

# **Internship Report**

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**Overcoming Communication Barrier through  
Corporate Social Responsibility of British American Tobacco Bangladesh**

**Submitted to:  
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**Letter of Transmittal**

To

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**Subject: Submission of internship report on “Overcoming Communication Barrier through Corporate Social Responsibility of British American Tobacco Bangladesh”.**

Dear Sir,

I intend to submit the internship report of my three months long internship program in the British American Tobacco Bangladesh in the department of Corporate & Regulatory Affairs department. The title of the report is “Overcoming Communication Barrier through Corporate Social Responsibility of British American Tobacco Bangladesh”. This report has been prepared to fulfill the requirement of my internship program at my assigned organization in British American Tobacco Bangladesh.

I have put my best effort to make this report a successful one. It has been joyful & enlightening experience for me to work in the organization & prepare this report. However this has been obviously a great source of learning for me to conduct similar types of studies in the future.

I would like to express my sincere gratitude to you for your kind guidance & suggestions in preparing the report. It would be my immense pleasure if you find this report useful & informative to have an apparent perspective on the issue. I shall be happy to provide any further explanation regarding this report if required & please do not hesitate to call me if you have any query on this report or any other relevant matters.

Best regards,

RedhowanaTabassum

09104032

### **Acknowledgement**

This internship report is an accumulation of many people's endeavor. I would also like to thank the authority of **British American Tobacco Bangladesh** for giving me the opportunity to do my internship in their well renowned multinational organization even after joining the company as a permanent employee.

I would also like to thank the authority of **British American Tobacco Bangladesh** for giving me the opportunity to do my internship in their well renowned multinational organization. I would like to give thanks to:

- **Mr. Anowarul Amin (External Communication and CSR manager of BATB)**
- **Mr. Faiz Ali (External Communication Executive of BATB)**
- **Ariful Islam Shiploo (CSR Officer of BATB)**

I am also grateful to the other officials & my friends who helped me while preparing the study by giving their suggestions, assistance & supply of information, which were valuable to me. Their helping hand supported me to complete my report successfully.

I would also like to inform you that no information in this report has been forged or is untrue. Certain information was confidential and to respect the rules of the organization, I could not present them in this report.

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## **Executive Summary**

This report is conducted with three principle aims. First one is to know Regulatory barrier given by government over Tobacco Industry. Second one is communication barriers faced by British American Tobacco Bangladesh because of this regulatory restriction and third one is how CSR activities of British American Tobacco Bangladesh help in overcoming the communication barrier.

Basically in order to complete my Internship program for my graduation, I had a wonderful experience working for a period of three months in the British American Tobacco Bangladesh.

First part of this report is based on the introduction which includes topics like origin, objective, background, methodology, limitation of the study. Basically it defines the way and background of the study to prepare the report. The next part of the report highlights a brief about British American Tobacco Bangladesh and its history, its products, shareholders, distribution network.

In the main part of the report, I explain the Tobacco Law that has restricted tobacco industry to go for any sort of promotion, advertisement or mass communication. Next, I explain the consequence of these laws. Later on I have explained the current CSR activities done by BAT Bangladesh. Finally I have tried to explain the benefits BATB is getting from their CSR initiatives. Succeeding, I have also tried to figure out how CSR activities of BATB help in reduce the communication barrier and acts as an alternative medium of mass communication. I have also tried to explain costs and benefits of the CSR initiatives depending on the perspective of different stakeholders of BATB.

At the end of the report, some recommendations are given which could be helpful for the proper understanding of the report. In a brief, this report contains all the essential and possible information related to the CSR activities of British American Tobacco Bangladesh and how communication barrier can be reduced and the expected benefits can be reaped from these activities by British American Tobacco Bangladesh.

# Chapter 1

## INTRODUCTION

## **1.0 Introduction to Study**

British American Tobacco Bangladesh is one of the biggest MNC as well as company in Bangladesh. It is well known for selling best quality cigarettes and covering maximum share among the smokers in our country. But as cigarettes is a controversial product, BATB has to maintain a lot of strict rules and regulations from paying the highest tax to the government to conducting massive CSR Activities to maintain its Corporate Image.

Therefore my project will be “A Comparative Study on CSR Activities and Its Impact on the Corporate Image” which will look at the CSR portfolio of British American Tobacco Bangladesh along with investments in those areas and also look at the corporate brand communication tool used by the company along with the total cost. It will then measure the visibility and acceptability of those CSR initiatives among the general public. The project will finally suggest where BATB should be investing more on CSR to create and maintain a better and effective CSR Portfolio. Before we discuss the research, we need to take a look at the regulatory restrictions of BAT Bangladesh.

### **Communication Barriers:**

Barriers mean all those hurdles which stop or interrupt the process of communication. Barrier sometimes becomes so strong that they can even make the whole process just a failure. Barriers of communication are the hindrances or difficulties involved in the process of communication which distort the message from being properly understood by the receiver. As Tobacco industry is restricted by the regulation, BATB can't go for any direct communication.

**Smoke Free Places:**In Bangladesh, smoking is completely banned in certain public places and workplaces such as healthcare and educational facilities and on certain forms of public transport. The law, however, permits the establishment of smoking areas or spaces in many other public places and workplaces. Further, there is no prohibition on smoking in restaurants and hotels. It is possible for sub-national jurisdictions to enact smoke free laws that are more stringent than the national law.



**Tobacco Advertising, Promotion and Sponsorship:** Direct advertising of cigarettes (but not smokeless tobacco products) through many forms of mass media is prohibited, but tobacco companies still may advertise cigarettes (with certain restrictions) and smokeless tobacco products (with no restrictions) at the point of sale. The law bans promoting the use of cigarettes but not the use of smokeless tobacco. The law further does not appear to prohibit sponsorship by the tobacco industry that does not involve the promotion of cigarette use such as certain corporate social responsibility activities.

**Tobacco Packaging and Labeling:** Health warning labels on smoked tobacco products are text only, located on two principal display areas, cover 30 percent of the package, and should be rotated every six months. Health warnings labels are not required on smokeless tobacco products. There is no requirement for qualitative statements about constituents and emissions. It is unclear if there is a ban on the use of misleading descriptors such as low-tar, light, ultra-light and mild. In any event, cigarettes designated as “light” continue to be sold in Bangladesh.

**No-Direct communication with stakeholder:** In Bangladesh, smoking is completely banned in certain public places and workplaces. Tobacco promotion which can motivate the people for taking the tobacco is totally banned. On the other hand packaging and labeling is also restricted, because of these restriction British American Tobacco Bangladesh stakeholder do not get the chance to connected with the company, As there are so many restriction imposed on this industry, shareholder do not have any idea about what brand is coming in the market, unaware about if price increase or decrease, new production introduction. For this regulation director or supplier, employee do not have the idea about either product going to be excepted or either the product selling will be profitable or not. Employees are not getting the opportunities be a part of the industry because of not promoting the product and no communication with customer employees and no chance of let other know about the new product or old product. Because of this no-direct communication it's also effect the reputation of British American tobacco Bangladesh and because of this communication restriction people not aware of the opportunity of working in BATB and this company reputation.



Figure 5: Communication Barriers

## 1.1 Objectives

### *Broad Objectives*

To determine the most effective CSR portfolio and corporate brand communication tools along with the investment that BATB should undertake.

### *Specific Objectives*

- ▶ To gain an understanding of Corporate Social Responsibility and its activities in BATB.
- ▶ To determine and document various CSR activities of different companies.
- ▶ To determine and document the various CSR communication tools of different companies and their annual expenditure behind them.
- ▶ To measure the visibility/ level of awareness and acceptability of these CSR activities of each company among the mass population.

## 1.2 Significance of Study

My research will help British American Tobacco Bangladesh understand:

- ▶ If they are performing their CSR Activities properly or not.
- ▶ If these activities are fulfilling their goal.
- ▶ If there is any impact at all (positive- none- negative) on BATB's corporate image.
- ▶ If they need to improve or bring changes in their activities.

- ▶ To figure out what and how their competitors are carrying out their CSR Activities.

### **1.3 Literature review**

#### **What is Corporate Social Responsibility?**

Corporate Social Responsibility (CSR) is a concept of business that concerns the important relationship between companies and society (Carroll, 1999). CSR is broadly defined as the role that a company takes to integrate responsible business practices and policies into its business model to promote higher standards of living in society, for employees, and the environment while preserving profitability (Hopkins, 2007). Academic literature and research on the practices of CSR began in the 1950s, and its definition has evolved over this time.

Archie B. Carroll, a business management professor at the University of Georgia, has written extensively on the management of business ethics, and corporate social performance. As he explains, corporations are expected to fulfill certain responsibilities just as private citizens are. He distinguishes these responsibilities into four faces: economic, legal, ethical, and philanthropic (Carroll, 1998). CSR is based on the idea that corporations are more than just profit-seeking entities, and that they must be responsible for the societal and environmental effects of their business activities (Lantos, 2001).

In recent years, there has been a growing interest, both in the academic as well as the business world, around the issue of Corporate Social Performance (CSP) - a multidimensional measure (Carroll, 1991; Griffin and Mahon, 1997) of corporate social responsibility (CSR) that captures firm actions aimed at engaging a broader set of stakeholders and ranging across a wide variety of inputs, internal routines or processes, and outputs (Waddock and Graves, 1997).

During the past decades business firms have started to engage in activities that have traditionally been regarded as actual governmental activities (Margolis and Walsh 2003; Matten and Crane 2005). This is especially true for multinational corporations (MNC). They engage in public health, education, social security, and protection of human rights while often operating in countries; address social ills such as AIDS, malnutrition, homelessness, and

illiteracy (Margolis and Walsh 2003)); protect the natural environment (Marcus and Fremeth 2009).

### **Benefits to the Company**

Companies engage in CSR activities to influence and improve stakeholders' perception of the company's image. Company or brand image is important because it ultimately provides the company a competitive advantage for their business (Barone, M., Norman, A., & Miyazaki, A., 2007). CSR is being monitored more closely now than ever before because consumers are very concerned with responsible business practices (Morsing & Schultz, 2006).

Companies have increasingly adopted socially responsible practices because the public, employees, and shareholders have high expectations for the values and conduct of business (Carroll, 1999). These stakeholder groups can have tremendous influence on profitability, so it is in the best interest of the company's bottom line to meet the expectations of these groups.

Being viewed as good corporate citizens can foster long-term, loyal relationships with consumers, who see themselves as investors in the company or brand with their purchasing power (Du, S., Bhattacharya, C. B., & Sen, S., 2010). Consumers may also be willing to pay a premium price for products or services offered by a company engaged in CSR (Austin, Leonard, Reficco, & Wei-Skillern, 2006). CSR programs can also help to establish a positive corporate reputation that makes consumers resilient to negative company news (Du, S., Bhattacharya, C. B., & Sen, S., 2010). Consumers can become promotional mechanisms for a company or brand through positive word-of-mouth communication. The internet has offered a magnified platform for this, as consumers are using social networking sites to communicate their enthusiasm for a company or brand because of its socially responsible practices or projects (Du, S., Bhattacharya, C. B., & Sen, S., 2010).

A study by (Sen and Bhattacharya 2001) found a positive relationship between the CSR actions of a company and consumers' attitudes toward that company and its product. Results showed that information about a company's CSR initiatives enhanced consumers' evaluations of the company. In a situation where consumers have a choice between two products or services that are relatively the same, the character or attributes they have associated with

those companies would be an influencing factor in their decision of which product or service to purchase (Sen & Bhattacharya, 2001).

## **1.4 Scope of the Report:**

Due to limitations of time and access, the report will focus only on top multinational companies and a few large local companies based in Dhaka. It will also look at the CSR portfolio and corporate communication tools used by these companies. Lastly, the project will only measure the visibility and acceptability of the major CSR activities of these companies among general educated people.

## **1.5 Methodology**

### **Type of Data**

To perform and prepare this research report both primary and secondary data will be used.

### **Data Collection Procedure**

The data will mainly be collected from the primary source, that is, through structured interviews and survey questionnaires among mass public through. And some secondary study will be done using sources like the internet, newspapers other research reports to collect the required data.

### **Sampling Procedure**

#### **Sampling Unit**

The top multinationals and local companies will be considered as a sample for the survey. Among these companies only the organizations that have a comparatively high investment in CSR activities and Corporate Communication will be considered. Later for the general survey a sampling unit the educated people of the society will be considered, that is the students, academicians, businessmen, employees of different companies, etc.

#### **Sample Design**

A study of 4 other MNCs' along with BATB will be done for identifying the CSR portfolio and corporate brand communication. The companies were chosen due to their reputation in comparison with BATB, which were Standard Chartered Bangladesh (SCB), Unilever (UL), Nestle and Grameen Phone (GP) and a few local companies like Akij Group, AbulKhair Group, and Dutch Bangla Bank Limited will also be studied.

## Chapter 2

### ORGANAIZATIONAL OVERVIEW

## **2.0 Introduction British American Tobacco Group**

The British American Tobacco Group is one of the world's leading international manufacturers of cigarettes, marketing its products in almost every country worldwide. It is clear leader in a competitive and fast moving business.

British American Tobacco, the second largest Tobacco Company in the world is also the world's most global tobacco company. Based in London, UK, it operates in more than 50 countries with 85,000 employees selling more than 300 brands in more than 180 markets worldwide. Tracing its heritage back to a joint venture formed by the Imperial Tobacco Company of the United Kingdom and The American Tobacco Company of the United States in 1902, today's British American Tobacco Company was born on the world stage. Extent of operation of British American Tobacco Company is given below:

- ▶ America-Pacific USA, Japan, South Korea)
- ▶ Asia-Pacific China, Indo-China, Taiwan, South-East Asia, Australasia)
- ▶ Europe 50 countries including Russia)
- ▶ Latin America Central & South America, Mexico, Caribbean)
- ▶ Africa More than 50 countries)
- ▶ MESCA Middle East, South & Central Asia)

British American Tobacco, better known as BAT, is the mother-company of, at present, around 56 companies worldwide. British American Tobacco (BAT) is the world's most international tobacco group. With a market share of 15 per cent, they make the cigarette chosen by one in seven of the world's one billion adult smokers and make nearly two billion cigarettes worldwide every day. BAT holds strong market positions in each of its regions and has a leadership in more than 50 markets of the 180 markets where they have an active business presence. In total BAT employs nearly 90,000 people worldwide and has over 80 factories in 64 countries.

In order to support the company's business goals, the merger of British American Tobacco with Rothmans International had been announced on 11 January 1999. This global merger was completed on 7th June 1999. This brought together the number 2 and 4 players which together will boost a combined volume exceeding 900 billion cigarettes around the world

with some 120,000 employees and a worldwide market share of 16 percent Phillip Morris has a 17 percent share). The merger is a major step forward in British American Tobacco's vision of becoming the world's leading International Tobacco Company. (British American Tobacco, 2013)

## **2.1 History of British American Tobacco**

British American Tobacco has been in business for more than 100 years, trading through the turbulence of wars, revolutions and nationalizations as well as all the controversy surrounding smoking

The business was formed in 1902, as a joint venture between the UK's Imperial Tobacco Company and the American Tobacco Company founded by James 'Buck' Duke.

Despite its name, derived from the home bases of its two founding companies, British American Tobacco was established to trade outside both the UK and the USA, and grew from its roots in dozens of countries across Africa, Asia, Latin America and continental Europe.

We were 'born international', and have developed over a century's expertise in operating locally in diverse cultures around the world.

### **British American Tobacco's Global Presence**

British American Tobacco Group is the world's second largest quoted tobacco group by global market share, with brands sold in more than 180 markets.

With over 300 brands in our portfolio, we make the cigarette chosen by one in eight of the world's one billion adult smokers. BAT holds robust market positions in each of our regions and has leadership in more than 50 markets.

In 2007, subsidiaries enabled governments worldwide to gather over £17 billion a year in taxes, including excise duty on our products, more than 7 times the Group's profit after tax. BAT has sustained a significant global presence for over 100 years. Their business was founded in 1902 and by 1912 had become one of the world's top dozen companies by market capitalization.



## Overcoming Communication Barrier through Corporate Social Responsibility of British American Tobacco Bangladesh

Subsidiary companies produce some 684 billion cigarettes through 47 cigarette factories in 40 countries. Four of these and two separate plants also make cigars, roll-your-own and pipe tobacco.

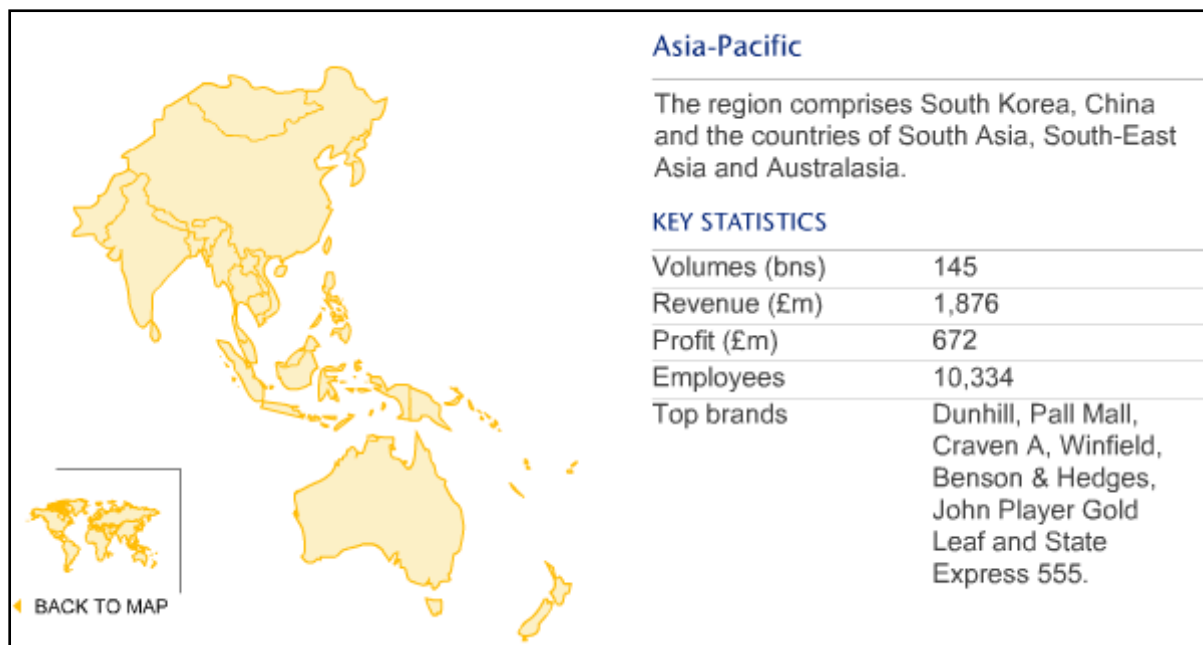
BAT employ over 53,000 people worldwide. Their workforce is strongly multi-cultural and has a devolved structure, with each local company having wide freedom of action and responsibility for its operations. Decisions are made as close as possible to the local stakeholders of each business, within a framework of principles, standards, policies, strategies and delegated authorities.

BAT believes that because our products pose risks to health, it is all the more important that dialogue with our stakeholders, they are working to pursue our commercial objectives in ways consistent with changing expectations of a modern tobacco business.

