Case 2

[Name of the Writer]

[Name of the institution]

[Date]

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**Background**

**Vodafone Overview**

Being British multinational cooperation of telecommunications, Vodafone Group has its headquarters in England. It successfully and dominantly operates telecommunication services in the continents of Asia, Europe, Africa, and Oceania. Vodafone managed to rank the 7th in the world’s ranking of top ten leading telecommunication companies list in 2018 by the market value of $76 billion. It comes second in the list of largest mobile network operators by the total number of subscribers acquiring 469.7 million subscribers to its name (Ang, 2016). The multinational cooperation has operations in almost 25 countries and owns the subsidiaries there. It also has partner networks in more than 47 countries. Vodafone division is providing telecommunication and IT services to clients of the corporate sector in 150countries. The origin of the brand name Vodafone is given by the idea of "voice data fone", fone as the sensational spelling of electronic device phone (Ang, 2016). The reason for choosing such a name for the brand is that it reflects the provision of services like voice and data in telecommunication over mobile phones.

**Vodafone in Egypt**

Vodafone started operating in Egypt in 1998 under the former name of Click GSM. Vodafone soon became the largest mobile telecommunication network in Egypt having the largest number of active subscribers. The company offers various telecommunication services in the country including voice and data exchanges services, 4G, 3G, broadband internet services and many more. Vodafone was initially launched with the initial headquarters in Cairo, but later in 2003, the company shifted its headquarters to the Sixth of October in Egypt (Harlow, 2016). In 2006, the Click GSM announced an agreement with Telecom Egypt which led to the expansion of operations of Vodafone in the Egyptian market. This deal resulted in raising the stake of Vodafone in Egypt. Vodafone became the owner by 55 percent while Telecom Egypt owned the rest of the share of 45 % in telecommunication services. In 2017, Vodafone succeeded in obtaining 43 million subscribers from the mobile subscribers of 110 million in Egypt.

**Egypt Crisis**

On January 27, a sudden revolution occurred in Egypt when the majority of the youth from around the country took to streets make President Hosni Mubarak leave his office. The countrywide mass protest movement was conducted to get rid of his long 30-year-old rule due to the policies he made. Previously President Hosni Mubarak became the president of the country in 1981 and declared a state of emergency in the state. During his regime, 1999 the telecommunication industry of Egypt was given liberalization and Vodafone took advantage of this step by expanding and promoting their business in the country (Harlow, 2016). In 2003, Mubarak's government passed a Telecom Act in the favor of Telecommunication services providers by prioritizing them and promoting their business. This law was made to empower the telecommunication industry and to give them enough authority to act on their own. This law is responsible for the regulation of all the kinds of telecommunications in Egypt. The law builds a strong connection between National Telecommunications Regularity Authority (NTRA) and all the other authorities for the matters of national security. NTRA was also given the power to regulate all the telecommunication service companies under this law and was given permission to control them if national security is involved (Recalde, & Gutiérrez-García, 2017). Telecommunications was rectified and mobile communications development was supported by the government. This act encouraged a lot of telecommunication companies to invest more in the country and ultimately Vodafone reached 24.6 million customers in 2010 (Harlow, 2016). The total employees working for the company in Egypt were 6,500 employees in the same year. Vodafone was however dependent on the government at that time for the provision and running of critical elements related to their infrastructure i.e. access, approval, building telecom towers and many more legal permissions in operations etc. The following year in 2011, the Mubarak government suddenly blocked the access of the public to a social media platform i.e. Twitter and the very next day Facebook was also blocked by the Government. Such steps were taken by the government to stop the people from coming out of their houses to pressurize the government. But even then, thousands of protestors participated in the movement against the government in January 2011 and around 12,000 people were also arrested by the police to stop the revolution. President Mubarak's government decided to take strong action against millions of the protestors by hitting at the lifeline of their protest. The government opted for creating a hurdle in the virtual communication of those protestors. Orders were given by the government side to three main and largest voice and data telecommunication providers of Egypt at that time (Recalde, & Gutiérrez-García, 2017). They were strictly given instructions to suspend their operations in selected areas where the government doubted of massive reactions from people. Apart from this, these telecommunication companies were also given commands to broadcast fake text messages to all their subscribers arguing them to support their government and army. The idea was to force people to support their army and dictatorship. As Vodafone was the largest telecommunication providing company at that time so it received more pressure from the government to seize their operations in some areas. These areas also included Tahrir Square in Cairo where protestors had assembled. This situation left Hatem Dowidar who was a CEO of Vodafone at that time in a contracting state of mind. It became hard for him to go either way with his decision on the command put forth by the Egyptian government.

