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Benchmarking and Transparency: Incentives for the Pharmaceutical Industry's Corporate Social Responsibility

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ABSTRACT. With over 2 billion people lacking medicines for treatable diseases and 14 million people dying annually from infectious disease, there is undeniable need for increased access to medicines. There has been an increasing trend to benchmark the pharmaceutical industry on their corporate social responsibility (CSR) performance in access to medicines. Benchmarking creates a competitive inter-business environment and acts as incentive for improving CSR. This article investigates the corporate feedback discourses pharmaceutical companies make in response to criticisms from benchmarking reports. It determines whether these responses are part of a healthy process in increasing access to medicines or a barrier to improvement. A qualitative analysis on the feedback the industry provided was performed, and the responses seen in these statements were grouped by analysing the language used, the ideas portrayed and attitudes of the companies. Increasing transparency through benchmarking is a powerful tool which reveals the industry's shortfalls to the public, affects the decisions of socially responsible investors, and is a risk to their financial bottom line. This article demonstrates the importance of benchmarking and transparency in creating inter-business competition and the translation of these responses to actual access to medicine practices.

KEY WORDS: benchmarking, corporate social responsibility, pharmaceutical industry, socially responsible investing, transparency

The pharmaceutical industry and corporate social responsibility (CSR)

Medicines are a necessity which saves lives, reduce suffering and improve health. The need for increased global access to medicines is undeniable. This is exemplified by over 2 billion people lacking access to medicines or vaccines for treatable diseases – which equates to approximately one-third of the world's population. This number can rise to 50% in areas of Africa and South East Asia. Also, with 15% of the world's population consuming over 90% of pharmaceuticals (UN, 2007a), there is a definite inequality in the access to medicines between the developing and undeveloped world. The World Health Organization (WHO) estimates that should there be a scaling up of medicinal interventions, there is a potential to save over 10 million lives per year. However, the two main challenges to increasing global access to medicines, as reported by the United Nations (UN), are making more affordable existing medications and the development of new medications to treat diseases of the poor. The issues surrounding these challenges are multi-faceted and their solutions require involvement from many stakeholders – including governments, international organizations, NGOs and participation from the pharmaceutical industry.

The pharmaceutical industry's role in the global economy is to research, develop and produce innovative medicines which have the ability to save sick people's lives. At the same time, as corporations, they have a duty to increase profits. Further, the industry faces a diverse group of stakeholders including patients, health professionals, the media, regulators, political authorities and the general public when integrating CSR into its business – and unequivocally faces the scrutiny of each of these when doing so (Esteban, 2008). Thus, there is a special pressure placed on the shoulders of the pharmaceutical industry and the level of their engagement in CSR activities. Oxfam, one of the world's forefront NGOs writes,

> …society expects pharmaceutical companies – with their privileged access to a global market – to develop

> necessary products at prices that are affordable…The pharmaceutical industry is expected to fulfil these requirements reliably and sustainably, and by so doing, play its part in the wider responsibilities to improve the health of all.
>
> Oxfam Investing for Life (2007)

The foundation of the pharmaceutical industry's CSR is in the WHO's 1946 constitution, stating the 'right to the highest attainable standard of health… as a fundamental right of every human being…'. This right is continually affirmed within the realm of international agencies. In the UN's general Comment 14, it says that although states are ultimately accountable for the right to health, 'the private business… [also]… have responsibilities regarding the realization of the right to health'. The UN Millennium Development Goal 8 (Develop a Global Partnership for Development) target 17 states, 'In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries' (UN, 2005). These international agencies' policies, however, cannot be enforced by law. Rather, companies are meant to implement them by voluntary efforts, which are often insufficient and leads to meaningless CSR policies (Flanagan and Whiteman, 2006, p. 66).

From an ethical point of view, pharmaceutical companies should give back to society in addition to performing their regular roles – that is, to research, develop and produce medicines in a profitable way. The industry is criticized for tolerating excessive prices for life-saving medicines for those in the developed world. Is it morally acceptable to put corporate profits before a human life (Leisinger, 2005, p. 579)? The five commonly held reasons pharmaceutical companies bear the moral obligation to aid the global poor are outlined in an article by Chang (2006). Although he proceeds to question these generally held principles, they still hold as the current arguments of support: (1) pharmaceutical companies produce life saving drugs with a relatively low production cost, and this alone holds them morally responsible to help those in need; (2) because pharmaceutical companies heavily benefit from both governmental and public support (for example, patent protection or university research), they must reciprocate this support to the public in need; (3) pharmaceutical companies are able to share their intellectual property rights on products which can save lives in the developing world (for example by allowing countries to generically produce these drugs themselves), without affecting their for-profit products. This puts them in a distinct position over other types of companies as their financial bottom line would not be affected; (4) the impoverished world is often a stakeholder to the industry which is neglected as perceived by the western world. If this is true, why should they be required to follow the procedures of the western world, moreover, be restricted access to medicines based on their intellectual property rights? and (5) pharmaceutical companies consistently produce larger profit margins than any other, and thus have a moral duty to help those who have less. Resnik (2001) also argues on the moral basis for the pharmaceutical industry to aid the global poor:

> …corporations are like moral agents in that they make decisions that have important effects on human beings. In making these decisions, corporations can decide to either accept or ignore social values, such as respect for the environment, public safety, and so on… In particular, corporations have obligations to avoid causing harm and to promote social welfare and justice…Since pharmaceutical companies are corporations, they also have social responsibilities.

Further, based on the above argument, and the principles of beneficence and justice, he argues that pharmaceutical companies have a social obligation to promote the welfare of humankind.

Both human rights and ethical arguments have traditionally formed the basis of urging the pharmaceutical industry to improve their CSR involvement. This article argues that in addition to these, companies can compete to achieve superior Socially Responsible Investment (SRI) ratings to improve access to medicines results, thereby saving millions of lives. The idea of creating an inter-business competitive CSR environment, through SRI ratings, recognizes and takes advantage of pharmaceutical companies being primarily driven to increase their financial bottom line – just as any other business. The keys to realizing this potential is through accurate benchmarking and transparency of pharmaceutical CSR practices. Paul Hunt, the former UN Special Rapporteur on the Right to Health said of benchmarking (UN, 2007b):

> Pharmaceutical companies have a profound impact – both positive and negative – on Governments' ability to realize the right to the highest attainable standard of health. It is time to identify what pharmaceutical companies should do to help realize the human right to medicine. How can we expect pharmaceutical companies to respect human rights if we fail to explain what they are expected to do?