BAT is the only international tobacco group with a significant interest in tobacco leaf growing, working with thousands of farmers internationally. Their companies run leaf programs providing direct agronomy support to farmers if it is not otherwise available, covering all aspects of crop production and environmental best practice - in 2007 our companies ran these in 19 countries. Our companies purchased 460,000 tonnes of leaf in 2007, grown by some 280,000 farmers.(BATB, 2011)



**Figure: 1: Regional Operation of BAT**



**Figure: 2: Regional Operation of Asia-Pacific**

## **2.2 Existing Shareholders**

### **2.2.1 BATB Shareholders**

BAT Bangladesh is among the first companies to be listed on the Dhaka and Chittagong Stock Exchanges and currently ranked amongst the top 10 companies in terms of market capitalization. British American Tobacco Group holds 72.91% of our shares; 11.52% is owned by Investment.

Corporation of Bangladesh; ShadharanBima Corporation, Bangladesh Development Bank Limited, Government of People's Republic of Bangladesh, SenaKallyanSangstha own 4.66% and a further 10.91% is owned by other shareholders.

### **2.2.2 BATB's Contributions**

BAT Bangladesh continues to contribute 2/3rd of the total tax collections from the cigarette industry, and in 2012, the Company contributed BDT 6,698 crores as Supplementary duty, Value Added Tax and other taxes. This represents an increase of BDT 1,107 crores from last year. The Company will continue to support Government proposals that establish a

sustainable level of tax contribution to the National Exchequer while ensuring a sustainable growth for the industry.

*(Source: BATB Annual Report 2012)*

### **2.2.3 Corporate Info**

Board of Directors
<b>Mr. GolamMainuddin – Chairman</b>
<b>Mr. ShehzadMunim - Managing Director</b>
<b>Mr. Kamrul Hasan - Non-Executive Director</b>
<b>Mr. K. H. Masud Siddiqui - Independent Director</b>
<b>Mr. Mohammad Moinuddin Abdullah - Independent Director</b>
<b>Mr. Jalal Ahmed - Non-Executive Director</b>
<b>Mr. Md. Fayekuzzaman - Non-Executive Director</b>
<b>Mr. Anthony Yong - Finance Director</b>
Company Secretary
<b>Mr. Md. Azizur Rahman</b>
Audit Committee
<b>Mr. K. H. Masud Siddiqui – Chairman</b>
<b>Mr. Md. Fayekuzzaman – Member</b>
<b>Mr. GolamMainuddin – Member</b>
<b>Mr. Md. Azizur Rahman – Secretary</b>
Board Compensation Committee
<b>Mr. GolamMainuddin – Chairman</b>
<b>Mr. ArunKaul – Member</b>
<b>Mr. Anthony Yong – Member</b>
<b>Ms. Rumana Rahman – Secretary</b>
Board CSR Committee
<b>Mr. Kamrul Hasan – Chairman</b>
<b>Mr. ArunKaul – Member</b>
<b>Mr. Jalal Ahmed – Member</b>

<b>Mr. Md. Azizur Rahman – Secretary</b>
Executive Committee
<b>Mr. ShehzadMunim - Managing Director</b>
<b>Mr. Anthony Yong - Finance Director</b>
<b>Mr. MubinaAsaf - Head of Legal</b>
<b>Mr. S.M. Khaled - Head of Supply Chain</b>
<b>Ms. Rumana Rahman - Head of Human Resources</b>
<b>Mr. Usman Zahur - Head of Marketing</b>
<b>Mr. ShahedZubair - Head of Corporate &amp; Regulatory Affairs</b>
Internal Audit Manager
<b>Mr. SM Kamrul Hasan</b>
Statutory Auditors
<b>A. Qasem&amp; Co., Chartered Accountants</b>
Governance Compliance Auditor
<b>Al-Muqtadir Associates, Chartered Secretaries</b>
Bankers
<b>Standard Chartered Bank</b>
<b>Hongkong and Shanghai Banking Corporation</b>
<b>Citibank N.A.</b>
<b>Commercial Bank of Ceylon</b>
<b>Sonali Bank</b>

**Table- 1: Corporate Info**

### **2.2.4 Relationship with Stakeholders/ Partners**

British American Tobacco Bangladesh is widely respected among its business partners. In BATB’s journey towards continuous improvement and excellent in every area of BATB’s operations, BATB always strive to take BATB’s valued business partners with BATB- with them acquiring skills and expertise which they apply to develop their own businesses as well.

BATB’s registered farmers receive seed and advice on planting, growing and harvesting from the company. They apply their tobacco growing skills to growing other agriculture crops as

well. It is through the farmers that BATB have been able to sustain such a successful afforestation program.

BATB's distributors are fully integrated into its business, continually improving standard in partnership with the company. BATB's local suppliers benefit from skills transfer of modern, cost effective working practices, resulting in increased velocity and efficiency in their own internal processes.(BATB, 2013)

## **2.3 British American Tobacco Bangladesh**

### **Introduction of British American Tobacco Bangladesh**



British American Tobacco Bangladesh is one of the oldest and largest blue chip multinational companies operating in Bangladesh. The British American Group holds 65.91% share in the company. The Government owns 26.57% through several of its agencies, while 7.52% is owned by other stakeholders.

It is a leading business organization in the industrial sector employing more than 1,300 employees directly and a further 40,000 indirectly as farmers, distributors and suppliers. We have business contracts directly with around 32,500 registered farmers who produce high quality tobacco leaf.

## Overcoming Communication Barrier through Corporate Social Responsibility of British American Tobacco Bangladesh



British American Tobacco Bangladesh (BATB) Company Limited is the recognized leader in Bangladesh cigarette market, with a long established reputation for providing its consumers with consistently high quality brands. The journey of this company started long back.

BATB was established back in 1910 as Imperial Tobacco Company Ltd. with head office in Calcutta. In the very beginning Imperial Tobacco Company (ITC) launched a branch office at Moulivibazar Dhaka in 1926. Cigarettes were made in Carreras Ltd. Calcutta. Imperial and Carreras merged into a single company in 1943.

After the partition in 1947, cigarettes were coming freely from Calcutta, but introduction of customs barriers in 1948 between India and Pakistan interrupted the smooth flow of cigarettes from Calcutta to East Pakistan. In March 01, 1949 Pakistan Tobacco Company (PTC) came into existence with the assets.

And liabilities of ITC Limited held in Pakistan and a head office in Karachi. The then East Pakistan Office was situated in Alico Building, Motijheel. In order to meet the increasing demand, the first factory was established in Chittagong in 1952, in the then East Pakistan.

From this time onwards requirements for cigarettes for East Pakistan markets were met from products manufactured in Karachi. In 1954 PTC established its first cigarette factory, although high-grade cigarettes still flowed in from West Pakistan. The Dhaka factory of PTC went into production in 1965.

Later in 1966, BAT set up a new factory in Dhaka, called the Dhaka Factory (DF). After the Liberation War, Bangladesh Tobacco Company, more widely recognized as BTC, was formed on 02 February 1972 under the Companies Act 1913. Shareholding position for GOB and BAT was 1:2. (BTC Pvt.) was converted into a public limited company on 03 September 1973. British American Tobacco played a pivotal role in BTC's creation in 1972 and since then has been involved in the development of BTC in every step. It is a policy of BAT that when a daughter company, as BTC was, achieves a certain standard of performance and exhibits at certain level of profitability, its nomenclature is upgraded to represent the original company, BAT. When BTC was successful in producing high quality cigarettes that achieved

international standards in mid-1998, it came to be known as British American Tobacco Bangladesh, more commonly BATB.

<b>March 1949</b>	Formation of PTC
<b>1954</b>	PTC opened its first factory in Fouzdarhat, Chittagong
<b>1962</b>	Opened a branch in Moulavibazar, Dhaka
<b>1965</b>	Building of a factory in Mohakhali, Dhaka
<b>February 1972</b>	Incorporation of BTC with a paid up capital of Tk. 400 million
<b>March 22, 1998</b>	Changed its identity from BTC to British American Tobacco Bangladesh Company Limited (BATB)

**Table 2: Brief History of BATB**

The presence of British American Tobacco in this part of the world can be traced back to 1910. Beginning the journey as Imperial Tobacco 102 years ago, the Company set up its first sales depot at Armanitola in Dhaka. After the partition of India in 1947, Pakistan Tobacco Company was established in 1949. The first factory in Bangladesh (the then East Pakistan) was setup in 1949 at Fauzdarhat in Chittagong. In 1965, the second factory of Pakistan Tobacco Company went into production in Mohakhali, Dhaka. Thereafter, it became Bangladesh Tobacco Company Limited in 1972 immediately after Bangladesh's independence. In 1998, the Company changed its name and identity to British American Tobacco Bangladesh Company Limited (BAT Bangladesh or the Company) aligning the corporate identity with other operating companies in the British American Tobacco Group. BAT Bangladesh is a part of BAT plc, the world's most international tobacco group, with brands sold in 180 markets around the world

## 2.4 Mission, Vision, Objectives and Strategies

### 2.4.1 Mission

To be the world's leading Tobacco Company through sustainable competitive advantages in an effective and efficient organization.

### 2.4.2 Vision

Achieve Leadership of the Global Tobacco Industry not just in volume and value, but also in the quality of our business. To be industry leaders we must continue to demonstrate that we are a responsible tobacco Group with outstanding people, brands and superior products.

### 2.4.3 Slogan

“Success and responsibility go together.”

### 2.4.4 Logo



### 2.4.5 Key Values

#### Smoking- BATB view

As a key player of a highly controversial market, BATB puts their own line of thought in marketing cigarettes. They believe in the following mottos regarding cigarettes:

#### An Adult Choice

British American Tobacco companies produce superior quality products that provide pleasure to many millions of adult smokers around the world. Along with the pleasures of cigarette smoking, comes a real risk of serious diseases such as lung cancer, respiratory disease, and heart disease. BATB also recognizes that smoking may be difficult to quit for many people.



BATB considers smoking as an adult choice; that is, the choice to smoke or not is one exclusively for adults. BATB does not want children to smoke and the company actively supports programs to prevent and reduce under-age smoking. They have initiated the Young Smoking Prevention (YSP) program to prevent underage smoking.

Public health authorities have been successful over decades in publicizing their conclusions that smoking is a cause of many harmful diseases. To enlighten everybody about the danger of cigarettes, every pack of cigarettes BATB manufacture worldwide carries a health warning.

➤ ***High Awareness of Risks***

Some argue that smoking, whilst lawful, must be the result of a lack of information about the risks, an "addiction" or the power of cigarette advertising. However, there are ample surveys from around the world that demonstrate a remarkably high awareness of smoking risks, and there is nothing so powerful about the pleasure of smoking that prevents a smoker from reaching and carrying out a decision to quit. This can be said firmly as hundreds of millions of former smokers demonstrated their ability to quit. Moreover, the cigarette market is mature; so advertising promotes a choice between brands for those, who have already decided to smoke. Social factors, not cigarette advertising are the principal reasons why people start smoking.

The statistics that demonstrate the real increased risks of smoking also show that these risks are lower in groups of people who smoke less – start smoking later, quit earlier and smoke fewer cigarettes. The statistics have not demonstrated a risk free level of smoking, nor demonstrated any evidence that a smoker will avoid an associated disease by smoking less.

Statistics are unable to predict what will happen to an individual and science is still to determine which smoker will get a smoking related diseases and who will not. BATB continues to support relevant research.

➤ ***Social Issues***

There are some people who argue that leaving the choice to individuals ignores the claimed health risks to others, posed by tobacco smoke. However, statistics do not demonstrate that

environmental tobacco smoke is even a risk factor associated with the development of any long-term health effects or disease. BATB agree with public health authorities that it is proper not to smoke for prolonged periods around young children; but public smoking may be an annoyance and is therefore a social issue. BATB recognizes that and believes that it can be resolved by having sensible regard for other people.

### **2.4.6 Objectives:**

**Increase Customer Focus and Satisfaction:** Making sure consumers are getting our products available at all times giving them the same taste with superior quality.

**Continuous drive towards Operational Excellence & Cost Saving:** Increased efficiency in terms of global distribution.

**Maintain quality of product globally:** Sustaining the similar superior quality of products globally.

### **2.4.7 Strategies:**

#### **2.4.7.1 Business Level Strategy**

#### **Corporate Culture**

The Vision that motivates BATB employees and drives their operation is the desire to extend the market leadership through world class performance across all areas of BATB business. The Four Guiding Principles of BATB are,

#### **Four guiding principles of BATB**

▶ **Strength from Diversity**

Actively utilizing diversity - of people, cultures, viewpoints, brands, markets and ideas - to create opportunities and strengthen performance.

▶ ***Open Minded***

Being an active listener, genuinely considering others' viewpoints and not pre-judging.

► *Freedom through Responsibility*

The freedom to take decisions and act on them obliges BATB to accept personal responsibility for the way they affect BATB's stakeholders.

► *Enterprising Spirit*

We have the confidence to passionately pursue growth and new opportunities whilst accepting the considered entrepreneurial risk that comes with it. We are bold and strive to overcome challenges. This is the cornerstone of our success.

**2.4.7.2 Global Expansion Strategy**

BAT'S vision is already mentioned in the previous part, which is to Achieve Leadership of the Global Tobacco Industry. To reach for the vision definitely some strategies should be taken. And strategy can be succeeding if we can divide the strategies into several small goals. BAT believes they need to create value for the shareholders, and create that value they have come up with a global strategy. In the following part are discussed in details with the diagram.



**Figure 3: Strategy Model**

BAT's Strategy is working across the Group and the key performance figures show that it is delivering the results.

### **Growth**

We are consumer-led, providing high quality, relevant tobacco and next-generation products that meet consumer needs. We do this by being brand focused and excelling at bringing superior, differentiated offers to market.

### **Productivity**

By effectively deploying our resources we can increase profits, improve our operating margin and invest in our business, helping us to grow market share and achieve higher returns for shareholders. We do this through our consumer-centric, flexible supply organization and the implementation of a new global operating model with common systems and processes.

### **Winning organization**

British American Tobacco is a great place to work. We have great people and great teams. Our aim is to maintain a high performing organization that can attract, develop and retain the next generation of leaders. We do this by being entrepreneurial and creating a culture of personal ownership.

### **Responsibility**

Our people are required to act ethically at all times and, as a business; we seek to reduce our environmental footprint and the harm caused by our products. To ensure we have a sustainable business, we engage with society through active, honest and open dialogue, while promoting a science-based approach to regulation that meets the needs of consumers. (BATB, 2013)

### 2.4.7.3 Current Strategies

#### Our Strategy

Our strategy drives our global operations, supported at all times by g

ood corporate governance.

The strength of our people and brands; the innovations that help differentiate our products in around 180 markets; our agile and responsible supply chain; and our science- based R&D- these all contribute to the revenue growth that helps build value for our shareholders.

#### Our Strategic Pillars

They direct our actions, leading the way towards the achievement of our Vision:

**Growth:** Our strategy to deliver our vision begins with growth and our aim to increase our global market share, with a focus on our Global Drive Brands and other international brands.

**Productivity:** We target continuous improvements in our cost base that will provide resources to invest in our brands, helping us to grow market share and achieve higher returns for shareholders.

**Winning organization:** By being a winning organization we can ensure that we attract, develop and retain the best people we need to deliver our strategy for growth.

**Responsibility:** Our people are required to act ethically at all times and, as a business; we seek to reduce our environmental footprint and the harm caused by our products. To ensure we have a sustainable business, we engage with society through active, honest and open dialogue, while promoting a science-based approach to regulation that meets the needs of consumers. (BATB, 2013)

## **2.5 Distribution Network**

The infrastructure of the company has a broader field where the company plays its important role. BATB has 6 Regional Trade Marketing Offices (RTMOs), 12 Regional Sales Depots, 1 Factory, 1 Green Leaf Threshing Plant, 7 Leaf Depots and a Head office consisting of Corporate Head office and Production Head office. The Company's Head office and Cigarette factory are located in Dhaka. A Green Leaf Threshing (GLT) Plant has been set up in Kushtia and it has started operation from April 1995.

The company's products are manufactured in the factory at Mohakhali, Dhaka. The Plant Manager who reports to the Production Director at the Head Office heads Dhaka factory. The company procures tobacco leaf maintaining the international standard and it imports processed tobacco leaf for its international brands. It procures green tobacco from the registered farmers of the leaf area mainly for its local brands.

The company's authorized leaf areas are located in Kushtia, Chittagong and Manikganj. But bulk of tobacco leaves comes from Kushtia region. The Chittagong area is under development process and it now covers Rangunia and Lama. The company operates 7 leaf depots in the leaf area. Four of them are located in Kushtia region, 2 of them are located in Chittagong and other 1 is in Manikganj. The Company provides all sorts of supports to the registered growers through its depot personnel. This includes technical know-how, agricultural inputs and financial assistance.

The company performs its sales and distribution operation all over the country through its five regional sales offices. They are located in Dhaka, Khulna, Chittagong, Sylhet and Rajshahi. Each of the regions is again divided into operational areas, each of which in turn is divided into territories. To perform its sales and distribution smoothly, the company operates 10 sales depots in different locations of the country and it has 63 authorized distributors.

### **Distribution Outlets**

By rationalizing, BATB has decreased the number of their distributors from 70 to 41. In 1999, BATB developed a project named 'Project Carry' to reduce the supply cost among the 10 marketing depots. With so many distributors, the cumbersome distribution and the dumping tendency of some of the distributors in the distant area put BATB in an uncomfortable situation regarding marketing the produced cigarettes. With this project they cut down the number of distributors and synchronized the supply chain in a more systematic manner, which ultimately resulted in reduced supply chain cost. It also provided the responsible department the time to focus more on the existing 41 distributors and stretch them to provide better service than ever.

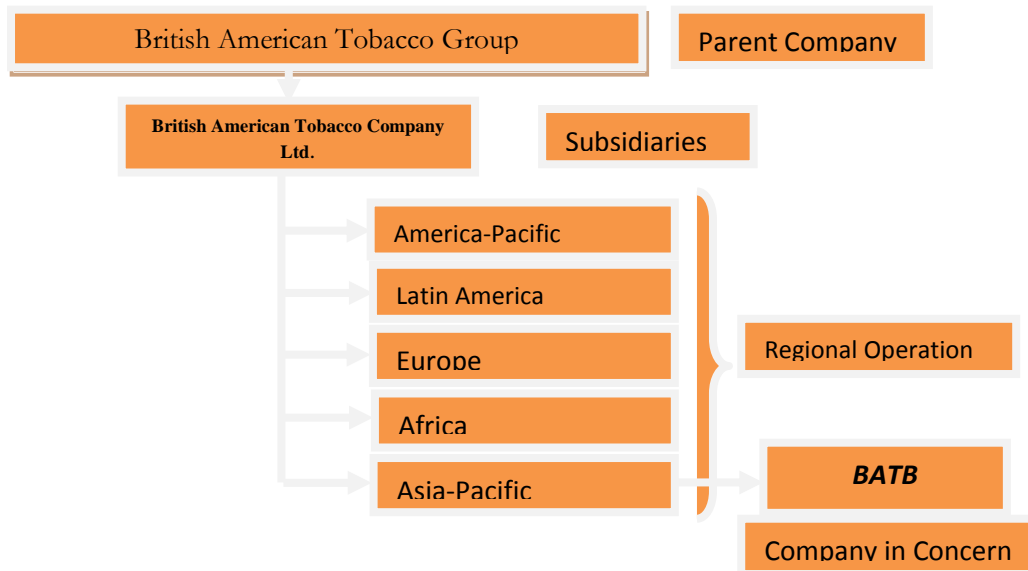
Again, in another scheme named DSD (Direct Store Distribution), BATB also has increased their profit margin in some areas by directly selling to the 'cash & carry' wholesalers. Under this project, the Territory Officers in certain areas directly communicate with the loose wholesalers and make agreements to sell cigarettes, which eliminate the middleman and thus increase the company margin.

