

# **Corporate Social Responsibility Practices of Mobile Phone Companies in Bangladesh for Rural Development**

**Kowsur Akther\***

**Abstract :** Corporate Social Responsibility (CSR) has emerged as the business issue of 21st century and studied over for last 50 years. It is a well-known concept in the corporate world whereby companies decide to voluntarily contribute to the society to reduce cost and risks, increases the brand value and reputation, effectiveness and the efficiency of employees, improve transparency and clarity of the work of the business house. Rural development generally refers to the process of well-being of people living in relatively isolated and sparsely populated areas. The present study explores CSR practices of Mobile Phone companies in Bangladesh, particularly in the field of rural development and finds that the CSR practices and standards are being gradually implemented in Bangladesh but there is a long way to go. There are some challenges to implement CSR properly in Bangladesh. However CSR practices needs to be improved in Bangladesh, for better and enhanced performance.

**Keywords:** CSR, UN, MDG, MNC, GDP, BTRC.

## **Introduction**

### **Background of the Problem**

Over the past few years as a consequence of raising globalization and pressing ecological issues, the perception of the role of enterprise in the broader social context within which they operates, has been altered. Now enterprises consider and claim themselves as an integral part of society; and accordingly act as responsible that goes beyond economic performance<sup>1</sup>.

As a result of shifting from purely profit margin to social responsibility, many companies have endorsed the term Corporate Social Responsibility (CSR). A company's sense of responsibility towards the community and environment both

---

\*Kowsur Akther, Assistant Professor of Accounting, Eden Mohila College, Dhaka.

ecological and social in which it operates called corporate social responsibility (CSR). CSR has emerged as the business issue of 21st century and studied over for last 50 years<sup>2</sup>.

On the other hand the term 'Rural Development' is used to denote the actions and initiatives taken to improve the standard of living in non-urban neighborhood that are primarily staying in less privileged area<sup>3</sup>.

The present study attempts to explore CSR practices of mobile Phone companies in Bangladesh, particularly in the field of rural development.

## **Operational Definition of Key Concepts**

### **Definition of Corporate Social Responsibility (CSR)**

There is no universally accepted definition of CSR and there are different types of views on what CSR is or not. The concept of CSR includes the openness or transparency of companies as well as taking into consideration the will and expectations of their stakeholders. A widely quoted definition by the World Business Council for Sustainable Development<sup>4</sup> states “CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce as well as of the local community and society at large”. Though there is no single, commonly accepted definition of CSR, it can be stated that CSR is not a difficult concept and can be explained as:

**Corporate**-means organized business,

**Social**-means everything dealing with people, the society at large,

**Responsibility**- means accountability between the two.

### **Definition of Rural Development**

Rural development is a European concern. According to Wikipedia<sup>3</sup>, “Rural development is the process of improving the quality of life and economic well being of people living in relatively isolated and sparsely populated areas”.

It can be distinguished from agricultural development which it entails and transcends. It may imply a broad based re-organization and mobilization of rural people in order to enhance their capacity to cope effectively with the daily task of their lives and with changes consequent upon this which ensures the modernization of the rural society and the transition from its traditional isolation to integration with the national economy.

## **Definition of Mobile Phone Operators**

A mobile phone operator, wireless provider or carrier is a mobile telecommunication company that provides wireless internet GSM services for mobile device users<sup>3</sup>.

## **Historical Background of CSR**

In 2000, the United Nations (UN) established the Global Compact, in which the then Secretary-General Kofi Anan invited businesses to commit to working together with development agencies to advance universal social and environmental principles. Companies in the Global Compact agreed to work accepting ten principles as part of their business strategy those were drawn from the UN declarations and conventions on human rights, workers' rights, anti-corruption, and the environment. The UN Global Compact, a voluntary arrangement, encourages companies to record and publicly report their efforts to implement the principles. From then, CSR is an evolving concept globally.

## **CSR in Bangladesh**

In Bangladesh CSR has been defined as a set of business practices based on ethical norms and transparency that contributes to the sustainable development of internal and external stakeholders in the best interest of business society and environment Bangladesh Enterprise Institute, Script for CSR documentary feature (corporate) 2006<sup>5</sup>.

