

Enablers for corporate social and environmental responsibility (CSER) practices: Evidence from Bangladesh

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Abstract

Purpose- the purpose of this paper is to explore the enablers of corporate social and environmental responsibility (CSER) practices in Bangladesh by seeking the views of senior managers of listed companies in Bangladesh.

Design/methodology/approach- Understanding the emerging phenomenon of CSER in Bangladesh requires an inquiry paradigm utilising *constructivist* ontology and interpretive epistemology. A series of in depth interviews were conducted with 20 senior managers, complemented by utilizing observations with experiential local working knowledge from one of the researchers, along with documentation, provided rich sources of information in this paper.

Findings- Preliminary findings reveal that the enablers of CSER in Bangladesh include: social obligation; regulations, poverty alleviation desire; and corporate branding motivation. The primary motivation for embracing CSER by the textile sectors appear to stem from powerful stakeholder pressures such as international buyers.

Research limitations/implications- This study focuses on corporate social and environmental responsibility phenomenon within Bangladesh context. It must be noted that due to the perceived sensitivity of both social and the environmental management issues for some respondents, 'politically correct' responses may have prevailed either intentionally or unintentionally.

Original value- This paper addresses the literature 'gap' in the empirical study of CSER in a rapidly emerging nation such as Bangladesh. The findings from this study have the potential to provide useful understanding of the enablers for CSER practices in Bangladesh and other fast developing countries.

Keywords corporate social and environmental responsibility, developing countries, Bangladesh.

Paper type: Research paper

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Introduction

In recent time, research interest in corporate social and environmental responsibility (CSER) has risen to prominence in the accounting literature (Gray et al., 2001, Unerman, 2007) as corporate social interest is increasingly recognized, and the importance of environmental protection is globally accepted (Joshi and Gao, 2009). Consequently, as society at large becomes more aware and critical of the impact on the environment in which companies operate, there is an expectation for greater transparency (Kolk and Pinkse, 2006, KPMG, 2008). The evolving concept of corporate social responsibility (CSR), from which the notion of CSER has developed can be defined as the voluntary commitment of a firm to contribute social and environmental goal (European Commission, 2002). By definition CSER is aligned with the concept of CSR because environmental responsibility is implied. As the concept of CSER evolves and is gaining in popularity, it has also been associated with various other terminologies such as: accountability, communication and transparency, corporate social reporting and sustainability disclosure (Gray et al., 1996, Lund Thomsen, 2004, Lynes and Andrachuk, 2008, Welford and Starkey, 1996).

Indeed, the origins of Corporate Social Reporting can be traced back to the “social responsibility of business” (Gray et al., 1996, p. 91). Milne and Gray (2007) refer to current interest in addressing “corporate social responsibility, accountability and sustainability” as “a subject”. After all, without social and environmental responsibility, there will be no accountability to discharge in reporting. In this research CSER takes on an all encompassing meaning within the accounting context - also broadly known as ‘sustainability accounting’. Even sustainability accounting has become a generic term (Schaltegger and Burritt, 2010). Hence, the terms CSR, CSER and related terms are used inter-changeably as reflected in the terminologies used by the senior managers of 20 Bangladeshi companies.

The growing literature has attempted to explore the relationship between social and environmental reporting by large corporations and corporate characteristics- notably size profit, industry (Ullmann, 1985, Mathews, 1997, Gray et al., 1995). Some researchers find positive relationship between social disclosure and financial performance (Bowman, 1978), whilst Ullmann (1985) and Hackston and Milne (1996) find no relationship. There is empirical evidence that environmental disclosures are mostly produced by the large companies and environmentally sensitive industries (Guthrie and Parker, 1990, Deegan and Gordon, 1996). More recently, Gibson and O’ Donovan (2005) examined the trend of social and environmental reporting taking a sample of 40 Australian companies covering 20 years of published reports and methods used to measure the trends. The results indicated an increasing number of companies were disclosing social and environmental information but no attempt had been made to measure the quality of the disclosures.

The importance and the concern for CSER expressed by communities, lobby groups, government and even sectors of the business community have attracted accounting and management researchers to investigate this field (Parker, 2005). Numerous studies have examined motivations for environmental responsibility (See for example Annandale and Taplin, 2003, Bansal and Roth, 2000) and motivation for social responsibility (O’Dwyer, 2002, Bendell, 2000, Bichta, 2003) and there is an increasing interest in CSER (Lund Thomsen, 2004, Lynes and Andrachuk, 2008). However, research on CSER (particularly, social and environmental accounting) in emerging and less developed countries, including

Bangladesh is scarce as most of the studies in this arena have concentrated on western developed countries (Belal and Owen, 2007, Islam and Deegan, 2008). The socio- economic realities of emerging and developing countries are different as are corporate motivations for undertaking CSER. The commonly known BRIC (Brazil, Russia, India and China) countries are also considered as emerging countries because of their recent economic growth (Wilson and Purushothaman, 2003). Such growth will inevitably have social and environmental effects. These BRICs, as well as some eastern European countries and other less developed countries are facing massive problems such as climate change, poverty, human rights violations, child labour, corruption and other social exploitations (Goldman Sachs, 2005). Like many other developing economies, Bangladesh corporate sector is characterised by high ownership concentration, lack of quality manpower, unsatisfactory legal enforcement and poor working conditions (Siddiqui, 2010).

Most studies of CSER in Bangladesh are descriptive in nature, mainly concentrated on measuring the volume of disclosures (Belal, 2000, Belal, 2001, Imam, 1999, Imam, 2000). Previous studies have not provided much insight into CSER from managerial perspective. Several scholars (Islam and Deegan, 2008, Parker, 2005) have called for more direct engagement with companies and suggest furthering in depth investigation on CSER.

