

Stakeholders' Perceptions of Corporate Social Reporting (CSR) in Bangladesh

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Abstract

The paper addresses a significant gap in the CSR literature indicated by the lack of studies that examine non-managerial stakeholders' perceptions of the practice. Recent calls in the CSR literature have emphasised the importance of giving voice to non-managerial stakeholders groups. The research examines the perceptions of a wide group of stakeholders in the context of a developing country, Bangladesh. A series of semi-structured interviews were conducted with various stakeholder groups including employees, consumers, pressure groups, regulatory body and accounting professionals. The current practice of CSR in Bangladesh is interpreted in terms of 'largely cosmetic responses', 'marketing strategy' and 'response to pressures from international markets'. Additionally, while some of the interviewees sharply criticised the current process of imposing social accounting codes/standards on developing countries which fail to consider the important local socio-economic context, the findings suggest that there is overwhelming support for mandatory externally verified CSR reporting based on the principles of peoples' right to know, full disclosure/completeness, and relevance, which are anchored in the broader principles of transparency and accountability.

Keywords: Corporate Social Reporting (CSR); Stakeholders; Bangladesh

1. Introduction

The recent CSR literature emphasises the importance of giving voice to non-managerial stakeholder groups (O'Dwyer, 2002; Owen, Swift & Hunt, 2001; Unerman & Bennett, 2004). However, there is a lack of studies examining non-managerial stakeholders' perceptions of CSR (O'Dwyer, Unerman & Bradley, 2005). Some very recent studies from Ireland (O'Dwyer, Unerman & Bradley, 2005; O'Dwyer, Unerman & Hession, 2005) concentrate on the perceptions of a particular stakeholder group. In the present study the perceptions of a wider group of stakeholders (employees, consumers, pressure groups, regulatory body and accounting professionals) are examined within the context of a developing country.

In section two prior research examining stakeholders' perceptions of CSR is reviewed, followed by a discussion of the context of CSR in Bangladesh, before addressing the substantive methodologies deployed in the present study. The results are described, interpreted and discussed. The paper addresses the extent to which stakeholder expectations are met; how different stakeholders perceive current CSR practice, and which stakeholder groups are most likely to act as a catalyst for change in the field of CSR in Bangladesh. The significance of the study flows not only from its extension and enlargement of current concerns but also the fact that it reports on CSR in the little-researched and understood context of a developing country.

2. Prior Research on stakeholders' perceptions of CSR

The overriding purpose of CSR is to discharge accountability to all relevant stakeholder groups who might be affected by organisational activities, irrespective of

their power. It is a normative perspective on stakeholders (Deegan & Unerman, 2006) that is supported by many social accounting scholars (Adams, 2002; Bebbington, Gray & Owen, 1999; Belal, 2002; Gray, Dey, Owen, Evans & Zadek, 1997; O'Dwyer, Unerman & Bradley, 2005; O'Dwyer, Unerman & Hession, 2005; Owen, Gray & Bebbington, 1997; Owen, Swift & Hunt, 2001; Owen, Swift, Humphrey & Bowerman, 2000; Unerman & Bennett, 2004). However, despite the stakeholder focus, most previous research has mainly concentrated on managerial perceptions of CSR. These studies (Adams, 2002; Adams, Hill & Roberts, 1998; Belal, 2002; Campbell, 2000; Deegan, 2002; Deegan & Blomquist, Forthcoming; Deegan, Rankin & Tobin, 2002) have shown that organisations use CSR as a public relations tool to further their economic interests and legitimise their relationship with powerful stakeholder groups, popularly known as the managerial perspective on stakeholders (Deegan & Unerman, 2006).

Very few studies are available which examine non-managerial stakeholders' perceptions. The studies that have investigated non-managerial stakeholders' perceptions mainly focused on investors (Epstein & Freedman, 1994; Freedman & Jaggie, 1986; Ingram, 1978). Very little research has been carried out on the perceptions of other stakeholder groups (but see Deegan & Rankin, 1997; O'Dwyer, Unerman & Bradley, 2005; O'Dwyer, Unerman & Hession, 2005; Tilt, 1994). Deegan and Rankin's (1997) study of the demand for environmental disclosures did include some other stakeholders but the majority of their respondents still came from investors and investment-related professionals.

Few studies have examined the perceptions of less economically powerful groups, such as pressure groups (Tilt, 1994) and NGOs (O'Dwyer, Unerman & Bradley, 2005; O'Dwyer, Unerman & Hession, 2005). Where they have done so, such as in the questionnaire survey by Tilt which examined Australian pressure groups' perceptions of CSR, they have found that these respondents consider current CSR practice to be inadequate and low in credibility. To enhance adequacy and credibility such stakeholders demand that disclosures within the annual report be subject to some form of external verification.

A pioneering study by O'Dwyer, Unerman & Bradley (2005) examined the perceptions of CSR by NGOs in the Irish context. The main findings of the study include, "A demand for the development of stand-alone, mandated, externally verified CSD [corporate social disclosures] mechanisms predominate the perspectives. This is motivated by a desire to see stakeholder "rights" to information enforced given Irish companies' apparent resistance to engaging in complete and credible CSD" (P.14, words in parenthesis are added). Using the framework (Owen, Gray & Bebbington, 1997) of administrative reforms (reforms in CSR practice to improve corporate transparency and accountability) and institutional reforms (reforms in corporate governance structures aimed at empowering stakeholders) O'Dwyer et al argue that there is a need for desired administrative reforms in the Irish context. But more importantly, according to them, these administrative reforms should be accompanied by institutional reforms to include NGO voices in the CSR processes and to encourage improved CSR aimed at promoting transparency and accountability. While the above study was based on eight in-depth interviews with NGO leaders in a later questionnaire study of NGO perceptions of Irish CSR, O'Dwyer, Unerman and

Comment [FoB1]: Is this correct transliteration? It doesn't scan properly.

