THE SCENARIO BEHIND THE CSR ACTIVITIES OF THE TOBACCO COMPANIES IN BANGLADESH: A REVIEW ON A SMOKY TRUTH

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Abstract: Corporate Social Responsibility is recognized as a significant element of contemporary business practices. It works as an important tool for business survival in the 21st century. But the concepts of CSR and the tobacco companies together create an inherent contradiction when it kills one-half of its regular users. As tobacco companies are strictly prohibited by law to advertise and promote their products in the market, the tobacco companies engage in large generous contributions to social programs worldwide to build a strong positive public image behind the name of corporate social responsibility. In this way, the tobacco companies want to present themselves as good corporate citizens. The paper is an attempt to reveal the real scenario behind the activities of the tobacco companies’ CSR in Bangladesh. Existing literature, newspaper articles and relevant websites have been thoroughly reviewed to bring the topic in light. However, finally it can be said that the CSR activities of the tobacco companies should be banned to reduce the harmful effects of tobacco products.

Key words: CSR, Tobacco, Tobacco companies, British American Tobacco, Bangladesh.

INTRODUCTION

Corporate Social Responsibility (CSR) promotes the view that firms should strive to make a profit, obey the law, be ethical, and be a good corporate citizen (World Health Organization, 2003). Many businesses from a wide range of sectors conduct social programs with a view to reduce social inequity. Specific sectors orient their CSR efforts to areas especially relevant to their business. Like some other companies, tobacco companies do the same. But in many respects, tobacco companies are not like other companies. Tobacco companies produce legal but lethal products. Tobacco is the only consumer product that kills one-half of its regular users. Besides, Smoking and other forms of tobacco use affect every organ system in the body, and are major causes of cancer, heart disease, stroke, chronic obstructive pulmonary disease, fetal damage, and many other conditions. The idea that the activities of tobacco companies can be ethical creates a contradiction while they promote a disease-producing product. As such, in terms of CSR activities, they cannot simply figure among the ranks of other consumer

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goods companies. Despite the tobacco industry's thinly-veiled attempts to gain corporate respectability and companies’ claims to have changed their practices, they continue to use a vast array unethical and irresponsible strategies to promote its products, expand markets and increase profits (World Health Organization, 2003). After all, the companies use CSR as a weapon to market their products and to build a strong public image as contributors.

Tobacco is responsible for a growing proportion of the global burden of disease. This disease burden is increasingly being recognized as an industrial epidemic – one emerging from the commercialization of potentially health damaging products. To address the tobacco epidemic, one needs to research the tobacco industry, the vector of that epidemic. It is necessary to explore how the tobacco industry influences public health, both directly through the promotion of products damaging to health and indirectly through influence over public policy (TobaccoTactics.org, 2012). This paper focuses on the issue how the transnational tobacco companies and some other local companies in Bangladesh expand their business activities and gain social acceptance by taking the CSR initiatives and highlights the background scenario of this so-called philanthropic social programs in a developing country like Bangladesh.

LITERATURE REVIEW

Corporate Social Responsibilities and Tobacco Tactics

CSR is defined as an ongoing pledge by corporations to conduct themselves in an ethical manner and contribute to economic growth while developing the quality of workforce livelihood and their families, and the overall local community and societies. CSR programs were developed to answer public urges for corporations to advocate ethical, environmental, health and labor regulations (Holme and Watts, 2000).

By the late 1990s, the tobacco industry started CSR policies to enhance its image. But unfortunately, there is no widely agreed framework for CSR which specifies minimum standards of social performance. This creates an opportunity for any kind of company to present itself as socially responsible, and therefore, it has allowed tobacco companies to develop CSR programs even though tobacco use is the world's leading cause of preventable death. Tobacco-related deaths are projected to rise to 8.3 million people in 2030 (from 5.4 million in 2005) as the activities of multinational tobacco companies spread the smoking epidemic to developing countries (TobaccoTactics.org, 2015).

