

BUSINESS MANAGEMENT EXTENDED ESSAY

The Corporate Social Responsibility of

Johnson & Johnson

Title: *Corporate Social Responsibility of Johnson & Johnson and its impact on its corporate image and profits*

Research Question: *“To what extent Corporate Social Responsibility initiatives at Johnson & Johnson USA impacted its corporate image and profits since the fiscal year 2018?”*

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Introduction

Corporate Social Responsibility is defined as "the integration of business operations, wherein company policies take into account the interests of all stakeholders, including customers, workers, financiers, and the environment" (**Smith, 2002, p. 42**) and "the responsibility of the firm to utilise its resources and raw materials in ways to benefit society, through committed participation to be economically profitable, law abiding and supportive socially (**Smith, 2002, p. 42**) (**Kok et al, 2001, p. 287**) (**Nalband Nisar, 2019,p.4**). Moreover, the pharmaceutical industry is a term that covers companies involved in the design, development, manufacturing, marketing and selling of pharmaceutical drugs and medication. Today, the pharma industry suffers from a crisis of **trust**¹ due to misconduct and illegal chemical utilization; hence to thrive in this new environment, companies need to market their products using different approaches.

Johnson & Johnson² is a large multinational corporation established in 1886 in New Jersey, United States, with more than 275 subsidiaries employing over 140,000 people³ and operations in more than 60 countries with a relatively high net worth of \$435 Billion⁴. Operating in 3 divisions⁵, J&J manufactures and distributes pharmaceuticals, medical equipment, and consumer goods. The current CEO of J&J is Joaquin Duato, recently appointed in January 2022.⁶

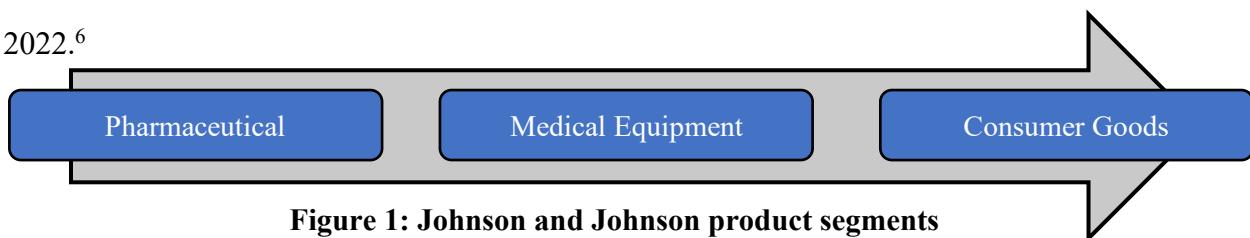


Figure 1: Johnson and Johnson product segments

¹ Lo, Chris. "The People Vs Big Pharma: Tackling the Industry's Trust Issues." *Pharmaceutical Technology*, 20 Aug. 2018, www.pharmaceutical-technology.com/features/people-vs-big-pharma-tackling-industrys-trust-issues

²"JNJ - Johnson & Johnson Company Profile - CNNMoney.Com." *JNJ - Johnson & Johnson Company Profile - CNNMoney.Com*, money.cnn.com, <https://money.cnn.com/quote/profile/profile.html?symb=JNJ>. Accessed 19 Aug. 2022.

³ "Johnson and Johnson: Number of Employees 2010-2022 | JNJ." *Johnson & Johnson: Number of Employees 2010-2022 | JNJ | MacroTrends*, www.macrotrends.net/stocks/charts/JNJ/johnson-johnson/number-of-employees. Accessed 23 Jan. 2023.

⁴ "Johnson and Johnson Net Worth 2010-2022 | JNJ." *Johnson & Johnson Net Worth 2010-2022 | JNJ | MacroTrends*, www.macrotrends.net/stocks/charts/JNJ/johnson-johnson/net-worth. Accessed 10 Nov. 2022.

⁴ "Our Credo: The J&J Ethics Oath for Corporate Responsibility." *i-Sight*, www.i-sight.com/resources/our-credo-j-and-j-ethics-oath. Accessed 11 Nov. 2022.

⁵ Refer to Figure 1: Johnson and Johnson Product Segments

⁶ "Joaquin Duato." *Content Lab U.S.*, www.jnj.com/leadership/joaquin-duato. Accessed 25 Dec. 2022.

J&J is rooted in their moral philosophy of working towards a "sustainable future," as the company's primary goal of encompassing CSR was well defined for the company before the term was even known to the industry when former CEO Robert Wood Johnson crafted the company's Credo⁷ before the company went public in 1944.⁸ Designated as one of the 2022 world's most admired companies by Fortune,⁹ J&J has based itself around values as spelt out in the firm's Credo, which has been the backbone of their decision-making. Section 135 of the Indian Companies Act¹⁰, 2013, made CSR mandatory and a legal obligation for a specific category of Indian companies based on financial performance. J&J's inverse attitude towards animal testing and vision for a healthier and sustainable world has gained consumer trust as the firm spends expenditures beyond the 2% of net profit set by government on executing sustainability plans.¹¹¹²

The vision¹³ of the company is: **To help people see better, connect better and live better**

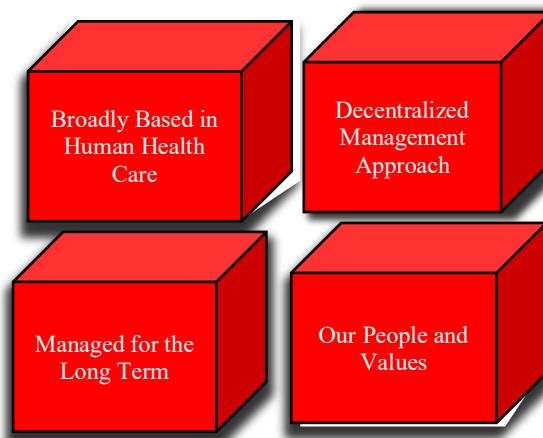


Figure 2:
Johnson & Johnson Strategic Principles

⁷ "Our Credo." Content Lab U.S., www.jnj.com/credo. Accessed 23 Jan. 2023.

⁸ "Our Credo: The J&J Ethics Oath for Corporate Responsibility." i-Sight, www.i-sight.com/resources/our-credo-j-and-j-ethics-oath. Accessed 11 Nov. 2022.

⁹ "Johnson & Johnson | 2022 World's Most Admired Companies." Fortune, [fortune.com](http://fortune.com/2022-worlds-most-admired-companies/), 15 Aug. 2022, <https://fortune.com/company/johnson-johnson/worlds-most-admired-companies/>.

¹⁰ ClearTax. "Corporate Social Responsibility Under Section 135 of Companies Act 2013." Corporate Social Responsibility Under Section 135 of Companies Act 2013, cleartax.in, 19 May 2022, [https://cleartax.in/s/corporate-social-responsibility#:~:text=Section%20135\(1\)%20of%20the,%2C%20turnover%2C%20or%20net%20profits](https://cleartax.in/s/corporate-social-responsibility#:~:text=Section%20135(1)%20of%20the,%2C%20turnover%2C%20or%20net%20profits).

¹¹ "Responsible Supply Base: Responsible Sourcing| 2021 Health for Humanity Report." 2021 Health for Humanity Report, healthforhumanityreport.jnj.com/accountability-innovation/responsible-supply-base/responsible-sourcing. Accessed 4 Dec. 2022.

¹² "Johnson and Johnson Talks About Their Sustainable Procurement Program." Johnson & Johnson Talks About Their Sustainable Procurement Program, 6 Sept. 2018, resources.ecovadis.com/pharmaceutical/2018-04-ecovadis-interviews-j-and-j-v5

Presently, many companies incorporate ethicality¹⁴ in their production processes¹⁵ while some companies ignore this¹⁶ to chase the motto of "higher profitability". According to recent studies, the world's top corporations cause **\$2.2 trillion** in environmental damage¹⁷ (Keith Bustos 2005, p.28). The UN Report findings denote



that land degradation has reduced productivity of 23% of global land surface and 100-300 million individuals are at risk of floods and hurricanes. Recently UN issued sustainable development goals targeting a more sustainable future to slow down deterioration of nature.¹⁸



Figure 3: UN Sustainable development goals

Joyner and Payne (2002) identified a positive link between a firm's value, business ethics, corporate social responsibility and financial performance, indicating that investors may be making money through SRI and adhering to their own values (Carol Adams and Ambika Zutshi 2005, p.80). CSR programmes reflect the company's long-term approach to improving it's brand image through stakeholder fulfilment.

¹⁴ Gemeš, Nikola. "17 of the World's Most Ethical Companies." GreenCitizen, 10 Apr. 2022, greencitizen.com/blog/ethical-companies.

¹⁵ O'Brien, Bennett, and View all posts by Bennett O'Brien. "4 Companies Who Succeed by Focusing on Ethical Sourcing and Manufacturing - Trade Ready." Trade Ready, 8 Feb. 2018, www.tradeready.ca/2018/topics/supply-chain-management/4-companies-succeed-focusing-ethical-sourcing-manufacturing.

¹⁶ Holton, Laura. "The Ugly Truth About Unethical Business Practices [Updated]." MYVA360, 15 May 2020, myva360.com/blog/the-ugly-truth-about-unethical-business-practices.

¹⁷ "World's Top Firms Cause \$2.2tn of Environmental Damage, Report Estimates | Pollution | the Guardian." The Guardian, 18 Feb. 2010, www.theguardian.com/environment/2010/feb/18/worlds-top-firms-environmental-damage.

¹⁸ Martin. "UN Report: Nature's Dangerous Decline 'Unprecedented'; Species Extinction Rates 'Accelerating.'" United Nations Sustainable Development, 6 May 2019, www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/#:~:text=Land%20degradation%20has%20reduced%20the. Accessed 23 Jan. 2023

55% of American consumers consider ethical stance to be essential, 54% of consumers no longer purchase from unethical companies, and 48% of investors avoid investing in companies with no morality or social responsibility (**Teneo AFLAC CSR SURVEY, 2019, p.56**). Thus CSR can be developed as a USP in a firm's marketing strategy creating competitive advantage by incorporating non-economic factors (**Porter and Kramer 2006**) and differentiating themselves from competitors to build a better image and reputation (**Fombrun and Shanley 1990**), and create consumer goodwill and positive employee attitudes and behaviour (**Rupp et al. 2006; Brammer et al. 2007; Maignan et al. 1999; Valentine and Fleischman, 2008**).(**Daniel Noufe, 2016, p.34**). Hence there is a link between CSR and customer perception that directly impacts corporate image and financial performance¹⁹.

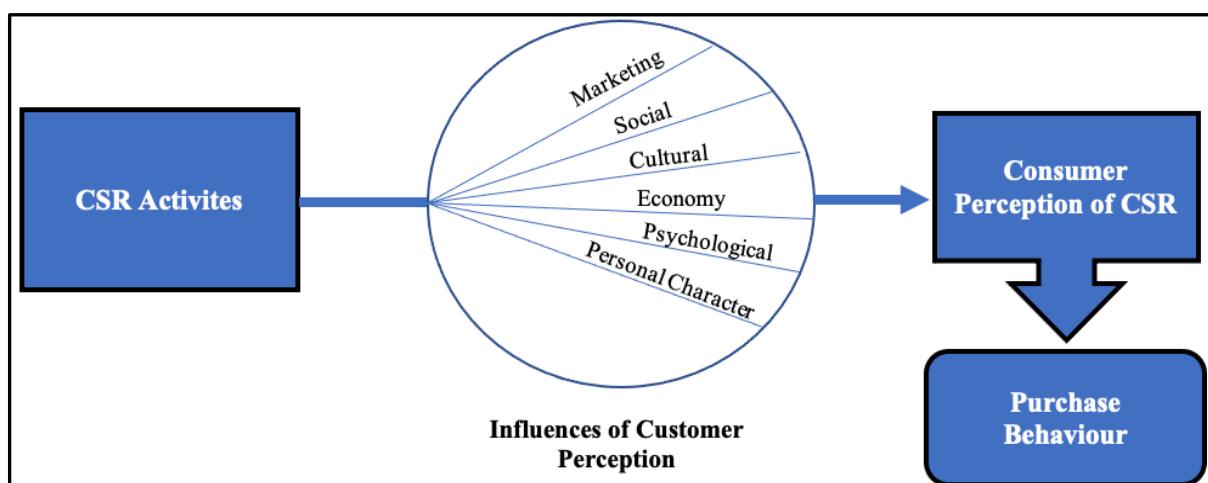


Figure 4: Influences of Customer Perception Diagram

Due to the lawsuits filed against J&J, equivalent to 3.5 billion dollars in settlement²⁰ on charges because of J&J baby powder, the firm faced criticism from customers regarding their ethical stance.²¹ Knowing the importance of the pharmaceutical industry and the trust factor that companies must maintain with their stakeholders has catapulted me to investigate it. This essay

¹⁹ Paul Hoang, Business Management Textbook 4th Edition 4.5 The four Ps (product, price, promotion, place) IBID Print 2016

²⁰“Johnson and Johnson Drops Talcum Powder Globally as Lawsuits Mount.” The Indian Express, 12 Aug. 2022, [indianexpress.com/article/business/johnson-johnson-drops-talcum-powder-globally-as-lawsuits-mount-8085815](https://www.indianexpress.com/article/business/johnson-johnson-drops-talcum-powder-globally-as-lawsuits-mount-8085815).

²¹ “J&J Knew for Decades That Asbestos Lurked in Its Baby Powder.” Reuters, 14 Dec. 2018, www.reuters.com/investigates/special-report/johnsonandjohnson-cancer.

endeavours to investigate the impact of CSR on J&J's corporate image and profits using Carroll's Pyramid and Profitability ratios to qualitatively and quantitatively analyse the various focus areas that J&J USA targets for CSR along with an evaluation of whether the company entails doing CSR as a way to illusion the consumers to overlook the flaws within the company. As a person that strongly believes in environmental conservation, last year I took forward my vision to make real changes to the community when I was proclaimed as my high-schools Carbon Footprint Reduction Captain. Thus, because of the innovative CSR strategies implemented by J&J this company has been chosen for investigation:

"To what extent Corporate Social Responsibility initiatives at Johnson & Johnson USA impacted its corporate image and profits since the fiscal year 2018?"