Hession (2005) obtained similar results from a broader-based survey. Many respondents in the later study had negative perceptions of the credibility and sufficiency of current CSR practice. Respondents appear to be suspicious of the corporate motive behind CSR exercises; the majority did not see such exercises as motivated by a desire to discharge accountability to the wider society or some other moral imperative. Instead, they perceived CSR as a legitimating device.

All the above studies were from developed countries; very few studies have examined stakeholder views in developing countries. Two recent studies examine the views of accounting and accounting related professionals in Fiji (Lodhia, 2003) and Thailand (Kuasirikun, 2005). Lodhia (2003) found little involvement of accountants in the development of environmental accounting and reporting in Fiji, mainly due to their lack of expertise in the area. In the Thai context Kuasirikun (2005) combined a questionnaire and interview study to find that a more positive attitude was held by the Thai accounting profession towards the development of social and environmental accounting. Additionally, research in the Middle East has identified support amongst the users of annual reports (accountants, auditors and academics) for the development of CSR in Jordan (Naser & Baker, 1999) and Qatar (Al-khater & Naser, 2003) mainly because of the relevance of such data for addressing the country's socio-economic problems.

The above review suggests that there are few studies which examine stakeholders' perceptions of CSR from a non-investor perspective. Where they do so in the context of developed countries, as for instance in O'Dwyer, Unerman & Bradley (2005), O'Dwyer, Unerman & Hession (2005) and Tilt (1994), the focus is on the perceptions

of NGOs and pressure groups. By contrast, research on developing economies concentrates mainly on the perceptions of accounting and accounting related professionals.

More generally, O'Dwyer, Unerman & Bradley (2005) have called for studies that include 'different sets of non-managerial stakeholders such as trade unions and consumer groups' (P.36). They also emphasise the need to examine the 'perspectives of these stakeholders in other contexts where CSD has been emerging over the past number of years' (P.36). The current study will answer this call by exploring stakeholders' perceptions (including trade unions and consumer groups) and do so in the context of developing countries, using Bangladesh as an example.

3. The context of CSR in Bangladesh

Most previous studies of CSR in Bangladesh are descriptive in nature, mainly measuring the volume of disclosures (Belal, 2000; 2001; Belal, 1997; forthcoming; Imam, 1999; 2000). Most of these studies show that the volume of disclosure is low and poor in quality compared to developed countries. None of this earlier research has examined managerial or stakeholder perceptions of CSR in Bangladesh, although recent work by Belal and Owen (2004) did examine managerial perceptions of CSR in Bangladesh. They found that current CSR processes are mainly driven by 'outside' forces, such as parent companies, international buyers and international agencies. The imposition of international social accounting standards and codes is likely, they suggest, but in such a way that due consideration of the needs of local stakeholders is not likely to be significant. They consider it unlikely that such a passive compliance strategy will achieve the fundamental purpose of social accounting, which is to

achieve corporate transparency and accountability (Medawar, 1976) by empowering stakeholders.

Since the democratic reforms of the 1990s Bangladesh has been pursuing the principles of a market based economy. To this end a private sector led rapid industrialisation policy is being pursued vigorously, marked by significant foreign investments. Such an economic strategy has enabled Bangladesh to achieve a stable average annual economic growth in the region of 5% over the last decade (WorldBank, 2002). However, growth has resulted in many adverse social, ethical and environmental impacts, increasing demand for greater transparency and accountability in business and industrial units (Byron, 2005; Rahman, 2003).

The principal employee-related issues of concern, particularly in the garments and textile sector, and also in other export-oriented companies, are health and safety at work, child labour, human rights, and equal opportunity. Since 1990 there have been 115 factory fires killing 300 people and resulting in over 2500 injuries. A massive incidence of fire in Dhaka on 11th April, 2005 renewed the focus of commentators on adverse factory working conditions in Bangladesh (Frost, 2005). Under international pressure, child labour is being eliminated but the rehabilitation and welfare of these ex-child labourers has been ignored (Murshed, 2005; *The Daily Star*, 2004). The media regularly report violations of human rights in factories, particularly in the export oriented units, related to the abnormal length of working hours, unpaid wages, mandatory pregnancy tests, and harsh working conditions (Afrin, 2002; Milne, 2001).

Industrial pollution is a major environmental concern in Bangladesh (Belal, Khan & Alam, 1998). Tannery companies in the Hazaribagh areas of Dhaka (Khan & Hasan,

2005), and other industrial units (Nurunnabi, 2002), seriously pollute nearby communities and rivers on a daily basis with industrial waste. In addition to these employee and environmental issues, issues of corruption and consumer rights have raised significant concerns in the society. Bangladesh was ranked as the most corrupt country in the world according to the 2002 Transparency Internationals Ranking (Mir & Rahaman, 2005). Business communities' involvement in unethical and corrupt activities, such as bribery (Khaleque, 2005) and tax evasion (Hasan, 2002), have been widely reported in the media. In the absence of any consumer protection law, consumers' rights are frequently violated by the provision of sub-standard and poor quality goods (*The Independent*, 2001), causing significant public health hazards (Roy, 2005).

