

## Creating shared value in Algeria through partnership:

### Professional approach for Saidal and Novo Nordisk

خلق القيمة المشتركة في الجزائر من خلال الشراكة: مقارنة مهنية لمؤسسة صيدال و نوفونورديسك

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#### Abstract:

This paper aims to provide a professional approach of pharmaceutical company Novo Nordisk to create shared value through partnership with local partner saidal in Algeria. The authors analyze a case study of Novo Nordisk and Saidal. The objective is to show how partnership between Novo nordisk and saidal lead to shared value creation. We found that Novo nordisk helps Saidal in areas of providing; High-quality raw materials, training support activities and transferring of knowledge and technology , in the same time Saidal collaborates with Novo nordisk by providing them with data about diabetes and health problems that need to be addressed and the way to do business in Algeria, this leads to shared value creation in Algeria.

The paper has practical implications that relate to the design of shared value approach; we provide practical approach and ideas that could be applied by other companies to reach shared value creation. This is a unique professional approach to create social and economic value for pharmaceutical companies through partnership.

**Key words:** Novo Nordisk, Saidal, professional approach, partnership, shared value in Algeria.

**JEL Classification codes:** M14.

#### الملخص:

تهدف هذه الدراسة إلى تقديم المقاربة المهنية لشركة الصناعة الصيدلانية نوفونورديسك الخاصة بخلق القيمة المشتركة في الجزائر من خلال الشراكة مع مؤسسة صيدال الجزائرية، قمنا بتحليل دراسة الحالة بين المؤسستين لمعرفة سيرة خلق القيمة المشتركة. توصلت الدراسة إلى أن شركة صيدال استفادت من شركة نوفونورديسك فيما يخص المواد الأولية ذات الجودة العالية نشاطات الدعم التدريبي، بالإضافة إلى نقل المعرفة و التكنولوجيا، في نفس الوقت استفادت نوفونورديسك من شركة صيدال فيما يخص تقديم البيانات و المعلومات حول سوق مرضى السكري و المشاكل الصحية بالإضافة إلى كيفية القيام بالأعمال في الجزائر.

تتضمن هذه الورقة إمكانية التطبيق العملي لمفهوم خلق القيمة المشتركة حيث تقدم مقارنة مهنية و أفكار عملية لخلق القيمة الاقتصادية لشركات الصناعة الصيدلانية و القيمة الاجتماعية للمجتمع.

**الكلمات المفتاحية:** نوفونورديسك، صيدال، المقاربة المهنية، الشراكة، خلق القيمة المشتركة في الجزائر.

التصنيف JEL: M14

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## 1. Introduction :

There are so many challenges in health sector in Algeria; one of them is diabetes which poses challenges for the long-term health and economic prosperity of Algeria. According to World health organization; today, more than three-quarters of deaths in Algeria are related to non-communicable diseases, Diabetes accounts for 7% of all mortality in the country.

According to International diabetes federation; Approximately 1.7 million people in Algeria are living with diabetes, this number is projected to nearly double to 3.1 million by 2040, in addition to that insulin production in Algeria is lower than the need of insulin for diabetes patients.

All of these leads to health and social problems that need to be addressed by Algerian pharmaceutical companies, Sidal is the market leader in Algeria for insulin production, however the market demand for insulin production is beyond its capability to produce , in addition to that diabetes patients need high quality insulin production.

To address all of these social and health problems in order to create social value, Sidal needs to find a business model that generate profit and solve health problems simultaneously .The global leader Novo nordisk partner with local partner Sidal to face all of these challenges by using shared model to create social and business value.

The fundamental problem of this study is: **How the partnership between Novo Nordisk and Sidal lead to shared value creation in Algeria?**

This study aims to provide the partnership as a new way to create shared value where we can create social value and in the same time business value. We also provide the professional approach of Novo Nordisk in partnering with local partner Sidal to create shared value.

## 2. Research methodology

We used the qualitative research. The qualitative research can be defined as an approach that seeks to describe, decode and translate phenomena in terms of meaning rather than frequency .Qualitative research allows the researcher to gather information and do an in-depth exploration of issues, and therefore follows a less structured format with fewer respondents than quantitative methods (Bellenger, DN, Bernhardt, KL & Goldtucker, JL 1989).

This qualitative research approach is appropriate for our study because this kind of study required a lot of information and high understanding for the situations, initiatives and social activities of Novonordisk and saidal partnership.

Within the qualitative research, we use a case study approach to investigate the idea of shared value in partnership between novonordisk and Sidal company. We aim to provide a theoretical and practical contribution to enhance the understanding of how pharmaceutical company engages the concept of CSV in health.