Methodology

The theoretical context of this essay focuses on how CSR affects J&J's corporate image and profits. Without curtailing the domain of the investigation, a range of academic references and databases such as academic journals, research papers, company websites, management blogs, Google Scholar articles, magazines, and other books were used to develop a refined report with a hefty amount of unaltered data as these were the most credible sources offering information on the importance of CSR (**published date domain: 1953-2023**).

Majority of the data about the company has come from its **website** itself. However, simply using data from J&J's website would result in bias and discrimination towards that company because they are unlikely to stigmatise their actions or expose problems within their organisation. Other sources, such as the **PETA**²², were investigated to understand the controversial side of J&J and determine if it is cruelty-free. The research papers used range from 1953 to 2023 in order to analyse the changing notion and provide critical justifications for J&J's take on CSR over time. The primary source of data for understanding business tools was Paul Hoang's Business Management textbook.

Ethical rankings were predominantly perused utilising, Fortune, Forbes and Ethisphere website²³, which publishes a list of the top CSR companies²⁴. In addition, J&J's sustainability reports were meticulously tabulated to evaluate the CSR impact on the firm's corporate image and profits, as they were the most informative source with hard statistics as it was published

²² "Shareholder Campaign: Johnson & Johnson | PETA." PETA, www.peta.org, 24 June 2010, <https://www.peta.org/issues/animals-used-for-experimentation/shareholder-campaigns/johnson-johnson-shareholder-campaign/>.

²³ "Johnson and Johnson | JNJ Stock Price, Company Overview & News." Forbes, 28 Nov. 2001, www.forbes.com/companies/johnson-johnson.

²⁴ Valet, Vicky. "The World's Most Reputable Companies for Corporate Responsibility 2019." Forbes, 17 Sept. 2019, www.forbes.com/sites/vickyvalet/2019/09/17/the-worlds-most-reputable-companies-for-corporate-responsibility-2019.

directly by the company. To supplement secondary sources and strengthen the investigation's foundation, primary research was conducted which included sending a formal email sent to the J&J²⁵ department to gain insight into the firm's importance of CSR.

However, one of the limitations of this analysis is the heavy reliance on qualitative data to articulate the research, which may be biased due to confidentiality constrictions, causing a lack of reliability. Because external auditors have not approved the published reports of J&J, bias may be prevalent in the reports causing inaccurate information.

²⁵ Refer to Appendix 2: Email sent to J&J

JOHNSON & JOHNSON CREDO

Johnson and Johnson Company, Credo:

"We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfil their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical".¹⁴

Johnson & Johnson credo stating their vision and responsibilities towards their customers:

"We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit"



Vision and Mission²⁶

Next Page: The four-part definitional framework for Corporate Social Responsibility→

²⁶ About Johnson & Johnson Vision." Johnson and Johnson Vision, www.jjvision.com, <https://www.jjvision.com/about-us#>. Accessed 19 Aug. 2022.

2. Carroll's²⁷ Pyramid Tool:

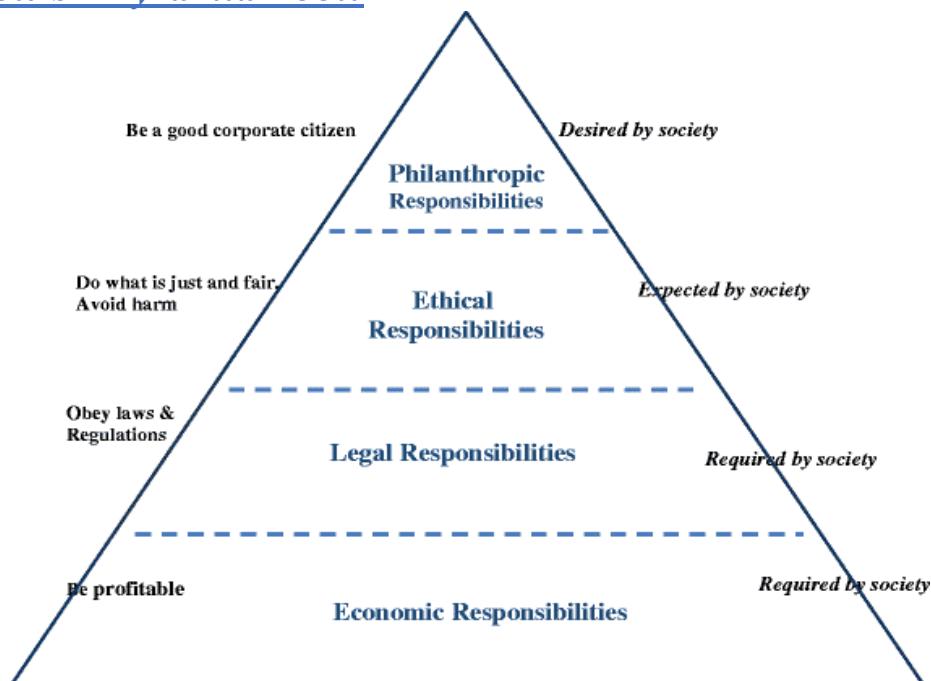


Figure 5: Carroll's Pyramid²⁸²⁹

The four-part categorization has been incorporated into a "Pyramid of Corporate Social Responsibility" graphically emphasising on the components of CSR: Economic, Legal, Ethical and Philanthropic responsibility. "The core of what we regard to be the present notion of CSR is anchored in Archie Carroll's Pyramid of Corporate Social Responsibility" making it a successful model to utilize that defines the key responsibilities businesses should possess to maintain sustainability. Economic responsibilities are the foundation and philanthropy is the apex in this pyramid (**Windsor Duane, 2001, p.32**). According to Figar and Figar (2011)³⁰, modern businesses can achieve a competitive position not only through profits, but also through

²⁸ Carroll, Archie B. "Carroll's Pyramid of CSR: Taking Another Look - International Journal of Corporate Social Responsibility." Springer Open, jcsr.springeropen.com, 5 July 2016, <https://jcsr.springeropen.com/articles/10.1186/s40991-016-0004-6>.

²⁹ Ontario Colleges, Business Faculty from, and eCampusOntario Program Managers. "Article: Carroll's Corporate Social Responsibility Pyramid – Fundamentals of Business: Canadian Edition." Article: Carroll's Corporate Social Responsibility Pyramid – Fundamentals of Business: Canadian Edition, ecampusontario.pressbooks.pub/businessfuncdn/chapter/article-carrolls-corporate-social-responsibility-pyramid. Accessed 28 Oct. 2022.

³⁰ ETHICS AND PHILANTHROPY IN THE FIELD OF CORPORATE SOCIAL RESPONSIBILITY PYRAMID Marija MIHALJEVIĆ, mag.oec. Assistant, Department of Cultural Studies, University of Osijek, Croatia. (Nadica Figar, Vladimir Figar, 2011, p.12)

ethical and philanthropic behaviour towards different stakeholders and the environment. CSR is a highly media and customer viewed obligation related to a firms profitability and corporate image, so J&J's struggle to gain more customers and prevent them from switching to other alternatives adds a layer of complexity to sustaining long term profitability. CSR is also defined as "a voluntary concept in which businesses merge social and environmental concerns into their business operations with their stakeholders."³¹

Limitations of the Model Framework (CSR)

Although Carroll articulated such a framework (2010, p.87) with the direction that economic and legal domains are the most crucial while the philanthropic responsibilities are less important, one might conclude that the domain at the top of the pyramid, "philanthropic responsibilities", is the most important or highly valued domain that all corporations should strive for, whereas the economic domain at the bottom of the pyramid is the least valued thus evading these domains vital to the explanation behind J&J's CSR impact (**Mark S. Schwartz and Archie B. Carroll, p.505**).

Apart from the potential misunderstandings that come with using a pyramid, Carroll's use of a "philanthropic" segment can be perplexing and might be considered as redundant. Carroll recognises that regarding such activities "responsibilities" may be "inaccurate" (1979: 500) or a "misnomer" (1993: 33) due to their discretionary nature. Philanthropy is not a responsibility in and of itself (L'Etang 1994; Stone 1975), agreed by others. Philanthropy is not regarded as a liability or moral commitment in this regard. According to the new model, such a category,

³¹ PRIETO-CARRÓN, MARINA, et al. "Critical Perspectives on CSR and Development: What We Know, What We Don't Know, and What We Need to Know." (PDF) Critical Perspectives on CSR and Development: What We Know, What We Don't Know, and What We Need to Know | Chandra Bhushan - Academia.edu, www.academia.edu/5761681/Critical_perspectives_on_CSR_and_development_what_we_know_what_we_don_t_know_and_what_we_need_to_know. Accessed 30 Nov. 2022.

if it is believed to exist, would be better subsumed under ethical or economic responsibilities because it can be difficult to differentiate between "philanthropic" and "ethical" activities on both a theoretical and practical level and philanthropic activities may simply be incentivized by economic interests.

Four Layers of Responsibility

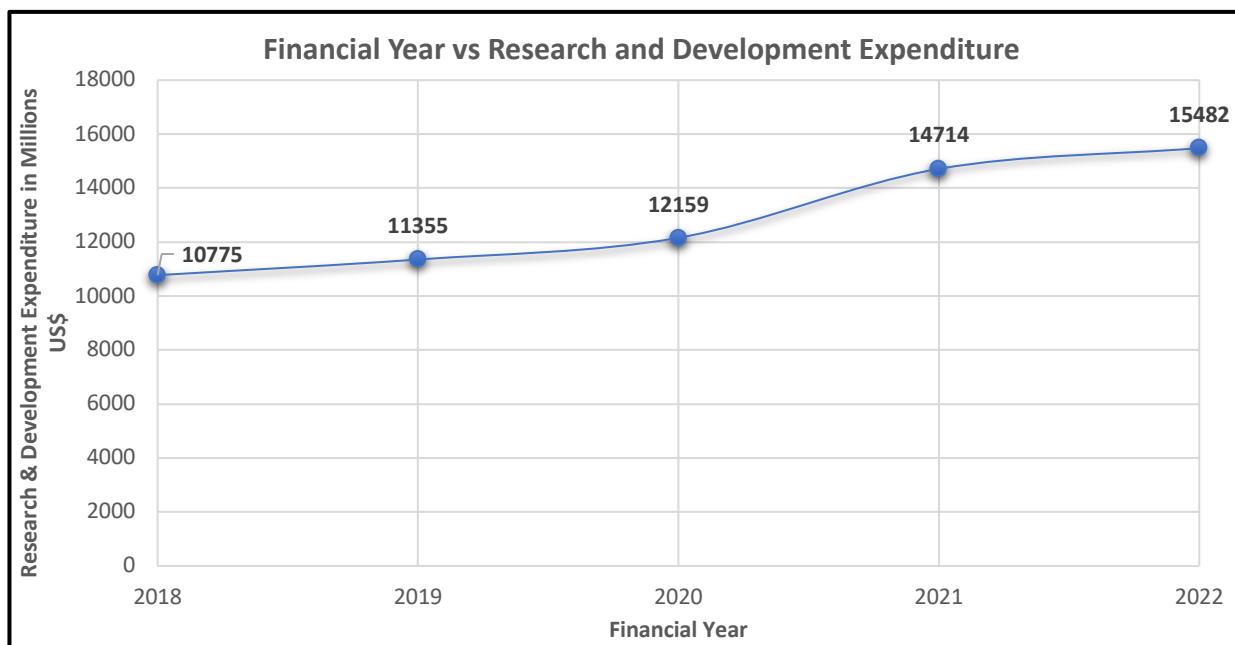
Economic Responsibility:

Part of the base of the Carroll's Pyramid, economic responsibility initiatives entail in improving the firm's operations while engaging in sustainable practises and it adheres to the established ethical regulations, which is critical for the business to support and sustain itself by enticing potential stakeholders to allocate budgets and invest in the company's activities as having sufficient resources to continue production and adding value to their process is vital for growth and for repatriation of profits into the business for it's own use (**Carroll, 2016,p.30**).

Although Research & Development is an expensive endeavour, J&J's sustainability reports (**Johnson Johnson (2019-2022) Healthy for Humanity Report**) highlight the company's increasing year-on-year expenditure towards R&D with **\$10775 million** in 2018 peaking to **\$15482 million** in 2022 to improve efficiency and enhance future financial performance as they believe in innovating for better health through more R&D.³²³³ This feature linked back to Carroll's Pyramid, maintaining corporate image and reputation enables J&J to thrive and incentivize the shareholders to invest, furthering their production.

