

Identifying Components of Social Responsibility in Pharmaceutical Industry Companies: A Qualitative Study

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Abstract

Background: Social responsibility is a new topic in accounting literature that has been considered by researchers in various aspects. The purpose of this study was to identify the factors affecting social responsibility in pharmaceutical companies.

Methods: The present study was a qualitative content analysis research carried out in the year 2019. We performed an interview with 38 experts in the pharmaceutical industry to identify the factors affecting social responsibility in the pharmaceutical industry. In this study, the continuous comparison method of Strauss and Corbin (1998) was used to analyze the data.

Results: Based on the analysis, 25 categories and 7 main axes including environmental conditions; legal agents; and political, ethical, cultural, economic and social factors were identified as effective on social responsibility in pharmaceutical companies.

Conclusion: Based on the findings of this study, it can be concluded that adherence to social responsibility by pharmaceutical companies is associated with optimal investment, producing a better quality product, more customer satisfaction, and cost reduction. Also, identifying the components of social responsibility in pharmaceutical companies can be effective in research on the afield of social responsibility.

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Introduction

Corporate social responsibility is a new concept that has not yet been universally accepted as a single definition.¹ At present, the role of business units has changed a lot, and it is expected that they are not just thinking about increasing profitability and accountability to their work. The reason is that a business cannot operate without a community and the community needs a business.² Corporate social responsibility is intended to reflect the unity of the organization's activities and values in a way that reflects the interests of all stakeholders, including shareholders, customers, employees, investors and the general public, in the policies and practices of the organization. In other words, the organization must always consider itself part of the community, have a

sense of responsibility towards society, and strive to improve public welfare independently of the direct benefits of the company.³ The social responsibility of the organization is an essential factor for the survival of any organization. Companies and institutions work in a society that offers them various opportunities to profit and achieve their goals. In addition to this community behavior, these organizations must also be committed to meeting the needs of the community.¹ As global business has expanded, social responsibility has enhanced, and significant international development has taken place in the social responsibility movement during this century; this development is clearly obvious in the evolution of social responsibility research.⁴ In the new millennium, corporate social responsibility has played a prominent role in the academic field, and the concept of social

responsibility has emerged in some political and legal documents and has become increasingly important internationally. Today, corporate executives are faced with the dynamic and challenging task of applying social ethical standards to accountability for business practices. Increasing pressure for social responsibility is one of the most important business challenges for companies.⁵ In Iran, there are companies and institutions, both public and private, that have promoted social responsibility in their business, but despite these activities, there is no adequate understanding of the subject as a whole.⁶ There is no proper understanding of the dimensions of corporate social responsibility in our country and there is no comprehensive research to clarify the operational concept of corporate social responsibility and its nature, type and content in Iranian companies. Also, in Iran there are no specific rules or standards for corporate social responsibility separately or unified.⁷ In Iran, as a developing country, it seems necessary to increase the understanding of social responsibility in Iranian companies based on a qualitative study and its results. Another important point is that corporate social responsibility indicators are currently general guidelines and mainly take into account one or more limited social components.⁸ Therefore, the purpose of this study was to identify the factors affecting social responsibility in pharmaceutical industry companies.

Methods

The research method used in this study that was done in the year 2019 was qualitative. This is registered in Islamic Azad University of Bandar Abbas Branch with the Code of Ethics (No.1443684). The data gathering tool in this study was an interview with 38 experts in the pharmaceutical industry to identify the factors affecting social responsibility in the pharmaceutical industry. Initially, the researcher explained the purpose of the study for the participants, and if they had an informed consent to participate in the study, they would complete the relevant questionnaires. Samples were excluded if they did not wish to continue to participate in the study.

In this study, the continuous comparison method of Strauss and Corbin (1998) was used to analyze the data. During this comparison, the new data were compared with the previous ones. For example, the researcher asked questions such as whether there is something that can relate to each other? Do other contributors have the same opinion? Or what is the basic perspective on data? In the course of this comparison, the researcher attempted to formulate preliminary classified concepts. The purpose of this step was to individually identify the basic concepts that are the cornerstone of analysis in contextual theory. This comparison is also a researcher's guide to theoretical sampling. The better the comparison, the more accurate the features classified. This