Besides, CSR has been used strategically to try and prevent effective government regulation. Tobacco companies have attempted to avoid legislative regulation by offering voluntary forms of corporate governance instead. (TobaccoTactics.org, 2014).
WHO Framework Convention on Tobacco Control

Due to the threat to public health, economy and development, the Framework Convention on Tobacco Control (FCTC), the world’s first global public health treaty, establishes a policy framework by all countries’ active participation, support and input led by the World Health Organization (WHO). The aim to establish this framework is to save people by reducing the devastating health, economic, and social impacts of tobacco.

The WHO FCTC is an evidence-based treaty that reaffirms the right of all people to the highest standard of health. Article 13 of the FCTC requires Parties to implement and enforce a comprehensive ban on tobacco advertising, promotion, and sponsorship.

Since tobacco companies are not permitted to advertise or promote their products by law, engaging in ‘corporate social responsibility’ activities offers an alternative route to reach various people. However, such activities may be a violation of The World Health Organization’s Framework Convention on Tobacco Control. The Guidelines to article 5.3 of the Convention are quite specific on this point, and state the following:

26. The tobacco industry conducts activities described as socially responsible to distance its image from the lethal nature of the product it produces and sells or to interfere with the setting and implementation of public health policies. Activities that are described as “socially responsible” by the tobacco industry, aiming at the promotion of tobacco consumption, is a marketing as well as a public relations strategy that falls within the Convention’s definition of advertising, promotion and sponsorship.

27. The corporate social responsibility of the tobacco industry is, according to WHO, an inherent contradiction, as industry’s core functions are in conflict with the goals of public health policies with respect to tobacco control (World Health Organization, 2003).

In 2008, the WHO published a document called Tobacco industry interference with tobacco control to assist Member States in implementing the WHO FCTC Article 5.3 guidelines against such interference. The report exposed industry tactics and described the spectrum of these practices. In short, the WHO (World Health Organization, 2008) writes:

The tobacco industry has used its economic power, lobbying and marketing machinery, and manipulation of the media to discredit scientific research and influence governments in order to propagate the sale and distribution of its deadly product.

Furthermore, the tobacco industry continues to inject large philanthropic contributions into social programs worldwide to create a positive public image under the guise of corporate social responsibility.
Review of Some other Findings

Several writings clearly demonstrate how CSR activities are used as a weapon of marketing strategy. Few conclusions of those writings are given below.

In a study, Hirschhorn (2004) explained the origins and theory behind CSR; examined internal company documents of Philip Morris (a transnational tobacco company). The documents reviewed in this paper showed how Philip Morris developed public statements based on concepts of CSR. Under its own terms, as a corporate entity, Philip Morris justifiably used the concept of CSR to maintain its responsibility to its principal stakeholder, the investor. While the literature and case studies on CSR mostly support the positive contributions of major industries to social responsibility, one must conclude that being in the cigarette business is antithetical to CSR.

In an article, Helene et al. (2009) enlightened how an organization that produces health-threatening products has deal with CSR as a means for establishing and maintaining a mutually beneficial relationship with its stakeholders. As CSR is a burning issue, CSR initiatives have become an important element of corporate communication for tobacco companies. CSR can be considered a tool through which stakeholders can be nurtured and a tool through which they can be communicated.

A research funded by the US National Cancer Institute (PLOS, 2011) exposed that corporations may use corporate social responsibility programs not only to improve their public image, but also to gain access to politicians, influence agendas, and shape public health policy to best suit their own interests.

Recent research by the Tobacco Control Research Group at the University of Bath (Fooks et al., 2011) showed the tobacco companies’ CSR as "an innovative form of corporate political activity". They concluded by reviewing the company documents of BAT that one of the key aims of CSR was to help the company secure access to policymakers and, thereby, increase the company's chances of influencing policy decisions. Taking the UK as a case study, the paper demonstrates the way in which CSR can be used to renew and maintain dialogue with policy makers, even in ostensibly unreceptive political contexts.