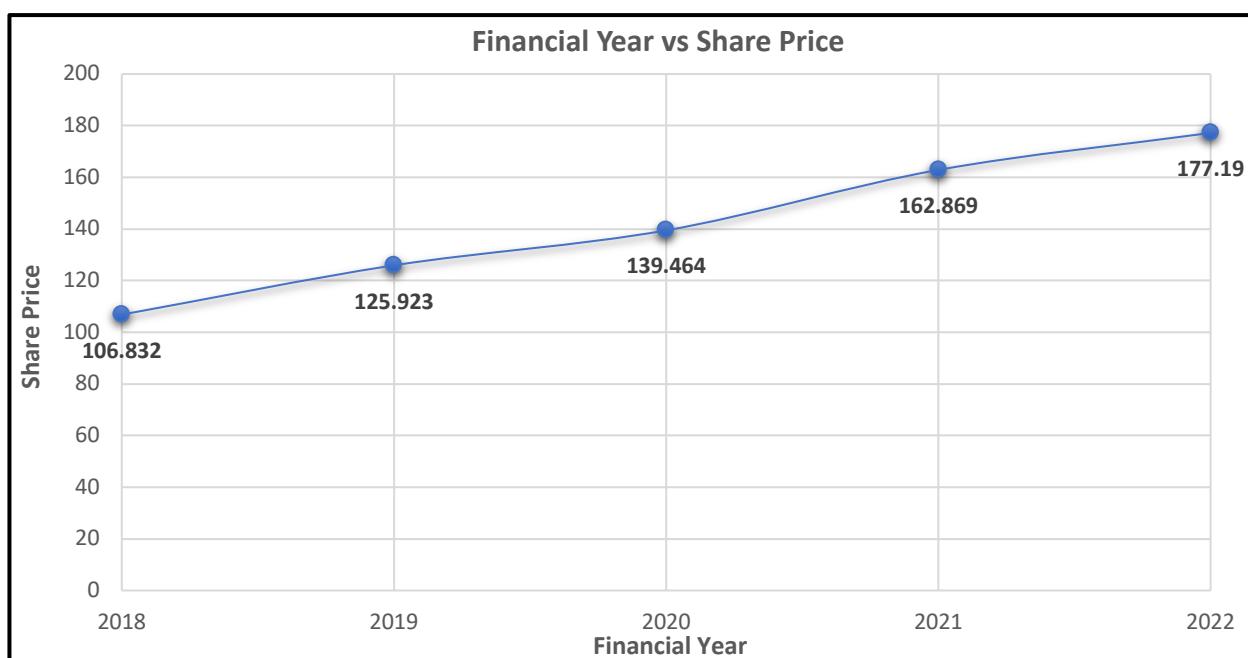
³² "Johnson and Johnson Research and Development Expenses 2010-2022 | JNJ." *Johnson & Johnson Research and Development Expenses 2010-2022 | JNJ | MacroTrends*, www.macrotrends.net/stocks/charts/JNJ/johnson-johnson/research-development-expenses. Accessed 23 Jan. 2023.

³³ "Johnson and Johnson R&D Expenditure 2005-2021 | Statista." *Statista*, www.statista.com/statistics/266407/research-and-development-expenditure-of-johnson-and-johnson-since-2006. Accessed 23 Jan. 2023.



Graph 1: Increasing spending on R&D by Johnson & Johnson

J&J has been experiencing a rise in their share price³⁴ denoting the increase in investors for the company. Rising share price is a further symbolism of increasing profitability depicting that the firm can spend greater on discretionary activities to benefit the community and environment.



Graph 2: Increasing share price over the years from 2018 to 2022

³⁴ “Johnson and Johnson Market Cap 2010-2022 | JNJ.” *Johnson & Johnson Market Cap 2010-2022 | JNJ | MacroTrends*, www.macrotrends.net/stocks/charts/JNJ/johnson-johnson/market-cap. Accessed 16 Jan. 2023.

Denoting their unwavering commitment, J&J works with a diverse array of supply chain partners to understand the potential ramifications of their activities wherein it maintains a number of multi-tiered forest partnerships³⁵ to ensure tropical rainforest protection, crucial for carbon sequestration, wildlife conservation, and long-term community well-being³⁶.

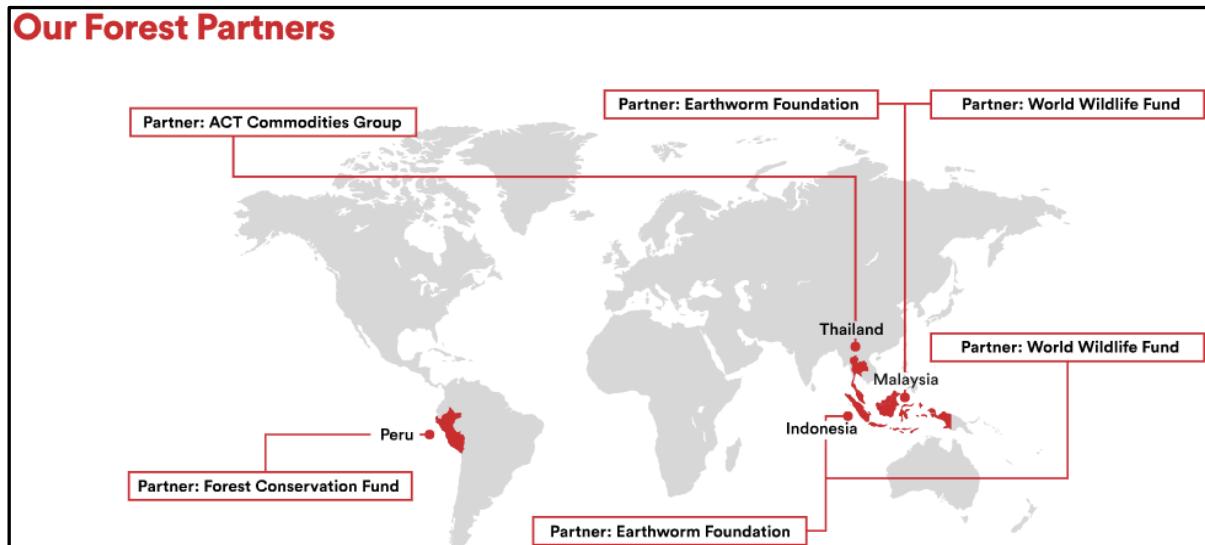


Figure 6: The company has joined hands with a plethora of forest partners to save tropical forests from deteriorating and for community well-being.

J&J's "Earthwards" product sustainability program has garnered overwhelming acceptance from the general public and consumers, positively impacting the company's image. J&J was able to reduce packaging by 21% (**IGEL, University of Pennsylvania**), save 40,000 litres of water, reduce 170MT of waste, and avoid 38,906 CO₂e of GHG emissions as a result of this transformation programme. J&J continues to enhance these figures of conservation with their year-on-year endurance for Earthwards. J&J's Earthwards-sustainability portfolio currently consists of 105 products generating over \$11.5 billion in revenue. By 2020, J&J desired that Earthwards products would account for 20% of total company revenue, demonstrating that J&J will be profitable and financially sustainable.

³⁵ “Using Our Voice and Partnering Power for Good.” Content Lab U.S., 7 May 2021, www.jnj.com/environmental-sustainability/partnering-for-good.

³⁶ “Using Our Voice and Partnering Power for Good.” Content Lab U.S., 7 May 2021, www.jnj.com/environmental-sustainability/partnering-for-good.

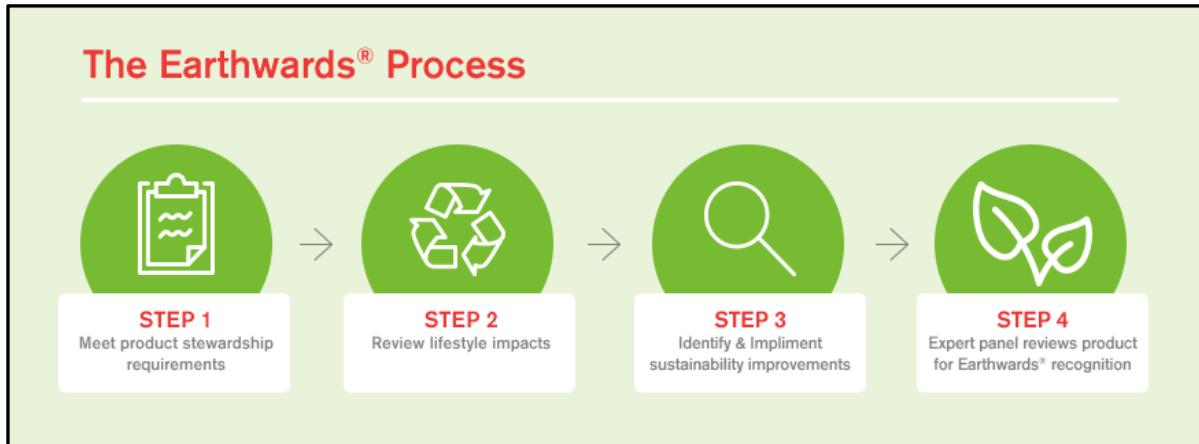


Figure 7: Earthwards sustainability programme manufacturing process

However, just because a product is more sustainable does not imply that customers will accept a higher price. "Our products are priced based on patient outcomes rather than environmental characteristics," Soller explained. Product innovations that improve outcomes can command higher prices, and those new innovative products are likely to be greener — but customers are paying for the patient benefit, not the environment benefit (**IGEL, 2015, p.4**)

Legal Responsibility:

Legal responsibilities can be defined as companies adhering to policies, laws, and regulations in order to fulfil their legal obligations and requirements as responsible social stakeholders (**Carroll, 2016**). According to Friedman (1970)[7]) (**Redesigning Carroll's CSR Pyramid**), "corporations have only one responsibility, which is to make profit in a legal way, and managers have only one responsibility: to increase shareholders wealth."

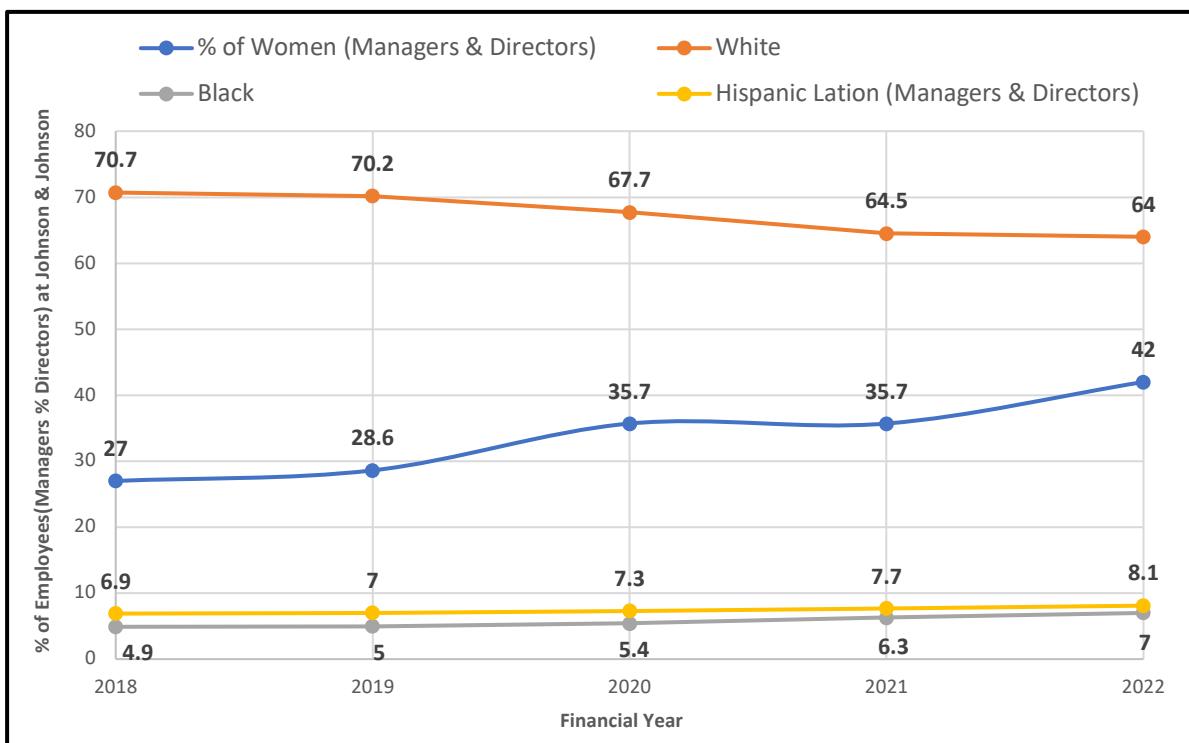
J&J addresses anti-corruption and anti-bribery issues comprehensively in their company policies, in accordance with the US Foreign Corrupt Practices Act, the UK Bribery Act 2010³⁷. J&J regards transparency as a critical component of building trust with all parties involved in business, and they strive to meet multiple regulatory reporting requirements in various jurisdictions around the world.³⁸

Aiming to embed diversity to their workplace, J&J is highly committed to bring in diverse cultured, different race and ethnicity workers offering equal opportunity and work practises. J&J employment of women significantly rose from **27%** to **42%** and black cultured individuals from **4.9%** to **7%**. Strict policies have been introduced at J&J such as Equal Employment Opportunity Policy, Harassment Policy, Policy on the Employment of Young Persons and Resolving Employee Disagreements³⁹ targeted to tarnish unfairness and bring in equity in the workplace ensuring employees are treated fairly and equally.

³⁷ Valet, Vicky. "The World's Most Reputable Companies for Corporate Responsibility 2019." *Forbes*, 17 Sept. 2019, www.forbes.com/sites/vickyvalet/2019/09/17/the-worlds-most-reputable-companies-for-corporate-responsibility-2019.

³⁸ "SEC Charges Johnson and Johnson With Foreign Bribery." *SEC Charges Johnson & Johnson With Foreign Bribery*, www.sec.gov/news/press/2011/2011-87.htm. Accessed 29 Nov. 2022.

³⁹ "Diversity, Equity and Inclusion." Content Lab U.S., 5 Oct. 2022, www.jnj.com/about-jnj/diversity.



Graph 3: The percentage increase in diversity of employees from the year 2018 to 2022

However, J&J has been accused for not adhering to governmental regulations⁴⁰ when the firm had to pay more than **\$2.2 Billion** to resolve criminal and civil investigations arising from allegations relating to the prescription drugs Risperdal, Invega, and Natrecor, including promotion for uses that were not approved by the Food and Drug Administration(FDA) as safe thus it was uncompliant to consumer protection laws. J&J faced GST profiteering allegations for failing to pass tax rate cuts to consumers.⁴¹ Contrary to their reputation, the company was accused of causing an opioid epidemic, with settlement costs of up to **\$263 million** in funding to address opioid related issues, and reimbursement for attorney fees and costs going against their Credo values damaging brand image.

⁴⁰ “Johnson and Johnson to Pay More Than \$2.2 Billion to Resolve Criminal and Civil Investigations.” Johnson & Johnson to Pay More Than \$2.2 Billion to Resolve Criminal and Civil Investigations | OPA | Department of Justice, 4 Nov. 2013, www.justice.gov/opa/pr/johnson-johnson-pay-more-22-billion-resolve-criminal-and-civil-investigations.

