

Impact of Corporate Social Responsibility on Health Tourism: A Conceptual Analysis

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Abstract

Health tourism is one of the fastest growing service sectors internationally, and many countries are currently planning legal and practical frame works to tap into this market. Particularly, developing countries are increasingly offering state-of-the-art medical facilities and services to foreign customers. India being a developing economy invested huge funds to create health facility and offers health services at a reasonably fair price. Availability of good quality of health services and medicines at reasonably low price become a major reason for the development health tourism in India. Any hospital could enhance its services through systematic implementation of its corporate social responsibility. The services may possibly be reached to the society through the corporate social responsibility. Researchers acknowledged the significance of corporate social responsibility for health care organizations and that it is ethical price, subsidized services, government's regulations and competition in the sector prompt them to practice corporate social responsibility.

Key Word: Health tourism, Hospital Service, Health Care Facility, Corporate Social Responsibility

1. INTRODUCTION:

Health care services are an essential need of the society and it is an integral part of service industry. It is one of the fastest growing sector and highly expected service in the society. All nations try to provide good quality of health care to their citizens and encourage private participants to provide the same. However, the quality health care is not available to all citizens as expected by the authorities and the government. Health care service has become costlier due to the requirement of ample investment. Likewise, every individual in the society has the right to avail good quality health care and it is the obligation of the health care organization to deliver the same. To avail quality health care, people travel from one place to other. Today, in the globalized world people travel to other countries expecting quality health care at a fair price. Health tourism is one of the fastest growing service sectors and many countries are currently planning to tap into this market. Particularly, developing countries are increasingly offering state-of-the-art medical facilities and services to foreign customers. India being a developing economy invested huge funds to create health care facility and offers health care services at a reasonably fair price. Availability of good quality of health services and medicine at reduced price become a major reason for the development medical tourism in India. Providing quality health care at low price becomes a challenge to the health care organizations. Many corporate health care organizations introduced CSR activities tap the market and they provide variety of services to the people to attract them. CSR become a significant strategy for health care organizations for various reasons. Paper is organized as follows. Section 2 presents the objective of the study and methodology is presented in section 3. Corporate social responsibility in health care is described in section 4. CSR and health tourism is discussed in section 5 and conclusion is presented in section 6.

2. OBJECTIVES OF THE STUDY

Present study is conceptual in nature and is undertaken to know the relevance of CSR activities in health care.

3. METHODOLOGY OF THE STUDY

This descriptive study provides conceptual analysis of CSR in health care sector and examines the impact of CSR on health tourism in the available literature.

4. CORPORATE SOCIAL RESPONSIBILITY IN HEALTH CARE – REVIEW OF LITERATURE

CSR is gaining importance in health care sector as a strategy to attract the attentions of stockholders. Several researcher conducted study on the significance of CSR for health care organizations. Some of them felt that is ethical price, subsidized services, government's regulations and competition in the sector prompt them to practice CSR. Crowther (2005)¹ believe that hospitals must base their disclosure policy transparent to allow patients to identify their own orientations that should be driven mainly by CSR as a public service and not by the economic perspective of a business. His research confirms the urgent need CSR for as a global strategy for the health care system. He concludes that the health care system exists as a fundamental element that assures life and high standards of living, so it should be available to everybody and for everybody. Collins (2010)², states that managers may feel intense pressure to produce higher results with fewer resources in the current economic climate. He conducted a study to determine what CSR orientation and viewpoint future healthcare managers may hold. His results indicate that future healthcare managers may consider patient care in high regard as opposed to higher profit. His results also show that future managers within the industry may continue to adhere rules, laws, regulations, and legal sanctions to guide their actions and behaviour. Lee and Jillian (2010)³, states an increasing trend to benchmark the pharmaceutical industry on their corporate social responsibility (CSR) performance in access to medicines. They demonstrate the importance of benchmarking and transparency in creating inter-business competition and the translation of these responses to actual access to medicine practices. Brandao et al (2013)⁴ addresses the issue of CSR in health care, viz., in the hospital setting, emphasising the special governance arrangements of such complex organisations. They state that responsible behaviour requires hospitals to fulfill its social and market objectives, in accordance to the law and general ethical standards. They state that social responsibility includes aspects like abstention of harm to the environment or the protection of the interests of all the stakeholders enrolled in the delivery of health care. They conclude that adequate corporate governance and corporate strategy are the gold standard of social responsibility. They also state that in the competitive health care sector governance will be optimised if the organization culture is reframed to meet demands for clear assurances on ethical behaviour.

5. CSR AND HEALTH TOURISM

Health care providers should concentrate on health care facilities, country specific attributes, promotional strategies, and medical travel facilitators to attract people around the world. While promoting health care services, they need to give due importance to CSR. Most of the underdeveloped nation's people look in to the emerging health care destinations. A country can become health care destinations, if the health care organization concentrates on CSR in the area of development of medical tourism destination, hospital infrastructure and services. They should also select expert physician. CSR in the area of healthcare facility, country attributes, promotion strategies, medical travel facilitator attributes definitely influence the medical tourist to any places.