**Case Problem**

 Working as a multinational corporation around the world, it becomes difficult to often tackle those certainties that unexpectedly arises and becomes the biggest threat for the organization. Vodafone faced similar to this situation in 2011 when it was ordered by the Egyptian government to seize the signals in selected areas and also send propaganda messages to all of its subscribers. The problem which the Vodafone faced at that time was not a concern of business or profitability but it was more towards the business ethics, the integrity of customers and the protection of employees. Vodafone was stuck in a very critical situation where it has to face a major backlash on its either stand on this decision. Egyptian government wanted to show its power to the citizens by enforcement of strict rules through telecommunications channel. The government wanted to make its citizens pro-army but following a wrong channel and politicizing the companies in their actions. It became a matter of survival for a company like Vodafone whose single step will affect all of its operations and subsidiaries in other countries. Vodafone was trapped in a strange situation where at one side the company might lose its customers and on the other side, it might lose its employees and business. Either of which was hard to be compromised by Vodafone. Following are the issues Vodafone was exposed to with the orders of the Egyptian government.

* Violation of business ethics (consumer protection laws)
* Going against Corporate Social Responsibility (CSR)
* Contradictory with Vision and Mission
* Damage to Brand’s name
* Reputation in World

**Violation of business ethics**

If the case is taken from the perspective of business, there is no denying that the situation to which Vodafone is a victim of, violates business ethics. Multinational corporations are trained to work in diverse environments accepting and becoming adaptable to the changes that come in their way. But here, the scenario is entirely different as it is a clear violation of ethics. It will be wrong by Vodafone to follow the orders and seize their services in the areas where they are doing business with the customers who do not have any problem with the company. Clients are the key stakeholders of the company and they have done nothing to damage the company in any case. This is why it will be ethically wrong to make their stakeholders suffer. Business ethics is the kind of applied ethics which is followed in any kind of business to examine the principle and morals made in a business environment. Multinational corporations always keep their business ethics in check so that they do not violate any corporate laws including consumer protection laws. Here, in this case, the consumer protection laws can be violated they are suffered from the implications of the orders given by their government. A high ethical dilemma is involved in this situation. So that is way Vodafone should carefully develop a strategy that does not go against business ethics.

**Going against Corporate Social Responsibility (CSR)**

Corporate social responsibility is the kind of practice undertaken by the big corporations to facilitate the people in a positive way by taking certain measures for the better of society. Their actions will include anything that will direct the society towards development. CSR is self-regulation by the international corporations that involves ensuring sustainable development by promoting economic, social and environmental benefits to all the parties involved.

However, keeping in consideration the case analysis, Vodafone has a pressure of maintaining CSR in such an intense environment. There is nothing Vodafone can do to improve the situation at the moment by CSR. In fact, the authority is forcing the cooperation to go against corporate social responsibility. As a big name in the telecommunications industry, Vodafone also has some responsibility towards the society and the company cannot do anything to harm the stakeholders and create a hostile environment. Public trust is a very important element in international management and when it is broken, the organization never gets back to that position anymore (Deresky, 2017). The issue is not only of societal pressure but also of employee’s protection. Almost 6,500 employees are working for the company and if the organization resists following the President’s orders then the company will suffer at the expense of their employees. Apart from this, customer’s integrity will get affected as well from the actions taken against them as it is right of every citizen to protest against their government if the government is at fault.

**Contradiction with Vision and Mission**

If the external factors are ignored for any reason and only company’s internal factors are considered, then it will be realized that Vodafone has a vision which clearly contradicts with the orders given them to follow (Tjosvold, 2017). Vodafone has a mission to be appreciated and admired as a diverse ethical company that operates responsibly. The first line of the company's vision statement forces the CEO of the company to think carefully before taking any decision as the vision of the company is on a stake. The aim of Vodafone is to become an ethical company that is just and fair in dealing with its customers. The vision statement also states that Vodafone has a mission to become such a leading telecommunications company that displays and promotes a responsible and honest ethical behavior.

Here there is also another dilemma which consists of the hurdles that are on the company’s way to achieve its goals and objectives. As Vodafone aims at capturing a large market share in the country and to maintain a profitable and evolving subsidiary of the Vodafone Inc., it will become difficult for Vodafone if they go against the rules of the government, they need government in building their technological infrastructure around the country and this may become impossible if the wrong decision is undertaken by the CEO. Vodafone also strives in the provision of technology for development and aid in the improvement of health and education opportunities for the country's citizens. This objective is yet again in contrast with the present situation and compulsion given to them under the Telecom Act, 2003 where they are obliged to obey and be controlled by the government authority (NRTA).