OBJECTIVES

In the light of the above literature review the broad objective of this paper is to critically evaluate the CSR activities of different tobacco companies in Bangladesh and highlight the real scenario behind the CSR strategies of these tobacco companies. The specific objectives include;

1. To bring again the topic to light, and
2. To give explanations about the necessity to prevent CSR initiatives in a developing country like Bangladesh.
METHODOLOGY
To conduct this study, secondary data have been used. Existing literatures have been thoroughly reviewed. The data and information have been collected from various journals, reports, newspaper articles and relevant websites.

CSR ACTIVITIES OF THE TOBACCO COMPANIES IN ANGLADESH: A LIGHT ON A SMOKY TRUTH

Major Tobacco Companies in Bangladesh
Major tobacco companies in Bangladesh include British American Tobacco (BAT), Philip Morris, Dhaka Tobacco (under Akij Group), Abul Khair Tobacco, and Nasir Tobacco. The tobacco market in Bangladesh is largely controlled by two firms—the multinational British American Tobacco (BAT), which dominates the premium segment of the market, and the local Dhaka Tobacco Industry (DTI), which dominates the lower priced market segments. In 2007, Dhaka Tobacco Industry entered into an agreement with Philip Morris International (PMI) to distribute PMI’s brands in Bangladesh. In contrast, the bidi and smokeless tobacco product markets are more fragmented.

Besides, BAT is the world's second largest publicly traded tobacco company and in the past decade, BAT has actively developed a wide-ranging CSR program in Bangladesh (Barkat et al., 2012).

The CSR programs of the Tobacco Companies

Tree plantation program: Tobacco companies claim to be environmentally responsible but tobacco farming and manufacturing is dreadful for environment. In Bangladesh, with some other companies, BAT and Abul Khair Tobacco Company participate in reforestation programs, donating saplings to be planted and publicizing its program. However, cutting down trees for fuel during the tobacco curing process accounts for 30% of annual deforestation in Bangladesh, making tobacco companies’ contribution of saplings a superficial attempt to draw attention away from the environmental problems it is causing.

Besides, British-American Tobacco (BAT), Dhaka Tobacco and Akij Tobacco are the major growers of tobacco leaf in the Chittagong Hill Tracts. BAT is the largest grower and offers the largest incentives to farmers to cultivate tobacco, thus contributing most to deforesting the hill tracts. Some 60,000 tons of firewood are required for 1,050,000 bales of tobacco leaves annually. Deforestation and tobacco cultivation in the country’s hill districts go hand in hand as hills are deforested to collect firewood to cure leaves and provide wider acreage for tobacco farming (Premium Times, 2014).

Farming program: In an interview, Mr. Hasan, chief of the CSR committee of BAT Bangladesh, said that their CSR activities are designed to contribute to the social and environmental sustainability of the community and the CSR activities solely focus on improving the lives of farmers. (Bengalinews24.com, 2014) Abul
Khair Tobacco Company writes on their website that they would like to be a socially responsible company, for that they work with growers and suppliers to promote sustainable tobacco farming.

The real scenario does not enlighten the same story. Tobacco is an input-intensive crop, requiring seeds, seedbeds, fertilizer and pesticide applications. Almost all Tobacco companies provide agricultural input, including fertilizer, seeds, pesticides and cash, in advance, to farmers on condition of cultivating tobacco on their land. Sometimes tobacco companies take advantage of the credit opportunity by selling agricultural chemicals and other inputs at above-market rates on loans. The companies, through loan arrangements, trap farmers into a cycle of debt. Often, debt servitude continues year after year and intensifies when farmers experience a bad harvest due to uncertain rains and other climate change issues.

In another report, it has been revealed that Dhaka Tobacco Company is violating the tobacco control act by forcing tobacco farmers to buy ‘Briton Cigarette’ while they come to take fertilizer as loan for tobacco cultivation in Lalmonirhat district. The investigations found that the non-smoker farmers’ also bound to buy the cigarette which leads them to economic burden; otherwise they will not get the fertilizer from the company (banglanews24, 2014).

