CSR), compliance and ethics, they state that it's the social responsibility of corporate to reach out the disadvantaged people around the world to make a difference they further claim their responsibility to reach out the needy, sick people and do more for them (Finegold et. Al, 2005)

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A social responsibly issue occurred in Greece when Novo Nordisk stopped selling its Insulin products. Many NGO's and public called it a brutal black mailing and violation of the corporate social responsibility.

The company's main target is also to maintain its brand and reputation very well in the society. The reputation dilemma can occur when the company faces different ethical issues and tries to overcome it. This may include competition with its rivals.

4.2.6. Ethical dilemma and employees

Employee dilemmas are the issues and dilemmas evolved among the employees or employer-employees due to the behaviour and hierarchy or chain of command. Everyone is provided with the natural and unique individual behaviour and attitude which presents them in the mass. An organization is a group of such individual staffs and they all have their own personal attitudes and behaviour. There is a sure shot chance that all of the staffs may not like each other's behaviour and that is where the issues arise.

Novo Nordisk's employee recruitment is based on the process that includes the interview and company organizes the test for the short listed people. This test is related to the ethical part where they have conversation about right and wrong view of the employee about certain aspects related to the company and work. And according to the answer and the dealing capability they get the job through the feedback. They have also the introduction program for the new employee so they can know about the Novo Nordisk way and get the guidance about the ethical aspects related to the work.

A dilemma arises when there is a conflict between these individual opinions. Therefore, an ethical dilemma may occur either within the person or between two or more people. So it is very general to have ethical issues and dilemmas in an organization. The instances of such ethical issues also vary between employers and employees. The ethical issue of employer to employee are making long phone calls

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at the company's cost, taking to home the company's assets, taking excessive leaves beyond the allowed number, improper usage of machineries, taking advantage of the travel benefit, breach of rules and regulations of the company, offensive communications, working for multiple organizations, etc.

Similarly, the issues of employees are favouritism, sexual harassment is not legal/ethical/moral whether in the workplace or out of it, terminating an employee without any notice, unnecessary delay in paying employee's provident fund and gratuity after leaving the organization, and so on. In the case of Novo Nordisk, they do not have complex employer's ethical issues like sexual harassment, favouritism, uninformed termination. But simpler kinds of employer's issues might happen such as taking home the company's assets like notebooks, pens, etc. and they sometime take some personal issues in mind from the work mates.

To avoid the issue of the employee dilemma in Novo Nordisk, they are implementing certain strategies so that the ethical issue of the employer-employee may not go far distance and ruin the organizational relationship. They have developed the system of free style leadership or Scandinavian style of leadership where everybody is free to share their problem with their bosses or managers. The boss will listen up their problems and tend to resolve them. Moreover, they do have the great grand manager and trade unions with whom the employees can share their issues in case if they find awkward with their manager.

In case if they find it uncomfortable too, then there is system of whistle-blowing (If you see something within your workplace that you believe is negligent, improper or illegal, and then you should report this to the relevant people. You should not suffer any detrimental treatment for doing so, as long as you follow the correct processes.

Similarly, they also have a free telephone hotline system where one can upload their personal experience of unethical issue in the company anonymously if they find it difficult to share their issues to anyone. All these issues are positively

handles by the management or issues solving committees and possible best solutions are implemented to maintain the best organizational relationship.

To add more to it, they conduct a survey among all the staffs of the organization yearly where they are provided the questionnaires related to the ethical issues and dilemmas of the staffs of the organization and the main concerns are solved by the integrated efforts to develop healthy working relationship and environment.

4.3. Importance of ethics for Novo Nordisk

Ethical issue is an important subject for Novo Nordisk. It affects their overall reputation internationally. The ethical dilemma can bring huge loss and brand damage to the company but Novo Nordisk has successfully managed to overcome these issues. They have a futuristic business plan that covers all business ethical issues. Their strategies are well implemented so there will be minimum problems in their overall operation. Their business Headquarter is established in Denmark which is the least corrupt country in the world. It helps the company to run overall business operation very smoothly.

