Chapter 107

Contingential and conflict management in health focusing on the pharmaceutical industry

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ABSTRACT
This chapter presents an analysis of the Health area focused mainly on the pharmaceutical sector. Health Sciences aim to study human health care in general and are responsible for training competent people and professionals who contribute significantly to human well-being. They consist mainly of Nursing, Medicine, Nutrition, and Pharmacy. Although they are distinct areas, they interact with each other, contributing more organically, and where countries must develop their public policies with national objectives. Contingency Management was harshly perceived through the phenomenon of the COVID-19 pandemic, treated here as a simple variable and not as a focus, intensifying the weaknesses contextualized with the Global Value Chain (GVC) and demonstrating the importance of Crisis Management, especially in turbulent scenarios. Through research and observations, an analysis was sought to incorporate what should be done in times of crisis.

1 INTRODUCTION

Although the foundation for resource management is strategic planning, it is not always possible to predict the future behavior of the main variables that interfere with a company's business, causing the need for companies to identify these changes and transformations in advance, to adapt and adjust their strategies. Another point is that the present scenario does not always represent our predictions and expectations.

In this way, companies and businesses require contingency actions, in case what was planned is not effectively carried out. The social distance caused by the pandemic from COVID-19 highlighted the deficiencies in the areas of Health in the country, as well as the companies that make up the consumer segment.

Thus, regardless of size or area, companies and professionals must be properly prepared and aligned with the planning and management of resources considered strategic, as well as equipped with the necessary resilience to overcome any deviations and conflicts.

For a more consistent analysis, a SWOT analysis of the pharmaceutical segment was prepared, to better direct the interpretations and analyses.

It does not aim to measure data but to contribute to the identification of facts and perceptions of behavior, which are not always properly identified. According to Strauss and Corbin (1998), it allows the development of a more grounded theory.

This chapter is the result of in-depth qualitative research, dialogued conversations, classroom discussions in undergraduate and graduate courses, courses and corporate training, as well as the interpretation and analysis of bibliographical research and, finally, the author's experience as a business consultant, business and as writer.

2 CONTINGENTIAL MANAGEMENT

For this chapter, it is necessary to substantiate what contingencies are and their business importance. In addition, contextualize the Health area focused on the pharmaceutical and hospital segment, against the backdrop of the pandemic caused by COVID-19, as well as its present and future developments and, finally, highlight the importance and practices in conflict management.

The development of human knowledge is a natural result of studies, research and case analysis. This development is influenced by the external environment, where people, businesses and companies are inserted, influencing new theories and market practices. On the other hand, this modeling can lead in the form of new businesses.

It starts from the premise that there are always alternative ways to be followed, in case what was advocated in the strategic planning does not take place. This is what is informally referred to by the market as “plan B”. Among its various authors, Alfred D. Chandler (2018-2007) stands out, who contributed significantly to the strategic incorporation and organizational structure (1987).

The results may vary according to changes in the environment where the company operates, as well as the interpretation of the parties involved and there is a need for a certain degree of predictability about these changes.

He recognizes, however, that predictions may not always be correct and that there is not just a single way of developing actions and designing organizational structures. Much of what will be practiced depends on the performance of the company's internal environment. However, the term is sometimes misapplied in practice, as a contingency should be an exception and not the rule to be followed, within a long-term view.

Can we imagine a large organization, with a heavy structure, disorganized and without planning, having to deal with environments of great economic oscillations? Will it have conditions for adequate reactions and with the necessary effectiveness? Or, thinking in reverse, a company inserted within a war scenario? What are the differences between one and the other?

Strategic planning is essential for any business. Contingency Management, then, is not the company's ability to manage frequent and unplanned problems, but the ability to circumvent and eliminate them when they occur. It is part of all good strategic planning and management practices, but it cannot be its focus, quite the contrary: it should be avoided.

A large portion of Brazilian companies, especially small ones, were unable to survive in the period of social distancing as a result of not being properly prepared for situations of this nature, the main ones

being the lack of a financial cash reserve, in case there was a discontinuity of the cash flow (which occurred from March 2019), as well as marketing alternatives in virtual environments.

There must be the necessary corporate flexibility to work around possible changes in the internal and external environment of the company. The organizational structure must enable situations involving contingencies in an efficient and, above all, efficient and effective manner.