A number of international initiatives seek to help corporations implement high-quality CSR programs in developing countries and contribute towards achieving the Millennium Development Goals (MDGs). Although around sixty organizations in Bangladesh are signatories to the UN Global Compact, unfortunately, this global aspiration remains far from being met in Bangladesh today. Tax redemption is another cause of performing CSR. A company gets exemption of income tax @ 10% on the money expended on CSR. Besides this Bangladesh Bank has a standing order on compulsory CSR practices for all scheduled bank. For this reason, banks are more prone to do CSR activities<sup>6</sup>.

## **Scope of the study**

CSR has a very wide field to work. Rural development also covers a long area and it is very much difficult to cover all the side. That's why we want to keep the scope of the

study within three specific area of rural development like education, health and women empowerment.

## Objectives of the Study

- a) To identify CSR initiatives taken by selected public and Private Bangladeshi mobile phone companies for rural development;
- b) To assess the overall impacts of CSR actions specially on the field of health, education and women empowerment of rural population in Bangladesh;
- c) To find out the long term impact of the projects on actions carried out through CSR programs;
- d) To identify and explain the challenges of CSR initiatives in Bangladesh and suggests measure to overcome the challenges.

## Research Methodology and Conceptual Framework

### Methodology of the Study

The study was qualitative in nature followed by some mobile operators CSR activities assessment survey in where few key informants and cases studied through interview and KII were conducted in the rural area aiming to have more information in this regard and to understand the actual situation of implementing CSR. Some mobile companies were identified as sample through web searches considering their corporate social accountability philanthropy, corporate giving and charity in rural areas of Bangladesh<sup>6-12</sup>

### Research Design

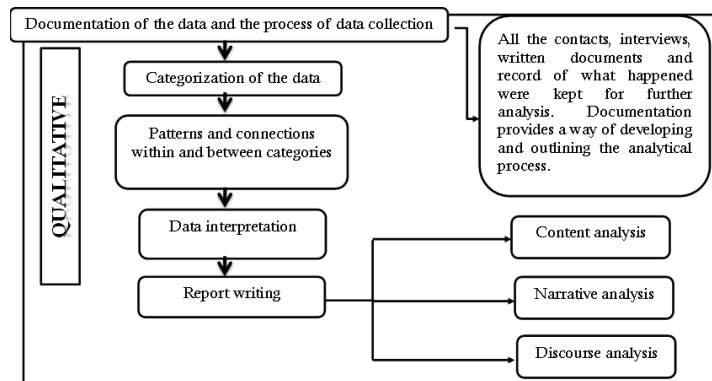


Figure 1: Qualitative research design

## **Limitations of the Study**

The main limitation is the answers given by the respondent were not verified. So, it will not be wise to generalize the study to cover the whole Bangladesh. Other limitations were lack of time, unwillingness and avoiding tendency of responding the questionnaire by some company's officials and non-co-operation etc.

## **DISCUSSIONS**

### **Organizational commitment to CSR**

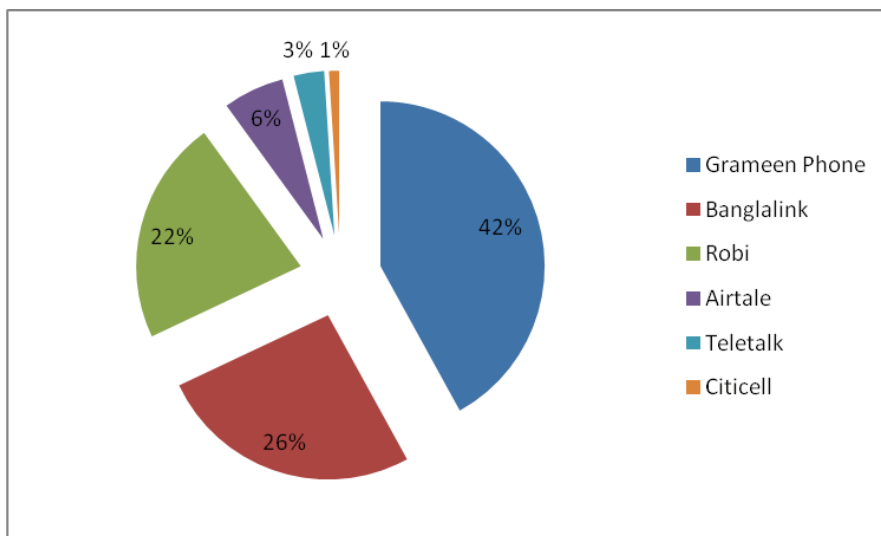
Despite being one of the World's poorest countries, CSR actions in Bangladesh have risen significantly in importance as noted from the findings of their study. It is believed that the interest in CSR initiatives in Bangladesh has been fuelled largely by Multi National Companies (MNC). As countries like Bangladesh are increasingly exposed to global standards, it is anticipated that the growth of CSR will continue. From a marketing standpoint CSR is also becoming attractive to Bangladeshi companies for strategic reasons. Firms use their CSR records to create the image of socially responsible firms and thereby influence consumer buying decisions in favor of the goods and services marketed by them.