## 2.6 Organization Structure

### 2.6.1 Global Organization Overview

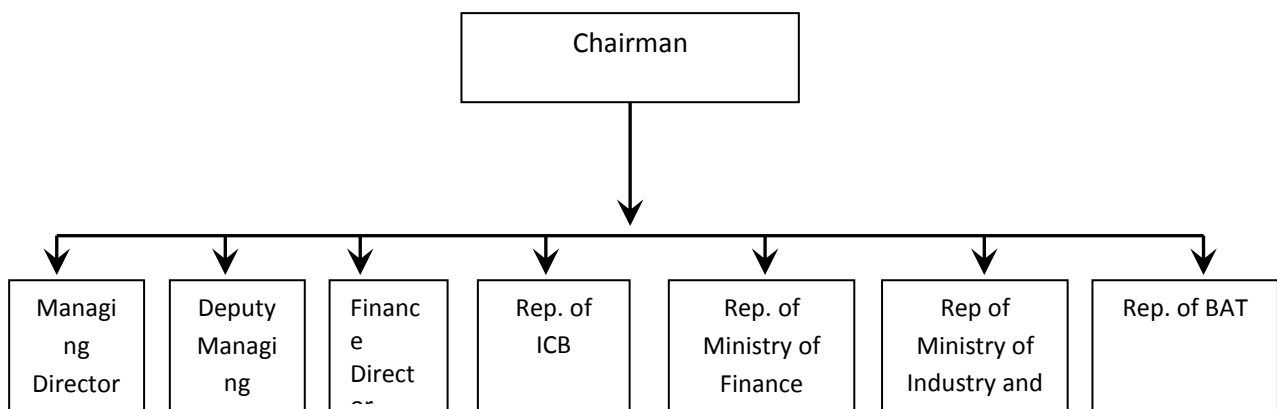
#### Relationship with BAT PLC

The following figure shows the flow from the parent company to BATB:



*Figure 4: Relationship with BAT Group*

### 2.6.: Local Organizational Overview British American Tobacco Bangladesh



*Figure 5: Board of Directors*



BATB is a public limited company. The Managing Director is the operational head and appointed by the British American Tobacco. Head of every department carries out their functions with the help of line managers. Different departments have different structure according to their function and responsibility.

The “Board of Directors” and the Executive Committee (EXCO) govern the overall activities of the company. The "Board of Directors" is composed of 10 members who are called Directors. The Chairman heads the “Board of Directors”. The Chief Executive of British American Tobacco Bangladesh is called the "Managing Director", who is normally appointed by "BAT Holdings". The Managing Director of the company is the chairman of the Executive Committee. This committee includes the head of all the functional departments.

## **2.7 Major Functional Divisions and Departments**

BATB has been operating its business under the following major functional areas:

- ▶ Leaf
- ▶ Supply Chain/Operations
- ▶ Finance
- ▶ Human Resource
- ▶ Marketing
- ▶ Legal and Secretarial
- ▶ Information Technology
- ▶ Corporate and Regulatory Affairs

### 2.7.1 Supply Chain

#### Leaf

*Mission: To exceed customer expectations by providing quality tobacco at competitive price.*

The leaf department of BATB is responsible for Tobacco Growing, Production & Procurement, Green Leaf threshing and packaging, leaf bending, leaf export and import. BTAB procures almost 80% of their leaf from their own cultivation. The Leaf department is involved in cultivating and purchasing flue-cured tobacco. BAT does not own farmland nor does it employ farmers directly to produce the tobacco it uses for cigarette production. Instead, each year the company registers thousands of farmers along with their land, to grow and cultivate tobacco crop. The company provides seed, fertilizer, and other loans to the farmers throughout the crop season to ensure quality growth. At the end of the season BAT buys fixed quantities of tobacco from the farmers, paying rates based on the grade of the crop. Tobacco growing and buying activities are conducted throughout the country. The two main areas are Kushtia Leaf Division and Chittagong Development Area.

#### **Green Leaf Threshing Plant (GLT)**

The tobacco crop is processed at the Green Leaf Threshing (GLT) plant in Kushtia. The purpose of the GLT is to convert the tobacco into a form suitable for cigarette production. The tobacco is brought to a uniform moisture level and temperature. Initial blending of the different grades of tobacco takes place at the GLT. The processed tobacco is sized and packed before delivery to Dhaka factory.

The Leaf department makes an estimate of the quantity of tobacco that BAT will need to purchase for the based on the input of the Sales & Operation Planning (SOP) committee. Based on these estimates the number of farmers and the amount of land, which will have to be registered, are fixed.

The leaf season begins in the month of July. At this time tobacco seedbeds are prepared to generate the seed that will be distributed to the farmers for cultivation. Plantation in the registered lands occurs during October and November. BAT provides the necessary fertilizer, pesticides, and other loans to ensure proper growth for the crop. Farmers use their own

irrigation and plowing methodology to prepare the land. Harvesting and curing begins at the end of January and continues till March. Almost 100% of raw tobacco is 'flue' cured.

The buying process begins in mid-February and continues till the end of May. The farmers bring in their cured tobacco in the form of bales to the buying courts in the depots. The tobacco is graded according to set criteria and purchased at these sites. All relevant information is marked on the bales and stored at the depots till shipment to the GLT.

Buying courts are located at the depots. The farmers bring their tobacco to these sites in the form of bales on a specific day and time. At the buying courts the bales are graded, priced and weighed. After the tobacco is bought and graded it is stored in the depot godowns; each bale identified with its grade, weight, and price. These bales are stored in the depots and moved to the GLT when needed for processing.

### **Tobacco processing**

The Green Leaf Threshing Plant in Kushtia is used to treat the raw tobacco and convert it to a form suitable for use in cigarette production. It is a seasonal factory operating for six months of the year, on two shifts per day. The remainder of the year is used to clean the machinery and make modifications as necessary.

Each tobacco leaf that is processed at the GLT is separated into four components- tip, lamina, stem, and by product. At the beginning of the process flow, tips of the tobacco leaves are cut off by a calibrated cutter. The leaves are then passed through the sand reel where foreign materials and dirt are separated. The tobacco leaves are then proceeds to the threshing line to separate the lamina from the stem by hitting the leaves. The separated lamina are then dried and the re-dried lamina is then packed at a temperature of about 43 Degrees Centigrade with approximately 12% moisture content for storage. The separated stem, meanwhile, moves to the stem dryer where it is re-dried for storage purposes and then sent to the stem packer. The moisture content level of the stem is brought to around 12% at the time of storage. By-products are sold to the outside contractors.

After the tobacco is stored in the depots, it is brought to the godown at the GLT for processing. The GLT go down has a capacity of around 500 tons. The different 'buying' grades of tobacco are combined in fixed proportions to create 'packing' grades. The packing

grades are further blended at Dhaka factory. This final blend goes into the different brands of cigarettes.

### **Exports**

Although the primary objective of leaf department is to ensure continuous supply of tobacco, leaves to export in a highly competitive world market as well. Exports of tobacco during 1997 generated more than two million dollars, with sales being made to UK, Hungary, New Zealand, Egypt, and the USA. In the year 2000 BATB made a profit of \$ 309,506 from leaf exports.

### **2.7.2 Manufacturing**

*Mission: We delight our customers with superior quality product through flexible operations*

In order to support the mission, Production department is performing the following activities successfully:

- Support brand portfolio / new product launch.
- Availability/product harmonization.
- Quality/ meet international standards.
- System/ ISO 9002.
- Low cost producer.
- Competitive position of EH&S in the group

**Supply Chain department is comprised of;**

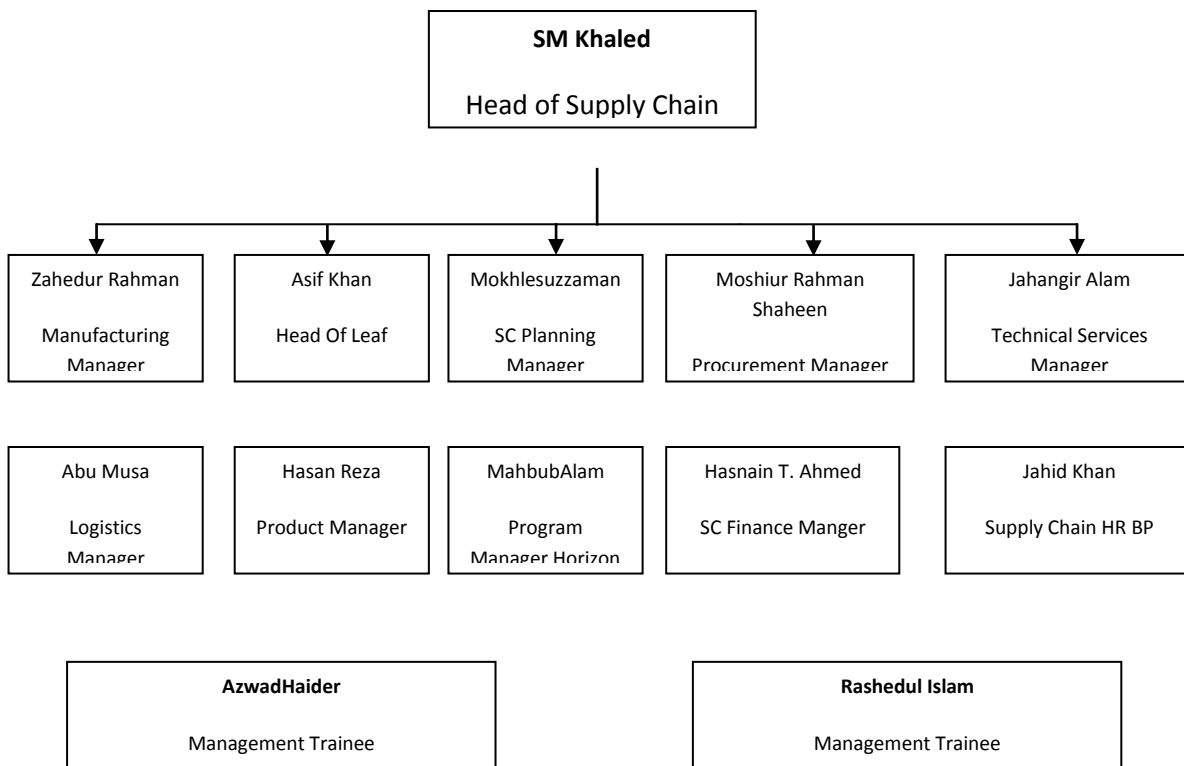
**Primary Manufacturing Department (PMD)**

**Secondary Manufacturing Department (SMD)**

**Primary Manufacturing Department (PMD)**

The Primary Manufacturing Department (PMD) is responsible for further conditioning of the domestic and imported tobacco to make it ready for cigarette production. The tobacco passes through a set of integrated and regulated machinery whose purpose is to blend the different "Packing grades" in specified proportions, convert bales into "Rag" suitable for use in cigarettes, and bring tobacco to a uniform temperature and moisture.

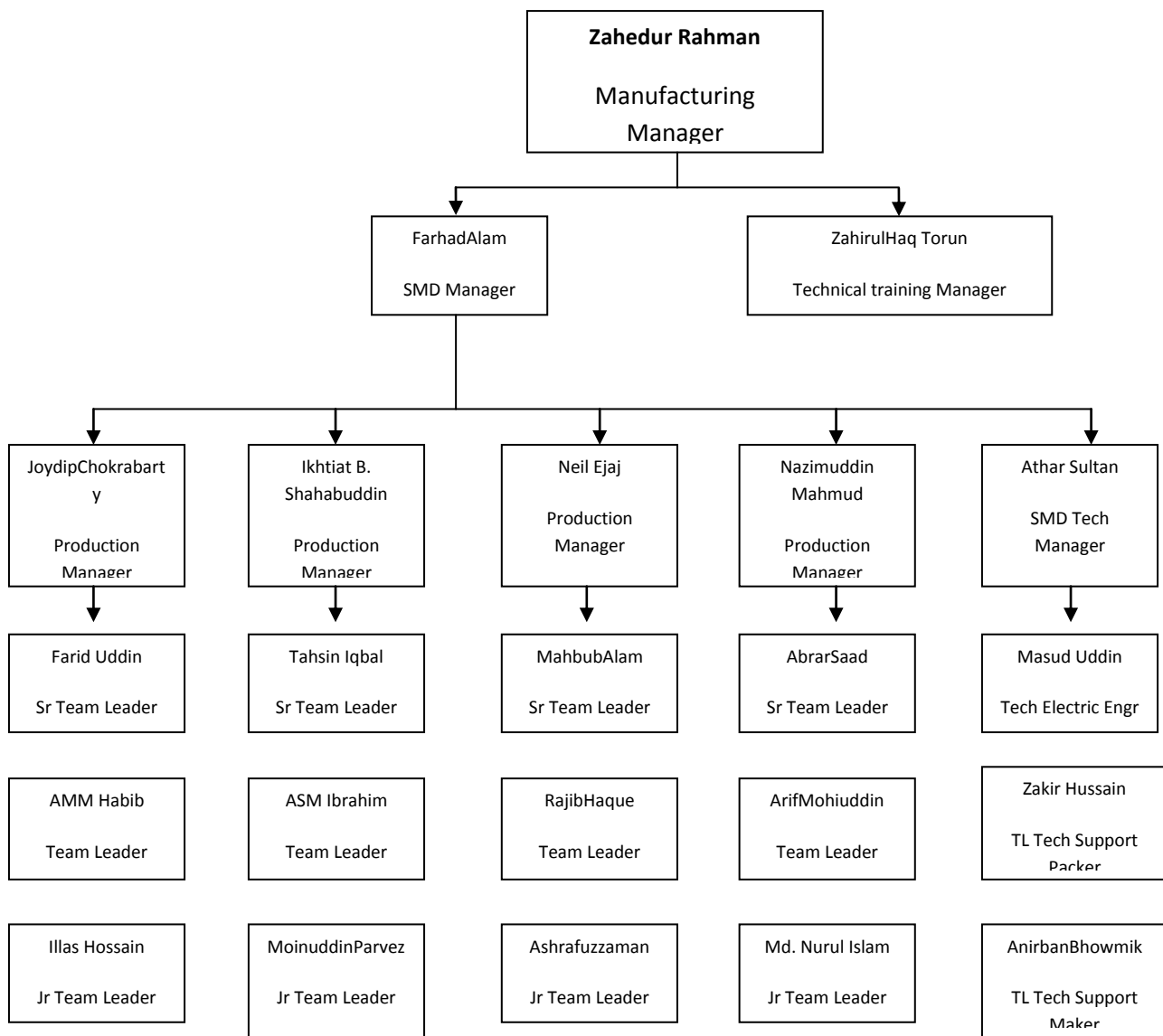
**Supply Chain Leadership Team**



**Figure 6: Organ gram of Supply Chain ( PMD)**

**Secondary Manufacturing Department (SMD)**

The secondary manufacturing department (SMD) uses the tobacco that is blended and conditioned by the PMD along with wrapping materials to manufacture cigarettes. The PMD delivers its final processed tobacco to the Cut Tobacco Store (CTS). The CTS has a 50-ton storage capacity and the tobacco is stored there typically for one and a half days before it is used. The SMD brings in the processed tobacco from the CTS as needed for production along with wrapping material.



**Figure 7: Organ gram of Supply Chain ( SMD)**

## Shipping

The finished cigarette stock is brought in from the holding room at the Secondary Manufacturing Department and kept at the shipping prior to delivery. The godown has a capacity of 260 million cigarettes. Trucks belong to outside contractors arrive daily to deliver the stock to the various Regional Trade Marketing Offices (RTMOs) around the country. The marketing department issues a daily shipping program specifying the stock that needs to be allocated. This information is processed by software to generate a truck allocation scheme. Trucks going to Dhaka carry 2 million cigarettes per trip and those going outside Dhaka carry 3 million cigarettes per trip. Vat documents are sent along with the trucks.

### 2.7.3 Marketing

#### Trade Marketing

*Mission: To reach our target consumers in the most efficient and effective way by becoming the benchmark supplier to the trade within strategic channels in every market place where we do business.*

The Trade Marketing and Distribution department identifies the areas in which best practice must be achieved to enable markets to meet the Trade Marketing and Distribution *objectives*, which are:

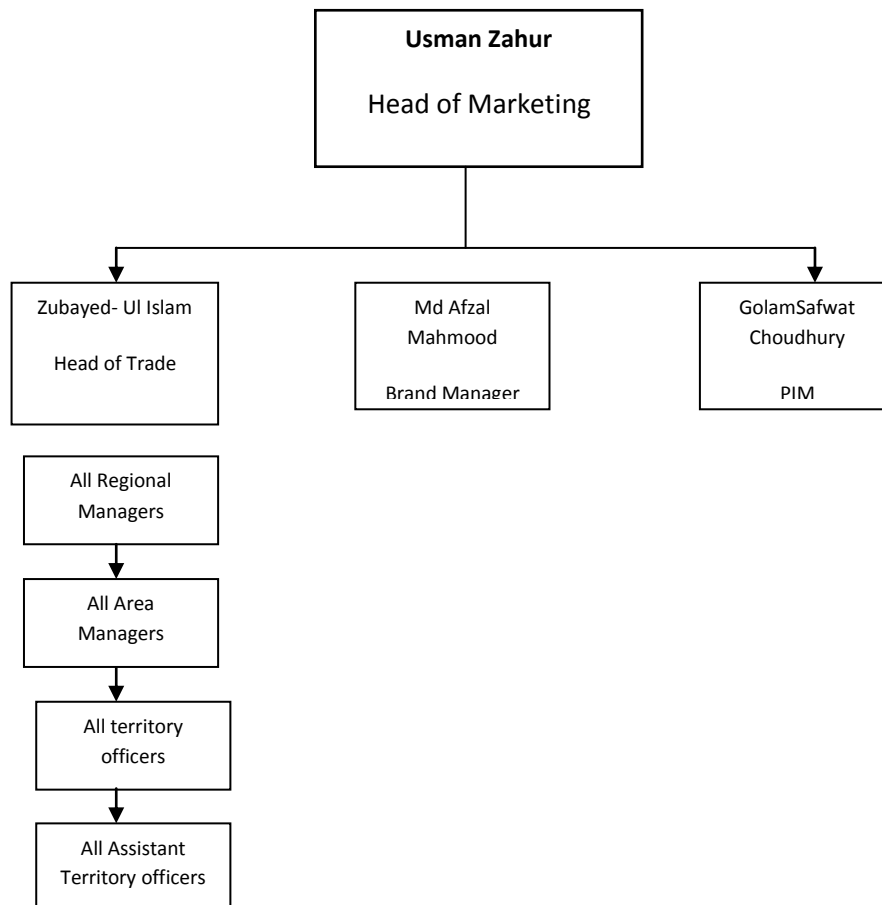
- Create an efficient entry barrier against international competition.
- Improve our benchmark supplier status to the trade pioneer among all FMCG companies.

