

CORPORATE SOCIAL RESPONSIBILITY IN HEALTH-CARE SERVICE DELIVERY IN INDIA - A REVIEW

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Large scale organizations are investing a share of their net earned profits, trained human personnel and collaboration with active service providers in significant corporate social responsibility initiatives. The objective of this paper is to (1) To explore the linkages between corporate social responsibility and healthcare service delivery in Indian health industry (2) To synthesize the scope and significance of corporate social responsibility in health care industry (3) To critically evaluate cases of leading pharmaceutical companies in healthcare industry and; (4) To provide suggestive mechanisms based on lessons learned from the healthcare industry in India. Intensive review was undertaken using secondary sources of data pertaining to CSR initiatives and health industry in India. Pragmatic and problem specific suggestions are offered addressing the stakeholders.

Keywords: Community Development, Health, Healthcare Industry

INTRODUCTION

Organizations have long realized the relevance of investing their profits into social welfare and community development programmes, with particular focus on health promotion and well-being of their workers, their families and community at large. With the implementation of Companies Act of 2013, companies are now coaxed to invest a minimum of 2% of net profits on CSR activities. India in recent times has emerged as the first country to legally mandate expenditure on corporate social responsibility (CSR) (Turaga & Kandathil, 2014). CSR is a concept which originates from the field of management in which companies undertake initiatives and invest efforts, including both human resources and capital, in an attempt to integrate social and environment concerns in business activities and in their involvement with stakeholders (United Nations Industrial Development Organization).

India spends less than 2 percent on healthcare, compared to 53.4% on roads and 20.1% on urban development (Accelerating Public Private Partnerships in India, *Federation of Indian Chambers of Commerce and Industry* - Ernst & Young). This calls for serious thought on the nature, direction and intention behind huge capital and financial investments which the state and central government does. Does this mean that India needs to excel in developing urban infrastructure such as buildings, roads and malls but not provide health-care services to its people in the same capacity and intensity?

WHO (2013), World Health Statistics, reveals that the capital and human investments India undertakes is almost similar to the total amount as incurred by other member countries within the South East Asia. This however is significantly lesser when compared to the global average which remains approximately three times higher for the given year 2013. Moreover, the situation is unfavorable with reference to out of pocket expenditure for Indians who incur almost 35% more out of pocket expenses on health, incurred as private and miscellaneous costs. While the global average indicates lower rates of unplanned and unexpected health costs, India provides lesser health security and reimbursement to a larger section of its population.

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Table 1- Government Spending on Health

| Annual Plan Period | GDP allocation to healthcare (%) |
|--------------------|----------------------------------|
| 1966-1969 | 2.1% |
| 1979-1980 | 1.8% |
| 1990-1992 | 1.6% |
| 1992-1997 | 1.7 |
| 2002-2007 | 0.9% |
| 2007-2012 | Less than 1% |

Source- Sigamani (2007)

Table 1 reveals the percentage of financial resources allocated to healthcare from GDP of India during three different annual plan periods. It is noteworthy to observe that inspite of increasing population, rising global burden of diseases, economic challenges and increased longevity of life, an unfortunate decline in the allocation of funds in the health sector is recorded from 1966 to 1992. Moreover, indications on government spending on health fell dramatically from 2.1% to less than 1% in the eleventh plan (2007-2012). It reflects the withdrawal behavior of the state and complete lack of prioritization of health as a fundamental right of every individual. Since out of pocket expenses is high and the growth and expansion of private healthcare sector remains unregulated and unmonitored, they result in inequality in the distribution and access of health services between stakeholders operating at different levels of township, district, state and the center.

CSR Initiatives in Health Care Industry

India's healthcare industry is crippled with the lack of appropriate and financially viable technological infusion with medical practices across wide range of demographic divides between highly urbanized areas having access to the most updated medical infrastructure and the deprived rural settlements struggling with limited access to basic healthcare services. In addition, plethora of problems exist including regional variations with reference to distribution and access of healthcare facilities, gender disparities in access and availability to medical services, high rate of out of pocket expenditure, sub-optimal spending by the government, inadequate service delivery mechanism and increasing burden of non communicable diseases while the prevalence of communicable disease remain high.

Moreover, there is migration of industrial workers, semi-skilled and unskilled laborers from poorly developed towns into urbanized cities and metros acting as "industrial magnets". Such movement has put tremendous pressure on the existing health infrastructure of India, questioning the intention of the state and central government in the promised vision of expanding health systems. The result is neglected communities, improper attention to maternal (Agarwal, 2011) and child health (Narayan & Singh, 2014). In addition, there is significant mismatch between the sanctioned and existing facility with reference to the availability of human resources and funds allocated to the purpose of development health industry in India.

