Peculiarities of corporate social responsibility in veterinary pharmacy

Milan Džupina¹, Zuzana Džupinová²
Constantine the Philosopher University in Nitra¹
Department of Mass Media Communication and Advertisement
Dražovská 4
Nitra, the Slovak Republic
e-mail¹: mdzupina@ukf.sk

Institute for State Control of Veterinary Biologicals and Medicaments²
Biovetská 34
Nitra, the Slovak Republic
e-mail²: zdzupinova@gmail.com

Abstract
The article is based on the fact that there are specific segments in the economy, which are called sensitive sectors. Despite the fact that they are often perceived as irresponsible in their nature, several effective communication tools can be taken for planning and managing positive corporate image. The present study is a part of a larger research that we want to conduct in the segment of veterinary drugs. Although there is a big scientific research potential, very little attention is paid to this area in the scientific literature. Corporate social responsibility (CSR) is an important phenomenon that affects current business models. Based on recent researches, we can identify a wide range of practical steps and forms that CSR can take. The main goal of the paper is to develop a design of the research, which will be subsequently implemented in further research, in which we will analyze (qualitative content analysis) collected data (basic corporate documents like mission, vision and corporate values). These documents are crucial to corporate strategies, and often deal with responsibility issues which are then transformed into business strategies, tactics and programs.

Keywords: corporate social responsibility (CSR), veterinary pharmacy, sensitive sector, content analysis

JEL Classification: M14, M31, Q13

1. Introduction
Pharmaceutical industry is both very admired and criticized, too (Nussbaum, 2009). The pharmaceutical industry is one of today’s most dynamic industries. The global pharmaceuticals market is worth US$300 billion a year, a figure is expected to rise to US$400 billion within three years (World Health Organization, 2016). Pharmaceutical industry has many peculiarities due to its specific character, like a top sophisticated research, fierce competition and regulations. Although the concept of corporate social responsibility (CSR) can be traced back to 50s pharmaceutical sector began to adopt CSR only about a decade ago. However, managers of pharmaceutical companies very soon understood, that it is very important to report on sustainability and responsibility and the number of firms is still increasing (Esteban, 2008). Pharmaceutical companies are often stigmatized due to the character of their production. Thus, their CSR is an appropriate tool to secure broader stakeholder support (Hillenbrand, Money, & Ghobadian, 2013). They are very closely scrutinized by various interest groups. Even though, these firms produce drugs and medicines to improve and maintain human and animal well-being, they are often perceived as “sin” (Groujiou, Dedoulis, & Leventis, 2016), sensitive industry (Kašparová & Kunz, 2013) or stigmatized sector (Vegne, 2012). The main reason is due to its nature and conflict between words and actions. Recent researches focus mainly on the pharmaceutical industry ethics and sincerity nexus (Countess of Frederiksborg & Fort, 2014; Nussbaum, 2009); a customer
perception and analysis of attitudes towards CSR activities of pharmaceutical firms (Wang, 2011); CSR as a means of public relation and reputation management (Cheah, Chan, & Chieng, 2007; Stone, Grantham, & Vieira, 2009; Leisinger, 2005); but also advantages of implementing CSR in the pharmaceutical sector (Droppert & Bennett, 2015). Although the main goal of the paper is to develop a design of the research, we assume it will be useful in our further research, in which we would be able to conduct a comparative analysis of pharmaceutical industry with other business sectors or to explore a strategic match between stated CSR programs and its core business, which could cause serious reputation problems in terms of sincerity of such activities (Countess of Frederiksborg & Fort, 2014). If there is a very weak or missing connection, it subsequently leads to fragmentation of the image, which can be clearly considered as waste of corporate resources. Otherwise, active CSR support can lead to stronger corporate brands, employee satisfaction, positive corporate image or teambuilding (Nielsen & Thomsen, 2007; Story & Price, 2006).

