Corporate Social Responsibility in the Health Care Sector

Dina Siniora

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CORPORATE SOCIAL RESPONSIBILITY IN THE HEALTHCARE SECTOR

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1. Introduction

The challenge for the health care sector, the government, medical profession, health care provider, as well as for health care business manager, is to continually explore ways to ensure that the welfares of individual patients remain the utmost primacy and promote health care equity via corporate socially responsible activities. There is an essential need to truly embrace corporate social responsibility (CSR) and ethical principles that would promote equal distribution of health care resources. Relevant CSR activities would be achieved by making the most significant health problems in a given society the uppermost priority of health care organizations.

2. Organizational Ethics

a) The Moral Status of Organizations

Organizational decisions are taken by the employees, with various particular roles, on behalf of the organization to represent its mission and purpose. Health care organizations (HCO) are granted the same official rights as individuals and are treated as legal persons under the law. This implies that these institutions have legal obligations and moral obligations as well. HCO are moral agents in several senses:

- Like individuals, they have organizational goals that are detailed in their mission statements.
- Organizations act like people, but their decision-making processes are formed by a group of people rather than individualistic decision.
• Organizations, just like persons, are normatively assessed. They have moral responsibilities and are anticipated to meet them. Organizations are judged on how well they treat their employees and how well they achieve their mission.²

It cannot be absolutely argued that organizations are full-fledged moral agents. The actions of the organization depend on the individuals who collectively take decisions. These individuals are also accountable for organizational action. They, however, act as agents for the organization deriving their direction from the mission and objectives of the organization. In summary, organizations are moral agents and, like individuals, can be held morally responsible; yet, they are different than individual moral agents because they do not literally make choices and act.³ Therefore, institutions are exposed to several ethical expectations by the society.

b) Stakeholder Theory

This theory takes into account the interests and rights of the comprehensive range of individuals and organizations who cooperate with and are affected by business decision-making. It emphasizes the role of various stakeholders in the long term and success of the organization. This theory is important to business ethics because it recognizes many values and moral agency on diverse levels. A stakeholder is any individual or group of people whose role is essential to the survival and well-being of the organizations or cooperations. Stakeholders are mostly affected by the cooperation or organization and its activities and guide it in defining objectives and mission. Management, employees, shareholders, customers, suppliers, society, and the community are examples of stakeholders.⁴
This theory argues that the goal of any organization or company is to prosper the firm and all its stakeholders. It implies that profit maximization is not a problem in itself; it only becomes an issue if managers give profit-maximizing actions a preference over activities that promote the well-being of primary stakeholders, including the society. The theory challenges the arguments that a manager’s chief obligation is to maximize profits and encourages the firm to coordinate stakeholder interests. The father of stakeholder theory, R. Edward Freeman, believes that the corporations and stakeholders have reciprocal relationships in the sense they can affect each in terms of benefits and harms and in terms of duties and harms.

3. Corporate Social Responsibility: Past and Present

a) Background History of CSR

While CSR was broadly examined in the last forty years of the twentieth century, the notion that business has social responsibilities was apparent at least as early as the nineteenth century. In Britain, idealistic business managers, as the result of the Industrial Revolution, built factory towns, such as Port Sunlight (founded by William Lever in 1888), which was planned to offer employees and their families accommodation and other facilities when various parts of the newly industrialized towns were slums. CSR was mostly identical to philanthropy, and there was difficulty distinguishing business philanthropy from individual philanthropy. Early examples of CSR referred to obligations above and beyond economic and legal responsibilities. The 1960s saw the spread of the CSR notion when researchers started to focus on it and define it. Philanthropy was met with improvements in terms of employee as well as customer
relations. The following period mainly highlighted the role of management, the need to estimate, plan, and shape CSR as well as evaluate social performance. During the 1980s, a sequence of ethical disgraces affected the public view, and CSR topic was carried to the public and communities. In the 1990s, CSR notion was highly accepted and companies with good reputation were known to have good CSR practices. Nowadays, CSR is known as a rising business strategy that companies are integrating into their core activities, plans, and operations. With such growing consideration, and despite some enduring unwillingness from the management to entirely embrace the model, CSR is predicted to further improve in strength and significance, becoming a central management issue of the 21st Century and ultimately a part of standard business practice.

b) CSR: Present Day

Many factors including economic and social globalization, scientific and technological development, and better access to information emphasized the fact that ethical behavior and social responsibility is vital to organization’s practices. Social responsibility should tackle and meet other stakeholders’ interests while simultaneously increasing shareholders’ profits. Re-interpreting the view of social responsibility means that an organization should not only accomplish its economic and legal requirements but also dynamically contribute to the social good.