According to World Bank Report-2012, "72 percent people are live in village and agriculture sector Gross Domestic Product (GDP) contribution 19 percent in Bangladesh. The focus of the former is mainly found in the urban areas such as investment. Most of the socially responsive activities operated in urban areas. Socially Responsible activities in remote areas are very negligible"<sup>13</sup>.

### **CSR practice of Mobile phone companies in Bangladesh**

#### **Scenario of cell phone companies in Bangladesh**

In Bangladesh, There are six cellular phone operator companies namely, Grameen Phone, Banglalink, Robi, Teletalk, Citycell and Airtel. Teletalk is government owned and the other five are private companies. As per Bangladesh Telecommunication Regulatory Commission (BTRC) data 2015, in terms of number of subscribers, the market share of Grameen phone (GP) takes the lead with 42% market share followed by Banglalink (26%), Robi (22%), Airtel (6%) Citycell (1%) and Teletalk (3%).



**Figure 2: Market share of Mobile Phone Company in 2015**

Usually mobile companies undertake their CSR programs into five sectors, such as: education, empowerment and poverty alleviation, environment, health care and others. As per mobile company's websites and annual reports total 70 activities have been found under CSR heading. According to the study of Hoque and Chowdhury<sup>10</sup>, a category was summarized of these activities which have been presented in the following table 1:

**Table 1: Consolidated Account of CSR Activities**

Sector	Mobile Companies						Total	Percentage %
	Grameen	Banglalink	Robi	Airtel	Citycell	Teletalk		
Education	05	-	03	-	-	-	08	11.43
Environment	03	05	-	-	-	-	08	11.43
Health care	07	03	02	-	03	01	16	22.86
Empowerment and poverty alleviation	08	-	04	-	-	-	12	17.14
Others	05	06	04	-	07	04	26	37.14
Total	28	14	13	-	10	05	70	100

**Source:** Prepared on the basis of data presented in the BTRC website (www.btrc.gov.bd/) and respective companies' annual reports. (www.btrc.gov.bd)

### **Impact of CSR activities of the cell phone for rural development**

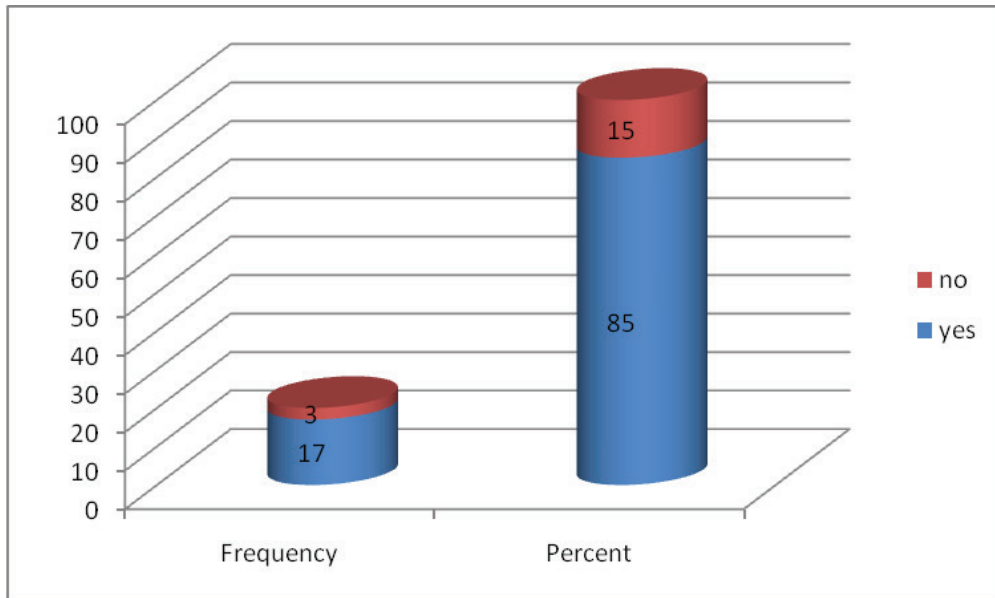
Cellular phone companies are found to have voluntarily disclosed their CSR in annual report or websites and we can say that companies are performing strategic CSR<sup>14</sup>. Therefore, the intended impact of CSR activities on society depends on the types and quality of the activities and they can be more effective if they are continuous rather than temporary in nature.