Youth anti-smoking program: Most tobacco companies engage in youth smoking prevention programs, claiming to be responsible companies concerned about youth smoking. However, their programs are ineffective at preventing smoking and often actually encourage youth to smoke by portraying smoking as an adult activity, making it even more attractive to youth, and failing to talk about the health effects of smoking (World Health Organization, 2003). Tobacco company-sponsored youth anti-smoking campaigns have never been shown to be effective in reducing youth smoking. In fact, they can make youth more likely to smoke (Premium Times, 2014).

A research revealed that youth tobacco use is a growing problem in Bangladesh. In 2007, 6.9% of in-school youth ages 13 through 15 years reported current use of some tobacco product, including 2.0% who reported cigarette smoking. Overall cigarette and bidi consumption have been rising in Bangladesh in recent years, with cigarette smoking rising by over 40% between 1997 and 2010, and bidi consumption rising by over 80% during the same period. While its population has been growing rapidly, the increases in consumption have outpaced population growth so that per capita consumption of both grew sharply over this period (Barkat et al., 2012).

Charitable donation by arranging concert for youth: Often, Tobacco companies sponsor varied events including concerts in Bangladesh. On September 19, 2014, BATB arranged concerts mainly for university goers in the Bangabandhu International Conference Centre, which violated tobacco control law however the program was postponed later. An anti-tobacco body, PROGAA,
The Scenario Behind the CSR Activities of the Tobacco Companies In Bangladesh

which deployed a team to investigate the tricky advertisement of tobacco products and companies across Bangladesh, found that the British American Tobacco (BAT) started the concert to promote a new brand that BAT just launched in the market. On those days, the Bangabandhu International Conference Centre was decorated with the colors of BAT brands (bdnews.com).

Philip Morris did the same and arranged rock city concert 'road to rock nation' through which the tobacco company was promoting its Marlboro cigarette violating the tobacco control law (Financial Express, 2014). It is found that BATB donates the concert money to the Red Cross and the hospital. By this charitable donation, they are trying to build a strong corporate image. Besides, these programs help them to reach to the youth.

**Battle of Minds-A program for university students:** BAT Bangladesh introduced Battle of Minds competition, the most prestigious business case solution competition for university students, in 2004 with an aim to bridge the gap between corporate entities and educational institutions by developing the students into future leader. Apart from the spirit of competition, Battle of Minds gives participating students opportunities to take part in one of the most challenging recruitment programs offered by BAT Bangladesh. Since 2004, BAT Bangladesh has recruited many talented students from various leading universities through Battle of Minds competition who are now appointed to work for the company.

To get involved as an employee in these transnational companies like BAT and Philip Morris is a prestigious job for a student because these companies hold a strong public image and offer a handsome salary. By using the name and fame, the companies hunt the scholars and buy these talents to promote and market the lethal products throughout the country.

**Employment:** The tobacco industry frequently argues that it is a significant source of employment, and that economies, particularly of low-income countries, will suffer greatly if strong tobacco controls legislation is passed (World Health Organization, 2003). Profits from the sale of tobacco products are not evenly distributed among those involved in the work. Moreover, much of the economic gain from tobacco remains in the hands of a powerful few, while a vast number of workers remain desperately poor. Meanwhile, investing in tobacco simply maintains the cycle of poverty and misery for most of those involved. While tobacco growing can provide the funds for basic existence, it keeps the poor entrenched in a cycle of poverty (World Health Organization, 2003).

A study carried out by *Work for a Better Bangladesh* (2002) indicates that while tobacco cultivation benefits some people, for most it is a burdensome job with meager economic returns. National statistics suggest that the district in which most tobacco is grown is one of the poorest. Moreover, Children along with their parents are forced to labor in tobacco fields to help alleviate family debt.
Nevertheless, the tobacco company initiatives fall them in perpetuating debt and poverty cycle.