Legal regulation is an essential condition for respectable corporate social performance but an inadequate one. Legislation and its application confirm the legality of management decisions. National and international law associated with social responsibility are already used, but law by itself is inadequate to endorse such an ethical conduct.
Certification of social responsibility under international norms—Social Accountability SA 8000 and ISO 26000 are international norms that plan to apply better work settings based on the principles of the International Labor Organization, the United Nations Convention on Children’s Rights, and the Universal Declaration of Human Rights. It is critical for companies to adhere to a legal and ethical framework regarding business then manage and implement CSR initiatives and activities. The World Business Council for Sustainable Development (WBCSD), a coalition of 120 international companies, asks the business to undertake broader duties in the social area and assert that CSR is decisively on the universal strategy agenda. The International Business Leaders Forum (IBLF), Business for Social Responsibility (BSR), and Business in the Community (BITC) are organizations that are promoting greater consideration to CSR.

CSR is thought of as an enduring responsibility demanding organizations to act ethically. Simultaneously, they should support the financial strength of the organization, which would ultimately improve the quality of life of employees, their families, and the community. The number of organizations that carry out a socially responsible behavior is greatly increasing, meaning that citizens, and investors, are deeply aware that profit and ethical values are compatible. Embracing a socially responsible conduct can be tactical worldwide, contributing to the competitiveness of a company and protecting its reputation and brand image. CSR is achieved only if a new model of corporate governance is put in place that uses internal mechanisms of control and takes into account the public and stakeholders’ accountability.

CSR is supported by theories that signify that organizational decisions and activities influence more than just stockholders. This perspective believes that the duty of a
manager goes beyond making wealth; it also includes guarding the welfare of the environment, the community, and society as a whole in which the organization operates. Carroll suggested a Pyramid of Corporate Responsibilities that had economic duties at the bottom of the pyramid, then legal responsibilities, then moral responsibilities, which meant doing what is right, just, and fair, and avoiding or minimizing harm to stakeholders, and finally, on the peak, philanthropic responsibilities, which refers to contributing to refining the quality of life in a community.

4. Corporate Social Responsibility

a) CSR Concept

There are many definitions for CSR; all imply that CSR is influential to the achievement of a firm’s purposes, such as profit maximization, long-term success, and survival. Davis argued for the importance of socially responsible decision-making. Johnson (1971) affirmed that social responsibility was compulsory since businesses needed to balance various stakeholders’ interests and benefits to confirm the accomplishment of several goals and long-run profit maximization. In 1973, Davis argued businesses and organizations will ultimately lose the power and legitimacy granted by society if they do not behave socially responsible. This idea gained support from many researchers who started to argue for a normative approach to CSR. Researchers emphasized that organizations and companies have moral obligations and have to meet the societal expectations, as they are similar to individual moral agents.

For the purpose of this paper, CSR is defined as a business approach that generates long-term shareholder value by taking up opportunities and managing risks originating
from socially responsible decisions. Early subjects in CSR conceptualization highlighted the fact that business volunteerism was important to accomplish social responsibilities duties. Moreover, CSR was regarded as a business cost that might adversely impact affect the bottom line. Nevertheless, the emerging pattern that visions CSR and shareholder wealth as harmonizing goals is driven and inspired by a different school of thought. Drucker (1984) was the first to argue that social opportunities could be transformed into business opportunities. He suggested that businesses can turn social problems into economic benefits.

b) CSR and Health Care Organizations

For HCOs, the new consideration for CSR should take into consideration the global vast poverty-related health challenges. Nowadays, society expects more from corporations and organizations due to hard social and economic realities. They expect business to have a responsibility to stakeholders, society, and future generations. Since these expectations are different, the business enterprise or organization should identify, analyze, and prioritize the stakeholder demands to establish a realistic and practical corporate duty. The social, health, and environmental problems facing global society today suggest that a more and different responsibility have been allocated to other actors, including corporations.

