



CORPORATE SOCIAL RESPONSIBILITY: A STUDY OF CIPLA LIMITED

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Abstract

Corporate social responsibility, often abbreviated "CSR," is a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to efforts that go beyond what may be required by regulators or environmental protection groups. CSR may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Since its inception in 1935, 'Caring for Life' has been at the forefront of the business philosophy of Cipla Limited ('Cipla' or 'the Company') and remains an important driver for doing business. This philosophy is seamlessly integrated into Cipla's people, products and processes. The CSR strategy of the organization is incorporated into and is an intrinsic part of its business strategy. The initiatives taken by the Company as a part of its various CSR programmes, effectively contribute to developing a sustainable and resilient community.

Key Words: CSR, Corporate Citizenship.

Introduction

Corporate Social Responsibility (CSR) is defined as the voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner. Corporate social responsibility is an umbrella term used to describe voluntary corporate initiatives concerned with community development, the environment and human rights. CSR policies and programs seek to benefit society while simultaneously improving a corporation's public image and profitability. The term is often criticized for simply being a public relations buzzword.

Corporate social responsibility is a key issue for any organisation aiming for long term sustainability. Whilst it is a mostly voluntary concept, there is increasing pressure on organisations to make a positive contribution to society, or at the least, reduce their negative impact. Internationally, governments are also moving towards the enforcement of certain elements of corporate social responsibility, particularly in regards to the protection of the environment.

Corporate Social Responsibility: Background & Perspective

In the last 20 years, multinational corporations have played a key role in defining markets and influencing the behaviour of a large number of consumers. The rules of corporate governance have changed too. And there has been a range of reactions to this change. On the one hand globalisation and liberalisation have provided a great opportunity for corporations to be globally competitive by expanding their production-base and market share. On the other hand, the same situation poses a great challenge to the sustainability and viability of such mega-businesses, particularly in the context of the emerging discontent against multinational corporations in different parts of the world. Labourers, marginalised consumers, environmental activists and social activists have protested against the unprecedented predominance of multinational corporations.

Here are three emerging perspectives that inform corporate social responsibility:

One, a business perspective that recognises the importance of '**reputation capital**' for capturing and sustaining markets. Seen thus, corporate social responsibility is basically a new business strategy to reduce investment risks and maximise profits by taking all the key stake-holders into confidence. The proponents of this perspective often include corporate social responsibility in their advertising and social marketing initiatives.

The second is an **eco-social perspective**. The proponents of this perspective are the new generation of corporations and the new-economy entrepreneurs who created a tremendous amount of wealth in a relatively short span of time. They recognise the fact that social and environmental stability and sustainability are two important prerequisites for the sustainability of the market in the long run. They also recognise the fact that increasing poverty can lead to social and political instability. Such socio-political instability can, in turn, be detrimental to business, which operates from a variety of socio-political and cultural backgrounds.

There is a third and growing perspective that shapes the new principles and practice of corporate social responsibility. This is



a rights-based perspective on corporate responsibility. This perspective stresses that consumers, employees, affected communities and shareholders have a right to know about corporations and their business. Corporations are private initiatives, true, but increasingly they are becoming public institutions whose survival depends on the consumers who buy their products and shareholders who invest in their stocks. This perspective stresses accountability, transparency and social and environmental investment as the key aspects of corporate social responsibility.

Objectives

- To know the concept of CSR.
- To know the different activities undertaken by cipla company as CSR activities.

Literature Review

Guthrie and Parker (1989) conducted a longitudinal study covering 100 years to relate corporate social reporting with the needs of the corporations to legalize their actions. In his research the legitimacy theory has been rejected taking six thematic disclosures namely environment, energy, human resources, product, community development and others. The thematic disclosures were measured on the basis of space incidence.

Teoh (1998) attempted to find the association between Environmental disclosure and economic performance. T- Test was conducted on polluting or potentially polluting companies to find that significant association between environmental performance and economic performance.

Shah, Bhaskar (2010), has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd. in their research work. The research has discussed that there is a broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources/inputs of the society like material and human etc. In reverse, the organization provides services to the society. From the case study of the BPCL, it was found that company has taken a lot of initiatives in order to serve the society.

Brammer, Jackson & Matten (2012), study entitled as “Corporate Social Responsibility and institutional theory: new perspective on private governance” in Social economic review depicted that CSR is not only a voluntary action but beyond that. In this study, CSR had defined under institutional theory. The institutional theory stated that corporate social activities are not only voluntary activities but it is a part of interface between business and society. Regulation/ governance are necessary for enhancing the corporate performance of businesses through CSR. The theory also suggested that in what form companies should take its social responsibilities whether historical, political or legal form.

History of Cipla Ltd.

Cipla was born out of Dr. K.A. Hamied’s vision to harness Indian expertise for self-sufficiency in the chemical and pharmaceutical industry in India. Dr. K.A. Hamied was an exemplary visionary who donned various hats; he was a chemist, an entrepreneur and pioneer, an active participant in India’s independence struggle, a close ally of Mahatma Gandhi, Dr. Zakir Hussain and various others, a legislator in the Bombay Presidency, head of various associations, Sheriff of Bombay, proactive supporter and sponsor of institutes of scientific excellence in India.