We collect data and information based from Novonordisk and saidal reports, online meeting with Novonordisk and saidal managers, and observations; We provided some questions that were addressed to Novo nordisk and saidal responsibilities such as: the value that could be shared from

the idea of partnership between saidal and novonordisk, area of cooperation, the growth potential of novonordisk in Algerian market and how they could use their area of expertise to address our public health problems and concerns. Answers of these questions are in the main body of this research paper. The authors analyze a single case study of partnership between saidal and novonordisk. The objective is showing how shared value concept applied in health sector for pharmaceutical company.

### **3. Shared value definitions:**

According to Porter .M.E & Kramer.M ;Shared value can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates (Porter .M.E & Kramer.M,2011).

Creating shared value entails incorporating a social mission in the culture of a company and effectively channels ling resources in a sustainable way to the development of innovations that may assist in solving social problems (Nicholson.A, 2017). Creating Shared Value aims to re-invent capitalism and thereby to unleash a wave of innovation and growth, from which both businesses and society would profit (Beschorner.T, Hajduk.T, 2016)

The concept of Creating Shared Value (CSV) emerged as an umbrella construct for theories about the mutual dependence between a company's competitiveness and the health of environmental and social communities surrounding it, including its suppliers (Zegher.J, Lee.D,2017). This concept focuses on the connection between societal and economic progress where by companies reconceive products and markets, redefine productivity throughout their value chain and enable local cluster development to generate greater innovation and growth benefiting themselves and the greater society (Daniel.M.A, Sojamo.S ,2012).

We concenter shared value as new way to do business and solve health and social problems, by identifying social problems and provide solutions that yields to revenue generation for the company.

### **4. Three steps to create shared value:**

Shared value can be created by reconceiving products and services to meet societal demands, by redefining productivity in the value chain and by Enabling local cluster development: (Brønn.P.S, Romantis,Zerfass.A, 2016)

According to (Porter and Kramer, 2011) there are three key ways in how organizations can create shared value opportunities which are: reconceiving products and services, redefining productivity in the value chain and enabling local cluster development:

#### **4.1. Reconceiving products and markets.**

Reconceiving products and markets requires from companies to reconsidering their offers from goods and services providing to high value created for customers.(McIntosh B, Sheppy B and Zuliani JD,2016).

Reconceiving products and markets means also identifying and addressing unmet need in society, needs for improvements in help for the aging, healthcare, housing, nutrition, financial

opportunities and the environment, these needs can be seen as a great opportunity for companies to achieve growth in medium and long term. The main reasons for this are that after decades of work revolving around analyzing, manufacturing and meeting demand, many businesses have lost focus, losing track of what customers actually needs (Goitom.M2015).

#### **4.2. Redefining productivity in value chain**

Redefining the productivity in the value chain is the second pillar of shared value creation, this step require from companies to identify area of improvements within the value chain in order to reduce costs in every activity of the value chain, or create value in every activity of the company value chain.

By redefining value chains, Companies can improve the quality, quantity, cost, and reliability of inputs and distribution while they simultaneously act as a steward for essential natural resources and drive economic and social development (young .2006).

The value chain is affected by externalities, such as water use, working conditions and fair treatment, which can enhance the costs of production. Taking into account societal issues permits companies to redefine their concept of productivity from a shared value perspective. For instance rethinking logistics systems in the shared value perspective means improving energy utilization through technology investments, such as reducing shipping distances, recycling. All these practices help companies transform the value chain, cutting costs and reinforcing the mutual relationships with partners and stakeholders (Brønn.P.S, Romantis, and Zerfass.A2016).

#### **4.3. Enabling local cluster development**

Creating shared value require a collective impact that's why enabling local clusters development is an essential third pillar of shared value creation and help to support a company and its processes. Firms can create shared value and improve their productivity, by building local clusters and addressing their gaps in specific areas such as logistics, training or market organization. Managerial practices driven by transparency and openness principles create favourable conditions for building clusters, which enhance the benefits for companies and their competitiveness (Brønn.P.S, Romantis, and Zerfass.A2016).

We see that reconceiving Products and Markets allows to develop products regard to society's needs and this what rise the demand on these products, in the same time redefining productivity in the value chain allows to save energy, water, cost and create value for both society and business, then, enabling local cluster development which help to provide infrastructure around creating shared value.

### **5. Levels of Shared Value:**

Every step of shared value creation contributes in business and social value creation.in order to analyze that we provide the three levels of shared value creation: Porter et al, 2013):

#### **Level 1: How targeting unmet needs drives incremental revenue and profits**

**Business results:** Increased revenue, increased market share, increased market growth, improved profitability.

**Social results:** improved patient care, reduced carbon footprint, improved nutrition, and improved education.

**Level 2:** How better management of internal operations increases productivity and reduces risks.

**Business results:** Improved productivity reduced logistical and operating costs, secured supply, and improved quality, improved profitability.