To address the concerns stated above the government is calling upon companies to improve labour conditions (*The Daily Star*, 2002a, 2002b) and environmental performance (*The Daily Star*, 2002c). In addition, emerging pressure groups are demanding transparency in all spheres of public life, including ethical business practices. In addition to internal domestic pressure there is ever increasing external pressure on export oriented companies to adhere to the principles of international labour practices. The external pressure for ethical business practices mainly emanates from international agencies (*The Daily Star*, 2004) and large Western corporations (Milne, 2001). Moreover, subsidiaries of multinational companies are under pressure from international lobby groups to improve transparency and accountability in their operations in developing countries. Because of these pressures it is widely speculated that companies in Bangladesh will be asked to comply with the requirements of social accounting standards and corporate codes of conduct that are being developed in

Western developed countries. What remains to be seen is whether such imposition will bring any real change by addressing the needs of local stakeholders. In this paper via interviews with these stakeholders we explore how they perceived the relevance of the externally driven CSR agenda which is emerging as a future issue on the horizon of Bangladeshi business.

4. Research Method

In order to have an appropriate perspective on stakeholder perceptions of the emerging CSR agenda in Bangladesh it is necessary to examine why and how these perceptions are held as well as the context in which they are held. As argued by O'Dwyer, Unerman & Bradley (2005) use of qualitative methods is more appropriate in these circumstances as it helps to provide in-depth access to the experiences of the stakeholder groups in question.

For this purpose ten (10) representatives from different stakeholder groups have been interviewed:

- Employees (Trade Union Congress) (TUC) [E1]. Previous research by Belal (2001) found that most of the social disclosures in Bangladesh were related to employees. Therefore, it can be reasonably assumed that employees are important stakeholders from the context of Bangladesh whose perceptions towards CSR could provide significant insights to the present study.
- Consumers (Consumers' Association) [C1]. Consumers' perceptions towards CSR need to be studied as it is often reported that consumers' rights are being neglected in Bangladesh (Aziz, 2002).

- Pressure groups (Environmental NGO [P1], Environmental Lawyers' Group [P2], Environmental Journalists' Group [P3], Social/Civil NGO promoting transparency in Bangladesh [P4] and one civil activist/academic [P5]). Following the trend of Western countries, pressure groups are emerging in Bangladesh. Islam (2000) argues that pressure groups have an important role to play in the improvement of social and environmental conditions in Bangladesh. Therefore, it was particularly thought important to speak to them for the purpose of eliciting their views on the emerging CSR practices in Bangladesh.
- Regulatory body (having oversight on corporate affairs in Bangladesh) [R1]. The reason for including a regulatory body is that they frame the disclosure rules in Bangladesh with which companies have to comply. Therefore, they are important in influencing the future prospect of CSR in Bangladesh
- Accountants (Professional accounting body [A1] and Accounting practitioner [O1]). Accountants were included because they play an important role in the preparation and verification of disclosures made within the annual report. Moreover, as a professional group they are organised and influential in national policy making decisions in Bangladesh.

The researcher's knowledge of the context of Bangladesh and consideration of prior literature, together with some internet research, aided the selection of these interviewees. Initial contact was made by e-mail where possible; however, the majority were contacted personally by telephone during the researcher's field visit to Bangladesh (from December 2001 to March 2002). The key informants in this case

were the most senior persons in the organisation who appeared to be knowledgeable about CSR issues.

The duration of the interviews ranged from over 30 minutes to two hours. All interviews started with a brief introduction to the project and an outline of the objectives of the interview. With the permission of the interviewees a tape recorder was used to record each interview. All recorded interviews were transcribed. It was agreed that neither the interviewees nor their respective organisations would be identified when quoting them.

The researcher used an interview protocol for the purpose of the interviews (available on request from the author). Questions asked varied depending on the circumstances, flow of discussion and the organisational context. In fact, it was followed as a rough guide to manage the discussion. In most cases the questions were asked in an open-ended fashion. The list of questions was generated from the review of previous CSR literature and the author's knowledge of the context of Bangladesh. The interviews commenced by asking some general questions, followed by specific questions revolving round the theme of stakeholders, corporate motivations for (non)disclosure, relevance of social accounting standards, important CSR principles/issues and the prospects for CSR in Bangladesh.

The above procedures generated over 100 pages of data which were analysed over a period of 12 months. A summary of each interview was prepared. These summaries helped to identify the contrasting perspectives of different stakeholder groups, the most commonly occurring themes and differing viewpoints. These perspectives and

viewpoints are now presented in the following section, together with appropriate quotations that illustrate a particular point.

5. Results

5.1 Stakeholders' General Perceptions towards CSR

The Need for CSR

A large majority (nine out of ten) supported the principle of CSR. Those who supported CSR justified its need on several grounds. The justifications in favour of CSR varied from peoples' right to know, to the argument of increasing corporate accountability and transparency as may be seen from Table 1.

INSERT TABLE 1 HERE

The exception queried the need for CSR in a poor country such as Bangladesh. He (O1) argued that there are priorities for many things in Bangladesh and maintained that CSR should come with economic advancement.

Finally, underscoring the importance of CSR another interviewee argued in favour of CSR but questioned the sincerity of business in using CSR as a tool for promoting transparency and accountability.