⁴¹ IN, FashionNetwork. com, and Isabelle Crossley. “Johnson and Johnson Faces Rs 230 Crore Penalty for GST Profiteering.” FashionNetwork.com, 26 Dec. 2019, in.fashionnetwork.com/news/Johnson-johnson-faces-rs-230-crore-penalty-for-gst-profiteering,1171237.html.

Ethical Responsibility:

This layer is concerned regarding the company conducting it's affairs in an ethical and socially responsible manner which is encompassed in J&J's vision. Organizations that embrace ethical responsibility strive to treat all stakeholders equitably. J&J ensures that their products are "safe and animal friendly" – successfully achieved through their Humane Care and Use of Animals Policy and their "**3R Principles**": Replacement, Reduction, Refinement⁴². The firm aspires to become transparent so that consumers have all the essential product information to make the most informed choices, helping J&J to loyal out their customer base.⁴³



Figure 8: Johnson & Johnson 3 Principle Products

J&J published their own edition of a "ethics oath," titled "**Our Credo**"⁴⁴, in 24 different languages for the whole world to comprehend it, communicating the mission, vision, and accountability that J&J holds itself to for a global community and company stakeholders. For 130 years J&J has been committed to improving the health of individuals, families and communities all around the world⁴⁵. J&J made it on Glassdoor's list of the Best Places to Work in 2018 and 2022, due to the outstanding fringe benefits it offers to its employees.⁴⁶

⁴² <https://www.jnj.com/about-jnj/policies-and-positions/humane-care-and-use-of-animals-policy>

⁴³ "Delivering Sustainable Products and Solutions." Content Lab U.S., 7 May 2021, www.jnj.com/environmental-sustainability/products-and-solutions.

⁴⁴ "Our Credo." Content Lab U.S., www.jnj.com/credo. Accessed 11 Nov. 2022.

⁴⁵ "Living Our Values: Our Commitment to Transparency and Accountability." Content Lab U.S., 18 Oct. 2022, www.jnj.com/living-our-values.

⁴⁶ "Johnson and Johnson Named to Glassdoor's 2018 List of Best Places to Work." Content Lab U.S., 6 Dec. 2017, www.jnj.com/latest-news/johnson-johnson-named-glassdoor-best-places-work-2018.

Strictly adhering to the mindset of "employees are the most valuable asset for a company," J&J recently collaborated with the Society for Human Resource Management's Employee Well-Being and Mental Health Pledge⁴⁷, offering employees adoption, surrogacy, medical travel, and LGBTQIA benefits, as well as transgender-inclusive health insurance coverage and same sex partner benefits in the United States aligning with Human Rights Campaigns Corporate Equality Index⁴⁸ with the objective of ensuring a low employee attrition rate.

J&J is recognised as a brand that stands for transparency and consumer protection⁴⁹, safety. **Ranked #2 on the Barron's Worlds Most Respected Companies⁵⁰** list, the company signed two Utility Green Tariff contracts in the United States in 2021 and four new renewable power purchase agreements pertaining to electricity consumption directly from a renewable energy generator, procuring 100% renewable electricity for the company's operations in the United States by 2023. J&J successfully avoided 300,000 metric tons of carbon emissions annually from efficiency projects over a course of 15 years.⁵¹

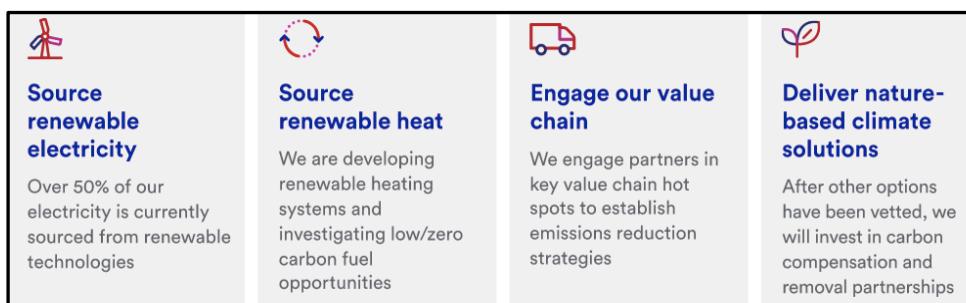


Figure 9: J&J renewable energy cycle

⁴⁷"Johnson & Johnson Announces Series of Collaborations Aimed at Transforming Mental Health Care in Low-Resource Settings | Johnson & Johnson." Content Lab U.S., www.jnj.com, <https://www.jnj.com/johnson-johnson-announces-series-of-collaborations-aimed-at-transforming-mental-health-care-in-low-resource-settings>. Accessed 21 Aug. 2022.

⁴⁸ ⁴⁹ Sarkar, Brinda. "Johnson and Johnson India Includes Family Benefits for Same Gender Partners - the Economic Times." The Economic Times, economictimes.indiatimes.com/news/company/corporate-trends/johnson-johnson-india-includes-family-benefits-for-same-gender-partners/articleshow/75756885.cms?from=mdr.

⁴⁹ "Living Our Values: Our Commitment to Transparency and Accountability." Content Lab U.S., www.jnj.com, 19 July 2022, <https://www.jnj.com/living-our-values>.

⁵⁰ Racanelli, Vito J. "J&J Supplants Apple as Barron's Most Respected Company | Barron's." J&J Supplants Apple as Barron's Most Respected Company | Barron's, www.barrons.com, 4 June 2016, <https://www.barrons.com/articles/j-j-supplants-apple-as-barrons-most-respected-company-1465020337>.

⁵¹ "Our Approach to Climate Action." Content Lab U.S., 1 Jan. 1986, www.jnj.com/environmental-sustainability/climate-and-energy-action.

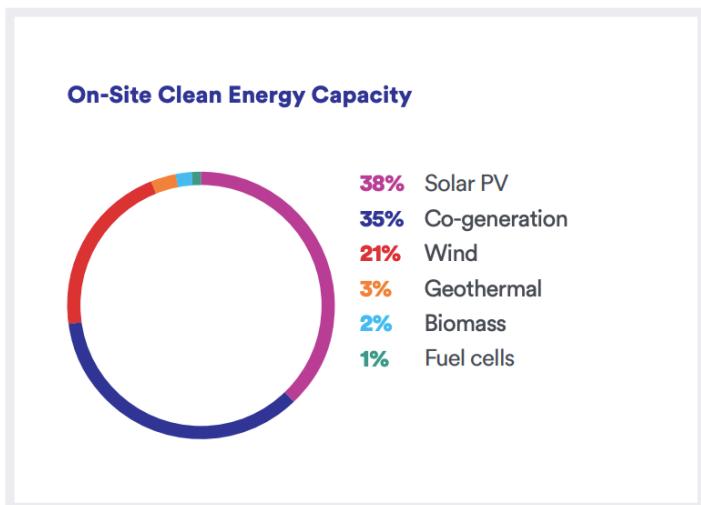
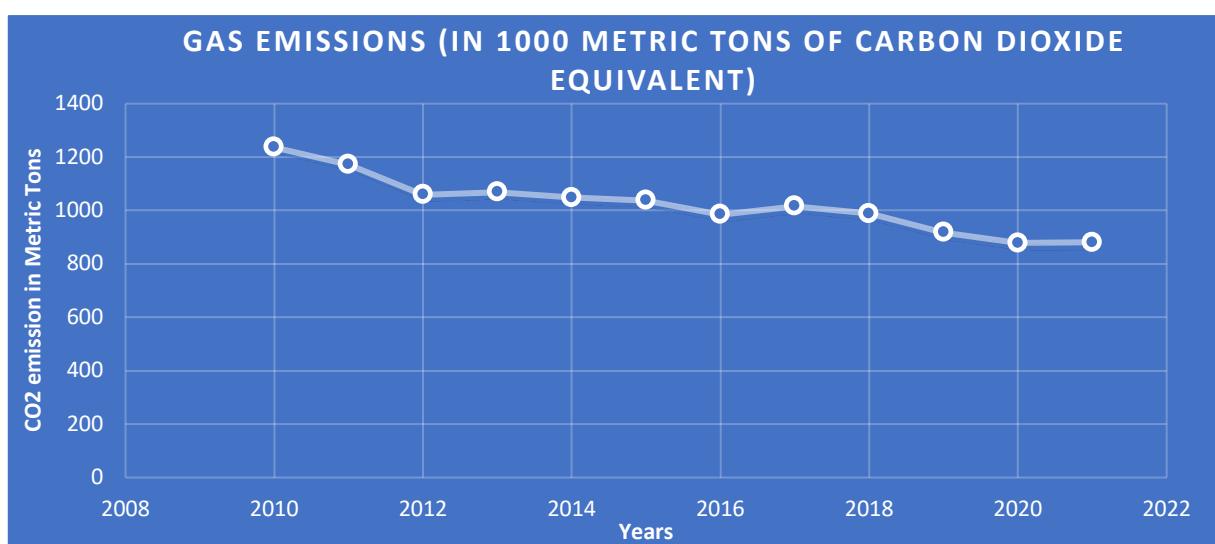


Figure 10:
J&J Purely Renewable Energy Consumption Breakdown

J&J decreasing emission of greenhouse gases denoting their objective to become a carbon-neutral company.

Year	Gas Emissions (In 1000 Metric Tons of Carbon Dioxide Equivalent)
2010	1236
2011	1172
2012	1059
2013	1069
2014	1048
2015	1037
2016	985
2017	1016
2018	989
2019	917.9
2020	878.7
2021	880.7

Table 1: J&J decrease in greenhouse gas emissions



Graph 4: Carbon Dioxide emission reduction overtime due to J&J's Commitment

However, the company recently faced backlash for deviating from their Credo oath: showing bad attitude towards their 2 most crucial stakeholders the customers and healthcare providers⁵². Following the massive lawsuit wherein 40,000 patients filed a case⁵³, J&J was extorted to pay **\$3.5 billion**⁵⁴ in settlements for the baby powder cases due to product contamination containing asbestos, which caused cancer. The company released an official statement discontinuing its baby talcum powder, in 2022. J&J shares fell as much as **5.1%**, to **\$132.97**, the biggest intraday drop in more than a month, for a **\$19 billion** market value loss.⁵⁵ This lawsuit impacted the company's brand image and profitability, causing J&J's customer perception to hit a three and a half year low affecting consumption patterns of J&J's products⁵⁶.

Despite J&J being listed among the top 100 Best Companies for Women in India in 2021, J&J were sued by a former executive for gender discrimination, harassment and retaliation⁵⁷, which is unethical and not socially responsible, hence negatively impacting their corporate image.⁵⁸

⁵² “Critical Analysis on Johnson and Johnson Ethical Issues | Total Assignment Help.” Critical Analysis on Johnson and Johnson Ethical Issues | Total Assignment Help, www.totalassignment.com/free-sample/critical-analysis-johnson-and-johnson-ethical-issues. Accessed 11 Nov. 2022.

⁵³ Mann, Brian. “J&J Tries to Block Baby Powder Lawsuits by 40,000 Patients. A Court Has Question : NPR.” NPR.org, 27 Sept. 2022, www.npr.org/2022/09/19/1123567606/johnson-baby-powder-bankruptcy-lawsuits.

⁵⁴ “J&J Offered \$4 Billion to Settle Talc Claims Months Before Unit’s Bankruptcy.” Mint, 21 Oct. 2021, www.livemint.com/companies/news/jj-offered-4-billion-to-settle-talc-claims-months-before-unit-s-bankruptcy-11634836780748.html.

⁵⁵ “Sri Lanka’s Key Inflation Rate Eases to 61% in November.” The Economic Times, economictimes.indiatimes.com/news/international/business/sri-lankas-key-inflation-rate-eases-to-61-in-november/articleshow/95881634.cms. Accessed 2 Dec. 2022.

⁵⁶ “Here’s Why Johnson and Johnson’s Brand Reputation Is Getting Slammed.” Money, money.com/heres-why-johnson-johnsons-brand-reputation-is-getting-slammed. Accessed 10 Nov. 2022.

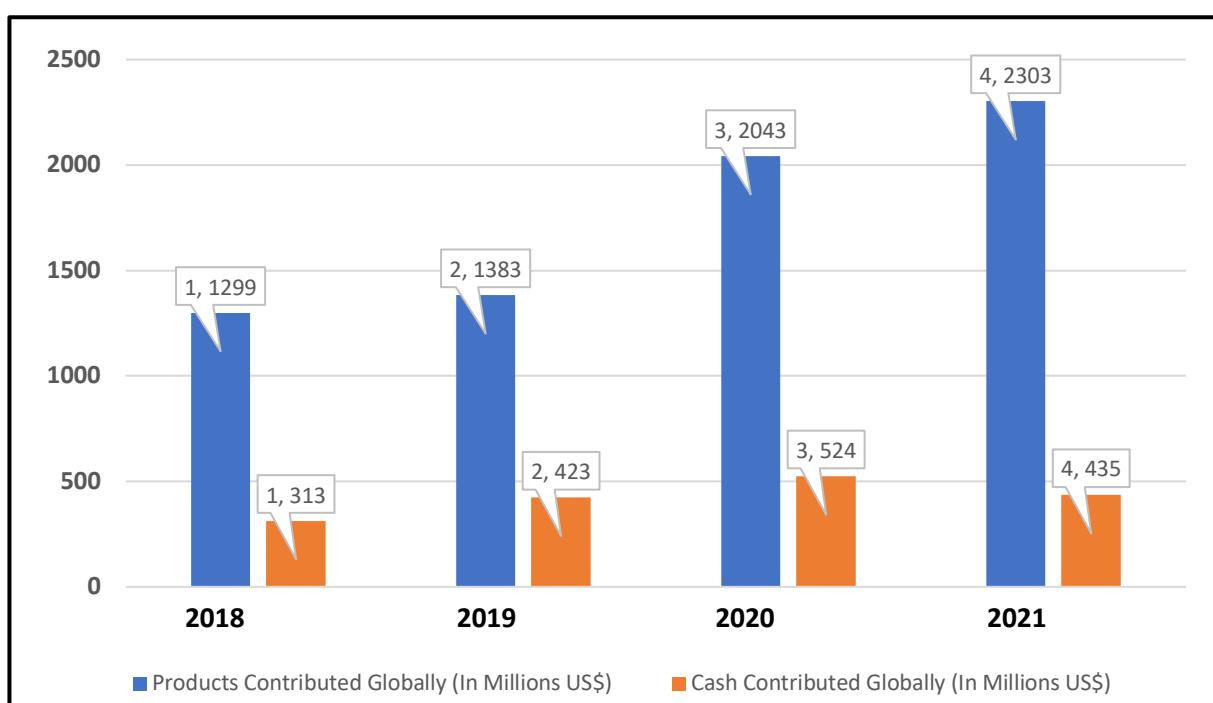
⁵⁷ “Former Exec Sues Johnson and Johnson for Gender Discrimination, Harassment and Retaliation - nj.com.” Nj, 18 Dec. 2020, www.nj.com/essex/2020/12/former-exec-sues-johnson-johnson-for-gender-discrimination-harassment-and-retaliation.html.

