



Corporate Social Responsibility in The Sustainable Development Of Bangladesh: An Overview

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Corporate Social Responsibility (CSR) is gaining fast global acceptance as a standard to assume environmentally sustainable and socially equitable business practices. Sustainable development, on the other, is emerged as a new development paradigm to meet the needs of the present without compromising the ability of future generations to meet their own needs. The study aims at investigating CSR activities in the way of sustainable development of Bangladesh. In doing so, extensive desk study and literature survey were done. Although internationally CSR is being practiced in the way of sustainable development widely, Bangladesh is still lagging behind. The difference between the world standard and the practice in Bangladesh shows the lacking here and the scope for further development. There are many challenges to implement CSR in Bangladesh. But its future and prospects are good. Companies can contribute to social and environmental objectives, through integrating CSR as a strategic investment into their core business strategy, management instruments and operations leading to the sustainable development of Bangladesh.

Keywords: CSR, sustainable development, economy, society, environment etc

Introduction

Corporate Social Responsibility (CSR) has emerged as one of the tools for achieving sustainable development in its three dimensions, namely, economic, social and environmental. In fact, CSR refers to a company's voluntary contribution to sustainable development which goes beyond legal requirements, and emerging trends to practice ^[1]. CSR activities as: "employment of minority groups, reduction of pollution, greater participation in programs to improve the community, improved medical care, improved industrial health and safety-these and other programs designed to improve the quality of life are covered by the board umbrella of social responsibility" ^[2]. CSR comprises wide areas of issues ranging from business ethics, corporate ethics, corporate governance and socially responsible investing to environmental sustainability and development of community ^[3]. CSR is also known as "corporate citizenship" that forms the self-regulation of a firm toward the integration of business culture, and studies show that enterprise strikes a balance between economic and social goals ^[4]. Sustainable development, on the other, is emerged as a new development paradigm and has been adopted by the international community as an overarching development goal since the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in 1992. The concept of sustainable development was introduced by the

Bruntland Commission in its report, *Our Common Future* in 1987 as "... development that meets the needs of the present without compromising the ability of future generations to meet their own needs" ^[6]. In a broader sense sustainable development is the "long-term cultural, economic and environmental health and vitality" with emphasis on long-term, "together with the importance of linking our social, financial, and environmental wellbeing." The principle of sustainable development appeals to enlightened self-interest often involving the triple bottom line of economic, social and environmental performance. Business is an inseparable and embedded part of the society ^[7]. The dynamics of business has crossed its boundaries set decades back and have introduced strong motifs of societal well-beings in dispensing business and fiduciary duties. Besides conducting business activities and pursuing economic gains, business houses also have several other roles and responsibilities towards society such as the social and environmental responsibilities and business contributions that would benefit the society at large ^[8]. Corporate organizations are playing an important role in social development through sharing their profit for many compassionate and humanitarian activities under the rubric of CSR ^[10]. Although internationally CSR is being practiced in the way of sustainable development widely, Bangladesh is still lagging behind ^[11]. There are challenges to implement CSR properly in Bangladesh. Ultimately CSR practices

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should be better practiced in Bangladesh for better and enhanced performance. Currently in Bangladesh, CSR is a matter of self-interest for the corporate sector^[11]. CSR goes beyond philanthropy and compliance and addresses how companies communicate the social and environmental effects of organizations' economic actions, as well as their relationships in all key spheres of influence: the marketplace, the supply chain, the community and the public policy realm^[12]. This is more relevant for a country like Bangladesh where the government interventions in these fields augmented by corporate alliance can go a long way in developing the economy, society and environment. So, we must consider when an organization should go for CSR, what amounts are allocated, how the funds are allocated, which sector should be given priority, which areas it is distributed and by whom it is distributed. Hence, the study aims at investigating CSR activities in the way of sustainable development of Bangladesh.