Many leading stakeholders in health care hold the research-based pharmaceutical companies accountable for the deaths of millions of people living in poverty because such companies retain their prices for life-saving medicines high. These companies consider financial profits more important than human life. It is noteworthy to note that many actors are responsible for social problems, and they all share a duty to contribute to
society prospering. Duty refers to definite responsibilities stakeholders are bound to respect and follow. Each stakeholder has a particular duty depending on its role. However, the assigned responsibility has to be limited and definite, adapted to each stakeholder’s resources and role. The important responsibility of any health care organization or pharmaceutical company is to enlighten itself about its effect on society's numerous needs and objectives and to be thoughtful and responsive to the demands of stakeholders. Through this tactic, the business enterprise or organization will have a practical and defined social responsibility that is based on corporate values, resources, technical know-how, and enlightened leadership.²⁷

There are three types of CSR:

- **Required of business by society**—the "must do" aspect of social responsibility. This aspect is required for a corporation's sustainable existence. Examples include the delivery of products or services in good quality and at a fair price, compliance with laws and regulations, employment at fair and living wages and in decent working conditions, profit-making, and wise strategic decisions. For pharmaceutical companies, which are seen as the primary drivers of globalization and its main beneficiaries, they are highly expected to accomplish responsibilities that go beyond what laws require- such as correcting vulnerabilities. Moreover, they are expected to aid in donations in cases of acute emergency and perform differential prices for patients in poor countries.²⁸

- **Expected of business by society**—the "ought to do" aspect of social responsibility: this is less binding than the first obligation, but it equates to "good corporate citizenship". Examples include extra-legal obligations like avoiding
questionable practices and being fair and responsive to legitimate concerns of fair-minded stakeholders, as well as working legitimately beyond legal requirements where local legal conditions do not meet enlightened standards, such as with regard to social and environmental conduct. This dimension relates to the ten principles of the United Nations Global.²⁹

- Desired of business by society—the "can do" aspect of social responsibility, the self-actualization of which justifies public praise. Examples of the "can do" dimension include corporate philanthropy, community and neighborhood programs, volunteerism, and donations. “Desirable" actions cover a dimension of social responsibility that is neither required by law nor by standard industry practice. Delivery on the "can do" norms of social responsibility will not protect a company whose actual operations do not comply with the law or other aspects of the "must do" dimension. However, this dimension can offer people substantial social and other advantages. Examples include: free training opportunities using company structure; scholarship for children in low-income groups; psychosocial care for employees with specific diseases; Corporate philanthropy; expenditure beyond a corporation's concrete;³⁰ HCO and pharmaceutical companies, possessing both financial capitals and knowledge and experience, can donate medications for poor people or treat disadvantaged vulnerable people.³¹

5. **Central Ethical Values and Obligations of Health Care Organizations**

a) **Ethical Values of Health Care Organizations**
Health care organizations ethics has three intertwined but distinct scopes. The first is the expression of the moral compass for the organization referred to its mission, vision, and values. The Chief Executive Officer should also play the role of Chief Ethics Officer. The second dimension relates to the critical ability in identifying the ethical challenges and solving them in methodical means. The third element relates to the practical implication and integration of organizational ethics through management process. On one hand, compliance relates to meeting regulatory and legal requirements and it aids the organizations in reducing the risk of severe punishments. Such programs are obligatory and are usually recognized by top management. On the other hand, ethics programs are optional and dedicated to important standards and values. Ethically admirable organizations must hold a deep set of values applicable to the promotion of health and care of the sick and must be skilled at dealing with conflicting values that arise in health care. Organization ethics refers to organization’s attempts in defining its core values and mission, seek the best possible resolution of struggles, and run its functions to confirm that it acts according to the defined set of values. The scarcity of resources in the health care sector drives organizations to set significances in a way that is both ethically justifiable and clinically sound.

