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## The Panalba Role Playing Case

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### Abstract

The Panalba Role Playing Case was designed to get participants to examine their behavior in a situation where their role can lead them to act in a socially irresponsible manner. A description of the case is provided along with instructions to the administrator. Much research has been done on this case, allowing subjects to compare their behavior with that of previous subjects.

### Introduction

Panalba, a very profitable drug produced by Upjohn, was the subject of concern for a number of years. The case described here is based on the attempt by the U.S. Food and Drug Administration to have Panalba removed from the market in 1969 (Mintz, 1969).

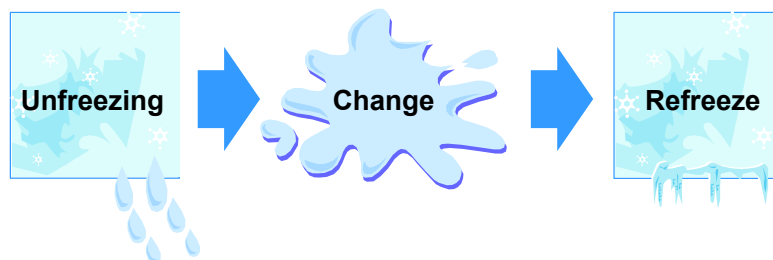
This paper provides a brief description of the Panalba role-playing case. It reports on the objectives of the case, how to administer the case, and the reactions of the participants. Results from over 250 groups are briefly described. A complete description of the role-playing materials is provided in the Appendix to this paper.

### Objectives

The Panalba case is designed to get people to examine their behavior in a situation where there are conflicting demands. The conflict arises between their personal attitudes and the behavior that they feel is demanded by their role. Previous research (as summarized in Armstrong, 1977) indicated that few people are responsible to their own notions of right and wrong when their role dictates otherwise.

The case may be used to put participants into the “unfreezing” stage of Lewin’s phases of change (see Exhibit 1). Participants are led to be dissatisfied with their current behavior so that they may be willing to consider change. In this case, the unfreezing stage is brought about when dissonance arises between the person’s attitudes and behavior.

### Exhibit 1 Phases of Change



Another objective of the case is to examine how changes in the structure of the firm might affect decision making. To date, two key changes have been considered. One is to change the role of the board so that it represents not only stockholders, but also other interest groups affected by the firm (e.g., customers, employees, local community). Another change is the use of a social accounting system. This would involve an explicit measurement of the impact of a decision upon each of the firm's interest groups.

### **Administration**

No preparation is required of the participants. They are told that they will have to make a group decision during a crisis. At no time during the role playing are they told that this case relates to social responsibility.

When people arrive at the session they are told that they will be receiving a role and that they should "act as *you* would act if you were in the role which is described." They are then formed into groups of 7 and provided with a packet which contains a role for each person. The leader instructs them to read the background information (10 minutes) and then to meet with their group to reach a decision in 45 minutes. At the end of the 45 minutes, they complete a group decision form.

Following completion of the decision form, there is a discussion that covers:

- 1) What decision was made by each group?
- 2) What do they think actually happened?
- 3) What actually *did* happen?
- 4) What is the role playing case about?

(A ten-page instructor's manual is available to help in administration and discussion.)

The above procedure requires at least 1.5 to 2 hours. Since the case draws heavily upon Milgram's work (1974), I prefer a three-hour session in order to also show Milgram's film, *Obedience* (New York University Film Library).

Since the group session provides only for unfreezing, there is the question of how change occurs. The assumption is that these attitudes are such an important part of the participant that change will come about only through the participant's own efforts. To aid in this process, I use some follow-up tasks:

- 1) a twenty minute self-administered examination, followed by written answers from me;
- 2) a copy of the paper, "Social Irresponsibility in Management" (Armstrong, 1977);
- 3) a self-directed exercise called the "Ideal Manager Exercise." Participants are asked to write up a code of ethics, to test the code in ten situations, and then to revise the code. Participants select learning partners and a suitable time.