By existing and continuous activities for long enough to have far reaching and lasting impact and, by temporary activities we mean those activities that are performed only one time and that have no long run effect on society. Data shows that only 34% activities are run on continuous basis. Highest 43% activities are of continuous type for both Grameen Phone and Banglalink. In the case of other companies the figure is below 25% and the low rate of continuous program implies that there is still huge potential that can be harnessed by extending CSR programs continuously in order to have greater impact on the society.

**Table 2: Continuous Vs Temporary Activities**

Nature of Activities	Mobile Companies						
	Grameen	Banglalink	Robi	Airtel	Citycell	Teletalk	Total
Continuous Activities	12	06	03	-	02	01	24
Temporary Activities	16	08	10	-	08	04	46
Total Activities	28	14	13	-	10	05	70
% of Continuous Activities	43%	43%	13%	-	20%	20%	34%

**Source:** Prepared on the basis of data presented in the BTRC website (www.btrc.gov.bd/) and respective companies' annual reports. (2012-2015)

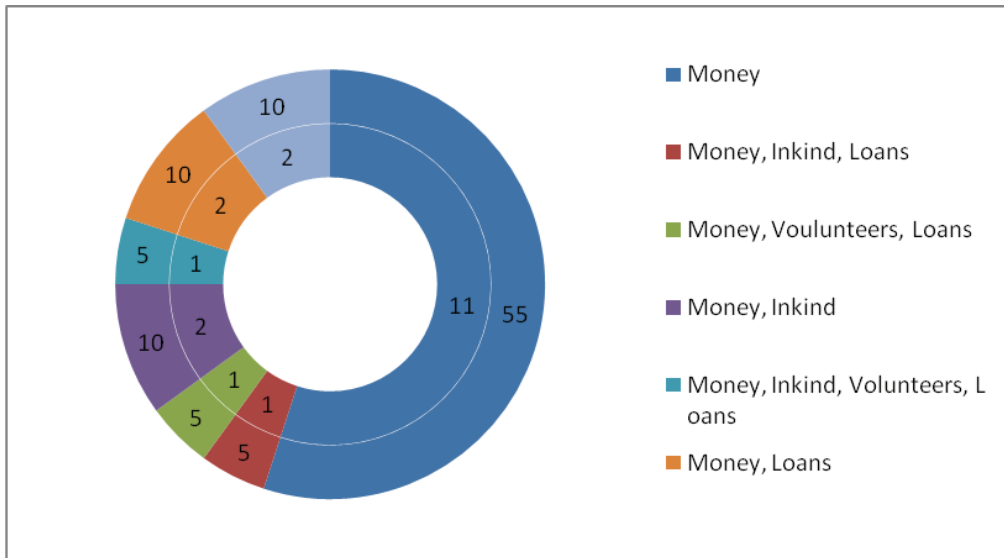


**Figure 3. Board committee exist for the function of CSR**

The above figure 3 shows that most of the companies (85%) had the board committee exist for the function of CSR and (15%) did not have.

