

New study explores role of social responsibility in drug development

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Olga Bruyaka examines the extent to which firms integrate orphan drug development and social responsibility practices with core business activities.

(Medical Xpress)—Though pharmaceutical companies that are developing "orphan drugs" do so mainly for the business potential, the companies also consider the effort as part of their corporate social responsibility, management researchers have found.

Olga Bruyaka, assistant professor of management in the Pamplin College of Business, co-authored a new study that explores how social responsibility factors drive the development of [orphan drugs](#), which treat rare diseases.

Scholars describe [corporate social responsibility](#) in terms of economic, legal, and ethical elements, Bruyaka says.

"The notion is that businesses have a responsibility to society to consider moral obligations and good corporate deeds simultaneously with the profit motive and compliance with government laws and regulations."

The social responsibility of firms in the pharmaceutical industry has been well studied, she says, but orphan drugs remain relatively unexplored.

Her study examines the extent to which firms take a strategic approach to social responsibility by integrating orphan [drug development](#) and social responsibility practices with core business activities to obtain both economic and non-[economic benefits](#) for the firm and its stakeholders.

Orphan drugs raise intriguing questions about the social responsibilities of pharmaceutical firms with respect to rare diseases and the unmet medical needs of a minority, Bruyaka says.

Historically, those with [rare diseases](#)—affecting fewer than 200,000 people in the U.S. and 1 person out of 2,000 in Europe—had little hope of receiving appropriate treatment. Orphan drugs are so called, Bruyaka says, because "no one wants to 'adopt' or manufacture them on a large-scale basis because of weak [economic incentives](#) and lack of commercial value."

But the 1983 Orphan Drug Act in the U.S. and similar laws passed in other countries in the 1990s offered [financial incentives](#) to [pharmaceutical companies](#), which dramatically spurred work on such drugs, she says.

As a result of the legislative incentives as well as the potential of orphan drug development as a path to technology innovations that can lead to solutions for more common diseases, such drug development is no longer seen as purely philanthropic, she says.

Bruyaka's study found that though profits and the potential for technology breakthroughs are the primary motivations for orphan drug development, the majority of companies "also made it clear that, in order to successfully do business in the rare

disease arena, a company needs to consider its ethical responsibilities.

"Smaller companies reflect this by explicitly stating their involvement in orphan drug development in their mission and vision statements and claim it to be an integral part of their organizational culture."

The study suggests that policy makers consider more support for orphan drug development, given the potential of new technological developments.

If firms can derive more strategic [social responsibility](#) benefits from developing orphan drugs, she says, these activities may grow, creating gains for patients, the firms, and society as a whole.

The study, "[Strategic Corporate Social Responsibility and Orphan Drug Development: Insights from the U.S. and the EU Biopharmaceutical Industry](#)," was co-authored with Isabelle Chalamon, of INSEEC Business School, and Virginia Tech researchers Hanko Zeitzmann, Richard Wokutch, and Pooja Thakur and has been published online in the *Journal of Business Ethics*.

Read the full story, "[Adopting orphan drugs spurs social returns](#)," in the spring issue of *Pamplin* magazine.

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