This article demonstrates the importance of benchmarking and transparency in creating inter-business competition through analysing how companies have responded to current benchmarking efforts and the translation of these responses to actual access to medicine practices.

Benchmarking the pharmaceutical industry

With the continual criticism the pharmaceutical industry faces, there is an unequivocal need for proper assessments of what exactly is being done – to both justify the current criticisms and provide the transparency necessary for further assessments. This can be accomplished through appropriate benchmarks applied to their performance with regard to access to medicines. Persistent scrutiny from civil society would lead to increased transparency of pharmaceutical companies' performance, putting pressures on the industry to end secrecies around their price-setting (Oxfam Investing for Life, 2007). While the industry has made some advancement in access to medicines performance, the actual amount of progress made can be contested, and so it is crucial to establish objective parameters to measure progress (Musungu, 2006, p. 369). As health being tied to human rights is a relatively new concept, so too are the ways to measure health decisions and their effectiveness (Gruskin et al., 2007, p. 453). There needs to be a way to measure the effectiveness of existing methods of assessment and indicators of human rights concerns, and the extent these indicators need to change (Gruskin et al., 2007, p. 453). In comparison to mature fields, such as environmental CSR, which have been benchmarking outcomes for several decades, the pharmaceutical industry is in infancy. There is a lack of significant literature in the pharmaceutical industry about reporting to their stakeholders (Sweeney and Coughlan, 2008, p. 117).

Only recently have there been attempts to benchmark the pharmaceutical industry's efforts in access to medicines. Three recent pharmaceutical benchmarking reports include: The Interfaith Center of Corporate Responsibility (ICCR) Benchmarking AIDS (Hartsough et al., 2006), Oxfam's Investing for Life and the Access to Medicines index (Menou et al., 2008). These were released in 2006, 2007 and 2008, respectively. The motive for benchmarking can be best explained by the authors themselves, and each has stated their purposes in the introductions. Benchmarking AIDS states, the 'report will measure how effectively companies are addressing these two fundamental problems (failure to develop new medicines, and lack of access to existing medicines) by comparing actual pharmaceutical responses against industry best practices'. They further wish to determine which companies are more effectively involved in these best practices. The Investing for Life paper 'seeks to establish how far companies have gone in demonstrating their commitments in the 5 years since [our last report]'. Also, to advance ideas as to why there has been resistance from pharmaceutical companies to meet their responsibilities. And finally, it hopes to encourage companies towards a progressive approach with the provided outline. The Access to Medicines index states three goals. In short: (1) to supply all stakeholders with impartial and accurate information regarding pharmaceutical companies and access to medicines, (2) to increase transparency in pharmaceutical companies in order to assess, monitor and improve their performance, including public and investor profiles; (3) to provide a platform for all stakeholders to discuss best practices.

Oxfam and the ICCR's mission statements may further provide some understanding as to why these benchmarking reports were written targeting the pharmaceutical industry's access to medicines involvement, respectively: (1) 'Oxfam International is an international group of independent non-governmental organizations (NGO) dedicated to fighting poverty and related injustice around the world.… Oxfam believes that… Poverty and powerlessness are avoidable and can be eliminated by human action and political will… that basic human needs and rights can be met…' and, (2) 'Through the lens of faith, ICCR builds a more just and sustainable world by integrating social values into corporate and investor actions. NGOs and pharmaceutical companies share a dynamic relationship. For instance, NGO's and media are often the broadcasters of bad news surrounding a company' (Ketola, 2007, p. 429). Also, they often make critically evident gaps between corporate values and their actual practices. Meanwhile, companies are underestimating their irresponsible actions and overstating responsible ones. These differences are expected, as the internal values and roles of each organization are inherently different. The role of an NGO can be defined to include 'activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development' (World Bank, 1989). A corporation's role, as defined by economist Milton Freidman, is to increase its profits (Friedman, 1970). Tensions between the two are due to their differences in purposes, and a lack of knowledge and mutual understanding, causing mistrust (Leisinger, 2007, p. 333). Organizations such as Oxfam or the ICCR which criticize pharmaceutical companies act as an interest group which companies must often defend against.

Currently, intrigued by the potential for an increase in socially responsible investing, a new mutually beneficial relationship is arising. The benefits for this form of alliance for the NGO are that they gain a broadened range of people they can influence, the ability to learn new skills and disciplines, and increased financial support. In turn, corporations receive the good reputation and moral influence of the NGO, gain contacts with leaders and countries the NGO has ties to, expertise into the particular area of the NGO's interest, and the tax-benefits of working with the NGO (Fox, 2001). Our article further explores this developing relationship and future benefits which may arise from it, through a qualitative analysis of company attitudes and feedback towards current benchmarking standards of pharmaceutical CSR. This is based on two major publications: the ICCR Benchmarking AIDS and Oxfam's Investing for Life.

The term corporate public discourse (CPD) is defined by separating it into its three component terms. First, 'corporate' is a 'social entity that possesses the power to affect and change whole societies'. Next, 'public' is that which is 'open, visible, and available to all to accept or refuse'. Finally, 'discourse' is defined as 'language as meaningful social action: a key instrument of individuals' and groups' participation in social roles, social contexts, social situations, and social processes' (Fox and Fox, 2004). Examples of CPD include a corporation's mission statement, annual report, news bulletin, webpage, a CEO's media interview or a CEO's media address. The significance of corporate discourses and their ability to affect a corporation's public image has been debated. For instance, a corporation's rhetoric often differs from their values and actions (Ketola, 2007), and this difference can be demonstrated by companies eagerly releasing discourse regarding their 'fine values', while defending against accusations from different interest groups on company actions. This may largely be due to the increasing essentiality of image to corporations, leading to various established methods for firms to prevent or restore any image problems they face (Benoit, 1997, p. 177).

The Business and Human Rights Resource Center (at www.business-humanrights.org) invited each of the companies benchmarked to respond to the reports, which are now available for public access. The documents posted on the internet then act as a CPD. In total, 18 statements were directly made in response to benchmarking guidelines. The ICCR Benchmarking AIDS report received 10 company responses in total, and the Oxfam Investing for Life report received 8 (see Appendix). Our report identifies and groups the responses seen in these statements.