Novo Nordisk has a clear ambition and they organize and manage their goals which is said to be Novo Nordisk Way. It explains about the company, how it is and where it is, and way of doing work within the organization. Novo Nordisk is based on the Ethics and the Code of Conduct where values plays a significant role and consists of the related procedures which is included with the business ethics that is applied in all the employees and leader in the company.

Novo Nordisk's strategy is focused on the sustainability and integrated for the stakeholder and high performance. The company is focused in the innovation to make satisfy to the stakeholders. Novo Nordisk prefers triple bottom line approach to enhance the financial, environmental, and social performance which influences the company long term sustainability. TBL consists of the human rights, corporate

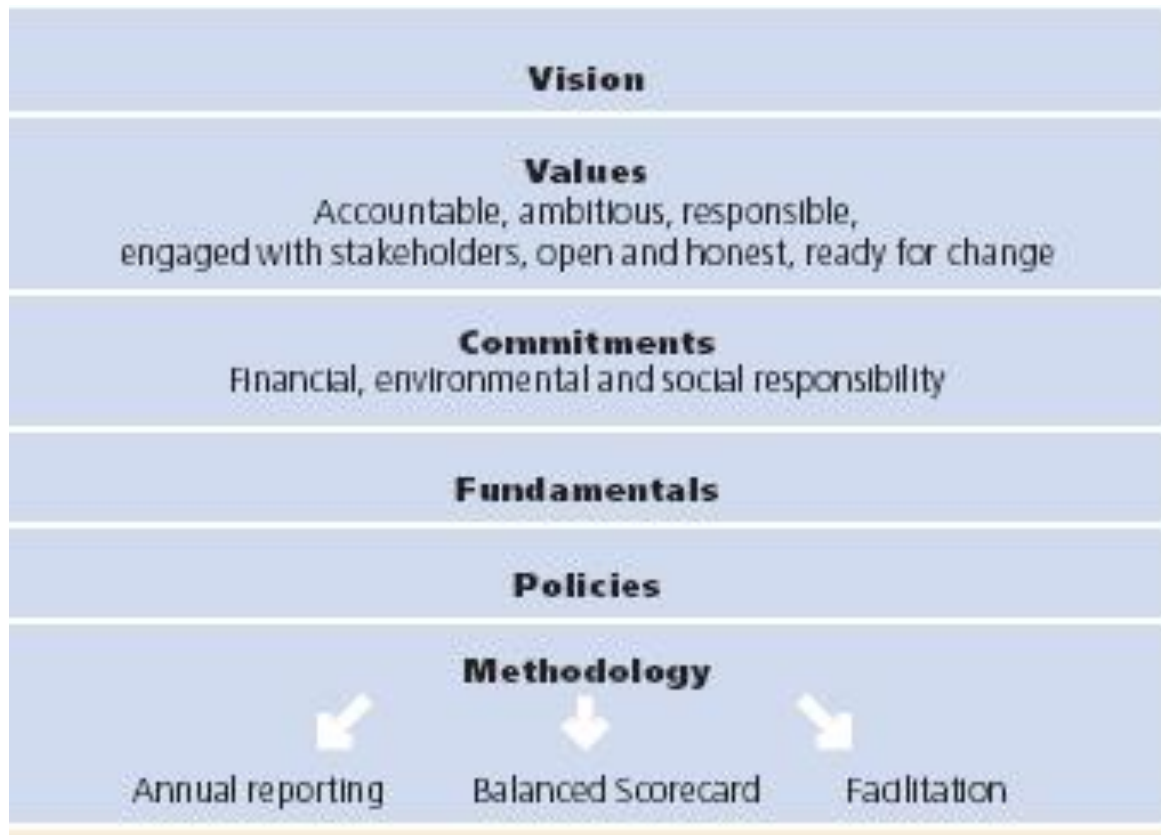
social responsibility, building trust, focused on the supply of products, control dilemmas and so on.

