CSR PRACTICES AND SUSTAINABILITY OF HEALTH CARE ORGANIZATIONS

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Abstract

The term 'sustainability' covers environmental issues, wider Corporate Social Responsibility (CSR), and the long-term continuity and economic survival of business. Sustainable growth and success of any country or society is depending upon its collective functions of its resources. It starts from vast use of natural resources, strategic, geographic location, labour, and intellectual capital. There is today a growing perception among health care organizations that sustainable business success and stakeholder value creation cannot be achieved only by focusing on short term profitability instead through market oriented yet responsible behaviour. Healthcare in India has assumed a more dynamic form over the last few years – offering exciting opportunities for new reforms and improving stagnant indicators addressing concerns of access, affordability and quality across different population groups. Given that market failures in health are inevitable, it is important that health care organizations are modulated by good regulatory and corporate governance mechanism. Health care organizations are aware that they can contribute to sustainable development by managing their operations in such a way as to enhance economic growth and increase competitiveness whilst ensuring environmental protection and promoting social responsibility. Fulfilling CSR helps in the following business processes:- Corporate Reputation, Brand Perception, Brand Differentiation, Share Ownership, Good Will. CSR typically includes issues related to business ethics, community engagement, global warming, water management, mange the use of natural resources, human rights etc. So, in order to get sustainable development and to survive in this competitive world, the organizations need to demonstrate a close and good relationship with society.

This article focuses on the CSR practices leading to the sustainability of health care organizations.

Keywords: *Corporate Social Responsibility, Sustainability, Health Care Organizations, Ethical business Practices, Societal Growth*

Introduction

So far now contributions to the health care organizations through donations or charity was one of the modes of imparting CSR by corporate. Even some of the corporations started hospitals as part of their CSR initiatives. Interaction of Health Care Organizations with public is considered to be intensive and frequent like transportation or Education sector. That means an individual in his whole lifetime starting from birth to death interact with health care organizations in one or the other way. Communities could be affected largely by the operations of the Health Care Organizations. This nature of interaction with the people necessitates the inculcation of socially responsible and ethical behaviour from them, and such behaviour ultimately leads to the sustainability of the organizations.

Corporate Social Responsibility (CSR) has been an uprising issue for last two decades. CSR involves multiple stakeholders, including the Government, Shareholders, Employees, Consumers, Media, Suppliers, NGOs, and the General Public. CSR has been defined by many groups. Although they all bear similar meanings relating to taking responsibilities of the society as a business entity, its definition has been getting wider from a traditional point of view of philanthropy and volunteerism to doing the business in a responsible way.

At the current stage of CSR development, rather than spending a certain portion of a company's profits for a good cause, most updated CSR guidelines tell companies to concentrate on earning the money in a responsible way. And the cost of changing the current steps of making money to a more responsible way is considered as a CSR investment towards the society and the company itself, heavily emphasizing sustainable development. Thus, CSR could be defined as a responsibility that a company has towards its stakeholders in earning profits. Traditional way of thinking CSR as a donation or a volunteerism is only a very little part of current CSR, which has been started

to be considered as a part of a corporate strategy for many multinational companies. The extreme potential of CSR in the field of healthcare will surely bring about a paradigm shift in the way we conceive health and wellness. The ways of how healthcare could be more cost effective, technologically advanced and holistic are also dependent on the responsible behaviour of the health care organizations.

Benefits of CSR Practices

1. Communities provide license to operate: In India apart from Government, Communities play a vital role obtaining license to operate health care organizations

2. Attracting and retaining employees' especially nursing and administrative staff

3. Through innovative CSR practices communities could be definitely used as suppliers

4. Enhancement of corporate reputation

This article is prepared with the following objectives:

1. To understand the CSR practices prevailing in the Indian health care sector
2. To discuss the nexus between CSR practices and sustainability
3. To identify the innovative CSR practices which will leads to sustainability of the health care organizations

Research Methodology

In this study, information is collected from secondary sources like books, magazines and websites are used.