Historical Background

The history of CSR is almost as long as that of companies. The issue of CSR came to public prominence as a result of highly-publicized events in the 21st century. By now, many CSR dimensions are practiced in Bangladesh.

The origin of CSR

Concerns about the excesses of the East India Company were commonly expressed in the seventeenth century. There has been a tradition of benevolent capitalism in the United Kingdom (UK) for over 150 years. Quakers, such as Barclays and Cadbury, as well as socialists, such as Engel's and Morris, experimented with socially responsible and value-based forms of business. And Victorian philanthropy could be responsible for considerable portions of the urban landscape of older town centers today. In terms of activism aimed at companies perceived as acting against the general interest. The first large-scale consumer boycott occurred in England over slave harvested sugar. It succeeded in forcing the importer to switch to free-labor sources. In 1612, English jurist Edward Coke complained that corporations "cannot commit treason, nor be outlawed or excommunicated for they have no souls". Corporate Social Responsibility (CSR) is a worldwide-accepted development on how companies can manage their business processes to produce an overall positive impact on society and environment.

The concept of CSR first emerged in 1950 by Bowen. After its emergence, the meaning and aspects of CSR have evolved over the decades and many researchers and institutions has tried to define CSR from dynamic perspective or context. For example, Backman (1975) identified CSR activities as: "employment of minority groups, reduction of pollution, greater participation in programs to improve the community, improved medical care, improved industrial health and safety etc. that are designed to improve the quality of life are covered

by the broad umbrella of social responsibility". Archie B. Carroll (1979) defined the purview of CSR to encompass the economic, legal, ethical and discretionary (philanthropic) expectations of the society from the business organizations in order of priority at a given point in time.

CSR in the 21st Century

The issue of CSR came to public prominence as a result of highly-publicized events such as the collapse of Enron and the James Hardie asbestos scandal in Australia. The debate about the place of CSR in the global economy continues, with writers such as Scherer and Smid echoing Solomon's opinion that multinational corporations 'should take responsibility for the improvement of world-wide social and environmental conditions' (Scherer and Smid in Windsor, 2001). Windsor takes this point further by investigating examples of Western oil production projects currently operating in a number of war-torn, impoverished African states that are noted for corruption and human rights abuse. James Buckee, the CEO of one of these companies, is quoted as saying that 'it is socially responsible for a corporation to invest in certain places that some elements of popular opinion find objectionable'^[13]. Oketch's simplistic contention that 'there is need to ensure that the global market operates according to a certain set of rules and institutions that a majority of people see as being legitimate' raises more questions than it answers^[14, 15]. Later, European Commission defines CSR as a concept whereby companies integrate social and environmental concern in their business operations and interaction with their stakeholders on a voluntary basis^[16]. The World Business Council for Sustainable Development defines CSR as the commitment of the company to contribute to the sustained economic development by working with employees, their families, the local community, and the entire society in order to improve life quality^[17]. World Bank described CSR as the businesses' obligations to provide renewable economic development through cooperation with employees, their families, the local community and society in a manner that enhances their livelihood and consequently leads to beneficial business and development^[19].

CSR in Bangladesh

CSR concepts and practices in Bangladesh have a long history of philanthropic activities from the time immemorial. These philanthropic activities included donations to different charitable organizations, poor people and religious institutions. Till now, most of the businesses in Bangladesh are family owned and first generation businesses. They are involved in the community development work in the form of charity without having any definite policy regarding the expenses or any concrete motive regarding financial gains in many instances. Moreover, most of the SMEs fall under the informal sector having low management structure and resources to address the social and environmental issues.

These limitations drive the top management of local companies to think only about the profit maximization rather than doing business considering the triple bottom line: profit, planet and people. Being a part of the global market, it is difficult to ignore CSR standard specifically in the export sector. Because of global competitiveness and demand, the CSR practices and standards are being implemented in Bangladesh ^[20].