4.4. The role of leadership to overcome ethical dilemmas

Leadership role is an important factor to overcome the ethical dilemma in a company. The leaders can regulate the policies in a company. Similarly, Novo Nordisk leadership can also play their important role to overcome the ethical dilemma. The leadership in Novo Nordisk takes some strategies that include promoting financing that favours sustainable investment, establish new business models and new innovative partnership. In Novo Nordisk, every country leadership pay their own part to overcome the issues.

Leaders at Novo Nordisk urge to deal with public policies and adopt new approaches to sustainability. When companies face ethical issues the company leadership raises common voice. The strategic are focus on Novo Nordisk and also about leadership. Novo Nordisk made net sales of 87.3 million Danish kroner on expanding leadership in diabetes. Novo Nordisk also focuses on leadership obesity program. It also focuses to pursue leadership in haemophilia. The company expands leadership growth disorders.

4.4.1 THE NOVO NORDISK WAY OF MANAGEMENT



SOURCE: Finegold, D (2005)

The Novo Nordisk model defines the framework of the leader and employee guidelines included its vision, commitments, and policies. It explains about the company's goal that includes its values like responsibility, accountability, honesty related with the patients and society and employee as well. It describes the 3 main aspects as the commitment which is mention as Triple bottom line (financial, environment, social). Novo Nordisk follow the fundamental aspect as a frame work and they have very nice ethical practices as a policy which explains what and how to do regarding environmental issues, financial aspects, legal, quality, etc. (Finegold, 2005).

Novo Nordisk develops various ways in order to prevent and overcome ethical issues. Some of them are mention below:

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4.4.2 Leadership training program

Novo Nordisk conducts different training and programs for its leaders and senior level managers and staff. This training is called agility training. These kinds of training and programs help the leadership to take care of their junior employees and also for their self-decision making process to overcome ethical dilemmas.

4.4.3 Exchange of information on ethical issues.

Novo Nordisk exchanges information on ethical related issues and problem between its different units. This exchange of information helps to understand the ethical dilemmas of different culture and get new knowledge.

4.4.4 Recruitment process

The recruitment process is very clean so they cannot hire an employee who could create trouble and ethical issue for the organization. They conduct agility test that is part of ethical test. Novo Nordisk assesses the right candidate's ethical values and their behaviour to meet the requirements of the company.

4.4.5 Guidance and training

Novo Nordisk further provides guidance and training on ethical issues so the selected employees could not face any ethical issues.

4.4.6 Rewards and benefits

Novo Nordisk gives reward to their employees whose performance is better in the company this is called p system. Novo Nordisk calls it three P or performance assessments. Every manager is responsible for taking performance examination of their sub employees through personal interaction and meetings. The company provides financial bonus so they employees cannot think about any wrong doing in the company.

4.4.7 Leadership training

Novo Nordisk conducts training for its leaders so every leader has to go for it. The training covers different dimension of leadership training.

4.4.8 Business ethics audits

in business ethics audit the company audit team takes survey of different offices and other branches of the company to see if everything is under compliments of the rules and working very well under per company policy.

4.4.9 Systematic provision of medicines

Novo Nordisk has made plan to deal with illegal selling of products. They have systematic provision of medicines to local, regional and international market accordingly.

4.4.10 Future strategies

Novo Nordisk has established future strategies to overcome ethical dilemmas. These strategies include overall business operation strategies in different countries. It also covers relationship with customers comprising rules and regulation. These future strategies will handle issues like fraud, corruption, black market selling of products, and other ethical issues.

5. CONCLUSION

5.1. Conclusion

Novo Nordisk is a successful bioscience company which is famous for its production of insulin used for the treatment of diabetes. Its success is possible through the overall balance of various aspects of the organizational goal. It focuses on Triple Bottom Line approach which emphasizes on social, environmental and financial impacts of business market.