But it seems to be that neither public pressure nor regulatory mechanism is there to make these things happen. Definitely that [CSR] would be a step in the right direction. But probably just a declaration or a statement in the annual report is not going to be sufficient if they really don't mean it. (P4)

Stakeholders' Perceptions of Corporate Motivations for CSR

Four interviewees elaborated on what they saw as corporate motivations for CSR. One of the main driving forces behind CSR is seen to be a desire to further the economic interests of corporations rather than discharge accountability to stakeholders (Belal, 2002; Owen, Swift, Humphrey & Bowerman, 2000). Some stakeholders also shared this view and their concerns are summarised in Table 2:

INSERT TABLE 2 HERE

As may be seen from Table 2 interviewee P2 argued that it was international economic pressure which compelled export-oriented companies in Bangladesh to address social issues. Although the extent to which such pressure has changed actual corporate behaviour is, overall, questionable, in some cases it has generated positive outcomes. For example, in the face of such pressure, companies in the textile and garments sector of Bangladesh have eradicated child labour and to some extent improved health and safety performance.

While interviewees think that there is certainly a need for CSR, at present they see it being addressed at a surface level. According to them, current process of CSR is unlikely to promote accountability and transparency. Given the importance of stakeholders' dialogue and engagement in contemporary CSR, the potential role of Bangladeshi stakeholders in the CSR process is now explored.

The Role of Stakeholder Consultation in CSR

In order to make the CSR process more inclusive and transparent, most of the interviewees argued that stakeholders' views should be effectively reflected in the decision making process of CSR. Interviewees felt that public pressure on the

companies to be accountable and transparent could make a big difference. They are of the opinion that they can certainly play an important role in this regard. Some illustrative quotes in their support are shown in Table 3:

INSERT TABLE 3 HERE

The potential of bodies such as the consumers' association is yet to be realised. Stakeholders in Bangladesh are yet to be organised in order to exert any significant pressure on the corporations to become accountable for their social and environmental performance. Moreover, the existing mechanism for corporate governance does not contain adequate provision for stakeholders' voices to be heard. One of the purposes of this paper is to give voice to these concerns so that they can be heard by the policy makers of Bangladesh.

5.2 CSR practice

The Relevance of Social Accounting (SA) Standards

Belal & Owen (2004) found that most of the corporate interviewees in their study did not think SA standards were relevant in Bangladesh. The current study explored stakeholders' views on their future relevance in the context of Bangladesh. Two interviewees (C1 and R1) had not heard about these standards and hence could not comment further on their relevance.

The attitudes of the rest of the stakeholder groups towards SA standards were mixed as may be seen from Table 4:

INSERT TABLE 4 HERE

While not entirely dismissive, generally the interviewees from the pressure groups are of the opinion that if the standards cannot change actual corporate behaviour then their relevance has to be questioned.

I am very wary of these Western standards. I think they tend to be quite mechanical. It does not affect the reality of the situation. If the people who come for inspection or if the owners are not fully committed, the system can easily be circumvented. So just mechanically applying the standards could be rather deceiving. I do not think they will go to the heart of the issues addressed. There is a danger that it can work as a kind of seal of approval without making much difference on the ground. We also need to think from the cost point of view whether we are creating additional burden, whether we are creating an industry for the sake of industry for a group of professionals and consultants to go round and give advice. (P4)

CSR Principles/Issues

We now explore what principles could guide CSR activities in Bangladesh. Six interviewees elaborated on guiding principles. It appears that in the opinion of most of the interviewees accountability should be the overall guiding principle of CSR. Specifically, interviewees C1 and P4 emphasised the importance of peoples' 'right to know'. Other principles noted by interviewee P4 are those of full disclosure and relevance. It was also mentioned that disclosure should reflect changing societal expectations. In this regard, participation from the NGOs might be effective.

I think at the moment peoples' right to information is not that much enforced here. Generally, in Bangladesh, the dissemination of information is very poor. Management does not disclose both in public and private sectors. I think the principle that needs to be stated very clearly is that companies should disclose. The practice of non-disclosure encourages lack of transparency and secrecy, so you need to establish the principle of full disclosure. Another important thing is the principle of relevance. We don't want too much of it or information that we don't need. Attempts to assess and determine public expectations should also guide CSR. NGOs operating in Bangladesh can provide a lot of information and inputs in this regard. (P4)

Two interviewees from the pressure groups (P1 and P2) favoured the principle of legal compliance, whereby companies would be asked to disclose compliance with the existing legal provisions relating to social, ethical and environmental performance. Another interviewee (P5) noted the necessity of providing a social balance sheet showing social capital at the beginning as well as at the end of a particular period. He

then went on to discuss the contents of social disclosure. Although he did not elaborate on this point he hinted at the kind of broad issues he would like to see disclosed:

I want to see progress made on the social issues concerned. All issues related to consumers, employees and the environment should be disclosed.

Developing this issue further, the researcher explored the information requirements of the various stakeholders which are summarised in Table 5:

INSERT TABLE 5 HERE

As shown in Table 5 while interviewees from the employee group, consumer group and pressure group appeared to be asking for disclosure in their respective interest areas, on a number of issues such as child labour, equal opportunity, poverty alleviation, health and safety and corruption disclosures were demanded by more than one group. However, there was a common dissenting view from the accountants who appeared to be dismissive of most of the disclosures.

External Verification

While nine out of ten interviewees from the stakeholder groups agreed that there should be external verification of social, ethical and environmental information provided, surprisingly the interviewee R1 did not favour the idea on pragmatic grounds. He argued that the present disclosure levels do not justify such verification. Moreover, it would increase costs and hence could demotivate the companies further on this issue. Those who favoured the principle of external verification expressed the opinion that disclosures should be verified to ensure the provision of credible information.

