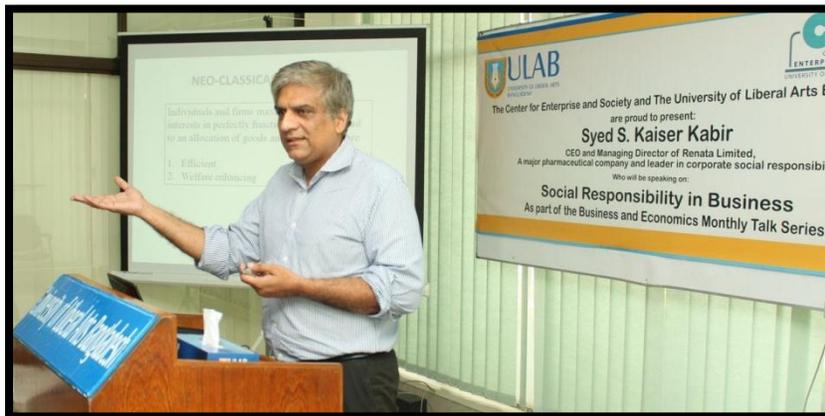


Kaiser Kabir, CEO of pharmaceutical company Renata Limited, speaks on “Social Responsibility in Business” at ULAB

The Center for Enterprise and Society at the University of Liberal Arts Bangladesh (ULAB) organized an event on “**Social Responsibility in Business**” on April 4, 2012 at ULAB’s campus in Dhanmondi. Kaiser Kabir, CEO of one of Bangladesh’s foremost pharmaceutical companies Renata Limited, spoke to a packed house of ULAB students and faculty as well as several members of the business community on Renata’s exemplary approach to social responsibility.



Kaiser Kabir speaking on social responsibility in business at ULAB

Mr. Kabir initiated his talk by recognizing the limitations of free markets. He noted that theories of laissez-faire capitalism and trickle-down economics have failed to deliver on their promises, producing a widening income gap. For example, a recent study of CEO compensation in the U.S. reveals that CEO pay relative to workers grew from less than 50:1 in 1980 to over 400:1 in 2005. While these

numbers are specific to the U.S., Mr. Kabir noted that the same factors that put capitalism at risk around the world are also at play in Bangladesh, including fragile financial systems, inequality, environmental degradation, and a failure of the rule of law. As such, Mr. Kabir argued that we need to rethink the role of business in society and not just carry on with “business as usual.”

Corporate social responsibility (CSR) has the potential to overcome the failures of the marketplace, but Mr. Kabir warned against a form of CSR that simply amounts to public relations. For him social responsibility in business is not about charity and giving away money, it is about thinking about business in the long-run. He argued that entrepreneurs and companies too often prioritize quick, short-term profits. For Kabir, the key to business success is to **maximize shareholder value over the long-run**. By developing a solid reputation through socially responsible, long-term oriented business practices, Renata has managed to overtake many of its competitors.

Perhaps what makes Renata most unique is its governance structure, which Mr. Kabir referred to as a “**structural innovation for sharing growth**.” 51% of Renata’s shares are owned by the Sajida Foundation, ensuring - by design - that the profits of the firm go towards improving the community. As the company



has grown, the foundation's revenues have also grown. Partially as a result, in 2011 alone, the Sajida Foundation spent 414.6 crore Taka, primarily on microfinance and health.

For Renata, social responsibility is also about **caring for its employees**. In 2010 the company spent 1.9 crore Taka providing full health care coverage to its 3,485 employees. Renata also gave performance bonuses to 225 employees and is compliant with the often ignored legal obligation to share 5% of its operating profits with workers. Caring about employees is not just about financial remuneration, however. Renata has hired young, talented employees and given them the authority to innovate. Mr. Kabir profiled several standout employees, including Ali Ahmed (pictured at left), who at a young age grew the anti-ulcer drug MaxPro from modest sales to become Renata's highest selling brand.

Renata is also focused on **environmental sustainability**: redesigning buildings to protect trees, treating effluent long before it became law, using more efficient equipment, and maintaining Renata Park (pictured at right) in the heart of urban Mirpur. Finally, given the firm's presence in the health sector, it has partnered with the Global Alliance for Improved Nutrition, BRAC, and Sprinkles Global Health Initiative to develop and distribute a supplement to **combat malnutrition** in Bangladesh.



Mr. Kabir's approach to business appears to be working. Renata has experience average annual growth rates in sales of 27% over the last five years. Profits have grown annually by 37% and market capitalization by 79%. He contended that Renata has obtained numerous business opportunities because the company has a solid reputation that buyers, suppliers, and potential partners know they can trust. Mr. Kabir hopes that Renata will stand as an example to the many ULAB business students that attended the event, who stand to be the most successful by developing a solid and honest reputation rather than by looking for easy ways to make a quick profit.



The newly created **Center for Enterprise Society (CES)** at ULAB seeks to advance understanding of the opportunities and challenges to entrepreneurship and enterprise development in Bangladesh through objective, academic study. For more information, please visit: <http://www.ulab.edu.bd/CES/center-for-enterprise-and-society/>