Results seen in feedback responses

Tables I and II display the results of a qualitative analysis on the feedback discourses companies made in response to the two benchmarking publications. Five responses were commonly given when analysing the discourses. These included the tendency for companies to:

1. Be disappointed or claim the report is inaccurate.
2. Identify the company's own CSR practices.
3. Be dissatisfied with the amount of input reflected in the benchmarking report that companies provided.
4. Emphasize that increasing access to medicines is a multi-stakeholder issue and not the

responsibility of the pharmaceutical industry alone.
5. Feel the pharmaceutical industry is not receiving the proper acknowledgement for its current CSR practices.

First response: be disappointed or claim the report is inaccurate

'Technocracy' is one method that companies have employed to gain leverage against critiques. This is where 'trained experts rule by virtue of their specialized knowledge' (Fischer, 1990, p. 17 cited in Eden, 1999, p. 1297). Built on this concept is 'technocratic rationality', the 'policy legitimation which is dependent on specialization, expertise, and professionalization' (Eden, 1999, p. 1297). This means lobbyists need expertise, specialization and must be representative of specific groups with knowledge, in order to have any grounds of influence on companies. Thus, any NGOs, lay people or community groups who wish to influence CSR are not taken seriously, unless equipped with proper credentials. Industry often suggests that 'only they are "expert" enough to develop appropriate regulatory criteria, because they alone are specialists in their particular operations and processes'. The business argument claims,

> …only business has adequate experience of the technologies and economics of its 'real world' operations, so only business can know the 'true' situation and potential for amelioration; moreover, if regulators do not take business advice, then they will set impossible standards far beyond current technological or economic capability, and therefore compliance will be poor. This sets up an asymmetry of knowledge between regulator and regulated, in which it is argued that the regulator cannot simply tell companies what to do and be sure of the outcome (Eden, 1999, p. 1298).

This concept can be applied to pharmaceutical companies. Their responses included language indicating disappointments, inaccuracies, or wrongfulness in the benchmarks. For instance, GSK has said about Oxfam's benchmarks, 'we do not believe [Intellectual Property (IP)] benchmarks used in the report are realistic or meaningful'.[1] They make this claim on the classic basis that IP is necessary in order to provide the research industry with incentive. Or, Merck responds to the same Oxfam paper by stating that, 'Oxfam has created an unrealistic set of measures by which to assess industry efforts – most of which aren't directly related to improving access to medicines'. And, conclude by saying Oxfam has 'published inaccurate and unbalanced reports'.[2] Pfizer, in response to ICCR's benchmarking AIDS report, says 'Limited assessments of best practices are not a useful method to benchmark pharmaceutical companies'.[3] This statement concurs with their response to Oxfam as they compellingly write in opposition to it:

> The Oxfam paper does not engage in any substantive discussion of the obstacles that continue to prevent poor patients from accessing [Essential Drugs] and other medicines. Rather, it rests its dubious conclusion on the proposition that IP is a considerable barrier to access, and it provides no evidence that this premise has any basis in fact. We accept that Oxfam may neither like nor agree with some of the legitimate enforcement mechanisms necessary to ensure that the IP system actually works. However, we would respectfully submit that Oxfam should acknowledge at least some benefits that patients past, present and future derive from this paradigm. In its refusal to do so, or to present a single evidentiary point for its distorted conclusions about the barriers to access presented by IP, the Oxfam paper is unbalanced, unsubstantiated, and conclusory, representing a tract that exalts political rhetoric over scientific rigour and analysis.[4]

These examples of company responses demonstrate the pharmaceutical industry's attitudes towards NGO's. In their view, NGO's are not appropriately knowledgeable to create standards and benchmarks. Rather, companies believe their practices are correct and sufficiently match the standards required of them.

Second response: identifying the company's own CSR practices

In response to benchmarking, companies have highlighted their own specific practices while explaining the importance and significance of them. In some cases, they further question why these

TABLE I

Company responses to Oxfam Investing for Life

Responses	Disappointment or inaccuracies seen	Identifies its own CSR practices	Dissatisfaction with input reflected in report	Shared responsibility of all stakeholders	Companies not being acknowledged
Abbot	V	V	V	V	V
Astra Zeneca	V	V	V	V	
GSK	V	V	V	V	V
Johnson and Johnson	V				
Merck	V	V	V	V	V
Novartis		V		V	
Pfizer	V	V	V	V	V
Sanofi Aventis	V	V		V	V

TABLE II

Company responses to ICCR Benchmarking AIDS

Responses:	Disappointment or inaccuracies seen	Identifies its own CSR practices	Dissatisfaction with input reflected in report	Shared responsibility of all stakeholders	Companies not being acknowledged
GSK	V	V	V	V	
Novartis		V		V	
Pfizer	V		V	V	V
Merck	V	V	V	V	V
AstraZeneca					V
Abbot		V			
Boehringer Ingleheim		V			
Bristol-Myers Squibb		V			

practices were left out of the report and validate them. In GSK's response to *Benchmarking AIDS*, the company defends itself in categories where it received a score of one or two of five. For instance, it received a score of two in the fixed dose combinations (FDC) category. In response, GSK explains the difficulties in combining active ingredients and showcases their willingness for collaboration and current collaboration with Boehringer-Ingelheim to develop a co-pack of Combivir with nevirapine. Further, with regard to patent relaxation in which GSK received a score of one, the report penalizes GSK for withdrawing a patent application by India for Combivir. Still, GSK strongly states that they believe the role of IP in access to medicines is 'overstated' and that 'this 'best practice' is overvalued as a mechanism for access to medicines' and thus is not appropriate. They conclude their report by stating that they believe their practices are 'appropriate for GSK, and do not represent a barrier to access or threat to our reputation'.[5]

Another example is found in Merck's response to the Oxfam paper, in which the company profiles its Mectizan Donation Program for the treatment of river blindness. The company responds by stating that their Mectizan program is not only an example of *some* success as a disease eradication program; rather, it epitomizes itself and proclaims their program to *exemplify* a model program which utilizes a public private partnership in the fight against disease eradication. It claims that 'Oxfam has chosen to *downplay* the major advances that have been made in the fight against river blindness…'[6] and showcases some of its successes. This includes the millions in Africa who receive treatment for river blindness or the 40,000 cases of river blindness which are prevented each year. When companies respond by justifying why their actions are correct in comparison to the benchmarks, it raises questions on the significance these benchmarks have on companies. In other words, if benchmarks are intended to provide ratings for companies, but companies are not in agreement with the standards, then the benchmarks lose meaning.

