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Product Counterfeiting and Survival of Selected Pharmaceutical Firms in Anambra State

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Abstract:

This research is centered on Product Counterfeiting and the Survival of selected Pharmaceutical Firms. The poor consumer enlightenment campaign and security challenges make it difficult to combat the problem of Product counterfeiting, ineffective enforcement of the existing law, ignorance, corruption, lack of capacity in terms of work force, loose control system, non health professional in the drug business and lack of appropriate legislature. The study determines the nature of relationship between counterfeited product and attitude of the consumers with purchase intention. The study is anchored on Ajzen theory of planned behavior. The study employed descriptive research design, the primary source of data are the major instrument use for this study. Pearson product moment correlation was used to analyze the data with aid of SPSS version 22. The findings reveal that there is a positive relationship counterfeit product and the attitude of consumers with purchase intention. Base on the findings, the researcher recommends that government should equip the Agencies involve in combating Product counterfeiting proliferation with every logistics support needed to fight the nefarious crime.

Keywords: Product Counterfeiting, Pharmaceutical firms, corruption, legislature, attitude of consumers.

1. Introduction

It has been reported that Product counterfeiting has assumed a global and transborder dimensions, with networks across national boundaries, with thousands of porous and unmanned route, including airport, seaport, and borders with ineffective restriction, with the aid of globalization which resulted in lowering international barriers and creating opportunities for illicit businesses (Idowu, 2013).

It was estimated that at least 600 billion dollars are lost annually worldwide on jobs, taxes, in importation and sales of counterfeit products (IACC, 2009). Nigeria losses over one trillion naira annually on the importation and sales of counterfeit products, in loss of tax revenue, employment generation and incomes to local manufacturers, 80 percent of these substandard products imported into the country originated from Asian countries, (SON, 2013). The dumping of these counterfeit products in Nigeria is creating a disincentive to genuine investment, thereby negating the whole essence of protection of local industries, making Nigeria a prison of a clear culture of collective failure, carelessness, insensitivity, weakness, indolence, incompetence and ignorance. (Anigbata, 2013).

Odumodu, (2013) states that, the influx of counterfeit products in Nigeria markets is so overwhelming that consumers are faced with about 80 percent chances of buying fake products in the market where second hand goods are preferred as original, also poses grievous threat to both survival of local industries and health of consumers. Anege (2007) posits that multiple taxation and other infrastructural challenges that drive cost of production high, the manufacturers are groaning under low demand of their products as

substandard products offer consumers most of whom have low disposable incomes cheaper alternative irrespective of their health implication.

However, the consequences of Product counterfeiting are not only economically devastating to manufacturer of genuine products and genuine brands, but also led to high rate of food poison, spate of death associated with fake drugs, collapse buildings, frequent breakdown of vehicles, high rate of road accident, high incidents of fire outbreaks (Okoye, 2013). Studies have shown that product counterfeiting lower consumer confident in legitimate brand and pose a threat to consumer health and safety (Swani, 2007). Lack of political will and commitment by the government and lack of penal sanction are the factors encouraging product counterfeiting in Nigeria (Chinwendu, 2008).

The deleterious implication in the Pharmaceutical products counterfeiting is understood to be a critical challenge to the integrity of public health system around the globe as well as public welfare (Funlay, 2011). NAFDAC, (2006) states that pharmaceutical products counterfeiting have embarrassed both the sub sector and health care provider and denied the confidence of the public on the nations health care delivery, the result of fake drugs proliferation has led to treatment failures, organ dysfunction or damage, worsening of chronic diseases condition and death of many Nigeria. Counterfeiting drugs poses great threats towards attainment of millennium development goals which hope for a reduction in infant mortality, improve maternal health care delivery and combating HIV/AIDS and other diseases, (WHO, 2012).

Jenda, (2006) posits that counterfeiting medicine is a form of terrorism against the public health system and economic sabotage. The major factors facilitating the preponderance of counterfeiting drug in Nigeria have been reported to include ineffective enforcement of the existing laws, non professionals in drug business, loose control system, high cost of drugs importation and chaotic drug distribution networks (Chinwendu, 2008).

1.1. Statement of the Problem

It is a big shock that, virtually, in every genuine products circulating in Nigeria the counterfeiters will pirate or fake something similar, more worrisome is that some of this substandard products are inimical to the health of Nigerian citizens, many Nigerian consumers have died and others harmed after using these products.

Our economy is being derailed, battered and messed up by the menace, preponderance and proliferation of product counterfeiting, our local manufacturers are groaning undelov demand for their products and some have windup because they cannot compete with cheaper substandard products.

The pharmaceutical products regulatory channel of distribution networks is in chaotic condition because it concentrated on open market, unqualified chemist, transit hawkers, street vendors, wholesalers, and importers with prescriptions from quacks, thereby jeopardizing the health of innocent citizens, causing morbidity and mortality.

The poor consumer enlightenment campaign and security challenges makes it difficult to combat this problems, ineffective enforcement of existing law, ignorance, corruption, lack of capacity in terms of work force, loose control system, non health professional in drug business and lack of appropriate legislature indeed is the problem of this study

1.2. Objective of the Study

The general objective of the study is to examine the extent to which Product counterfeiting affect the survival of selected pharmaceutical firms.

The specific objective of the study is to determine the nature of relationship between counterfeit product and attitude of consumers with purchase intention.

1.3. Research Question

One Research Question guided the study

What is the relationship between Counterfeit product and attitude of consumers with purchase intention?

1.4. Hypothesis

One null hypothesis was tested at 0.05 level of significant

There is no significance positive relationship between counterfeit product and attitude of the consumers with purchase intention.