On the question of who should carry out the verification opinions seem to be divided. While the accounting profession would like to see accountants' lead in the verification process, other interviewees favoured the idea of a multi-disciplinary audit panel, which may include accountants. Interviewees from the other groups did not want to leave verification to accountants proposing that it would be better served by a panel of independent experts.

That is related to the question of credibility and transparency. I think verification is necessary to establish credibility. Accountants can certainly play a role in this regard. I emphasise the point that they cannot be the only people. (P4)

A multi-disciplinary team of experts can oversee the whole process. It would not be wise to leave it with the financial auditor only. They might not have enough expertise. Here pressure groups have a role to play as part of that multi-disciplinary team. (P1)

5.3 Prospects for the Future Development of CSR in Bangladesh

All of the interviewees excepting two (C1 and P4), think that in future CSR will improve because societal expectations concerning these issues are increasing. Moreover, to increase their competitiveness and access to the global market the export oriented local companies will come forward.

Yes, it will increase because of the international pressure. (E1)

I think it will increase because you see it is a globalised world. If you are not competitive you simply will not be able to enter the global market because the international market will not accept your product if you do not take care of these international standards. (P3)

Although not completely pessimistic, interviewees C1 and P4 had reservations over the prospects of CSR in Bangladesh. The interviewee C1 thinks that the future of CSR depends on the political situation and on the level of peoples' awareness on these issues. Interviewee P4 expected that there would not be many disclosures from the

small and medium sized enterprises. The lead is more likely to come from the large multinationals rather than local companies.

Given the level of corruption and lack of accountability and transparency I am not very hopeful. How do we begin to come out of this? That is really a big challenge. I feel that there will have to be some really brave risk takers in this area, who will have to make the breakthrough. You know it may not be the indigenous companies. To start with, it could be overseas multinationals. They have more resources. (P4)

Finally, we examined stakeholders' perceptions of the possibility of making CSR mandatory in Bangladesh. A majority of stakeholder interviewees (seven out of ten) believe that CSR should be made mandatory, otherwise companies would not come forward voluntarily. In their opinion, although such legal requirements could generate some initial resistance on the part of some companies, compliance will follow ultimately. However, in the absence of an effective law enforcement mechanism (Khan & Belal, 1999) there is no guarantee that legal requirements will necessarily lead to compliance. These concerns were shared by three out of ten interviewees who rejected the idea of legal requirements stating that it is probably premature for Bangladesh. The arguments for and against mandatory CSR are summed up in Table 6:

INSERT TABLE 6 HERE

6. Discussion and analysis

Having described the perceptions of different stakeholder groups towards CSR in Bangladesh it is now necessary to interpret them critically. First of all, we examine the expectations of stakeholders regarding the disclosure of information relating to the

social environmental performance of corporations. We then evaluate their perceptions regarding the current state of, and future prospects for, CSR in Bangladesh.

6.1 Stakeholders' Expectations of CSR in Bangladesh

The interview results described in the previous section indicate that a large majority of interviewees are in favour of CSR in Bangladesh. From a normative perspective they argued that the overriding purpose of social accounting and auditing should be to discharge accountability to all relevant stakeholder groups in a democratic and transparent manner (Medawar, 1976). According to them, the CSR process should be based on stakeholder engagement. In recent times a great deal of emphasis has been placed on the importance of stakeholder engagement in the CSR process (Belal, 2002; GRI, 2000; ISEA, 1999). Discussion with the interviewee groups suggests that they can certainly play a positive role in the CSR process. However, in order to engage them meaningfully reforms in existing corporate laws and corporate governance structures are necessary (Owen, Swift & Hunt, 2001; Owen, Swift, Humphrey & Bowerman, 2000). Those institutional reforms (O'Dwyer, Unerman & Bradley, 2005; Owen, Gray & Bebbington, 1997) should be aimed at empowering stakeholders. Unless the corporate governance structures are reformed with a view to empowering stakeholders, CSR will fail to achieve the fundamental objective of social accounting and auditing (Owen, Gray & Bebbington, 1997).

Most of the interviewees felt that the requirements for CSR should be made mandatory. They argued that in the absence of legal requirements many companies would not come forward voluntarily. Similar views were espoused in the recent Irish studies (O'Dwyer, Unerman & Bradley, 2005; O'Dwyer, Unerman & Hession, 2005).

This finding also accords with Tilt's (1994) study which revealed that 92% of interviewees favoured standards or regulation for CSR. A strong case may also be made in favour of regulation by drawing attention to the limits of voluntary initiatives in developing countries, where pressure groups are not yet organised to the level of developed countries. In a recent study of corporate social responsibility and reporting in Singapore and Malaysia Perry & Singh (2001) concluded that voluntarism could not be a substitute for effective government regulation. Other authors (Gray, Owen & Maunders, 1987, 1988) also favoured regulation prescribing a minimum disclosure requirement, as leaving it to the demands of market forces would only serve the self-interest of business. However, there was a minority view amongst interviewees that did not endorse the idea of immediate legal requirements for CSR. They argued that in the absence of an effective legal enforcement mechanism such legislation would not bring any positive change. While the view that there should be an enabling legal structure to monitor the effective implementation of legal requirements is understandable the present author feels the necessity of some sort of legal intervention (for the reasons explained above) to bring about effective change in corporate behaviour.