⁵⁸ “Content Lab India.” Content Lab India, www.jnj.in/johnson-johnson-listed-among-the-top-100-best-companies-for-women-in-india-in-2021. Accessed 2 Dec. 2022.

Philanthropic Responsibility:

Philanthropy responsibility⁵⁹ encompasses a company's voluntary or discretionary activities.

More specifically, philanthropy pertains to voluntary contributions (money, time, goods, expertise), participating in environmental projects, with the primary goal of serving that public good (**Schuyt 2003:25**). J&J has always been committed to CSR which was articulated in their Credo, written more than 60 years ago by **Chairman of Board General Robert Wood Johnson**⁶⁰ and its philanthropy programme began in **1906**.⁶¹



Graph 5: Statistical Representation of Johnson & Johnsons Product and Cash Contribution Globally from 2018 onwards

J&J has been progressively donating a greater amount of products and cash in total globally as part of its CSR, this significantly increased from **\$11299** to **\$42303** million, **274.4%** increment.

⁵⁹ “Types of Corporate Social Responsibility to Be Aware Of.” Business Insights Blog, online.hbs.edu, 8 Apr. 2021, <https://online.hbs.edu/blog/post/types-of-corporate-social-responsibility#:~:text=Economic%20responsibility%20is%20the%20practice,environment%2C%20people%2C%20and%20society>.

⁶⁰ “Corporate Social Responsibility to Johnson and Johnson.” Corporate Social Responsibility to Johnson and Johnson, www.ukessays.com/essays/business/corporate-social-responsibility-to-johnson-and-johnson-business-essay.php. Accessed 2 Dec. 2022.

⁶¹ “Johnson and Johnson’s Values Guide CSR.” JustGive, 25 Sept. 2015, justgive.wordpress.com/2015/09/25/johnson-johnsons-values-guide-csr.

Philanthropy with Timeline:

2019: 84% of households in USA own a smartphone, using this to their advantage, the firm launched a global campaign bringing people on board to “Take #EyePledge” in an effort to raise awareness for eyesight and raise money for Kids eyesight. **Johnson donated \$1 for every photo uploaded up to \$30,000** to Sight for Kids to help provide eye exams to needy children.⁶²

2020: Following a major earthquake that occurred in Puerto Rico, close to the home of J&J. Employees from the firm mobilized immediately to offer a helping hand. The company Credo drives them to bring hope and relief to communities.⁶³ J&J states that race, ethnicity and skin colour should never dictate who stays healthy or gets sick.⁶⁴ Black and Hispanic people in the United States have long been disproportionately impacted by a range of diseases due to healthcare inequities caused by centuries of systemic racism. To end this dilemma, the firm launched it's J&J Health Equity Innovation Challenge committing **\$100 million** to promote health equity for people of colour in USA.⁶⁵

2021: To drive global health equity, J&J provided it's COVID-19 vaccine globally at a non-profit price and shipped 180 million doses to the African Union. In addition the firm sent 731,000 nurses and community health workers.⁶⁶ The company announced a **\$250 million**

⁶² “Johnson and Johnson Raises Money, Awareness for Charity via Mobile Social | Retail Dive.” Johnson & Johnson Raises Money, Awareness for Charity via Mobile Social | Retail Dive
www.retaildive.com/ex/mobilecommercedaily/johnson-johnson-raises-money-and-awareness-for-sight-for-kids-via-mobile-social-campaign.

⁶³ “The History of How Johnson and Johnson Has Given Back During Times of Crisis.” Content Lab U.S., 29 Nov. 2016, www.jnj.com/our-heritage/history-of-johnson-and-johnson-giving-back-during-times-of-crisis.

⁶⁴ “Johnson and Johnson Launches a Health Equity Innovation Challenge in 6 U.S. Cities.” Content Lab U.S., 28 Sept. 2021, www.jnj.com/latest-news/johnson-johnson-racial-health-equity-challenge.

⁶⁵ “Johnson and Johnson Launches a Health Equity Innovation Challenge in 6 U.S. Cities.” Content Lab U.S., 28 Sept. 2021, www.jnj.com/latest-news/johnson-johnson-racial-health-equity-challenge.

⁶⁶ Cullinan, Kerry. “Johnson and Johnson Strikes Big Vaccine Deal With African Union - but Deliveries Only Begin in 3rd Quarter 2021 - Health Policy Watch.” Health Policy Watch, 29 Mar. 2021, healthpolicy-watch.news/jj-strikes-big-vaccine-deal-with-african-union.

commitment⁶⁷ over ten years to inspire, recruit, train, retain, and empower customer - facing health workers through the J&J Centre for Health Worker Innovation.

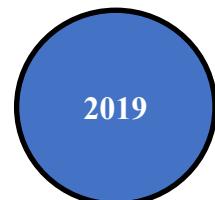
2022: The War in Ukraine against Russia massively impacted nearly 40 million people. J&J donated **\$10 million**⁶⁸ to provide humanitarian support for refugees. To achieve this endeavour, the firm worked with 2 charitable organisations: International Rescue Committee and International Federation of Red Cross and Red Crescent. J&J donated products valued at **\$40 million** (breakdown): **\$5 million** – sutures, **\$32 million** - essential medicines required, **\$2 million** – feminine hygiene and first aid products.⁶² Due to J&J's presence in Russia, Ukrainian war will minutely impact J&J business, to around 1% of it's sales. J&J has pledged to suspend supply of it's products in Russia.⁶³

Thus, J&J's engagement with “ethical standard” suppliers ethically sourcing raw materials and ensuring that employee legislation laws are protected, preventing exploitation of child labour and restricting illegal chemical utilisation in products, continue to impact (**Johnson&Johnson,2020**) millions of lives positively.

⁶⁷ “Content Lab U.S.” Content Lab U.S., www.jnj.com/johnson-johnson-announces-250-million-commitment-to-support-frontline-health-workers-reaching-100-million-people-by-2030. Accessed 24 Jan. 2023.

⁶⁸ “Content Lab U.S.” Content Lab U.S., www.jnj.com/johnson-johnson-statement-on-war-in-ukraine. Accessed 25 Dec. 2022.

4. CSR TIMELINE FOR PHILANTROPIC ACTIVITIES

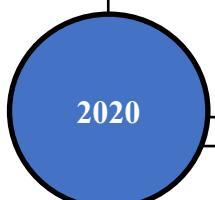


Our Patients are Our Inspiration

We marvel at the magic of our eyes, yet we are society aware there are many who do not fully experience the wonder of this gift. Nearly 265 million people around the world face impaired vision, and 80% of those cases are preventable with early diagnosis and treatment.

We are committed to changing these statistics.

#EyePledge for World Eyesight



Johnson & Johnson

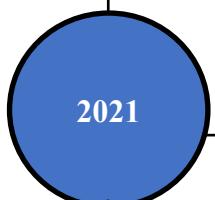
Promotion of Health Equity for people of colour (\$100 million committed)

"There is an urgent need to take on the inequities rooted in systemic racism that threaten health in communities of color across the United States. That's why Johnson & Johnson is focusing its efforts and committing \$100 million to address racial and social injustices as the critical public health issue that it is. As the largest and most broadly-based healthcare company in the world, we are uniquely positioned to convene private, public and community organizations in pursuit of this shared aspiration—and work together to make a meaningful impact through science, business, public health, and philanthropy."

—Alex Gorsky
Chairman and Chief Executive Officer
Johnson & Johnson



Employees of Johnson & Johnson helping the people after Puerto Rico Disaster

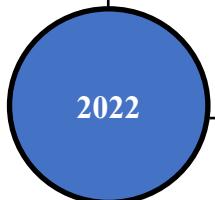


The Center for Health Worker Innovation represents Johnson & Johnson's unwavering commitment to applying all the unique resources of our company toward the health workforce crisis.

—Lauren Moore

Johnson & Johnson Center for Health Worker Innovation

\$250 million committed towards Johnson & Johnson Health Worker Innovation



J&J workers unite to help the Ukrainian Citizens post war

6. J&J Priority Topic Assessment

J&J every year reports a priority matrix resonating the different obligations and ESG topics that it prioritizes the most. Over many years the firm has identified sustainability as it's biggest and upmost priority in comparison to other objectives. From 2019, a greater priority for J&J was product quality however in 2021 Anti-corruption, Ethics and Compliance and Consumer Safety was identified as the firms top-most important priority.

J&J Priority Matrix 2018:

GRI 102-47

Stakeholder expectations and the business environment in which we operate constantly evolve. Our Priority Topics Assessment (PTA) process helps us identify and prioritize the environmental, social and governance (ESG) topics that matter most to our stakeholders and our Company. The results inform and shape our sustainability priorities and reporting. We have been conducting PTAs every two to three years since 2008, with our most recent assessment conducted in 2016. The stakeholder feedback from that 2016 assessment continues to inform our reporting for this Report reflecting 2018. A detailed description of the 2016 PTA process, methodology, and definitions of topics can be found [here](#).

For this Report we grouped our priority topics into four main sections, as shown in the Priority Topics Assessment grid on the right:

- Better Health for All
- Our People
- Responsible Business Practices
- Environmental Health

Certain priority topics are reflected in multiple sections because of their cross-cutting nature.

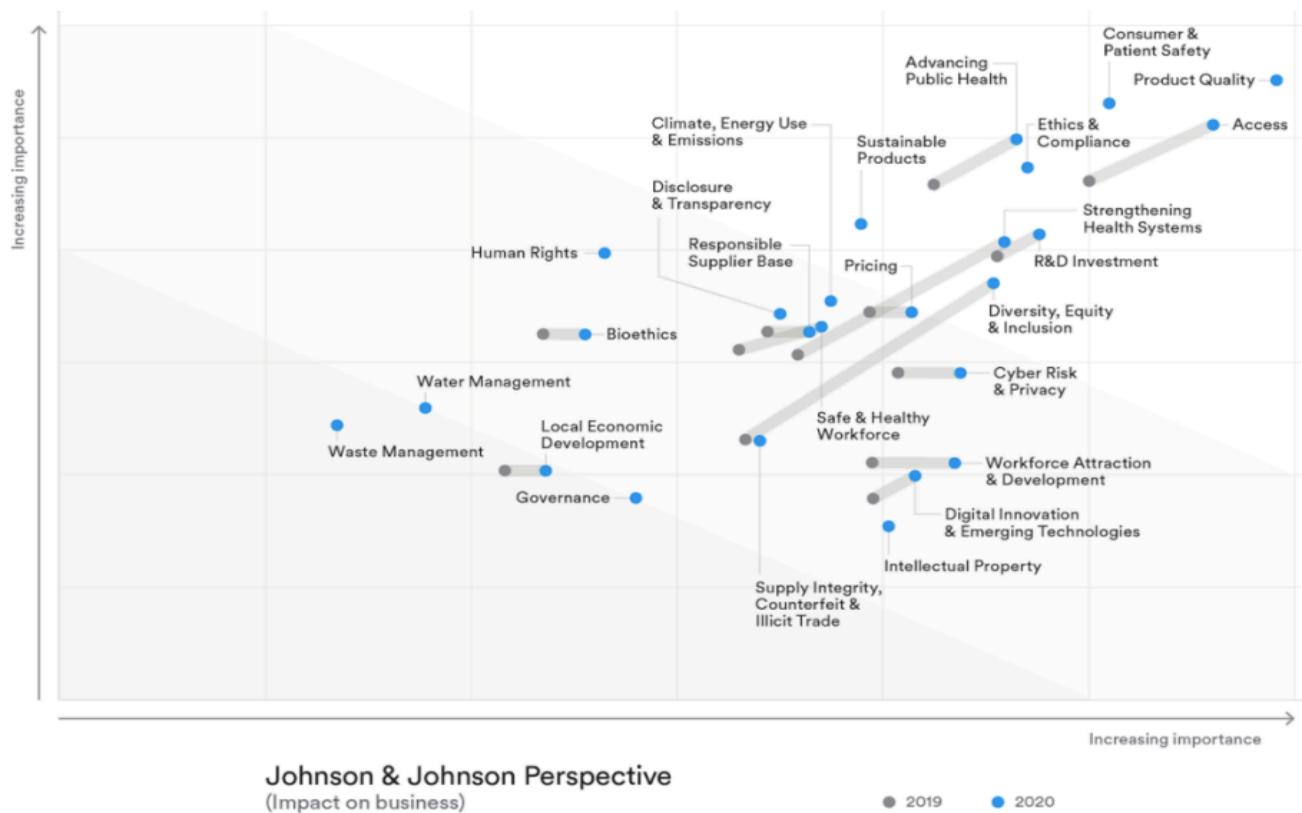
To see how our Priority Topics map to the Global Reporting Initiative Standards, please see [this table](#).