Though considering on the various aspects of the organizational tasks, they still experienced issues and dilemmas in ethics. The main dilemma is on the issue of pricing of the product i.e. insulin which is spreading the voices of European countries stating the price of insulin being less in the developing countries like Bangladesh. And the case of Greece where it being the member of EU was getting the medication in less price in compare to other EU members. Similarly, the emission of CO₂ has made Novo Nordisk conscious about the environmental factor too. The case of corruption and fraud has also been checked and balanced by Novo Nordisk in order to have a transparent image

Overall Novo Nordisk faces different categories of ethical dilemma. The main ethical dilemmas were found related to price, environment, access of medicines, corruption, availability of medicines, and social responsibility in the company. Further ethical dilemma were found concerning to the reputation in the society, gifts, Hospitality and Entertainment, grants, donations and sponsorship, affordability to medicines, commercial relationship with customers and availability of medicines to the poor and needed people.

Novo Nordisk takes important initiatives and measures to overcome these issues. Their activities are concentrate on the recruitment process, guidance and training, Reward and Benefits, Leadership training. They also conduct Business ethics audits and take market assessments. The company makes the Market assessment

and assesses variation in prices. The company makes it sure that there is a systematic provision of medicines.

The company has made a plan for its Future strategy. These strategies are composed to be overall business operation strategies in different countries. It also covers relationship with customers comprising rules and regulation. These future strategies will handle issues like fraud, corruption, black market selling of products, and other ethical issues.

Novo Nordisk also conducts leadership training program to overcome its internal ethical dilemma. The company also makes it sure to facilitate the payments. The company exchanges information on ethical issues across its network among offices on international level.

Timely and apt decision to solve ethical dilemmas and biasness has been always implemented in Novo Nordisk. They tend to motivate and always are ready for understanding and responding to ethical dilemmas present in the business environment of the company. It is also responsible and conscious about the ethical issues arising and probable to appear in the days to come through various strategies. So the strategies have also been developed as precaution and preventive measure. In this, hiring the loyal and hardworking staffs to training them with the proper trainings, rewarding them, motivating them and enhancing the further strategies based on importance and need of ethical behaviour.

5.2. Recommendations

At this time of globalization and technological change, to fail in public trust can dramatically determinate to loss customers and market place and at the end to loss all business.

Novo Nordisk has gone a long successful way in order to implant ethics to everyday business process. Their Novo Nordisk way of doing things ethically deserves respect and can be an example for other companies.

Nevertheless, on the strength of our research we would like to present some recommendations for Novo Nordisk ethical system.

According to pricing ethical dilemma we find a gap in the intention of Novo Nordisk to make their medicines affordable for all patients in the world regardless their income. There are different pricing systems for poorest developing countries in the world and for such wellness developed countries as Europe and USA to help people to get live necessary medicine. Same time patients from middle-income developing countries cannot get medicine because their countries not account as too poor and same time income there is not as high as in Europe to buy medicine in market price. In this case Novo Nordisk should reconsider their approach to price setting by sharing countries in this two categories and review every country pricing case separate, with deep analyse of market and patients' income to reach their ethical goal about make medicine affordable for every person.

Novo Nordisk as mostly of bioscience companies tends to wait for ethical issue to occur and then only starts to measure and find ways how to deal with it. As ethics is concerned with society perception about what is wrong and what is right, it is quite difficult for one company even so huge like Novo Nordisk to predict future ethical issues and prepare for these before it happened. Solution in this problem can be creating of ethical group from all bioscience companies and working in direction of prevention ethical problems and development ways of improvement ethical standards and systems.

5.3. Areas for further research

Due to globalization and rapid development of bioscience technologies and their huge significance for human lives, business ethics in such kind of industry assume continuous emerging of new ethical issues that bioscience companies should deal with. That is giving great opportunity for further research.

In our paper, we were trying to find out *which ethical dilemma does Novo Nordisk face and how can the leaders overcome them?*

We preferred Novo Nordisk to others as a good example of bioscience Company because of its well-known name in this industry, long history and huge number of leaders and employees in different countries, but we investigated only few common ethical dilemmas and ethical systems, related mostly to all company.

For further research, it will be appropriated to analyse another, more recent but still important ethical issues. It can be interesting to investigate ethical situation in some small units of Novo Nordisk in developing countries and in Europe to make a comparative analyse of ethical issues that managers deal with there and view of local employees to this from different cultures perspective.