2. Methodology

2.1. Research Design

The study was carried out in Anambra State descriptive research design whose purpose is to collect detailed and factual information that describes an existing phenomenon was employed. One research question and one hypothesis guided the study. The population of the study comprised all the owners and employees of the three selected Pharmaceutical firms numbering fifty four (54)

Since the population is small, complete enumeration method was applied.

Data for this research was collected using primary source, the primary data involve the use of questionnaire, the questionnaire was structured, the respondents were placed on a five point likert scale with scoring weight as follows: Strongly agree-5, Agree-4, Undecided-3, Disagree-2and Strongly disagree-1.

The questionnaire items was adopted and modified from existing standardized items, the questionnaire was given to experts in management to vet. Research fellow with proficiency in data analysis was also contacted to verify the face and content validity of the items, while Pearson product moment correlation was used to test the hypothesis. Finally, the supervisor scrutinized the items and approves it for distribution.

The trial reliability test was done by the Test to Test method.

The questionnaire was given to 30 persons in the Pharmaceutical products market in Onitsha to determine the trial test of the Reliability of instrument. The calculation on the information obtain from their responses was done the using of RANK ORDER

2.2. Correlation Coefficient

After the trial testing and calculating the reliability of the response to the items in the instrument using RANK ORDER correlation coefficient a figure of .70 was obtained which shows that the instrument is reliable.

3. Data Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Failure to close the open markets, unqualified chemist, transit hawker, affect the survival of Pharmaceutical firms.	52	3.00	5.00	4.6731	.51340
Inadequate workforce to cover all inlets, encourages drug counterfeiting which affect the survival of Pharmaceutical firms.	52	4.00	5.00	4.6731	.47367
Lack of incentives and insurance for enforcement officers create lapses to combat the proliferation of counterfeit products which affects the survival of our local industries.	52	3.00	5.00	4.3269	.58481
Low price and low quality influences the strategies use by the counterfeiters which destroys the survival of ore local industries.	52	2.00	5.00	4.3077	.80534
Drug counterfeiting led to treatment failures and worsening of chronic disease condition, which affect the survival of innocent citizens.	52	3.00	5.00	4.5577	.53919
Valid N (listwise)	52				

Table 1: Descriptive Statistics of Independent Variables
Source: SPSS Ver. 22

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Counterfeit products spread as a result of poor consumer awareness campaign.	52	4.00	5.00	4.6923	.46604
Counterfeit product spread as a result of loose control system, chaotic drug distribution and corruption.	52	3.00	5.00	4.5385	.57604
Penalties in dealing with counterfeiting is not enough to combat the crime	52	3.00	5.00	4.6538	.51960
The economy is derailed, battered and messed up by product counterfeiting.	52	4.00	5.00	4.8462	.36432
Counterfeit products spread as a result of ineffective enforcement of existing law.	52	2.00	5.00	4.1923	.79307
Valid N (listwise)	52				

Table 2: Descriptive Statistics of Dependent Variables
Source: SPSS Ver. 22

4. Test of Hypothesis Table

Cronbach's Alpha .965	No of item 10
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Table 3: Reliability Statistics
Source: SPSS ver.22

The computed Cronbach's/Coefficient Alpha value was.965, N = 10, as suggested by most studies α value greater than.70 indicates a strong degree of internal consistency.

- Ho: There is no significant relationship between counterfeit product and attitude of the consumers with Purchase intention.
- H₁: There is a significant relationship between counterfeit product and attitude of the consumer with purchase intention

Correlations			
		Counterfeit Product	Attitude of Consumer with Purchase Intention
Counterfeit Product	Pearson Correlation	1	.981**
	Sig. (2-tailed)		.000
	N	52	52
Attitude of Consumer with Purchase Intention	Pearson Correlation	.981**	1
	Sig. (2-tailed)	.000	
	N	52	52
Correlation is significant at the 0.01 level (2-tailed).			

Table 4

Source: SPSS Ver. 22

5. Result of Correlation

Pearson correlation coefficient was computed to determine the relationship between counterfeit product and attitude of the consumers with purchase intention. From the table above, the Pearson correlation coefficient was .981** (positive), and significant at .001 thus we reject the null hypothesis and accept the alternate 'There is a positive relationship between counterfeit product and attitude of the consumer with purchase intention'.

6. Findings

The result of correlation is 0.981, shows a strong positive relationship between Counterfeit product and the attitude of consumers with purchase intention. This shows that counterfeit product has a strong influence on the attitude of consumers who patronize counterfeit products. This in line with the result of empirical study carried out by Muhammad and Zain, who found in their study that there is a positive relationship between low price and purchase intention of the consumers.

7. Conclusion

Based on the findings obtained from the result of the correlation. There is an empirical evidence that counterfeit product has a strong effect on the attitude of consumers who patronizes counterfeit products. Consumers positively play roles in the demand side of counterfeit products due to the low price and moral disengagements, consumers should understand the risk and health implication of patronizing counterfeit products. Funding nefarious activity contributes to losses on tax revenue to government, loss on employment generation, budget deficits, depletion of local manufacturers and genuine investments and compromising the future of this country in the global economy. Product counterfeiting is regarded as illegal and the patronizing counterfeit product supports illegal activity.

8. Recommendations

In the light of these findings the following were recommended:

- Logistic Support: Government should equip the Agencies involve in combating counterfeit proliferation with every logistics support needed to fight the nefarious crime.
- Adequate Monitoring: Government should closely monitor the activities and the performance of these agencies to eliminate total corrupt practices within the agencies.

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