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SOCIAL RESPONSIBILITY OF BUSINESS: A CASE STUDY OF GRAMEEN PHONE IN BANGLADESH

NIMALATHASAN, B.*

Abstract

The social responsibility of business organisations is getting increased attention in recent years, and a strong perception has developed among the business managers worldwide and that organisations need to be managed in a socially responsible way for economic viability and long term sustainability. Therefore, the social responsibility of businesses has become an important part of today's business agenda. The paper aims to investigate the social responsibility of business: a case study of Grameen phone in Bangladesh and identify different Corporate Social Responsibility (CSR) activities of Grameen phone (GP). Secondary data collection methods were used to conduct the study. It can be concluded GP believe that sustainable development can only be achieved through long term economic growth and therefore, intended to deliver the best to the customers, business partners, stakeholders, employees and society by 'being a partner in development.'

Key words: *Social Responsibility of Business, Social Performance, Business.*

JEL Classifications: M19, M10

Prelude

Managers of some successful organisations in both developed and developing countries have become the leaders. As the leadership groups like the aristocracy or the priesthood or the scientist, either disappeared or become insignificant, the new leadership group to emerge are managers of business enterprises and of universities, of government agencies, and of hospitals. These people have command and competence over the most of the resources of the society. It is expected from them that they take the role of leadership and take responsibility for major social problems and major social issues (Drucker, 1974).

As a result of these shifts, the emergence of managers as the major leadership group, the growing disenchantment with government, and the shift in focus from the quantities of lie the demand has arisen that managers, and especially business managers, make concern for society central to the conduct of business itself. It is a demand that the quality of life become the business of

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business. The society, who is the only supply source of resources to be deployed in any business enterprise, have got the right to expect from a business enterprise; to be responsible in achieving objectives. A business enterprise has to make sure that the resource; for example, the money raised for capital, the raw material collected or produced for production, the people employed as employee, the space rented for business premises and other resources like, minerals, gas or oil purchased- all of these resources are coming from this society. After all the resources acquired and utilised for the operations, finally, the products or services to be sold to the customers i.e., people of the society again, generate revenue of any business enterprise. So, it is a normal expectation of the society that, the business has to take care of the society. The new groups of leaders, who are the managers of business enterprises, have to think to solve business problems in achieving their objectives. But the crux of the problem is the degree to which a business should solve the problems of society.

Today there is a growing perception among business enterprises that sustainable business success and shareholder value cannot be achieved solely through maximizing short term profits, but through market oriented yet socially responsible activities of the business. Therefore, the social responsibility practices has become an important part of today's business agenda, which indicate the commitment of the business to behave ethically and contribution towards improving the quality of work and social life of the workforce and their families as well as of the local community and society at large. However, business organisations are the power wheels of economic growth and development, and help the society by providing better jobs, increasing income levels of the people, and by supplying goods and services to the consumers. Such organisations may be expected to halt the pollution of the environment of their industrial wastes, train hard core unemployed, and lean up the slums because ultimately such actions will affect the business favourably. The paper aims to investigate the social responsibility of business: a case study of Grameen phone in Bangladesh and identify different CSR activities in Grameen phone.

Literature Review

Social responsibility can be defined by the views and thoughts expressed by authors, researchers and observers in the respective context. Such expressions are mentioned in the following section of the study. Bergmann (1975) pointed out that, social responsibility is, literally, the responsiveness of business to the expectation of the society as to what constitutes its appropriate objectives and acceptable ways to attain these objectives. Social responsibility is the set of obligations an organisation has to protect and enhance the society in which it function (Anderson, 1986). It is an obligation, beyond that required by the law

and economics, for a firm to pursue long term goals that are good for society (Robbins and DeCenzo, 1995).

CSR has been discussed in different forums throughout the world. It has been recognised that like profit and other key result areas, social responsibility is an important area in which every business must set objectives and produce result (Singhe, 1978). In contrast, Friedman (1962) expressed the other view of CSR that business must play an active social role in the society in which it functions, since many business houses are large and economically powerful, this role may be played successfully. Thus, their social responsibility grows gradually when the organisations grow in size (Davis and Blomstrom, 1975). Drucker (1964) said that the business enterprise must be managed in such a manner that it can make the public goods as the private goods of the enterprise.