Third response – be dissatisfied with the amount of input reflected in the benchmarking report that companies provided

Benchmarking reports are meant to be accurate in evaluating real practices. In order to accomplish this, both Oxfam and ICCR individually interviewed companies for deeper insight, rather then only using external publications. Appendix 2 of the Oxfam report outlines the dates each company was interviewed, and the ICCR explains they had constant dialogue with companies. Despite this, companies criticize that much of what they said during these interviews and the comments they made were excluded from final publications. Astra Zeneca responds by being 'disappointed that the final report does not reflect the extensive dialogue we have had with Oxfam'.[7] GSK responds to the ICCR report by stating that 'GSK had an opportunity in March 2006 to provide comments on an early draft of the ICCR report. Some of these are reflected in the final report, however, the fundamental point that improving healthcare in the developing world requires a global partnership is not well reflected in the final report. We did not see the methodology for the scoring or GSK's scores until the final report was published so were unable to comment on these'.[8] Another powerful example of this type of response can be seen in Merck's reply,

> …relatively little of the information we provided in our conversations and correspondence with the ICCR seems to have made its way into the final publication. Instead, the ICCR study relies heavily on reports, often outdated, by those who have been critical in the past of Merck and the pharmaceutical industry, without updating the information or making use of the relevant and readily available reports from such organizations…[9]

This type of response displays the discordance between the NGO's and pharmaceutical companies. The lack of cooperation exemplifies the potential flaw in the application of proper benchmarking processes. In order for benchmarking to achieve its purpose, there must be improvement objectives and an action plan made in collaboration by both the firm and the partner performing the benchmarking. Partnerships are required in the benchmarking process; however, as seen in this response, it is absent. With this fragile association between the two, it is difficult to foresee how much significance there is to current benchmarking practices. If no partnership exists between pharmaceutical companies and the organizations benchmarking, under what accord should companies be under their influence?

Fourth response – access to medicines is a multi-stakeholder issue and not the responsibility of the pharmaceutical industry alone

The majority of companies make clear the importance of a multi-stakeholder approach to improving access to medicines. For instance, Abbott Laboratories criticizes the Oxfam paper for suggesting that simple solutions exist for solving a very complex problem. They claim that the paper 'does not acknowledge that fighting the HIV epidemic requires the shared responsibility and shared commitment of all stakeholders in global health, but it rather places a strong focus on the pharmaceutical industry'.[10] Abbott then suggests that other stakeholders, such as developed countries and NGO's play a role similar to the companies themselves. Sanofi Aventis statement to Oxfam also strongly suggests the need for other stakeholders:

> Importantly, in our opinion, the report does not sufficiently recognize the fact that 'access to health' cannot be limited to 'access to medicines'. Of course, medicines play a critical role in improving health, but

> 'access to health' depends on many other stakeholders that the pharmaceutical industry alone, in particular governments and public agencies. Confusing the two issues leads to pointing at the pharmaceutical industry as the main culprit for insufficient access to health in developing countries, which we believe is just not true.[11]

There is strong ground for this response to be made as solving access to medicines issues are built on the contributions from all stakeholders, and surely beyond the scope of solely the pharmaceutical industry. This fact is made evident repeatedly in documents outlining solutions to access to medicines. Is it natural for companies to respond in this manner when both the Oxfam and ICCR publications are directed towards the industry and not those other stakeholders? It may be understandable as this information is available to the public, which may influence their response in order to maintain a good image leading to a difference in position from each side. However, each stakeholder has a unique position to improve access to medicines and each requires specific guidelines laid out for them.

Fifth response – proper acknowledgement is not being received for current CSR practices

The importance of providing business incentives for corporations who strive to be a part of alleviating the global health problem is paramount (Leisinger, 2007). The term 'reputation capital' is when deserving companies are rewarded for their actions. There is a growing emphasizes on the need for reputation capital in order to help facilitate a change in corporate attitudes towards helping the global poor. Leisinger provides insight on this topic:

> Assuming that the 'value set' of mainstream managers is unlikely to change overnight, the prospects for more companies becoming engaged in the fight against extreme poverty are therefore sobering... This perspective could change if there were more positive feed-back from society for those managers and companies who are doing 'the right thing' from a global development point of view. If the individuals and organizations (i.e. NGOs, churches, and the political world) who most audibly advocate poverty alleviation went on record in support of the most active corporations, thereby 'donating' reputation capital to companies most deserving it, the media would probably follow in making such corporate deeds and issue for public debate. Is it too much to ask that credit be given to those corporate leaders who engage in the fight against misery? (Leisinger, 2007, p. 333).

With this argument in mind, it then becomes a confusing matter why these benchmarking reports are exceedingly critical towards the pharmaceutical companies. The pharmaceutical industry prominently brings this lack of acknowledgement forth in their responses to the benchmarking reports. GSK's statement on the Oxfam paper strongly demonstrates this,

> The industry is making significant contribution to improving healthcare in the developing world, and there have been significant improvements in the past 5 years. We believe this contribution is understated in the Oxfam paper... [it] fails to acknowledge the significant improvements in investments in R&D by GSK and others in the industry as a whole.[12]

With the growing movement for investors to put their money towards socially responsible companies, this is now a new driving force for society to impose upon the pharmaceutical industry.

Discussion

Background information

CSR is a business practice concept which in the past decade has become of increasing importance to companies. It has been suggested to be a broad, complex and evolving concept, which is ambiguous and subjective with unclear boundaries (Sweeney and Coughlan, 2008, p. 113). Some other definitions used in the literature include McWilliams and Siegel (2001, p. 207) who define CSR as 'actions that appear to further some social good, beyond the interest of the firm and that which is required by law...CSR means going *beyond* obeying the law'. Or, Hemingway and Maclagon (2004, p. 33) define it as the 'extent to which companies should promote human rights, democracy, community improvement and sustainable development objectives through the world'. Since the definition of CSR is not universally agreed upon, it can be seen as a vague and intangible term which is open to one's own interpretation (Frankental, 2001). A lack of a clear CSR definition has made it difficult to produce guidelines for companies to follow with respect to their CSR activities.