Most of the key social accounting standards such as AA1000 and SA8000 require external verification of social reports. A large majority of interviewees expressed the view that social disclosures should be externally verified to enhance credibility and transparency. Similar support for external verification was found in O'Dwyer, Unerman & Bradley (2005), O'Dwyer, Unerman & Hession (2005) and Tilt (1994). However, interviewees were divided on the issue as to whether accountants alone should perform the verification exercise. While the interviewee from the accounting

profession is confident that accountants possess the potential capability of developing expertise in this area, the other interviewees are mostly in favour of a multidisciplinary audit panel (which may include accountants). These interviewees, particularly the pressure groups, are of the opinion that, given the track record of accountants in recent corporate scandals such as Enron and WorldCom, the task should not be left to accountants alone. Thus, the century long trust placed upon the accounting profession in the audit sphere seems to be in jeopardy. Similar scepticism was also found by O'Dwyer, Unerman & Bradley (2005) and O'Dwyer, Unerman & Hession (2005) regarding the potential involvement of accountants in the verification exercise.

According to the interviewees, during the social accounting and reporting process certain principles should be followed including the principles of full disclosure, relevance and peoples' right to know. According to the principles of full disclosure and relevance, the disclosure process should include all material and relevant information relating to the social environmental performance of the organisation. Interviewees argued that not only the shareholders but also all other relevant stakeholders should have the right to know about the social performance of the organisation. The information disclosed should not be selective and should include all important information affecting different stakeholder groups including, inter alia, disclosures on poverty alleviation, child labour, equal opportunity, environment, health & safety and corruption. They believe that disclosure of all this information would help to increase the transparency and accountability of the organisation.

6.2 Stakeholders' Perceptions of the Current State of, and Future Prospects for, CSR

The current practice of CSR in Bangladesh is far from being satisfactory and does not promote the desired transparency and accountability. In line with the findings of O'Dwyer, Unerman & Bradley (2005) and O'Dwyer, Unerman & Hession (2005), interviewees in this study were found to be highly sceptical about the corporate motives behind CSR. In their opinion, public relations concerns appear to be the primary motive. According to them, as opposed to discharging accountability, the basic motive is to maintain and further the economic interests of the business. Questions were raised about the genuine intentions of corporations with regard to CSR. The results of this paper are also supported by another study of corporate responsibility in Bangladesh, which found that 65.5% of the pressure groups surveyed expressed dissatisfaction over corporate responsibility practices (CPD, 2002).

While interviewees from the present study were found to be confident about their possible role in the CSR process, there was very little evidence of any effective two-way stakeholder dialogue, which is at the heart of social accounting standards such as AA1000 and the GRI's sustainability reporting guidelines. This is consistent with the findings of CPD's study, which indicated that 81.5% of respondents were dissatisfied with the level of stakeholder consultation and interaction (CPD, 2002). Thus, the primary motive behind CSR appears to be the management of stakeholders, without giving them an effective voice in the CSR process, for the economic advancement of corporations.

Interviewees also discussed the problem of credibility of information provided. In the absence of independent third party verification, credibility of information provided is

substantially reduced. Similar views were expressed by the respondents of Tilt's (1994) study.

As noted earlier, views on the relevance of SA standards to developing countries like Bangladesh were mixed. The principal argument in its favour is that corporations are interested in the adoption of SA standards mainly for economic reasons. They think that it would give a competitive edge to Bangladeshi companies in the global market. Moreover, from the social perspective the employee group argued that employment of social accounting standards like SA8000 might help to improve working conditions of employees in Bangladesh. However, some pressure groups sharply criticised the adoption process of SA standards on several grounds. First, they can create economic burdens on domestic suppliers leaving an adverse impact on the export performance of the country. Instead of helping developing countries in their development process these standards could instead create non-tariff barriers (Belal & Owen, 2004). Second, it could be argued that the standards might act as a seal of approval without making much difference on the ground. So the compliance certificate might actually endorse corporate activities and thus help them to run the business as usual by addressing the issues only at a surface level. These standards are voluntary in nature and are enforced by sending inspectors/verifiers from "abroad" who have little knowledge of the local context. This leaves the companies with ways of easily circumventing the system. There are many instances where standards or codes of conduct failed to achieve what they are intended to achieve (Milne, 2001). As Pearson & Syfang (2001, P. 68) note: 'compliance with such codes [standards] is more significant in their breach'. The problem of compliance is aggravated by the absence of any enabling structure or agency provided by the local state which can effectively monitor the adoption and the

implementation of the codes' provisions and report back to the different stakeholders (NEF & CIIR, 1997 cited in Pearson & Syfang, 2001, p.68).

Finally, these codes of conduct/standards do not address some crucial issues related to the local context and are mostly concentrated on issues that received widespread media coverage and the attention of consumers in sophisticated markets, such as child labour and health and safety issues. For example, SA 8000, which is considered more relevant to the garments sector and favoured by interviewee E1 does not adequately address the issue of travelling to/from work, security in work, proper employment contracts and maternity benefits. These issues are significant to the women workers employed in the garments sector of Bangladesh given the fact that they face different forms of harassment in workplaces including beating, threat of dismissal and rape (Zohir, 2001). While the guidelines developed by the Bangladesh Garments Manufacturers and Employers Association (BGMEA) address the issue of proper employment contracts, child labour and health and safety, they did not provide for proper representation of workers in the development of such initiatives. Therefore, it would not be unfair to conclude that

To date such initiatives [codes/standards] have had a more visible effect on their market image in the north than on the actual pay and conditions of workforces in the south. (Pearson & Syfang, 2001, P. 66).

Regarding the prospect of CSR in Bangladesh most of the interviewees think that there will be an increase in its practice. Interviewees believed that companies would have to respond to the growing domestic, as well as international, pressures to undertake responsibility for corporate activities (Belal & Owen, 2004). As a response to these pressures companies would adopt strategic measures including CSR.