The company, then, when being constituted or even existing ones, must take into account its organizational structure, to meet the different demands of the market promptly and with due quality.

In contrast, it should also consider the different styles of management, based mainly on how the company and its managers must act following changes and transformations internal and external to the organization, as well as their experience, critical sense, and different ways of being , think and act.

The company may be framed within a business model, but susceptible to other changes, which must be duly analyzed and contemplated, within a thought that the company is an open system and, as such, subject to changes.

Technology is an important strategic resource that enables management, and influences on the results of the company and its business. Technology is a means by which companies can optimize their processes, communication, controls, and management to obtain results.

In this way, the company must be adjusted to the competitive technological environment, I understand its importance and applications, to remain proactively and effective in the market.

For example, technology is a means by which publishers can promote and market their books, within the existing and available digital environment. In this case, the medium is a way in which these companies can operate in the market, but it will never be the only one.

In summary, to understand what Contingency Management advocates, professionals must understand the complex organizational structure in a systemic and orderly way, as well as how the different areas are interrelated since contingency actions, directly and indirectly, involve the entire organization.

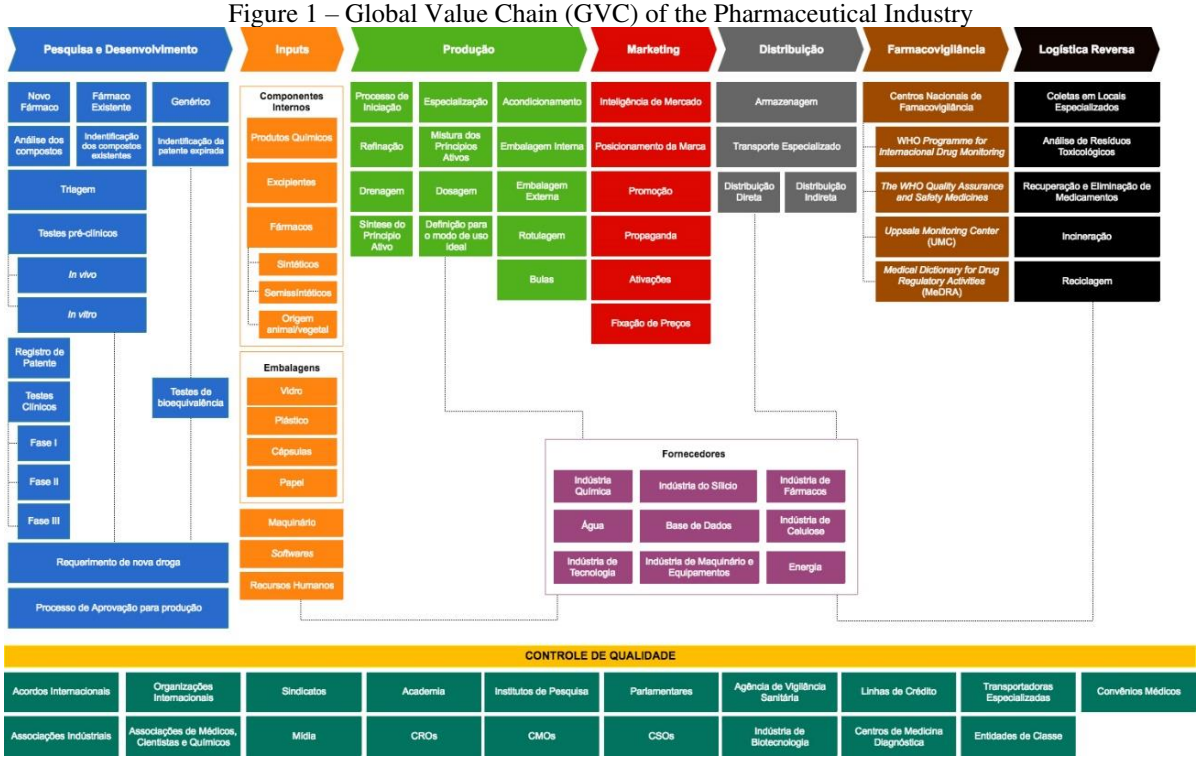
A fundamental point is to understand that if the company has constant contingencies to be overcome frequently, the problem may not be the external environment of the organization, but the company itself, its managers and its employees. Think about it!!!