Companies are now devoting more of their resources to CSR practices. A survey conducted in 2007 by the Economist Intelligence Unit shows that over the past 3 years, greater than 20% of corporations are now giving 'high' priority to CSR activities. In a 2008 study, it was concluded that CEOs plan to further increase their CSR investments by over 25% over the next 3 years (Businessassurance.com, 2008). This can be attributed to regulatory frameworks placing new demands on corporations, corporate actors mobilizing to aid in state development and managerial trends (Sahlin-Andersson, 2006, pp. 595–596). Other reasons for this may include companies having to work to protect their reputations, NGOs watching over corporate activities, and new rankings and rating systems putting pressure on companies to report their non-financial performance in addition to their financial results (Franklin, 2008). With this increase in CSR practices, companies have been striving to achieve a favourable rating on their performance which can often result in awards, applause, sales and reputation (Márquez and Fombrun, 2005). However, it has been heavily debated whether companies with elaborate CSR programs benefit, either financially or strategically. In literature analysing correlations between a company's CSR performance and their financial performance, three main outcomes are found (McWilliams et al., 2006, pp. 11–12): (1) a negative correlation exists – companies are at a competitive disadvantage by spending resources on CSR (Brammer et al., 2006); (2) a neutral correlation exists – there is no relationship between CSR and financial performance (McWilliams and Siegel, 2000) and (3) a positive correlation exists – companies are at a competitive advantage by engaging in CSR activities (Waddock and Graves, 1997). In a study performed by Renneboog et al. (2008), it was concluded that it is a 'puzzle' whether investing in socially sound companies would indeed produce superior returns. Indeed, in an article by McWilliams et al. (2006), a table is presented (p. 11) which reviews empirical papers on CSR, and shows the various outcomes of studies for each of the three possible correlations. Burke and Logsdon (1996), however, suggests it is fundamentally understood that those companies which support CSR benefit themselves, their stakeholders and society in general.

Regardless of the mixed evidence for the correlation of corporate returns to CSR practice, socially responsible investing has been an escalating practice over the past decade (Renneboog et al., 2008). From 2005 to 2007, assets controlled under socially responsible investing increased by more than 18% as reported by the Social Investment Forum. In addition, from 1995 to 2007, the total SRI controlled assets rose from $639 billion to $2.5 trillion. This is an increase of 324% versus a 260% increase of normally controlled investments. In the US, 11% of all professionally managed funds are now tied to CSR.

The broadest definition of SRI is investing in companies based on both financial and social performance (Starr, 2008, p. 51). A company's social performance, for example, can include its practices in the environment, workplace safety, adopting labour standards or contributing to its local communities (Starr, 2008, p. 51). With both profits and social performance in mind, SRI is an investment which in addition to generating profits is also aimed to do good – implying that a primary objective is to achieve social objectives (Rubin, 2008, p. 52). However, this investing concept is in a state of evolution as both companies and investors are now taking advantage of the fact that improving their social practices, could be a competitive advantage over companies in the same industry. From an investor's perspective, this advantage titled 'value-seeking' is when the main purpose of their investments is to judge how much a company's social and environmental performance can positively affect a company's stock price. Although these investors do practice SRI, their main purpose is to increase profits by using a company's social performance as a screening method to determine where to invest (Rubin, 2008, p. 52). There are several indexes to help investors with this, including the largely popular Domini 400 Social Index (DS400). This index is a benchmark of socially responsible companies based on criteria such as community relations, diversity and human rights (Rubin, 2008, p. 53). For some companies, SRI has compelled them to consider the potential financial benefits that socially responsible investors would bring.

Discussion of results

In the relationship between the pharmaceutical industry and NGOs, companies continually receive criticism for their efforts as 'sweeping negative judgements' are cast towards the industry as a whole (Leisinger, 2007, p. 333). This statement is confirmed in response five through the lack of proper acknowledgement companies claim they should receive for their contributions. In order to gauge where the pharmaceutical industry stands in facing criticisms from the ICCR and Oxfam, the matrix of responses created by Swajkowski (1992 cited in Ketola, 1999) was applied to the five responses identified. This matrix outlines a company's possible 'psychological defences' when facing accusations: (1) *refusals* or denials – when organizations admit neither net harm nor responsibility for misconduct; (2) *excuses* – when an organization admits net harm, but not responsibility for the misconduct; (3) *justifications* – when an organization admits responsibility for misconduct, but does not admit that their misconduct has caused harm and (4) *concessions* – when an organization admits both net harm and responsibility for misconduct. In our article, misconduct is defined as the lack of substantiation, as reported by the benchmarking reports, which pharmaceutical companies display in their CSR towards access to medicines. Our analysis of feedback discourses display the pharmaceutical industry being predominantly in the excuses phase of their psychological defences: when an organization claims that someone else is responsible for the occurrence. In almost all discourses, companies admit that lack of access to medicines is a major global health issue and that the industry does and can play a role in alleviating it – *admitting net harm*. However, as in response to four of the analysis, these same companies also insist that access to medicines is a multi-stakeholder issue in which the pharmaceutical industry only single player of many.