Indian Health Care Sector: Market break-up by revenues: Of the total healthcare revenues in the country hospitals account for 71%

Source: http://www.ibef.org/industry/healthcare-india
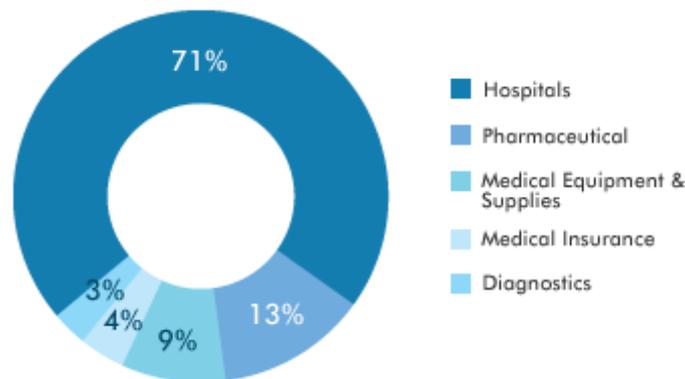
Per Capita Health Expenditure in India

The Indian healthcare industry size is expected to touch US$ 160 billion by 2017 and US$ 280 billion by 2020.

Source: http://www.ibef.org/industry/healthcare-india
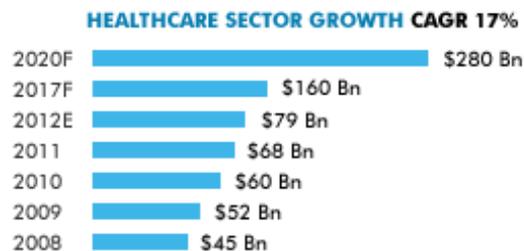
Healthcare has become one of India's largest sectors - both in terms of revenue and employment. The industry comprises hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The Indian healthcare industry is growing at a tremendous pace due to its strengthening coverage, services and increasing expenditure by public as well private players.

The Indian healthcare delivery system is categorized into two major components - public and private. The Government, i.e. public healthcare system comprises limited secondary and tertiary care institutions in key cities and focuses on providing basic healthcare facilities in the form of primary healthcare centers (PHCs) in rural areas. The private sector provides majority of secondary, tertiary and quaternary care institutions with a major concentration in metros, tier I and tier II cities.

Investments

The hospital and diagnostic centers attracted foreign direct investment (FDI) worth US$ 2,793.72 million between April 2000 and January 2015, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the major investments in the Indian healthcare industry are as follows:

1. Mylan Inc has signed a deal to acquire the female health care businesses of Famy Care Ltd, a specialty women's health care company, for US$ 750 million in cash and additional contingent payments of up to US$ 50 million.

2. Sanofi-Synthelabo (India) Ltd had invested Rs 90 crore (US$ 14.47 million) in Apollo Sugar Clinics Ltd (ASCL), a unit of its subsidiary Apollo Health and Lifestyle Ltd.

3. Apollo Hospitals Enterprise (AHEL) plans to add another 2,000 beds over the next two financial years, at a cost of around Rs 1,500 crore (US$ 241.24 million), as per Mr Prathap C Reddy, Founder and Executive Chairman, Apollo Hospitals.

4. Temasek Holdings Pte Ltd has acquired the entire 17.74 per cent stake of Punj Lloyd Ltd in Global Health Pvt Ltd, which owns and operates the Medanta super specialty hospital in Gurgaon, Haryana.

5. CDC, the UK's development finance institution, has invested US$ 48 million in Narayana Hrudayalaya hospitals, a multi-speciality healthcare provider. With this investment, Narayana Health will expand affordable treatment in eastern, central and western India.

Apollo Health and Lifestyle Ltd (AHLL), a wholly-owned subsidiary of Apollo Hospitals Enterprise, has acquired Nova Specialty Hospitals at an estimated cost of Rs 135-145 crore (US$ 21.71-22.32 million).

The above facts and figures of the Indian health care sector indicate that this sector is growing at a fast yet desirable growth. For any industry, sustainability could be achievable by behaving ethical in their business activities. In health care organizations CSR is most required in the three areas namely environment and resource protection, health and safety, and community care. In each of the areas, some of the activities are prioritized as below.