### **Reactions of Participants**

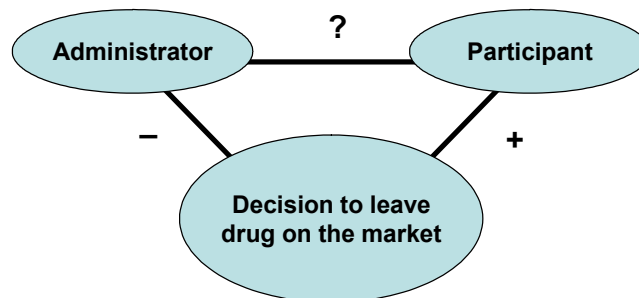
Over 250 groups have participated in the Panalba case. Of these, problems occurred with very few groups (one group destroyed the role playing materials and would not allow for any discussion); another

group tried to prevent the administrator from talking during the discussion period following the case. In any event, it is obvious that the case creates much tension.

Some dissonance occurs as the participants make the decision and some occurs when it is found that different groups make different decisions. The primary source of dissonance, however, is introduced by the administrator, who states that the case is designed to see if people would harm others if “instructed” to do so.

The effect of this introduction of dissonance varies according to the prior relationship between the administrator and the group and also according to the age of the participants. Balance theory helps to describe these reactions (see Exhibit 2). While almost all participants like to view themselves as socially responsible, middle-aged participants are much more certain of this. Thus, when confronted by the suggestion that their behavior is irresponsible, they frequently get upset.

**Exhibit 2**  
**Balance Theory and Panalba**



This dissonance is most easily resolved (i.e., to get a positive product for the signs in Exhibit 2) when the participants decide they do not like the administrator. This is especially likely to occur where there was no prior relationship between the two parties. Some of the participants may attack the instructor on the behalf of the group. This is a tricky matter since administrators are people too; so the easiest thing is to tone down the presentation to middle-aged participants and to cut down on the discussion until after you have explained balance theory to them and offered the options (i.e., “you can decide you don’t like the administrator or you can perhaps re-examine your decision after this session”).

Evidence from studies on cognitive dissonance (Batson, 1975) suggests that the case will be most effective for people who are not certain of their belief in the value of profit maximizing. For those who do feel certain on profit maximizing, an interesting phenomena is predicted. Those who *accept* the disconfirming evidence (that it is socially irresponsible to leave the drug on the market) will increase their belief in the value of profit maximizing. This effect will be especially strong in the short-run. On the other hand, they may be expected to be more alert to evidence on this issue in the future and to have good recall of the disconfirming evidence (Schultz, 1974).

Many participants will leave the session feeling frustrated. As noted above, I think this is a key step in the learning process. No systematic long-term follow-up has been made, but feedback to date suggests that the Panalba case is not easily forgotten.

## **Results**

Evidence is available from role playing sessions with 319 groups of undergraduates, graduates, and managers from ten countries (Armstrong, 1977). None of the 57 control groups has removed from the drug market.

There were no changes in cases where subjects were asked to represent all interest groups. However, when *both* the revised role and social accounting were used, only 22% of 116 groups kept the drug on the market. In addition, those that retained the drug made more changes to reduce the detrimental effects.

## Appendix

### 1. Instructions to Role Players (Also provide a name card)

The major instructions given to the subjects are provided below. The italicized statements were also written on the blackboard.

“I am providing one envelope to each group. *Please do not write on these materials unless you are the Chairman.* The Chairman will complete a group decision form. When you receive the envelope, please remove the contents, take the “role” on top, and pass the roles to the person on your right, etc., until everyone has a role.”

“When you receive your role, remove the card and place it on you or in front of you so that the others in your group can tell who you are. Then read your role and *act as you would act if you were in the role which is described.* (Repeat this) *Improvise as necessary but do not step out of your role.* The roles all differ so do not discuss your role with others in your group.”

“This meeting has been called by E.G. Upjohn, the Chairman of the Board at Upjohn. Due to time pressures, your group must reach a decision in 45 minutes. Dr. Upjohn will start the meeting as soon as you have read your roles.”