**Philanthropy:** BAT Bangladesh extended their support to Shandhani Andhatyamochan (Blindness Relief) Lottery organized by Shandhani National Eye Donation Society by purchasing a large quantity of lottery tickets and making a donation to the Shandhani National Eye Donation Society, handing over a cheque at a public ceremony held the BAT factory in Dhaka. Anyway, they did not mention it that there is a link between smoking and cataracts, a major cause of blindness. The same factory was the venue for an occupational health workshop for students of Bangladesh University. (World Health Organization, 2003)

**WHY CSR SHOULD BE BANNED IN A DEVELOPING COUNTRY LIKE BANGLADESH**

In an interview, Matthew Myers, president of the US-based Campaign for Tobacco-Free Kids (CTFK), told that tobacco industries were eyeing Bangladesh market like the other developing countries for their future profit making after rich countries imposed stiff tobacco controls (bdnews24.com, 2014).

Actually, when a large tobacco company wants to enter into a new country, they usually develop a complicated marketing strategy that is often not legal in developed countries. This often forces the local brands of the country to step up their marketing to exist in the market, which leads to a large increase in tobacco consumption.

Tobacco companies take the initiative to conduct these supportive programs in tobacco growing communities where education is low and living conditions are poor. The people of developed countries are more health conscious. In a developing country like Bangladesh, most of the people are not educated and they cannot even read the message what is written on a cigarette packet. Besides, they are not aware about the harmful effect of tobacco products. So it is very easy to expand the tobacco market in Bangladesh.

Hastings G. (2008) treated tobacco industry corporate social responsibility as a form of marketing strategy and said that it should be prohibited. Leading anti-tobacco activist Dr. Prakit Vatheesatokit said that allowing cigarette companies to continue their CSR activities could lead to a misunderstanding among members that cigarettes were not harmful and cigarette companies were genuinely concerned with people’s health and well-being (Sajirawattanakul, 2013).

CSR works as a weapon for the tobacco companies to build strong corporate image and it helps the companies to present as good corporate citizens in a developing countries. For example, BAT Bangladesh has received several awards both at the National and Local Government levels for their forestation initiative. The Project has also won international recognition when BAT Bangladesh was
awarded Asia Responsible Entrepreneurship Award in 2014 under Green Leadership by Enterprise Asia. (bengalinews24.com, 2014). CSR is an increasingly important tool for this company to improve its brand image.

CSR works in favor of the tobacco companies in a developing country by:

1. Rebuilding the company's reputation.
2. Helping the tobacco industry to gain political control and lessen the effects of legislation.
3. Normalizing tobacco and brands, especially to youth.
4. Increasing youth approval of smoking.
5. Distracting people from the negative effects of tobacco.

Patronization by different tobacco companies in a developing country behind the name of so-called CSR has been an important propelling factor for the spread of tobacco. Investing in tobacco simply maintains the cycle of poverty and misery for most of those involved in Bangladesh.

CONCLUSION

CSR strategies are going to be a major weapon for tobacco companies to prove themselves as “responsible corporate citizens”. However, as with many other developing countries that have signed and ratified the treaty, tobacco control policies in Bangladesh fall short of those called for by the FCTC. Bangladesh’s participation in the FCTC has resulted in some advances in tobacco control policy, most notably the Smoking and Tobacco Products Usage (Control) Act, 2005, The new law “Smoking & Tobacco Products Uses (Control) (Amendment) Bill 2013” passed parliament on 29 April 2013. But there is still considerable room for further action. Many organizations and individuals working for tobacco control in Bangladesh have good reason to be optimistic. But still CSR is an increasingly important tool for companies to improve their brand image. In conclusion, it can be said that the policy makers should concentrate on this issues and take some steps to save the people from the devastating health, economic, and social impacts of tobacco and tobacco products in Bangladesh.

REFERENCES