From our study, we find out that an ethical leadership is formed not only by internal stakeholders but also by external stakeholders: society, patients, government, competitors, etc. Further research of influence of this group to emerging new ethical values and principles can give benefits for more deep understanding of the point how business ethics develop through the time and probably predict and prepare for some ethical issues in future.

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7. APPENDIX 1. Transcript of Interview with Susanne Stormer

Interviewee name: Susanne Stormer, Vice-President, Sustainability Management and Reporting, Chief Sustainability Officer in Novo Nordisk

Location and date of the interview: April 5, 2017, Bagsværd, Denmark.

Theme	Response
Leadership style in Novo Nordisk	<p>“The leadership style in NN is very much focusing on personal leadership so I am the person I am and I am also a leader so the way I interact with the people who report to me is to be an authority in my role but also to be a person.</p> <p>The other thing that describe that is inclusive, seeking to get employee’s inputs and not just say: you must to do this and it is the way of reconciling potential conflict through dialogue.</p> <p>Another way is a part of Scandinavian style of leadership it is like entire authoritarian you do respect that, in my role I am VIP so above me will be SVIP, senior, super-vice-president and executive-vice-president. I respect that level of authority so somebody can trump me with the higher rank but if I want to go and speak with member of executive management on something I need to discuss with them then I have access. That is also such kind of Northern authoritarian.</p> <p>And when I talked about inclusive it is built much on democratic ideals getting into business ethics. We have quite strong compound line which is values, what we believe is right or wrong to do. That is what ethics come</p>

	with”.
Ethics in Novo Nordisk: why it is important to be ethical company	<p>“That is difficult to say because we have always been like that. It is something that was instilled from the very beginning through the leadership team but it is also back to inbuilt dilemma that we earn money from the fact that people are sick. We are conscious that may be some patients are in a disadvantaged position but they need medicine. We need to help people to get treatment because we know that we have a medicine here that can help that poor person. Then we should find a way to balance the commercial and the ethical. I think that all is very nature of the business whereas if we are making plastic toys or something else then may be its more that customer can choose to buy or not. They don’t depend on it for the lives the way the patients do.”</p>
High ethical standards in Novo Nordisk: how to ensure	<p>“First of all, we need to comply with a law as a set, that is minimum and the standards of the law are going higher and higher. So just keeping up with the standards of the law is a big effort. But then we also try to have our own standards so we have that in area of animal ethics for instance when you talk about how you treat the animals that we need to use for experiments and other area we try to have our own standards above the law. But when it comes to business ethics I would say that even keeping up with a law is a tall enough challenge. We follow the requirements from external and then we also may have our own.”</p>

<p>New employees: ethical selection and socialization</p>	<p>“When we do recruiting of new employees we have very whole based, very regress process and that includes interview and then if two of you are shortlisted I would also take you through the test and that test is an agility test: how smart you are basically but then we also have a test that is ask into what you find as right or wrong, how do you see this difference – that is an ethical part.</p> <p>Then we have a conversation with shortlisted candidates and we ask them to elaborate and so that is a conversation where they get feedback whether yes or not they get a job.</p> <p>At least they get feedback from the process and in that feedback session we discuss how do you handle the situation such as...and that will be a way for us and our HR partner to engage would you be a right person match for my department with your values or competences so it is on both dimensions that we can considerate.</p> <p>As you on board then we have an introduction programme, you will have a meeting with your manager which will explain about the Novo Nordisk way and then of course it will be a lot of guidance on this is how you do things. This is I will give you guidance how to approach my colleagues because this is how I find it will be ethical and respectful of their time.”</p>
<p>Employee and ethics: control and motivation</p>	<p>- “First of all,we have a reward system that we call three P. Three P stand for Performance assessment that you have and that is done 2 times a year where you have face-to-face meeting with your manager and you write</p>