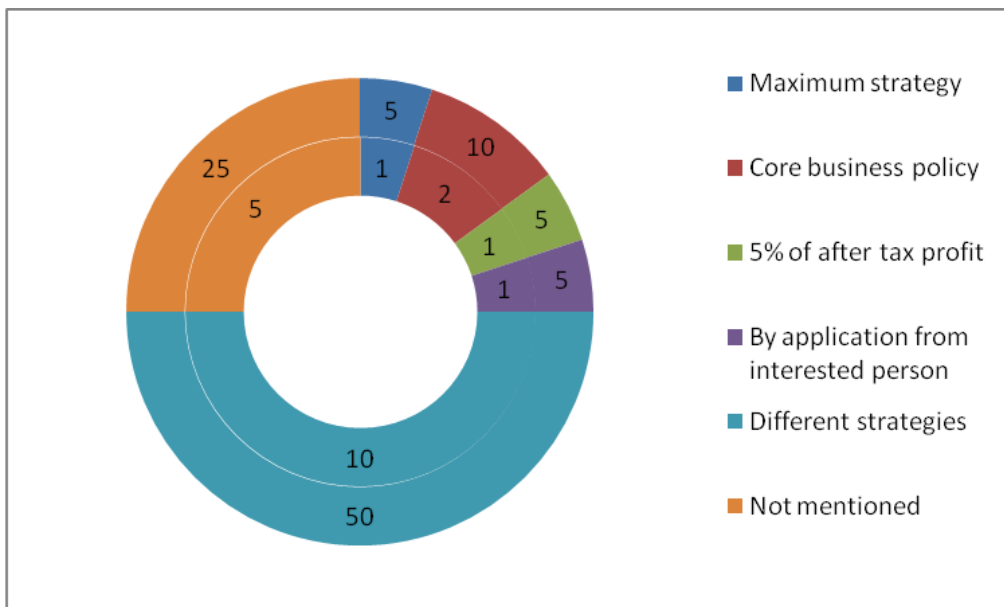
In the survey questionnaire the option of CSR initiatives for the companies were follows:

- a) Community involvement
- b) Public Health
- c) Donation to Education, Scholarship programs
- d) Rural Development
- e) Assistance to vulnerable groups (women, orphanage, disabled etc.)
- f) Human Resources
- g) Environmental Protection, Tree plantation
- h) Agricultural and rural credit policy
- i) Corporate Governance
- j) Product/services and customers and
- k) Others



**Figure 4 . Types of CSR initiative taken by the company**

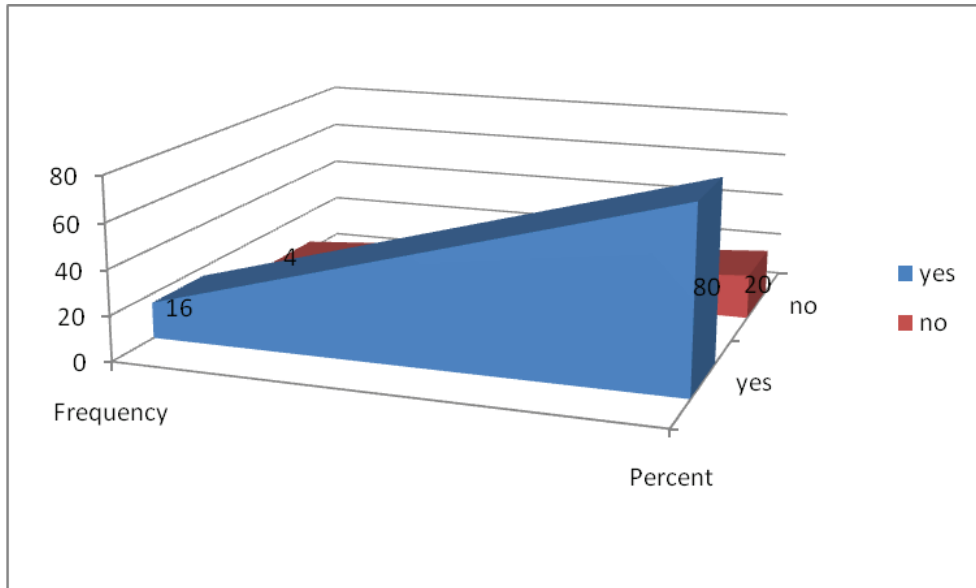
Most of the companies (50%) were applied different business strategy for CSR initiative. See the following figure 5 for details.