J&J Priority Matrix 2019:

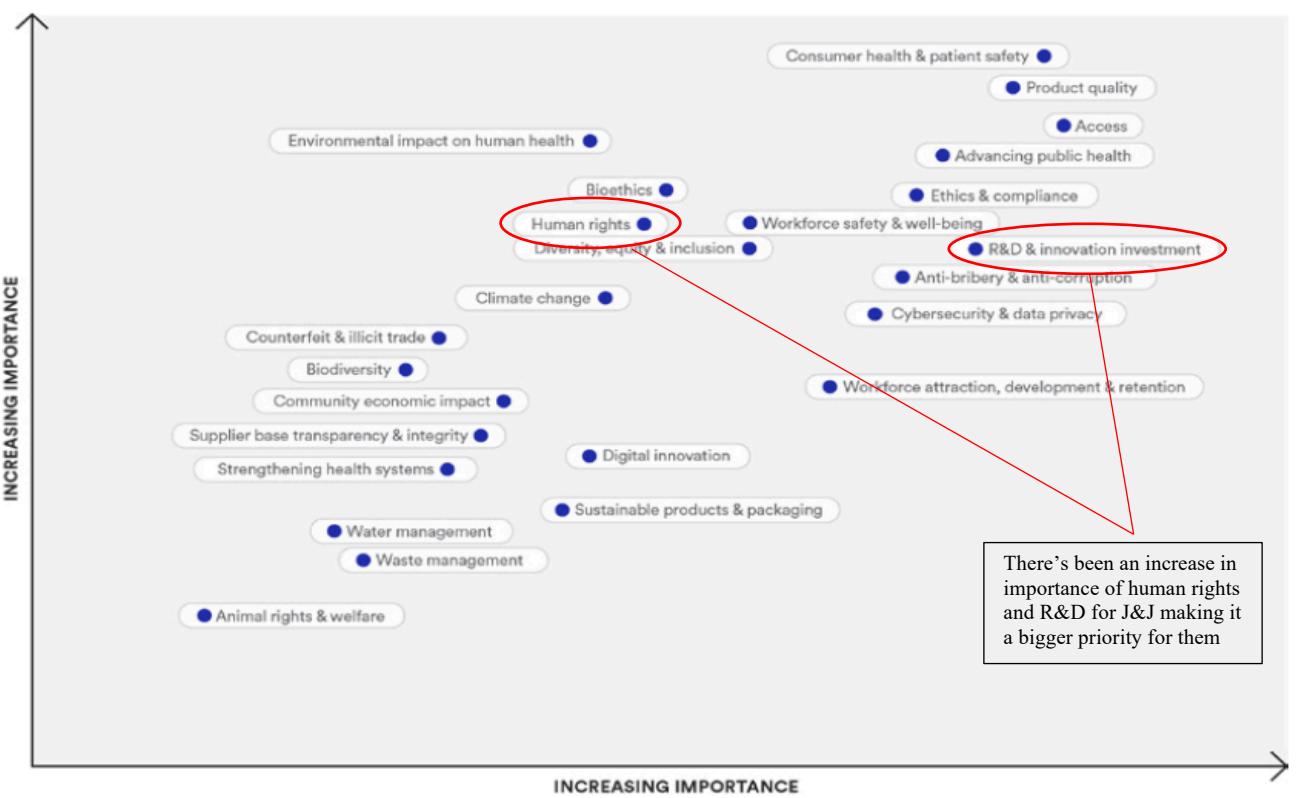


**External Stakeholder Perspective
(Degree of stakeholder concern)**

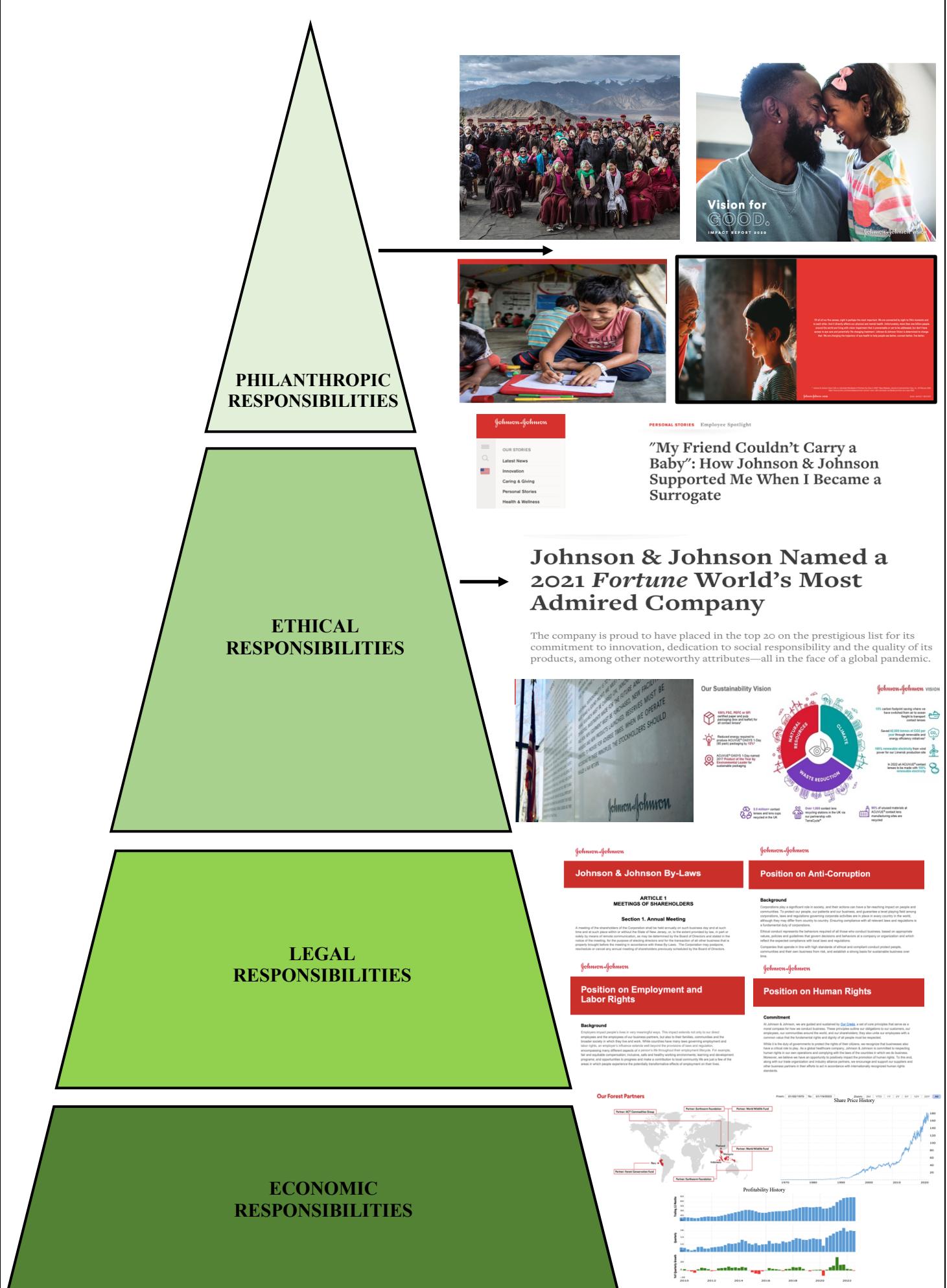


J&J Priority Matrix 2021:

**External Stakeholder Perspective
(Degree of stakeholder concern)**

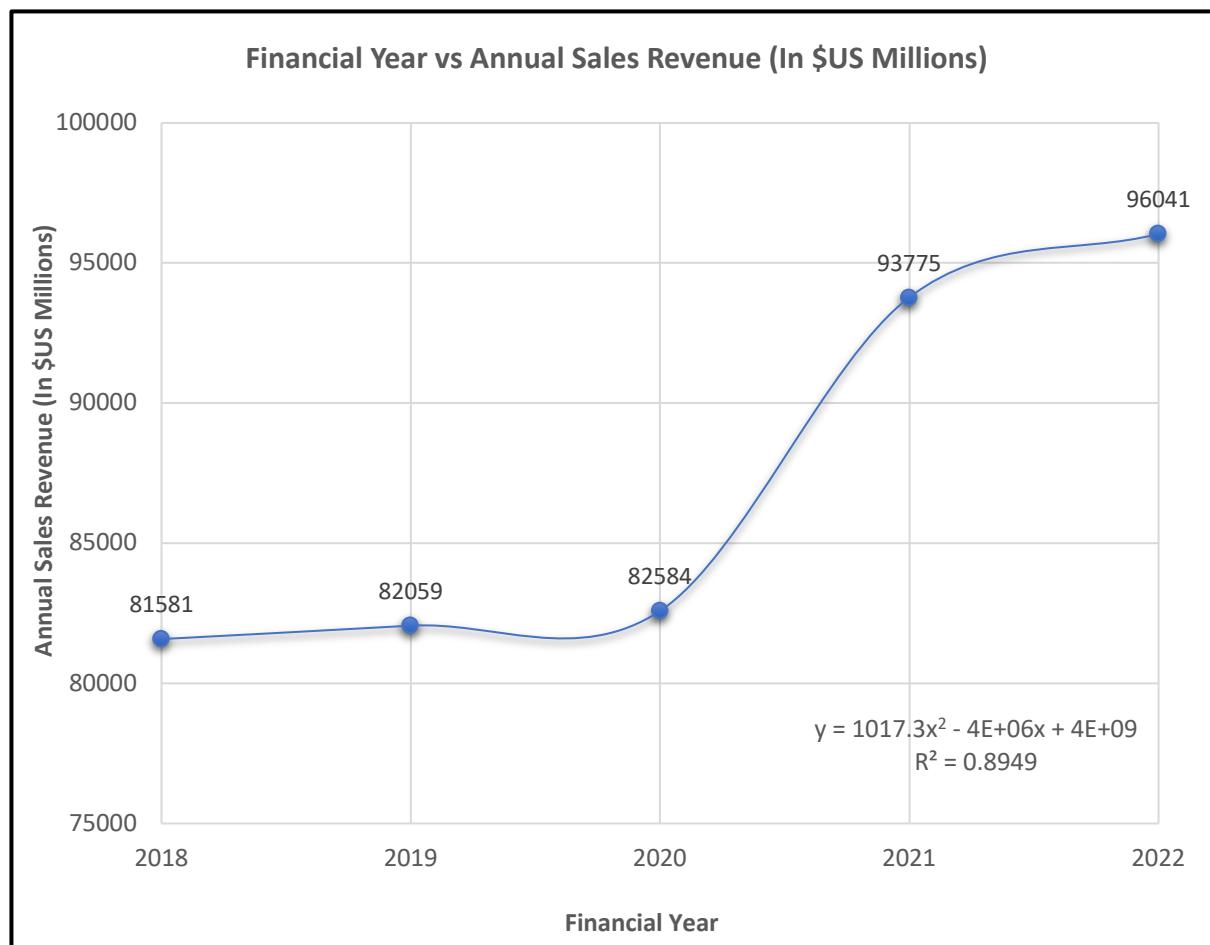


**Johnson & Johnson Perspective
(Impact on business)**



7. Johnson & Johnson Annual Sales Revenue

Financial Year	Sales Revenue (In Millions US\$)
2018	81,581
2019	82,059
2020	82,584
2021	93,775
2022	96,041

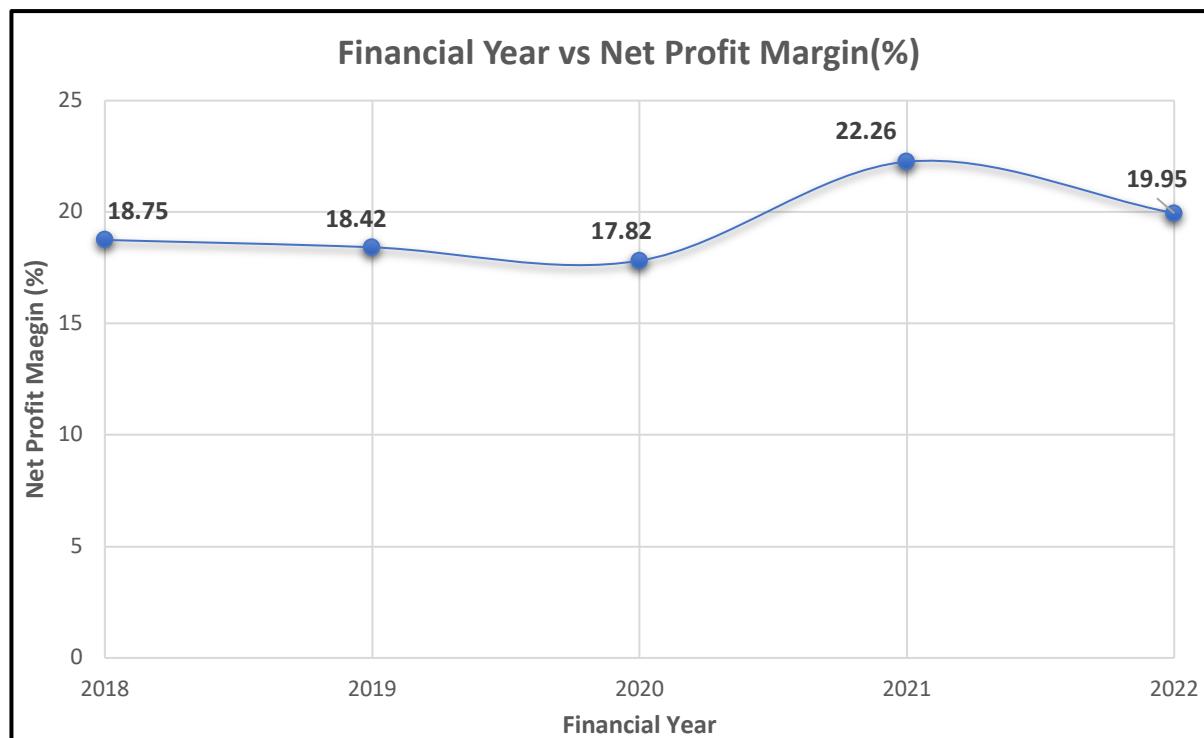


Graph 6: Increase in Annual Sales Revenue for Johnson & Johnson from 2018 to 2022

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales Revenue}} \times 100$$

69 Profitability Ratio Analysis (2018-2022)

Type of Ratio	Financial Year	Calculation
Profitability – NPM	2018	$\frac{15297}{81581} \times 100 = 19.75\%$
	2019	$\frac{15119}{82059} \times 100 = 18.42\%$
	2020	$\frac{14714}{82584} \times 100 = 17.82\%$
	2021	$\frac{20878}{93775} \times 100 = 22.26\%$
	2022	$\frac{19160}{96041} \times 100 = 19.95\%$



Graph 7: Statistical Representation of net profit margin from 2018 to 2022

⁶⁹ Hoang, Paul. Business Management. 4th Edition , Victoria, Australia; IBID, 2016 Print

Profitability ratio is a subset of ratio analysis: which examines a company's profit in relation to other figures, to judge the financial performance of a business. Having tabulated a direct correlation between corporate social responsibility and customer purchasing behaviour, the impact of CSR on the profitability of J&J was investigated. The trend in profitability has been examined with context to the CSR that J&J has been practising.