In general, it is true that in Bangladesh, the status of labor rights practices, environmental management and transparency in corporate governance are not satisfactory, largely due to poor enforcement of existing laws and inadequate pressure from civil society and interest groups like consumer forums. Globally, as CSR practices are gradually being integrated into international business practices and hence, it is becoming one of the determining factors for market accesses, it is becoming equally instrumental for local acceptability. The SMEs largely depend upon export. The United States (US) and European Union (EU) buyers set guidelines to Ready Made Garment (RMG) industry to ensure the standards. Moreover, some buyers from EU visited the sites of recently collapsed garments factories. A temporary ban was also imposed on shrimp export to the EU on health and hygienic standard and appropriate remedial action followed in that instance too. But, some of the exporters found difficulty in convincing the US/EU buyers to have positive attitude towards Bangladesh due to inadequate CSR practices, Lack of enforcement of industrial laws and regulations, weak unions, absence of consumer rights groups and high level of corruption within the regulatory bodies make CSR violation rampant in Bangladesh. Two most significant foreign exchange sources are the RMG sector and the overseas manpower export. Unbelievably low compensation, working hours, health/hygiene/sanitation conditions, fire safety and various types of abuse are so common and to the extent of inhumanity that wild shock any conscientious individual to the core. Recently, the RMG sector employees have embarked on an industry wide movement to establish their rights. Many industrial units run with half-century old machinery producing fatal air, soil and water pollutions. More modern factories also don't care to install Effluent Treatment Plants (ETP). Starting from vegetables, fruits and all other conveyable goods, adulteration, abnormal ripening at times with poisonous elements, keeping fish fresh with applying deadly formalin and all other malpractice is rampant and carefree.

CSR has been defined in general terms as 'the obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving the welfare of society at large independent of direct gains of the company' ^[21]. CSR is used to explain the need of the businesses to be socially responsible and focus on economic, social, legal, ethical and environmental issues. Farmers are being cheated

into buying underweight, low quality inputs sometimes at higher prices, which do not benefit yields. The contaminated inputs also cause damage to soil fertility, which eventually results in decreased yields. While the economic aspect is represented by the resultant effect of a price hike on the farmers, the social impact is due to the decrease in farmers' income. The legal and ethical components are represented by the private sector not complying with the laws and rules and not meeting the obligations placed on them by the state and the society. Finally, the environmental consideration is also important because of the effect of contaminated and unbalanced inputs on the soil and on soil fertility.

Absence of effective good governance in Bangladesh has resulted significantly in lack of business ethics and poor CSR culture. According to Wilson (cited in McIntosh and Thomas, 2002), the key idea behind CSR and corporate citizenship is that responsible behavior makes good business sense. In Bangladesh the private sector seems to focus on earning profits in the short term, ignoring the issue of responsible behavior and the desirability of earning the trust of consumers which are important for the long-run success of their operations. The incidence of selling adulterated low quality products at high prices and with underweight and above all, hoarding to reap dishonest profit, all confirm this. CSR does not develop and is not sustained independently of the context in which business operates. In the absence of an effective state intervention in the public interest, private entrepreneurs are less constrained to behave in the public interest and in conformity with CSR. Thus lack of capacity or lack of will, or both, by the state weakens the incentives for private sector entrepreneurs to practice CSR ^[21, 31, 32].

Rationale Of The Study

Now a day, businesses grow very rapidly. In the initial growth phase of a business, the natural emphasis and attention is on developing from a financial perspective. As a business matures there becomes a greater responsibility to give back to employees, clients and the wider community. This is an ethos which has been prevalent throughout our business: a desire to make a difference and so early on we made the important decision to execute an extensive Corporate Social Responsibility (CSR) program. CSR is an important way to increase a business' competitive advantage, protect and raise brand awareness and build trust with customers and employees. Maintaining this trust isn't simple and is something which can easily be damaged or lost. To be successful in the long-term, companies need to think beyond what's affecting them today and start focusing on what's going to happen tomorrow. This isn't just about addressing changes to technology or the needs of the customers, but also taking into account changes in social, environmental and governance issues. In today's fast growing digital world, each business, small or big, needs to have a CSR program in place. If CSR is not yet part of the daily business practice, it must

act fast. Otherwise the trust of the people who are important to the business will be lost. The expectations of our staffs, customers and the wider community have changed. They are no longer in control.

