Health Care Management: Corporate Social Responsibility

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ABSTRACT

India is a country of countless contradictions. On the one hand, it has grown has one of the largest economies in the world, and an increasingly important player in the rising global order, on the other hand, it is still home to the largest number of people living in absolute poverty and the largest number of undernourished children. Due to this uneven distribution of the benefits of growth which many believe, is the primary cause of social unrest. Companies too have been the target of those disturbed by this uneven development and as a result, their contributions to society are under severe scrutiny. With increasing awareness of this gap between the haves and the have-nots, this scrutiny will only increase over time and societal expectations will be on the rise. Many companies have been quick to sense this development, and have responded proactively while others have done so only when pushed. Governments as well as regulators have responded to this unrest and the National Voluntary Guidelines for Social, Environmental and Economic Responsibilities of Business or the NVGs and the CSR clause within the Companies Act, 2013 are two such instances of the steps taken. This paper attempts to bring out the good practices of companies and to study how best the companies are undertaking their CSR activities effectively. This study is based on the secondary data analysis and it tries to identify the contribution of Major CSR projects related to related to health care management and delivery.

Key Words: Social Unrest – Corporate Contributions – Societal Expectations – National Voluntary Guidelines – Corporate Social Responsibility.

INTRODUCTION

The evolution of CSR in India refers to changes over time in India of the cultural norms of corporates engaged in CSR activities. Businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The fundamentals of CSR rest on the fact that not only public policy but even corporate should be responsible enough to address social issues. Thus companies should deal with the challenges and issues looked after to a certain extent by the states. CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives while at the same time addressing the expectations of shareholders and stakeholders. Anything that is beneficial for the society can be called CSR and such activity must be shown by company on their website and company should take approval from board. CSR is an important element of development because companies need to look after their communities, particularly those that are operating in rural areas. But, CSR also has an environmental aspect that the business might influence based on their operation Many companies might have motivations for doing CSR such as the genuine care of their environment and society that would eventually become their source of human capital as well as raw materials that they need to sustain. Also, some companies will see it as an important element of gaining societal acceptance for their operations. It is really true for the companies that are operating in remote areas, like mining and oil and gas companies. They are often encountered by many communities that indigenously live there, and the companies have to live
with these communities. Another aspect on CSR is that companies should see it as a voluntary action rather than something that is highly regulated. Because it is something that is good for the company to do, it’s not something that the company has to do because of law or anything else. On the other hand, companies should not be really forced to do CSR as mandatory action, because again, the development players are not just companies.

CORPORATE SOCIAL RESPONSIBILITY: POLICY IN ASIA

In Asia, the concept of CSR is taking firm hold. Like India, there are a number of good examples of alliances and networks promoting the essence of CSR amongst businesses and the general public alike. Partners in Change of the South Asian Alliance for Responsible Business: building networks and alliances in the South Asia region, Partners in Change is a founder member of South Asian Alliance for Responsible Business (SARB), in partnership with CII. SARB seeks to further the cause of CSR in South Asia. The group comprises participants from Nepal, Pakistan, India, Bangladesh and Sri Lanka and is in the process of developing a CSR Self-Appraisal Toolkit for use by corporate sector. The larger stakeholder and intermediary consultation which this exercise would entail is being affected through an e-group route. CSR Asia was founded in Hong Kong in 2004 to provide information and develop tools for CSR in the Asia-Pacific Region. CSRAsia, in association with its partners (such as Centre for Social Markets, CSR in China, etc.), publishes specialized reports, provides training and education on CSR issues, facilitates stakeholder dialogues and undertakes customized contract research for multinational and NGO clients. CSR Asia also informs people about CSR issues as they arise through their daily internet news service, online news database and online weekly CSR Asia Newsletter.