In addressing the gap in the literature, this study investigates the underpinning forces (enablers) of CSER in Bangladeshi listed companies by undertaking a constructivist approach in employing in depth interviews with senior managers in 20 companies. A key objective of this study is to gain insights into the perceptions of Bangladeshi senior managers towards current CSER practices in order to understand this emerging phenomenon. This study contributes to the less researched area of managerial views towards CSER within the Bangladeshi context.

The paper proceeds as follows: a brief review of previous literature, CSER research in Bangladesh followed by a description of qualitative research methodology. The final part of this paper will present findings of the research followed by discussion and conclusions.

Background of study

The issue of CSER has been widely discussed in the economics, management and accounting literature (Jaggi and Zhao, 1996). Social accounting or responsibility of business initially appeared in the 1930s, though the modern era of CSER started in the 1950s (Carroll, 1999). Under the banner of “corporate social responsibility” (CSR) and “corporate social audit” several social responsibility concepts emerged in the late 1960s and early 1970s. It began in the USA, UK, and Germany and subsequently embraced by other western European countries (Antal et al., 2002). Drawing on prior work of authors such as Mathews (1997) in tracing the historical phases of corporate social accounting and reporting, Antal et al., (2002) classified the development of corporate social accounting and reporting into four stages: the late 1950s to the late 1960s, the late 1960s to mid 1980s, the mid 1980s to the late 1990s, and the late 1990s to the present. CSR concepts quickly spread in the late 1960s to the mid 1980s. This period is considered remarkable as social accounting emerged as the fashion statement in the business and socio political arena (Gray, 2000). This progress in CSER practice is due to increasing concern with stakeholders, growing anxiety about business ethics and CSR, increasing importance of ethical investments and the need for a new social accounting method for organizations and their stakeholders to address such matters (Deegan, 2002).

Research on voluntary disclosure has attempted to examine the nature and patterns of CSR and investigates the determinants of CSR such as size, profit, and industry affiliation (Cormier et al., 2003). Previous research found that CSER practices differ across countries (Guthrie and Parker, 1989, Adams et al., 1998) and between developed and developing countries (Imam, 2000). In addition to that the nature and patterns of CSR vary between industry sectors (Gray et al., 2001). Human resources such as number of employee and remuneration, equal opportunities, employee share ownership, indigenous policies, employee training become a part of CSER practice by western developed countries (Gray et al., 2001). Adams, Hill, Roberts (1998, P.3) noted that: “corporate social accountability is likely to be an increasingly important element of the western European psyche in the years to follow, evidenced not only by corporate, professional and academic developments, but also by the increasing legislative developments of the European Union and European Economic area requiring greater corporate social responsibility and accountability”.

While, there have been a steady increase in studies on CSER from a managerial perspective regarding communication to external stakeholders (O'Dwyer et al., 2005), this trend is not the case in developing nations. O' Dwyer (2002) interviewed 29 senior managers in 27 Irish Public limited companies and found that corporate social disclosure (CSD) may occasionally form part of a legitimacy process, consequently for many managers, the continued practice of CSD is deemed somewhat perplexing. In many instances, attempts at legitimating, especially through environmental and social disclosure, have been greeted with increased skepticism and heightened public demand for action regarding these issues. Environmental managers do perceive different values for various stakeholder groups and are able to assess the importance of diverse corporate concerns (Cormier et al., 2005). Bronn and Vidaver Cohen (2009) found three major differences in corporate managerial motivation namely, legitimacy motive, profitability motive and finally sustainability motives. Managerial perception toward CSER have been solicited mainly in western developed countries such as Ireland (O'Dwyer, 2002, O'Dwyer, 2003, O'Dwyer et al., 2005, O'Dwyer, 2005), Australia (Cummings, 2007, Deegan and Blomquist, 2006), USA (Fukukawa et al., 2007, Shafer, 2006). The cultural value of universalism is positively associated with general support for CSER and gender has a significant impact on support for government enforcement of social and environmental accounting standard(Fukukawa et al., 2007).

However, it would not be appropriate to generalize the results of developed countries on developing countries because of their economic, social, environmental and political differences. Managerial perception of CSER research has been solicited in Thailand (Kuasirikun, 2005), China (Rowe, 2006), Hong Kong (Jaggi and Zhao, 1996), Ghana (Rahaman, 2000, Rahaman et al., 2004), Fiji (Lodhia, 2003), South Africa (De Villiers and van Staden, 2006) and some other developing countries. Rahman (2000) identified very little or no disclosure of social and environmental issues in Ghanaian companies. Rahman, Lawrence, and Roper (2004) observed that the driving forces for CSER in the Volta River Authority are due to external pressure from international lending institutions such as the World Bank. Others have found that government could be the most influential factor in enabling CSEAR (Kuasirikun, 2005, Rowe and Guthrie, 2010). Jamali (2008) interviewed top managers of eight Lebanese companies and found very little CSR activities. More recently scholars focused research on stakeholders' perspective, as opposed to managerial views on current CSER practice (See for example Unerman and Bennett, 2004). Al- Khater and Naser (2003) looked at four stakeholders/user groups' perceptions of CSR from the context of Qatar and found a demand for legally required social and environmental disclosures.