Murshed, Humayun and Ahmad (1999) commented that recent studies have unveiled connection between corporate management structure of the enterprises and their choice of financial reporting method. They also argued that 'agency theory' which has highlighted the relationship of ownership and management in deriving the financial control of the organisation is not focus much on institutional factors and ideological perspective of financial and managerial control. Kelly (2005) pointed out that privately owned and employee-owned companies seem to have a better chance of acting in the best interest of employees and communities, because the ownership structure permitted leaders to have priorities beyond maximizing profits. Chowdhury (2006) argued that environmental marketing and management integrate all the three areas of business society environment interrelationships. But corporate social responsibility or corporate citizenship are attributed to be more extensive terms than the business society environment relationships or the circle model.

Hoque (1985) in an article titled "Social responsibilities of Business: Myth or Reality?" explained the concepts of CSR, its major areas and the proper direction in which a firm can think of being socially responsible. Reviewing available literature in the field, the study identified the major areas to be focused for a business enterprise so as to be responsible to the different concerns of the society. Mahmud (1988) analysed different aspects of the concept in a study, to show the practice of social responsibility in public enterprises of Bangladesh. After a brief discussion of the aspects of social responsibility the study examined the performance of social responsibility in different public sector corporations of the country. The study pointed out that public corporations of Bangladesh should have some sort of obligatory responsibilities to the society. It was tied with the need of establishing public corporations in the country.

Arif (1990) conducted a study over ten private and ten public sector corporations in Chittagong. He found that employee welfare and national development were the objectives of a public sector enterprise management, while the objectives of private business enterprises were profit, growth and self

sufficiency. But the manager's conceptual understandings on the topic were found same in both the types of businesses. In case of employee welfare, the areas covered were same for the both sectors, while the involvement was quite less in case of private sector enterprises. Public sector enterprises also performed better in human resource development programs, and community development activities. Mannan (1986) discussed the concept of CSR from the organisational contextual changes. The study reviewed literature on the areas of social responsibility. It also tried to focus the arguments of both for and against the concept.

Various studies have been done on this area, but a case study has not yet been conducted in Bangladesh context, especially in telecommunications (phone service). Hence the present study is made on the social responsibility of business: a case study of Grameen phone in Bangladesh.

Objectives of the Study

The study has been undertaken with the following objectives:

1. To understand the meaning and nature of CSR;
2. To identify the CSR activities of Grameen phone

Material and Methods

Sampling organisation

Grameen phone (GP) (Bengali: গ্রামীণফোন) is a GSM-based cellular operator in Bangladesh. Grameen phone started operations on March 26, 1997. It is partly owned by Telenor (62%) and Grameen Telecom (38%). Grameen phone is the largest mobile phone company in Bangladesh with 19.58 million customers as of May, 2008. It is also one the fastest growing cellular telephone network in Bangladesh. At the end of 2005, it had about 3500 base stations around the country with plans to add about 500 in the following six months. Grameen phone's stated goal is to provide cost-effective and quality cellular services in Bangladesh. On the 16th of November, 2006 GP formally changed its logo to match its parent company Telenor's logo. According to GP the new logo symbolizes trust, reliability, quality and constant progress.

The technological know-how and managerial expertise of Telenor has been instrumental in setting up such an international standard mobile phone operation in Bangladesh. Being one of the pioneers in developing the GSM service in Europe, Telenor has also helped to transfer this knowledge to the local employees over the years. The company has so far invested more than BDT 10,700 crore (USD 1.6 billion) to build the network infrastructure since its inception in 1997. It has invested over BDT 3,100 crore (USD 450 million) during the first three quarters of 2007 while BDT 2,100 crore (USD 310 million) was invested in 2006 alone. Grameen phone is also one the largest

taxpayers in the country, having contributed nearly BDT 7000 crore in direct and indirect taxes to the Government Exchequer over the years. Of this amount, over BDT 2000 crore was paid in 2006 alone. Grameenphone was presented with the GSM Association's Global Mobile Award for 'Best use of Mobile for Social and Economic Development' at the 3GSM World Congress held in Singapore, in October 2006, for its Community Information Center (CIC) project, and for its Health Line Service project at the 3GSM World Congress held in Barcelona, Spain, in February 2007. Based on the over view of the GP, the present study is selected for the study.

Data collection:

The study was mainly done through considering secondary sources. Secondary data were collected for the study. The data were gathered from journals, annual reports and etc.