Madison Powers and Ruth Faden in their book, Social Justice, set up ethical motives why all human beings have a right to well-being. They define the six fundamental dimensions of well-being: health, personal security, reasoning, respect, attachment, and self-determination. It is proposed that governments, NGOs, and business have a synergistic responsibility to deliver these aspects. Pharmaceutical companies create medicines and therapies to help alleviate suffering while increasing profit. Yet, these
companies, if they are to be morally ethical according to Powers and Faden, should play an active part to help create access to medicine for the impoverished people around the globe. This could be achieved in many ways, including making new treatments for neglected tropical diseases (NTDs), offering free drugs to poor communities, providing donated goods to disadvantaged regions, offering low-priced price structures for critical medicines, and granting transitory patents to external companies to make life-threatening drugs. It is important to note that the health care sector cannot solve the underlying causes of poverty, however, the social circumstances for human health are more the accountability of global economic organizations ranging from the World Bank and IMF to international governments who work within this international economic structure. Thus, a partnership of the pharmaceutical companies and hospitals with governments, international institutions, NGOs might achieve social and health equity.

b) Article 14: Social Responsibility and Health

The Report of the International Bioethics Committee of UNESCO on Social Responsibility and Health has addressed this idea of social responsibility in the framework of health care delivery proposing a new standard in hospital governance. The scope of this responsible behavior necessitates hospitals and other healthcare organizations to accomplish its social and market goals, based on law and general ethical standards. The report proposes that social responsibility should be considered a moral obligation to create organizational value. The originality and the significance of this article are that it openly broadens the concept of social responsibility, applying it not only to the private sector but also to the public sector and governments in order to fulfill the
full recognition and deliverance of health care as a right to everyone based on universal ethical principles.\textsuperscript{38}

Julian Huxley, the first Director-General of UNESCO, stated that in order to make science play a part in creating peace, security and human wellbeing, it was obligatory to correlate the uses of science to values.\textsuperscript{39} This highlights the principle of social responsibility and health, which aims at re-arranging bioethical decision-making in the direction of crucial concerns of several countries (such as access to quality health care and critical medicines).\textsuperscript{40} Governments aim to promote health and social development for their people. Progress in science and technology should also increase the access level to quality health care and essential drugs, nutrition, and water. Progress in science and research should also be associated with a progress of living conditions and the environment and reduction of poverty and illiteracy rates.\textsuperscript{41} Despite the increase of new medicines and technologies, there are many global health concerns. Thus, social responsibility actions will contribute meaningfully to a decrease of inequities in health, promote human rights, and construct social capital. However, accountability and commitment and the consistent performance of professional responsibilities in the chase of social goods are always major concerns.\textsuperscript{42}

Some recent international efforts to meet the needs of the unfortunate include improved health, which also was included in the eight UN Millennium Development Goals (MDG). This includes halving poverty, halting the spread of HIV and AIDS, and offering worldwide primary education. The UN concrete action plan emphasized the fact that extreme poverty is indicative of a globe of insecurity because poverty, inequality, and disease are some of the main grounds for violent struggle and civil war. The
Millennium project assumes that the health care sector, including hospitals and the pharmaceutical industry, already has the technology and know-how to solve the majority of the problems faced in poor and developing countries. The goal was to achieve the following eight goals by the year 2015:

- Eradicate extreme poverty and hunger.
- Achieve universal primary education.
- Promote gender equality and empower women.
- Reduce child mortality.
- Improve maternal health.
- Combat HIV and AIDS, malaria and other diseases.\(^{43}\)

Development organizations have confronted the pharmaceutical industry to increase its efforts to tackle the health disaster affecting developing countries. They reflect that a socially responsible company should design, plan, and implement policies on access to treatment for developing countries which include the five significances of pricing, patent, joint public-private initiatives, research and development, and the appropriate use of drugs. They state that critical challenges continue, chiefly the issue of pricing. Recently, new projects of pharmaceutical companies have a purely charitable characteristic that will not generate profits. Examples include the new Institute for Tropical Diseases in Singapore for the discovery of drugs for HIV and AIDS and other prevalent diseases. These companies should make alliances with public, private, NGOs, international organizations and civil society to address the elements of health in a globalized world through health research and progress.\(^{44}\)