1.1 Definition of Corporate Social Responsibility (CSR)

CSR can be defined in many different ways. The main problem is that there is an ambiguity of what CSR entails (Džupina, 2013). In fact, there is no generally accepted definition of CSR. Definitions apply in specific time (historical context) and place. Definitions also vary according to a person, who articulated them (different stakeholder groups). We can identify at least 37 main academic definitions emphasizing the responsibility categories and issues (Dahlsrud, 2008). Although the notion of CSR as a concept is very vague, its influence on recent business models is of a high importance. The modern era of CSR is marked by the contribution of H. R. Bowen (Carroll, 1999). Bowen refers to the obligations of businessmen, when he speaks of CSR and the businessman is obliged to “…pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society…” (Bowen, 1953, p. 6). Later on, Carroll (1979) defined CSR as “The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time,” and formulated a four stage model of corporate social responsibility (Carroll, 1979). In 1960s, the definitions dealt mostly with the dimensions of voluntariness and it is believed, that companies should fulfill and enhance total socio-economic welfare (Frederick, 1960). Later on, Sethi (1975) started distinguishing among corporate behavior, so-called “social obligation,” “social responsibility,” and “social responsiveness.” (Sethi, 1975). During 1990s, new definitions started to deal with internal and external stakeholder and also a new concept of “Triple Bottom Line” was placed (Elkington, 1999). The concept is based on social (people), environmental (planet), and economic responsibility (profit). There is also a very complex definition of CSR by Vogel, who claims, that CSR represents “practices that improve the workplace and benefit society in ways that go above and beyond what companies are legally required to do” (Vogel, 2005). According to the European Union, CSR is “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (European Commission, 2001).

1.2 Advantages of implementing CSR into a corporate strategy

First of all, we would like to point out, that not all CSR practices necessarily have a positive impact on companies. It largely depends on how CSR is implemented in a business practice. There are in general two groups of companies implementing CSR. The first one does good to look good, and the second one does good to feel good, but there is also the third one which does good to last longer (Kotler & Lee, 2005). In order to take a real advantage of CSR, it is necessary to link it with activities of firms. Otherwise, CSR can be looked upon just as a
window dressing, just to look good (Nussbaum, 2009; Countess of Frederiksborg & Fort, 2014). Hence, is perceived just as an isolated action to gain higher profits. Important reasons for implementing CSR are defined by Porter and Kramer (Porter & Kramer, 2006; Sooyoung & Youngshin, 2009). Firstly, CSR is a (1) moral obligation (companies have to be “good citizens” and do the right things). The concept of CSR can also be seen as a means of (2) sustainability. The principle of sustainability emphasizes environmental and community stewardship (Porter & Kramer, 2006). Accordingly, companies also need tacit or explicit permission from governments, communities, and numerous other stakeholders to do business. CSR provides companies with (3) a license to operate. Thus they are able to avoid boycotts and litigations (Lee M.-D. P., 2008). A proactive CSR programs and policies can contribute to a better acceptance even in those business sectors, which are perceived as irresponsible in nature, e.g. pharmaceutical industry (Džupina, 2012). The last advantage, which Porter and Kramer reported to, is (4) a better reputation. A lot of companies use CSR as a tool of improving corporate image and build stronger brands (Hoeffler & Keller, 2002). The good reputation also enlivens morale (Porter & Kramer, 2006), and even raise the value of stock (Mackey, Mackey , & Barney, 2007). These activities mostly satisfy external audience. However, the results can be different from the theoretical basics (Dean, 2002). Other advantages are: (5) CSR helps to increase value in the value chain (e.g. cause related marketing) (Porter & Kramer, 2006 Mullen, 1997); (6) CSR is an important source of sustainable competitive differentiation (Porter & Kramer, 2006); (7) CSR increases customer loyalty and makes customer decisions easier (Dacin & Brown, 1997; Kotler & Lee, 2005); (8) CSR increases acceptance of a company across different cultures and provides a better integration to local communities (Kell & Ruggie, 1999); (9) CSR attracts socially-conscious customers and good employees (Laszlo, 2003; Kotler & Lee, 2005) and can also (10) develop new markets (Porter & Kramer, 2002). Moreover, Kotler and Lee (2005) mentioned other reasons, why companies should engage in CSR activities (Kotler & Lee, 2005). Hence, CSR also increases market share of company sales and also increases appeal to analytics (Countess of Frederiksborg & Fort, 2014).

1.3 Strategic corporate social responsibility

First of all, we would like to point out, that not all CSR practices necessarily have a positive impact on company’s performance. It greatly depends on customer’s perception of such activities. As Countess of Frederiksborg, and Fort refer in their article, CSR-as-philanthropy can raise doubts about the sincerity of such a conduct (Countess of Frederiksborg & Fort, 2014).

We assume, that managements of companies should implement other forms of responsibility, which involve more effort, know-how and managerial skills. In other words, CSR should go strategic and support vision and mission of a company. Strategic management is a complex hierarchical process of interconnected elements (as shown in Scheme 1). In 1979, the same year Carroll published his CSR model, Igor Ansoff examined social dimension of strategic management and proposed, that a corporate strategy should interact with the company's environment to support legitimacy of business (Ansoff, 1979), or so-called a license to operate (Porter & Kramer, 2006). CSR becomes part of the corporate philosophy. Today's firms consider their influence on societal goals (Himman & Keim, 2001; Halme, Roome, & Dobers, 2009) and it leads to more active CSR engagement. Mission and vision are the crucial elements of company’s strategy. Their main purpose is to serve as your company's goal, articulates why the company exists and states corporate’s philosophy (Volberda, Morgan, Reinmoeller, Hitt, & Ireland, 2011). Moreover, it contains basic corporate values and positively influences formulating corporate goals and corporate strategies (David, 2011).