Discussions

To full the social expectations, Grameen phone (GP) defines its social responsibility as 'a complimentary combination of ethical and responsible corporate behaviour as well as a commitment towards generating greater good in a society as a whole by addressing the development needs of the country'. To interact effectively and responsibly with the society and to contribute to the socio economic development of Bangladesh, GP has adopted a holistic approach to CSR, i.e. Strategic and Tactical. Through this approach GP aims on one hand, to involve itself with the larger section of the society and to address diverse segments of the stakeholder demography, and on the other hand, remain focused in its social investment to generate greater impact for the society. In fact, GP started its business with a belief that "*Good development is good business*". Since its inception, it has been driven to be inspiring and leading by example, when it comes to involve in the community based activities. They believe that sustainable development can only be achieved through long term economic growth and therefore, intended to deliver the best to the customers, business partners, stakeholders, employees and society by 'being a partner in development.' Social responsibility related activities in GP involve in three main areas – Health, Education and Empowerment by combining all CSR initiatives under these three core areas, it tries to enhance the economic and social growth of Bangladesh. They believe that CSR is a journey along which we will create positive differences in the community and the development of the country; thus meeting the expectations of our customers and stakeholders.

GP in Health Care

Helping and caring for the community is an essential component of Grameen phone's CSR ; therefore we endeavor to make a positive contribution to the underprivileged community of Bangladesh by helping in improvement of the

health perils in the country as much as possible. Healthcare is still inaccessible for many Bangladeshis. Almost half of the country's population live below the poverty line and cannot even afford basic healthcare. Only 35% of the rural population use adequate sanitation facilities and 72% have access to clean drinking water. Moreover the people of the flood-prone areas suffer from many waterborne diseases.

To help the country in combating the risk of Human Immunodeficiency Virus (HIV), Acquired Immune Deficiency Syndrome or Acquired Immunodeficiency Syndrome (AIDS) GP embarked upon a partnership with UNAIDS to initiate the Asia Pacific Leadership Campaign on HIV/AIDS in Bangladesh. The initiative involves high – level leaders from different sectors of the country, including government, business, media and women, and to engage them in helping to create an enabling environment in support of action on HIV and AIDS as per the global directive from the UN. A major focus of the initiative is to feature these leaders in the media as high profile advocates for the necessary policy reforms. Under the terms of the Memorandum of Understanding (MoU), they will work jointly with UNAIDS in their advocacy campaign to raise awareness on the causes and consequences of HIV and AIDS and generate greater empathy for the afflicted. The organisations will also jointly fund all communication campaigns undertaken nationwide for the advocacy initiative. In another initiative, GP launched a partnership with Dhaka Ahsania Mission, a national Non- government organisation, to provide health services to the poor people. Through this partnership, GP provided financial assistance to establish 05 wards and 01 Operation Theatre to provide cancer treatment to the poorest of the poor patients. It also committed to provide further financial assistance as administrative and operational cost for treatment to the poor patients in the near future when the hospital will begin its full operation. One third of the beds sponsored by GP will be reserved for the most economically disadvantaged patients who will receive free treatments; the rest of the disadvantaged patients screened will also receive treatment, significantly subsidized by GP.

GP launched a nationwide healthcare project titled “Safe Motherhood and Infant Care” in partnership with NGO service Delivery Program (NSDP) of USAID. Through this, GP will provide all necessary assistance free. Yet comprehensive primary healthcare services to the poorest of the poor population of the country for safe motherhood and infant care, with a special focus on the hard –to-reach areas. It will also contribute towards the necessary infrastructure development and extension of basic healthcare services in these areas by providing assistance in enhancing the service quality through recruitment and field placement of additional community – based health workers and upgrading some of the existing static clinics into emergency obstetric care centres. Jointly with Sight Savers International, GP organised a two – day- eye – camp in Cox’

Bazaar Public Library Auditorium from 28th and 29th March, 2007 to provide free eye-care support to the underprivileged people of that region. Over 1100 patients were screened and given prescriptions for refractive error and 114 were selected for cataract surgery. These cataract surgeries were conducted in the following two days. This initiative undertaken by GP was greatly appreciated by all those present. Especially considering that the program reached out to those who do not have access to proper healthcare. As a responsible corporate citizen, GP has always recognised its social responsibilities, especially to the less privileged sections of the society.

Recently, GP signed a letter of intent with Bangladesh Thalasaemia Hospital (BTH) on 24th December '06 to address the problem of acute shortage of fresh, healthy blood supply as well as lack of wide awareness regarding this disease. Like many countries across the world, a significant number of people suffer from thalasaemia in Bangladesh. But there is a general lack of awareness regarding this disease. Regular fresh blood transfusion might help a thalasaemia patient to maintain almost a regular lifestyle. But this is not as simple as said. Bangladesh suffers from acute shortage of fresh, healthy blood supply. Keeping in mind these two vital factors – lack of awareness and supply requirement of healthy and fresh blood, GP organizes 03 blood collection campaigns every year among GP employees which will be donated for the treatment of the patients in BTH. The first of these blood collection campaigns was organised on the 12th December'06, where 46 GP employees donated blood during the event.

