



## Corporate Social Responsibility of Pharmaceutical Companies in India

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### INTRODUCTION

“Social responsibility (is the) responsibility of an organisation for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organisation.”

Corporate Social Responsibility (CSR) is also known by a number of other names. These include corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability.” The World Business Council for Sustainable Development has described CSR as the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations, CSR typically includes “beyond law” commitments and activities pertaining to:

- Corporate Governance and Ethics;
- Health and Safety;
- Environmental Stewardship;
- Human rights (including core labour rights);
- Sustainable Development;
- Conditions of Work (Including Safety And Health, Hours Of Work, Wages);
- Industrial Relations;

### WHY HAS CSR BECOME IMPORTANT?

“In the flat world, with lengthy global supply chains, the balance of power between global companies and the individual communities in which they operate is tilting more and more in favor of the companies.... As such these companies are going to command more power, not only to create value but also to transmit values, than any other institution on the planet

Many factors influences have led to increasing attention being devoted to the role of companies and CSR. These include:

- **Sustainable Development:** United Nations’ (UN) studies and many others have underlined the fact that humankind is using natural resources at a faster rate than they are being replaced. If this continues, future generations will not have the resources they need for their development. In this sense, much of current development is unsustainable—it can’t be continued for both practical and moral reasons. Related issues include the need for greater attention to poverty alleviation and respect for human rights. CSR is an entry point for understanding sustainable development issues and responding to them in a firm’s business strategy.
- **Globalization:** With its attendant focus on cross-border trade, multinational enterprises and global supply chains—economic globalization is increasingly raising CSR concerns related to human resource management practices, environmental protection, and health and safety, among other things. CSR can play a vital role in detecting how business impacts labour conditions, local communities and economies, and what steps can be taken to ensure business helps to maintain and build the public good. This can be especially important for export-oriented firms in emerging economies.



- **Governance:** Governments and intergovernmental bodies, such as the UN, the Organisation for Economic Co-operation and Development (OECD) and the International Labour Organization (ILO) have developed various compacts, declarations, guidelines, principles and other instruments that outline norms for what they consider to be acceptable business conduct. CSR instruments often reflect internationally-agreed goals and laws regarding human rights, the environment and anti-corruption.
- **Corporate sector impact:** The sheer size and number of corporations, and their potential to impact political, social and environmental systems relative to governments and civil society, raise questions about influence and accountability. Even small and medium size enterprises (SMEs), which collectively represent the largest single employer, have a significant impact. Companies are global ambassadors of change and values. How they behave is becoming a matter of increasing interest and importance.
- **Communications:** Advances in communications technology, such as the Internet and mobile phones, are making it easier to track and discuss corporate activities. Internally, this can facilitate management, reporting and change. Externally, NGOs, the media and others can quickly assess and profile business practices they view as either problematic or exemplary. In the CSR context, modern communications technology offers opportunities to improve dialogue and partnerships.
- **Finance:** Consumers and investors are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. A sound CSR approach can help build share value, lower the cost of capital, and ensure better responsiveness to markets.
- **Ethics:** A number of serious and high-profile breaches of corporate ethics resulting in damage to employees, shareholders, communities or the environment—along with elevated public mistrust of corporations. A CSR approach can help improve corporate governance, transparency, accountability and ethical standards.
- **Consistency and Community:** Citizens in many countries are making it clear that corporations should meet the same high standards of social and environmental care, no matter where they operate. In the CSR context, firms can help build a sense of community and shared approach to common problems.
- **Leadership:** At the same time, there is increasing awareness of the limits of government legislative and regulatory initiatives to effectively capture all the issues that CSR address. CSR can offer the flexibility and incentive for firms to act in advance of regulations, or in areas where regulations seem unlikely.
- **Business Tool:** Businesses are recognizing that adopting an effective approach to CSR can reduce the risk of business disruptions, open up new opportunities, drive innovation, enhance brand and company reputation and even improve efficiency.

### CSR IN INDIA - PUTTING SOCIAL-ECONOMIC DEVELOPMENT ON A FAST TRACK

- When it comes to social responsibility of Pharma companies, the Pharma companies need to move beyond a narrow definition of CSR and look at some of the ways to alleviate poverty.
- CSR is a concept whereby Pharmaceutical companies not only consider their profitability and growth, but also the interests of society and the environment by taking re-sponsibility for the impact of their activities on stakeholders, employees, shareholders, customers, suppliers, and civil society represented by NGOs.
- CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. This is one of the key drivers of CSR programs.



- Another reason fuelling this rapid adoption of CSR is the state of the Indian society. Though India is one of the fastest growing economies, socio-economic problems like poverty, illiteracy, lack of healthcare etc. are still ubiquitous and the government has limited resources to tackle these challenges. This scenario has opened up several areas for businesses to contribute towards social development.
- CSR is not a new concept in India. Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them.
- Pharmaceuticals' CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.
- Many CSR initiatives are executed by corporates in partnership with Non-governmental organizations (NGOs) who are well versed in working with the local communities and are experts in tackling specific social problems.
- Corporate have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporates, NGOs and the government will place India's social development on a faster track.