Thus, if mission or vision contains elements of CSR, there is a promise, that through
corporate strategy, it will transform to real actions of doing good and being sincerely responsible.

Scheme 1: CSR in the process of strategic management

<table>
<thead>
<tr>
<th>SHAREHOLDERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOP MANAGEMENT</td>
</tr>
<tr>
<td>Corporate Culture</td>
</tr>
<tr>
<td>CORPORATE VALUES</td>
</tr>
<tr>
<td>MISSION</td>
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<tr>
<td>VISSION</td>
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<tr>
<td>CSR GOALS</td>
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<tr>
<td>FORMULATION OF CSR STRATEGY</td>
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<td>IMPLEMENTATION OF CSR STRATEGY</td>
</tr>
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<td>CONTROL AND FEEDBACK OF CSR STRATEGY</td>
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<tr>
<td>CSR MANAGER</td>
</tr>
</tbody>
</table>

Source: the survey

2. Data and Methods

The sample was obtained from the list of all veterinary drugs producers registered in the Slovak Republic. Most of them are branches of large multinational corporations, so they are very likely to have web sites developed. For the purpose of the study, we will analyze all 101 companies to cover the whole sector. The methods, which we will apply in further research will consist of several steps. First step is based on our previous research, in which, we have gathered a few definitions of CSR through a literature review from 1950s to a so-called millennium era (Džupina, 2012). The review of literature consisted mainly of journal articles registered in ScienceDirect, Web of Science and Scopus databases. Altogether, more than 50 definitions of CSR were analyzed. We have also included related terms like corporate social performance (CSP), corporate social responsiveness, sustainable development etc. in our previous research. The definitions were mostly of European, Asian and American origin. Subsequently, we identified basic pillars and dimensions of CSR in gathered definitions (as shown in table 1). Thirdly, we will gather company missions and visions from companies’ web sites and strategic documents. Companies were obtained from the list of veterinary drugs
producers registered in the Slovak Republic. A content analysis with an open coding scheme (as shown in Table 2) will be used to identify all dimensions in corporate missions and visions, possibly corporate values. A similar procedure was used in scientific papers and studies by several authors (Rafaeli & Sudweeks, 1997; Bartkus, Glassman, & McAfee, 2004). The content analysis will be used, as it allows us to collect data systematically and can be used to evaluate and later analyze qualitatively written text (Weber, 1990).

Table 1: Pillars and dimensions of corporate social responsibility

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>• customers</th>
<th>• employees</th>
<th>• shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntarism</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Obligations to society</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Financial responsibility</td>
<td>• corporate governance,</td>
<td>• transparency,</td>
<td>• respecting human rights,</td>
</tr>
<tr>
<td></td>
<td>• profitability,</td>
<td>• protection of intellectual property,</td>
<td>• work-life balance</td>
</tr>
<tr>
<td></td>
<td>• product quality and safety,</td>
<td>• fair trade,</td>
<td>• outplacement</td>
</tr>
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<td></td>
<td>• ethical behavior,</td>
<td>• fair competition,</td>
<td>• humanizing workplace,</td>
</tr>
<tr>
<td></td>
<td>• CRM,</td>
<td>• business and marketing ethics,</td>
<td>• employee-friendly work environment,</td>
</tr>
<tr>
<td></td>
<td>• fight against corruption.</td>
<td></td>
<td>• equal working conditions,</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>• health and safety at work,</td>
<td>• fighting child labor,</td>
<td>• partnership with stakeholders</td>
</tr>
<tr>
<td></td>
<td>• employment policy,</td>
<td></td>
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<td></td>
<td>• education of employees,</td>
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<td></td>
<td>• employing the long term unemployed,</td>
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<tr>
<td></td>
<td>• sponsoring and philanthropy,</td>
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<td></td>
<td>• corporate volunteering,</td>
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<td></td>
<td>• anti-discrimination policy,</td>
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<td></td>
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<tr>
<td></td>
<td>• fight against child labor,</td>
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<td></td>
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<tr>
<td>Environmental responsibility</td>
<td>• “green” corporate policy and culture</td>
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<tr>
<td></td>
<td>• reduction of negative impacts on the environment,</td>
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<td></td>
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<tr>
<td></td>
<td>• “green” production and “green” products (ISO 14000, EMAS, etc.).</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>• saving and protection of natural resources,</td>
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<tr>
<td></td>
<td>• “green” investments, and investments to “green” technologies,</td>
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</table>