Trade Marketing & Distribution Department has the responsibility to reach the ultimate consumers through *trade*, e.g. Retailer. The emphasis is not only on what volume is being sold to the retailers (Sell-In), but also on the volume sold out to consumers (Sell-Out).

The Marketing Department and the Production Department activities are highly correlated. According to the needs of the Marketing Department, Production Department carries out the cigarette manufacturing. The marketing Department forecasts the sales volume of the

different brand cigarettes for the coming business year and based on this, prepare a marketing plan known as the Sales Operational Plan (SOP). The inventories of cigarettes are also evaluated at this stage to find out the actual output to be produced.

The British American Tobacco Bangladesh has a well-defined mission for the marketing and distribution of products, which is to reach the target consumer in the most efficient manner by becoming the benchmark supplier to the trade within the strategic channels in every market where the company operates. A well-organized trade marketing team is working continuously to make this mission successful; furthermore the whole country has been divided into six regions to perform the marketing activities efficiently.



**Figure 8: Organ gram of marketing department**



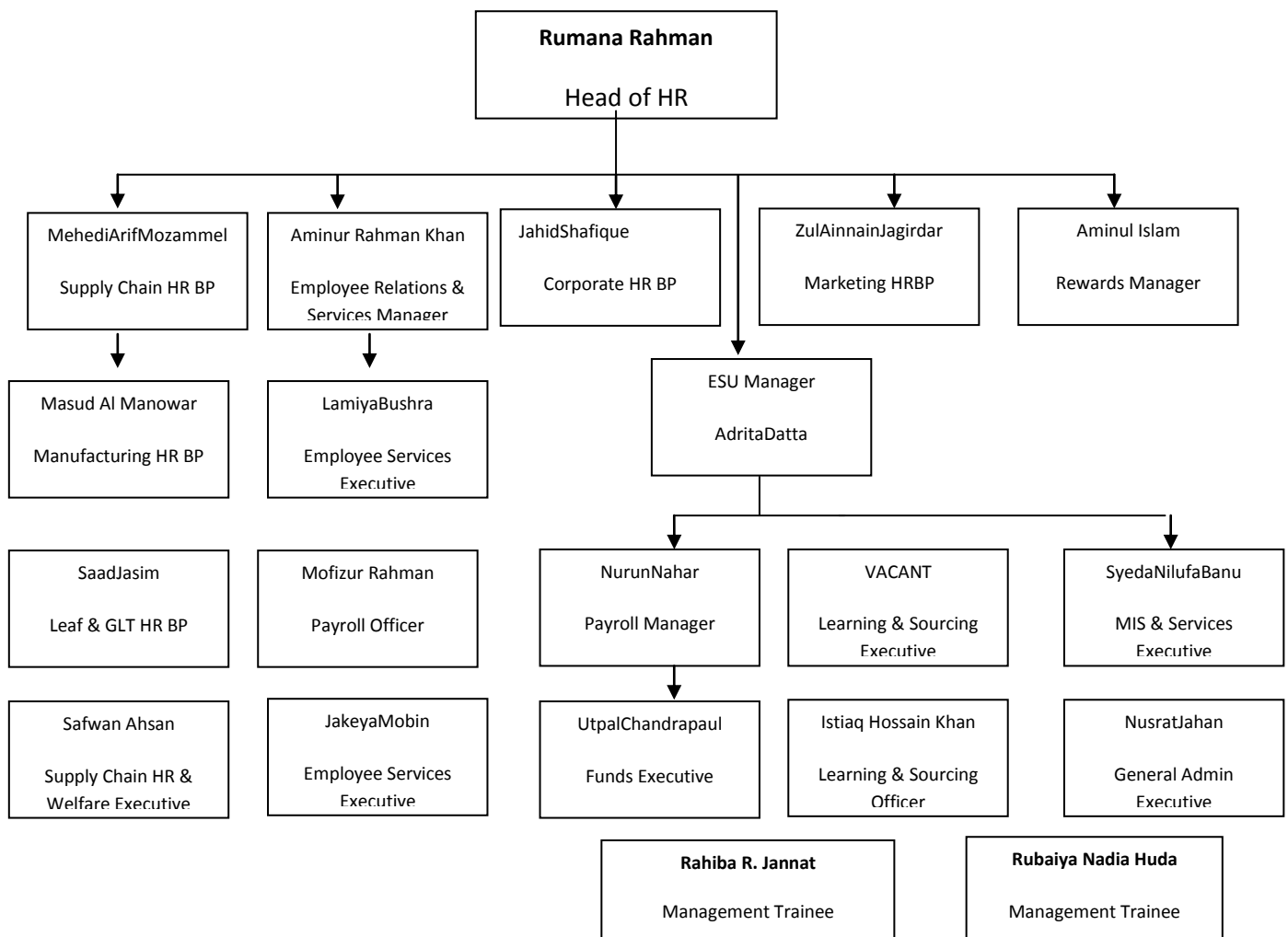
### 2.7.4 Human Resources

*Mission: Embedding winning culture where people always strive to excel.*

To develop the most vital element of the organization which is the human resource BATB has put in a lot of efforts in responding to various changes and problems through effective formulation and implementation of human resource strategies through the HR department.

- Bridging the gap between top level and lower level management:
- Improved performance through attractive reward system
- Strive for excellent management practice

From recruitment to selection and also from employee welfare to industrial relations, this department has to play an important role.

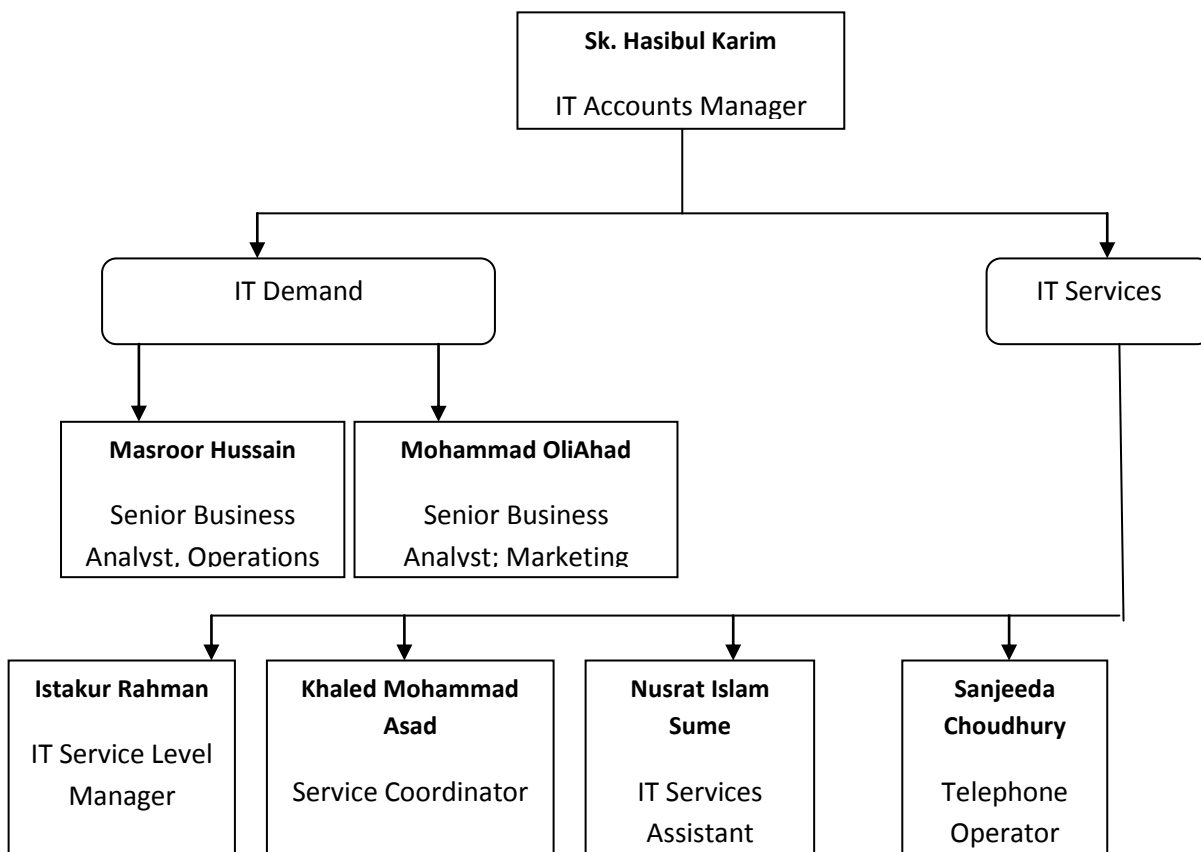


**Figure 9: Organ gram of Human Resources department**

### 2.7.5 Information Technology

*Mission: ‘The mission BATB IT is to enhance BATB's competitive position by increasing operational efficiency and timely decision making through measurably better and more compatible information system, and by harnessing the most appropriate technology and implementing new business practices to enhance BATB's business effectiveness.’*

Information Technology department was mainly acting as a supporting service for all the other functions of BAT. As the emergence of super information highway and other technological advancement made the business world more competitive, BAT also made necessary adjustments towards the changes and in continuation with that process IT was made a separate department in February 2000. The head of IT is also a member of the executive committee and he is supported by the function support IT managers.



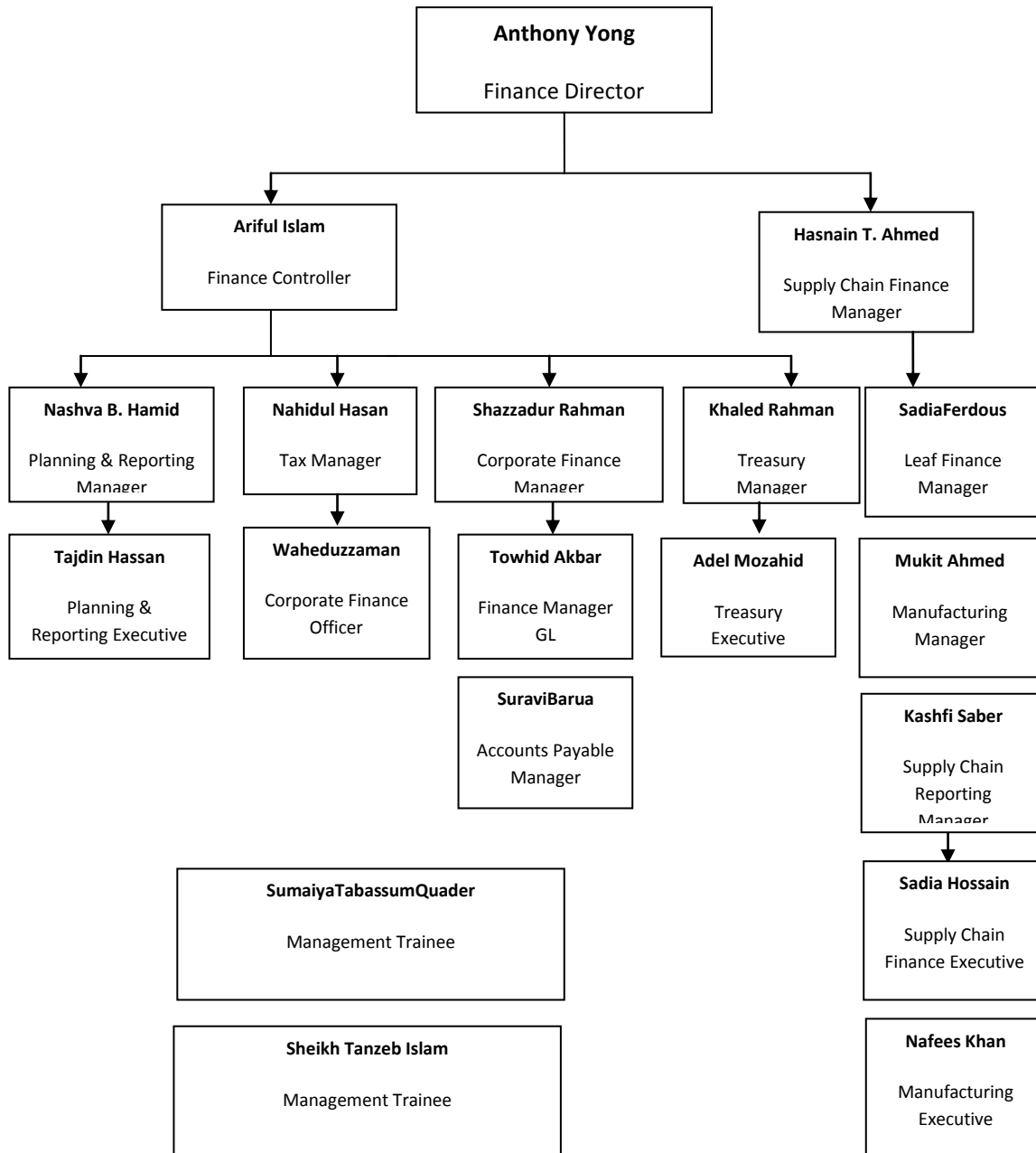
**Figure 10: Organ gram of Information Technology department**

### **2.7.6 Finance department**

Finance department is responsible to evaluate the economic performance of the Organization. BAT strictly uses the budget as part of the strategic plan to go for operational activities. The company budget helps to measure its performance acting as a tool for feed forward and also for feedback. The company at the beginning of the year starts its operation with the budgeted sales, target, cost, investment and other financial activities. The company for control purpose evaluates its performance at the end of each month. It helps to give the actual information of cost, sales and other data and compares with the budget allocation or target. In this way it finds the variances, then find out the reasons and take necessary corrective action or review the budget. The overall responsibility of doing this goes to the Cost Accountant and Finance Director of BAT. The Finance department has its established strategic plan, normally the person involved are Finance director, company executive, Material Resource Planning Manager (MRP), Information Technology Manager (IT), Management Accountant and Financial accountant. Under Financial Accountant there are three accountant officers, Head Office accountant, Production accountant and Leaf Accountant. These three-account managers individually have Deputy Head Office accountant, Deputy Production Accountant and Deputy Leaf Accountant. Under these three Deputy Accountants three Assistant account officers work.

Finance Department audits the expenditure at a regular interval to ensure that rules and regulation are properly adheres the operation. External auditor also checks all the BAT Financial system and also prepares the annual financial report. If they find any deviation they report to the Chief executive for taking corrective action. The Auditors Inform the BAT Head Office and makes them visit the operating company to ensure the Management Control are directly administrated. Any new proposal is analyzed from the viewpoint of future prospects of the plan, Profitability, Capital Investment and Shareholders wealth. Here the Finance department gives special consideration on the Return on Investment of the proposal. Detailed month wise cost analysis is done in detailed to access the variances. At each financial point's corrective action are taken to remain within the budgeted plan.

# Overcoming Communication Barrier through Corporate Social Responsibility of British American Tobacco Bangladesh



***Figure 11: Organ gram of Finance department***

### 2.7.7 Corporate Regulatory Affairs (CORA)

*Mission: Toproactively build strengthen relationships based on mutual benefit and trust with all our stakeholders and enhance our corporate reputation through visible responsible activities*

CORA is the department which is responsible for upholding the corporate image of the company. Since BAT is in a controversial industry it is very much important for it to manage all its stakeholders as well as to manage the media. All these are done by CORA. It also looks after the legal aspects and taxation of BATB. CORA carries out different activities such as:

- Managing taxation and excise
- Looking after stakeholders interest
- Correspondence with media
- Maintaining government lobby
- Working towards development in the field of mal nourishment, poverty and cultural adoption
- Discouraging under aged i.e. under 18 smoking
- Managing external and internal communication
- Publicity management
- Selling the idea of socially responsible corporate business practices inside the organization

Through projects and initiatives around the world BAT is committed to help to protect and improve the environment, support local employment and tertiary education, promote artistic and cultural activities and assist with disaster aid.

Globalization and increased scrutiny of businesses by consumers and the general public mean that companies are today judged not only by the quality of products that they produce but also the manner in which they carry out their business activities. It is therefore, an imperative that corporate bodies are responsible not just in their businesses but also in the social domain that they operate in. British American Tobacco's philosophy has been to be conscious corporate citizens wherever they operate, respectful of local cultures

## Overcoming Communication Barrier through Corporate Social Responsibility of British American Tobacco Bangladesh

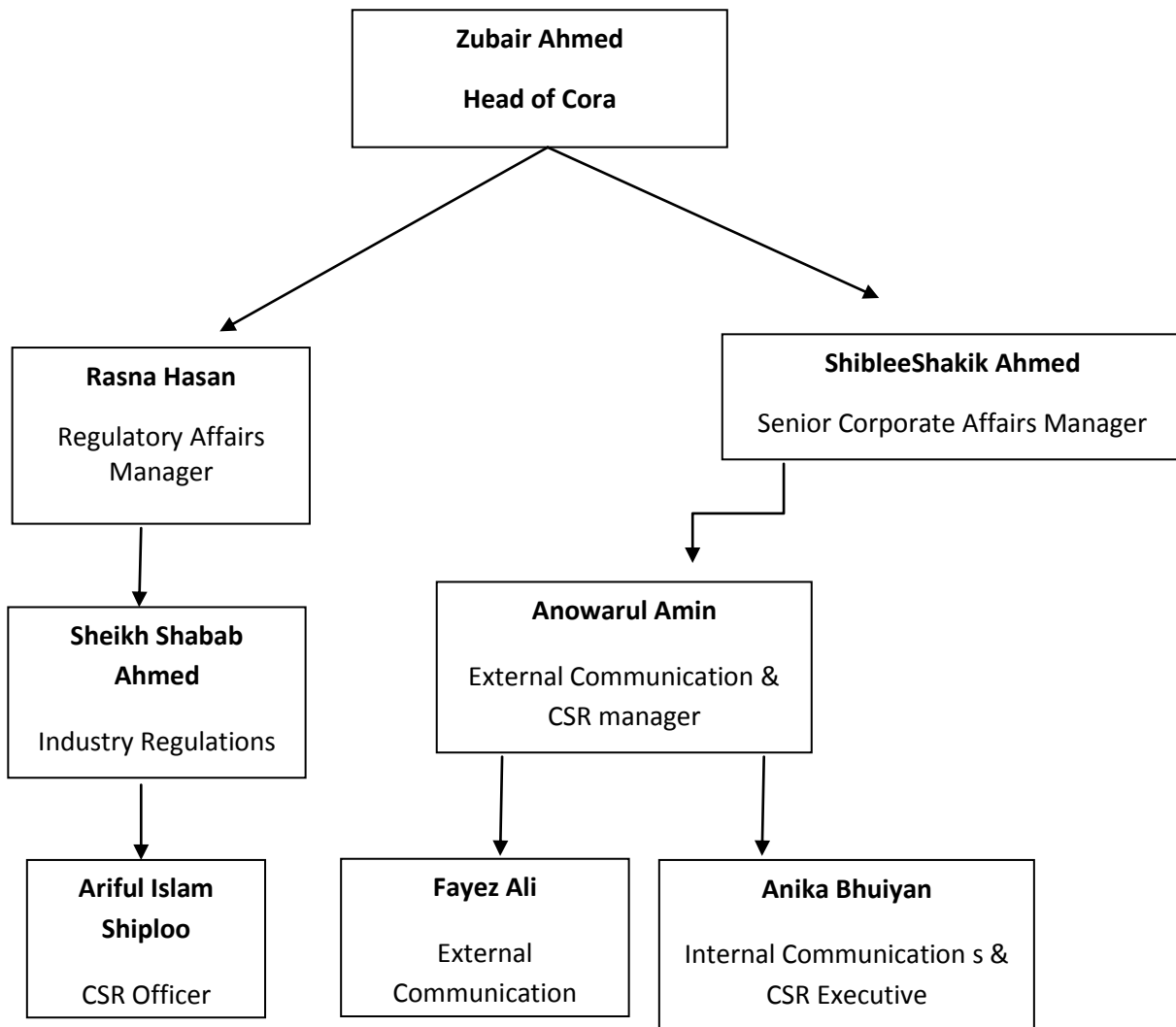


The company recognizes that it manufactures a product, which carries significant risks. In this light, the company believes that only informed adults should use its products and that under-age persons should not smoke. It also believes that the company must act, behave and carry out its business activities in a manner accepted by society at large as responsible. This includes dissemination of the company's positions on issues.