### **CSR INITIATIVES OF PHARMACEUTICAL COMPANIES**

The following are the CSR practice followed by the (few) pharmaceutical companies,

#### **CSR in SUN PHARMA**

- Sun Pharma began in 1983 with just 5 products to treat psychiatry ailments. Sales were rolled out nationwide in 1985. Important products in Cardiology were later added; several of these introduced for the first time in India, and these brought patients the latest treatments at a sensible cost, a belief we've always lived by.
- Sun pharma has identified health, education, disaster relief and periodically, patient awareness as areas of priority. Our emphasis is assistance on a need basis and preferably at a local level, working with a local body, NGO or existing organization.
- One person's education can make a difference to an entire family. This organization continues to support tribal education, at village schools called Ashram Pathshalas across several states. They often stepped in to support infrastructure in the village schools around our plants and offices, helped Adarsh Kanyashala.
- Another important activity was assistance at the primary and university levels, including support to students of the MS University of Baroda. Last year, donated a 150-seater hostel for the post graduate students of SSG Medical College, MS University. Amongst important medical support activities was the donation of machines and medicines to general hospital near plants.

#### **CSR in Glaxo SmithKline**

GlaxoSmithKline Pharmaceuticals Ltd was established in India in 1924. Its prescription medicines range across therapeutic areas, such as anti-infectives, dermatology, gynaecology, diabetes, cardiovascular disease and respiratory diseases. It has two research and development (R&D) units, which include Chemistry Research & Development and Pharmaceutical Research & Development.

**GSK** primarily focused towards women, children and the aged and are directed in the areas of Health, Education and Livelihood. GlaxoSmithKline India, the activities towards community



development are taken care by Corporate Social Responsibility Cell attached to the Corporate Communications Department. Since 1970, the Company has been implementing various social activities in the field apart from statutory ones.

Mission is "To lend a helping hand to the underserved in our society through the support of women, children and the aged in the areas of health and education." Provide money, medicines, time and equipment to non-profit organizations to help improve health and education in underserved communities. Focus on programs that are 'innovative, sustainable and bring real benefits to those most in need'.

At GlaxoSmithKline India, the activities towards community development are taken care by Corporate Social Responsibility Cell attached to the Corporate Communications Department. Since 1970, the Company has been implementing various social activities in the field apart from statutory ones. The initiatives are being carried through the company's Corporate Social Responsibility cell situated at its Head Office in Mumbai.

### **CSR in LUPIN**

Lupin commenced in 1968. In 1980 Lupin commissioned a formulation plant and an R&D center at Aurangabad. In many of the places in India they started manufacturing units and R&D centers.

As a socially responsible organization, Lupin strive to take care of the less privileged sections of our society. Lupin is committed to the challenging task of becoming a proactive partner in nation building through the **Lupin Human Welfare & Research Foundation (LHWRF)**. The Foundation has been successful in making a big difference in the development of poverty-ridden villages, and especially in the life of the poorest of the poor and empowerment of large number. CSR staff of LHWRF is engaged fully & singularly for CSR activities.

Initiating the program of Rural Development within a small number of 35 villages, LHWRF has now succeeded in revitalizing, revamping and recreating life in 2,200 villages in Rajasthan, Madhya Pradesh, Maharashtra and Uttarakhand States of India, which has led to LHWRF emerging as one of the largest NGOs in the country.

**Lupin Human Welfare & Research Foundation** is an independent entity of Lupin implementing Lupin CSR activities all over India. This organization has been registered under Societies act/ trust acts and exempted under 35 AC and 80 G. LHWRF is also entitled to take foreign funding through its FCRA account. LHWRF has staff of 65 permanent employees along with the 700 project based employees.

### **CSR in Piramal Health Care**

Piramal Healthcare is a globally integrated healthcare company since in 1988. Their aim is fulfills unmet medical needs across the world, fuelled by the mission to reduce the burden of disease. At Piramal Healthcare, consider CSR not as an obligation but as an opportunity. Piramal Healthcare Ltd. is committed to meeting grassroot level challenges that our society faces and find long term and sustainable solutions.

**Health & Management Research Institute (HMRI)** is a non-profit organization that works towards improving access and quality of healthcare services for all, especially the underserved rural populace. It is operational in Andhra Pradesh, Rajasthan, Assam and Maharashtra.



**Health Information Helpline (HIHL)** is HMRI's solution to India's citizens' health information access problem. HIHL provides medically validated advice, counseling services, directory information, and a platform upon which callers can lodge service complaints against public health service providers. Only 30% of Indians have access to modern medicine. While the national doctor-patient ratio for India is 1:1700, in rural areas this is said to plummet to 1:25,000. '**Piramal eSwasthya**' was created to explore ways to improve access to healthcare for rural population.

**Piramal Foundation for Education Leadership (PFEL)** is setting up India's first and the world's largest Education Leadership training academy. The academy will offer in-service and pre-service leadership training programs for school heads and education administrators of the government system. School heads (head teachers, head masters or principals) will be trained to turn around their failing schools through a 3 year part time in-service program with a combination of workshops and on-site coaching. Education Leaders (at cluster, block, district and state levels) will be trained to substantially improve the educational outcomes in their geography through a 2 year part-time in-service leadership training program. PFEL currently works with 250 Schools in Jhunjhunu and Churu districts of Rajasthan.

## CONCLUSION

Many CSR initiatives are executed by corporates in partnership with Non-governmental organizations (NGOs) who are well versed in working with the local communities and are experts in tackling specific social problems. From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. In the current social situation in India, it is difficult for one single entity to bring about change, as the scale is enormous. Pharmaceutical companies have the expertise, strategic thinking, manpower and money to facilitate extensive social change. They have effective partnerships with NGOs and the Government will place India's social development on a faster track in healthy way.

As per the new companies law, CSR activities would have to be within India. They would apply to companies having at least Rs 5 crore net profit, or Rs 1,000 crore turnover or Rs 500 crore net worth. Such companies will need to spend 2 per cent of their three-year average annual net profit on CSR activities in each financial year, beginning 2014-15 fiscal. The companies will take more initiatives towards CSR activities.

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