CORPORATE SOCIAL RESPONSIBILITY: POLICY IN INDIA

Under the Companies Act, 2013, that replaces the nearly six-decade old legislation governing the way corporate function and are regulated in India, profitable companies with a sizeable business would have to spend every year at least 2 per cent of three-year average profit on CSR works. This would apply to the companies with a turnover of Rs. 1,000 crore and or more, or net worth of Rs. 500 crore and more, or net profit of Rs. 5 crore and more. As per new proposals, from the beginning of 2013-14, Top earning PSUs like ONGC, BHEL and NTPC may have to double their expenditure on CSR as per the new draft guidelines being finalised by the Department of Public Enterprises (DPE). PSUs with net profit between Rs. 100-500 crore are required to earmark 2-3% of their income. They have to ensure that they spend full amount earmarked for CSR, otherwise, they have to disclose why they have not spent these fund. Public sector companies with a profit of less than Rs. 100 crore are required to contribute 3% of their income for undertaking such activities. The proposed guidelines stated that if Public Sector Units (PSU's) are unable to spend the earmarked amount for CSR in a particular year, it has to be spent in the next two years. The guidelines continue to exempt sick and loss-making PSUs from allocation of budget for undertaking CSR activities.

LIMITATION OF CSR POLICY

• No incentive if company pay more than 2% of net profit.

• Carry forward of such an contribution not being mentioned under the provision of CSR. It means if any of the company not able to spend 2% of average profit in any financial year so that expenditure not being carry forward for next year.

• Company does not have adequate profits or is not in a position to spend prescribed amount on CSR activities, the directors would be required to give suitable disclosure/reasons in their report to the members.
• It is not clear whether the Section 25 companies or charitable organisations set up by them would be included towards CSR.

• According to the proposed rules, activities relating to eradicating extreme hunger and poverty; promotion of education, gender equality and empowerment of women; reducing child mortality and improving maternal health; combating HIV-AIDS, malaria and other diseases; ensuring environmental sustainability, employment enhancing vocational skills; and contribution to the Prime Minister’s National Relief Fund or any other Central or state fund would be considered as CSR activity under the Act.

CORPORATE SOCIAL RESPONSIBILITY: ISSUES AND CHALLENGES

Many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction more important for them. They imagine that customer satisfaction is now only about price and service, but they fail to point out on important changes that are taking place worldwide that could blow the business out of the water. The change is named as social responsibility which is an opportunity for the business. Some of the drivers pushing business towards CSR include:

The Shrinking Role of Government
In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

Demands for Greater Disclosure
There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.

Increased Customer Interest
There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environics International, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

Growing Investor Pressure
Investors are changing the way they assess companies’ performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than $2 trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility. A separate survey by Environics International revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks.

Competitive Labour Markets
Employees are increasingly looking beyond paychecks and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

Supplier Relations
As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies’ policies or practices do not tarnish their reputation.

CSR: HEALTH CARE MANAGEMENT – GLOBAL SCENARIO

Health Sector clearly stands out as a leader, when discussing the CSR issues. Part of the reason will be its close relation to its multiple stakeholders of society, government, and other private sectors. Another part of the reason may be that its way of making profits has a bigger relationship to people’s lives by affecting their health problems rather than other business entities.

There are numerous epidemic diseases and other serious diseases in the world which needs close attention, both from public sector and private sector (i.e. HIV/AIDS, Avian Influenza, and etc.). In
order for authorities to take close measures and keep the diseases under control, critical amount of resource is essential. This is when public turns to private sector’s support. However, just by being in this sector does not give one an obligation to contribute to these social health issues as it bears lots of problems. And there is a lot more to supporting these issues for a private sector, as described in the definition of CSR. Healthcare companies have been blamed in the past for their issues including different prices on some critical medications sold over the world. They simply cannot lower the price in countries where the critical amount is needed (e.g. HIV preventive medicine in Africa) since they’ve had incidents where the donation has been sent back to the local black market. This also has a problem with IP regulations to deal with. Although there are not clear solutions for these problems, the matter is being seriously looked in to for improvement. Bottom line, Pharmaceutical companies are willing to share their know how under no extra cost to provide medicine to these patients if IP laws and black markets problems are resolved.