Zadek (2004) describes the five stages an organization must learn and pass through in order to appropriately handle corporate responsibility issues. He uses them to explain the struggle between the social activists and NGOs versus Nike occurring during the nineties regarding sweatshop conditions. In the 'defensive' stage, a company is faced with unexpected criticism and responds through denials between practices and negative accusations. In the 'compliance' stage, corporations create value by simply doing as much as they have to. They protect the company's reputation through creation of corporate policy which is visible to the society's scrutiny. In the 'managerial' stage, companies realize that problems cannot simply be solved through public relations, but rather, managers at the core business levels must deal with them. In the 'strategic' stage, companies learn that a socially responsible business strategy can give it a competitive advantage over others and contribute to long-term success. Finally, in the 'civil' stage of response, companies become promoters in the advancement of society's concerns. This same framework can be used to describe the pharmaceutical industry and their response to criticisms in access to medicines. Pharmaceutical companies have sophisticated CSR programs devoted to ensuring societal sustainability. These values and practices are often already implemented into the company's core values. They partner themselves with numerous NGOs and international organizations, and deserve much credit to the increased access to medicines available today. Their actions are showcased through annual CSR reports which are advanced and transparent in their accomplishments. These activities would classify the industry beyond the early stages of organizational learning, and within the realm of the strategic and civil stages. As discovered by our analysis of the feedback discourses, however, their responses display the defensive and excusatory attitude of the industry when benchmarked. This is in sync with the idea that companies respond to preserve criticism by providing evidence that inappropriate standards were used in evaluating company actions (Bradford and Garrett, 1995 cited in Ketola, 1999, p. 424). These types of responses place pharmaceutical companies in an earlier stage defensive stage of organizational development according Zadek's learning stages. Ketola (2007, p. 424) writes that 'managerial and organizational psychological defences have an important role in the slow, and often painful, change process towards a more responsible corporation. Zadek confirms this as he writes that 'organizations' learning pathways are complex and iterative. Companies can make great strides in one area only to take a few steps back when a new demand is made of them'. In the same way, 'the exercise of corporate social responsibility can be viewed in practice as a dynamic negotiation, an interaction between multiple actors' (Flanagan and Whiteman, 2007, p. 72). These statements allow one to better understand the path the pharmaceutical industry is undertaking. Corporations must undergo stages in their attitudes towards corporate responsibility issues in order to be in the 'civil' stage of responsibility.

There are, however, barriers to Zadek's learning stages, and these six fundamental paradoxes outlined in Frankental's (2001) 'Corporate Social Responsibility – a PR invention', must be addressed in order for CSR to have any real substance. One of these includes the 'systematic denial of wrongdoing'. He writes that 'any company that aspires to be socially responsible must be prepared to admit to its shortcomings and mistakes'. He concludes that, 'denial is a function of crisis management, news management and public relations. It serves as a barrier to CSR, which requires openness, transparency, a critical faculty and a willingness to learn lessons from past mistakes'. Flanagan and Whiteman (2007, p. 66) have identified two potential major weaknesses of a firm's CSR program: (1) 'lack of meaningful participation by external stakeholders in policy development' and (2) 'companies lack effective processes for ensuring and measuring the implementation of their CSR policy'. Further, they indicate that 'monitoring and sanctions are the most important test for the seriousness of a code's implementations' (Kolk and van Tulder, 2002, p. 26 cited in Flanagan and Whiteman, 2007, p. 66). These statements highlight the practical importance of company participation in benchmarking to the meaningfulness of their CSR activities. Successful benchmarking includes five different phases (Maire, 2002, p. 506). This includes the need for an initial diagnosis of company performance, a defined benchmark framework as well as the companies it will be applied to, analysis of the firms selected, improvement objectives and application of the benchmarking results. The fourth phase is of particular interest: 'the definition of improvement objectives by partners, with the action plan which allows them to be reached'. The five responses found in the company feedback discourses to benchmarking clearly indicate the discordance between the ICCR and Oxfam, and the pharmaceutical companies. Responses one, three and five particularly demonstrate this absence of a partnership. For instance, response one indicates that companies, in general, do not believe the benchmarking standards laid out for them are meaningful, leading to inaccurate reports. Or, the companies and NGOs are in disagreement with the measuring standards for CSR policy. Along similar lines, response three displays this discordance through the companies not being satisfied with the amount of input from the interviews conducted by the NGOs of them. On the other hand, response five illustrates over criticism towards the industry by NGOs, which may in fact be overwhelming and in a sense, detrimental to a healthy development of a partnership.

This type of relationship can in part be explained by Kallio (2007) who writes on the 'political nature' taboo of CSR, which is the 'promotion of the actors' own interests, and the pursuit of social legitimacy for business in particular'. This explains the need of a company's legitimation from its surrounding society in order to be successful, which has led to pursuit of a responsible image. Relating this to environmental CSR, the term 'greenwashing' is now a common practice; this means that corporations are taking the 'easy' path, having 'artificially tried to construct their image to be as green and responsible' (Kallio, 2007). Levy (1999, p. 170 cited in Kallio, 2007) writes his paper to show that business' now strive to be politically sustainable over environmentally sustainable, or in other words, they strive to maintain their image towards the public. Kallio (2007, p. 171) further cites Crook (2005, p. 4) on this matter, stating that on the intellectual level 'the corporate world has surrendered' and started to praise CSR, while at the level of action, 'when commercial interests and broader social welfare collide, profit comes first…[thus]…for most companies, CSR does not go very deep'. This difference is often referred to as corporate rhetoric versus reality of CSR practice and is the gap between actual corporate practices, and the ethical commitments they have made (Dhanarajan, 2005). This concept has been directly related to the pharmaceutical industry as he seeks to find the connection between core business practices and ethical standards (Dhanarajan, 2005). Initially, pharmaceutical companies have been comfortable with the fact that they produce life saving medicines as evidence of their CSR. However, in the face of the global AIDS crisis, the pharmaceutical industry has been relieved of this comfort, and accused of 'undermining poor people's access to medicines' through stubbornly defending their patents rights, and pricing drugs beyond the reach of the undeveloped world (Dhanarajan, 2005, p. 535). He argues that pharmaceutical companies have attempted to mitigate these accusations through actions such as drug donations, yet very few have chosen to meet the challenge 'head-on'. Drug donations, for example, gain much publicity for the donating company, but offer an unsustainable solution for the continued support of access to medicines for the global poor. The industry has failed to 'address the health crisis in a meaningful way' (Dhanarajan, 2005, p. 535). As a result, the inability to address core business operations towards access to medicines has concerned investors. Dhanarajan (2005) outlines the four potential risks connected to the lack of meaningful progress the pharmaceutical companies have made in their CSR actions: (1) damage to company reputation which could be more harmful to profits then the benefits of holding patents; (2) damage to relationships with regulatory bodies which control the pricing of drugs; (3) restrictions to the ability to access to markets and (4) damage to staff morale (Pharmaceutical Shareowners Group, 2004). With these factors in mind, the emerging prominence of socially responsible investing can now act as an alternative route for company's to gain a competitive advantage over others.

