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**CORPORATE SOCIAL RESPONSIBILITY OF PHARMACEUTICAL COMPANIES IN INDIA**

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**INTRODUCTION**

**Social Responsibility**

Social responsibility refers to decisions making based on the value of the social, ethical and legal obligations with regard to the long-term interests of individuals, communities and the environment. In fact, social responsibility beyond the tactical, legal and economic requirements of organization takes a step in the effort to improve the quality of social life (wood, 2010). Create suitable relationships with customers, suppliers, employees and communities, leading to increased competitiveness of the organization which leads to strategies that attaches more importance to the observance of social responsibility. Adopting such an approach will lead to long-term growth and profitability of the organization. In fact without profit, organization is not able to adhere to its social responsibility (Tizro et al, 2014). On the other hand, the social responsibility of organizations has a significant impact on an organization's marketing activities through the marketing mix plays its role in environment. Marketer by tools such as packaging, advertising and personal selling to the production and supply of goods and services used, can remove take step to implement organization's social responsibility (Shum and Yam, 2011). Social responsibility has broad concept and encompasses the organization itself. The marketer must determine the composition of the marketing mix in addition to the general welfare, environmental issues and long-term interests of the community, to consider the potential benefit to guarantee the survival of the organization (Saadatian et al., 2012). Corporate Social Responsibility (CSR), a word which

was first coined in 1953, has gained a lot of attention in the present era of Globalization, involving corporates, educationists and social activists from all over the world. CSR can simply be defined as the commitment by business to enhance economic development, while at the same time improving the quality of life of the workforce, their families and the society at large. The concept has arisen from the fact the enterprise derives benefits from the society and it is but that they provide them benefits in return.

The opening up of the Indian economy after 1991 has resulted in the integration of business economy with the global economy. This has exposed Indian business to market competition. One of the chief indicators of social progress is education, which plays a key role in questioning the society in achieving self-sustainability and equal development. In view of, the Global recognition of the fact that, business community can contribute to social objectives, education requires corporate involvement at the highest level. A big step forward in India was the Companies Act 2013. This Act empowers the companies to spend 2% of the average net profits over the previous three years on CSR activities. The Indian system of education being obsolete it warrants urgent reforms. It is the responsibility of Corporates to perform their duties such as: financing of Research and Development, training programs and workshops, investment in infrastructural developments and facilitating qualitative investments, in the midst of the impending challenges. CSR can be defined as the continuing commitment by business to behave ethically and contribute to the economic development, while at the same time improving the quality of life of the work force and their families, as well as the local community and society at large. In other words CSR can be considered as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains and decision making throughout the organization, wherever the organization does business and takes up the responsibility for current and past actions as well as future impacts. It simply implies the involvement in addressing the legal, ethical, commercial and other expectations which the society has for business and takes decisions which balance the claims of all stakeholders. 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 Governance would take care of corporate objectives, protection of rights of shareholders, meeting of legal requirements and creation of transparency for all the stake-holders.

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.

Business Ethics This is related to value based and ethical business practices. Business ethics refers to integration of core values such as honesty, trust, respect of fairness into its policies and decision making. It also involves a company's compliance with legal standards and adherence to internal rules and regulations.

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.

**Workplace and Labor Relations** This will not only help in improving the work-place with reference to health and employer relations but also bring about a balance between work and non-work aspects of employer's life. In the last few years there has been a sea change in the nature of retailing between state and societies. It is being increasingly realized by companies that in order to gain strategic initiatives and ensure continued existence business practices have to be moulded from the objective of only profit making to wider issues such as public goodwill and responsible business etiquettes. An awareness has been generated in the current global order that if you want to compete efficiently in today's world there is need for clear cut business practices which stress on public interests in the markets. This could be attributed to various factors.

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

An increasing competition among the Multinational Corporations to gain advantage in developing countries through establishment of good will relationship between the government and the society.

In most of the developing countries the state has a major role to play and holds the key to business success. This restricts the implementation of tried and tested successful business doctrines which were highly successful in the developed countries.

With the rising education levels, emerging markets have been identified as a source of talent. For example India is internationally acclaimed for her software proficiency.

Firms all over the world are now realizing the significance of brand name/ morale of the employer. The concept of CSR has essentially arisen from the fact that the enterprise derives several benefits from the society which would require the enterprise to provide returns to the society and it is the responsibility of the enterprise to provide benefits to society as a whole.

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 responsibility 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. Corporates 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.

## **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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