process of continuous comparison of data and correction of ongoing research ensures the accuracy of the data.⁹ Strauss and Corbin believed that the underlying theory of data was collected and analyzed in alternating sequences. Thus, the analysis begins with the first interview and observation and results in the subsequent interview and observation. Further analysis may require further interviews. In fact, it is the analysis process that drives the data collection.¹⁰ In order to analyze the data, each interview was initially recorded, and after listening for several times, it was typed word for word and then entered into Max QD10 software. Data were then analyzed using three open, axial, and selective coding steps using the continuous comparison method of Strauss and Corbin.¹¹ In the open coding process, the researcher delivers the data to a degree that is clearly defined in his or her perspective. The purpose of this step is to use the data to create abstract conceptual classes to help build theory later. The process of conceptual tag designation in open coding is guided by continuous comparisons and sequential questioning. Accordingly, in the present study, during the open coding phase, the researcher studied the data line by line and word by word, and then the data were broken into sections and the basic concepts were extracted. The codes were constructed using the participants' words or arguments based on the concepts in the data. Meaning units were then compared to find the similarities and differences, and codes representing similar actions, events, and themes were grouped together to form more abstract concepts; as the classes progressed, the interviews became clearer. Since the underlying theory of the original codes is temporary, they always need to be modified during the analysis.^{9,10} The initial codes in this study were constantly revised until the final stages of writing. On the second stage of axial coding, the researcher connected the main classes with its subclasses derived from the open coding of the data and determined the pattern of the data.^{9,10} The purpose of axial codes is to identify a central idea among the identified classes. In other words, pivotal coding is the process of linking subcategories to a class that requires constant data comparison.^{9,10,12} If open data encoding seeks to break up and open raw data; on the other hand, axial encoding reunites the data with a number of possibilities and theoretical classes in order to create thought paths. The key question in axial coding is how the classes are interconnected? To answer this question, we need to clarify some of the concepts that link the current affairs in the context. Strauss and Corbin refer to these concepts as the coding paradigm and propose connecting or connecting events through the coding paradigm. This paradigm focuses on contextual phenomena, practical/interactive strategies, and outcomes. These relationships and classes are formed and examined repeatedly with interviews and data

texts. The researcher continually moves back and forth between inductive thinking (such as the development of concepts, classes, and communication from within the text) and deductive thinking (including testing concepts, classes, and communications); also, the process must be data-driven.^{12,13} The ultimate goal of central coding is to understand the central phenomenon of the data that is implemented through analysis of the context of the phenomenon, the practical/interactive strategies involved in controlling the phenomenon, and ultimately the subsequent consequences of applying these strategies. The concepts emerging in each class can be seen as a distinct phenomenon for that class which, in turn, constitutes the context and conditions for the occurrence of other classes.^{9,13} Finding the central class that underpins theory is the end result of axial coding.⁹

The accuracy and consistency of data in qualitative research is the most important issue for audiences to consider as an appropriate approach to science. Since the ultimate goal of data integrity in qualitative research is to accurately represent the experiences of the participants, there are various ideas to describe the processes that lead to the accuracy and consistency of data in qualitative research. In this regard, Lincoln and Guba (1985) propose four criteria: Credibility, Dependability, Confirmability and transferability for evaluating the accuracy and consistency of qualitative data.¹³ In this study, the researcher attempted to validate the data through long-term involvement with the data collection and analysis process; verification of the accuracy of data analysis by three experts in qualitative research, transcripts of interviews, and initial coding by the participants; and comparison of research findings with the participants' experiences. In addition, the comparative analysis used in different parts of an interview and one-on-one interviews can increase the validity of the data.¹³ In this study, the audit of research by external reviewers familiar with qualitative research was used. Therefore, all stages of the research were detailed from beginning to end, so that the external reviewer could perform the audit according to these documents. In this study, in order to eliminate the ambiguity of the research and verify the data, we made an attempt to present the whole research process in a clear manner and provide a detailed report of the research process. In this study, the researcher attempted to provide a rich description of information for critical study of the findings by other researchers in order to increase the transferability of data, so the researcher attempted to consider all aspects of the participants' behaviors, events and experiences. Providing a table of participants' individual characteristics and comparing the findings with other studies is one of the methods used to assess the transferability of the findings.

Result

In this study, 25 categories and 7 main axes were identified and the social responsibility of pharmaceutical companies was formed around these axes. Table 1 shows the final codes extracted from the interviews in full.