	<p>up at the beginning of the year what are mine priority as an employee and at the middle of year you assess how well did I do, how far did I achieve my goals recalibrate and then at the end of the year you have a performance assessment with your manager who then says based on a scoring system you did really excellent so you high meets expectations or you do not meet expectations or exit expectations. Based on that you will have an opportunity to get a bonus which is a financial bonus, some part of a monthly salary.</p> <p>That assessment is made on a basement what you achieve and how you achieve it. If you are super strong performer, really high performer but you rollover all your colleagues you don't get points for that. If you do what you suppose to do and you are a very nice person and a good colleague that helps others then you get bonus points and of course if you don't do really anything and then you might be a nice colleague then it also will not result in high score".</p> <p>- "We have an annual survey that is done in unit basis and then it consolidated, measure the level of what we call engagement in a job. The measure is very high. We have a scale from 1 to 5 and the current measure is 4.3. It can be you have an average and there might be people who are not so engage and we identify those to the best we can. People in my team respond to the survey and I see this course and I see there are many who very engage and very happy and there 1 or 2 who are not. Then the point is that it is anonymous response so I don't know if</p>
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	<p>it was you or you that is not happy but at least I can facilitate a conversation with my team about what does it take to be engage in work and to feel that you are in good situation. Then what I can do is to encourage that if you are unhappy about anything at work or unhappy about me as your manager then please come forward. That requires a lot of confidence and trust”.</p>
Ethical training for employees and leaders	<p>“We have some leadership programmes that are operated out of corporative functions so it means that all managers from all levels need to go through leadership training. We have something what we call new managers course and when you appointed a manager then you go on that course and that is very much a course that is about how do you orient yourself in a role of leader vis-a-vis other people included your employees. There are a lot of ethical dimensions. Similar if you get promoted and you are not senior leader. In addition, it might be if you go to the Hillerød where we have a production side they might have their own local leadership programmes they do. The leader’s and senior leader’s programmes are the same and they run out from Denmark. New manager’s course is not necessary in the same way everywhere. It is one that was develop in Denmark for cooperate and managers can come to Denmark to do that course but there are also local managers training. That is depending on f. ex. USA has their own systems set up for themselves, perhaps in a small office, in a small country they may be will send their managers to</p>

	<p>Denmark to be a part of new manager's programme.</p> <p>It is in printable the same course but the what it is executed can be different, because the content is adapted. A lot of the content is construed by the participants. It is not so much about you must learn this and that. There are some parts there how our systems work, these should be part of it. But a new managers' program is as much about how do you understand your rule as a manager, how do you then act in that rule with your employees. The content of that come through case studies or examples or input from the participants."</p>
<p>Ethical issue in Novo Nordisk: how it raises up</p>	<p>"You need to care of environment in which an employee will trust the manager to come and raise something and the most dangerous that can happened in an organisation that you see that something wrong and you don't care to bring it up with me. It happens quite often in my team that people raise issues and consensus. But it is hard to say how often it happens. Through our compliance hotline we are encouraging people to raise issues that is why we see more cases coming and it is not because there are more unethical issues, it is because we are asking for more inputs".</p> <p>- "There are several ways employees can report about something they find it is going wrong. First of all, they can always go to their manager and say: "I think something is not working well" whether it is in their relationship with other people or they find difficult to do their task. If they have a problem with their leader and</p>