Employees want to feel proud of the organization they work for. An employee with a positive attitude towards the company is less likely to look for a job elsewhere. It is also likely to have more job applications because people want to work for the company. More choice means a better workforce. Because of the high positive impact of CSR on employee wellbeing and motivation, the role of Human Resources (HR) in managing CSR projects is significant. Research shows that a strong record of CSR improves customers' attitude towards the company. If a customer likes the company, he or she will buy more products or services and will be less willing to change to another brand.

Keeping social responsibility front of mind encourages businesses to act ethically and to consider the social and environmental impacts of their business. In doing so, organizations can avoid or mitigate detrimental impacts of their business on the community. In some cases, organizations will find ways to make changes in their services or value chain that actually delivers benefits for the community, through the organization's own activities, such as volunteerism and philanthropy. CSR can help build customer loyalty based on distinctive ethical values. Some companies use their commitment to CSR as their primary positioning tool. Some companies use CSR methodologies as a strategic tactic to gain public support for their presence in global markets, helping them sustain a competitive advantage by using their social contributions as another form of advertising.

Literature Review

The literature review helps researcher to remove limitations of existing work or may assist to extend prevailing study. There are no enough research and literature in Bangladesh available on the topic mentioned above. The literature has been obtained from different authors of home and abroad. The present study is undertaken in the light of the methodology adapted and conclusions emerged in the earlier studies relating to the status of Corporate Social Responsibility (CSR) in Bangladesh. Common CSR practices in Bangladesh by different organization are centered on mainly poverty alleviation, healthcare, education, charity activates, cultural enrichment, youth development, women empowerment, patronizing sports and music, etc. With respect to the topic mentioned above foreign and national experts undertook a number of studies. They are reviewed as follows:

Bowen, H. (1953) defines CSR in his book 'Social Responsibilities of the Businessman' as an obligation to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society. Carroll (1979) in his definition, argued that social responsibilities are not only

performed for the firm's sake but also for the sake of society at large. This means that organizations by their very existence can be viewed as entering into a social contract that obligates the corporation to take the interests of society into consideration when making decisions. He offered a conceptual model that comprehensively describes essential aspects of corporate social performance. He addressed three aspects of the model major questions of concern to academics and managers alike: (1) what is included in corporate social responsibility? (2) What are the social issues the organization must address? And (3) what is the organization's philosophy or mode of social responsiveness?

Wartick and Cochran (1985) traced the evolution of the corporate social performance model by focusing on three challenges to the concept of corporate social responsibility: economic responsibility, public responsibility, and social responsiveness. They also examined social issues management as a dimension of corporate social performance. Their research concluded that the corporate social performance model is valuable for business and society study and that it provides the beginnings of a paradigm for the field. McGuire (1988) using Fortune Magazine's ratings of corporate reputations analyzed the relationships between perceptions of firms' corporate social responsibility and measures of their financial performance. They found a firm's prior performance, assessed by both stock-market returns and accounting-based measures, was more closely related to corporate social responsibility than was subsequent performance^[21].

Wood (1991) has defined CSR as a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationship. The goal of CSR is to provide the environment and society with a positive impact through the activities of the company. Carroll, (1991) said that the construct CSR has four intimately related facets – economic, legal, ethical and philanthropic – with organizations striving to achieve all four at all times. Based on these components, a socially responsible firm "should strive to make a profit, obey the law, be ethical, and be a good corporate citizen." Turban & Greening (1996) confirmed that many firms seek to ensure that their employees feel attached to their organization in order to ensure a low turnover rate. Toward this end, a good CSR reputation can generate positive attention from both current and prospective employees^[22].

