

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL MANAGEMENT WITH SPECIAL REFERENCE TO PHARMACEUTICAL INDUSTRIES IN INDIA

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INTRODUCTION :

Corporate Social Responsibility refers to the practice of conducting business in a manner which links it to ethical values, compliance with legal requirements and most importantly, respect for people, communities and the environment. Corporate Social Responsibility (CSR) is a concept whereby organizations consider the interests of society by taking responsibility for their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. Corporate Social Responsibility allows business organizations to develop responsible attitude toward the society and the environment and to behave ethically and contribute to economic development of the nation.

OBJECTIVES OF THE STUDY

- To understand the concept of Corporate Social Responsibility(CSR)
- To understand CSR as a tool for environmental protection
- To study the CSR practices adopted by some pharmaceutical companies in India to protect the environment.
- To give suggestions

RESEARCH METHODOLOGY

Brief literature review on issues pertaining to CSR has been undertaken to define the significance of CSR. This research work is a case study of some pharmaceutical companies in India. For this study, the researcher has used secondary data as a source of information, which was published in various periodicals, journals, annual reports, magazines, newspapers and web sites. Researcher has collected the secondary data after that it was analyzed further objectively according to the various aspects of the study. With a view to understand the Corporate Social Responsibility practices of pharmaceutical companies in India, Total **five** pharmaceutical companies have been selected for the study.

List of selected companies' are-

- **GlaxoSmithKline Pharma Ltd**
- **Novartis India Ltd**
- **Dabur Pharmaceuticals**
- **Johnson & Johnson - Pharma Division**
- **Ranbaxy Laboratories Limited**

BACKGROUND

Corporate Social Responsibility (CSR) is a concept that encourages organizations to consider the interests of society by taking responsibility for the impact of the organization's activities on customers, employees, shareholders, communities and the environment in all aspects of its operations. Social responsibility of corporations has been a question for academics and business executives since the beginning of the 1950s, but it actually has a much older history. The underlying concept of CSR, that of an implied social contract between business and society, dates back to the writings of the Greek philosopher Epictetus in the first half of the seventeenth century” (Anshen, 1970,). The importance of socially responsible behaviour in the 20th century was reported as early as 1938 (Barnard, 1938), however, the modern era of CSR is generally traced to the publication of Bowen (1953).

BENEFITS OF CSR

- Improved Financial Performance
- Reduced Cost
- Enhanced brand image and reputation
- Increased sales and customer loyalty
- Customer satisfaction
- Increased productivity and quality
- Increased ability to attract and retain employees
- Reduced regulatory oversight
- Brand visibility, recognition and awareness
- Increased market share
- Favourable positioning
- Competitive mileage
- More engaged investors
- Environmental sustainability

REVIEW OF LITERATURE

The concept of Corporate Social Responsibility in India is not a new one. Corporations like the Tatas have been demonstrating social responsibility way before the term CSR was coined. The idea of CSR has caught fire in recent years, and even small-sized enterprises have jumped on the ‘**do good while doing good**’ bandwagon. The literature on CSR has risen to prominence as a serious discipline in the management field, contributing to well being of employees, sustainability and competitive advantage. The

literature available regarding the concept of CSR is substantial (**Andriof and McIntosh, 2001; Carroll, 1991, 2001; Davis, 1960; Friedman, 1962; McIntosh et al., 2003; Sethi, 1970**). **Mintzberb (1983)** claimed that CSR can appear in various forms. The purest form is when CSR is practiced for its own sake. Firms expect nothing back from their CSR activities and they become socially responsible because that is a novel strategy for corporations to behave. According to **Wood (1991)** “the basic idea of CSR is that business and society are interwoven rather than distinct entities”. **Girod and Bryane (2003)** adopt a strategic marketing perspective arguing that CSR IS “a key tool to create, develop and sustain differentiated brand names”. **Moore (2003)** argued that there is a tension between social and economic endeavors and by becoming socially responsible, firms are actually working to ease this tension. **Sharma and Talwar (2005)** opine that with increasing competitiveness today’s business scenario has become highly complex and focus is on corporate social responsibility, which has become increasingly important in the modern era. **Mac Gregor et al. (2007)** argued that companies who do not take into account CSR, may not survive since they may fail to innovate.

CSR encompasses a wide variety of concerns such as ethical values in business, welfare of society, awareness, respect and protection of the natural and built environment as regular action that business can take to solve the problems being faced by the society. CSR is an integral part of Vedic philosophy. Vedic philosophy emphasizes that those actions, which are coming from the core of heart, will provide the long lasting results.