CSER in Bangladesh context

Bangladesh is listed among the Next Eleven economies and Global Growth Generator countries (Goldman Sachs, 2007). However, Bangladesh continues to face a number of major challenges, including widespread political and bureaucratic corruption, economic competition relative to the world, serious overpopulation, widespread poverty, and an increasing danger of hydrologic shocks brought on by ecological vulnerability to climate change (World Bank, 2009). According to United Nation's human development index, it is classified as a least developed country (LDC). Currently, efforts are underway to improve core governance systems in areas such as public procurement, financial management, fiscal reporting, and watchdog institutions (World Bank website). Corporate sector in Bangladesh is characterized by high ownership concentration, lack of shareholder involvement, the reluctance of firms to raise capital through issuing shares from capital markets, high degree of bank borrowing and eventually nonpayment of such loans, and lack of trained manpower. The socio economic environment is affected by unsatisfactory legal enforcement and poor working conditions (Siddiqui, 2010). In addition to that, Bangladesh corporate and economic environment also suffers from lack of up-to-date quality information (Imam et al., 2001). The financial reporting environment in Bangladesh is not in full conformity with international accounting standards. In fact financial information is reported to satisfy tax authorities rather than meet the needs of investors and vested interested groups (Al Farooque et al., 2007). Reporting on social, environmental and ethical issues are voluntary for companies working in Bangladesh like many other developed and developing countries. Recently Bangladesh Bank (the central bank of Bangladesh) issued a circular about CSER practices by all scheduled bank, although it is voluntary. There are no guidelines for other sectors, except for some regulations relating to environmental impacts of industries such as textile and chemical plants, as they need to have effluent treatment plant (ETP) for their operations. There is no regulatory guideline for CSER from government and other regulatory authorities like the Institute of chartered Accountants of Bangladesh (ICAB).

Nonetheless, , there have been an encouraging number of studies conducted on CSER in Bangladesh using mainly quantitative methods without engaging corporate managers. A summary of previous research on CSER in Bangladesh is presented in table 1.

Table 1

Authors	Research methods	Brief description	Remarks
Belal(1997)	Content analysis.	Examine the volume of CSR disclosure.	Used 50 companies annual report.
Imam (2000)	Content analysis.	Examine the Extent and volume of disclosure.	Used 40 DSE listed companies.
Belal (2001)	Content analysis.	Examine the Extent and volume of disclosure	Used 30 listed companies include only the largest companies from industrial sector.
Rashid and Lodh (2008)	Tested hypothesis by descriptive statistics	Examined Influence of ownership structures and Board practices on CSR.	Used 21 listed companies from DSE.
Sobhani et al. (2009)	Content analysis	Examined the nature and volume of	Used 100 listed companies from DSE

		disclosure.	and CSE.
Khan et al. (2009)	Content analysis and questionnaire survey.	Examined user perceptions relating to CSR in banking companies.	Used 20 scheduled banks in Bangladesh.
Azim et al. (2009)	Content analysis	Exploratory study by using content analysis	Used 38 listed companies from DSE.

As far as CSR is concerned, most of the companies in Bangladesh are reluctant to provide any social and environmental information in their reports. Though there has been considerable improvement made in the late 1990s (Imam, 2000). Using annual reports of 50 companies in 1995, Belal (1997) examines the volume of disclosure of environmental issues by the companies. The survey shows that only 6 per cent of companies disclosed environmental issues in their annual reports under the heading of chairman statements or directors' report. Imam's (2000) study represents 40 listed companies annual reports collected from Dhaka Stock Exchange (DSE). The findings reveal that 25 per cent of sample companies disclosed on community, 22.5 per cent on environmental activities, whereas only 10 per cent of companies provide consumer related disclosure. Belal (2001) examines the social reporting practices by Bangladeshi companies using a sample of 30 annual reports. The research results represent tremendous improvements in disclosure practices, especially in environmental disclosure with an increase to 90 percent of companies sampled. The research also found Employee disclosure (97 percent) and ethical disclosure (77 percent) of sample companies. Another study found that good corporate governance as a control mechanism which can influence CSR in Bangladesh (Rashid and Lodh, 2008). Recently Sobhani, Amran, and Zainuddin (2009) carried out a content analysis of 100 companies listed. The findings reveal that 100% of companies disclose at least one item related to Human Resource followed by Community involvement (47%), consumer (23%), environment (19%), and others (18%). Greater emphases on employee disclosure indicate that employees are the most important stakeholders. They also found that Banking companies disclose more item of CSER compared to other listed companies though overall, the nature and disclosure pattern is very poor. The user groups of banking companies are interested to see more social and environmental related disclosure (Khan et al., 2009). More recently, Azim, Ahmed, and Islam (2009) content analyses of annual reports from 38 listed companies found that 76.32 per cent of disclosures were generalized descriptive statements without supporting evidence. Director's reports are highly used to disclose CSER. A smaller number of studies have examined the motivation of CSR via qualitative method (See for example Belal and Owen, 2007, Islam and Deegan, 2008, Sobhani et al., 2011). But most of the sparse qualitative studies are confined to single case study method and failed to provide a wider CSR phenomenon in Bangladesh. Therefore, in this study by engaging companies in field research using in-depth interviews with 20 senior managers of Bangladeshi listed companies, adds value to the body of knowledge about CSER within the Bangladesh context.

