

RESEARCH OF THE ACTIVITY OF THE PHARMACEUTICAL COMPANY IN THE FIELD OF CORPORATE SOCIAL RESPONSIBILITY

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Corporate social responsibility (CSR) is one of the marketing strategies that are widely used in the industrial arena for the purposes of creating customer awareness, enhancing product penetration into the market and boosting firm's profitability.

The main objective of this paper is to analyze the features and role of corporate social responsibility in the activity of pharmaceutical company.

The pharmaceutical industry has a unique dual role within society in that the companies within the industry develop and distribute health care products in a for-profit manner. Safety and ethical concerns have resulted in an industry that is one of the most highly regulated globally. Controversies have developed around perceived conflicts of interest emerging from this dual role due to the industry's size, influence, and primary responsibility to society as a developer and provider of innovative medicines. While public awareness of these controversies has grown, so have global concerns regarding the financial, social, and medical health of individuals. Even as the industry faces persistent and increasing criticism for improperly managing the social responsibilities attributed to its dual role, the industry has increasingly engaged in CSR activities.

Presently, companies in the pharmaceutical industry are under pressure to be even more comprehensive and strategic in their approaches to CSR engagement. Pharmaceutical industry has been facing great economic and political challenges on the global market. Consumers, government and general public are some of the most demanding external stakeholders which affect this industry. Companies which include socially responsible behaviour in their corporate policy can also expect certain benefits, such as an increase in the quality of life, by which general wealth is also increased, improvement of company's image, attracting greater number of investors by the company's socially responsible orientation, prevention of new regulatory measures, etc. The moving force behind greater emphasis placed on social responsibility,

and, in this respect, business orientation, especially of larger companies, is public pressure with the objective to protect the environment, sustainable development, achieving an increase in purchasing power of the consumers and their protection, prevention of large companies' power in politics as a consequence of globalisation, etc.

Studying the CSR actions and reports of some of the largest pharmaceutical companies (Novartis, Pfizer, Merck, GlaxoSmithKline, Bayer, Astra-Zeneca, Roche and Johnson & Johnson), it turns out that the specific responsibility focus areas of this industry are the following: global health, local communities, education, employees, ethics and transparency and environment.

We have studied trends in the development of CSR in the company Novartis. At this moment, Novartis is the largest pharmaceutical company worldwide based on pure pharmaceutical revenue. According Corporate Responsibility Guideline, Novartis aims to improve global health. Responsibility is a core part of business and underscores purpose of caring and curing. Novartis CSR efforts are led by a full time executive Global Head of Corporate Responsibility, several internal boards and committees make decisions in CSR (fig.)

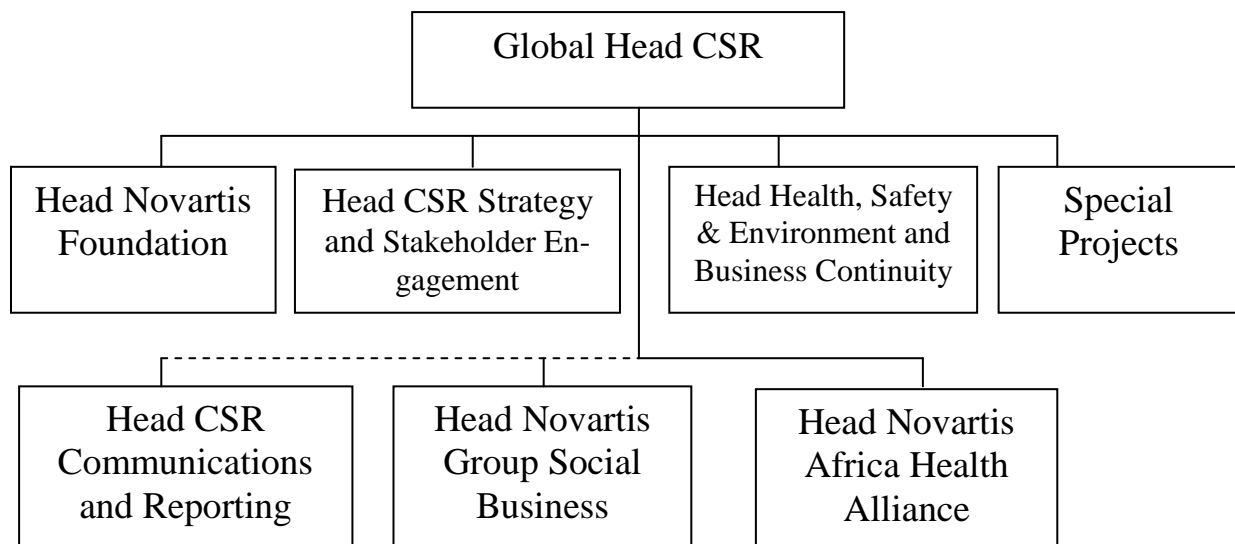


Fig. Novartis Corporate Responsibility Leadership Team

We used the company's annual report on CSR and analyzed the company's goals and their achievement in the aforementioned directions (table).

Table

Key performance indicators in social activity of the company Novartis

Indicators	2014	2013
Access		
Total patients reached (millions)	1 229	1 217
Patients reached through access programs (millions)	72.4	103.6
People reached through training, health education & service delivery (millions)	10.2	8.1
Top 20 global burden of disease conditions addressed by products and pipeline	100%	100%
Environmental sustainability		
Greenhouse gas emissions, total Scope 1 and Scope 2 (k tons)	1 557	1 586
Water discharge (million m3)	17.5	18.0

Novartis focuses its access work in three areas, where it believes it can make the most impact: control and eliminate diseases (including leprosy and malaria), pioneer new business approaches (advance social ventures to tackle health problems of under-served, low-income patients in both the developed and developing world), find new treatments (focus on neglected disease research, while expanding adaptive research that targets unmet needs (e.g., heat-stable and pediatric formulations)).

Novartis is making progress on conserving natural resources and limiting its environmental impact. Since 2008, carbon emissions have been reduced and the rate of growth in energy and water consumption is small compared to revenues.

One of Novartis's key CSR ambitions is to expand access to healthcare. During 2014, Novartis reached more than 1.2 billion patients with medicines and vaccines, reaching more than 72 million patients through access to healthcare programs.

Features of Novartis in the area of CSR is that Novartis is a company of 'firsts', which distributes its antimalarials without profit to endemic countries; declares it would not patent medicines in the world's poorest countries; creates a not-for-profit vaccines research institute; signs the UN Global Compact, the world's largest corporate responsibility initiative; uses social marketing to create demand for leprosy diagnosis and treatment; pays all associates a living wage.