The administrator was asked to provide warnings at 15, 5, and 1 minutes.

### 2. Roles for the Traditional and Democratic Boards

#### A. Roles for the “Traditional Board” (Each person sees only their own role.)

*Chairman of the Board.* As Chairman of the Board, it is your job to have the Board reach a decision on the two issues within the time allowed. Unfortunately, you have only 45 minutes to reach a decision since some of the Board members can stay no longer than that.

Your general philosophy about meetings is to try to allow for various sides of the issue to be discussed before a decision is reached.

Legally speaking, a majority vote is required in order to reach a decision. You prefer that a consensus be reached, but a formal ballot may be used at the end of the meeting if necessary. (Please record the group decision on the form which has been given to you and give it to the administrator of this case.)

*Vice Chairman of the Board.* You were the President of Upjohn when Panalba was introduced into the market. Naturally, you feel that Panalba was, and still is, a good product both for Upjohn and for the people who have used it. If you didn't feel this way, you would have never put Panalba on the market in the first place:

*President.* You've been President for about two years. Since you have taken over, the economy has been slacking off and, as a result, company profits have been off somewhat. The Panalba problem seems to have come at an especially bad time, then.

You have been checking out various ways of handling the Panalba problem. One suggestion has been sent to you by an Upjohn lawyer. He had seen the Panalba issue develop over the past few years. He thinks that it would be possible to delay any action by the FDA. He suggests that Judge Kent of Kalamazoo (a man whom you know personally) would be willing to serve an injunction on the FDA. The injunction would prohibit the FDA from banning Panalba until such time as a formal hearing can be held. The results of the hearing, if unfavorable, could then be appealed. In effect, the case could be tied up in the courts for years. And, if the court action was successful, it would help to prevent the FDA from moving against other drug products in the future.

Another suggestion was sent to you by the Upjohn lobbyist in Washington. He suggests that it might be possible to bring political pressure to bear and to attempt to have Robert Finch, head of HEW (and therefore having jurisdiction over the FDA), overrule the proposed action by the FDA.

*Vice President and Director.* You have, of course, been aware of the bad publicity on Panalba. One idea has been suggested to you, however. This is that an appeal should be sent to all doctors to protest to the FDA on the grounds that the FDA would be violating the physician's right to prescribe if they removed Panalba. You feel that the fact that the doctors have been using Panalba for the past 13 years indicates that it must have some value. You've been a member of the Board of Directors for 8 years and you own 20,000 shares of Upjohn stock.

*Executive V.P. - Upjohn.* You have been on the Board of Directors since 1955 and you own about 25,000 shares of Upjohn.

*President: William John Upjohn, Assoc., Inc., Marketing and Advertising Consultants.* You are part of the Upjohn family and you own a considerable amount of stock. Your consulting firm does most of its work for the Upjohn Co.

*Stockholder.* You are a practicing M.D. You've been prescribing Panalba for years and you have seen nothing wrong with it. You've been a director since 1954 and you own 300,000 shares of Upjohn stock.

## **B. Roles for the Democratic Board**

The roles for the *Chairman, President, and Stockholder* are exactly the same as above. The four new roles are as follows:

*Public Representative.* You have been selected by the Mayor to represent the community interests. The Mayor had to find someone who would represent all groups in the local community and your decisions are reported in the local papers. Prior to the meeting, you had not been able to think of any major impact which the ban on Panalba might have. True, there will be some impact upon the employment level, but the community is so large that this would be very minor. You hold no shares of Upjohn stock.

*Suppliers' Representative.* You represent the organizations that sell goods and services to Upjohn. Upjohn, of course, represents only a small part of each supplier's sales. And if the purchase were instead made by a competitor of Upjohn, the firm would also obtain its supplies from the firms which you represent. Your job is to try to make sure that the suppliers receive fair treatment. Whether or not Panalba will stay on the market is of little importance to the suppliers. You hold no shares of Upjohn stock.