The Corporate & Regulatory Affairs function is charged with driving reputation management to the heart of the business and ensuring the company's involvement as a leading development partner of the country. Reputation management involves identifying and prioritizing the company's stakeholders and preparing and implementing plans to engage and communicate with these stakeholders. In a competitive market, BAT wants adult smokers to choose its brands over those of its competitors. Advertising has two purposes – to maintain brand loyalty and to encourage smokers to switch brands. Advertising provides consumers with information to make choices. BAT believes that the use of tobacco products should be an adult choice. Advertising programs, including promotional activities for tobacco products should be carried out in a responsible manner. BATB has carried out significant activities for society such as Blood Donation Programs, Immunization programs. The afforestation program of BATB in khustiachittagong and some other areas of Dhaka have made tremendous contribution to the environment.

Other than that CORA is also responsible for CSR Activities, from which some are:

- Dishari
- Afforestation
- Social Contribution for Farmers
- Biodiversity
- Leaf Tobacco Export
- Environment Friendly Agricultural practices
- Supporting Social Organizations



***Figure 12: Organ gram of CORA department***

## 2.8 CORA Activities and Areas of Focus

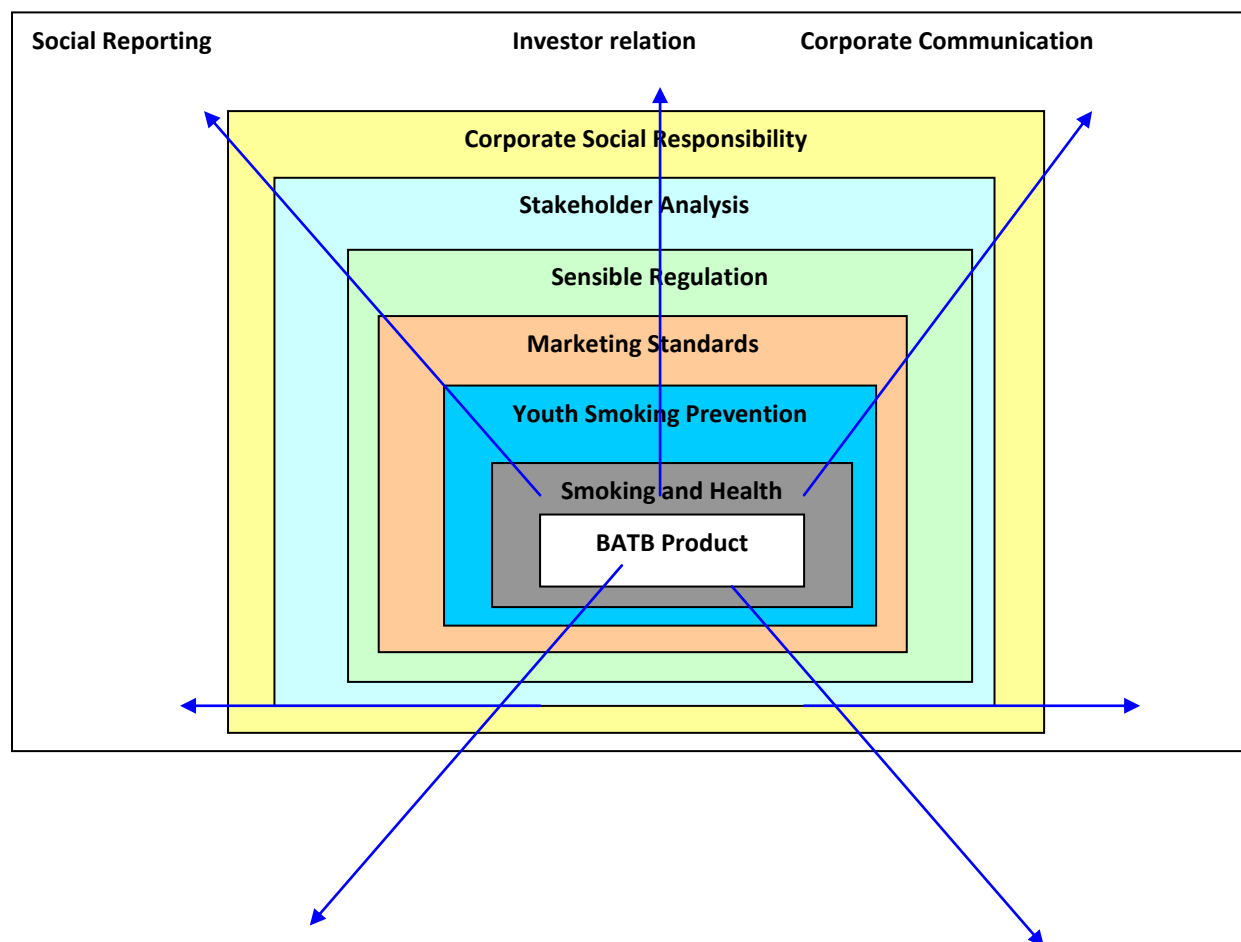
The Corporate and Regulatory Affairs Department (CORA) of the company is dedicated towards achieving the company's strategic imperative, which is: *To be a responsible company in an industry seen as controversial.*

### **The CORA Vision:**

*“To become the most respected FMCG Company among key stakeholders”*

Reputation management involves identifying and prioritizing the company's stakeholders and preparing and implementing plans to engage and communicate with these stakeholders.

### **A Web of Relationship**



**Figure 13: CORA Activities and areas of focus**



CORA helps British American Tobacco Bangladesh to:

- ▶ Build and sustain a corporate reputation, which in turn helps to ensure the future of the business.
- ▶ Build recognition for British American Tobacco Bangladesh as a responsible company in an industry seen as controversial.
- ▶ Identify Corporate Social Responsibility issues and come up with effective solutions.
- ▶ Communicate widely, clearly and proactively, enhancing understanding of the business and building a strong corporate brand.
- ▶ Build and manage relationships with BATB's key stakeholders.

### **Structure of CORA**

The Corporate and Regulatory Affairs Department programs are led by the Head of Corporate Affairs who is assisted by the Company Secretary and the CORA Managers. The company's Legal and secretarial function also reports in to the Head of CORA. The Company Secretary looks after the legal sides of the company such as trademark Protection, Infringement of Company Rights, Distributor Agreement, and Trust Fund etc. He also looks after the share market activities of BAT share.

## 2.9: BAT Code of Conducts, Instructed by CORA, on Tobacco

### Marketing

In a competitive market, BAT wants adult smokers to choose its brands over those of its competitors. Advertising has two purposes – to maintain brand loyalty and to encourage smokers to switch brands. Advertising provides consumers with information to make choices. BAT believes that the use of tobacco products should be an adult choice. Advertising programs, including promotional activities for tobacco products should be carried out in a responsible manner.

The guiding principles for the company's advertising are stated below and for the purpose of these principles, and adult is defined as anyone who is 18 years of age or more.

1. Advertising is intended for, and will be directed at adult smokers.
2. Advertising will not be false or misleading.
3. Advertising will not make health claims about tobacco products or smoking.
4. Advertising will not depict the use of tobacco products as being important to sexual success.
5. Any person appearing in advertising will not be younger, nor appear to be younger than 25 years of age.
6. Where television and/or radio advertising is permitted, it will only be broadcast in those hours when programming is primarily directed at adults.
7. Print advertising will not be placed in publications primarily directed to persons under adult age.
8. Cinema advertising will not be shown during films directed primarily at persons under adult age or at times when the audience is likely to comprise primarily of persons under adult age.
9. No payment shall be made for the placement of advertising or tobacco product in any film produced for viewing by the general public.
10. Advertising will not be displayed on billboards directed at or in close physical proximity to schools or other facilities used mainly by persons under adult age.
11. Direct marketing, market research and sampling of tobacco products will only be carried out with, or in relation to adult smokers.
12. Promotional items and premiums bearing tobacco trademarks will only be directed at adults.

## Chapter 3

### JOB DESCRIPTION

## 3.1 My Assigned Duties and Responsibilities

### **3.1.1 Job description:**

In order to complete my graduation from BRAC University, I have done my internship in British American Tobacco Bangladesh under the department of Corporate Regulatory and Affairs (CORA). British American Tobacco including its subsidiary companies aims to apply the best international standards of practice in all aspects of its operations which related to the internal and external communication with BATB with its employee and outer world and as well with the law and regulatory part of BATB. I was assigned to take care of managing the records of CSR related documents and helping to prepare any new documents based on different CSR related news. Although it was my main assigned work but I had to do other works as well in order to assist the management of CORA specially the communication side with other departments and maintaining the relationship with the stakeholders.

### **3.1.2 Different aspects of job performance:**

- ❖ I used to make new database on Microsoft excel for keeping the records of different CSR initiatives for example “Probaho&Deepto Sight selection project “using some general formulas and formats. It has improved my proficiency in Microsoft excel a lot.
- ❖ I also gained the experience of working with multinational company managers which Like FCUBED Organizations for solar water processors, which will help me in future for sure. I used to communicate with other departments’ managers as well which helped me to increase my communication skills in a corporate environment.
- ❖ I also worked With the Regulatory Affairs team; I worked on the Tobacco Act Law & Amendment of 2013. Here we basically made a similar law guideline from both Tobacco Act Law & Amendment of 2005 & Tobacco Act Law & Amendment of 2013.
- ❖ I have also helped my line manager in organizing LOS where the BATB employee from different departments went to Malaysia to attend a meeting and my

line manager was assigned to organize and communicate with every department. Therefore I was lucky for getting the opportunity to organize such an important session where I got appreciation by lot of managers of BATB.

❖ I have worked on a booklet called “BIRI Report-Anti”, here I collected news, pictures & features based on anti-tobacco and BIRI related. But because of short time period I could get the opportunity to see the entire work as a booklet.

❖ I also worked for organizing a “Web Page Design”, this was basically designed for the factory workers of BATB to being aware them of the latest Tobacco Law 2013. I have also worked with Media communication by storing the news and articles related on both Tobacco & Anti-Tobacco.

❖ I have worked on organizing an event called “Nirvana Moment”, which was held to introduce new office spaces of BATB & this programme was attend by all BATB employees except factory workers. I have also helped in different events by clicking the pictures of those events & distributing the pictures in different departments as requirements.

❖ I also have worked on an internal communication project, in this project I have designed a web and banners for BATB employee, as the internal route of road was changed because of re-construction.

## Chapter 4

### PRODUCT OVERVIEW WITH ANALYSIS

## **4.0 Business of British American Tobacco Bangladesh Company Ltd**

### **4.0.1 British American Tobacco Bangladesh Company Ltd.'s Business**

BATB's diversified work force and its organizational culture ensured that BATB has the competitive advantage over other companies. However, it was not a very easy task for BATB to gain these advantages. The people here, worked very hard to seek the new opportunities and innovative ideas to achieve the sustainability. Well, they are enjoying their success now. BATB achieves competitive advantages in the following segments.

- BAT has the most diversified brand portfolio.
- They have record for number of innovations.
- The people over here are very potential in saving the cost.
- They have experts and experiences in the trade marketing activities.
- BAT has their business in so many countries, which means they cover a huge portion of the regions in the world. So this helped them to have a huge smoker market.

### **4.0.2 The tobacco market**

There is no denying the fact that in spite of a global economic downturn, lawsuits, health problems, and rising prices of cigarettes, the global tobacco industry has continued to generate strong growth as well as profits. Many legal problems continue to plague the global tobacco industry as governments around the world continue to put in place strict regulations to curb the use of tobacco. The health impact of tobacco is that smokers are suffering from cancer or other side effects of tobacco consumption.

While tobacco majors continue to initiate campaigns to stop children from consuming tobacco, they are also pursuing research and development efforts to develop cigarettes that reduce the health risks related with smoking.

One of the major challenges facing the tobacco industry is the growth of discount cigarette manufacturers who are not involved in the settlement with US state governments, and are gaining market share rapidly. (BATB, 2013)

The world tobacco industry generated sales of almost \$721 billion in 2010, according to Market Line. Cigarettes represent the leading market segment with revenue exceeding \$681 billion, which accounts for almost 95% of the overall market. The yearly rate of market growth is expected to accelerate to be 4.5% until 2015, bringing the market to almost \$890 billion.

The tobacco market involves the retail of tobacco, cigarettes, cigars, cigarillos and chewing tobacco. There are currently around 1.3 billion smokers in the world; this figure is expected to climb at a rate of almost 4% per year. Tobacco is grown in over 120 countries worldwide, using close to 4 million hectares of total agricultural land available globally. Around 12 million cigarettes are smoked every minute around the world.

Around 35% of men in developed nations smoke, compared with 50% of men in developing nations. About 22% of women smoke in developed nations, compared with less than 10% in developing nations. (BATB, 2012)

## **4.1 Product & Services:**

### **International Brands of BAT**

BAT has several popular brands across the countries. The number of brand is huge, more than 300 brands. As a major international Fast Moving Consumer Goods (FMCG) company, BAT is proud of their reputation for producing high-quality brands that are chosen by one in six of the world's adult smokers. BAT has also customized brands for the different countries. The customization is done based on the countries culture, purchasing capability, agricultural condition (for Tobacco leaf)) etc. But still BAT has some particular brands which are very popular among all over the world. Among the international brands there are four Global Drive Brands - Dunhill, Kent, Lucky Strike and Pall Mall.



Some of the international brands of BAT are given below:



**Kent** was introduced in America in 1952 and is now sold in more than 70 countries. It is a free-standing premium brand for consumers seeking a mild and smooth taste. 45 billion Kent cigarettes were sold in 2006. The brand achieved its fourth consecutive year of double-digit growth, rising 16 per cent on 2005 with strong growth in Russia, Eastern Europe and Chile.



**Dunhill** was launched in 1907 and now sells in more than 120 countries. Dunhill's role is to establish a strong global position in the premium / super premium segment. In 2006, total Dunhill volumes were 33 billion cigarettes, up 6 per cent on 2005. Key markets include Australia, Malaysia, South Korea and Taiwan.



**Lucky Strike**, launched in 1871, is one of the oldest trademarks in the world and is now sold in more than 90 countries. It is among the leading global brands for the premium segment and 2006 saw the launch of new product and packaging initiatives. Volumes in last year rose 0.4 per cent to 22 billion cigarettes. Key markets include Germany, Spain and France.



**Pall Mall** was introduced in 1899 and is now sold in more than 60 countries. It is BAT's leading global value-for-money brand. Pall Mall delivered outstanding growth in 2006, with volumes up 40 per cent on the previous year to 46 billion cigarettes, making it the best selling brand in the portfolio. Key markets include Germany, Poland, Spain and Russia and Bangladesh. While the Global Drive Brands remain central to BAT's strategy, BAT is also increasing the profile of Vogue and Viceroy.



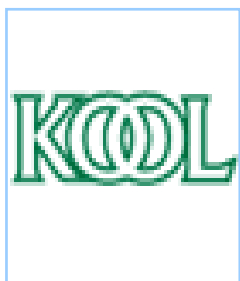
**Vogue** is a super-premium brand and includes the aromatic Vogue Arome. Sales are strong across Europe, especially Russia, and the brand is well placed to grow where consumers are increasingly able to trade up to premium brands.



**Viceroy** is sold in over 30 countries. Introduced in 1936, key markets for Viceroy today include Romania, the Middle East, Turkey, Bangladesh and Argentina.



**Rothmans** was launched in 1890 and is now sold in about 115 countries. Key markets include France, Italy, South Africa and Saudi Arabia.



**Kool** was introduced in 1933 and is now among the world's biggest selling menthol cigarettes. Available in more than 45 countries, Kool is one of the fastest growing brands in Japan and is also popular in the United States and a number of Latin American countries. Smokeless snus under the Kool brand is currently in a pilot market by the company in Japan.



**Benson & Hedges** cigarettes were created for the then Prince of Wales in 1873. British American Tobacco acquired the rights to the brand in a large number of overseas markets in 1956. Today, British American Tobacco Group companies sell Benson & Hedges in more than 80 countries, including Australia, New Zealand, Bangladesh, Nigeria, Malaysia and South Africa.



**State Express 555** was launched in 1895 and is one of British American Tobacco's best-selling cigarettes. Now sold in more than 55 countries, the brand is particularly popular with smokers in China, Taiwan, Bangladesh and Vietnam.



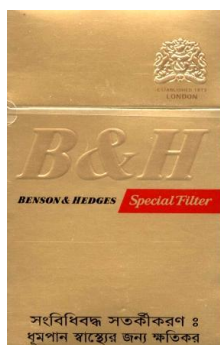
**Peter Stuyvesant** was first launched in South Africa in 1954 and then internationally in 1957. Now sold in around 55 countries, Peter Stuyvesant is popular in South Africa, France, The Netherlands, Greece, and Malaysia. Smokeless snus is currently being test-marketed under the Peter Stuyvesant brand by the company in South Africa as part of a year-long consumer trial.



**John Player Gold Leaf** is today sold in over 20 countries and is particularly popular in Pakistan, Bangladesh, Sri Lanka and Saudi Arabia. The brand dates back to the 1890s. For historical reasons, British American Tobacco does not own the brand in the UK, continental Europe or the United States.

### Brands in Bangladesh

In Bangladesh, British American Tobacco Bangladesh is the market leader in tobacco sector. They have almost 47% market share. However, in Bangladesh BATB have only few brands. Among them Benson & Hedges, John Player Gold Leaf, Pall Mall, Star, Capstan and Viceroy are some of the most popular brands. So we can see that in Bangladesh BATB has only Pall Mall from the Global Drive Brands. The brands discussed below:



**Benson & Hedges** cigarettes were initially made for the Prince of Wales back in 1873. British American Tobacco acquired the rights of the brand in a large number of overseas markets in 1956. Today, British American Tobacco Group companies sell Benson & Hedges in more than 80 countries in the

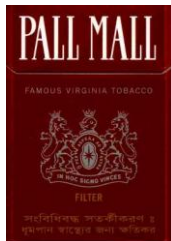
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world. In Bangladesh Benson and Hedges was launched in 1997 and it is dominating the premium segment of cigarettes in Bangladesh. B&H has a value of TK 9/ stick and can be found in two different flavors, Special Filters and Lights.