**Figure 5 . Business strategies for CSR initiative**

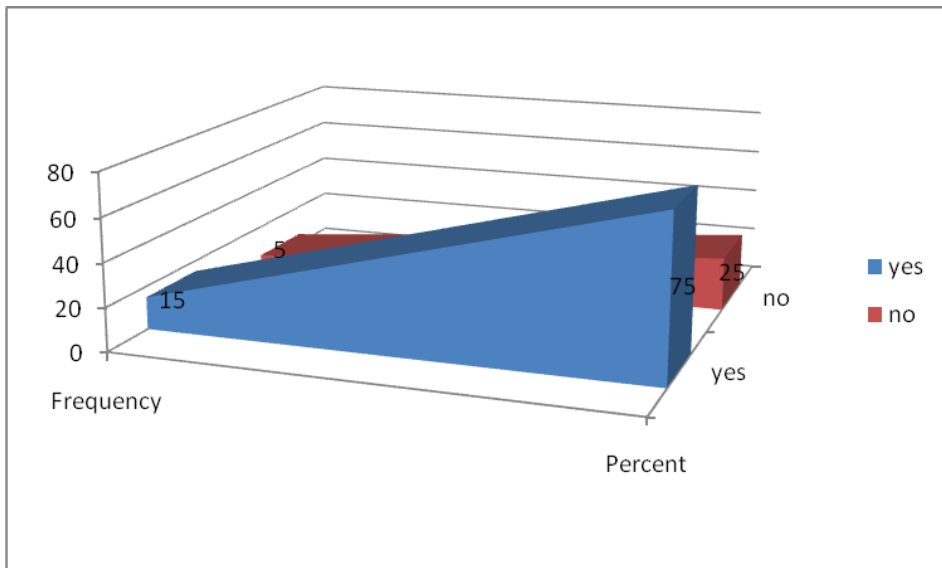
The figure shows that most of the respondents (45%) said yes regarding the company

undertake the risk assessment exercise with regards to the countries labor, human rights and (45%) respondents are not sure and only(10%) said no.



**Figure 6 . Consider rural people as stakeholder**

The above figure shows that CSR initiatives taken by the company for the socio-economic development of rural people.



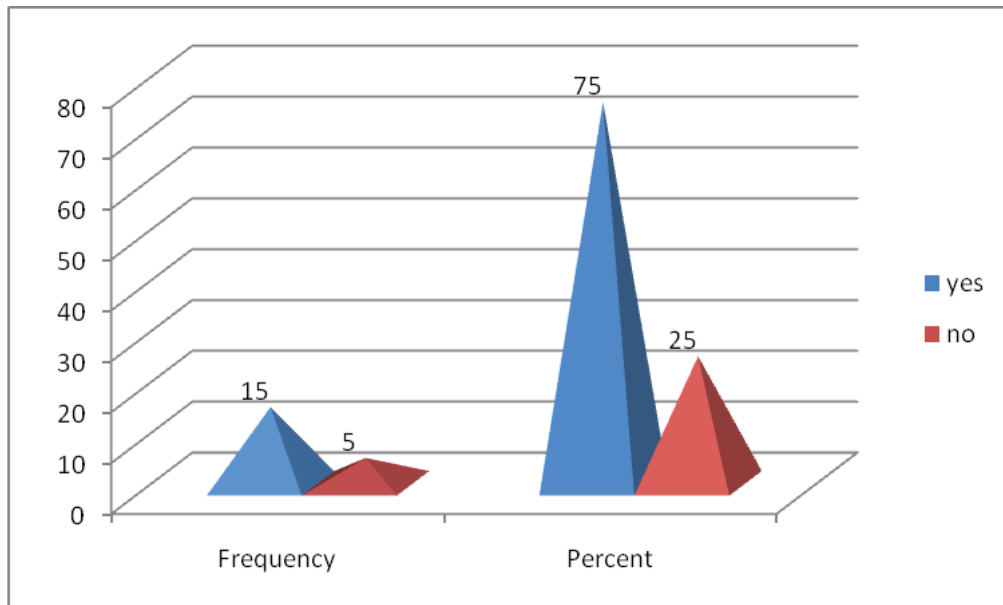
**Figure 7. Company commits a percentage of the budget of implementing CSR on rural development**

The above figure shows that most of the companies (75%) were committed a percentage of the budget of implementing CSR on rural development and (5%) did not.

**Table 3: CSR activities have significant impact on rural development**

Opinion	Frequency	Percent
yes	19	95.0
no	1	5.0
Total	20	100.0

The above table 3 shows that most of the respondents, 19 (95%) said that CSR activities have significant impact on rural development



**Figure 8 . Short or long term plans for rural development issues**

The above figure shows that 75% companies have short or long term plans for rural development issues.