3 PHARMACEUTICAL INDUSTRY

O advento da pandemia ocasionada pelo Covid-19 potencializou a realidade das fragilidades que o país tem em relação ao setor da saúde e em especial aquelas derivadas do segmento farmacêutico. Desta forma, têm-se a necessidade de políticas governamentais no sentido de fortalecer o sistema produtivo de medicamentos, focada nos imunológicos e em doenças regionais, nacionais e mesmo na prevenção de futuras crises em saúde.

Para tanto, as soluções contingenciais são necessárias em razão da gravidade da doença, alicerçada por um sistema de pesquisa científica e desenvolvimento tecnológico, envolvendo entidades públicas e privadas. O fortalecimento gradual e efetivo do setor se dará a partir do momento em que existirem alternativas internas e externas de produção de todos os insumos necessária para a produção de medicamentos, conforme demonstra a Cadeia Produtiva da Indústria Farmacêutica Brasileira.

Figure 1 – Global Value Chain (GVC) of the Pharmaceutical Industry



Source: Zorovich, Albuquerque Neto, Peixoto (2016, p.5).

According to Sturgeon (2008), the Global Value Chain (GVC) is characterized as a new productive arrangement, made up of intervening parties located in different countries, in a broader international business environment and that interact with each other in an integrated way, to enable the optimization of investments, resources and efforts, guaranteeing superior results.

In general, the Brazilian pharmaceutical industry has a considerable level of quality and is economically, humanly and socially representative of any economy. Through the figure, we identify important Stakeholders, whose concept and applications are defended by Freeman (1984). They are all those who contribute for the company to concisely deliver the value proposition to its consumers and, therefore, within this perspective, represent essential collaborators duly selected for this purpose.

Health Sciences are areas of specific knowledge, such as Medicine, Nutrition, Nursing and Pharmacy, demonstrating that all must be properly aligned and contribute to their responsibilities, and inserted within the respective Global Value Chains (GVC) and stakeholders.

But all are influenced by government and market policies. In this way, inserted within a context in which the demands are restricted to the productive format, represented by the Global Value Chain (CGV),

which makes the national industry dependent on the supply of raw materials and services, as well as the need to improve negotiations with its suppliers, supported by changes in priorities and changes in public health policies and, why not say, in the country's general policies in search of its sustained development?

This reality is also based on the fact that we are not restricted to the internal market, but are susceptible to changes and transformations in the international environment. We are not isolated as a business, paralleling the social distancing caused by COVID-19.

However, adapting to changes in the market, particularly in products for consumers over 50 years of age, and investing in products to treat sequelae that may be permanent from COVID-19 are actions that are being carried out.

In this way, although the phenomenon derived from the disease is negative, it must be considered that changes and transformations must occur to maintain the sustainability of human health.

4 SWOT ANALYSIS OF THE PHARMACEUTICAL INDUSTRY

To better interpret and analyze the theoretical contents and the research carried out, a SWOT analysis was prepared (IRELAND, HOSKISSON, HITT, 2015), indicating by categories, the strengths, weaknesses, threats and opportunities related to the pharmaceutical industry and its environment of business, contextualized with the scenario resulting from the pandemic caused by COVID-19, since the interviewees highlighted the importance of thinking and strategic planning, as well as more effective management of resources.

Table I - SWOT analysis of the Brazilian pharmaceutical industry.

Strong points	**WEAKNESSES**
Higher education in Health Sciences (in this case, focused on the pharmaceutical industry) with high quality and related to academic and scientific graduates. Quality of the different collaborators and internal talents of the existing laboratories in the country. Justified by training and capacity building by companies and experience in the business sector. Quality researchers (scientists) (with international recognition) and their published results of research and scientific studies. Relevant participation of private investment in the sector, translating and contributing to a natural extension of technologies and processes of external origin in large international laboratories. Retail capillarity, is represented here by a vast network of pharmacies of different sizes and purposes.	Less demand for students in professional activities in this sector. This observation stems from direct observations in the search for internship vacancies by students. The preference is for large retail companies and more recently for companies related to Information Technology. Lack of economic and financial resources for technological and industrial development. High cost of capital, whether derived from own investment or third-party capital. The absence of specific specialization and professional training courses for the internal public of the companies, since a good part of the Higher Education Institutions, offer more generic courses. High costs of scientific research and reduced number of publications of national and international relevance. Or at least the offer could be bigger and better. Low integration of the companies' internal multidisciplinary teams.