However, the interviewees argued that CSR would be used as a strategic management tool to serve corporate interests rather than as a medium for discharging accountability to all relevant stakeholders. The interviewees also argued that the lead would come from large multinational companies rather than the smaller domestic companies. This is due to the fact that, as compared to the local companies, multinationals have more of the resources, knowledge and skills that are necessary for undertaking CSR activities. Additionally, they exhibit greater political visibility in society. In the context of globalisation, the activities of larger multinational corporations in developing countries are under criticism from activists at home and abroad. Calls are being made to regulate the activities of multinationals on labour and environmental issues at a multilateral level as regulation at the national level in developing countries is considered inadequate (Fitzgerald, 2001). It could be that in the face of such criticism, multinational companies will pursue a CSR strategy voluntarily thus diverting the demand for such legislation. The publication of the first social report 2002-03 by a multinational subsidiary in Bangladesh is indicative of such move.

7. Summary and Conclusion

From the above description and analysis of interview data it appears that there are variations in stakeholders' perceptions towards the CSR process in Bangladesh. While they broadly agreed on the need for CSR, a note of dissent appeared to be coming from the accounting interviewees as they remained unconvinced about the merits of disclosing a number of issues discussed in this paper. One possible explanation for such negative attitudes could be their cosy relationship with management and their tendency to be in alignment with corporate interests in Bangladesh (Rahman, 2003).

Also, due to their traditional training and focus on the narrow economic performance of the organisations it could be that they fail to see the potential of accounting for addressing the broader societal issues (Burchell, Clubb, Hopwood, Hughes & Nahapiet, 1980). While this finding is not unique, as similar results were found in earlier studies which examined accountants' attitudes towards environmental accounting and reporting (see for example, Bebbington, Gray, Thomson & Walters, 1994; Deegan, Geddes & Staunton, 1995; Lodhia, 2003), it stands in contrast to Kuasirikun's (2005) study where she found more positive attitude in Thai accountants regarding the future development of social and environmental accounting in the country.

Given the negative attitude of the accountants it is unlikely that they would play any significant role in the future development of CSR. Rather the catalyst for change in the field of CSR in Bangladesh is more likely to come from other broader social constituents (such as various pressure groups) who generally appear to be supportive of the emerging CSR agenda. Commensurate with their expectations, the desired form of CSR in Bangladesh should be aimed at the promotion of transparency and accountability to stakeholders. Thus, stakeholders' expectations surrounding the emerging practice of CSR in Bangladesh appear to be grounded in the normative perspective of stakeholders (Deegan & Unerman, 2006). However, it is observed that current disclosure practice has largely failed to meet the expectations of stakeholders. The lack of stakeholder dialogue, absence of external verification and ad hoc disclosure systems as opposed to a comprehensive disclosure system, which covers all aspects of social, ethical and environmental performance including the crucial eco-justice issues, make this apparent (Belal, forthcoming). Some of the interviewees

sharply criticised the current process of imposing social accounting standards, which fail to consider the important local socio-economic context of developing countries such as Bangladesh. Interviewees are also sceptical of the motivations behind the current practice of CSR in Bangladesh and interpreted those motivations as 'largely cosmetic response', 'marketing strategy' and 'response to pressures from international market', which can be explained by drawing insights from the managerial perspective of stakeholders (Deegan & Unerman, 2006).

The research reported here extends the CSR literature by providing a stakeholder perspective on CSR in Bangladesh. Thus it both contributes empirical evidence from other than a managerial perspective on CSR and contributes to the paucity of knowledge of these issues in developing country contexts. It directly responds to the calls made by O'Dwyer (2002) and O'Dwyer, Unerman & Bradley (2005) for the study of the stakeholders' perceptions of CSR from different context and by Tilt (1994) for investigation of the influence of all stakeholder groups on CSR practice.

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Table 1: Justifications for CSR in Bangladesh

Justifications	Illustrative Quotes
<i>Right to know</i>	It is necessary to meet the information requirements of employees. Since they have a vital interest in the organisation I think all good employers should disclose employee-related and other stakeholder information. People have got the right to know. (E1)
<i>Accountability to multiple stakeholders</i>	<p>.... Corporations..... should be responsible to consumers for their acts or behaviours. There should be disclosure such as how they have carried out these responsibilities. (C1)</p> <p>It [CSR] is more essential in Bangladesh because you see our eco-system is quite unique and very fragile. We need industrialisation, there is no doubt about that. But in the process of industrialisation we should not destroy the eco-system and pollute the river bodies. Any industrial units located along the bank of rivers should be responsible for taking appropriate environment-friendly measures to prevent pollution. They should let others know through disclosures whether they have taken such measures. (P3)</p>
<i>Tool for building partnership between business and the community</i>business should act in partnership with the community members for a harmonious relationship. So if they come forward through CSR then I think the understanding would be better. (A1)

Table 2: Stakeholders' Perceptions of Corporate Motivations for CSR

Corporate Motivations	Illustrative Quotes
<i>Profiteering</i>	Profiteering is the main motive here. They want to do business and make profits to be able to pay dividends to their shareholders. (O1)
<i>Cosmetic response</i>	Businesses are basically motivated by profit. To be honest, you can't really expect much from the local small and medium sized enterprises. There is a greater possibility with the larger companies. With the changing societal expectations they might respond although in a very cosmetic fashion. (P4)
<i>Marketing strategy</i>	This [CSR] is in a way a marketing strategy. May be in the long run they are thinking that CSR would be a sort of attraction for their company. Profit making is still the main motivation. It's not that they are doing it [CSR] because they feel responsible and accountable to the society. (A1)
<i>Pressure from international markets</i>	You see whenever we talk about these social and environmental obligations businesses would complain about the lack of resources. But when they see that without complying with these requirements they cannot attract orders and make exports then they start to comply. Our businesses only bow down to the international [economic] pressures. (P2)