6. Ethical Principles

a) Principle of Justice
Thomas Pogge elaborates on the moral duty of western societies and companies to deliver system transformation in order to alleviate some of the world’s prevalent human grief. In his book, World Poverty and Human Rights, the comments on Articles 25 and 28 found in the United Nations Declaration on Human Rights: Everyone has the right to a standard of living satisfactory for both the health and well-being of himself and of his family, including food, clothing, housing, and medical care. Pogge then clarifies an intuitive notion examining the current globalization and interconnections that necessitate universal justice principles in which everyone should accept and share. Therefore, social justice includes the human right to health based on the idea that health is a universal human right; there must be worldwide access to medicines. Hence, pharmaceutical companies and healthcare organizations have a moral responsibility to provide access to medicine for those who cannot afford them while achieving sustainable business ends.

Justice explains how social burdens and benefits should be distributed. The egalitarian theories state that people should receive an equal distribution of health care. Based on John Rawl’s principle of Justice, the fair opportunity is vital to justice in the health care field. This implies that each person, regardless of his/ her social status, should have equal access to a sufficient level of health care. There should be a right to a decent minimum of health care: basic health care and other health-related resources.

b) Principle of Beneficence
In addition to justice principle, pharmaceutical companies and HCOs have an obligation to follow the principle of beneficence. In their Principles of Biomedical Ethics, Beauchamp and Childress describe beneficence as not simply kindness or charity, but a real obligation to support others and further their genuine benefits. Beneficence
states that one should prevent harm, remove harm, and promote good.\textsuperscript{51} It is important to note that there is an embedded beneficence assumption in all health care professions; health education and vaccination programs. HCOs have a moral responsibility to conduct research into medicines that can help those in disadvantaged regions, not just profit driving medicine for Western conditions or lifestyle medications.\textsuperscript{52} Active social responsibility requires hospitals and others healthcare organization to do something beneficial (out of beneficence duties) and not only abiding by the law or to broad ethical principles. This implies that the interests and values of all stakeholders are taken into concern.\textsuperscript{53}

7. Common Good

a) Pharmaceutical Corporations & Health Care Organizations

Pharmaceutical corporations and HCOs contribute to the common good. With their goods and services, they make different types of value added for society. For instance, current medicines and therapies, aid in reducing death rates and preventing/curing diseases. Therefore, it is argued that successful HCOs increase the quality of life of the sick, minimize costly hospitalization through researching, manufacture, and distribute drugs of high social benefits.\textsuperscript{54} HCOs should pursue their ends by contributing to their society. They own the know-how, vast resources, expertise, and management talent to solve social problems that they fully comprehend both in the developing world and in economically deprived communities. Creating shared value in practice by following a strategic approach to CSR, Porter argues that such strategic CSR efforts are fundamental to a company’s profitability, success, and competitive position.\textsuperscript{55}
Therefore, HCOs with their embedded ethical values combined with their knowledge and resources should focus their CSR activities on solving health related issues in local and international communities.

Clear and comprehensible efforts by individual actors, governments, donors, NGOs, and the private sector are required to act based on each party’s skills, techniques, knowledge, and assets. Thus, social corporate responsibility is also articulated by the readiness of the health care organization to cooperate with other parties. The pharmaceutical companies and HCO have an end that is achieved through its normal business activities like research, development, manufacturing, and selling pharmaceutical compounds to avoid premature mortality, to treat or lessen diseases, to avoid or shorten hospitalization, and to contribute to the quality of life of sick people.56

The pharmaceutical industry and hospitals are heavily regulated, on national as well as international levels.57 This triggers much exacerbation and financial stress.58 In the field of health care, the ethical and socially conscious behaviors are both the community and professions' anticipation. CSR in the health care sector is different from CSR in other businesses because medicine and medical care are vital for the good being of humanity.59 Poor individuals cannot afford expensive medications due to the market and patent requirements, the absence of generics, or affordable changes to patented medicines. This truth has become intolerable in the society’s eyes. In numerous polls, U.S. consumers rate the pharmaceutical industry as one of the most unethical businesses.60