	<p>cannot discuss it with leader then they can go to their grandparents – their leader’s leader.</p> <p>We also have an ombudsman so if employees are in situation where they really do not know how to deal with they can approach with ombudsman who can resolve it if it is substantiated as a case.</p> <p>We also have a hotline where employee can call or write anonymously and make observations or put forward a case.</p> <p>Then we also have support through people who represent the unions in the organisation so if something related to the labour conditions then employee can go and speak with the union representatives”.</p> <p>- “We have a system that we call Business Ethics Audits (you can read about it in our Annual report) and BEAs are conducted by a team of our colleagues. They travel to different parts of the organisation and they look how unit is operated. They will look the papers to see if financial transactions are dually recorded, they will look at how your income fit all standards, guidance, policies. If they find that something is out of line whether is a manager or an employee then depending on the degree of severity (will be a number of measures) they can just tell you are not supposed to do it again or it could be so grave that you could be dismissed. And those reports are done all over the company and then at the end of the year the feedback is consolidated, that is also built on input from hotline so if you have cases that reported there they will be consolidated and we can identify is there any systemic</p>
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	<p>issues and at the conclusions are then brought to executive managers' attention.</p> <p>That executive management can say "Hmm we need to look in this particular dimension or it might be this particular unit's problem, may be there problem with a leader and we have to do something about that".</p> <p>We have another function which is not so specific about business ethics but the legal compliance part, the values based management so we call it facilitation. Facilitation is a process where we have a team of experts that again travel over organisation to interview employees, managers to do assess how they compliance with Novo Nordisk way, all ethical framework what we have. Out of that come conclusions and actions that might be in this area you should do more here and again it can be different degrees of severity so these actions require that you follow up they will be follow up after a certain agreed of point a time – its 3 months or 5 month or whatever and that report too, then consolidated and present to executive management once a year. They have a good understanding of what is the sense in the organisation, are there any ethical issues there not addressed, and they also collect better practices. If one unit is doing exceedingly well in a particular area then it will be shared in a website so they can inspire other units to do that".</p> <p>- "In some extent, probably employees of one unit know about ethical issues in another unit. We have business in Algeria now and have had it for many years so there</p>
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	<p>might be some particular ethical issues there that our colleagues from US may not be aware of. Then if you are in a sales function then could be very well the same ethical issues, may be in one particular country they have good examples of how they can deal with it, so that is been shared”.</p>
<p>Ethical issues in future: how Novo Nordisk prepare for this</p>	<p>“In future, I think will be same strategies. We seek, scan to understand what going on around in a world and translate that to take trains to support that, translate that to what then we need to do”.</p>
<p>Ethical dilemma: balance between profit and saving lives</p>	<p>- “One ethical issue that absolutely front and centre of Novo Nordisk and in many ways, it has changed but in current situation need to resolve it has become more accentuated and that is what we return on access to our medicines and affordability of our medicines. The fact is that we develop the innovative medicines that need to be available. I have insulin in this pen but if you cannot afford to buy this insulin that it will not help you or if it is not available for you it also will not help you and that is an ethical issue because it is a matter how we will get a product to a patient in a way where we can respect a commercial relationship through the customer all the way to the patient and at the same time serve a social need and society need namely you are healthy as a patient.”</p> <p>- “Business ethics is more important than profit for Novo Nordisk. The message that goes from our CEO board to everybody in an organisation: if you need to walk away</p>

	<p>from business because it is not ethical that is what you do”.</p> <p>- “The ultimate intent has to be both purposes: one is we want to serve the patients but we also need to have sufficient profits to be able to reinvest to the company to continue to innovate, because if we do not innovate we will lose that engine and then we will be just a commodity and then we will eventually lose business or go out of business and then we cannot continue to serve the patients. So there is no receipt no fix answer but that is precisely why you need that kind of ethical compass to say how do they do, what is right thing”.</p>
Ethical dilemma: setting prices	<p>- “If we only went for profit then we could keep raising the price. If you really want this you have to pay everything for it. But we also know that if you cannot afford it then we have to find ways of making the price less so you can afford it, you can benefit for it. How we determinate that price point is a commercial assessment: What is the right price, what can the market carry? That is done by market assessment but if we do it then should be patient assistance programs or we develop programs to support patients who cannot afford it. This is done out of an ethical decision”.</p> <p>- “The price for medicine is different in different countries because markets are different. For instance, in Ukraine it would be a private market we could sale in that private market. So that costs a lot of money for pensioners and they cannot afford it. In those countries</p>