ROLE OF INDIAN PHARMACEUTICAL INDUSTRIES

The **Indian Pharmaceutical Industry** today is in the front rank of India’s science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. A highly organized sector, the Indian Pharmaceutical Industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously. The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectibles. There are about 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units).

GlaxoSmithKline Pharma Ltd

This is a research-based pharmaceutical company. The **mission** is to improve the quality of human life by enabling people to do more, feel better and live longer.

The company is increasing its efforts on **environmental sustainability**. It is increasing the use of **renewable materials** and **renewable energy**. The company is trying to reduce the impact on climate change and has lowered the water use. The company has set challenging targets to reduce the energy and climate change impact of the operations and transport by 20 per cent by 2010 and 45 per cent by 2015.

Novartis India Ltd

Novartis India Ltd was created in 1996 - when only 45% of net sales came from healthcare – the company has shifted focus to fast-growing areas of healthcare. The strategy is to provide healthcare solutions that address the evolving needs of patients and societies worldwide. The company aim to make efficient use of natural resources and to minimize the environmental impacts of all activities and products over their lifecycle. It also subscribe to European market take-back programs to properly dispose off unused drugs. Its structured approach to environmental impact has helped us make considerable progress. While the sales have more than doubled since 1997, the company has reduced the rate of growth in the consumption

of energy and water compared with revenues. With Mumbai a sprawling concrete jungle, Novartis took the initiative of partnering with the Nehru Centre for a garden opposite its corporate headquarters at Worli. Novartis spent Rs 45 lakh to develop a garden on a plot of land belonging to the Nehru Centre and has committed to maintaining it for 30 years until 2031 and thereafter on mutually agreeable terms and conditions. The garden is a visual treat in a greenery starved city.

Dabur Pharmaceuticals

Dabur was established in the year 1884 and the first manufacturing unit started in 1896. When the Founder Dr. S. K. Burman first established Dabur, he had a vision that saw beyond the profit motive. In his words, "What is that life worth which cannot bring comfort to others?"

Today, at Dabur, there is a value of nature's bounty. Without the fruits of nature, the vision of Dabur would never have been fulfilled. And that is the reason for the unfailing commitment to ecological conservation and regeneration. Dabur follows the principles of the ancient texts, which say: Rare herbs and medicinal plants are our most valuable resource, from which all our products are derived. Due to overexploitation of these resources and unsustainable practices, these plants and herbs are fast reaching the point of extinction. In view of this critical situation, Dabur has initiated some significant programmes for ecological regeneration and protection of endangered plant species. Dabur has set up the "Plants for Life" project in the mountainous regions of the Himalayas. Under the project, a high-tech greenhouse facility has been set up for developing saplings of rare and endangered medicinal plants. Fully computer-controlled and monitored, this greenhouse maintains the highly critical environmental parameters required for their survival. Dabur has been undertaking a host of energy conservation measures. Successful implementation of various energy conservation projects have resulted in a 13.8% reduction in the Company's energy bill in the 2008-09 fiscal alone. What was noteworthy was the fact that this reduction has come despite an 8-9% volume increase in manufacturing, and an average 11.7% increase in cost of key input fuels. Dabur has also made continuous efforts towards technology absorption and innovation, which have contributed towards preserving natural resources.

Renewing the commitment to Health Safety and Environment, Dabur has formulated a policy focusing on People, Technology and Facilities. A dedicated "Safety Management Team" has also been put in place to work towards the prevention of untoward incidents at the corporate and unit level, besides educate & motivate employees on various aspects of Health, Safety and Environment. The Company is also continuously monitoring its waste in adherence with the pollution control norms. In pursuance of its commitment towards the society, efforts have also been initiated to conserve and maintain the ground water level. The efforts include implementation of rainwater harvesting, which has delivered encouraging results and has put the company on the path to becoming a Water-Positive Corporation. Dabur also initiated a Carbon Foot Print Study at the unit level with an aim to become a carbon positive Company in years to come.

Johnson & Johnson - Pharma Division

Johnson & Johnson was founded more than 120 years ago on a revolutionary idea: Doctors and nurses should use sterile sutures, dressings and bandages to treat peoples' wounds. Since then, the company has brought to the world, new ideas and products that have transformed human health and well-being.