Argandona (1998) has given a compelling argument behind why firms are motivated to invest in CSR programs comes from the domain of stakeholder theory. Stakeholder theory suggests that organizational survival and success is contingent on satisfying both its economic (e.g. profit maximization) and non-economic (e.g. corporate social performance) objectives by meeting the needs of the company's various stakeholders. Gray et.al.(2001) surveys of CSR practices in western

countries reveal that companies place the greatest emphasis on disclosing human resource information such as employee numbers and remuneration, equal opportunities, employee share ownership, disability policies, and employee training. Mohr, Webb and Harris (2001) viewed CSR as a company's commitment to minimizing eliminating any harmful effects on society and maximizing its long term beneficial impact. Kok, et .al. (2001) defines CSR as the obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of society, taking into account the society at large and improving welfare of society at large independently of direct gains of the company ^[23].

Ernst and Young (2002) mention that there are five key drivers which encourage the increasing business focus on CSR. These are: (1) greater stakeholder awareness of corporate ethical, social and environmental behavior, (2) direct stakeholder pressures, (3) investor pressure, (4) peer pressure and (5) an increased sense of social responsibility. Maignan and Ralston (2002) viewed CSR as a medium to enhance firms' acceptance in the eyes of their stakeholders and to develop favorable images. Baker (2003) maintained that CSR concerns the way companies manage their business processes which positively affect society aligned to the business. Girod and Bryane (2003) use a strategic marketing view arguing that CSR is "a key tool to create, develop and sustain differentiated brand names. Mackey & Bernstein (2004) state CSR benefits both the company and the community. Due to use of CSR the best employees can be attracted and the motivation of the workforce will remain in high levels ^[24].

Dusuki and Dar (2005) identified several driving forces behind the growing trend towards CSR initiatives like growing market pressure on social and ethical issues, regularity pressure, increased power of communication etc. Common CSR practices in Bangladesh by different Organization are centered on mainly poverty alleviation, healthcare, education, charity activates, cultural enrichment, youth development. Hussain and Hussain (2005) provided a constructive picture between consumer's perception and organization's spending patternon different CSR activities. They also figured out whether consumers expect to incorporate only brand name, or only company name or both brand and company name while organizing CSR activities. Mackey & Barney (2005) state that a company needs the minimum CSR requirements for the potential benefits. It can lead to a positive effect to the company's performance and value ^[26].

Hill (2006) explained that CSR is a set of practices that form a part of good management or business practices much of it is about transparency and disclosure. Many organizations find that in actuality they already do much of what is considered "CSR" but often do not have formalized systems to report on those activities. Further CSR should not be viewed as an add – on activity as it is a concept of good practice that cuts across

an organization. Panwar et.al. (2006) argue that there are diverse motivations that lead to the adoption of CSR by the organizations. Wise and Ali (2009) showed CSR as an evolving framework for corporate executives within which to formulate and administer corporate policies to support organization's strategy and to meet the requirement of its stakeholders ^[27].

Alam S.M.S, et. al (2010) in a paper entitled "Corporate Social Responsibility of Multi National Corporations in Bangladesh: A Case Study on Grameenphone" pointed out that CSR is still an evolving concept that enables corporate executives to create and apply self-determined policies to best meet the needs and demands of its stakeholders. The peculiar nature of CSR practices makes their cross-border management difficult ^[29]. Achieving consistent CSR practices across global operations involves not only the transfer of the CSR practice, but also the transfer of its underlying value and meaning. Azad, et .al.(2010) in their paper named "Assessment of CSR Performances in Some Selected Commercial Banks in Bangladesh" argued that, CSR is the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner. And thereby establish better practices within the firm, create wealth and improve society. Edi, I.I. and Etu, I.I., (2011) state that now a day CSR is a common and important topic to all business corporations. Every business organization tries to practices CSR activities, especially private commercial banks in Bangladesh tries to maintain the CSR. Niaz & Kamak (2016) state that in the recent years CSR has witnessed a tremendous increase in awareness and control in the global arena. It is a concept where business organizations apart from their profitability and growth show interest in societal and environmental welfare by taking the responsibility of impact of their activities on stake holders, employees, shareholders, customers, suppliers, and civil society ^[30].