The health care sector, in general, is a sector where the thoughts of corporate commitment, liability towards patients, ethical performance and an overall responsibility towards society are universal. David R Brennan, CEO of Astra Zeneca says,
accountability is integrated into the strategy of pharmaceutical companies because of its significant to sustained success. In illustrating pharmaceutical CSR, Heal suggests programs run by the health care sector to respond to issues related to making drugs accessible at reduced prices to impoverished populations. All the top 20 pharmaceutical companies have developed robust CSR initiatives and many have fundamental CSR teams in place. Most importantly, the pharmaceutical industry and hospitals have the technical know-how in medicine development and health care services, they have the ethical commitments of beneficence and justice to provide better development and access to medicines for underprivileged societies. CSR meets stakeholders’ demand, objectives of health care institutions, and universal ethics requirements – help lessen human suffering and improve the lives of people.

In health care, CSR means that there is an ethical obligation that requires hospitals and other organizations to do something beneficial to health-related issues such as delivering quality health care to everyone who is titled to it. Integrating social responsibility strategic planning and daily activities require time and effort by the management professionals of HCOs. Pharmaceutical companies and hospitals should tackle and meet the needs of various stakeholders and strategically focus on some.

b) CSR and Health Care

In the health care setting, a set of values should be followed such as equity in access to health care, universal coverage, and efficient resource allocation. Therefore, the implementation of a socially responsible behavior could be a vital step for a hospital to expand its competitiveness and to protect its external image. There should be a serious consideration for all stakeholders including the public and society at large: patients,
patient associations, NGOs, the environment, healthcare professionals, healthcare payers and policy makers, the government and regulatory groups. For example, a socially responsible pharmaceutical company or hospital should investigate and find which way to treat or carefully discard a waste product that may pollute the environment.

Klaus Leisinger of Novartis states that the duty of the pharmaceutical company in an international economy is to research, develop, and manufacture groundbreaking medicines that make a transformation to sick people’s quality of life, and it is their duty to do so in a profitable way. No other societal actor assumes this responsibility.

Nevertheless, several pharmaceutical companies recognize a moral duty to do more, whenever probable, to aid in lessening health problems of poor individuals all over the world. Small and Medium Enterprises (SMEs) in the health care sector usually adopt different CSR practices when compared with large corporations because they do not have the resources. However, SMEs should also pursue CSR activates in order to become and remain successful locally as well as in the international economy. Companies report their CSR practices to be accountable and transparent, in terms of corporate governance as well as environmental, social and financial sustainability.

Having a vigorous CSR program can help HCOs attract and maintain key talent. Companies and hospitals will have better social perception and community engagement. Surveys indicate that people not only desire to work for socially responsible firms, but may essentially give up a proportion of salary to do so. For instance: A 2009 Kelly Services Survey questioned around 100,000 people in 34 countries around the world. They found 88% of respondents are more probable to want to work for a company that is
considered ethically and socially responsible. 56% say that in deciding where to work, an organization’s ethical status for ethical conduct is very significant.  

Michael Porter and Mark Kramer’s view recommend companies to wisely select the social subjects they aim to solve, especially the ones that interconnect with their professional, proficiency, management talent, and know-how, arguing that corporations which choose social issues based on their expertise will have a greater impact on the social good. Williams and Aguilera (2008), in their comparative assessment of CSR, report verification in the literature regarding the impact that an occupation or an industry has on the type of CSR firm implements.

8. Corporate Social Responsibility and Competitive Advantage

a) Examples of CSR

Nonprofit hospitals have some responsibility for contributing to the general welfare of the community, as required by the Internal Revenue Service (IRS). Services and resources of nonprofit hospitals that are utilized to the advantage of groups or individuals who are not members of the plan itself are called community benefits. It is argued that community benefits form a vital part of the ethical obligations of HCOs. Many hospitals were established based on a charitable objective to serve the poor, and there is a long tradition of health-care institutions offering benefits to the surrounding community. Moreover, American hospitals have frequently provided free care and immunizations for the uninsured. In some states, community benefit system turned to be a codified effort rather than a voluntarily one via state laws necessitating HCOs to have shown concrete plans for community benefits. Moreover, it is argued that generous contributions to the
neighboring communities are a central obligation of all businesses. The pharmaceutical industry could reinterpret the notion of social responsibility by acknowledging the access of vulnerable populations to lifesaving medicines. Developing and enriching the local communities are as essential as profit maximization. Eli Lilly is one of the largest charitable foundations in the United States.\textsuperscript{74}