Theoretical perspectives

In an attempt to explain CSER in the accounting literature, three theoretical perspectives have been used frequently in recent years namely: stakeholder theory (See for example Ullmann, 1985, Roberts, 1992, Clarkson, 1995), legitimacy theory (See for example Guthrie and Parker, 1989, Deegan and Rankin, 1996) and institutional theory (Cormier et al., 2005). Islam and Deegan (2008) also used legitimacy theory to explain CSER of companies operating in or sourcing products from a developing country. These theories deriving from the broader

political economy theory are under the umbrella of a system-oriented theory (Gray et al., 1996). Political economic theory accepts that society, politics, and economics are inseparable so that issues, such as economic issues, cannot be considered in isolation from social and environmental issues (Deegan and Blomquist, 2006). Stakeholder theory can be classified into two branches - an ethical normative branch and a positive (managerial) branch (Donaldson and Preston, 1995). The normative branch of stakeholder theory views stakeholders as “those to whom the organization has a moral obligation, an obligation of stakeholder fairness, over and above that due to other social actions simply by virtue of them being human” (Phillips, 2003, P31). On the other hand, managerial branch of stakeholder theory is based on the premise that an organization and its stakeholders are interdependent upon one another for resources and managers are responsible for maintaining this exchange relationship for the organization’s survival (Islam, 2009). Whilst these theories appear plausible in understanding CSER within a generalized Western model, the current study does not intend to test any specific theory, rather allowing ‘emic’ data to emerge and explain CSER phenomenon within the context of Bangladesh.

Research methodology

In seeking senior managers’ views on CSER and understanding the social construction and meaning of CSER in Bangladesh requires ‘emic’ analysis. Most accounting and management research in this arena is ‘etic’. ‘Emic’ research describes the unique values of a particular society; ‘etic’ analysis however, applies to generalised theoretical model across several societies (Brislin, 1976, Marshall., 1998). Thus, to investigate the emerging phenomenon of CSER in Bangladesh to explore the enablers, a *constructivist* ontology and *interpretivist* epistemology (Guba and Lincoln, 1994, Guba and Lincoln, 2005) was chosen. The methods used in this study included in depth interviews, documentary evidence and observations. The *constructivist* paradigm can help senior managers and policy-makers discover what is happening, and *why* organizational actors do what they do (Parker and Roffey, 1997), thereby contributing to an ‘emic’ understanding of CSER phenomenon.

Qualitative in depth interview design is flexible, interactive, and continuous; and therefore, it does not prepare in advance and be locked in stone (Rubin and Rubin, 1995). In using qualitative in depth interview techniques, it is recognized that “the interview is not just a device for gathering information but a process of reality construction to which both parties contribute and who are affected by it” (Woods, 1992, P 372). In exploring the CSER phenomenon in Bangladesh where there is paucity in research in this arena, purposeful and theoretical sampling has been utilized (Creswell, 2007). Participants (senior managers) initially selected from the top 100 listed companies in the Stock Exchange (DSE). Both formal letters and email communication were initially sent to top 100 companies addressing Head of Finance and Accounts requesting for interviews. Researches also requested that if head of finance and accounts are not available for interview, they can select someone who is responsible of CSER related issues of the company. Fifteen companies provided positive response to spend time for interview. Following the above procedure another five interviewees were drawn from personal contact. All interviewees held senior managerial positions and were directly involved with the CSR policy making and reports preparation. Finally we interviewed 20 senior managers.

The formal interviews were conducted from early October to late November 2010. It is expected that companies that engaged more in CSR tend to react favourably to an interview request (Belal and Owen, 2007). To minimise this biasness attempt were made to enhance rigour and trustworthiness of this research via careful interview protocol design. The

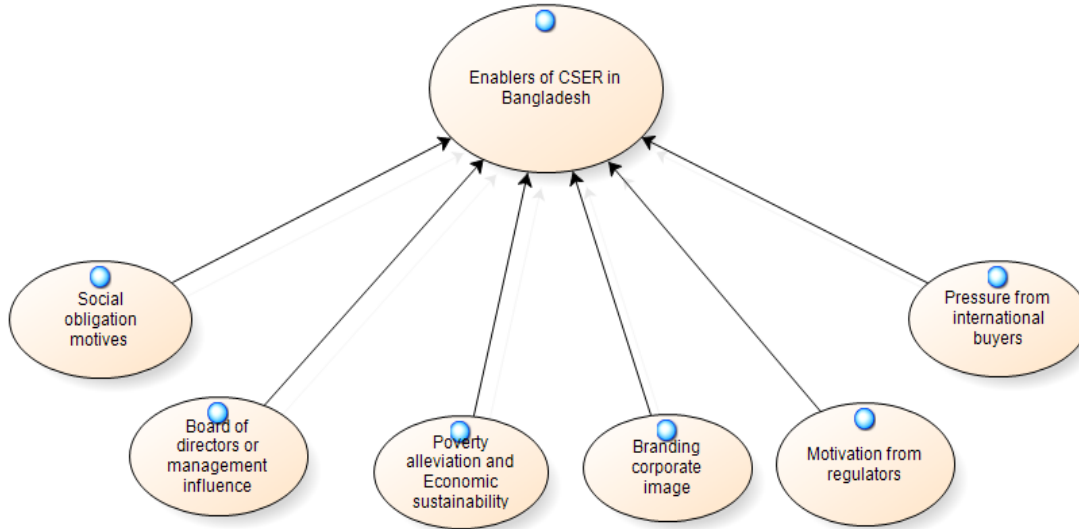
interviews ranged from forty five minutes to one hour. Data has been collected until saturation was reached. The semi structured in depth interviews enabled the senior managers to provide their views on emerging CSER phenomenon including enablers within Bangladesh context. It was also acknowledged that face to face interviews with same cultural and language background raise a risk of social desirability bias in responses, as interviewees may answer questions in order to portray themselves more favourably. Questions were therefore exploratory and open- ended to reduce the possibility of the interviewees providing a response driven by concepts identified by the researchers (Randall and Fernandes, 1991). A further factor worthy of mention is that open communication between interviewer and interviewees will arguably be encouraged by a sharing of the same cultural background (Belal and Owen, 2007). The field researcher is cognizant with the Bangladeshi culture, capable of sensing any nuance and informal local contextual concepts that allowed the CSER themes to emerge within Bangladesh context.

