**QUESTIONS**

1. *How could foreign pharmaceutical firms negotiate more efficiently with the Korean government to speed up access to innovative drugs without compromising their long-term global pricing strategies*?

I made this question because I found an example of another pharmaceutical company, Merck, that was facing problems with his cancer immunotherapy named Keytruda. In fact, Keytruda was approved by the Korean Ministry of Food and Drug Safety in 2015 but faced significant delays in gaining reimbursement under the National Health Insurance due to long price negotiations with the government. Reimbursement for its use was decided only in 2017, more than two years after initial regulatory approval because Korean health authorities asked for a price discount before agreeing to use it. This is a problem because many patients were denied to early access to this potentially life-saving therapy.

So, to negotiate more effectively with the Korean government, I would use two major strategies:

* **Engage early in pricing discussions**: instead of waiting for post-approval negotiations, companies can begin informal dialogues with Korean regulators early in the development process. This proactive approach helps anticipate regulatory expectations and have shorter negotiation timelines.
* Proposing **performance-based or outcome-based pricing models**: for instance, raise the price based on how well the medicine works can align incentives and reduce the financial risk for the NHIS while maintaining pricing closer to international levels.

Moreover, it is important to have a local manager that know very well the regulations and the culture of the country. For example, June, when he was working on the approval of the drug for severe Alzheimer, went to speak directly with the member of regulatory body with emotional arguments (“imagine if your parents had Alzheimer”) in a culture where elderly people are very important and respected. This move was possible thanks to his deep understanding of the local culture and the strong relationships he had built with key stakeholders.

1. *Given that South Korea has a very hierarchical business culture based on relationship, if you were Jun, how would you deal with the cultural differences with Rajar? What would you do to convince the headquarters to give more freedom to the Korean team*?

If I were Jun, I would try to explain better to Rajar how important hierarchy and relationships are in Korean business culture. For example, in Korea, symbolism (like the model of a manager’s car) is not about luxury, but it shows the success of the company in order to gain respect from the clients. When Rajar rejected this as unnecessary, I think that he misunderstood an important cultural signal. So, I would try to explain this more clearly, maybe by showing how clients react differently depending on those symbols.

Another key point is that in Korea, building trust often happens outside the office. It’s very common to go out for drinks or karaoke with clients and even with the boss; these moments help to reinforce the relationship and create loyalty. Rajar might have seen this as unprofessional or too informal, but I would try to make him see that it’s a strategic tool in the Korean market.

To convince the headquarters to give more freedom to the Korean team, I would use evidence from the market. For instance, I would compare the results of standardized campaigns in other countries with the local ones in Korea; then I would highlight how Korean doctors or clients respond differently and instead of asking for full autonomy immediately, I would propose a step-by-step approach: maybe start by letting the Korean team manage one specific project or campaign in their own way. If it works well, this could show the value of local adaptation without directly going against global strategy.

1. *How do the strict regulations of South Korea on drug pricing and reimbursement influence the internationalization strategies of Lundbeck? In your opinion, should MNCs adapt their entry strategies based on these restrictions, or should they push for a more standardized and global approach?*

South Korea has a rigid control of prices and reimbursements, and this create important barriers for multinational pharmaceutical firms. In Europe or in the USA pharmaceutical companies have more freedom to decide their own prices, while the Korean government directly negotiates and limits drug prices to control healthcare costs; this means that foreign companies must carefully manage the processes of government approval, adjust pricing strategies, and form strategic alliances with local firms to ensure market access.

I think that standardized global strategy might not work in this context, because it could lead to possible profitability challenges or slow market penetration. A more localized approach, where companies engage with policymakers and use local partnerships is necessary.

The trust of Lundbeck on local partners like Whanin for its first product reflects an attempt to overcome regulatory barriers through collaboration.

On the other hand, excessive localization could lead to inconsistencies across markets and disputes between local managers. The key takeaway is to balance global efficiencies with localized regulatory adaptations to succeed in complex markets like Korea: **think global and act local**.

To summarize:

* **Strategic centralization** for global compliance, R&D investment and brand management.
* **Operational adaptation** for specific activities like sales tactics, pricing negotiation, and local stakeholder engagement.