CSR ACTIVITIES IN HEALTH CARE MANAGEMENT: KEY BENEFITS

- **Getting license to operate– from key stakeholders not just shareholders**
The private sector is gaining a much bigger role and responsibility for economic development globally. This responsibility is not limited to economic issues but must also include social and environmental contribution. Hospitals that fail to recognize this responsibility are at the risk of being denied the social acceptance that comes from the community. Without this acceptance, hospitals can never function in a profitable and sustainable manner.

- **Reputation Management**
Reputational risk is considered as one of the most crucial threats facing an organization and is even more critical for a hospital. This includes risks not only to loss of patients, but goes beyond to hospital itself, and may even impact the whole industry. In case of a reputational crisis involving the hospital, the consequences could be huge in terms of lost trust, legal costs and patient loyalty. A damaged reputation might require years to rebuild and cost a large sum of money. A hospital which has a sound CSR mechanism and a history of exceptional service to society and environment often does not suffer as much as a hospital with no CSR plans, in the incidence of a reputation crisis.

- **More Efficient use of resources**
Utilization of a holistic CSR framework in hospitals can result in higher efficiency in operations, for instance, improved efficiency in the use of energy and natural resources can result in substantial cost savings. A better waste management system will not only reduce the amount of waste but will also ensure its safe disposal.

- **Enhanced patient loyalty**
Patients need to be able to trust a hospital in order to recommend it to someone. Trust is probably the most valuable currency in the healthcare industry and it doesn’t come easy. In order for hospitals to earn patient trust and loyalty, they need to go beyond healthcare services and create an emotional bond with the patient through ethical business practices. Patient loyalty goes a long way in contributing towards sustainable business growth of a hospital.

- **Increased Ability to Attract and Retain Quality Employees**
There is clear evidence linking the employee morale and loyalty to the social performance of the company. This is especially vital in the case of a hospital. If a hospital employee continually witnesses violation of ethical norms in the hospital, he or she would not want to be involved with that hospital.

- **Responsible Competiveness**
When competitors adopt less costly but not socially responsible and ethically sound healthcare solutions, a hospital should take advantage of this challenge and explore new innovative and green solutions. This raises the barriers to entry and will make CSR as the industry norm with your company being the pioneer.

- **Attracting Investors and Business partners**
Investors no more only rely on financial data but also look at how a company deals with the relevant social and environmental issues. If a company is not prudent enough to pay any attention to these
issues, with time it will lose credibility and no investor wants to invest in a company that has no credibility or stakeholder trust. In order for a healthcare service provider to attract investors who can fund their expansion, they need to focus on social, environmental and economic performance in addition to financial performance.

- **Governmental Support**

A CSR program developed in accordance with the overall government direction can help the company win favours from the government. Many governments give financial incentives for sound CSR initiatives, including environmentally friendly innovations. Hospitals that demonstrate they are engaging in practices that go beyond regulatory compliance are being given massive support from governments in form of waivers and less scrutiny.

**CONCLUSION**

There are many reasons why it pays for companies, both big business and SMEs (small and medium enterprises) to be socially responsible and be conscious about the interest of the key stakeholders. The healthcare industry has a variety of challenges that the average person may not fully understand. Issues such as stringent regulatory compliance, intense labor shortages in nursing, increased and costly technological advancements, implementation of international quality standards and substantial community dependence make this industry one of the most operationally difficult. Hospitals have to work harder than other industries to win and retain that trust while coping with the operational challenges. CSR could play a major role in this context by highlighting the performance of the hospital in a transparent and sincere way and result in better understanding from the community about the above mentioned challenges that this sector faces. Moreover, CSR will help the healthcare sector to elaborate on social issues that could serve to improve their images and enhance the stakeholder engagement by making their performance indicators available to public.

**REFERENCES**