Source: the survey

3. Results and Discussion

As we have conducted several researches on CSR, we are aware, that we cannot consider all difficulties, we will come across as the article is still only a draft of the future research. However, we are aware of several shortcomings of the research: (1) information provided by companies (missions, visions) are often only statements, which can be far from what is really done; (2) we do not consider weight (importance) of dimensions. Stakeholders can consider different dimensions important. (3) In future, more stakeholder groups should be included in the research. (4) Even though, strategic CSR as a part of corporate strategy shows better engagement of a company in dealing with societal issues, still there may be a false interest in social issues. It is apparent, that different missions, visions will probably refer to the same dimensions of CSR. Thus, a presented coding scheme (as seen in Table 2) will help us to group them together. In this way, we will be able to identify all dimensions, which apply in pharmaceutical industry and subsequently conduct further, more detailed research. In this way, we will be able to make a comparative study of pharmaceutical industry with others to identify peculiarities of CSR. Combined with the research on a perception of the whole
industry and each of firms, we would be able to identify potentially successful CSR strategies and give practical recommendations.

**Table 2: Dimensions of corporate social responsibility (Coding scheme)**

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Components</th>
<th>Examples</th>
</tr>
</thead>
</table>
| Voluntarism | Voluntarism, beyond legal regulations, ethical values | ...we respect work values, principles of interpersonal relations and ethical principles...  
...through volunteers projects and programs...  
...consider and respect not only legal norms, but also...  
...voluntarily...  
...our responsibility goes beyond legal regulations... |
| Obligation | Depending on a business sector | ...improving a quality of life...  
...provide affordable drugs...  
...promote an efficient use of resources for the benefit all people and our planet... |
| Stakeholders | Customers | ...meeting their needs...  
...customer needs/satisfaction...  
...long-term relationships...  
...it is important to protest customer needs... |
| | Employees | ...meaningful work...  
...contributing to employees' career development...  
...equal opportunities...  
...as we grow, our people grow too... |
| | Shareholders | ...return on investment...  
...reasonable profit...  
...shareholder democracy...  
...long-term benefits to our shareholders...  
...protecting shareholders interests... |
| Profit | See details in Table 1 | ...fair business...  
...provide the public with complete, true and accurate information...  
...maintaining profitability...  
...we want to make a reasonable profit... |
| People | See details in Table 1 | ...contributions to a better society...  
...integration of social issues in business activities...  
...taking into account the real impact on society...  
...we respect one another, regardless of sex, age, skin color, religious and political beliefs and a level of knowledge and skills... |
| Planet | See details in Table 1 | ...cleaner environment...  
...environmental stewardship...  
...environmental issues in business operations...  
...implement a waste-free processing... |

Source: the survey

**4. Conclusion**

The pharmaceutical industry is in a very unique situation as its nature is to provide drugs and medicines for human and veterinary use. The core business is often subject to criticism by various stakeholder groups. We can very often come across definitions and notions that the only pharmaceutical responsibility is to provide affordable drugs and ensure availability of
remedies for various diseases. We argue, and it is also based on common definitions of CSR, that a responsible behavior should go beyond its core business (research, distribution, authorization and availability of drugs). Access to medicines is understood as a shared responsibility and numerous actors have a vital role to play in it (Lee & Hunt, 2012). However, pharmaceutical companies share substantial part of this responsibility. Nussbaum (2009) claims that if companies neglect their CSR, they can become an easy target for non-governmental organizations, journalists or consumer advocacy groups (Nussbaum, 2009). There might be objections that CSR models vary from industry to industry, but we assume that the proposed design of research can be used in any sector respecting peculiarities of specific industries. There is sometimes a disparity between what is articulated in business strategies and what is really done by companies in terms of CSR. According to our previous research and surveys, we have found out that companies tend to formulate CSR principles close to their core business. Otherwise, CSR can be looked upon as a means of popularizing of products and companies (Khanna, 2006). However, we are aware of the limits of this approach. First of all, vision, mission or corporate values are only statements, which do not necessarily have to be put in practice. Secondly, the research is always conducted from a certain point of view, which subsequently affects the results. In our research, we draw the attention to managerial and scholar definition of CSR and its roles in pharmaceutical industry, which produce both human and veterinary medicines. Moreover, the article deals with a design of our research, which would be conducted in the future.

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References