Examples are seen from the commercial market where leading brands like Johnson & Johnson collaborate with Coca Cola's sub-group called RED to fight HIV/AIDS epidemic by donating half of their profits to the cause (Chattu, 2015), while the importance of sensitizing society in the process

of developing drugs and treatments against the virus are significantly realized in the corporate (Khanna, 2006). For instance, Reliance Power has undertaken a large number of initiatives such as facility centres, mobile vans offering specialized medical care and free health checkups catering to ophthalmology, gynecological and corrective surgery needs (Maan, 2014). Such undertakings are of great significance to India since findings reveal death of more than one lakh mothers as calculated to one death in every five minutes, 5.1 million HIV/AIDS inflicted persons, 25 million cardiovascular diseases, 25 million individuals affected by diabetes, 2.4 million suffering with cancer (Kurkure 2005; Ramani & Mavalankar, 2006).

Rai and Bansal (2014) have revealed that banking and financial sector invest less than half funds on health as opposed to pharmaceutical industries whereas automobile industry spends 10% more share on health compared to pharmacy industry. It is pertinent to note that the nature of industry, products and services and the overall advertising policy of the firm influence the share of funds in a specific category, targeting specific communities and people. Therefore, authors highlight the possibility of further investments in health sector by industries other than the ones dominant from the above figure.

CSR- Stakeholders Participation in Service Delivery

The interaction between the stakeholders in the CSR initiation and development including: the corporate, non government organizations, beneficiary and the government acting as a regulator are noted. Hence, authors argue the importance of strong political will to be incorporated into the system of mutuality and reciprocity between the key players. Moreover, we highlight the critical importance of timely intervention by the state and central government departments, including the public sector undertakings in monitoring and regulating the CSR initiatives by the donor organization and implemented by the service providers. Therefore, we support the positive and uninterrupted flow of energy between the actors for ensuring and building trust and sense of mutual reciprocity between them.

Despite the Companies Act of 2013, there are numerous shortcomings on part of the key players. Firstly, there is significant misuse of funds and budget allocated to CSR activities which requires immediate attention, monitoring and checking. Secondly, lack of properly organized and regulated social audit obstructs the timely flow of financial resources from the service providers to the beneficiaries. Thirdly, severe deficit of need based study has ignored the felt needs affecting the daily living and sustainability of communities and beneficiaries, requiring immediate intervention. Fourthly, we observe total neglect of report maintenance and record keeping by the concerned departments within the domain of service providers. Henceforth, corrective mechanisms remain halted and discourage inherently active members into seats of passivity and ignorance, often negatively affecting the beneficiaries.

DISCUSSION

Leading pharmaceutical companies in Indian healthcare industry such as Ranbaxy Laboratories Limited, GlaxoSmithKline Pharmaceuticals Limited, Cipla Limited and Novartis India Limited have their individual service providers who cater to the diverse and specific needs of the beneficiaries by covering critically relevant areas of services, donations and accountability.

Table 2 reveals CSR initiatives undertaken by pharmaceutical companies in the Indian health industry. Ranbaxy has collaborated with Daiichi Sankyo to save rural population in Devas, a district in Madhya Pradesh, to reduce child mortality, introduce improvements in the level of maternal health, fight against HIV-AIDS and reduce malaria incidence including several others.

Table 2- CSR initiatives undertaken by pharmaceutical companies in the Indian health industry.

| Name of funding organization | Name of service providers | Nature of services covered | Beneficiaries |
|---|---|--|--|
| Ranbaxy Laboratories Limited, India | Daiichi Sankyo | Maternal health, HIV-AIDS, malaria | Mothers, children and infected patients |
| GlaxoSmithKline Pharmaceuticals Limited | Niramaya Health Foundation | Financial support, medicines and equipment to service providers | Health services and health education to rag pickers, particularly children and poor families who work in dumping grounds |
| | ISKCON Food Relief Foundation | Mid-day meal program | Nutritive meals for school students |
| Cipla Limited | Cipla Palliative Care and Training Centre, Pune | Health, education, social equality, rural development | Cancer patients |
| Novartis India Limited | Novartis Comprehensive Leprosy Care Association | Health: Eradication of diseases including malaria and leprosy Environment: Ensuring environmental protection, control over harmful emissions, and judicious use of energy | Disability prevention, correction, care and rehabilitation Slum children, women students |
| | Novartis Institutes for BioMedical Research (NIBR) and Novartis Pharmaceuticals Development | Conducts research on the non commonly known and less attended diseases | |

Source: Developed from Sun Pharma CSR; GlaxoSmithKline Pharmaceuticals Limited, CSR Policy; Cipla Limited, CSR Policy; and Novartis India Limited Annual Report (2013-2014)