**Social results:** Reduced energy use, reduced water use, reduced raw materials, improved job skills, improved employee incomes.

**Level 3:** How changing societal conditions outside the company unleashes new growth and productivity gains.

**Business results:** reduced costs, secured supply, improved distribution infrastructure, Improved workforce access, improved profitability

**Social results:** improved education, increased job creation, improved health, improved incomes.

We see that each level of shared value contribute in the creation of business and social value targeting unmet needs drives incremental revenue and create social value, a better management of internal operations increases productivity and reduces risks and save water and energy that the society need. In addition to that changing societal conditions outside the company unleashes new growth and productivity gains.

## II. Practical part: Novo Nordisk and Saidal: Professional approach

### 1- Who is Saidal?

Saidal is an Algerian company, established by the government in 1982 after a state decision of restructuring the former Central Pharmacy of Algeria. It was listed on Algerian Stock Exchange in 1999 by floating 20% of its shares. Saidal is one of the leading Algerian producer of generic drugs with a product range of over 200 drugs. It formerly operated as an industrial holding group of companies, comprising three subsidiaries – Pharmal, Antibiotical and Biotic. In 2014 it merged the three subsidiaries by absorption. Saidal also holds stock in the pharmaceutical companies Somedial, Iberal and Taphco. The company has nine plants in Dar El Beida, Medea, Constantine, El Harrach, Cherchel, Annaba and Batna. It has developed three distribution centres procuring the supplies for the Eastern, Central and Western regions of Algeria (EMIS Company Report, 2017).

### 2- Who is Novo Nordisk?

Novo Nordisk is a global healthcare company with 90 years of innovation and leadership in diabetes care, Headquartered in Denmark. The company also has leading positions within hemophilia care, growth hormone therapy and hormone replacement therapy.

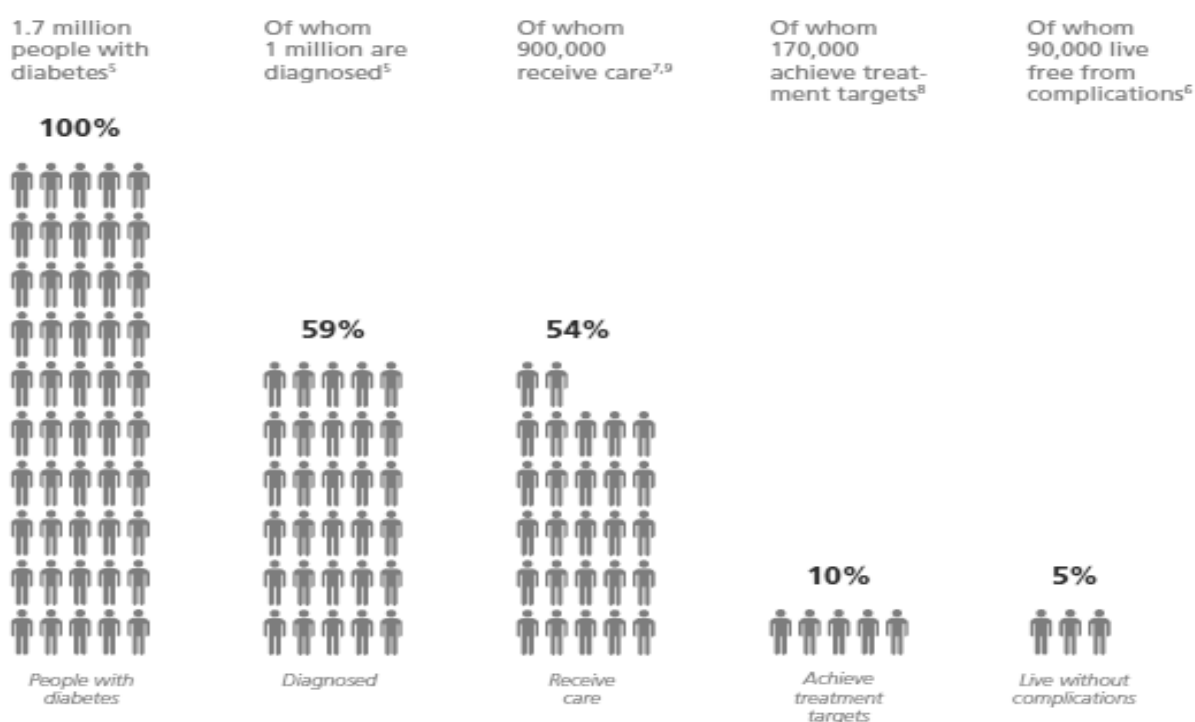
Novo Nordisk employs approximately 41,500 employees in 75 countries, and markets its products in more than 180 countries (Novo Nordisk annual report, 2014).