The pharmaceutical industry could reinterpret the notion of social responsibility by acknowledging the access of vulnerable populations to lifesaving medicines. Examples of CSR activities include offering drugs to disadvantaged populations, providing preferential pricing in the world poorest countries in an effort to aid combating diseases such as AIDS and malaria, supplying vaccines to international NGOs or UN agencies at better prices.\textsuperscript{75} Moreover, corporations should address the health and safety of employees at work from possibly toxic processes and products. For instance, hospitals should offer increased health and safety protection for technicians while working with radioactive substances in particular oncology treatment manufacturing procedures.\textsuperscript{76} Other examples include: building LEED standard Green buildings, adopting environmentally friend practices such as energy saving processes and packaging reduction,\textsuperscript{77} conserving water, and protecting the supply of clean potable water to the surrounding communities.\textsuperscript{78}

Philanthropy based CSR activities exemplify the pharmaceutical industry. The main philanthropic role should be recognized to the pharmaceutical industry is its entitlement to improve human life and offer treatment for diseases.\textsuperscript{79} Moreover, pharmaceutical companies often set up foundations in order to support, educate and better tackle a disease for which they offer a cure. For example, a company providing anti-
retroviral drugs would establish a foundation that focuses on AIDS education in Africa. Furthermore, they also deliver humanitarian action and support to various causes, often in association to a product they deliver, or to help a community they work with, or a nation where they carry out their production process or conduct clinical research.\textsuperscript{80} Additionally, the pharmaceutical companies usually fund research grants to students, universities, and educational organizations because the pharmaceutical industry is very much reliant on research and on the development of science through research.\textsuperscript{81}

b) The Link Between Competitive Advantage and Corporate Social Responsibility

Strategic CSR initiatives start with a strong strategic grounding to connection an organization’s values to investments in social issues that can reinforce the organization’s competitiveness. The CSR of HCOs and pharmaceutical companies should create a balance between their responsibilities to add value to society and the growth of the enterprises.\textsuperscript{82} Strategic CSR can be a source of opportunity and competitive advantage rather than a cost to the health organization and more than a moral obligation. Achieving both social and economic interest for the organization demands to look beyond community anticipations to opportunities. Strategic CSR should integrate society, business, and ethical values. It necessitates the corporation to act differently from competitors and reap the benefits of shared value by capitalizing in social issues that reinforce company’s competitiveness. Characteristically, the more closely tied the CSR to the company’s business, the greater the opportunity to leverage the firm’s resources and benefit society. The most strategic CSR occurs when the cooperation adds a social element to its value preposition, and this provides a new edge in competitive positioning.
This is essentially important especially in an era where exposure to liability, consumers’ awareness of social problems, and government regulations are all continually increasing. These attitudes must change if companies want to leverage the social dimension of corporate strategy. To choose the right options for CSR, managers of HCOs have to be selective and construct practical and focused social initiatives and integrate those within their core strategies.

9. Managers of Health Care Corporations

a) Virtue Ethics of Managers and Leaders at Health Care Organizations

Professional ethics, such as in healthcare, is an application of virtue ethics. This kind of ethics focuses on the moral agent and not on the results of actions taken by the moral agent. Virtue ethics lists good judgment as a fundamental characteristic of the moral agent. “Practical reasoning”, as Aristotle says, is a requirement for mental virtues, and this includes several virtues such as vision, experience, and other critical analysis skills. High moral standards of employees would provide organization’s excellence and decent ethical climate. The good character of honesty, compassion, trustworthiness, and devotion of high-level managers is an essential requirement for excellent ethical practice. However, this is not sufficient.

Enterprises with enlightened leadership should do more than just the minimum obligation described by “the must” dimension in view of the global social problems of our times. The health care organization has to entirely realize the difficult social issues, then investigate methods to do good. Enlightened leaders who own sufficient courage and imagination, will show the right signal through an organization and into the broader
society. This will achieve the expectations of the society and achieve the long-term interests of the organization.\textsuperscript{85} These leaders must integrate CSR into the cooperation’s strategy through the understanding of the competitive market environment, the connection with the corporation goals and strengths. This is critical to achieving the long-term goals of the organization and achieving better financial performance.\textsuperscript{86} Thus, CSR should be linked strongly to organizations strategic planning and monitoring process. This is more likely to happen if the institution has enlightened leadership combined with virtue ethics.