All interviews were recorded on tapes electronically and subsequently transcribed with additional notes and text versions checked by the interviewer. The procedures generated more than 120 pages of text data. Using the qualitative interview protocol guide as a broad framework, each transcript was subsequently re-read and any themes emerging at this stage within this framework were marked. Sub themes were then identified and summary of results drafted. The process of coding facilitated the reduction of the transcript evidence. As Miles and Huberman (1994) put it simply, coding is analysis. Relationships among these themes investigated and developed in the course of generating a theoretical framework (Strauss, 1987, Parker and Roffey, 1997). N*Vivo 9 software was used to organize and manage the data. N*Vivo as a data management tool for managing transcriptions and field notes in different formats from various sources (e.g. interviews, field notes and content analysis) provided a more streamlined structure for discovering emerging themes (Rowe, 2006).

Findings

Several potential enablers have emerged that may enable the diffusion of CSER within Bangladesh context. Figure 1 shows the driving forces of CSER in Bangladesh – social obligation, board of directors' influence, poverty alleviation and economic sustainability, corporate image and brand, and regulatory authority.

Figure 1



Social obligation motives

Majority of interviewees pointed to social obligation as a primary enabler for the need to embrace CSER as they are working within the community. Most of the companies undertake social and environmental responsibilities in response to their personal convictions to do something for society. As quoted below, organizations believe that they are responsible to stakeholders or vested interested groups within the society:

We feel that wherever we are working, one of our main responsibilities is to help the community live a better life. This, we are doing by providing access to medicine to the people. In our organization there are two ways we reach out to people. One is through our products and the other is basically through our different community partnership programs. We have some global as well as local programs. And I think our mission statement states it all. I mean, obviously we are into business but business is not all about it. There's also our responsibility towards the society which we work in, towards the community we work in (Interviewee No.7).

Organizations create value for society as well as value for themselves. It has some social obligation to the people and planet where they operate. As one of the interviewees put it:

Ultimately, value creation is the purpose of all organizations that carry out social responsibility activities. They want to create a value in the society. We want that whenever someone hears the name of our organization, they should think that this company not only does business but is also involved in social activities. We feel an obligation towards the employees, the society, the customers and the environment (Interviewee No.18).

Participants believed that companies using resources given by society must ensure benefits flow to the community and its surroundings. After all, companies do not operate in a vacuum as illustrated by the following quotes:

It has been the support of many people - the stakeholders, depositors, investors and many outsiders – that has made us such a big company today. We are earning a lot of profit today, and behind this success lies the support of all these people. I believe that since we have grown so big because of the support, we have a responsibility towards all those people who were there beside us. So this is how a responsibility towards all these people has developed in us, (Interviewee No.14).

Well...our driving force for CSR activity is that we always think that we have a commitment towards the community and towards the employees of the organization. So, we feel that a certain portion of the profit which

we earn should be shared with the society and also used in the organization's human resource development, (Interviewee No.19)

Organizations internal human resource policy enables them to ensure social responsibility. Senior managers believe that employee turnover can be reduced by employee job satisfaction and that ultimately ensures organizations long term sustainability:

There are two reasons behind our corporate social responsibility. One is the external factors and the other is the internal factors. The internal factors lie within the organization, like employee motivation and employee satisfaction; we want to reduce employee turnover. As for the external factors, it is the social obligations that come from operating as such a big business in this society. My business is the ultimate output of external factors like my sales, turnover and growth. So, for these two reasons our organization is exploring corporate social responsibility for the people (Interviewee No.18).

Board of directors or management influence

A number of interviewees highlighted extra ordinary powers of the board of directors in making immediate CSER decisions. It must be noted that most board of directors in Bangladesh are also major shareholders with substantial influence in embracing CSER if they wish. Examples of participants' perceptions on this driving force for CSER can be gleaned from the following quotes:

I think it's the stakeholders or the owner or the sponsor director or whatever you may call them who take the decisions and are the motivating factors here. Only if they desire can things happen; otherwise not. So, I think you will always have to rely on the owners of the company or, in case of our Bank, on the sponsor directors. The owners are of the opinion that they do not need the money of the bank right now. Initially, the sponsor directors in this company did not take any dividends for 5 years. So all the money was invested either in developing technology or just in humanitarian aspects, or what we call CSR. For automation or development of technology our bank has reached a point so high that no other banks can imagine (Interviewee No.5).

The culture and philosophy of our organization like ours is mainly driven by the Board of Directors. The shape, the culture and the daily routines of the banks are dictated by the Board of Directors. The chairman's wish may become binding on the others. So, the onus of corporate social or environmental responsibility mainly depends on their will or wish (Interviewee No.6)

One of the interviewees' observations concluded that director's education and family background also contribute to the potential enabler of CSER as quoted in the following paragraph.

Our motivation comes from the internal stakeholders like board of directors in our organization. They are very generous. They come from very distinguished family backgrounds as well as from very distinguished educational backgrounds. So, they have a long glorious history of being in the business and being social in the business. They have a positive mindset about all these things and so does the management. So on the whole, the wavelength is in a positive direction. It's working as a team (Interviewee No.10).

A few senior managers agreed that organizations do try to reduce their employee turnover by providing good salary, good career progress, and ensuring good working conditions. However, they did not mention specific aspects of human rights and trade union agenda.