## 3. Challenges and opportunities for partnership between Saidal and Novo nordisk

### 3.1. Facing challenges require a partnership option:

Today, more than three-quarters of deaths in Algeria are related to non-communicable diseases (NCDs) including diabetes, Diabetes accounts for 7% of all mortality in the country and, among NCDs, trails only cardiovascular disease and cancer in terms of cause of death. Approximately 1.7 million people in Algeria are living with diabetes (World Health Organization, 2014).

**Figure 1 — The diabetes ‘rule of halves in Algeria**



**Source: The Blueprint for Change Program (2016): Partnering to innovate diabetes care in Algeria**

This number is projected to nearly double to 3.1 million by 2040. This has implications for public health, considering that under the 'Rule of Halves', roughly half of people with diabetes are diagnosed, half of those receive care, and half of those achieve treatment targets (International Diabetes Federation, 2015).

The target of diabetes treatment is to keep blood sugar levels at a normal or near-normal level. One key parameter is HbA1c, which is a measure of blood sugar within a three-month period. An HbA1c level of  $\leq 7\%$  is considered a marker of good control. People with HbA1c level of 6.0–6.5% are considered to be at risk for having diabetes. In Algeria, the average HbA1c level is 9.2% for people with diabetes. A level higher than 7% is associated with an increased risk of diabetes-related complications, When diabetes is undiagnosed or undertreated, it can lead to complications such as cardiovascular disease, stroke, kidney disease amputations and blindness. Many people

with diabetes may, however, be able to live healthy lives and avoid complications through early diagnosis, and appropriate treatment and care (The Blueprint for Change Program, 2016).

As much as 11% of total health spending in Algeria is devoted to diabetes. The cost is expected to grow twice as fast as the population from 2010 to 2030, effectively increasing the societal burden of diabetes. Because complications account for a high proportion of diabetes costs,<sup>2</sup> prevention of complications through diagnosis, treatment and control is paramount. For example, data from Algeria indicate that a complication, such as a non-severe hypoglycaemic event, entails both direct and indirect costs due to loss of work productivity, increased work absenteeism and increased healthcare utilization (Partnering to innovate diabetes care in Algeria, 2016).

A 2014 survey showed that more than two-thirds of people living with diabetes in Algeria do not take it seriously. In addition, there is a stigma associated with diabetes that may prevent some people from seeking proper care. This suggests low public awareness of diabetes and may explain why many people do not live a healthy life with diabetes (Partnering to innovate diabetes care in Algeria, 2016).

All challenges mentioned above that related to diabetes make it clear that solutions require collaboration between Sidal and Novo Nordisk in order to convert the challenges that look like a threat to a business opportunity.

### **3.2. Seizing the opportunities requires a partnership option:**

As we mentioned, facing challenges require a partnership option, in the same time seizing the opportunity for Sidal and Novo Nordisk require a collaboration facing these challenges, the collective impact of partnership between these two corporations add value for them and for Algerian society.

#### **3.2.1. Opportunities for Algerian society:**

High blood sugar levels increase the risk of diabetes-related complications. For people with diabetes, even small improvements in HbA1c can lead to significant health benefits.

For each percentage point decrease in HbA1c, people with diabetes can experience: (The Blueprint for Change Program, 2016)

- 37% reduction in the risk of micro vascular complications, such as kidney failure and blindness.
- 14% drop in the risk of macro vascular complications, such as heart attack and stroke
- 21% reduced risk of diabetes related death.

If all people with diagnosed diabetes in Algeria were to receive optimal treatment and achieve near-normal HbA1c, cholesterol and blood pressure levels,<sup>16</sup> it could result in the avoidance of 11,700 kidney failures. Together with other health improvements, this could save Algeria 227 million euros in diabetes-related costs (The Blueprint for Change Program, 2016)

#### **3.2.2. Opportunities for Novo Nordisk:**

Algeria is a country with a stable and fast-growing economy. In addition, there is an imperative to reduce diabetes-related risks and improve the health and well-being of people with diabetes. This is an opportunity for Novo Nordisk to partner with the authorities to strengthen the delivery of healthcare in Algeria (The Blueprint for Change Program, 2016).

In Algeria, the Ministry of Health has developed an ambitious National Diabetes Plan, which is aligned with the needs of people with diabetes and also with the desire of healthcare professionals (HCPs) to bolster their own knowledge about diabetes care. In the spirit of collaboration, Novo nordisk can share more than 90 years of diabetes care expertise. It is our belief that this ultimately benefits patients and their communities, as healthy people with diabetes can be active contributors to society (The Blueprint for Change Program, 2016).

Novo nordisk can use its own expertise to provide a social value for Algerians patients, in the same time business value from selling special product that address a social need, however this could not be possible for novo nordisk according to challenges mentioned above, novo nordisk need to work and cooperate with local partners to determine exactly what health problems that need to be addressed and the way to do business in Algeria.