The main tool to facilitate this process is increasing transparency through benchmarking to reveal both individual company's shortfalls and successes. It has been suggested that public exposure of a company's behaviour is perhaps the most effective mechanism to police their actions (Maynard, 2001). Benchmarking is a continuous and systematic process of the assessment of the products, services and methods of a company compared to those of the most serious competitors or the companies recognized as leaders (Kearns, 1986, cited in Maire, 2002, p. 506). Maire et al. (2005, p. 47) later defines it as 'a process of identifying, sharing, and using knowledge of best practices'. It is a way to negate any discrepancies in corporations boasting their image or NGOs being over critical towards them. They act as a neutral ground to increase the transparency of companies to the public through releasing information that normally would be inaccessible, and are important as CSR can be described as a relationship between societal actors – business, state and civil society. This relationship serves as the foundation for a new direction in CSR activity as the 'dynamic negotiations between multiple actors' play a role in improving CSR outcomes (Flanagan and Whiteman, 2007, pp. 65–75). With respect to CSR, economic markets and public opinion are two societal factors which can create pressures on businesses to behave in a manner that is favourable to the public eye. This can encourage companies by positively affecting their attitudes and actions that normally would be free of any public scrutiny. If the top performing corporations receive appropriate positive feedback from the societal members (i.e. NGO's and political organizations) who most audibly advocate poverty alleviation, and these members publicly support companies, they 'donate' reputation capital to those who most deserve it. Public recognition would then lead to increased availability of philanthropic resources (Leisinger, 2008, p. 4).

When there is a transparent means of communication between companies and stakeholders, their reputation can be under appropriate scrutiny from the public, leading to accurate representations of the company's CSR program. This opens the potential for civil society to act as a major influence on the image of companies, which with the growing SRI trend directly affects their financial bottom line. In the *Human Rights Guidelines for Pharmaceutical Companies in Relation to Access Medicines* (Khosla and Hunt, 2009, p. 11), a portion of the publication is devoted to recognizing pharmaceutical companies' responsibility to enhance shareholder value. Building partnerships and affording reputation capital towards pharmaceutical companies would be beneficial to entice investors, and increase profits – the eventual goal for all business. This is a sensible method which could potentially be synergistic for the company, the NGO, and the socially responsible investor. Parker (2003, p. 189 cited in Kallio, 2007, p. 171) writes:

> Efficiency and/or profit constitute the 'bottom line' for individual action, and this is a line that defines what lies inside business ethics and what is assumed to be outside it…So, if ideology is concerned with what is made visible, what do (and don't) we see within business ethics?

The 'pro-business ideological stance of the [CSR] field' is a taboo which is part of what we 'don't' see in business ethics (Kallio, 2007, p. 171). In other words, CSR scholars have never seriously discussed the CSR relation to politics of the capitalist market economy. As found in the corporate discourse responses, pharmaceutical companies are making excuses and being defensive to benchmarking. With increasing SRI and benchmarking practices, this demonstrates the competitive nature of corporations as a single corporation does not want to be singled out below the ranks in others in their CSR efforts. Thus, these initial discourses can be seen as part of a process for gaining grounds in the 'dynamic negotiations' required to improve CSR activities. Once a profit driven company faces a threat to its financial performance, it will take matters in a serious way. CSR moves from being a company side sector or philanthropy project, to being incorporated into its core business practices.

The significance of this new potential synergy becomes paramount when relating it to the effect it can have on the global inequality in access to medicines. The MSF reports that infectious diseases kill over 14 million people per year – over 38 thousand per day – with 9 out of 10 deaths occurring in developing countries. The WHO estimates that a scaling up of access to medicines practices can save up to 10 million lives per year. However, the fact remains that one-third of the world's population remains without existing medications to cure diseases of the developing world. There is undoubtedly room for improvement in this area of need, and we believe benchmarking, a process which vigorously and accurately portrays actual company practices towards the global poor, could be a key step in initiating true changes in pharmaceutical companies' core values.

Conclusions and future research

Benchmarking of CSR actions can be the key to improve pharmaceutical CSR performance by creating inter-company competition. It achieves this by increasing transparency of CSR to the public investor, whose choices are ultimately the primary motivator of corporate behaviour. Review of the literature shows an increasing trend in CSR, which could be continually stimulated by the demands for companies to achieve higher SRI ratings. Benchmarking can facilitate this by providing suitable standards for CSR assessment, thereby providing the public with a neutral means to choose which company to invest in. Proper benchmarking would offer companies with tangible measures to afford them with the appropriate reputation capital which they deserve, providing further incentive for improved CSR performance.

NGOs are often regarded as a third party representative of 'civil society' (Lambell et al., 2008). Despite the responses the pharmaceutical industry has directed towards Oxfam and ICCR, one cannot automatically assume the benchmarks are not influencing the industry. Benchmarking helps to reveal the discrepancies between corporate practices and rhetoric, and makes clear any public relations acts the industry may have. In doing so, it allows for a transparent forum facilitating further criticism and pressuring of CSR. Societal pressures can act as the starting point for true changes in the way corporations respond to CSR concerns. In response to societal criticism, it is natural for a company to initially resist change and act defensively. It is then expected that pharmaceutical companies will continue to progress through the organizational learning stages Zadek has outlined. The five trends identified in pharmaceutical company feedback discourses demonstrate defensive attitudes, and this can be seen as preserving the company image to the public. This is crucial with the increasing trend in SRIs. With this, it is anticipated that the pharmaceutical industry will also strive towards a true change in their attitude towards access to medicines.

A limitation to our study is that literature provides us with mixed results on the relationship between CSR and financial performance (Burke and

Logsdon, 1996; Porter and Kramer, 2006, p. 82); some reports show evidence of a positive correlation between CSR performance and stock price, others negative, while others show no correlation at all. Regardless, the overwhelming increases in raw numbers of SRI are undeniable, thus allowing us to draw the conclusions made. The current benchmarking of the pharmaceutical industry is heading in a positive direction with the release of the Access to Medicines Index (ATM index) in 2008 by the Access to Medicines Foundation. What makes this index unique is that it encompasses a multi-stakeholder approach to the benchmarking process including the industry, NGOs, academics, investors, consultants and the government. In doing so, it provides a broader approach to benchmarking, allowing for real discussion, rather than only that from an NGO's point of view. Indeed, the investors tied to the ATM index, representing over 1200 billion dollars of SRI funds, believe access to medicines issues are linked to long-term shareholder value creation. With the commitment of the ATM index to update the CSR ratings of pharmaceutical companies, there is now opportunity to further study the impact that inter-company rating systems can have in creating true changes to their core business practices. Transparency through benchmarking is a powerful tool which reveals the industry's shortfalls to the public. Further, the transparency of companies is listed as one of the cardinal principles for the right to the highest attainable standard of health (Khosla and Hunt, 2009). If enough pressure from the public is formulated, socially responsible investors may choose companies based on these benchmarks, creating a financial incentive for companies to perform in CSR, leading to the potential to save millions of lives who lack medicines. Thus, transparency to investors is an effective method to influence the CSR actions of pharmaceutical companies and further research in this area is warranted.