Sales of certain products and services related to indirect retail companies, such as supermarkets, guarantee a higher commercial result.	Slow production of vaccines, due to lack of tradition. Absence of important stakeholders in the supply of raw materials and services. Dependence on technology, resources, and international inputs.
Threats	**Opportunities**
Training and qualification of external collaborators of the entire Production Chain, which can influence the product, as well as the satisfaction of the final consumer. Uncertainty of safety in the production of the vaccine and supplies by national and even international laboratories. Moderate dependence on inputs from international sources. Lack and/or high costs of productive, economic and financial resources. Damage to the institutional image of the country as a result of the news published in the media. Accentuation of the health, a social, and political crisis in the country. Reduction in economic activities as a result of the pandemic, as well as the international scenario and contexts.	The concentration of norms and practices in the Ministry of Health and not always following other conjunctural and situational factors. Better integration between the federal, state and municipal government, to make it faster in the face of national objectives and the needs of the population. Qualification and training that makes an industry stronger, consistent and competitive. Establishment of more realistic public-private partnerships. Better participation and insertion of Higher Education Institutions (HEIs). Integration of research lines according to market needs. Development of more vaccines with national technologies. Unified Health System (SUS), which allows capillarity in the distribution of medicines. National Immunization Program (PNI). Public capillarity in the distribution of medicines and vaccines.

Source: Author (2023).

Value Proposition represents the benefits that the company intends to deliver to its consumers. It is formatted as a promise, it is what influences the decision to buy from a company to the detriment of its competitors. Osterwalder (2011), using the Canvas methodology, proposes to identify from the target segment that the company intends to reach, which value proposition should be offered to the consumer.

The authors Ireland, Hoskisson and Hitt (2015, p.68) attest that “creating value for customers is the source of above-average returns for an organization”. As a Value Proposition, it should reflect what the company plans to deliver as value to the market, affecting the strategic choices of its business, as well as its organizational structure.

Pragmatically, people with illnesses seek a cure and/or, at least, something to ease their pain. Laboratories produce relevant products, services and information, being a natural responsibility of their activities and should not be seen only from the producer's point of view, but also from a systemic point of view and mainly with a focus on the final consumer.

The pharmaceutical sector was greatly influenced by the guidance of questionable public policies that led to the business environment of the current Brazilian pharmaceutical industry, and have been evidenced by the absence of public and private investments, causing dependence on important resources and inputs from abroad, for the subsequent production and delivery of drugs and vaccines to the domestic market.

Pharmaceutical laboratories in general present quality in their proposals, especially those that are segmented as large and, in many cases, of international origin, because they are natural extensions of their countries of origin, as well as for meeting the mandatory standards arising from the Brazilian public sector.

Public policies led to an unfavorable business environment, where part of the Value Chain was concentrated, generating a dependence on international markets, whether for cutting-edge technologies, or the supply of ready-made medicines and basic raw materials, such as API .

The profile of current professionals in pharmaceutical laboratories is considered of high quality; the same cannot be said about external collaborators, ranging from logistics to reception, storage and application of vaccines.

According to the Agency Theory (JENSEN, MECKLING, s/d), the processes that involve development and expansion do not refer only to the simple increase in production, but to the whole process that involves stakeholders, available resources and contracts.

The Theory of Contracts considers the need for legal pacts, with rights, duties and responsibilities between the intervening parties, as well as institutional relationships and corporate diplomacy. Contrasting with the development of the Chinese pharmaceutical industry, objectives and goals were established based on a Master Plan, such as legal connections and relationships with the establishment of partnerships and the importation of technologies.

Considered by the World Health Organization (WHO), the temporary breach of patents cannot be considered a simple process that will solve the limitation of the production of vaccines against COVID-19. Even with the questionable breach of patents, it should be verified whether the benefited countries have a structured production chain, competent for the production of basic inputs, through technology and other necessary resources.