#### **4- Novo nordisk partnership with local partner Saidal:**

For novo nordisk, in order to create shared value, they need to partner with local partner Saidal, so they can have data about health and diabetes problems and the way to do business in Algeria, in the same time Saidal need to partner with novo nordisk for more Insulin production in Algeria.

Novo Nordisk has an 80-year history in Algeria. This history is characterized by partnerships focusing on the needs of patients and the communities where Novo nordisk work. Novo Nordisk is driven by a desire to manage business sustainably, in the shared interests of business and patients, and in line with societal expectations.

In 1994, Novo Nordisk established Algerian affiliate, and today Novo Nordisk is the market leader in diabetes care in Algeria. Novo Nordisk opened our first Algerian production facility in 2006 in Tizi Ouzou. Six years later, Novo Nordisk established a partnership with state-owned SAIDAL Group to produce human insulin in Constantine. Local production supports Novo Nordisk commitment to people with diabetes in Algeria. Each year, Novo Nordisk factory in Tizi Ouzou produces enough oral ant diabetic products (OAD) to cover the needs of 500,000 people with diabetes. Currently, Novo Nordisk is expanding production capacity at in Tizi Ouzou as well as investing in a pre-filled device assembly line.

Through this partnership; SAIDAL Group is building a new production facility in Constantine. The facility will use: (Skype and telephone calls with saidal sub managers).

- High-quality raw materials supplied by Novo Nordisk to produce modern insulin.
- When completed, the facility will be able to supply enough insulin each year for more than 800,000 people with diabetes.
- Novo nordisk support SAIDAL Group at both its facilities through training activities and by establishing a leading quality management system.
- Novo nordisk trying to contribute in the development of innovative medicines and make them accessible to patients.



- In Algeria, Novo nordisk made investment in local production and clinical research to transfer knowledge and technology and to make high-quality, locally produced diabetes medicines available for algerian people with diabetes in order to improve their health.

#### 4.1. Sign for AGREEMENT:

A "technology" partnership agreement on the insulin production of Novo Nordisk range in Constantine (Algeria) of 15 million euros (DZD 1.59 billion) was signed Saturday in Algiers between Saidal group and Danish laboratories Novo Nordisk. The agreement was signed, the Algerian side, by CEO of Saidal group Boumediene Derkaoui, and the Danish side, by CEO of Novo Nordisk Algeria, Jean Paul Digy, in the presence of Minister of Health, Population and hospital Reform Djamel Ould Abbes, and Minister of Industry, SMEs and investment Promotion Mohamed Benmeradi (Pharmaceuticals, 2017).

We can say that both partners need to collaborate to achieve shared value, from one hand; Saidal need high quality raw materials and technology in order to face diabetes problem in Algeria, from the other hand Novo nordisk comes to Algeria with long term value creation in mind, novo nordisk want to be the preferred foreign company for Algerian government , so they need to partner with a local partners to determine exactly what health problems that need to be addressed and the way to do business in Algeria.

### 5. Novo Nordisk programs and initiatives to create shared value in Algeria:

#### 5.1. Novo Nordisk raises awareness about diabetes:

In Algeria, 700,000 people – 41% of all people with diabetes – do not know they have the condition. Undiagnosed, people neither receives treatment nor learn how to manage their diabetes to prevent complications. This framework of five broad elements guides novo nordisk research into how diabetes care can be strengthened at local level for the benefit of the patient (Figure 2). Through discussions with key stakeholders in Algeria, novo nordisk have determined that Novo nordisk can contribute most by focusing on the following areas: awareness, accessibility, availability and quality for patients (The Blueprint for Change Program, 2016).

Figure 2 - Novo nordisk value proposition rests on five elements of diabetes care



Source: The Blueprint for Change Program (2016): Partnering to innovate diabetes care in Algeria.

### 5.1.1. Changing Diabetes Mobile Clinic and Village:

Novo Nordisk shares the Ministry of Health's interest in preventing diabetes. In 2011, the first public– private partnership between the Ministry and a pharmaceutical company took place with the establishment of the Changing Diabetes Mobile Clinic and Village. The Mobile Clinic debuted in Blida in 2011. Since then, more than 120,000 people from the general public have visited the Mobile Clinic across Algeria, allowing Novo Nordisk, under the auspices of the Ministry of Health, to reach remote areas of the country. The Mobile Clinic supports raising awareness of diabetes through screenings of people at risk and 360° health checks for those already diagnosed. The clinic's activities contribute to the Ministry's efforts to meet its diabetes prevention goals (The Blueprint for Change Program, 2016).

Early diagnosis has also been shown to produce cost savings. If people with diabetes were diagnosed before the onset of complications, a slight increase in the cost of treatment would be more than offset by reductions in the cost of complications (The Blueprint for Change Program, 2016).