J&J has been experiencing increasing sales revenue in the time period 2018-2022. The firm had approximately **0.60% year-on-year growth** in revenue till 2020 until this figure significantly increased to **13.55%**, from **\$82584 Million** in 2020 to **\$93775 Million** in 2021. Sales revenue substantially increased from **\$81581 Million** in 2018 to **\$96041 Million** in 2022: a **17.72% increment** over 4 years. Initially, there is a negative trend in the profitability for J&J wherein their net profit margin stood at **18.75%** but plummeted to its lowest in the domain of 2018-2022 to **17.82%** which was a **0.93%** decrease. From 2020 onwards, J&J had an **upward sloping NPM ratio**, wherein profitability rose to **22.26%: a 4.44% increment**. This figure slightly decreased to a **19.95%: a 2.31%** decrease in 2022 however it has not drastically reduced. Despite the lawsuits and backslash faced by J&J it has maintained a upward sloping sales revenue and increasing profitability mainly due to practising CSR which has cultivated a positive brand recognition, increased customer loyalty and attracted high calibre-staff. Furthermore, J&J stands on the 8th position in the entire world by market capitalization: **\$464.01 Billion**.⁷⁰

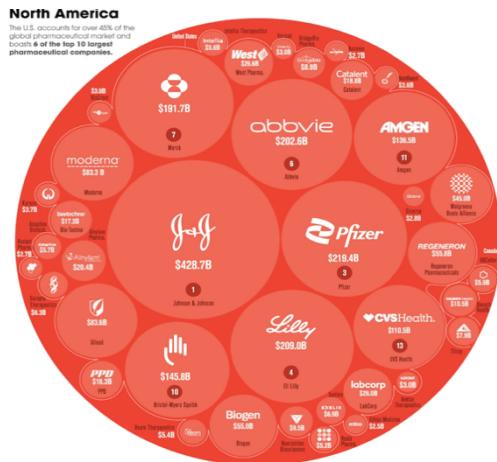


Figure 12: J&J Market Capitalization Ranking Worldwide

⁷⁰ "Companies Ranked by Market Cap - CompaniesMarketCap.com." Companies Ranked by Market Cap - CompaniesMarketCap.com, companiesmarketcap.com. Accessed 26 Dec. 2022.

Conclusion: Outcomes of Corporate Social Responsibility Efforts

CSR is a broad spectrum that illustrates how, beyond the basic objectives of profit generation, businesses have a responsibility to contribute positively to the community and environment, not only as a liability but as an imperative necessity. J&J continues to embrace CSR as one of their main priorities to contribute towards the community and endeavour a sustainable future.⁷¹

Despite these initiatives, the debate remains whether J&J is an ethical, globally responsible leader primarily due to their lawsuits and allegations of product contaminations.⁷²

In terms of the firms economic responsibility, J&J has successfully abided their obligation of maintaining a good relation with it's shareholders, as a **dividend king** primarily because the firm announced a **6.6% hike** in their quarterly dividends, bringing it to **\$1.13 per share** with an annual dividend of **\$4.52 per share**. J&J's dividend yield is above the sector average of **1.56%** wherein J&J yields **2.54%.**⁷³

Despite the lack of legal responsibility at J&J regarding unethical animal testing, the firm continues to be innovative and benefit the community, primarily focusing on creating a healthy environment. For example, the “Sight for Kids”⁷⁴ campaign attempts to eradicate global blindness and “WiSTEM²D”⁷⁵ provides tools and technology to women to combat gender disparities. Due to several pressure groups, around 170 non-profit organizations urged the

⁷¹ “Sustainability.” Content Lab U.S., www.jnj.com/tag/sustainability. Accessed 23 Jan. 2023.

⁷² Lazovska, Daniela. “CSR by Johnson and Johnson, From Credo to Suspicion - ExpokNews.” ExpokNews, 11 Jan. 2019, www.expoknews.com/csr-by-johnson-johnson-from-credo-to-suspicion.

⁷³ “Johnson and Johnson (NYSE:JNJ): This Dividend King Is an Appealing Retirement Stock.” Johnson & Johnson (NYSE:JNJ): This Dividend King Is an Appealing Retirement Stock | Nasdaq, www.nasdaq.com/articles/johnson-johnson-nyse:jnj:-this-dividend-king-is-an-appealing-retirement-stock. Accessed 26 Dec. 2022.

⁷⁴ “Corporate Social Responsibility.” Johnson and Johnson Vision, www.jjvision.com/corporate-social-responsibility. Accessed 12 Nov. 2022.

⁷⁵ “JJ WiSTEM2D | University College Cork.” University College Cork, www.ucc.ie/en/sefs/about/scholarshipsandprizes/jwistem2d. Accessed 12 Nov. 2022.

company J&J to stop selling their talcum-powder, which allegedly causes cancer.⁷⁶ This helped J&J improve their ethical responsibility and abide by rules and regulations set by the government to identify any gaps in their responsibilities.



Figure 14: WISTEM²D Scholars Program for Training and Skills Sets of Women and Sight For Kids Campaign

Pertaining to Carroll's Philanthropic Responsibilities, the company has committed itself to striving to aid those in need through their CSR programs. The Vision and Mission analysis, in conjunction with the strategic planning process, reflects how J&J systematically sets its CSR objectives. Carroll's Pyramid provided the company's various objectives and a balanced argument on its CSR activities, emphasizing how important it is for J&J to embrace CSR beyond maximising profits, leading to the conclusion that the company successfully fulfils every layer of responsibility before disobeying it, improving its corporate image.

Statistical analysis (**2018-2022**) led to a stronger foundation to be developed and conclude whether CSR impacted J&J's profitability positively. Increasing profitability from the plummeted value of **17.82%** to a **19.95%** successfully evidenced the growth of the company and improvement in margins with respect to its CSR activities. However, there are many factors apart from CSR that could have driven the growth of these statistical figures: perhaps market conditions need to be taken into account.

⁷⁶ O'Donnell, Carl. "Nonprofits Urge Johnson and Johnson to Halt Sales of Baby Powder Globally." U.S., www.reuters.com/article/us-johnson-johnson-babypowder-idUSKBN24935C. Accessed 12 Nov. 2022.

The aim of this essay was to elucidate how J&J has embodied CSR as an important integrant within their business not because it's an obligation, but because future generations deserve a preserved environment - else we stay in *debt* to them. Nonetheless, J&J takes on plenty of CSR activities in the form of donations and campaigns to reinforce their image and overcome backslash due to the lawsuits and accusations against their talcum-powder product. Applying Carroll's Pyramid tool to J&J concludes that the company has successfully fulfilled their duty to be socially responsible fitting in the criteria of being regarded as socially responsible organization that fulfils its four layers of responsibility. Finally, J&J successfully resonates their upcoming CSR plans depicting their endurance and commitment to their J&J vision.⁷⁷

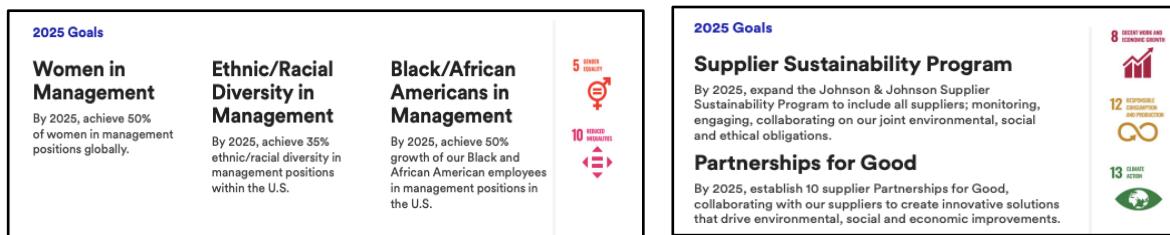


Figure: Some of J&J Sustainability Vision and Future Goals and SDG Objectives

Nevertheless, the immense scale of this company raises additional unanswered questions that necessitate analysis and a well-defined response. For instance since J&J increasingly spends their monetary on R&D and innovation⁷⁸ for better healthcare products, this leads to an unresolved question: **To what extent J&J's increasing spending on R&D and Innovation has nurtured an increase in their market share and profits?**

⁷⁷ "The Magic of Our Eyes." Johnson and Johnson Vision, www.jjvision.com. Accessed 23 Jan. 2023.

⁷⁸ Refer to Graph 2: Increasing spending on R&D by Johnson & Johnson

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Appendix:

1: Email to Johnson and Johnson:

Corporate Social Responsibility Research on Johnson and Johnson Inbox X Print Email

 **Yug More** <yugmore20@gmail.com>
to jnjinovation ▾

Thu, 22 Dec, 12:38 (3 days ago) Star Reply More

Good Afternoon,
Greetings of the day,

I am Yug More, a student studying at Indus School Pune. I am highly interested in writing a research paper on Johnson & Johnson on the topic of Corporate Social Responsibility and as to how the company values CSR. Humble request if you could please provide your input on why CSR is important for the company and how you envision CSR in Johnson and Johnson in the future.

Thank you so much for your time,
Regards,
Yug More

 **Johnson & Johnson Innovation** <RA-RNDUS-jnjinovati@its.jnj.com>
to me ▾

22 Dec 2022, 22:05 (3 days ago) Star Reply More

Dear Yug:
Your correspondence has reached the general mailbox for Innovation.
Thank you for your interest in connecting with Johnson & Johnson about your innovative ideas. We are excited about new opportunities that will help build a future of partnership and innovation.

From driving equity in healthcare, to supporting local volunteer and outreach efforts, to increasing access to care through our two signature charity partners, we support healthy communities with compassion, collaboration, and service—coming together for the benefit of all. To forge this lasting impact—and a world where access to eye care is equitable for all—our teams should be as diverse as our communities. Each Johnson & Johnson Vision employee brings a unique set of experiences, cultural background, and thinking style that creates a richness in our company and for our customers. We foster a culture of inclusion for our teams to learn, grow, and feel confident bringing their whole selves to work. By empowering our employees to combine their time and talent to make a positive impact on the world, we're not only building the healthiest communities—we're amplifying our Talent for Good. Led by Johnson & Johnson, Talent for Good offers a wide range of volunteer opportunities for employees. Created in 2015, the Johnson & Johnson WiSTEM2D (Women in Science, Technology, Engineering, Math, Manufacturing and Design) program is one such opportunity. This program has been a driving force in providing women and girls with tools and platforms to change the world. As part of the Johnson & Johnson Family of Companies, our employees engage in this important effort in many ways—including the WiSTEM2D University Series. Aiming to inspire women at pivotal moments in their university years to choose and stick with STEM2D majors and careers, female STEM2D professionals at Johnson & Johnson Vision share what it's like to work in STEM2D, provide advice for women pursuing related majors, and much more

If you are interested in submitting an idea, please check out [our areas of interest](#). To identify the appropriate contact to discuss your idea with – in one of our Innovation Centers, Business Development, JLabs or JJDC teams – please visit our [contacts page](#) and [digital brochure](#).

You can also check our [currently active Quickfire Challenges](#) to determine whether you may wish to participate in one of those.

Thanks again, wishing you good health!