**John Player Gold Leaf** is one of the oldest brands of BATB in Bangladesh that was launched in 1980 and one of the highest selling brands in the Medium Segment in the market. JPGL is mostly found in the Saudi Arabia, Pakistan and Sri Lanka. JPGL has a value of TK 5/ stick.



**Pall Mall** is an International Brand operating in more than 60 countries in the world. Pall Mall is the First Global Drive Brand launched in Bangladesh in March 2006. Even though Pall Mall is a premium brand worldwide but it is under Medium Segment in Bangladesh. Pall Mall has a price of TK 4.5/ stick, and can be found in three flavors, Full Flavor, Lights, and Menthol. Pall Mall made record sales in terms of volume in 2007 that was initially maintained by Star brand of BATB.



Bangladesh.

**Star**, a local Brand launched 40 years ago still generates leading sales in terms of volume. Star operates in the Low Segment and has a price of TK 1.5/ stick. Star occupies the leadership in the low segment outside Dhaka, where it has tremendous popularity among smokers. BATB launches colorful new packets for star during the Spring Season in Bangladesh to represent the true colors of



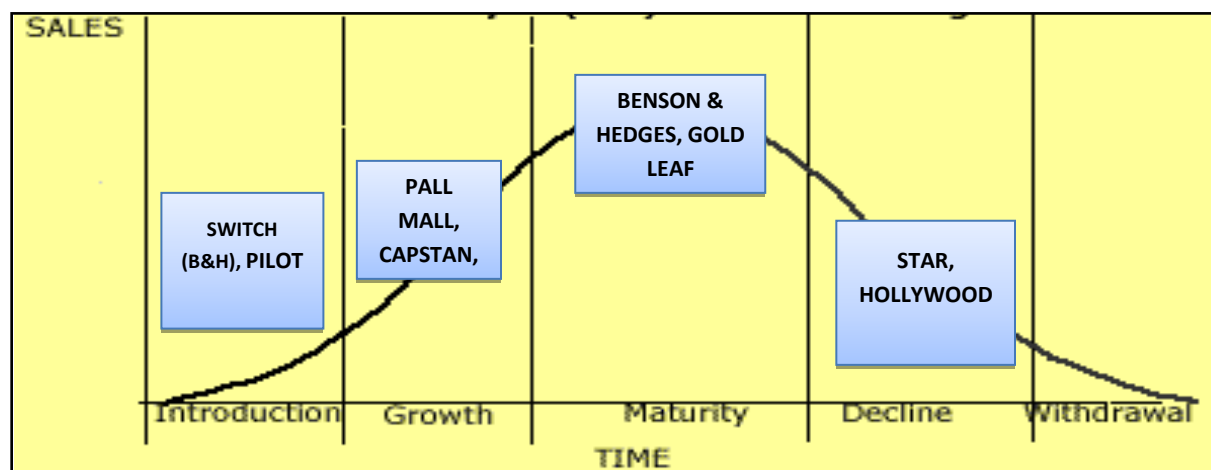
BATB has launched B&H **Switch** recently. It has two flavors with a switch tip enabling the initial flavor to switch to a menthol flavor. It is getting quite good response in the market but still to capture it. It has come with a total new look and in a black and white stylish packaging. BATB has not gone for price penetration but has kept the price quite reasonable.

## 4.2 Competitive Condition, Industry Analysis and SWOT

### 4.2.1 Industry Definition

The tobacco industry comprises those persons and companies engaged in the growth, preparation for sale, shipment, advertisement, and distribution of tobacco and tobacco-related products.

### 4.2.2 Industry/Product Lifecycle



*Figure-14: Product Lifecycle*

Tobacco Industry has been in Bangladesh for quite a longtime now, with the introduction of Biri in the market. But with time smokers are moving into cigarettes and thus the number of tobacco industries have raised. It is at its Maturing Stage in Bangladesh.

Thus with time BATB has also increased its product line with the growing demand of cigarettes. As consumption is increasing so is the demand of varieties. Different classes of people want different brands and taste and so BATB provides 8 different brands targeted to its different customer segments.

In the Introduction stage is a new product line of B&H; Switch, which is a menthol cigarette. It has been introduced in the market about two years back and is getting popular among female smokers Pilot is another brand which was launched a year back for the lower segment. It hasn't yet reached its targeted group like that of Pall Mall but is in a positive inclination.

Pall, Derby and Capstan has been in the market for about 5-6 years and is growing with time. They are still in their Growing stage, trying to capture more of its targeted market and moving on to the maturity stage. Since these brands are targeted for the middle and lower segment so Biri and other cheaper alternatives are colonizing some of the market share.

The most popular brand is B&H (blue gold & special filter) which is now at its maturity stage and so is Gold leaf. These two brands have captured the market for a long time now and is dominating the tobacco industry among the upper class smokers

In the Declining stage, BATB has two brands; Star & Hollywood. Star was targeted to the upper middle segment and Hollywood to the lower segment. Both the brands are now at a dying stage especially Hollywood. It is going to be removed from the market soon and Derby (lower segment) will be launched heavily to cover up the gap. Their popularity have been decreasing over the time and now in the declining stage of the Product Life Cycle of BATB.

### 4.3 Industry Participants

#### **4.3.1 Buyer and Buyer Groups**

The Potential Buyers of **British American Tobacco** are:

Adult	A person who is at least 18 years old, except where legal requirements or voluntary undertakings entered into by the Participants specify a higher minimum age for the lawful sale, purchase, possession or consumption of tobacco products, in which case the term "adult" means a person of at least that minimum age.
Smoker	Any adult who is a smoker.

**Table-3: Potential Buyers**

### 4.3.2 Supplier and Supplier Group

#### Local Suppliers

Name of Suppliers	Material description
Robin Printing & Packages Ltd	HLB and Shell/slide
Mast Packaging & Paper Converting Limited	HLB
Orchid Printers	Shell/slide
Arbab Poly Pack Ltd	Cork Tipping Paper, Inner Frame Bundle, Printed Inner Bundling, Plug wrap
Tampaco Foils Ltd	Printed Tipping Paper, Inner Frame Bundle, Foil, Plug wrap
Zeenat Printing Works Ltd	CBC
Islam Printing and Packaging	CBC
Mala Traders/ S S Corporation	Cigarette Paper, glycerine, BOPP
Limra International	PVC Gum Tape
Digital Engravers	Printing cylinder manufacturer
Security Printing Corporation SPC)	Tax stamp and banderole
MadinaStaionery	Sugar PMD)

Percentage of supplier: local vs international 63% vs 37%

**Table-4: Local Suppliers**

**Imported Suppliers**





<b>Name of Suppliers</b>	<b>Material description Country</b>
Stenta Films	BOPP Malaysia
Siegwerk Ink	Die-ink Switzerland
Henkel Technologies	Adhesive Korea
Eastman Chemicals	Acetatetow USA
Payne India Pvt Ltd	TOR India
Daicel Chemical Asia) PTE Ltd	Tri-acetine/Plasticizer Japan
Julius Glatz	Cigarette paper, tipping paper base material) Germany

**Table-5: Imported Suppliers**







### 4.3.3 Competitor's Analysis

#### Competitors locally:

Competitors		
Nasir Tobacco Industries Ltd		Nasir Tobacco Industries Ltd, went into commercial production in 1997. With a land area of 2145 decimal for the factory and a work force of 300 in the factory and 1700 in the market this company ranks fourth in the country. The brands of its cigarettes are Nasir Gold, Asia and Top Ten.
AbulKhair Tobacco Company		AbulKhair Tobacco Company Limited (AKTCL) was established in 1998. They have a vast range of product to meet the needs of existing and potential buyers all around the world. Some of their products are SunMoon& Marine.
Dhaka Tobacco Industries/ AkijGoup		Dhaka Tobacco Industries came to the fold of Akij Group in late seventies when Government has decided to disinvest and hand over the Factory to private sector from the nationalised sector. Dhaka Tobacco industries produces eight brands of cigarettes. These are Navy, Legend White, Five Star, Red & White, K2, Surma and Diamond.
Philip Morris International		Philip Morris International Inc. (PMI) is an American global cigarette and tobacco company, with products sold in over 200 countries. In Bangladesh its only known product is Marlboro which is very popular.

**Table-6: Local Competitors**

**Competitors worldwide:**

Competitors		
China National Tobacco Co		China National Tobacco Corporation is a tobacco firm based in Beijing. It is owned by the Chinese government and enjoys a virtual monopoly of the industry in the biggest nation in the world, which accounts for nearly a third of the world's total consumption of cigarettes. The company manufactures 2.1 trillion of the 5.9 trillion cigarettes worldwide and controls 97 percent of the Chinese market. Some of their brands are Camel, Kool, Lucky Strike, etc.
Philip Morris International Inc (Altria Group Inc)		The Altria Group Inc. was formerly known as Philip Morris Companies Inc. Based in Henrico County in Virginia. It is the parent company of Philip Morris USA, as well as the US Smokeless Tobacco Company, John Middleton Inc., Philip Morris Capital Corporation and Chateau Ste. Michelle Wine Estates. It earned revenues of \$23.8 billion, with a net income of \$3.39 billion.
Japan Tobacco International		Japan Tobacco International is a leading tobacco manufacturer based in Geneva in Switzerland. The company is the international arm of Japan Tobacco, and it was formed after Japan Tobacco purchased the international operations of R.J. Reynolds for \$7.8 billion. Some of the company's more famous products are Winston, the second best selling brand in the world; Mild Seven, the top selling charcoal filter cigarette; Camel, Benson & Hedges; Silk Cut; Glamour; LD; and Sobranie.
Imperial Tobacco Group		The Imperial Tobacco Group plc is a multinational tobacco company based in Bristol in the United Kingdom. The company was established in 1901 after the merger of 13 British tobacco and cigarette companies. It has a presence in over 160 countries globally. Some of the company's more famous brands include Ducados, Brandon's, Carlton, Crowns, Davidoff, Embassy, Excellence, Fortuna, Gauloises, Gitanes, John Player & Sons, John Player Special, Lambert & Butler, Mark Fernyhough, Moon, Parker & Simpson, Peter Jackson, Prima, R1, etc.

**Table-7: Worldwide Competitors**

## 4.4 Industry Structure

### 4.4.1 Porter's Five Forces Analysis

The industry attractiveness for the company is measured on the five forces coming from Porter's five forces model. The Porter's five forces model is given below:



*Figure 15: Porter's Five Forces Analysis*

A value 1 to 5 is assigned against each of the following forces to determine the attractiveness of the industry where 1 being the least attractive and 5 being the most attractive.

#### 4.4.1.1 The Threat of New Entry (Moderately High)

The industry is rated **3** on this parameter.

Industry is safeguarded from the potential entrants due to government lawful barrier for setting up new tobacco industry, high capital investment, economies of scale, brand Image, and specialized know-how, existence of learning and experience curve effect, brand preference and customer loyalty. But the introduction of the operation of an international tobacco company like Marlboro in Bangladesh is really a big threat for BATB. This is an external threat over which BATB has no control. However, the company should take steps to increase its market share to combat Marlboro.

#### **4.4.1.2 The Threat of Substitutes (Low)**

The industry is rated as follows:

##### **Low price segment (High)**

The industry is rated **4-5** on this parameter.

Price, quality, performance, perceived value of the product and brand image are the key factors for brand substitution. In the low price segment readily available and attractive priced substitute creates competitive pressure. Biri may be a substitute for cigarettes in the low segment.

##### **Mid-price segment (Moderate)**

The industry is rated **3-4** on this parameter.

But in the mid-price segment the key for the substitution is the cost as well as quality. Product with more and new attributes can create product substitution in this segment.

##### **High price segment (Low)**

The industry is rated **2** on this parameter.

In the premium price segment quality and product image is key for the substitution. Customers in this segment are brand loyal. BATB has no threat for the substitute products as there is no substitute in terms of cigarette with other product in the industry.

#### **4.4.1.3 Supplier Power (Moderate- High)**

The industry is rated **3-4** on this parameter.

As the products are classified as Fast Moving Consumable Goods and produced in all over the world, all the firms have the leverage to choose the wrapping materials from anywhere in world. These materials are cigarette paper, aluminum foils, boards, filter papers, cellophane paper etc. Tobacco for medium and low price segment cigarette is grown in Bangladesh and is capable of fulfilling the entire industry demand. Tobacco for premium priced cigarette are also grown in Bangladesh and around 18 – 20% high quality tobacco is imported from different tobacco

growing countries, where tobacco is surplus compared to its consumption. Therefore, suppliers tend to have less leverage to bargain over price and quality.

#### **4.4.1.4 Buyer Power (Low)**

The industry is rated very low **2** on this parameter.

Low substitutes and a very close pricing of the competitors in the industry leave very low bargaining power for the buyers, especially in the low priced segment. But in the medium priced segment, quality and price are factors key for substitution and therefore, different brand preferences are available in the market and the market share of each competing rivals tend to shift in very significant margin. But it is not very relevant scenario for the premium segment, where most of the customers are loyal to their brands.

#### **4.4.1.5 The Degree of rivalry among Competitors (Low)**

The industry is rated **2** on this parameter.

Rivalry depends on mostly in terms of price and quality. International brand image, major competitors consists of domestic manufacturers are accounted for the rivalry. The industry is still growing opening the door of opportunity for augmented business as consumers are up coming from Biri to cigarette. Rivalry in this particular segment is very intensive in terms of price rather than quality.

#### **4.4.2 Market share of BATB and its competitors**

Besides BATB, a number of the companies are engaged in manufacturing and marketing cigarettes. They are:

- ▶ Dhaka Tobacco Company
- ▶ Alpha Tobacco Company
- ▶ Nasir Tobacco Company
- ▶ Abulkhair Tobacco Company
- ▶ Sonali Tobacco Company

**Overcoming Communication Barrier through  
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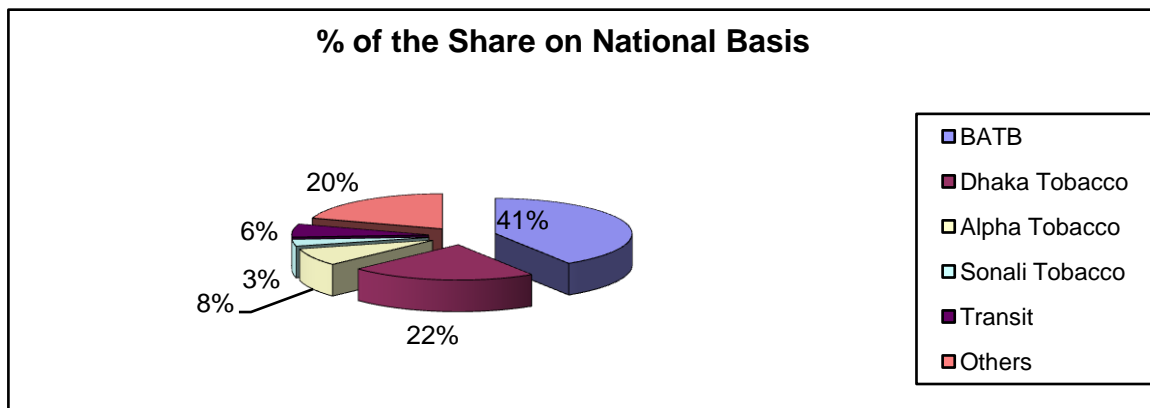


Moreover, there are also some foreign brands, which are either smuggled or imported illegally, which have been termed as transit brands. The most important brands in this category are Dunhill, Benson & Hedges, Marlboro, London etc. It is notable that recently Marlboro has started operating seriously in Bangladesh. The market share of BATB is around 51% in the Dhaka Metro. The share of all other companies in Dhaka Metro is shown in the following table & and pie chart.

<i>Name of the Company</i>	<i>Percentage of the Share</i>
<b>BATB</b>	55%
<b>Dhaka Tobacco</b>	10%
<b>Alpha Tobacco</b>	3%
<b>Sonali Tobacco</b>	2%
<b>Transit</b>	12%
<b>Others</b>	18%

(BATB Monthly Audit Report: October 2012)

**Table 8: Market Share**



**Figure 17: Share on national basis**

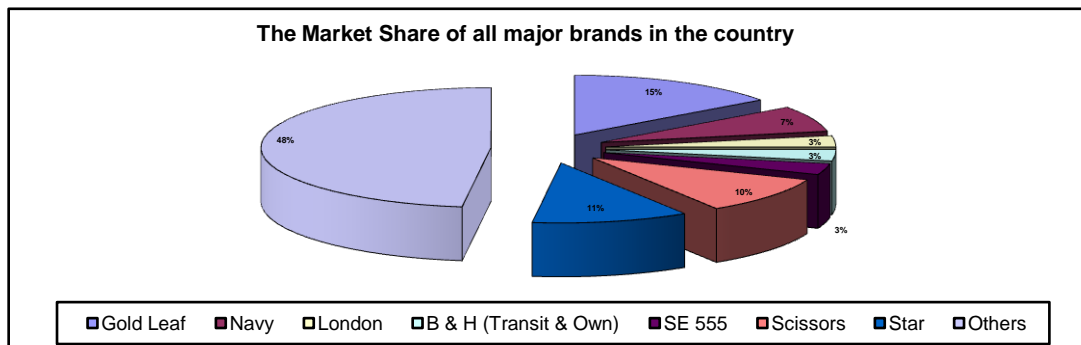
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The above chart shows that BATB is holding the major portion of the market share in the whole country amounting to 41% and the nearest rival is Dhaka Tobacco with market share of 22% followed by Alpha Tobacco with 8% market share.

Although none of these companies have become a major threat to BATB, except perhaps Dhaka Tobacco, yet the presence of these companies signals that other companies can also join in this market.

The market leader is Gold Leaf of BATB (15%), followed by Star of the same company, which accounts for 11% of the market share. Then come Navy of Dhaka Tobacco, which accounts for 7% of the market share. The market shares of all main brands shown in the graph overleaf:



**Figure 18 :Market Share of Major Brands**

**4.4.2.1 Macroeconomic Forces: PESTLE Analysis**



**Figure 19: PESTLE Analysis**

- Political: (Positive and Negative Factors)
- Economical: (Positive Factors)
- Social: (Positive Factors)
- Technological: (Positive and Growing)
- Legal (Positive and Growing)
- Environmental (Positive and Growing)

## **4.5 SWOT Analysis**

SWOT Analysis is an important tool for evaluating the company's strengths, weaknesses, opportunities and threats. It helps the organization to identify how to evaluate its performance and scan the macro environment

### **4.5.1 Strengths**

1. Wide recognition – BATB is widely recognized as good corporate company for its corporate value and ethics. The good deeds are in terms of highest tax payment, community services, afforestation programs and helping some social organizations. BATB also has a great brand image for which it is highly recognized. It has a good recognition among the tobacco companies in Bangladesh. Its local competitors do not possess such recognition which is why it acts as a strength for BATB.

2. International brand Image – BATB's premium and medium segment brands like Benson & Hedges, State Express 555 and John Player Gold-leaf are internationally recognized & valued by its loyal customers. This is because these brands are manufactured in different BAT operating companies and dominating in the world market for its excellent quality. In order to ensure quality product, BATB use global sourcing of all the raw material to maintain consistency in flavors and quality. There are not much multinational tobacco companies in Bangladesh so BATB has a low competition in the market when going as an International brand.