**Damage to Brand’s name and reputation in World**

As far as the popularity of Vodafone is concerned, the multinational corporation has operations and connections in more than 80 countries. It will put a very bad image on the brand name of Vodafone if the organization chooses to stand with the government at this hour of tension. This will send a very negative message to the world and people across the globe will interpret this act of Vodafone as the politicization of the MNC. This is due to the fact that the world will be supporting the citizens for their rights and may find it ethically wrong to block their medium of communication. It is the fundamental right of every citizen to have freedom of speech according to human rights. Blocking someone's medium of communication also comes under human rights violation. For this act, the company can face a severe backlash. This will ultimately affect the brand's name and the reputation and many customers will unsubscribe from their services as a protest and will boycott their products and services. The company will land in great loss and the profitability will decline rapidly on all the subsidiaries across the world. Many employees may leave too and the turnover rate will increase.

**Alternate Options Available to Vodafone**

In the given scenario presented in the case, it appears that Vodafone is not left with many options. The cooperation is restricted and cannot access its power of multinationalism due to the Telecom Act of 2003. So, here are the few alternatives that are present for the Vodafone to decide from. Vodafone’s potential plan of actions may include:

* To follow the instructions of the Egyptian government by suspending the virtual communication services in the selected areas and also send the SMS as told.
* To completely stand back from obeying the orders of the government and not to suspend the services or send the fake SMS that will result in taking over.
* To set the proxy settings and limits and take security measures to limit the supportive-revolution user-generated content and send SMS.
* To suspend or restrict the use of data but do not suspend the cellular data use i.e. ban internet but not the calls and SMS usage.

Observing the potential strategies Vodafone can opt for, it is very important to act diplomatically in this situation and make the crisis an opportunity for the business and moral aspects of the company (Morschett, Schramm-Klein, & Zentes, 2015). There are two main extremes in the strategies available to Vodafone. The company cannot entirely go on one side and it must remain somewhere in between to fulfill the requirements of both of its stakeholders. Vodafone is dependent on both the government and the customers so the decision should be made rationally by opting for the choices present in the middle. Vodafone should strictly stick to its mission statement and vision and fulfill the promise it has made to the people of the world. This can be a perfect opportunity to prove itself to be an ethically honest responsible company that knows when to stand back and resolve the matters in a most positive and professional way possible.

**Recommendations**

Vodafone has the responsibility to set an example at this crucial time and should take this matter as a challenge to make the world realize that the benefits of collaboration and market entry can never outweigh the actual human problems we face in this world. This world has a lot of profit-maximizing companies but desperately in need of an honest ethical company that takes social responsibility seriously. Vodafone enter Egypt when everything was according to its favor and the government supported cooperation in making its feet stronger in the ground of Egypt. It is understandable that Vodafone cannot entirely go against the government in the time of need but it should also be kept in mind that new governments come but the public remains the same. Here in this scenario, it is the matter of integrity of those people who are active subscribers of the products and services of Vodafone and prioritize its services over other providers. That is why Vodafone should opt for rationality and fairness in the decision simultaneously. In the field of international management, the stakes are always high as there is never a total win-win situation (Deresky, 2017). But the best choice is where the risks can be minimized. Tackling problems like this involves a high level of uncertainty for the organization's management and compromises are made as a result of the outcomes. Chances of success may vary depending on the stance made by the other party in response to the actions taken the company under study and also because of this reason, the selfishness should be kept aside while choosing a different course of a path. Vision and mission are the basis of foundation for the companies and they should never be compromised otherwise the company will never be achieving the heights of success.

Vodafone should stick to its objectives of gaining the largest market share in Egypt by slightly changing the content of data it will provide in the SMS and setting proxy limits. National Security is a very sensitive issue and never be taken for granted by any MNC so the security measures are a must to be taken and aligned with the SMS Vodafone sends. Vodafone should avoid seizing the services by justifying the support it makes to the freedom of speech and that there should be no interrupted communication devices. Apart from this, the company should take the government into confidence and inform them that it is not going their orders and is not involved voluntarily with the citizens. The mandate should be done in the company to take consultation from all the stakeholders as to what should be and should not be posted as the content of data. This will also help out to reduce the division of Egyptian people. Government is trying to gain the support of its people through the exploitation of the company and Vodafone should realize this political move immediately. If the chance to decide in place of Hatem Dowidar is provided to me as s CEO of Vodafone, then I will make sure to opt for the middle way by satisfying the concerns of both the sides without compromising on company's vision. Ethics, integrity and employee's responsibility should never be taken lightly in the world of international management for Multinational Corporations as they are the example setter.

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