The Indian healthcare industry consists of hospitals, medical devices, clinical trials, outsourcing, telemedicine, medical tourism, health insurance and medical equipment. The industry is growing at a tremendous pace due to its strengthening coverage, services and increasing investments. The healthcare industry stands on four pillars – Services and staffing (health services), Pharmaceuticals, Health Financials and Devices. Hospitals staffed with doctors and nurses provide the central location for patient care and interventions. Pharmaceuticals provide drugs that help in curing patients. Health financials like Mediclaim provide support to patients and families in managing expensive treatment and surgeries. Devices support both diagnostics and surgeries. Materiality or the context for CSR is incredibly complex in healthcare, because of the nature of the industry. While the industry sells solutions to illness, thoughts and actions of healthcare players whether in pharma or managed healthcare need to be for the betterment of human health and wellbeing. Since the industry is intrinsically committed to doing public good, society has many expectations of a healthcare firm other than managing environmental impact like any other business.

Unlike other businesses where price is set by the ability to pay, for the healthcare industry, price at times is subservient to public good. In a country like India where income disparities are large, social insurance limited and an increasingly polluted environment, public good comprising of access to medicines and care, affordability

and ethical marketing rests at the heart of a healthcare company's CSR strategy. Pharma and Medical device companies market their drugs, devices to doctors, hospitals and consumers through various modes. Consumer level marketing is done through TV advertisements, which needs monitoring. Pharma companies state that they follow their self-regulatory code while marketing to doctors/hospitals. However there have been many instances where companies have violated the code. This has lead the government recently to ban freebies, cruise tickets, paid vacations and sponsorships to educational conferences and seminars etc.

Similarly, many doctors are being accused of over treating patients and undertaking needless surgeries to fulfill corporate / personal targets. Where generic drugs are sufficient, doctors are also being accused of prescribing expensive / branded ones. In the pharma industry, packaging is still emerging as a sustainability issue. There are many opportunities for pharma companies to explore sustainable packaging like Bio Plastics, Bio-based PET. Some companies are looking at replacement of PVC blister packs for tablets to eliminate the use of PVC. With growing usage of over the counter products there is a real need for companies to use sustainable, recyclable packaging materials.

5.1 Managing Waste, Water and Energy

The Indian pharmaceutical industry is ranked third largest in volume terms and 10th largest in value terms with about 24,000 players (Rana and Majumudar, 2015)⁵. India exports pharmaceutical products to more than 200 countries. The process of manufacturing these products uses large quantities of water and energy. Also, large quantities of waste are also generated. Management of medical waste and usage of large quantities of water is also a key issue for hospitals, clinics and labs. When it comes to the managed healthcare industry, a city like New Delhi with about 40000 beds generates about 60 metric tons of hospital waste per day (Rana & Majumudar, 2015)⁵ that needs to be treated and managed with care and caution. Smaller hospitals often lack both capability and resources to manage this waste.

5.2 Health Care Services, Hospital ownership

Published data fails to report the pattern or types of health care services provided to elderly by the private health care sector of India through CSR initiative (Sudarshan and Kumar, 2014)⁶. They study the health care services received by the elderly people as a part of CSR. They find that most of the hospitals provide some free or subsidised services. Further they state that a few hospitals provide free services like: Health check-up camps, subsidised medical and surgical treatment. They conclude that most of the private hospitals in Mangalore do not provide free or subsidised health care services to the elderly through a self-driven CSR initiative. There was a significant relationship between social responsibility score and hospitals' ownership. Hospital managers develop and apply appropriate policies and strategies to improve their hospitals' social responsibility level, especially through concentrating on their staff's working environment (Keyvanara and Haniye, 2015)⁷. Health care organizations have shown ethical conduct and obeyed all law and regulation in delivering the health service, however, the ability to meet all different varieties of expectations of the society is difficult to meet (Otniel, 2016)⁸. Health care organizations are searching new innovative ways of carrying out CSR activities after the introduction of Companies Act 2013. They also state that earlier contribution to the health care sector by big corporations was considered as one of the way to honour the one's social responsibility. They also state that health care organizations are also very active in CSR related activities (Preeti and Mira, 2016)⁹.

5.3 Challenge for the Health Care Sector

There is an essential need to truly embrace CSR and ethical principles that would promote equal distribution of health care resources. CSR has a broader field of involvement including issues related to human rights, gender equality, child labour, and the environment. The importance of CSR is now well recognized in the health care sector. CSR and organizational ethics are essential to regain vanished confidence of the local and international communities and win back the admiration of sceptical patients and doubting communities (Dina, 2017)¹⁰. CSR activities conducted by government hospitals will likely be able to improve the reputation of the hospital. CSR positively affects the reputation of the hospital, patient loyalty, and hospital value. CSR should be a strategic tool in improving the value of the hospital (Lubis, 2018)¹¹

6. CONCLUSION

In the recent past health tourism becomes very popular among emerging nations including India. Most of the emerging economy's experiencing huge growth in tourism sector. They encourage health tourism as a means of employment generation, income generation and to earn foreign exchange. Government and private participants invest huge funds to create their nation as health tourist hub. Any country can become health care destinations, if they develop required facilities and meet the expectations of medical tourist. It is also significant for all the participant in the sector to concentrate on CSR in the area of development of medical tourism destination, hospital infrastructure and services. According to Heuwinkel (2016)¹² CSR as a strategy to reconcile economic, environmental and social issues is not yet implemented in medical tourism. Prior studies also argues that selection of physician, healthcare facility, country attributes, promotion strategies, medical travel facilitator attributes definitely influence the medical tourist to any destinations. Health care organizations need to concentrate on this area to develop their center as a health tourist center. No doubt, adoption of CSR in health care organization becomes a vital attribute to attract medical tourists within and outside the countries.

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