3. Strong brand portfolio: BATB offer products in all price segments in the market. There are brands for premium customers, medium segment, low as well as very low segment. Thus they have a wide customer base where almost all their products are the market leaders. Their other competitors do not have such a wide variety targeted to such a wide range of customers.
4. Talented workforce - People are BATB's fundamental advantage. This include management, workforces and all other business partners, who are directly involved in the value chain process. The best group of workforce is recruited in BATB maintain high standards during recruitment. People are highly trained and motivated, productive and team-oriented.
5. Superior technology – Technology used in BATB is superior from the competition in Bangladesh. Their state of art manufacturing plant in Dhaka is not only sophisticated but also benchmark facility within the operating companies of BAT in their AMESCA (Africa, Middle East, Sub-Continent &Asia) region. In this industry technology is the key for superior quality product.
8. One of the largest tax payers in Bangladesh: BAT is the largest tax payer in our country. As a result of this huge amount BATB enjoys a cordial relationship with the govt. of Bangladesh, unlike its competitors.
9. Geographically Diversified: BATB operations are extensively geographically diversified. They have tobacco producing plants in all six districts of the country. Their products are found all over the country in all retailing outlets, thus help them maintain a good grasp on their target market. BATB does aggressive distribution all over the country unlike its competitors.
10. Low Competition: Due to high regulations, high cost and high entry barriers, new entrants are discouraged, which is good for the current and already established market player.
11. Budget Allocation: As tobacco industries, like BATB are not allowed to go for public promotion, they can use their resources and the budget for other purposes. Like BAT is investing it in increasing their field force.

#### **4.5.2 Weaknesses:**

1. Lower share in very low segment: BATB hasn't been able to capture the 'very low' segment as much as it has in the other segments. Its competitors have captured maximum share from this segment. Thus BATB isn't enjoying the profit from this sector as much as their competitors are.
2. Selling Controversial product: Since BATB sells controversial product, cigarettes, it has to regulate carefully since it deals with sensitive issues. They have to adhere strict rules and regulations and maintain zero tolerance policy throughout their operations.
3. Banned from Promotional campaigns: BAT being a tobacco company is not allowed to promote their products through public media. This makes it hard for BATB to promote since the medium to reach out to the larger audience, like TV or radio advertisement cant be used
4. Strong Trade Union: Trade union is one of the weaknesses for BATB since they are resistant to any changes. It takes lot of management effort and time to make the union leaders motivated for any minor changes in the entire process.
5. Missing a large number of consumers due to high price: BATB is losing a large number of consumers in Bangladesh due to high price of its products. It's mainly in the very low segment since they are price sensitive. This is where other local tobacco companies have taken over since they have been maintaining a low price.

#### **4.5.3 Opportunities:**

1. Light Cigarettes: BATB has a wide range of products targeting any and every kind of smokers; 'Benson Lights' after 'Benson Special filter' is an example of it. And due to the growing popularity of Benson Lights, BATB is planning to offer light cigarettes in their other brands which can yield an opportunity to earn higher profit. This might be an opportunity for BATB to attract its lost market.

2. The increased number of smokers in Bangladesh: The number of chain smokers is increasing in Bangladesh. BATB can grab this opportunity and can make a consumer forecast for the future. It is a very good opportunity for BATB to grow. If BATB can use this opportunity before its competitors it can grab most of the untouched market before them.
3. Augmenting GDP: GDP of Bangladesh is increasing due to economic expansion, open market policy, industrialization and educational development. It's a great opportunity for BATB to expand its market and product line.
4. Increasing number of population: The number of population is increasing at a higher rate in Bangladesh. And at the same time the numbers of smokers are increasing, so it is an opportunity for the company. In our country a large section of urban and rural people smoke Biri. This means that the market potential of BATB is very high. If the Biri consumers can be persuaded to smoke cigarettes instead, the company will have a very big market for its products in this country and which will be an upcoming threat for its competitors dominating the Biri market.

#### **4.5.4 Threats:**

1. Anti-smoking campaigns: Anti-Smoking lobbies are now getting very strong in Bangladesh. Recent demonstration against Voyages of Discovery(VOD), a global campaign of John Player Gold Leaf and government legislation against ban in cigarette advertisement in all media reflects clear threat for cigarette industries, thus even for BATB.
2. Increasing Health Concerns: At present people are becoming more and more health conscious and a strong social pressure is being created on the cigarette companies worldwide. The tobacco industry is fast becoming or has the potential of becoming a dying industry if there is a vigorous promotion.
3. Competitor Strategies:BATB's major competitors are Akij Tobacco and Dhaka Tobacco. They have already captured maximum share among the 'very low' segment which a high ratio. This is a

threat for BATB; s profit margin. BATB always need to be updated about their strategies or they may fall behind.

4. International competitors are coming to Bangladesh: Phillip Morris Incorporation has already started its operation in Bangladesh. This is a significant threat for BAT Bangladesh because it will be the only multinational tobacco brand to compete against BATB.
5. Political instability and violation: Political instability, hartal, public demonstration, anti-social activities are the most common phenomenon in Bangladesh. These external forces hamper sound business environment. So these factors are big threats for the company's operations.
6. Increasing number of Regulations: The government has imposed number of regulations and strict laws about smoking and selling cigarettes. Its threat for the company since these is sensitive issues with the company's reputation at stake. A single mistake can be a long time threat to the company. And the other competitors can use this mistake against BATB.

## **4.6 Strategic, Operational and Legal Issues**

### **4.6.1 Legal Issues – Regulatory Management**

As a responsible market leader in a controversial industry British American Tobacco Bangladesh has proactively introduced a Code of Conduct regarding the marketing of tobacco products. BATB has always conducted its business responsibly and is committed to demonstrating sensible self-regulation for BATB's products, which carry health risks and should be consumed by adults only.

The Code of Conduct is a set of provisions and principles, which clarifies BATB's position and guides all aspects of BATB's marketing activities. BATB wants to establish itself as a standard for responsible and reasonable tobacco marketing activities in Bangladesh. Key features of BATB's Code of Conduct are as follows:

## Overcoming Communication Barrier through Corporate Social Responsibility of British American Tobacco Bangladesh



The parties subscribing to these Standards (the "Participants") wish to record their belief that tobacco products should be marketed in a responsible manner and that reasonable measures should be taken to ensure that the promotion and distribution of tobacco products is:

- ▶ Directed at adult smokers and not at youth, and
- ▶ Consistent with the principle of informed adult choice.
- ▶ These Standards should be observed in both their letter and intent.

### **In subscribing to these Standards, the Participants wish to encourage:**

- ▶ All others who manufacture or market tobacco products to join them as Participants.
- ▶ All others who are associated with the manufacture, sale, distribution or marketing of tobacco products to embrace the principles of these Standards.
- ▶ The practices of the Participants should not be less restrictive than these Standards unless required by law, but any more restrictive legal requirement or voluntary undertaking shall take precedence over these Standards.
- ▶ The Participants should incorporate these Standards into their own internal codes.
- ▶ The Participants intend to support the comprehensive incorporation of these Standards into national laws.
- ▶ These Standards do not apply to the relationship between Participants and their suppliers, distributors or other trade partners, although those parties are encouraged to comply with the Standards in any dealings they have with consumers.
- ▶ The Participants shall take reasonable measures to prevent third parties from using their tobacco product brand names or logos in a manner, which violates these Standards.
- ▶ These Standards are not intended to prohibit the use of any trademarks as brand names or on packaging.
- ▶ A Participant shall comply with these Standards as quickly as possible; and in any event no later than 12 months from the date that it subscribes to the Standards or, where existing contractual provisions prevent earlier compliance, in any event by December 31, 2002, provided in all cases compliance is not in breach of relevant laws.

The following definitions are provided to assist in the interpretation of these Standards:

<b>Adult</b>	A person who is at least 18 years old, except where legal requirements or voluntary undertakings entered into by the Participants specify a higher minimum age for the lawful sale, purchase, possession or consumption of tobacco products, in which case the term "adult" means a person of at least that minimum age.
<b>Advertisement</b>	Any communication by or on behalf of a Participant to consumers, which has the aim of encouraging them to select one brand of tobacco products over another.
<b>Promotional event</b>	An event or activity organized by or on behalf of a Participant with the aim of promoting a brand of tobacco product, which event or activity would not occur but for the support given to it by or on behalf of the Participant.
<b>Sponsorship</b>	Any public or private contribution to a third party in relation to an event, team or activity made with the aim of promoting a brand of tobacco product, which event, team or activity would still exist or occur without such contribution.
<b>Tobacco Products</b>	Manufactured cigarettes, cigars, cigarillos, pipe tobacco, fine cut tobacco, and pre-formed tobacco rolls.

**Table 9: Guideline for Interpretation of Standards**

## Chapter 5

### PROJECT ANALYSIS & FINDINGS

## **5.0 Communicating CSR**

A disconnect in communication between CSR initiatives and public awareness will impede any potential benefits to a company; so, it is important to intelligently and strategically communicate this to the public (Maignan & Ferrell, 2004).

As with any public communication campaign, it is first important to identify the objectives and consider all of the aspects that contribute to a successful message. The desired outcome for communicating CSR initiatives is to ensure all of the possible benefits to the company are achieved.

In order to generate favorable attribution for a company's CSR programs it is necessary to communicate the company's motivation behind its involvement, explain the reason for choosing that particular cause, and its commitment to the cause (Morsing & Schultz, 2006).

There are different methods for companies to communicate their CSR depending on the audience they are trying to reach. The specific audience is identified by who the company is trying to influence with information about the good deeds they do. Through press releases, the company can attract media attention to their CSR programs. Internal communication with company employees can occur through many channels including email, newsletters, and internal web portals and can emphasize including them in the company's CSR initiatives.

For companies who sell consumer products, its purpose is to influence and improve the public image of the company, and sometimes this is done through traditional marketing channels, such as television commercials, print advertisements, billboard advertisements, and product packaging. Internet communications offer opportunities to engage and share information with vast audiences. Dedicating a section of the company's website to CSR informs visitors of its initiatives, and incorporating social networking sites (e.g. Facebook and Twitter) into the communication plan invites consumers to join the company in support of the cause (Nan, X., & Heo, K., 2007)

### **5.0.1 Commitment to Cause**

A company's commitment to the cause it supports through CSR can be assessed in terms of longevity and impact (Maignan & Ferrell, 2004). The length or duration of commitment is important because as Ellen's study found, "When commitment was only for a short period of



time, consumer thought that the company was participating in CSR only to meet others' expectations instead of acting on the principles of the organisation" (Ellen, 2006, p. 154). One of the purposes of reporting CSR is to enhance the image of a company's character, but this cannot be achieved if its participation is perceived to be insincere. Long-term commitments to CSR activities will provide credibility of the company's motives. Impact of commitment describes the outcome or effect that the CSR initiative has on the cause it supports (Maignan & Ferrell, 2004). The public and company stakeholders expect companies to engage in a cause where it can be most effective and have the most impact (Du, S., Bhattacharya, C. B., & Sen, S., 2010). Bhattacharya and Sen explain that "an important aspect of stakeholder perceptions of CSR initiatives is the degree to which initiatives are seen to be effective in benefitting the cause beneficiaries and/ or society".

### **5.0.2 Company-Cause Fit**

The company-cause fit describes the perceived congruence between a company and the cause or organization it supports (Simmons & Becker-Olson, 2006). This congruence is the degree to which their association makes logical sense, based on the connection between the company's business function and the cause. If this logical connection exists, people are more likely to attribute its CSR activities to the company's desire to help the cause and to build relationships with customers rather than for excessive profiteering (Ellen, 2006, p. 154). Research has indicated that the fit of the company to the cause can affect the purchasing intentions of consumers (Ellen, 2006). The level of congruence between the company and the cause affects how the actions of the company are perceived, which can then affect approval of the activity.

## **5.1 Perception on CSR:**

### **Employees**

Companies can also realize benefits of socially responsible business practices internally, among its employees. When employees are aware of the responsible practices and philanthropic activities of their employer it can generate feelings of pride in the company and lead to increased employee dedication to the company employees (Austin, J.E., Leonard, H.B., Reficco, E., & Wei-Skillern, J., 2006). CSR can also lead to employees' increased willingness to offer more

time and energy to their companies (Maignan& Ferrell, 2004). Some studies have found that job applicants are more attracted to companies with high CSR ratings (Maignan& Ferrell, 2004). When employees feel this sense of pride for their company, this follows them outside of the office and they can become a promotional asset to the company, serving as ambassadors for the brand.

### **Shareholders**

Shareholders are mainly concerned with the company's financial bottom line. Their interest in CSR relates to how it can differentiate the company in the market to increase company profits. A company's CSR activities can improve its reputation because it establishes a social value of the company, which can be a distinguishable quality that helps set it apart from competitors (Austin, J.E., Leonard, H.B., Reficco, E., & Wei-Skillern, J., 2006). Thus, shareholders benefit from CSR programs because of their influence on consumer purchasing behavior and potential to increase employee productivity.

Before a company can realize these benefits, internal and external audiences must be informed about CSR initiatives. However, awareness of companies' CSR activities is currently low among public and company stakeholders. This proves a need for effective communication strategies (Du, S., Bhattacharya, C. B., & Sen, S., 2010).

## **5.2 Findings from British American Tobacco Bangladesh**

### ***Our Corporate Social Responsibility***

“Success and responsibility go together” is the philosophy that has driven British American Tobacco Bangladesh. It stems from the belief that the company should play an important role in corporate social responsibility.

One of our core business philosophies is doing business in the most ethical and socially acceptable manner. We are taking forward our commitment for contributing in the development of the country through our endeavours in the various social, economic and environmental sectors of the country.

*British American Tobacco Bangladesh classifies all of its CSR initiatives in the following four sectors*

- ▶ Environment
- ▶ Community Services
- ▶ Dishari
- ▶ Others

## **Environment**

### ► *Afforestation*

British American Tobacco Bangladesh initiated this well recognized program to create mass awareness of the need for afforestation with the free sapling distribution program in 1980. Today, after more than two decades, BATB have contributed more than 4 crore 60 lakh saplings to the country's afforestation initiative. The survival rate of these saplings stands at 90%. Most of these plants are located in Kushtia, Rangpur, Manikganj and Chittagong regions including the hill tracts. The trees have mostly been planted along roadsides, canal banks and farmers' landholdings.

In consultation with the forest department and local communities, British American Tobacco Bangladesh initially promoted planting IpilIpil, due to its fast growing and commercially viable characteristics. As part of their drive towards continuous improvement, BATB is working towards achieving a balance between native and exotic species in terms of fast growing, fruit bearing, timber producing and medicinal characteristics in our afforestation program.

### ► *Biodiversity and Environment*

BATB had a significant amount of investment behind its biodiversity and environmental project in 2005.

## Community Services

### ► *Compost Pits*

Compost pits are a source of natural fertilizers for the farmers. As a part of bio-friendly agricultural practices, we provide the know-how and bear full costs to erect compost pits in the homesteads of the targeted farmers. This assistance is also supported by an ongoing awareness campaign. This contributes in significantly reducing dependence on the use of chemical fertilizers for agricultural productions while enabling to decrease the cost of production. It has been reported through a study funded by BATB and undertaken by Bangladesh Agricultural University that the organic matter content of the soil is less than 1%. Success will be measured against the positive shift in organic matter content in the reporting areas. Hopefully this initiative will make positive biodiversity contribution from eco-system rehabilitation and sustainable use perspectives. Till date 2370 BATB registered farmers has received support from us in erecting compost pits in their homesteads.

### ► *Green Manuring*

BATB provides the know-how and provide free seeds for ploughing and green manuring by the targeted farmers. These seeds are sowed in the fields and after these plants known as Sun Hemp (Dhoincha) reaches a certain height, they are ploughed and mixed with the soil. The cultivation of sun hemp increases soil's organic composition and is a eco- friendly sustainable method of soil enrichment. The company's field experience suggests that 50% of the farmers manage to successfully conduct seed multiplication from which they can internally source seeds for the following years. It has been reported through a study funded by BATB and undertaken by Bangladesh Agricultural University that the organic matter content of the soil is less than 1%. Success will be measured against the positive shift in organic matter content in the reporting areas. Hopefully this initiative will make positive biodiversity contribution from eco-system rehabilitation and sustainable use perspectives. Till date 10,328 farmers has received seeds from us for green manuring.

► *Neem Decoction machines*

Promoting the concepts of integrated pest management, BATB also provides training and set-up the neem decoction tool in strategic locations for use by the target population. This machine helps extract the juice out of the neem plants, which is used as natural pesticides for the plants. Our goal is to use environment friendly pesticide in the operations and that is why use natural, antiseptic properties of the neem plant through neem decoction. BATB's field experience suggests that 1 unit can support at least 50 farmers. Success will be measured against the percentage of chemical pesticide usage in the reporting areas (BBS). Hopefully this initiative will make positive biodiversity contribution from eco-system rehabilitation and sustainable use perspectives.

► *Sanitation Support*

To support the target for universal sanitation coverage, BATB provides costs to erect latrines for farmers and these will be available for sharing within the village. This assistance is also supported by an ongoing awareness campaign. Till date we have distributed 12436 latrines among BATB's registered farmers.

► *Monthly Health Check*

BATB's registered farmers are provided health care support from company depots every month. A doctor sits in the depot in a particular day each month so that the registered farmers can come and receive free prescriptions for their health problems. Till date 2560 recipients have received health care support from company from this initiative.

► *Educational Assistance*

A number of meritorious children from BATB farmer base are selected each year to receive 500 taka per month for a period of 2 years to enable them to complete their higher secondary education. Education has remained a national high-priority issue while the major thrust by the development sector has been on universal primary education. Hence, may it be limited in scope, the aim here is to address the gap in terms of patronage in higher-level education. A set of criteria will enable to screen the recipients whose academic performance throughout the two years will be closely monitored and continuation of support to individuals will be subject to individual's academic performance in the reporting period. On the other hand, these recipients will act as the 'biodiversity ambassadors' who will assist in creating awareness in their

respective localities. In addition, depending on their interest and availability of Dishari IT center in the locality, some of these students will also be encouraged to receive free IT education from one of the Dishari IT centers. Presently BATB is providing assistance to 48 students.

► *Malarial Prevention*

Malaria is a recurring problem, especially in the Chittagong area. Each year in Chittagong region a number of affected farmers are given mosquito nets assisted by an ongoing awareness campaign. Till date BATB has distributed mosquito nets among 49 villages of Chittagong region.

► *Vegetable Growing*

Seeds of different vegetables types (focusing on export markets) are distributed free while training are provided through appropriate third parties to the interested farmers. This initiative will serve dual purpose – meeting the nutritional requirement while creating income opportunities. Hopefully this initiative will make positive biodiversity contribution from ecosystem rehabilitation and sustainable use perspectives.

## **Dishari**

Dishari – a basic IT education center was born in Chechua, Kushtia in 2002 to spread IT education among the youth of the country. In May 2003, the second center of Dishari kicked off in Moulvibazar. BATB has taken this initiative to contribute to the promising IT sector of the country, which is a thrust sector of the Government. The education center is aimed at providing basic computer education to those who can less afford it. Dishari works with a philosophy of providing a platform for students, which will help in their endeavors to a brighter future. In 2004 a third center of Dishari in Manikganj has started to spread IT education to more students in Bangladesh. And last but not the least, on April 2005 another Dishari started off at Chakaria, Cox's Bazar. So far more than 900 students have passed out from Dishari.