Best regards,

The Innovation Team

2: Johnson & Johnson Recognition and Awards

2018:

Recognitions

Member of Dow Jones Sustainability Indices In Collaboration with RobecoSAM	Top company on #LinkedInTopCompanies list as one of the world's most sought-after employers	Member of the Billion Dollar Roundtable for supplier diversity for the 8th consecutive year	FTSE4Good Index Series constituent
Working Mother 100 Best Companies (for 33rd consecutive year) – Top 10 and Best Companies for Working Dads	Thai FDA Quality Award for the 2nd consecutive year	CDP A LIST CLIMATE CHANGE	Included in CDP Climate Change A list
SEPA GREEN POWER PARTNER The U.S. Environmental Protection Agency's National Top 100 List of the largest green power users from the Green Power Partnership	Ranked #3 on the 2018 Access to Medicine Index		Received CDP Water Security A- rating
#8 on Drucker Institute's Management Top 250 ranking (the best-run U.S. companies of 2018)	CDP SUPPLIER ENGAGEMENT LEADER 2018 Recognized as CDP Supplier Engagement Leader 2018		Recognized as a trendsetter by the Center of Political Accountability's 2018 CPA-Zicklin Index of Corporate Political Disclosure and Accountability
#1 in the pharmaceutical category of FORTUNE Magazine's "World's Most Admired Companies" for the 6th consecutive year	FORBES The World's Most Reputable Companies For Corporate Responsibility 2018		2018 U.S. Environmental Protection Agency's SmartWay Excellence Award Winner

2019:

Recognitions

Forbes 2020 THE BEST EMPLOYERS for DIVERSITY	Microsoft Word - 0455_m19_ms_22 papers.xtremepaper.rs.../0455_m19_ms_22.pdf Recognized by Forbes for the second consecutive year as a "Best Employer for Diversity."	Ranked #3 in the 2020 Antimicrobial Resistance Benchmark.	BDR BILLION DOLLAR ROUNDTABLE Member of the Billion Dollar Roundtable for supplier diversity for the ninth consecutive year.	Named to CDP Climate Change and Water Security 2019 A Lists, and scored A- in CDP's Forest List.	FTSE4Good Index Series constituent.
Achieved the TOP RANKING in Gartner Inc.'s 11th annual Healthcare Supply Chain Top 25 ranking, which recognizes companies across the healthcare value chain, and eighth position in Gartner's ranking of the top 25 large cap (>\$12B) company supply chains, moving up 10 places to our highest-ever ranking.	WORKING MOTHER 100 BEST COMPANIES 2019 Ranked #1 on Working Mother magazine's annual list of the "100 Best Companies."			Scored 90% in DisabilityIN's 2019 Disability Equality Index for the second consecutive year.	
SmartWay Excellence Award Recipient	Received the EPA SmartWay Excellence Award for the sixth year. This award recognizes companies that are leaders in increasing energy efficiency while decreasing greenhouse gas emissions.	Honored with CSR Health Impact's Swasth Bharat award in recognition of Janssen India's transformative work to address the growing challenge of multidrug-resistant tuberculosis (MDR-TB).		Named among the Top 100 Companies in Equileap's 2019 Gender Equality Global Report and Ranking, which recognizes the leading companies globally making progress toward gender equality in the workplace.	
Named as the Operational Fleet Superstar at the inaugural Great British Fleet Awards for Johnson & Johnson UK's Safe Fleet team's Caring About People program.	Named to Fortune's list of the World's Most Admired Companies for the 17th year, ranking in the top 20. Johnson & Johnson was also placed #1 in the pharmaceutical category worldwide for the sixth consecutive year.	Inducted into DiversityInc's prestigious Top 50 Hall of Fame, one of six companies included to date, after ranking #1 in DiversityInc's 2018 Top 50 Ranking.	BEST PLACES TO WORK 2020 for LGBTQ Equality	Included in the Human Rights Campaign Foundation's list as a Best Place to Work for LGBTQ Equality for the 15th consecutive year, scoring 100% percent on the 2020 Corporate Equality Index (CEI), which measures corporate policies and practices related to LGBTQ workplace equality.	
Named to the JUST Capital top 100 ranking in 2019, for the second year, ranking seventh of 43 pharmaceutical and biotech companies.	Recognized for our commitment to R&D that helps people with mental illness, and for our longstanding support of the Mental Health Association in New Jersey (MHANJ).	Ranked #11 in the 2019 Workforce 100 – the world's top companies for Human Resources Management.		Named to the global #LinkedIn Top Companies 2019 as one of the world's most sought-after employers. Johnson & Johnson was the only healthcare company to be featured in the U.S. list.	
Recognized by the American Heart Association at Gold Level for workplace health programs and culture of health best practices.					

2020:

Our Recognitions

 <p>FTSE4Good</p> <p>Constituent of the FTSE4Good Index Series, designed to measure the performance of companies demonstrating strong ESG practices.</p>	<p>Ranked #2 for "social capital" in new <i>The Wall Street Journal</i> ranking of world's most sustainably managed companies.</p>	 <p>access to medicine INDEX</p> <p>Ranked #3 on advancing access to medicines and technologies for people in low- and middle-income countries in the 2021 Access to Medicine Index.</p>
<p>Named to the 2020 CPA-Zicklin Index of Corporate Political Disclosure and Accountability for the third consecutive year with trendsetter status, indicating model corporate governance best practices.</p>	 <p>A List ratings from CDP in climate action for the third consecutive year and water security for the second consecutive year.</p>	 <p>Named to the CDP supplier engagement leader board for the fourth consecutive year.</p>
<p>Received the EcoVadis 2021 Sustainable Procurement Leadership Awards in the Best Value Chain Engagement category.</p> 	 <p>Ranked #1 on 12th annual Gartner Healthcare Supply Chain Top 25 ranking.</p>	 <p>Named to <i>Working Mother's</i> annual 100 Best Companies list for the 35th consecutive year, and also recognized on the Best Companies for Dads list for the third consecutive year.</p>
 <p>Named to Forbes 2020 list as a Best Employer for Diversity for the 2nd consecutive year.</p>	 <p>Johnson & Johnson Technology selected as a 2021 CIO 100 Award winner for wide-ranging contributions to bringing forward Johnson & Johnson's COVID-19 vaccine candidate.</p>	 <p>DiversityInc 2020 and 2019 Hall of Fame Company for Diversity.</p>

2021:



OUR COMPANY

Johnson & Johnson Is Named First-Ever Fortune Most Powerful Women Global Partner

Johnson & Johnson Named a 2021 Fortune World's Most Admired Company

2022:

Johnson & Johnson Named a 2022 Fortune World's Most Admired Company and Ranked #1 on the Pharmaceutical Industry List

Johnson & Johnson Executive Jennifer Taubert Named to Fortune's 2022 Most Powerful Women List

3: Financial Ratio's for Johnson & Johnson in United States of America
(U.S:NYSE Market)^{79⁸⁰}
[*All Values in USD Million (\$)]

Fiscal year is January-December. All values USD Millions.	2021	2020	2019	2018	2017
Sales/Revenue	93,758	82,572	82,113	81,534	76,481
Cost of Goods Sold (COGS) incl. D&A	29,874	27,998	27,135	27,186	25,192
COGS excluding D&A	22,484	20,767	20,126	20,257	19,550
Depreciation & Amortization Expense	7,390	7,231	7,009	6,929	5,642
Depreciation	2,690	2,531	2,509	2,529	2,642
Amortization of Intangibles	4,700	4,700	4,500	4,400	3,000
Gross Income	63,884	54,574	54,978	54,348	51,289
Gross Profit Margin	68.14%	-	-	-	-
SG&A Expense	39,403	34,106	33,428	33,095	31,949
Research & Development	14,744	12,022	11,250	10,555	10,429
Other SG&A	-	22,084	22,178	22,540	21,520
EBIT	24,481	20,468	21,550	21,253	-
Unusual Expense	3,350	3,876	6,008	4,138	3,313
Non-Operating Income/Expense	2,351	518	2,198	1,467	2,278
Non-Operating Interest Income	53	111	357	611	385
Interest Expense	759	724	769	1,194	1,017

⁷⁹ "JNJ | Johnson and Johnson Financial Statements - WSJ." JNJ | Johnson & Johnson Financial Statements - WSJ, 27 Oct. 2022, www.wsj.com/market-data/quotes/JNJ/financials.

⁸⁰ "Johnson and Johnson Profit Margin 2010-2022 | JNJ | MacroTrends." Johnson & Johnson Profit Margin 2010-2022 | JNJ | MacroTrends, www.macrotrends.net/stocks/charts/JNJ/johnson-johnson/profit-margins#:~:text=Profit%20margin%20can%20be%20defined,30%2C%202022%20is%2019.95%25. Accessed 27 Oct. 2022.

Gross Interest Expense	808	787	839	1,280	1,111
Interest Capitalized	49	63	70	86	94
Pre-tax Income	22,776	16,497	17,328	17,999	17,673
Pre-tax Margin	24.29%	-	-	-	-
Income Tax	1,898	1,783	2,209	2,702	16,373
Income Tax - Current Domestic	1,525	1,026	1,941	1,081	11,969
Income Tax - Current Foreign	2,452	1,898	2,744	2,637	1,998
Income Tax - Deferred Domestic	583	(76)	(814)	(148)	(1,956)
Income Tax - Deferred Foreign	(2,662)	(1,065)	(1,662)	(868)	4,362
Consolidated Net Income	20,878	14,714	15,119	15,297	1,300
Net Income	20,878	14,714	15,119	15,297	1,300
Net Margin	22.27%	-	-	-	-
Net Income After Extraordinaries	20,878	14,714	15,119	15,297	1,300
Net Income Available to Common	20,878	14,714	15,119	15,297	1,300
EPS (Basic)	7.81	5.51	5.63	5.61	0.47
Basic Shares Outstanding	2,632	2,633	2,645	2,682	2,692
EPS (Diluted)	-	5.51	5.63	5.61	0.47
Diluted Shares Outstanding	2,674	2,671	2,684	2,729	2,745
EBITDA	31,871	27,699	28,559	28,182	24,982
EBITDA Margin		-	-	-	-

4. Percentage Growth in Ratios

Percentage Growth	2021	2020	2019	2018	2017
Sales Growth	13.55%	0.56%	0.71%	6.61%	-
COGS Growth	6.70%	3.18%	-0.19%	7.92%	-
Gross Income Growth	17.06%	-0.73%	1.16%	5.96%	-
SGA Growth	15.53%	2.03%	1.01%	3.59%	-
Interest Expense Growth	4.83%	-5.85%	-35.59%	17.40%	-
Net Income Growth	41.89%	-2.68%	-1.16%	1076.69%	-
Pre-tax Income Growth	38.06%	-4.80%	-3.73%	1.84%	-
EPS (Basic) Growth	41.72%	-2.18%	0.40%	1093.62%	-
EPS (Diluted) Growth	0.00%	-2.18%	0.47%	1083.85%	-
EBITDA Growth	15.06%	-3.01%	1.34%	12.81%	-

5. J&J Income Statement (Profit & Loss Account 2017-2021):

Annual Data Millions of US \$ except per share data		2021-12-31	2020-12-31	2019-12-31	2018-12-31	2017-12-31
Revenue	Link	\$93,775	\$82,584	\$82,059	\$81,581	\$76,450
Cost Of Goods Sold	Link	\$29,855	\$28,427	\$27,556	\$27,091	\$25,439
Gross Profit	Link	\$63,920	\$54,157	\$54,503	\$54,490	\$51,011
Research And Development Expenses	Link	\$14,714	\$12,159	\$11,355	\$10,775	\$10,594
SG&A Expenses	Link	\$24,659	\$22,084	\$22,178	\$22,540	\$21,520
Other Operating Income Or Expenses	Link	-\$489	-\$2,899	-\$2,525	-\$1,405	\$42
Operating Expenses	Link	\$41,144	\$37,660	\$37,175	\$36,491	\$33,338
Operating Income	Link	\$22,776	\$16,497	\$17,328	\$17,999	\$17,673
Total Non-Operating Income/Expense		-	-	-	-	-
Pre-Tax Income	Link	\$22,776	\$16,497	\$17,328	\$17,999	\$17,673
Income Taxes	Link	\$1,898	\$1,783	\$2,209	\$2,702	\$16,373
Income After Taxes	Link	\$20,878	\$14,714	\$15,119	\$15,297	\$1,300
Other Income		-	-	-	-	-
Income From Continuous Operations	Link	\$20,878	\$14,714	\$15,119	\$15,297	\$1,300
Income From Discontinued Operations		-	-	-	-	-
Net Income	Link	\$20,878	\$14,714	\$15,119	\$15,297	\$1,300
EBITDA	Link	\$30,402	\$24,040	\$25,012	\$26,544	\$24,634
EBIT	Link	\$23,012	\$16,809	\$18,003	\$19,615	\$18,992
Basic Shares Outstanding	Link	2,632	2,633	2,645	2,682	2,692
Shares Outstanding	Link	2,674	2,671	2,684	2,729	2,745
Basic EPS	Link	\$7.93	\$5.59	\$5.72	\$5.70	\$0.48
EPS - Earnings Per Share	Link	\$7.81	\$5.51	\$5.63	\$5.61	\$0.47

6. J&J Balance Sheet (2018 – 2021):

Annual Data Millions of US \$ except per share data		2021-12-31	2020-12-31	2019-12-31	2018-12-31	2017-12-31
Cash On Hand	Link	\$31,608	\$25,185	\$19,287	\$19,687	\$18,296
Receivables	Link	\$15,283	\$13,576	\$14,481	\$14,098	\$13,490
Inventory	Link	\$10,387	\$9,344	\$9,020	\$8,599	\$8,765
Pre-Paid Expenses	Link	\$3,701	\$3,132	\$2,392	\$2,699	\$2,537
Other Current Assets	Link	-	-	\$94	\$950	-
Total Current Assets	Link	\$60,979	\$51,237	\$45,274	\$46,033	\$43,088
Property, Plant, And Equipment	Link	\$18,962	\$18,766	\$17,658	\$17,035	\$17,005
Long-Term Investments		-	-	-	-	-
Goodwill And Intangible Assets	Link	\$81,638	\$89,795	\$81,282	\$78,064	\$85,134
Other Long-Term Assets	Link	\$10,216	\$6,562	\$5,695	\$4,182	\$4,971
Total Long-Term Assets	Link	\$121,039	\$123,657	\$112,454	\$106,921	\$114,215
Total Assets	Link	\$182,018	\$174,894	\$157,728	\$152,954	\$157,303
Total Current Liabilities	Link	\$45,226	\$42,493	\$35,964	\$31,230	\$30,537
Long Term Debt	Link	\$29,985	\$32,635	\$26,494	\$27,684	\$30,675
Other Non-Current Liabilities	Link	\$16,399	\$18,503	\$19,178	\$16,831	\$17,489
Total Long Term Liabilities	Link	\$62,769	\$69,123	\$62,293	\$61,972	\$66,606
Total Liabilities	Link	\$107,995	\$111,616	\$98,257	\$93,202	\$97,143
Common Stock Net	Link	\$3,120	\$3,120	\$3,120	\$3,120	\$3,120
Retained Earnings (Accumulated Deficit)	Link	\$123,060	\$113,890	\$110,659	\$106,216	\$101,793
Comprehensive Income	Link	-\$13,058	-\$15,242	-\$15,891	-\$15,222	-\$13,199
Other Share Holders Equity		-	-	-	-	-
Share Holder Equity	Link	\$74,023	\$63,278	\$59,471	\$59,752	\$60,160
Total Liabilities And Share Holders Equity	Link	\$182,018	\$174,894	\$157,728	\$152,954	\$157,303