Poverty alleviation and economic sustainability

A number of interviewees emphasized their motivation for CSR to reduce poverty alleviation through micro financing:

We are not into overseas business. We just do business inside the country. We realized that if we cannot build the capability of these rural people, we will get stuck. So that is also something from which we got motivated to do something for the society. There are people with potential out there. Somehow we have to ignite them and bring them in from the various sectors. For example, let's say there is a man doing a small business in a village;

that business is not a very organized one. We could give him a loan from the bank. Microfinance can help him survive but it will not bring him out of his poverty. So, we see if we can help him through some other means by providing him with capital to do something else. If he is a marginal farmer farming in someone else's land, we see if we can buy him a small place where he can work on his own and maybe produce cow dung compost fertilizer. Slowly he can then rise through capital build-up (Interviewee No.11)

For one interviewee in a major retail bank whose parent company is the world largest non government organization (NGO), proactive concern the social and environmental responsibility was primarily driven by the motives for poverty alleviation:

It is the largest NGO in the world and also the largest finance provider for the rural poor. The sponsors of organization gradually realized that they are catering to the needs of the poorest of the poor who are absolutely at the bottom of the pyramid. Normal commercial banks are operating at the top of the pyramid. If you ask me, I would say it was not from any personal motivation. I would say it is motivation of the institution. Our Bank was established to alleviate poverty. If you look at the vision statement...let me just read that out for you..."Building a profitable, socially-responsible, financial institution focused on markets and businesses with growth potential, thereby assisting our parents organization and its stakeholders to build a just, enlightened, healthy, democratic and poverty free Bangladesh". That is the vision of the bank (Interviewee No.2)

Some interviewees also highlighted about the UN Millennium Goals (MDGs) which is focused on eradicating poverty and hunger, achieving universal primary education, promoting gender equality, reducing mortality and improving health and ensuring environmental sustainability. Poverty alleviation is an issue that is more social than economic:

The society can grow if poverty is alleviated. We, like a typical South Asian country, don't move till we are forced to and till there is a binding framework. Before these instructions were issued, the balance sheets contained a line or a paragraph on CSR activities in the notes or in the Chairman's address or in a leaflet. But now there is a competition between companies to enrich that particular chapter in their respective balance sheets. A significant portion of the 150 or 160 million strong population of Bangladesh, live below the subsistence level. There is a disparity in income level, infrastructure and in social thinking process. So we believe we are reducing such disparities by getting involved. When we find that our stakeholders are very encouraging, definitely that fosters our thinking level. All the employees feel encouraged. Local integration occurs when we receive spontaneous support from the top level (Interviewee No. 10).

As evidence by the following quotes senior managers spoke constantly of financing SMEs which helps the poor and subsequently improve the equitable distribution of wealth. Besides, it has been indicated by interviewees that SME could uplift standard of living. For instance:

There exists a lot of disparity regarding equitable distribution of wealth in our country. Many do not have food to eat, while the rich are getting richer and the middle class is also taking some wealth away. To reduce this disparity, corporate social responsibility has to be practiced. Otherwise the country as a whole will fall behind economically and socially. So, we have a built-in inspiration to move forward with all our CSR activities (Interviewee No.E4)

Products of the SME and agriculture outlets are being distributed to very lower class people. We are identifying and helping such clusters under our SME projects. Uplifting these people means uplifting their standards of living. If they want to stand on their own feet by borrowing from indigenous lender, they have to pay a 25 to 30 percent risk premium. Banks can reduce this by 10 to 15 percent. This is a sort of contribution to uplift them. We are working in those fields (Interviewee No.10).

Social and environmental responsibility, poverty alleviation and sustainable economic growth are interrelated. Managers in pharmaceuticals sectors, in an effort to reduce poverty felt that corporate involvement in community activities is crucial. Examples mentioned include: training for disadvantaged people about clean water, training on vegetable gardening, and training on how to earn some extra money through fish farming, weaving, and modern farming methods. One highly experienced senior manager from textile sector expressed the

view that women used to be “totally outside of the economy”, but now they are getting empowered by job opportunities. Organizations are now taking initiatives to employ the disabled. These initiatives ultimately reduce poverty and enhance economic growth of the country.

Branding corporate image

Evidence from the current study indicates that some organizations started CSER because of competition in the market. This is particularly the case when their competitors who demonstrated CSER practices are leading in financial performance. Realistically, one of the hidden motivations for CSER is branding their image and reputation in the market. For example one organization in Bangladesh spent 3 million Australian dollars only for student scholarship and people around the country know them well because of their social initiatives. Therefore firms can try to promote their reputation by being seen to be engaging in corporate social responsibility and reporting their CSER. At least five of the interviewees admitted that one of their main motivations for CSER is the preservation of corporate image or brand value as indicated in extracts from the following quotes:

The corporate bodies are emphasizing this more towards brand management. So, essentially CSR has now come as a focus for brand management rather than the underlying conceptual implication of the CSR (Interviewee No.10).

First driving force is the brand; there is a branding motive. I believe that that the employees themselves are a marketing tool. It is because if the employees are satisfied and have smiling faces, automatically an image gets created for the company (Interviewee No.18).

The findings suggest that reputation, closely related to brand management, aids in goodwill and ultimately helps a company gain a competitive edge within its industry sector.

Motivation from regulators

A number of interviewees from banking sector claimed that they are motivated by recent circular from the Bangladesh Bank (central Bank of Bangladesh). Although there are no mandatory regulations from central bank regarding CSER, but after the circular was issued in 2008, investment in CSER increased from 226 million BD taka in 2007 to 553 million BD taka in 2009. This was a tremendous improvement in amount allocated to CSER activities by banking organizations. The banking sector of Bangladesh has a long history of involvement in benevolent activities like donations to different charitable organizations, to poor people and religious institutions, city beautification and patronizing art and culture. Recent trends of these engagement indicates that banks are gradually organizing these involvements in more structured CSR initiative format, in line with Bangladesh Bank (BB) circular no. 01 of 2008. The June 2008 BB Guidance circular suggests that banks should begin reporting their CSR initiatives in a modest way as supplements to usual annual financial reports, eventually to develop into full blown comprehensive reports in compliance to GRI guidelines . As discussed above, there is no formal regulation from central bank, but such an initiative has encouraged banking organizations to become more socially and environmentally responsible. As stated by the following quotes, it would appear that this initiative by the Bangladesh bank is viewed positively by the scheduled banks in Bangladesh.