Some of the projects taken up by the company are:-

1. In December 1995, J&J Ltd. became the first company in India to successfully eliminate CFCs from its manufacturing operations. This required the company to modify the sterilization processes at its Ethicon suture finishing plant at Aurangabad.
2. Thereafter, J&J Ltd. eliminated CFCs from all air conditioning and refrigeration equipment whose capacity was greater than 5 tons. This necessitated retrofitting three air conditioning/chilling plants

of 180 ton capacity for conversion from CFC to HCFC 22 (R123) gas at a cost of USD 76000/- at the Ethicon suture finishing plant at Aurangabad.

3. The company's dedication to protecting the environment is evident, given that the Montreal Protocol does not require third world countries to phase out CFCs until the year 2010.

J&J Ltd. has ten manufacturing facilities, eight of which use water in process. All process waste water is treated through Effluent Treatment Plants before it is discharged. Also the treated water is recycled for gardening. The corporate environmental group provides business leaders with tools and best practices in water conservation so they can select approaches that will best reduce water use and costs. Each Johnson & Johnson facility is required to develop a water conservation plan and perform an assessment to identify ways to reduce water use.

J&J Ltd. reduced its rate of energy consumption by 6% in 1996, over the base year 1991. The company conducts regular energy audits through professional agencies, based on which they implement energy saving measures. These include improvements in process efficiencies, process/technology upgrading, alternative energy sources and continuous tracking/monitoring.

In order to conserve natural resources and save on cost, the company has reduced packaging consumption through measures such as container weight reduction, shipping unit weight reduction, elimination of leaflets/cartons/ shelf units, pack/container redesign, etc. Thus, over the base year 1992, the company has achieved a reduction of 7%, or approximately 1200 metric tons.

J&J Ltd. actively sponsors and participates in tree planting drives. The company has also developed and maintains two public gardens in Mumbai.

The company has taken the following initiatives:

1. Reduced carbon dioxide emissions at all company-owned facilities as well as larger leased facilities by 9 percent on an absolute basis when compared to 1990, while worldwide sales rose by more than 400 percent.
2. Obtained 34 percent of the electricity used by the companies from renewable resources.
3. Reduced hazardous and non-hazardous waste generation.
4. Developed a new product lifecycle, designed to help the company identify ways to green its products.

Ranbaxy Laboratories Limited

Ranbaxy Laboratories Limited (Ranbaxy), India's largest pharmaceutical company, is an integrated, research based, international pharmaceutical company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies.

Caring for the environment is a core corporate value and as part of this commitment, Ranbaxy upgrades the environmental protection facilities to deliver standards that would meet and exceed statutory requirements. At Ranbaxy, regulatory consents, compliance with consent conditions, adequate resources, environment impact assessment and environment management systems form the five absolutes for achieving corporate objectives defined by the EH&S policy. Environment Impact Assessment Studies are carried out periodically to assess the effect on local environmental conditions affected by the various plants. An investment of Rs. 14 Mn was made at Toansa (Punjab) in 2003, by installing a state-of-the-art membrane filtration module, which would result in total recycling of the treated effluent, with zero-discharge to the environment, and a modern incineration plant for handling all hazardous solid and liquid wastes. Similar facilities for treating effluents will be installed at other locations. Ranbaxy takes considerable pride in managing its operations with a high concern for safety and environment. After all Good Health and Safe Unpolluted Environment are legacies that it would like to hand down to the future generation.

FINDINGS

An important element of this research project was to discuss the scope of CSR activities, the role of CSR in environmental management and also to learn to what extent the pharmaceutical companies implement CSR activities to protect the environment. To quote the words of **Elizabeth Pinchot**, “Ethics is no longer a luxury. It is a staple in the success of any enterprise”. The pharmaceutical sector has come under increasing pressure to respond to the challenge of CSR.

RECOMMENDATIONS

- It may be said that pharmaceutical companies should concentrate on projects which promote environmental protection, pollution abatement, conservation of energy, promotion of bio-diversity programmes, etc.
- The pharmaceutical companies should take up CSR projects which will include awareness programmes for the general public in urban and rural areas about environmental management
- There should be more involvement of senior management in the implementation of CSR programmes.
- There is a need to strengthen CSR evaluation so as to make initiatives more effective.

Social responsibility programmes needs to be encouraged. These programmes may not be profitable but value is added. The pharmaceutical industries should participate in a big way in CSR activities for a better tomorrow to make India shining bright. CSR is coming out of the purview of ‘doing social good’ and is fast becoming a ‘business necessity’. The ‘business case’ for CSR is gaining ground and corporate houses are realizing that ‘what is good for workers - their community, health, and environment is also good for the businesses. The pharmaceutical companies have shown the way forward in being responsible and in protecting the environment in a fruitful manner.

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