Methodology Of The Study

Intensive desk study had been conducted to have a clear idea about Corporate Social Responsibility (CSR) and sustainable development in the form of related literature review which helped the researcher to design the necessary conceptual and theoretical framework of the study. The literature has been obtained from different authors of home and abroad. Different CSR models and relevant theories were consulted carefully and national sustainable development strategies were also brought into consideration in organizing the overview of CSR in the sustainable development of Bangladesh.

Detailed Analysis Of Csr Aspects Constituents of CSR

Corporate Social Responsibility (CSR) is the responsibilities of an organization to proactively promote the public interest by encouraging community growth and voluntarily

eliminating practices that harm the public interests. It is the deliberate inclusion of public interest into corporate decision-making. Broadly, CSR activities of an organization should embrace to honoring the three P's: People, Planet and Profit. CSR policy would function as a self-regulating mechanism, where business would ensure the adherence to laws and ethical norms. Profit making should not be the only objective of an organization; rather it should embrace the interests of all stakeholders and the community people at large for the long-term sustainability and growth. In decision making, an organization should consider the impact of its activities on the environment & all other stakeholders. Major constituents of CSR are customers, employees, suppliers, owners, regulatory authority, environment, society and government. It is intended to portray that the total CSR of business comprises distinct components that, taken together, constitute the whole. The most critical tensions, of course, would be between economic and legal, economic and ethical, and economic and philanthropic. In summary, the total corporate social responsibility of business entails the simultaneous fulfillment of the firm's economic, legal, ethical, and philanthropic responsibilities.

Dimensions of CSR

Traditionally, companies have had one responsibility to make a profit. But the concept of Corporate Social Responsibility (CSR) holds that companies should be responsible to more than just their owners. They are, basically, responsible to all their stakeholders. The stakeholders are all of the people affected by company's actions. Actions which fall into the voluntariness are those specific ethical values that the company holds. These actions are based on what a company believes is the correct thing to do. CSR has emerged as one of the tools for achieving sustainable development in its three dimensions, namely, economic, social and environmental.

Economic dimension: The economic dimension refers to the effect that CSR has on the finances of the company. In an ideal world, where CSR had no costs, there would be no reason to limit it. But in the real world it is important to recognize the financial impact that these actions have and to balance being a good corporate citizen with making a profit.

Social dimension: The social dimension of corporate responsibility involves the relationship between the business and society as a whole. When addressing the social dimension, the business should be used to benefit society as a whole. This could involve sourcing fair trade products, for example, agreeing to pay employees a livable wage. It could also involve taking on endeavors that benefit society, for instance using the resources to organize charitable fundraisers.

Environmental dimension: The environmental dimension of CSR refers to the business's impact on the environment. The goal, as a socially responsible company, is to engage in business practices that benefit the environment. For example,

choosing recycled materials to use in packaging or adding renewable energy sources like solar power to the factory.

Relevant Theories

In today's competitive business world, no business can achieve its ultimate goal of earning profit without considering the factors or forces that directly or indirectly affect itself or its surroundings. In doing so, it has to deal with social, political, economic, legal, ethical and all other forces available in the society. The concept of Corporate Social Responsibility (CSR) of business is the production of that reality. It has to encompass the economic, legal, ethical and discretionary expectations that a society has at a given time. Hence, approaches to CSR always focused on the aspects of social reality like economics, politics, social integration, legitimacy, ethics etc. The most relevant theories in this regard are described below:

Legitimacy Theory: In this theory, the corporations constantly seek to ensure that they operate within the limits and norms of their respective societies and the outside parties perceive their activities as being legitimate. "Society grants legitimacy and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it." This principle developed by Davis (1973) is commonly known as the Iron Law of Responsibility. It expresses legitimacy as a societal-level concept and describes the responsibility of business as a social institution that must avoid abusing its power. Thus, this principle expresses a prohibition rather than an affirmative duty, and it applies equally to all companies, regardless of their particular circumstances.