### 5.1.2. World Diabetes Day:

Since 2008, Novo Nordisk has celebrated World Diabetes Day in Algeria in partnership with the Ministry of Health. The day, celebrated annually on 14 November, aims to draw attention to diabetes as a major public health challenge. More than 120,000 people have visited the Changing Diabetes Mobile Clinic since 2011 (Partnering to innovate diabetes care in Algeria, 2016).

## 5.2. Novo nordisk improve accessibility to diabetes care:

Some of the ways Novo Nordisk improve accessibility to diabetes care are through healthcare professional (HCP) training and the Changing Diabetes Barometer:

### 5.2.1. Healthcare professional training

Part of making diabetes care more accessible means helping HCPs broaden their knowledge about medical and behavioural interventions. To meet this need, Novo Nordisk has conducted more than 220 in-depth diabetes care training sessions for HCPs in Algeria since 2010. offer a 100-hour, multidisciplinary training course where HCPs learn to communicate effectively with one another and their patients about diabetes care.<sup>7</sup> During this course, Novo nordisk train specialists, general practitioners, nurses, dieticians and psychologists using a team-based approach to provide optimal, patient- centred care, geared to the skills of each discipline (The Blueprint for Change Program, 2016).

### 5.2.2. Changing Diabetes Barometer:

Novo Nordisk supports the government's efforts to improve access to multidisciplinary diabetes care through the Changing Diabetes Barometer, The Barometer is a project co-organised by the Algerian Ministry of Health and Novo Nordisk. Barometer Centres are at the heart of the project. These centres provide patients with access to high-quality, multidisciplinary diabetes care at no cost in many parts of the country. Since 2012, Novo nordisk have opened 26 Barometer Centres in 20 cities.<sup>7</sup> Each time a Mobile Clinic (Infobox 4) stops, Novo nordisk open a Barometer Centre in the same city. This ensures not only that people are diagnosed, but that they have a place to

obtain treatment and care after the Mobile Clinic moves on (The Blueprint for Change Program, 2016).

### **5.3. Novo nordisk enhance quality of life for patients:**

Diabetes often interferes with people's daily lives. Novo Nordisk has invested in patient education and other initiatives to help people with diabetes understand and manage their condition well, and avoid complications.

#### **5.3.1. Patient education**

In 2008, Novo Nordisk became the first pharmaceutical company in Algeria to engage people with diabetes in patient education. Novo nordisk began by training our own educators, but to meet strong demand, Novo nordisk expanded the programme by enrolling external nurse educators certified by the Société Francophone du Diabète (French diabetes society). Today, 63 educators convey life-saving knowledge and skills at no cost to patients (The Blueprint for Change Program, 2016).

Around the country, Novo nordisk have conducted training sessions for 213,000 patients since the programme started.<sup>7</sup> These smaller group settings with approximately eight patients per session cover a broad range of topics, including diet and exercise, self-management, complications, how to use medicine and how to prevent hypoglycaemic events (The Blueprint for Change Program, 2016).

Patient education is useful for self-management; there is evidence that patient education leads to improvements in care. People who have received diabetes care education say that they are now more confident in their ability to manage their diabetes and take care of themselves. More than three-quarters of people with diabetes found the sessions on how to take their medicine useful in their daily lives (The Blueprint for Change Program, 2016).

#### **5.3.2. Diabetes and Ramadan Campaign:**

Novo nordisk know that people with diabetes who fast under a doctor's supervision have better blood glucose control.<sup>24</sup> This was the starting point for Novo Nordisk's annual Diabetes and Ramadan Campaign. Supported by the Ministry of Religious Affairs, this unique awareness effort promotes the importance of adapting diabetes treatment in consultation with a doctor when fasting during Ramadan. Since its inception in 2010, the programme has reached more than 39,600 patients, educating them about various aspects of managing their diabetes during Ramadan (The Blueprint for Change Program, 2016).

### **5.4. Clinical research drives innovation and better patient care:**

Innovation in treatment requires clinical research In the past, innovation led to the Development of insulin requiring fewer daily injections and insulin that can be dose-adjusted with meals. Today, eight out of 10 people with diabetes in Algeria worry about the risk of hypoglycemic events.<sup>45</sup> many of their doctors believe medicine that could reduce this risk would improve patient

outcomes. Novo nordisk search for these breakthroughs by embracing the highest standards of clinical research (The Blueprint for Change Program, 2016).