Notes

[1] GlaxoSmithKline response to Oxfam's report 'Investing for Life', http://www.reports-and-materials.org/GSK-response-Oxfam-11-Dec-2007.doc (p. 2).

[2] Merck response to Oxfam's report 'Investing for Life', http://www.business-humanrights.org/Documents/Merck-response-to-Oxfam-11-Dec-2007.pdf (p. 1).

[3] Pfizer response to Interfaith Center on Corporate Responsibility's report 'Benchmarking AIDS', http://www.reports-and-materials.org/Pfizer-response-re-ICCR-Benchmarking-AIDS-12-Sep-2006.pdf (p. 1).

[4] Pfizer response to Oxfam's report 'Investing for Life', http://www.reports-and-materials.org/Pfizer-response-Oxfam-15-Feb-2008.doc (p. 4).

[5] GlaxoSmithKline response to Interfaith Center on Corporate Responsibility's report 'Benchmarking AIDS', http://www.reports-and-materials.org/GSK-response-re-ICCR-Benchmarking-AIDS-6-Sep-2006.doc.

[6] Merck response to Oxfam's report 'Investing for Life', http://www.business-humanrights.org/Documents/Merck-response-to-Oxfam-11-Dec-2007.pdf (p. 1).

[7] AstraZeneca response to Oxfam's report 'Investing for Life', http://www.business-humanrights.org/Documents/AstraZeneca-response-Oxfam-26-Nov-2007.doc (p. 1).

[8] GlaxoSmithKline response to Interfaith Center on Corporate Responsibility's report 'Benchmarking AIDS', http://www.reports-and-materials.org/GSK-response-re-ICCR-Benchmarking-AIDS-6-Sep-2006.doc (p. 1).

[9] Merck response to Interfaith Center on Corporate Responsibility's report 'Benchmarking AIDS', http://www.reports-and-materials.org/Merck-response-re-ICCR-Benchmarking-AIDS-11-Sep-2006.pdf (p. 1).

[10] Abbott Laboratories response to Oxfam's report 'Investing for Life', http://www.business-humanrights.org/Documents/Abbott-response-Oxfam-18-Dec-2007.doc (p. 1).

[11] Sanofi Aventis response to Oxfam's report 'Investing for Life', http://www.business-humanrights.org/Documents/Sanofi-Aventis-response-to-Oxfam-12-Feb-2008.pdf (p. 1).

[12] GlaxoSmithKline response to Oxfam's report 'Investing for Life', http://www.reports-and-materials.org/GSK-response-Oxfam-11-Dec-2007.doc (p. 1).

Appendix

Abbott Laboratories response to Oxfam's report 'Investing for Life', http://www.business-humanrights.org/Documents/Abbott-response-Oxfam-18-Dec-2007.doc.

AstraZeneca response to Oxfam's report 'Investing for Life', http://www.business-humanrights.org/Documents/AstraZeneca-response-Oxfam-26-Nov-2007.doc.

GlaxoSmithKline response to Oxfam's report 'Investing for Life', http://www.reports-and-materials.org/GSK-response-Oxfam-11-Dec-2007.doc.

Johnson & Johnson response to Oxfam's report 'Investing for Life', http://www.business-humanrights.

org/Documents/JJ-response-Oxfam-18-Dec-2007.doc.

Merck response to Oxfam's report 'Investing for Life', http://www.business-humanrights.org/Documents/Merck-response-to-Oxfam-11-Dec-2007.pdf.

Novartis response to Oxfam's report 'Investing for Life', http://www.reports-and-materials.org/Novartis-response-Oxfam-10-Dec-2007.doc.

Pfizer response to Oxfam's report 'Investing for Life', http://www.reports-and-materials.org/Pfizer-response-Oxfam-15-Feb-2008.doc.

Sanofi Aventis response to Oxfam's report 'Investing for Life', http://www.business-humanrights.org/Documents/Sanofi-Aventis-response-to-Oxfam-12-Feb-2008.pdf.

Abbott Laboratories – Statement on HIV/AIDS in the Developing World, http://www.reports-and-materials.org/Abbott-HIV-AIDS-statement-re-developing-world-6-Sep-2006.doc.

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Novartis response to Interfaith Center on Corporate Responsibility's report 'Benchmarking AIDS', http://www.reports-and-materials.org/Novartis-response-re-ICCR-Benchmarking-AIDS-Sep-2006.doc.

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See Table III.

TABLE III

The ICCR Benchmarking AIDS report received 10 company responses in total the Oxfam Investing for Life report received 8

Company	Included in Benchmarking AIDS	Benchmarking AIDS feedback provided	Included in Oxfam – Investing for Life	Oxfam – Investing for Life feedback provided
Abbott Laboratories	Y	Y	Y	Y
Astra Zeneca PLC	Y	Y	Y	Y
Boehringer-Ingelheim	Y	Y		
Bristol-Myers Squibb	Y	Y	Y	No response
Eli Lilly & Company	Y	Declined	Y	Declined

TABLE III

continued

Company	Included in Benchmarking AIDS	Benchmarking AIDS feedback provided	Included in Oxfam – Investing for Life	Oxfam – Investing for Life feedback provided
Gilead Sciences Inc.	Y	Declined	Y	
GlaxoSmithKline	Y	Y	Y	Y
Johnson & Johnson	Y	Y (Tibotec)	Y	Y
Merck and Company Inc.	Y	Y	Y	Y
Novartis AG	Y	Y	Y	Y
Pfizer Inc.	Y	Y	Y	Y
Roche Holdings Ltd.	Y	Declined	Y	Declined
Sanofi-Aventis	Y	No response	Y	Y
Schering-Plough Corp	Y	Declined		
Teva Pharmaceutical Ind. Ltd.				
Wyeth	Y	Y	Y	No response

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