Table 1: Finalized codes extracted from the interviews

Axis	Category
Political factors	Expediency
	Power seeking
	Access to the national treasury
Environmental conditions	Energy saving
	Prevention and control of environmental pollution
Legal agents	Transparency requirements
Ethical factors	Product Health
	New technology
	Ethical Capacity of Managers
Cultural factors	Staff training
	Sponsor cultural-religious activities
	Native employment
Economic factors	Economic performance
	Market and region presence
	Indirect economic impacts
Social factors	Meeting the needs of the community
	Employment
	Human rights
	Supply chain
	Participation
	Business Ethics
	Corruption
Compliance with social legislation	

Discussion

Corporate social responsibility has been acknowledged as the core of their business.¹⁴ In general, the term corporate social responsibility refers to the emergence of a movement that seeks to incorporate environmental and social factors into corporate business decisions, strategy business, and accounting aiming to increase the social and environmental performance alongside economic dimensions in a way that is beneficial to the business, community and environment.¹⁵ Companies like community citizens have the best attitude towards the phenomenon of corporate social responsibility but there is a direct relationship between the amount of social responsibility of government and civil society and the level of economic, social, and cultural development of countries.⁸

Hajiha et al. (2015) conducted a study entitled "Investigating the Effect of Disclosing Social Responsibility at the Cost of Equity at Listed Companies of Tehran Stock Exchange". The results showed that disclosure of social responsibility had nothing to do with equity cost of the capital.³ Bagheri

et al. (2017) conducted a study entitled “A meta-study on Corporate Social Responsibility in Marketing Research: Related Trends and Structures”. The results showed that corporate social responsibility in marketing had grown rapidly among the researchers, and there were significant differences in the studies of this concept in marketing with management and other business areas.¹⁶ The results of the study carried out by Nik Kar et al. (2017) showed that the ratio of the number of employees to total assets; the ratio of the cost of research, development and advertising to sales; and the tax to sales ratio of the company were indicators of corporate social responsibility, which reduce the cost of companies and social responsibility effect on sticky coast behavior.¹⁷ Nemr al-Maliki et al. (2018) conducted a study “Investigating the Factors Affecting the Disclosure of Social Responsibility in Iranian and Iraqi Stock Exchange Companies”. The results showed that there was a significant relationship between the type of industry and amount of corporate social responsibility disclosure of the listed companies, but the two variables of the level of profitability and size of company had no significant relationship with the social responsibility level of Iraqi stock companies.¹⁸ Qadiri and Abdoli (1986) conducted a study on the relationship between corporate social responsibility, innovation and Performance in companies listed in Tehran stock exchange. The results showed that there was a negative and significant relationship between social responsibility and price-to-earnings per share.¹⁹ Taghizadeh et al. conducted a study entitled “Investigating the Effect of Corporate Social Responsibility on the Investment Efficiency and Innovation”. The results showed that the social responsibility of the company had a positive and significant effect on the investment efficiency and a negative and significant effect on extra investment and less than the optimal level investment.²⁰ Therefore, corporate social responsibility plays an important role in economic development and reflects the company’s continued commitment to ethical behavior.²¹ Corporate social responsibility increases the number of stakeholders versus responsible managers, thereby increasing the number of supervisors on managerial behaviors, leading to widespread contracts with stakeholders.²² Social responsibility is a mechanism that can affect how investments and company decisions are effective and improve the quality of financial reporting; also, disclosure of social responsibility is associated with the production of new products and the proper use of the results of investment in research and development.²⁰ Since this is a qualitative study, the generalizability of the results is limited.

Conclusion

Based on the findings of this study, it can be concluded that by increasing social responsibility, corporate

performance improves as well; as pharmaceutical companies adhere to social responsibility principles and indicators, they will see better performance in the long run. Pharmaceutical companies with regard to environmental conditions; legal agents; and political, ethical, cultural, economic and social factors may incur costs, but in the long run, the benefits of considering these indicators may outweigh the costs. This will improve performance and productivity, and have competitive advantage. Therefore, since there is a positive relationship between corporate social responsibility and corporate performance, all corporate social responsibility practitioners, including academics, managers, executives, analysts and investors, are suggested to coordinate economic, social and cultural sectors towards social responsibility and sustainable development. Also, applying these results will be effective in social responsibility research.

Contributing authors

Masume Bazrafshan designed, implemented and analyzed the study. Hamid Reza Vakili Fard, Bijan Abedini, and Davood Khodadadi supervised the study well and edited the final version of the article.

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