In Algeria, two-thirds of all diabetes clinical research studies since 2008 have been conducted by Novo Nordisk. During this time, Novo nordisk have involved more than 6,000 patients A in local studies at 25 research sites (Internal data on file. Novo Nordisk, 2016)

## **5.5. Local production contributes to knowledge and technology transfer:**

### **5.5.1. Novo Nordisk committed to quality:**

Novo Nordisk is the world's largest producer of insulin, with more than 90 years of manufacturing experience.<sup>39</sup> making protein- based pharmaceuticals such as insulin is a highly sophisticated task. It requires large investments in sterile production facilities and strict adherence to quality standards to produce a uniform product. Our production facilities in Algeria meet the same consistent, high-quality thresholds. In addition to direct production in Algeria, we are engaged in a strategic partnership with state-owned SAIDAL Group to produce insulin (Novo Nordisk Annual Report 2015)

### **5.5.2. Novo Nordisk aim to expand its local production:**

Novo Nordisk's own production facility in Tizi Ouzou (Algeria) opened in 2006 with 20 employees. Today, this facility employs 165 people. Our current investments in the expansion of this facility will significantly increase the number of people who can benefit from our locally produced oral antidiabetic products (OAD) (The Blueprint for Change Program 2016).

### **5.5.3. Novo Nordisk partner to produce insulin locally:**

In Constantine, SAIDAL Group is upgrading its production facility to produce human insulin using raw materials supplied by Novo Nordisk. This facility will produce enough insulin each year to meet the needs of 150,000 people with diabetes. Novo Nordisk has partnered with SAIDAL Group to establish a leading quality Management system at the facilities. With SAIDAL Group, Novo nordisk maintain the same high standards of quality as in our own facilities. Novo nordisk share knowledge, facilitate technology transfer, and train SAIDAL Group staff in the scientific complexities of insulin production and in good manufacturing practice (The Blueprint for Change Program 2016).

Novo nordisk raises awareness about diabetes by Changing Diabetes Mobile Clinic and Village and world Diabetes Day, Novo nordisk improve accessibility to diabetes care though Healthcare professional training and Changing Diabetes Barometer, it also enhance quality of life for patients, educate patient and followed Ramadan Campaign. Novo nordisk made a clinical research to drives innovation and better patient care, in the same time established Local production which contributes to knowledge and technology transfer.

## **6. Novo Nordisk Create Value for Society:**

### **6.1. Early diagnosis reduces and delays complications:**

In line with the Global Goals and the target to reduce premature deaths from NCDs, 17 early diagnosis of diabetes may delay onset and reduce the number of complications in people with diabetes. People who are diagnosed before symptoms occur enjoy 4.5 more years free from complications than people who are diagnosed when symptomatic, furthermore, 83% of kidney failures may be avoided through early diagnosis (The Blueprint for Change Program 2016).

### **6.2. HCP training strengthens quality of care:**

Optimal care builds on an informed dialogue between people with diabetes and HCPs who are knowledgeable about how to diagnose, treat and manage complications. 19 As a result of participating in diabetes care training, 71% of HCPs say they are better at treating diabetes-related complications, and 91% say that the quality of the care they provide has improved (Market research, 2016)

### **6.3. Patient education improves their overall well-being:**

When people with diabetes understand how to manage their condition, they may become more independent and make lifestyle adjustments, test their blood sugar, and take their medicine as prescribed. Patient education leads to improvements in patient knowledge in many aspects of care – Novo nordisk see a sixfold increase in the number of patients saying they know about complications and how to avoid them (The Blueprint for Change Program 2016).

### **6.4. Clinical research leads to improvements in treatment:**

Clinical research brings innovation to the country. Since 2008, Novo Nordisk has conducted two-thirds of all diabetes clinical research studies run in Algeria (The Blueprint for Change Program 2016).

### **6.5. Innovating diabetes care holds great potential:**

Combined, access to quality treatment and care, knowledgeable HCPs, and healthy and empowered patients could lead to health and cost benefits for Algeria. If those currently undiagnosed are diagnosed before their health deteriorates, and if all people with diabetes achieve near-normal blood sugar, blood pressure and cholesterol levels today, 15,500 kidney failures could be avoided, 15,700 heart failures avoided and 439 million euros could be saved (International Diabetes Federation, 2012).

The partnership between local partner Saidal and Novo nordisk created value for Algerian society by solving social and health problems related to diabetes; Early diagnosis reduces and delays complications, training strengthens quality of care, Patient education improves their overall well-being and clinical research leads to improvements in treatment.

## **7. Business value for Novo Nordisk:**

### **7.1. A good reputation is the foundation for a successful business:**

In Algeria, factors that shape a company's reputation among healthcare professionals (HCPs) align with novo nordisk values and activities described in this case study. Patients rely on their

HCPs for advice. Therefore, novo nordisk reputation among HCPs is key in securing our position as the market leader (The Blueprint for Change Program 2016).

Novo nordisk considered a local company by the government and were the first private pharmaceutical company in Algeria to form a partnership with the ministry of health to address the burden of diabetes (The Blueprint for Change Program 2016).