Table 3: Examples of Stakeholders' Role in CSR Process

Illustrative Quotes

If pressure groups are empowered with necessary information and rights they can play a role by putting pressure on businesses through public litigation and campaign. They should be involved in the reporting process. (P2)

Yes. There is certainly a role to play If a particular company is creating pollution in a particular community then by mobilising public opinions we can put pressure on the company to be more socially and environmentally responsible and accountable. (P1)

There should be representation from the employees in the management committee so that they are involved in the decision making of companies. The whole CSR process should be transparent. At the moment it is neither transparent nor credible. (E1)

Public pressure groups can definitely play a role. I think the pressure groups certainly will have to be the driving force behind either policy change or putting pressure on the business sector to take social responsibility more seriously. If you look at the West you will see public pressure really makes a big difference. For example, if you look at the role of media you will see that they have done a lot in terms of raising public awareness regarding social and environmental issues I think organisations like the consumers' association can play a very important role. (P4)

Table 4: Arguments for and against SA standards

For	Against
<p>Of course these could be relevant in the light of our socio-economic context these standards could be modified. Our opinion is that ILO conventions, which have been taken into account in SA8000, should be implemented here for the sake of employees as well as employers and for the greater interest of the country. There should be proper disclosure in this regard. (E1)</p>	<p>At the moment, I don't think they can be relevant because we don't know exactly how to measure and assess those disclosures. Moreover, in our country the skills for this type of reporting are lacking or may be the temperament has not yet developed. (A1)</p>
<p>It is true that relevance of these standards is linked to the stage of economic development. But in a globalised world we would not be able to compete in the global market without taking care of these standards. So in that sense it could be relevant. Additionally, it could be argued that the adoption of these standards would involve costs. But I think in the long run these costs will be offset. Therefore, I think from that point of view this could be relevant. (P3)</p>	<p>The West is trying to enforce their standards on developing countries without giving them the opportunity to come to a certain level. So enforcement of these standards will do more harm to a developing country than good. So it is rather premature for a developing country like Bangladesh to go for these standards. (O1)</p>
	<p>Today or tomorrow these standards will come to Bangladesh. Our export-oriented companies will be under pressure to rise up to these standards. But we should be careful about their adoption. It should not be too cumbersome for us. (P2)</p>

Table 5: Disclosure requirements of stakeholders

Disclosure type	Demanded by				
	Employees	Consumers	Pressure Groups	Regulators	Accountants
<i>Child labour</i>	Because of the international pressure, 95% child labour has been eliminated from Bangladesh. We can now say that the garment sector is more or less child labour free, although still there could be some problems. But that's not enough; you need to disclose whether you've taken adequate measures to rehabilitate them. (E1)	Yes	N/A	Yes	No
<i>Equal opportunity</i>	There should be disclosure in this regard, because we need to know whether companies are paying fair wages to female employees and whether they are given equal employment rights. (E1)	Yes	N/A	Yes	No
<i>Poverty alleviation</i>	You can't just come and make money leaving the surrounding communities in a pretty poor condition. We want to know what you have done to address the problem of poverty in the local communities. (E1)	Yes	N/A	Yes	No
<i>Health & safety</i>	Yes	Truly speaking, the garment factory owners are very shrewd peoples. They buy labour at a very cheap rate. They don't care about the health and safety measures. As a result, we lost hundreds of human lives in recent days due to factory fires. The victims who survived are not even getting proper	Yes	Yes	No

		compensation. The offenders go away without being brought to justice. Isn't it a human crime? They should be punished and made accountable for it. (C1)			
<i>Corruption</i>	N/A	N/A	Business organisations in this country are not corruption free. We've seen corporate malpractices, which have been reported through various newspaper reports. One particular source of corruption arises from the business owners' close proximity to the politicians and lawmakers. We'd like to see a clear ethical policy in this regard. They should disclose their performance against that policy. (P4)	Yes	No
<i>Environment</i>	N/A	N/A	Say if a company is polluting the water bodies, what is the level of pollution in different years? What mitigation measures have been taken? It can even involve the local community in this process to increase the transparency and credibility of the whole process. (P3)	N/A	No
<i>Product quality</i>	N/A	N/A	I'd like to see honest disclosure from companies on the issue of product quality. (C1)	N/A	N/A

Table 6: Arguments for and against mandatory CSR

For	Against
<p>If there is legal provision that also in some way helps to create awareness. For example, whenever there is any public litigation against a particular company it becomes lead news in the newspaper. So whether you win it or lose it - it creates some sort of awareness. (P2)</p>	<p>Legal provisions sometimes may lead to corruption because the law enforcing agencies are corrupt here. Therefore, it may breed corruption. (P5)</p>
<p>It should be at some stage. Even if you pass a law right now things will not improve overnight. Then again it is also true that if you have law there will be a tendency to comply although there may be some non-compliance initially. But if there is no law then you are at liberty to do whatever you like – you may or may not take CSR seriously as it will increase costs. (R1)</p>	<p>I am wary of more legal provisions because I think what we see is that laws are not being implemented. So by creating more laws, what difference will be made? I am not too sure. I don't think that should be the starting point. (P4)</p>