	<p>we will then (perhaps Ukraine may be is not good example but we can talk to that) have patient assistance programs where we can do something with make price available, where product is available in a lower price to people who cannot effort it. But if you think about the poorest countries in the world like Bangladesh or lower income countries so Ukraine is much more advance. It is actually good example to discuss about Ukraine because our focus has been over the past many years on people in the world's poorest countries so the 50 poorest countries by definition of UN have been offered insulin at prices that are significantly lower than the average prices we have in Europe. Whereas in Ukraine (I am not an expert how we set prices in Ukraine) I would assume that their prices are made with reference prices to other European countries so that be a level where you would say the level in Ukraine should be more or less the same level as Serbia or Croatia or Greece or whatever. There might be but not necessary government programs in some of these countries that would help special segments.”.</p> <p>- “We have people who are super much experts in pricing. One price is if you have a healthcare system. If you have a Ministry of health then prices in a public healthcare system will be negotiates with a Ministry of health. That is where the price will be set with the government. Even if the system is weak then there will be a public healthcare system and that is where the prices will be negotiated.</p>
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	<p>In Europe, we have reimbursement schemes for medicines so the medicine here might cost 10 kroner but reimbursement so patient pay only 1 kroner. That could be a system.</p> <p>If I compare with a country like Bangladesh there you have public health care system where there is essential medicine made available to people. It could be malaria medicine, other something at affordable prices. Then in some lands you have a private market and in that private market you can buy sophisticated products at reasonably high prices also because there is a class of people who can afford that. There you have 2 price systems and you might also have 2 ranges for products.</p> <p>For Novo Nordisk, we also have different ranges of products. We have human insulin, which is kind of a basic treatment and then we have very sophisticated modern insulins. Human insulin is cheaper here in Europe and human insulin we are also selling in very low prices in worlds low and middle income countries to governments there.</p> <p>The government will typically have a tender, the government says: “We need diabetic medicine for our population so we will like you to submit a tender” and there it is up to every single company to then say: “We will ask this price”. And then the government will go for the lowest price. In that case in a tender market there would be a raise to the bottom in terms of the lowest possible price to win a government contract”.</p>
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<p>Ethical dilemma: fraud, bribery and corruption</p>	<p>- “Many of ethical issues have to do with some kinds of fraud. It could be small things like I take some notepads home and I give them to my kids or it could be something I am interested with money from the company that I saw how divide elsewhere so fraud can have many forms that would be the typical one”.</p> <p>- “If we want to do business in setting way where it will be not easy for us to prevent corruption and if I am paying money to somebody how can I make sure that my money goes right place and I do not get involved in corruption”</p> <p>- “To business ethics is a good example we know how handle interactions in the market but if we are in situation where there is corruption than you need to set the rules for it. The most globalize we get in some countries like Russia for instance we know that it is customary that you need to pay your way and not just there. You can see that also in other parts of the world there are aspects of corruption. In Denmark, we use to have very high degree of integrity so we do not need to pay our way to make sure we can get the services. As a Danish organisation, we intent to think that it is ok we do not need rules, we know what to do but than if you do business in all parts of the world you need rules because society is different than the Danish society”.</p> <p>- “We do business in Russia and we have set very clearly when we built a factory in Russia that we will not pay bribes so there are certain suppliers that we cannot work</p>

	<p>with because we cannot pay extra. We have been able to set about business in Russia and we ordered with our suppliers to ensure that things are in a good shape otherwise we do not business with them. It not means that Russia is full corrupt but we know that in certain cultures that is simply how you do. If you want to get your parcel through then you should pay extra money. It goes then easily through the system. There is a term called facilitation payment and we say that we do not pay facilitation payment, we just do not pay it.”</p> <p>- “I think we cleared one of the most complex ethical issues have in a history, where we got involved in an oil-for-food case in Iran and that clearly was complex situation because our people on the ground there were actually very keen to get the medication across to the population and they were under US sanctions and in order for us to sell our medicines in that country we had to kind of add to the price and then added money were not given to us but were giving to somebody else. It was going to S. Husein’s regime and we did not really know it. We were contributing to his regime and then those people who were involved in it they knew we were paying 20% premium here because if we don’t pay 20% premium than people would not get medicine. So how could we do that? That really is a very difficult dilemma. Clearly it is when you know it is not legal then of course but if you don’t know it or thinking it is just some kind of add then how do you deal with that?”</p>
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