‘Caring for Life’ has been at the forefront of Cipla’s business philosophy and remains the principal purpose of doing business. This philosophy is seamlessly integrated into Cipla’s people, products and processes. The initiatives taken by the Company as part of Corporate Social Responsibility (CSR) programmes effectively contribute to developing a sustainable and resilient community.

Being a good corporate citizen is an integral part of Cipla’s core value. Over the last three decades, the Company has carried out various CSR activities directly and through its trusts. Making quality medicines at affordable prices has always been Cipla’s focus.

CR Policy Framework

The corporate responsibility vision of Cipla is to achieve the distinction of being acknowledged as an admirable and trusted Company. Sustainable development and creating value for the stakeholders are two missions that will drive the company to realize its corporate responsibility vision which will be built on four strategic pillars of the corporate responsibility framework – ‘safe & quality products at affordable cost’, ‘valuing our people’, ‘helping the environment & sustainability’ and ‘empowering our communities’.



CSR Activities of Cipla

In order to develop a sustainable and resilient community in which we operate our business, we

1. Identify the communities and other stakeholders associated with our operations and actively engage with them, and shall help the community to help themselves with financial, human and products resources.
2. Design and develop needs based 'Social Development Plan' and 'Implementation Strategies' which meet the expectations and aspirations of communities as well as meet the country development goals and Millennium Development Goals (mdgs) in its spheres of influence.
3. Continue to recognize and respect diverse culture, interests and rights of local communities.
4. Continue to promote and build partnership with ngos towards implementation of our Social Development Plan.
5. Carry out periodical studies, evaluation and social audits to measure impact of programs and projects and changing aspirations of communities.
6. Supplement and strengthen those governmental schemes which are in alignment of our corporate responsibility objectives and are done in our areas of operations.
7. Continually encourage and facilitate employees to contribute to society and environment development.

The Company continues to support several community welfare, health and educational activities, essentially in communities surrounding the Company's factories, both directly and through its trusts, by providing healthcare education, improvement of community infrastructure, scholarships, etc. The Company set up the Cipla Foundation in the year 2010 to provide care and financial support to Indians in need of healthcare and education.

The Cipla Palliative Care and Training Centre in Pune which was established in 1997 continue to provide holistic care to terminally ill cancer patients and their families, free of charge. Till now, the Centre has provided comfort and solace to over 8,500 patients. The focus of the Centre is to reach out to more cancer patients in need of M,MJNPalliative Care and to integrate Palliative medicine with curative therapy.

In a humanitarian effort to support cancer patients, the Company made a breakthrough in reducing the prices of cancer drugs, thus making world-class medicines accessible to patients in India. Cipla also extends support to various NGO's engaged in various social initiatives including education and health.

Some of the Activities the Company Has Been Engaged in are as Follows

Sr. No	Key thrust areas	Activities/ Programmes/ Projects
1	Health	<ul style="list-style-type: none"> • Palliative care for terminally ill patients • Creating awareness on health • Improving sanitation • Providing easy access of medical support to vulnerable communities Supporting Cancer / HIV / Thalassemia patients Mobile Medical Units
2	Education	<ul style="list-style-type: none"> • Setting-up / Developing infrastructure for schools Arranging training and awareness • Programmes for adolescents. Promoting e-learning • Enhancing reading culture • Awarding scholarships for meritorious/needly students Providing vocational skills
3.	Address Social Inequalities	<ul style="list-style-type: none"> • Supporting old age homes • Supporting orphans and differently abled
4.	Environment	<ul style="list-style-type: none"> • Promoting environmental sustainability • Promoting conservation of natural resources • Promoting of Renewable Energy Resources
5.	Rural development projects	<ul style="list-style-type: none"> • Enhancing livelihood • Undertaking Sustainable Rural Development Projects
6.	Others	<ul style="list-style-type: none"> • Undertaking disaster management • Supporting NGOs & trusts for conducting various programmes/activities • Any other permissible activity under Schedule VII of the Act



Execution, Monitoring & Reporting

The CSR Committee

1. Prepares and propose the CSR plan with the execution modalities and implementation schedules to the Board.
2. Periodically appraises the Board on the status of the CSR plan.
3. Institute a transparent monitoring mechanism for implementation of the CSR projects, programmes or activities undertaken by the Company.

To fulfil the above responsibilities, the CSR Committee would be equipped with necessary resources. The CSR team has been setup to ensure effective implementation of the CSR activities. The team would submit status reports of the projects/programmes to the CSR Committee on a periodic basis.

Findings

1. Since its inception in 1935, 'Caring for Life' has been at the forefront of the business philosophy of Cipla Limited ('Cipla' or 'the Company') and remains an important driver for doing business.
2. The CSR strategy of the organization is incorporated into and is an intrinsic part of its business strategy.
3. The initiatives taken by the Company as a part of its various CSR programmes, effectively contribute to developing a sustainable and resilient community.
4. Business understands its responsibility towards all the stakeholders in the society, especially those who are disadvantaged, vulnerable and marginalized.
5. The Company supports and creates projects around themes, with a focus on inclusive growth and equitable development.

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