So far Dishari has produced students who have accomplished promising results by being employed in the areas of data entry, word processing, video editing, CD writing and as computer teachers in schools. Dishari is one of BATB endeavors to help flourish the mettle of many brilliant students.

## Others

### ► *Press Club Beautification Program*

Due to the 50<sup>th</sup> Anniversary of Press Club in 2005, BATB participated in the Press Club Beautification Program.

### ► *Dhaka Beautification Program*

BATB participated in the Beautification of Dhaka Program. As part of this, BATB had afforestation in several places across Dhaka City including afforestation at Kemal Ataturk Avenue, Banani.

### ► *Sponsorship and Donations*

BATB had donations to different organizations and had sponsored different events. This includes campaign for Drug awareness, Rehabilitation of Destitute Women, Sandhani (Blood Donation) and Bangladeshi Adventurer in Earthwatch Fellowship.

## 5.2 Social Report

To ensure proper satisfaction of the stakeholders, BATB organizes dialogue sessions moderated by an independent moderator, where the stakeholders talk about their expectations from the company. With these requests in mind, BATB decides on what to do for the betterment of the society. These decisions are then communicated to stakeholders by means of another dialogue session. This entire process of dialogue sessions and the commitments made by the company is audited under the internationally recognized standards AA1000 by an international agency named Bureau Veritas. This process takes place within a cycle of two years and is known as the Social Reporting Cycle. The entire cycle ends with the publication of a report named “The Social Report”. These reports are made available to all the stakeholders and to the general public whoever has the access to it. BATB has completed two such cycles and currently is standing at the end of the Third Social Reporting Cycle.

## 2 CSR Portfolio & Communications of Multinational Companies

- ▶ Standard Chartered Bank in Bangladesh
- ▶ Unilever
- ▶ Grameen Phone
- ▶ British American Tobacco Bangladesh

The details of the CSR portfolio and corporate communication of these companies along with their investment is described in details below:

### 5.2.1 Findings on the CSR Initiatives of Standard Chartered Bank Bangladesh

Standard Chartered Bank's CSR Portfolio mainly revolves keeping these areas in mind. They are:

- Youth
- Education
- Health

#### Youth

##### ▶ *Standard Chartered National School Cricket Tournament*

Standard Chartered Bank in Bangladesh sponsored its Standard Chartered National School Cricket Tournament. A total of 1016 schools from 58 districts nationwide took part in the tournament that took place last year.

##### ▶ *Standard Chartered Golf Tournament*

Standard Chartered Bank in Bangladesh sponsored the Standard Chartered Golf Tournament at Bhatiary Golf and Country Club, Chittagong.

##### ▶ *Standard Chartered Bank Chess Tournament*

Standard Chartered Bank sponsored Chess Tournament where 170 contestants participated.



► *National Marathon Team Sponsor*

Standard Chartered Bank in Bangladesh sponsored a 4 member national team to participate at each of the 4 marathons in the group sponsored the Greatest Race on Earth Marathons (GROE).

**Education**

► *Young Learner's Center*

Standard Chartered Bank in Bangladesh has established and sponsored the Young Learner's Centers at British Council Library in Dhaka and Chittagong to provide modern tools of education to school children.

► *Merit and Need based Sponsorships*

Standard Chartered Bank in Bangladesh is also offering merit and need based sponsorships to exceptionally deserving candidates and sponsoring other educational events like college science programs and such.

► *Donation to the Fellowship for the Advancement of Visually Handicapped (FAVH)*

Standard Chartered Bank had a donation to the Advancement of Visually Handicapped (FAVH) to support its Braille learning center. FAVH is an organization dedicated to facilitate education Braille transcription and library services projects to handicapped students and readers.

**Health**

► *Free Cataract Surgery Campaign*

Standard Chartered Bank took a major initiative in 2003 as part of SCB Group's "Seeing Believes" program by building a state-of-the-art operation theatre and a brand new children's ward at the Islamia Eye Hospital, which will give it the capacity to do more than 12000 cataract surgeries per annum. As part of this, The Free Cataract Surgery Campaign continued throughout the month of January and February in 2004. 1258 people were treated under this campaign.

► *Donations at Islamia Eye Hospital*

SCB had a donation to Islamia Eye Hospital in April 2005. On 27<sup>th</sup> June, 2005 Foreign Officer's Wives Association had contributed an amount of donation to Islamia Eye Hospital.

► *Children's Painting Competition*

SCB arranged Children's Painting Competition at Islamia Eye Hospital premise in collaboration with the hospital and The Asthma Association of Bangladesh on 1<sup>st</sup> May, 2005.

► *Awareness Campaign against AIDS*

On 24<sup>th</sup> June, 2005 Standard Chartered AIDS day was organized across all the branches and its offices to raise awareness among all bank staff and customers on HIV/AIDS related issues. Customers visiting branches on that day were handed a flyer and red ribbon to wear, to support the cause. Everyone at the bank also wore the red ribbon.

► *Observation of World Sight Day*

On 14<sup>th</sup> October, 2005 Standard Chartered Bank observed World Sight Day 2005 in association with Sight Savers International (SSI). To mark the day, on 12<sup>th</sup> October, SCB arranged a trip to one of the SSI projects for eye care and community development of Bangladesh JatiyaAndhoKalyanShangstha (BJAKS).

► *Donation to SSI*

On 27<sup>th</sup> October, 2005 SCB handed over an handsome amount to the country representative of SSI. The amount was against the sponsorship of the Sight Savers International's various activities in relating to observing the World Sight Day 2005.

Others

- ▶ In response to the devastating flood situation SCB came forward and made a huge contribution to the Prime Minister's Relief Fund.
- ▶ SCB had a donated to CARE Bangladesh to help the flood affected. The amount had been used to run 4 medical centers in and around Dhaka to provide medical services to the flood victims.
- ▶ SCB also again donated to Oxfam Bangladesh for its flood rehabilitation program. Oxfam is highly involved in the flood rehabilitation programs in the North and North East regions of the country.
- ▶ SCB also contributed to ProthomAlo to carry out after flood rehabilitation activities in the northern parts of the country to provide free seeds and rice plants to the worst affected farmers in the northern parts of the country.

## CSR Communication

Standard Chartered Bank in Bangladesh basically exercised the conventional communication tools in communicating its CSR initiatives in 2005.

Youth:

Extensive campaign using media and press was carried out to highlight the bank’s image as the Associate Sponsor of the Asia Cup Cricket Cup 2004 held in Sri Lanka.

Health:

Subject	Date	Media	Specification	Size of Ad	Leaflets	Poster
<b>HIV Awareness</b>	24 <sup>th</sup> June and 1st December	Print Media	All National Dailies	Quarter Page	150,000 Glossy A4 Page	<b>500</b>
<b>“Seeing is Believing”</b>	2 <sup>nd</sup> Thursday of October (World Sight Day)	NA	NA	NA	1,500	<b>500</b>
<b>Press Releases</b>	<b>Whenever each event took place</b>					

**Table-10: CSR Communication**

### **5.2.2 Findings on the CSR Initiatives of Unilever**

UNILEVER took up many social initiatives in 2005, with a strong focus on Health, Education and Women’s empowerment.

#### **Health**

► *UNILEVER sponsors modern Operation Theatre in Port City*

On May 25, 2005, a full-fledged Modern Operation Theatre was inaugurated at the Maa O Shishu General Hospital in the port city of Chittagong. The old operation theatre has been refurbished and the recovery room has been renovated. The entire project was implemented with the sponsorship of UNILEVER.

► *Pepsodent - Contributing to the Bangladesh's Dental Hygiene*

Facing the major challenge of communicating to consumers across Bangladesh the importance of oral hygiene, our brand Pepsodent undertook initiatives like the Dental Support Program and Dental Health Awareness Week, both of which have been quantum leaps in developing good oral hygiene practices.

► *Lifebouy Friendship Hospital*

Going beyond the scope of business, Lever Brothers has taken another formidable step in community development. Lifebuoy, the brand of the rural masses, in an attempt to create a "New Hope of better health" for the deprived people, provided a significant amount of money to Friendship to convert a barge into a floating hospital, which would render health care services to the hard-to-reach riverine community. To ensure the sustainability of the project, Lifebuoy has also committed to provide a massive amount of money each year for at least three years after initiation to meet the operating expenses of the hospital.

### **Education**

► *IT Scholarships*

UNILEVER provided IT scholarships for 1500 meritorious and needy girls from all over the country.

► *Women Empowerment*

Fair and Lovely Foundation - reaching out to the Bangladeshi Women

On June 15 2005, UNILEVER under its leading skin care brand Fair and Lovely inaugurated the 'Fair & Lovely Foundation', with a mission to encourage women's economic empowerment through information and resources in the areas of Career, Education and Enterprise.

### ***Others***

► *City Beautification*

Unilever has had a significant participation in Dhaka City Beautification Program.

## CSR Communication

Unilever took a number of conventional tools along with some unique means in communicating its CSR initiatives. The brief descriptions of these means are given below.

### *Lifebuoy Friendship Hospital TV Ad*

In 2005, TV ad of Lifebuoy Friendship Hospital was displayed on channel I and BTV.

### *'Dosti' Newsletter to all Wholesalers*

A quarterly newsletter is distributed among the wholesalers of UNILEVER across all the districts in Bangladesh.

### *Pond's Woman's Day*

Pond's Woman's Day was celebrated with the focus on the multiple roles played by women every day. The slogan was "Celebrate Life, Celebrate Womanhood". The core of this theme was to highlight that every day is a woman's day but 8th March is a celebration of it.

### *Press Releases*

Press Releases were given to all newspaper dailies whenever any event took place.

## 5.2.3 Findings from Grameen Phone

### *CSR Initiatives:*

#### *Contribution to flood Victims*

In collaboration with Coca-Cola, GrameenPhone provided drinking water, medicine and free treatment to those who were affected in devastating floods.

#### *Spraying Against Mosquito*

With the logistics support from Dhaka City Corporation mosquito spray was carried out at Gulshan and Niketon.

#### *Blood Donation Program*

In association with Sandhani, blood bags were collected to help the needy. The program was carried out across the country.

## Overcoming Communication Barrier through Corporate Social Responsibility of British American Tobacco Bangladesh



### *Sponsored discussion meeting for SEID*

Sponsored discussion meeting for SEID for the mentally disabled Children was carried out where GrameenPhone sponsored the venue, arranged food and logistics.

### *Tsunami Donation*

The revenue generated from all the SMS sent by the public were doubled by GrameenPhone and donated to UNICEF for Tsunami victims.

### *Orphanage Project*

For the orphanage project, GrameenPhone donated 10 computers along with a computer lab.

### *Acid Survivor's Foundation*

Grameen Phone donated for the rehabilitation for acid victims at Acid Survivors' Foundation.

### *Dhaka Beautification Program*

As part of the Dhaka Beautification Program, Gulshan 1, Gulshan 2 circle and PM's office area were decorated (with six monuments and afforestation) and designed by GrameenPhone. Road signs in Gulshan Area were also painted by GP.

### *Dhaka Shishu Hospital Project*

At Dhaka Shishu hospital GrameenPhone sponsored 54 beds, utensils support and two pure drinking water spots.

### *GrameenPhone Scholarship*

GrameenPhone Scholarship was given to needy and meritorious students of the Finance department of Dhaka University.

### *Health Safety Environment (HSE) Project*

The rally was carried out in Gulshan area. All kinds of activities that enhance and maintain safe health are carried out under this program. Under this program, vaccination program for channel partners was carried out as well.

## CSR Communication

BATB exercised a very conventional set of communication tools except the social reporting which is absolutely unique in Bangladesh as only BATB does social reporting in Bangladesh unlike other multinationals companies.

<b>Communication Tools</b>	<b>Frequency</b>	<b>Where/ to Whom</b>
<b>‘About Us’ Publication</b>	Annually	<b>To all stakeholders</b>
<b>‘Connect’ Newsletter</b>	Quarterly	<b>To all stakeholders</b>
<b>Afforestation Hoarding</b>	NA	<b>Rangpur, Kushtia, Chittagong, Manikganj</b>
<b>TVC Production and Airing</b>	NA	<b>ATN Bangla and Channel i</b>
<b>Press Ads</b>	NA	<b>All renowned national dailies</b>
<b>Press Releases</b>	<b>Whenever each event took place</b>	

*(Source: Social Report of British American Tobacco Bangladesh)*

**Table-12: CSR Communication British American Tobacco Bangladesh**

## 5.3 Discussion of Results

According to the results of the survey analysis:

- ▶ *If they are performing their CSR Activities properly or not.*

BAT needs to promote its CSR Activities better because they are not known to the wider population. The majority of the sample population is unaware of the social activities BAT performs like Afforestation, etc.

The company has many success stories to tell and thus can introduce commercials in the electronic media. BATB can also put up catchy ads on billboards to promote. Bringing out the success stories and revealing them to the general mass will help BATB gain more effectiveness and visibility of the CSR activities that the company is undertaking

- ▶ *If these activities are fulfilling their goal.*

## Overcoming Communication Barrier through Corporate Social Responsibility of British American Tobacco Bangladesh



The mass aware of BAT's CSR acts praised about the fact that they perform such activities for the society and people. This good- feel factor helps them keep loyalty to the brand. Therefore performing CSR Activities has a positive impact on BATB's corporate image.

But they need to invest on other sectors as well according to the respondent's suggestions, for eg; on health & educational sector. And also invest more in acid/dowry prevention/ drug prevention.

- ▶ *If there is any impact at all (positive- none- negative) on BATB's corporate image.*

Yes there is definitely a positive impact on BATB's corporate image due to its heavy CSR Activities. Consumers as well as the general people who has good knowledge about BATB's CSR praise about the fact they perform social acts. Especially consumers have a good feel when purchasing their product. Even though it has nothing to do with the purchasing frequency or in terms of decision making while purchasing but surely has a positive impact on BATB's image.

Other companies and the government too praise BATB for its massive CSR activities. Therefore, in all instance there is a positive impact on BATB's corporate image due to its social responsibilities.



## Chapter 6

### RECOMMENDATION & CONCLUSION

## 6.0 Recommendations

### **Recommendation 1:**

During the survey when my respondents were asked to where companies should be investing on, the most common response were health & educational sector. Public expect social help mostly in these areas considering the state of Bangladesh, especially for the unfortunate children.

It's also important for BATB to invest a lot in the health sector since the stake holders expects the company to invest in it and as the history of CSR says about maintaining harmony with its stakeholders.

In the literature study, it says that multinational companies are expected to build new capacities and take care of issues such as working conditions, healthcare and education as well as respect human rights. This is also because it will give companies better visibility.

Therefore BATB should expand its CSR activities on the following areas as follows;

- ***Increase investment in the health sector***

One issue is that as BATB is operating in the end market that sells a controversial product so the company should be more strongly involved in the health sector. At present BATB is providing health assistance to its growers and has recently increased the span to the farmer's family it services called "SurjerHashi".

- ***Increase reach of the education assistance provided by BATB***

British American Tobacco Bangladesh is currently providing educational assistance but to a very limited number of students. To gain effectiveness and visibility, the company should widen the reach of this support. It should open up a few schools and colleges for the under privileged children and also team up with NJOs to spread it in a larger scale in villages.

- ***BATB should invest more in acid/dowry prevention/ drug prevention***

As the study says that multinationals should be taking care of human rights, BATB can take initiative on helping acid burn victims, dowry prevention & drug prevention. The people of

Bangladesh are seen to react more to emotional issues as such. BATB has no presence in these fields at present. Thus it is recommended that BATB moves into these territories as it is seen from the research as well as the dialogue session of the social reporting that these are areas where the stakeholders want BATB's existence.

### **Recommendation 2:**

Through the research, I have found out that the mass population has a neutral to positive view about the idea of controversial companies like Tobacco industries using CSR initiatives to promote a positive corporate image. And as our literature study too says that the core reason of any companies doing CSR is to promote and maintain its positive image. So I recommend BATB to increase investment on the other CSR initiatives as well.

**- *Increase investment on the other CSR initiatives as well.***

British American Tobacco Bangladesh is doing a wide array of community services but is not gaining even a minimum amount of visibility. One reason is that the company is spending too much on some initiatives and too little on others. This discrepancy can pull the average performance down. Thus the company should properly manage all its running activities with equal importance and in the right manner.

This is the reason why during my survey I found respondents aware of some of activities of BATB and were unaware about some. Some people even had partial knowledge about some of its initiatives. This is why BATB should give equal attention to all its running activities and also properly manage them. One of them is their afforestation program.

**- *BATB should strengthen the afforestation program outside its growing region***

British American Tobacco Bangladesh is doing a praiseworthy job in the afforestation of the country. It is well known for its afforestation program. But British American Tobacco Bangladesh can expand the afforestation program to other areas apart from the growing region. This is advised as engaging in afforestation only in the growing regions might give the general people an idea that BATB is doing it only for their business need (woods was a major source of fuel used in tobacco curing). If the afforestation is done beyond the growing region, the effort

will gain visibility as a social contribution. Hence BATB too will be able to achieve its goal that is being recognized as a responsible company.

### **Recommendation 3:**

After analysis on the test results of my research, the following have been accumulated;

Even though BATB spends a huge budget on CSR every year, its activities are not known to the bigger population and that is why most answers came out negative when asked the question whether BATB performs CSR or not? This is because the activities BATB does are not promoted properly.

Even in our literature study we have seen people's weak knowledge on social and environmental impacts of CSR initiatives which is one of the problems. And this is because of its lack of promotions. And so BATB should publicize the CSR activities more so that their initiatives are known to the general public.

- ***BATB should promote its CSR Activities well***

With the enactment of the new law and the other laws prevalent for the company many doors of communication is being shut down for BATB. However the company should not hold back the communication of the good that it is doing for the society. Recently they have started publicizing social reports but to reach mass, more should be done. The company has many success stories to tell and thus can introduce commercials in the electronic media. BATB can also put up catchy ads on billboards to promote. Bringing out the success stories and revealing them to the general mass will help BATB gain more effectiveness and visibility of the CSR activities that the company is undertaking.

## **6.1 Limitations of the Study**

- ▶ Due to shortage of resources and accessibility to the uppermost tier, I could not get into the details of the communication processes.
- ▶ Due to lack of availability of information and tools I had to skip some global standard practices to compare with.
- ▶ Other limitations included shortage of time, barriers in disclosing required information etc.

## **6.2 Conclusion**

From the analysis of the data collected during the survey and the evidences from the dialogue sessions of the social report, it can be said that British American Tobacco is doing a praiseworthy job in the Corporate Social Responsibility sector but is lacking the effectiveness and visibility due to limited communication.

The company wants to establish itself as a benchmark company in CSR activity. To gain this the company needs to focus more on the communication of the brilliant Corporate Social Responsibility initiatives that the company is undertaking. However the company should not hold back the communication of the good that it is doing for the society. Recently they have started publicizing social reports but to reach mass, more should be done. The company has many success stories to tell and thus can introduce commercials in the electronic media. The company should be more vocal about its achievements and in turn gain effectiveness, visibility and hence appreciation. Bringing out the success stories and revealing them to the general mass will help BATB gain more effectiveness and visibility of the CSR activities that the company is undertaking.

# Chapter 7

## APPENDIX

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