These bodies inspire us, but never place any obstacles in our way. Recently, the Central Bank talked a lot about ‘green energy.’ They said they have installed solar panels on a certain portion of their roof, through which they generate green energy. The Central Bank advised us to do the same. They have also told us to keep our air conditioners switched off when we are not working. They encourage us to finance projects that are not harmful

to the environment. They inspire us but never impose anything on us. They have told us to invest a certain portion of our profit in CSR activities (Interviewee No.11).

Recently Bangladesh Bank has started doing some motivational work. They are exerting some influence on the banks to do something regarding CSR. This year, the Central Bank given more importance that there has to be something done about CSR. You cannot just take the money, make profit and give dividends. No...we have to do something for the people and the society at large. And if one organization can do it, why can the other banks not do it? If all the banks can do something it would be a huge thing because there are 48 banks working in Bangladesh. If each bank spends about Tk. 5 crore BD Taka each year, just imagine! It's a huge amount of money. So, it is the people who can take the decision. We are the employees here and cannot do much about these things. We can only implement what the authority asks us to do (Interviewee No. 5).

These interviewees were extremely in favour of the central bank initiatives, particularly for organisations operating in Bangladesh, a country where natural calamity-prone like floods, cyclones are part of daily life. On top of the CSR agenda is business contributions to tackling social crises in the affected areas. The banking sector has the highest number of participants in disaster relief and rehabilitation to help ease the sufferings of those affected. It is evident that whenever natural disasters or emergency prevail, central bank has taken initiative to help the disadvantaged by appealing to all schedule banks who have responded positively and provide voluntary assistance..

Five interviewees from pharmaceuticals and chemical companies indicated how they are pressured by the drug administrative authority to ensure product quality and sound working environment. These companies produce life sustaining products which has different requirements from other industries. So, they are subjected to high quality compliance monitored by the drug administrative department. This pressure creates little time for concerns about broader social and environmental responsibilities:

You cannot basically operate in the pharmaceutical industry unless your plant is certified by the drug administration. In case of raw material procurement, it imposes restrictions when it deems the materials to be hazardous to the environment (Interviewee No.2).

The above findings suggest the facilitating and endorsing roles of regulators. Regulatory bodies not only raise awareness of sound corporate citizenship, regulators also encourage CSER practices that benefit the community in which they operate.

Pressure from international buyers

With regards to the readymade garments and textile companies, interviewees were highly aware of some of the sensitive CSR issues in their industry, such as, health and hygiene and employment standards. As supply chain management becomes the norm in business operations globally, it has a significant social and environmental responsibility requirement for the textile and apparel industry in Bangladesh. International buyers are required by industry-code to source their materials and products from socially responsible suppliers. Extracted quotes below are examples attesting to pressures from international buyers to operate in a CSER manner.

We are putting great care and paying much attention to factors like on-time delivery, quality of products and commitment. And when our buyers get concerned about whether or not the internal work environment is being properly maintained, the child labour laws are being followed and social activities are being performed, then we too will turn our eyes in that direction. We pay a lot of importance to their views. In our country, buyer is like the second God. The international buyers are putting pressure on the garments factories but not on the backward linkages. They have not yet started check-ups on the backward linkages like the suppliers who supply the factories with various accessories, yarn or fabric. When buyers start scrutinizing these suppliers as well, and put

forward some conditions which have to be fulfilled if their goods are to be purchased, then everyone will be forced to follow rules (Interviewee No.15).

We are highly concerned about international buyer expectations towards social and environmental issues. They give us continuous pressure to ensure that we are following appropriate labour standards and paying standards salary for labour those are working overtime. They also asked to ensure proper work environment like health and safety issues. If we don't meet those compliance we goanna lose our buyers (interviewee No.20).

Discussion and conclusions

This study provides insight into enablers of CSER within Bangladesh context through the lenses of the senior managers. The study focuses on managerial perceptions of CSER and the enablers for the acceptance of social and environmental responsible practices in Bangladesh. From the results, there is no doubt that large and highly visible companies interviewed in this study are responsive to CSER for various reasons. The main driving forces for CSER as identified by these participants are: social obligation; the board of directors' influence; poverty alleviation; corporate image and brand; regulatory influence to conform to social and environmental responsibilities.

'Social obligation' as portrayed by most interviewees leads us to believe that the continued success of a corporation depends on the support of the stakeholders, and the operations of the company must be adjusted to meet their approval (Ullmann, 1985, Roberts, 1992, Donaldson and Preston, 1995). This is due in part to the implied 'social contract' that these companies have with stakeholders at large (Mathews, 1993). The board of directors possess a vital role in enabling the practice of CSER in their respective companies. Like many other developing countries, most companies in Bangladesh are either family owned or controlled by substantial shareholders (corporate group or government). On average, the top five shareholders hold more than fifty percent of the firm's outstanding stocks (Al Farooque et al., 2007). That gives board of directors their ability to make instant decisions in regards to CSER. Zahra and Stanton (1998) asserts that board of directors can play an influential role in enhancing CSR. He also found that board members' education, experience and knowledge are important factors for CSR. The findings from this research also support previous arguments.