One point is the temporary breaking of patents; the other refers to the time for the Value Chain to develop in the country, in addition to the structure of companies and respective stakeholders that will contribute to offering the value proposition to the market. It is not a simple process and is more related to political intentions than necessarily business objectives.

5 CRISIS MANAGEMENT

Contingency Management, initially defended by Chandler (1962), contributes to the identification of variables, such as technology, and their effects on the general design of companies. With this, it is possible to forecast companies regarding their structures, as well as their functionalities based on biases in the behavior of these variables.

It depends, in the case of the Brazilian market, on compliance with public and industrial policies, which influence, restrict and/or even interfere with its development and meet Society's needs. Let's imagine that during the pandemic period, there was the possibility of a lack of ICU beds (Intensive Care Units) in the public and private networks, in addition to the lack of a specific vaccine at first and later in the necessary quantity.

The pharmaceutical industry has acted in society in a contributory way, since its appearance in the 19th century, since the offer of new medicines to improve the health and quality of life of the population, as well as in critical situations, similar to what we are experiencing today.

Both the private and public sectors require high investments to maintain their current structure, as well as in scientific research and the development of new solutions for the population's health problems. In this sense, the need to develop human intellectual capital stands out, as well as international cooperation and contribution, to accelerate effective development with greater credibility and security.

Health is directly related to the survival and maintenance of the quality of life of people and Society as a whole and should not be susceptible to errors. Kuazaqui and Tanaka (2008, p. 102), point out that “the guarantee of quality in the health area does not necessarily represent the cure itself, but a good clinical and ethical management of the process of monitoring the patient's problem”, with the proper support of drugs from the pharmaceutical industry. In case of occurrences, if that were not previously identified, there is a need to carry out analysis and correction and, mainly, ways to prevent their repetition.

According to research carried out by the author, the problems arising from the pandemic in the area of Health are the result of decisions and public policies adopted by the Federal Government. Thus, at first, it must be understood that the contingency actions must be derived from the same governmental sphere, with the pharmaceutical industry being an important stakeholder, however, subordinated and influenced by the respective norms and guidelines.

The contingency actions of the pharmaceutical industry derive from and guide decisions that influence and improve its internal environment and are closely related to management practices and business results, which does not prevent it from collaborating and contributing to the development of public well-being. , in the sense of detecting problems and taking advantage of unexplored opportunities.

Preliminary analysis of the history of health in Brazil, we perceive the precariousness in many senses, involving from structural issues, as well as those resulting from management, especially the public one. Kuazaqui and Tanaka (2008) state that, in addition to the direct responsibilities of hospitals, they must

offer patients conditions of well-being, assistance, safety and quality of care, aggregating all professional practices existing in health institutions.

So, both the Global Value Chain (CGV), as well as part of the services provided, are not restricted to vaccination alone, but everything that can contribute to the prompt recovery of patients. Whether in raw materials, products and various services, everything is extremely relevant.

6 CONCLUSIONS

As explained, contingency should only be adopted when there are problems along the way. It is about quickly adapting to infrequent situations and the company should review its concepts and practices if occurrences are frequent. These problems must be identified in the strategic planning and preferably prepare the company for possible future adjustments. One of the big problems lies in the situation. Some points to be highlighted:

The company may not notice that the problems are recurring, perhaps due to the low intensity and/or importance attributed and, therefore, just manage routinely. Furthermore, thinking strategically is not always common market behavior, whose decisions are not always guided by in-depth research,

Thinking about the present and possible resolutions to current problems is commendable, but the company can direct all its attention and efforts to what should have been done and not what should be done. In other words, by occupying its time in managing specific and current problems, the company can neglect to think about the future, how it could be and what training and qualifications will be necessary for business success.

The importance of all this is not only based on the generation of business results, but mainly based on the Social, Human and Economic Responsibility of this important sector in the area of Knowledge in Health – the Pharmacist.

In conclusion, according to Kuazaqui (2022, p.30): “The consumer is the beginning, middle and end of any business, and serving him is an intelligent strategic marketing objective. This is one of the most important assumptions that should guide companies' actions. ”

Far from considering patients as simple customers and drugs as simple products, the stakeholders involved must commit and engage so that consumers can enjoy all the benefits that the company can offer.

And beyond...

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