\textbf{b) Managers’ Role in Undergoing Corporate Social Responsibility Activities}

The healthcare industry is significantly regulated, but the continuing request for it to be socially responsible and ethically oriented is definite. It follows that a new organizational culture is considered crucial to overcoming the market failures that can appear in health care sector.\textsuperscript{87} Public inquiry of business activities has boosted over the last years, causing more deliberation to be placed on social contribution, social responsibility, and the ethical performance of managers and directors. This necessitates health care managers to fully comprehend the conceptions around CSR.\textsuperscript{88}

HCOs face new encounters in recent societies. The deficiency of economic sustainability of most health care systems guided to the introduction of the innovative public management to certify the existence of the welfare state.\textsuperscript{89} Due to high levels of anxiety and poverty, the criticism against globalization, increasing acknowledgment of the failure of governments to resolve many social problems, and distrust of giant businesses, there is mounting pressure on business managers and their companies to
deliver broader social value. This necessitates successful management skills and applicable use of stakeholder engagement.\textsuperscript{90}

The health care industry is in a remarkable position because it supplies both the entrepreneurial power and the skill crucial in encouraging economic development. Nevertheless, it can often be publicly disregarded if profit maximization is noticed to be the leading target. When debatable settings happen in an organization, the moral character of management who take decisions can become the heart of speculation.\textsuperscript{91} Patrick Maclagan considers the debate on the ethical or non-ethical character of the organization challenging, as these features must apply to the behavior of the members working at the organization or company. Consequently, the emphasis should be on its members, their personal values, actions, and ethical choices.\textsuperscript{92} The formal implementation of CSR by corporations could be connected with the altering personal values of managers.\textsuperscript{93} This implies that key individuals will be involved in articulating and applying companies’ CSR policy.\textsuperscript{94} Managers’ personal beliefs and values are important, and should not be constrained by the values underlying the system in which they operate.\textsuperscript{95}

In HCOs, inaccuracies in management plans and poor leadership judgments can influence all stakeholders and shareholders because actions could possibly form life-threatening consequences. Health care managers, in essence, form the structure and managerial support that makes the day-to-day activities of health care attainable. They also tend to form the ethical norms for corporations. Thus, they must have a broad understanding of a number of business values and ethical principles. They also need to
acknowledge their dual role of serving the patients and communities and making a profit, as this is a significant managerial capability.\textsuperscript{96}

Therefore, health care managers need ethical training as a meaningful part of their professional position.\textsuperscript{97} Ethical counseling may become fundamental in achieving ethical capability and developing capacities for good success.\textsuperscript{98} The manager’s responsibility is considered as a crucial one. The manager has the mission of bringing things together; of making them work together, of shaping opinions and leading all action.\textsuperscript{99} However, several factors make leadership decisions and actions morally challenged including increased presence of managed care and an aging population predestined to demand higher levels of health care than.\textsuperscript{100}

\textbf{10. Conclusion}

CSR in health care applied to hospitals and pharmaceutical companies should promote shared values and common ethical principles in new patterns of hospital governance.\textsuperscript{101} In the health care context, social responsibility has a broader field of involvement including issues related to human rights, gender equality, child labor, and the environment. The health care sector is rigorously anticipated to behave ethically and deliver treatments for all individuals. As such, it is under very tight pressures from policymakers, NGOs, media, and the public at large, especially that it has become very competitive. The importance of CSR is now well recognized in the health care sector.\textsuperscript{102} In conclusion, CSR and organizational ethics are essential to regain vanished confidence of the local and international communities and win back the admiration of skeptical patients and doubting communities. Therefore, HCOs have to have a renewed commitment to ethics.\textsuperscript{103} It is important to note that benchmarking HCOs on their CSR
performance forms inter-business rivalry, which in turn improve CSR and leads to actual access to medicine practices.\textsuperscript{104}

11. Endnotes

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