GP in Education, Awareness and Skill Development Campaigns

Grameen phone recently co-organised Non Government Organisations (NGOs) Service Delivery Program in 2007 (NSDP) with USAID, on the occasion of the program's closing after completing five years of operation, in Bangladesh. This one- day conference was organised for the stakeholders from the Government, donors, NGOs, and corporate sectors. The aim was to share NSDP's achievements and lessons learned over the past five years in implementing the project. In the conference, issues that Bangladesh will face in the health sector in the coming years were also discussed. The conference included presentations made by six of the participating NGOs, an exhibition on their activities and achievement so far as well as six thematic seminars. GP has donated a microbus and three computers, in addition to a financial contribution, to the Tauri Foundation, which runs the School for Gifted Children in the city. The donation was a continuation of the support lent to the Foundation by GP as it has made such a donation to the organisation for the benefit of its school program earlier. The School for Gifted Children provides special education and necessary therapies (speech therapy, physiotherapy) to the mentally or physically challenged children. GP has recently sponsored the International

Conference on Information and Communication Technology (ICICT) in 2007. The conference, organised by the Institute of Information and Communication Technology (IICT), Bangladesh University of Engineering and Technology (BUET), ran on March 7-9, 2007. This is the first time ever that Bangladesh had hosted such a prestigious ICT conference. The ICICT is a bi-annual conference, dedicated to presenting and discussing scientific results, emerging ideas, practical applications, topical issues and new trends in the field of Information and Communication Technology (ICT).

In the eve of natural adversity, GP distributed blankets and winter clothes among the poor people throughout the country who were affected by the severe cold wave during the month of January and February. GP has launched a talk-show on development issues of Bangladesh in cooperation with television Channel i. The premiere episode of the fort – nightly development talk- show GP Nayone Bangladesh 2021 was aired on the 8th December at 6p.m on Channel i. In the year 2021, Bangladesh will be celebrating its 50th Anniversary of independence. The first six episodes brought together a panel of experts who discussed their views on identified issues. The 7th and 8th episodes featured students from various universities giving their perspectives on education and health issues of Bangladesh. GP in collaboration with Prothom Alo, a leading daily newspaper in Bangladesh, organised a program titled “Prothom Alo-Grameen phone Shommanona 2006” on 28th February 2007 to pay tribute to those people in the country who, in their own way, have strived for betterment of their community. Fifty-two such individuals were recognised on the day. While, each of the recipients were overjoyed at the recognition, one of the recipients could not contain herself as she claimed that she felt as though she had received the Nobel Prize itself. The aim of this program was to bring the little known development practitioners to the limelight creating inspiration and confidence for others. These people have been selflessly working without any assistance from the Government or form any other organisation working form their social commitment to improve the quality of lives in their communities.

Empowerment

Lack of empowerment and poverty is a chronic and complex problem for Bangladesh. Bangladesh ranks 137th among 177 countries. Moreover, 50% of the total population of Bangladesh lives below the poverty line, defined by less than a dollar a day. Some of the major factors contributing to this situation are inequality in income distribution, lack of access to resources, lack of access to information and inadequate infrastructure. The rural people of Bangladesh especially are deprived of these facilities, which is a major issue to break out from the shackles of poverty prevailing in the country. Empowerment is a key constituent towards poverty reduction, and it is a key driver for sustainable economic development. Empowerment is a process of enhancing the capacity of

individuals or groups to make choices and to transform those choices into desired actions and outcomes, which in turn helps them to secure a better life. GP acknowledge that development and poverty reduction depend on holistic economic prosperity; therefore our aim is to increase development opportunities, enhance development outcomes and contribute towards development of the quality of life of the people through our CSR initiatives and innovative services. GP would like to facilitate empowerment opportunities to the vulnerable people of Bangladesh, so that it enables them to better influence the course of their lives and live a life of their own choice.

Conclusion

The history of business repeatedly demonstrates that the failure of business firms to conform voluntarily to societal value is likely to result in social legislation to compel such compliance. In our society, voluntary actions are usually preferable over legal compulsion. Contemporary managers who want to operate in the most open and liberal environment must develop an approach that considers both business and society. Moreover, the responsibility of business introduces a new dimension to executive decision making. It can be concluded GP believe that sustainable development can only be achieved through long term economic growth and therefore, intended to deliver the best to the customers business partners, stakeholders, employees and society by 'being a partner in development.'

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