*Consumer Representative.* You are elected by a consumer's group. Your job is to ensure that the interests of the consumer are protected. Your decisions are widely reported by the press and by such groups as Consumer's Union. You have reviewed the evidence behind the Panalba case and you feel that the background information which was sent to the members provides a fair picture of the effect of Panalba upon consumers. You hold no shares of Upjohn stock.

*Employee Representative.* You have been elected by the employees and they expect you to represent their interests. You have been a director since 1969.

You've given some thought as to what would happen if Panalba were to be banned from the market. Approximately 200 jobs would be eliminated (out of roughly 5,000 jobs at Upjohn). Naturally, your constituents won't be too happy about this. You hold no share of Upjohn stock.

### 3. Background Information for The Panalba Case Exercise

Assume that it is August, 1969, and the Upjohn Corporation has called a Special Board Meeting to discuss what should be done with the product known as "Panalba."

Panalba is a "fixed-ratio" antibiotic sold by prescription. That is, it contains a combination of drugs. It has been on the market for over 13 years and has been highly successful. It now accounts for about 18 million dollars per year, which is 12% of Upjohn Company's gross income in the U.S. (and a greater percentage of net profits). Profits from foreign markets, where Panalba is marketed under a different name, are roughly comparable to those in the U.S.

Over the past 20 years there have been numerous medical scientists (e.g., the AMA's Council on Drugs) objecting to the sale of most fixed-ratio drugs. The argument has been that (1) there is no evidence that these fixed-ratio drugs have improved benefits over single drugs; and (2) that the possibility of detrimental side effects, including death, is *at least* doubled. For example, these scientists have estimated that Panalba is causing about 14 to 22 unnecessary deaths per year – i.e., deaths which could be prevented if the patients had used a substitute made by a competitor of Upjohn. Despite these recommendations to remove fixed-ratio drugs from the market, doctors have continued to use them. They offer a shotgun approach for the doctor who is unsure of his diagnosis.

Recently a National Academy of Science – National Research Council panel, a group of impartial scientists, carried out extensive research studies and recommended unanimously that the Food and Drug Administration (FDA) ban the sale of Panalba. One of the members of the panel, Dr. Eichwald of the University of Texas, was quoted by the press as saying, "There are few instances in medicine when so many experts have agreed unanimously and without reservation" (about banning Panalba). This view was typical of comments made by other members of the panel. In fact, it was typical of comments which had been made about fixed-ratio drugs over the past 20 years. These impartial experts then believe that while all drugs have a possibility of side effects, the costs associated with Panalba far exceed the possible benefits.

The Special Board Meeting has arisen out of an emergency situation. The FDA has told Upjohn that it plans to ban Panalba in the U.S. and wants to give Upjohn time for a final appeal to them. Should the ban become effective, Upjohn would have to stop all sales of Panalba and attempt to remove inventories from the market. Upjohn has no close substitute for Panalba, so consumers will be switched to close substitutes which are easily available from other firms. Some of these substitutes offer benefits which are equivalent to those from Panalba, and yet they have no serious side effects. The selling price of the substitutes is approximately the same as the price for Panalba.

It is extremely unlikely that bad publicity from this case would have any significant effect upon the long term profits of other products made by Upjohn.

The following possible solutions were considered by the Board:

- a) Recall Panalba immediately and destroy.
- b) Stop production of Panalba immediately but allow what's been made to be sold.
- c) Stop all advertising and promotion of Panalba but provide it for those doctors that request it.

- d) Continue efforts to most effectively market Panalba until sale is actually banned.
- e) Continue efforts to most effectively market Panalba and take legal, political, and other necessary actions to prevent the authorities from banning Panalba.

You, as a member of the Board, must help to reach a decision at today's meeting. The Chairman of the Board, Ed Upjohn, has provided this background information to each of the Board members. He is especially concerned about selecting the most appropriate alternative for the U.S. market. (You must decide which of the possible alternatives is *closest* to your preferred solution.)

A similar decision must also be made for the foreign market *under the assumption that the sale of Panalba was banned in the U.S.* This decision will be used as a contingency plan.

### References

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