It is an attempt to harmonize and achieve millennium development goals, for which the

organization has provided mobile healthcare vans fully equipped with medical structure and trained medical staff, to combat both communicable and non communicable diseases. The Ranbaxy Community Healthcare Society (RCHS) established in 1994 has embarked upon the journey of social development, touching and upgrading the lives of over lakhs in several states including Punjab, Haryana, Himachal Pradesh and Madhya Pradesh. They reach the ground level population using psycho-social medium of awareness creation and localized development employing technologies such as street plays, contests and audio-visual programs. On the other hand, GlaxoSmithKline Pharmaceuticals Limited aims to bring substantial improvements in the quality of living. In cognizance with CSR movement, the organization targets women, children and the elderly persons. Their vehicle of change is “*education*”; for they believe that their message of best practices in healthcare, at both individual and community level, can be effectively spread across diverse sections of the society cutting boundaries of age, gender and demographic divide. They achieve this goal by providing essentials such as financial resources, medicines and required equipment to non-profit organizations. Moreover, programs are not only innovative in their approach and design but also made sustainable in the long run, keeping in view the reality considerations of those persons and groups, “*most in need*”.

Cipla Limited derives its vision and mission statement based on a model of corporate responsibility incorporating the essentials of “*safe and quality products at affordable cost, valuing people, helping the environment and sustainability; and empowering communities*”. The company’s CSR initiatives are based on five thrust areas including: health, education, addressing social inequalities, environment, rural development and others. Extensions of their CSR practices involve occupational health and safety and extensive healthcare services provided to cancer patients operational through efforts from the Cipla Palliative Care and Training Centre, Pune. Noteworthy are also CSR activities undertaken by Novartis India Limited, including health, education and environment. In addition, they collaborate with an NGO to support slum children while also providing financial assistance to deserving women students, in the form of scholarships. As per company policy on CSR, they are strongly committed to the goal of improving health using their innovative healthcare products.

Leading pharmaceutical companies through their CSR initiatives, operate in different states of India. Innovation, awareness creation, psycho-social education and community empowerment, the objectives of CSR activities are distinct and action oriented. They target reduction in the occurrence of communicable and non communicable diseases. In addition, to the goal of achieving Millennium Development Goals (MDG), the overall benefit and emancipation of communities is also the agenda amongst many pharmaceutical players in the Indian corporate competitive market.

Lessons Learnt

It is critically relevant to observe several areas of concern while appraising efficacy, performance and social accounting of CSR activities. Attention has to be paid to the medical care cost involved as borne by donor organization via the service providers which is required to meet the requirements of the beneficiaries, attainable in a timely manner. Moreover, access to the qualitative dimension of “universal health care” needs to be addressed systematically across socio-economic status, regional divide, gender and language barrier through active intervention of service providers. Equity is the rule which ensures balance, equalized and justified distribution of goods and services. Unfortunately, vast income and socio-economic status divide in India determines the division, access and availability of basic and critical health services, first aid, medication and diagnosis and medical referral advantages. The picture is further impoverished by the fact that in 2013, the total

expenditure on health as percentage of GDP is 4% in India compared to 17.1 in USA (World Bank, WHO-Global Health Expenditure Database).

CONCLUSIONS

High out of pocket expenditure and low government spending on health has crippled the already frail healthcare system in India. However, with the Companies Act of 2013, the deprived and backward communities in India are likely to benefit from leading corporate, particularly from the pharmaceutical industry though their various initiatives intended with the sole purpose of improving the health, vitality and well-being of those in immediate need of medical assistance. Corrective mechanisms, improved coordination between stakeholders, felt need assessment and creation of proper documentation is required for the improved sustainability, transparency and accountability of CSR initiatives.

Suggestions

On the basis of above discussion it has be suggested that :

1. Monitoring and assessment of CSR initiatives in terms of efficacy to the beneficiaries and local population requiring immediate benefit.
2. Consider felt needs of local population in the designing of CSR initiatives. Also, incorporation of locally available and economically viable technology into the framework of providing social benefits and welfare to the beneficiaries would not only reduce the cost burden but also promote a sense of internal locus of control and improved self of the communities involved. This is likely to promote indigenous culture of sharing, mutuality and trust building.
3. Creation of synergy between government, donor organization and service providers should be ensured in an attempt to provide the best CSR services to the beneficiaries. For this, we propose responsibility building and sense of accountability among the key stakeholders, towards the social cause to which the organization is dedicated.

Proper maintenance of records by the service providers is quintessential to avoid duplication of work and reduce patterns of inefficient working in the social accountability system. Moreover, we suggest transparent exchange of data, documents and financial transfers and investments between the donor organization, government regulatory bodies and service providers.

Sustainability needs to be incorporated into the complete framework of CSR focusing more on felt needs in priority settings. Generation of reliable data based on epidemiological information database is required for the generation of relevant policies related to social accountability into mainstream health care industry in India.

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