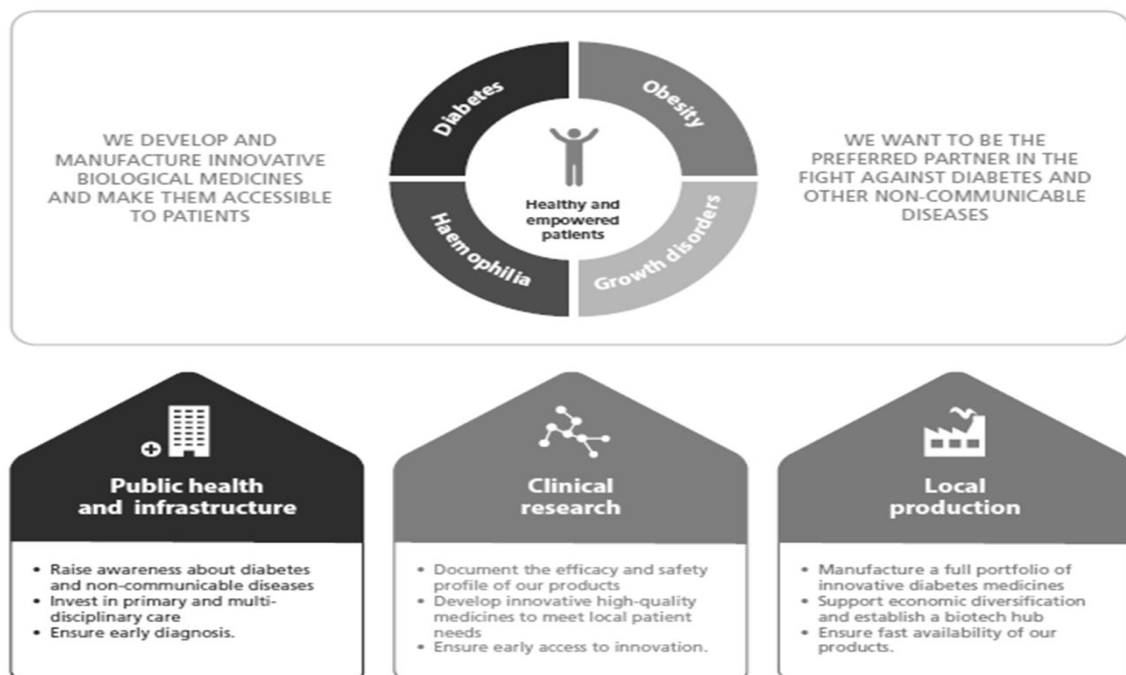
In this context, Novo nordisk initiatives achieved other business value: (The Blueprint for Change Program 2016).

- Novo nordisk considered one of the five best companies to work for in Algeria.
- Novo nordisk in Algeria had a high retention rate of 95% of high-performing employees, rewarding and renewing the commitment of the very best and brightest.
- Novo nordisk vision is to become the Algerian authorities' preferred partner in the fight against non-communicable diseases. Novo nordisk growth in Algeria relies on partnerships.

## 7.2.Future business value for Novo Nordisk:

Novo nordisk focus extends to other non-communicable diseases. Novo nordisk realized that no single player can accomplish significant and lasting changes on its own, Novo nordisk vision is to be the preferred partner in the fight against diabetes and other diseases, Novo nordisk activities in Algeria focus on public health and infrastructure, clinical research and local production, among other things (skype and telephone calls with novo nordisk sub managers).

**Figure3- A path for achieving a shared value vision in Algeria**



Source: The Blueprint for Change Program (2016), p25.

Novo nordisk vision behind these future initiatives is to make business value , all of these initiatives and future investment made with a long term value creation in mind, in the same time Novo nordisk realized that its own growth in the future in Algeria is based on partnership with government and other organization.

## 8. Conclusion:

We provided an innovative entrance to create shared value in Algeria, our work has led us to conclude that shared value could be created by partnership option. In our case study we found that Saidal collaborate with Novo nordisk by providing them with data about diabetes and health problems that need to be addressed and the way to do business in Algeria.

In addition to that, Novo nordisk help Saidal in providing; high-quality raw materials, training support activities and transferring of knowledge and technology. This partnership lead Novo nordisk to contribute most by following a set of programs; changing diabetes, mobile clinic and village, world diabetes day, healthcare professional training, changing diabetes barometer, patient education, diabetes and Ramadan campaign, clinical research, better patient care, knowledge and technology transfer.

This partnership between Novo nordisk and local partner Saidal lead to shared value creation in Algeria as a results of following a set of programs, Novo nordisk creates a business value by having good reputation in patients eyes and government, saidal creates business value from using new technology, knowledge, training and increase in production capacity. This partnership also created a social value for Algerian society by reducing risk of diabetes related death.

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