## **Impact of Performed CSR Activities on the Company**

CSR activities create a good image, inspire confidence of customers and business partners, create liability in the respective social environment and motivate the employees to work for a company they could be proud of. CSR activities pave the way for gaining image, reputation as well as competitive advantage. (Hoque, 2008)<sup>9</sup>

## **Findings**

The mobile companies initiate 70 programs as parts of CSR activities which has positive impact on social development is inevitable and according to their statements and commitments, CSR is an integral part of their overall business operations and careful scrutiny may give rise to some questions regarding the nature and the level of impact of the companies' CSR related activities.

- a) Except Airtel All the cellular phone companies have been found active in CSR activities. The inactive role of Airtel can be attributed to their infancy in the industry and it seems from the analysis that the other five companies have been pursuing CSR in different fundamental societal needs including health, education, environment protection, poverty alleviation etc.
- b) Total 70 programs have been identified as parts of CSR activities. The positive impact of those activities on social welfare is inevitable and according to their statements and commitments,
- c) Major part of the programs of temporary nature suggests that the social impact could have been more pronounced if more programs were of permanent nature (Hoque and Chowdhury, 2011)<sup>10</sup>.
- d) The Pharmaceutical companies have started practicing corporate social responsibility but they are not disclosing it properly to the public.
- e) There are lack of good governance, absence of strong labor unions or consumer rights groups and inability of the business community to perceive CSR as a survival pre-condition need to be improved.

## **Recommendations**

- The expected Government interventions may be making, monitoring and enforcing of laws related to major corporate responsibility issues such as environment protection, health and safety, labor rights while majority of such issues, could be solved at company level.

- There is some conceptual mistake regarding CSR. So it is necessary to conceptualize CSR clearly.
- The motive of CSR should be clarified because the goals of most of the companies CSR activities are basically the promotion of their products or services.
- Need a well-defined CSR policy and also required proper monitoring evaluations system.
- Need a monitoring authority. Bangladesh Bank only looks after the banking sector but the other sectors need to audit in proper authority.
- CSR have great impact on rural development but very few companies CSR activities contributing for rural development.
- It is necessary to involve local community leader in the CSR activities to overcome the local challenges.
- Need advocacy and CSR awareness program among the rural people.
- Need to institutionalize framework of CSR activities.

## **Conclusion**

CSR concept has been passing through a transitional phase while in the past it was basically thought to be corporate philanthropy, now, as the economies of the world are becoming integrated, the business case of corporate practice is gaining momentum. CSR status has been becoming the prerequisite for sourcing goods and services from the developing and the least developed countries and the policy makers and businessmen of the least developed countries such as Bangladesh have been put into a very disadvantageous position since they are never in a condition to ensure a corporate standard set by the global business leaders on the basis of their business status and objectives.

## **References**

1. KPMG and ASSOCHAM, 2012.
2. MCINERNEY, T. (2007), "Putting Regulation before Responsibility: Towards Binding Norms of Corporate Social Responsibility", Cornell International Law Journal, Volume: 40.

3. Wikipedia, 2012.
4. World Business Council for Sustainable Development (1999, p-3).
5. Bangladesh Enterprise Institute, Script for CSR Documentary Feature (Corporate 2006) unpublished
6. CSR REVIEW, Vol 10, March, 2013
7. EUSUF, M. A. and TOUFIQUE, M .K. (2007), "*Trade, Development and Poverty Linkage: A Case Study of Cellular Phone in Bangladesh*", Unnayan Shamannay, April, 2007
8. HASAN, M. (2008), *Mobile phone operators in Bangladesh*, The Daily Star, January 7, 2008 issue.
9. HOQUE, M. A. (2008), "*Corporate and Social Responsibility (CSR)*", The Bangladesh Accountant, July-September 2008, pp. 33-34
10. Hoque and Chowdhury, (2011).
11. MOHAMED, M. B. and SAWANDI, N. B. (2003), "*Corporate Social Responsibility (CSR) Activities in Mobile Telecommunication Industry: Case Study of Malaysia*"
12. NIMALA THASAN, B. (2009), "*Social Responsibility of Business: A Case Study of Grameen Phone in Bangladesh*", Annals of University of Bucharest, Economic and Administrative Series, Nr. 3 pp. 227-236.
13. World Bank Report- 2012
14. Porter and Kramer, 2006.