Poverty alleviation as a CSER activity is one of the major objectives of every nation, international organization, non-governmental organization, and local community (Mondol, 2010). Organizations in Bangladesh (both profit -making and non-profit making) have been attempting to alleviate poverty since its independence. About forty percent of its population is living below poverty line (World Bank, 2011). It is not possible for government alone to sustain economic growth and improve standard of living. Corporate sectors see CSER as a bridge connecting business and economic development. Jenkins (2005) pointed that one of the main ways in which business can help reduce poverty is through job creation or raising wages or providing stability of income. He also argued that in developing countries, CSR can play a significant role in poverty reduction. International development agencies also adopt CSR as a means of poverty alleviation. Newell and Frynas (2007) also suggest that the world of CSR would look very different if the priorities of poorer groups were put first. These research findings are also in the line with previous studies to reduce poverty by building local health facilities and medical supports, and providing cleaner water for disadvantaged community.

Corporate reputation in terms of its image and branding is another enabler for CSER. Many authors have stressed the importance of a company's image or reputation (Dowling, 1986, Arendt and Brettel, 2010). Fombrun and Shanley (1990) contend that well reputed companies

have a competitive advantage within their industries, whereas poorly reputed companies are disadvantaged. Freeman (1984) and Fombrun (1996) affirm that the most obvious link of CSR to overall corporate performance is through its reputation aspect as it reflects upon a firm's relative success in fulfilling the expectations of multiple stakeholders. Hence, image can form a competitive advantage for organizations. It seems that a company's reputation is affected by, among others, the quality of management, company's financial soundness and its demonstration of social responsibilities (Fombrun, 1996).

All corporate business must operate within the confine of government regulatory authorities. It is therefore not surprising that regulation as an enabler has been cited by interviewees as one of the drivers for pursuing CSER. Whilst there are no legal or mandatory requirements for CSER disclosures in Bangladesh, proper compliance with regulatory authorities and environmental regulators (such as ministry of environment), guided by rules and regulations have the potential to induce best results for improving social and environmental activities in corporate sectors. Participants from financial institutions claim that their motivation for CSER comes from central bank initiatives. Companies from the pharmaceuticals and chemicals sector are subjected to product quality and sound working environment requirements by the drug administrative authority. Similarly, the textile industry is answerable to the ministry of environment.

Several authors (Fukukawa et al., 2007, Rowe and Guthrie, 2010) have found that the progress of social and environmental responsibility ultimately depends on the ability of governments to impose and enforce guidelines. Some interviewees have also suggested mandatory reporting of social and environmental issues which resonates well with findings from other studies (See for example Frost and English, 2002, Rowe and Guthrie, 2010). Fox, Word and Howard (2002) argue that regulators can raise awareness, provide incentives through capacity building. It would appear that viewing from an institutional theoretical perspective, coercive regulatory institutions have the effect of encouraging CSER.

A more influential enabler for CSER in the textile industry is driven by international buyers' requirement for sourcing goods from socially responsible suppliers. Child labour is a big issue in readymade garments sector in Bangladesh. Custers (1997) found that children have been forced to work long hours, just like their adult counterparts earning within the range of \$5 to \$7 dollars per month. Subsequently child labour in Bangladeshi clothing industry have raised much international attention and international buyers and other donor agencies have been exerting institutional pressure on the garment and textile industry to eradicate child labour and 'sweat shops'. Institutional pressures from powerful stakeholders such as the international buyers have been a major enabler of improved CSER practices in the garment and textile industry. The survival of the industry relies heavily on these powerful international stakeholders for business.

In understanding 'why' these listed companies in Bangladesh 'voluntarily' embrace CSER, it would appear that the findings of this research resonates well with the broad social systems based theory (Gray et al., 1996) - such as legitimacy theory, stakeholder theory and institutional theory. In particular, legitimacy theory and stakeholder theory best reflect the results of this study, as they tend to complement each other; both take into consideration how organizational behaviours respond to demands of divergent interest groups, and act to legitimise their actions (Guthrie and Parker, 1989, Patten, 1992). Under legitimacy theory, these companies' existence is based on society's perception that they are operating in a

manner that is consistent with the norm of public expectation. 'Social obligation' if viewed from the altruistic personal value of moral obligation, then this sits well with the normative branch of stakeholder theory. However, legitimacy theory is also considered to be a self-interest strategy by using CSER to influence stakeholders with whom they interact. Similarly, the managerial branch of stakeholder theory advocates the manipulative actions of companies to satisfy the needs of powerful stakeholders. In social and environmental accounting, legitimacy assumes a manipulative logic based on self-interest also relates to the coercive structure of institutional theory (Deegan, 2002). In seeking institutional legitimacy by conforming to changing norms and expectations of 'relevant publics' (i.e., stakeholders like government and international buyers), there is a tendency for companies within a particular sector to assume similar structures (Suchman, 1995, DiMaggio and Powell, 1983) and CSER practices.

Nevertheless, this study is not without limitations. The research is but an exploratory study limited to an investigation of CSER and uncovering the enablers within the context of the top listed companies on DSE. What is reported in this paper reflects the views, attitudes and the perceptions of senior managers and executives. Each industry has its own distinctive characteristics that may potentially result in different attitudes towards CSER. Due to the perceived sensitivity of CSER issues for some interviewees, 'politically correct' responses might have prevailed either intentionally or unintentionally. Caution should be exercised when considering possible application of the results to a larger project with more participants. Further research should investigate why and how these predominantly large and visible listed companies engage stakeholders in CSER such as community investment process and stakeholder's participation.

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