Table showing areas of CSR and prioritized activities for health care organizations

Areas of CSR	Prioritized activities
Environment and Resource Protection	- Energy conservation - Water conservation - Use of alternative fuels - Pollution and waste management
Health and Safety	- Health and well being - Safety
Community Care	- Providing health care at affordable cost - Educating society about health and hygiene - Supporting research and development activities - Create /enhance employability skills for the society - Providing support to organizations working for social cause

CSR in Health Care Sector

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, swine flu, 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. This is only a single problem outlined from many other. However, they healthcare companies needs to constantly think of innovative CSR approaches with pressures from their stakeholders.

The summery of global principles and guidelines which strengthen the nexus between CSR practices and corporate sustainability health care organizations are;

1. The UN global compact focuses on four broad areas viz. human rights, labour rights, environment and Governance,
2. Institute of Social and Ethical Accountability: Accountability's AA1000 series of standards focuses on inclusivity, materiality and responsiveness,
3. SA 8000 report covers almost every area of social responsibility from child labour, discrimination, health and safety to management system,
4. ISO 26000: Social responsibility
5. The OECD CSR policy tool aims to help companies gain insight into their current CSR activities, assess its value and determine other CSR activities that can be employed.
6. The SROI Network is a framework based on Social Generally Accepted Accounting Principles (SGAAP) that can be used to help manage and understand the social, economic and environmental outcomes created by an organization or a person

The nexus between CSR practices and sustainability could be said strong if;

1. The innovations in health care touches the ethos of the company making it part of the culture,
2. CSR is treated as part of the business,
3. CSR activities are professionally managed as core business activities,
4. The intention of making CSR a mandatory activity as per new company law is understood positively,
5. Building relationship between Government, corporate, NGO'S and communities becomes one of the aim of CSR,
6. One of the most important aims of CSR for the organizations should be providing reach out and access to resources and infrastructure to their area of operations.
7. Usage of money in the rightful manner and focusing on the area of operations provides with the credibility within society towards business.
8. Building community relations and opening partnerships at local levels can effectively work towards access to better healthcare,
9. Promotion of health seeking attitude among public
10. Any CSR programme should essentially match business case of the company in order to ensure sustainability, skills and outreach
11. The "innovations" can include: Novel business or organizational models; Operational or production processes; and/or Products or services that lead to substantial improvements in solving development challenges

Some of the health care organizations which are considered as socially responsible hospitals could be Appolo Hospitals, Fortis, Narayana Health, Kaveri Hospital etc.

Learning Points

1. In Healthcare industry, CSR is harder than normal industrial companies. CSR should not directly give benefits to company's growth or revenues in a relative sense. Customers are more judgmental towards healthcare companies when they are engaged in a social cause. Thus, CSR should not be considered as a PR show.

2. Regional and HQ operation is different in terms of CSR. Regional CSR strategies will have more impact on the society. This will work well in developing countries and may not work well in developed countries.

3. CSR, in general, will improve both internal and external relationships with different stakeholders around the company.

Conclusion

CSR can be understood in terms of corporate responsibility, but with greater stress upon the Obligations, a company has towards the community, particularly with respect to community welfare and environmental stewardship. Business for Social Responsibility (2001) speaks of CSR in the following terms: "Socially responsible business practices strengthen corporate accountability, respecting ethical values in the interests of all stakeholders. Responsible business practices respect and preserve the natural environment. Helping to improve the quality and opportunities of life, they empower people and invest in communities where a business operates."

There exists a strong nexus between CSR activities of the health care organizations and their sustainability. Good and attainable CSR practices could definitely lead to sustainability.

Therefore, it could be concluded that CSR today will lead to sustainability tomorrow but sustainable business does not happen without strategy and strategy does not happen without Governance. Good Governance does not happen without ethics and ethics does not happen without stakeholder engagement and welfare. So since there good CSR practices are inevitable, for the sustainability of the health care organizations it is best for the health care organizations to include such practices in their core business activities.

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