Instrumental theories: In this group of theories, CSR is seen only as a strategic tool to achieve economic objectives and, ultimately wealth creation. Representative of this approach is the well-known Friedman (1970) views that "the only one responsibility of business towards society is the maximization of profits to the shareholders within the legal framework and the ethical custom of the country."

Political theories: A group of CSR theories and approaches focus on interactions and connections between business and society and on the power and position of business and its inherent responsibility. They include both political considerations and political analysis in the CSR debate.

Integrative theories: This group of theories looks at how business integrates social demands, arguing that business depends on society for its existence, continuity and growth. Social demands are generally considered to be the way in which society interacts with business and gives it a certain legitimacy and prestige.

Ethical theories: These theories or approaches focus on the ethical requirements that cement the relationship between business and society. They are based on principles that express the right thing to do or the necessity to achieve a good society.

Social Contract Theory: This theory dates from the classic period of history but it took its modern form between the sixteenth and eighteen centuries with the best-known philosophers like Thomas Hobbes, John Locke and Jean Jacques Rousseau who talk on social contract. Rousseau, in fact, conceptualized the individual-society relationship as a symbiotic situation whereby the two parties mutually confer some right to the state in order to maintain social order which makes human life and cohabitation better and to gain benefits of community and safety. In parallel to the social contract, the corporate social theory, pertaining to a firm's indirect social obligations, has been advanced as a theoretical basis to explain the practice of CSR by corporations.

Stakeholder Theory: A compelling argument behind why firms are motivated to invest in CSR programs comes from the domain of stakeholder theory (Argandona, 1998). Stakeholder theory suggests that organizational survival and success is contingent on satisfying both its economic (e.g. profit maximization) and non-economic (e.g. corporate social performance) objectives by meeting the needs of the company's various stakeholders. A key feature of CSR involves the way that a company engages, involves, and collaborates with its stakeholders including shareholders, employees, debt-holders, suppliers, customers, communities, non-governmental organizations, and governments. Companies can use stakeholder engagement to internalize society's needs, hopes, circumstances into their corporate views and decision-making. There is a strong argument that CSR can effectively improve a company's relations with communities and thereby produce some key features that will improve business prospects for its future.

Agency Theory: This theory comes to explain the relationship that exists between the owners/shareholders and the management. As such the latter is the agent which appointed by the principal (owner/subsidiary) and problems such as the potential moral hazard and conflict of interest are likely to occur. CSR comes as a middle way so that both parties can maximize their gains. As such, when CSR is strong, managers may reduce social expenditures in order to maximize their own short term private gains whereas when CSR weakens, managers will try to offset their disappointing results by engaging in conspicuous social programs, hence increasing their own wealth and that of shareholders as well, pursuant to the managerial opportunism hypothesis by Preston & O'Bannon (1997).

Areas Of Csr In Bangladesh

The Government of Bangladesh, under the SRO No. 270-Ain/2010, issued on July 1, 2010, had specified 22 areas and 3 other areas of CSR activities subsequently in 2011 were given for enjoying 10 per cent tax rebate. The areas are: (1) Donation to organizations engaged in clean water management (2) Donations to organization engaged in a forestation; (3) Donations to organization engaged in

beautifications of cities; (4) Donations to organization engaged in waste management; (5) Donations for redressing the hardships caused by natural calamities such as cyclone, earthquake, tidal wave and flood challenged through Government organizations; (6) Donations to organizations engaged in establishment and management and management of old persons homes; (7) Donations to organizations engaged in the welfare of mentally or physically handicapped; (8) Donations to educational institutions run for the purpose of education of rootless children; (9) Donations to organizations engaged in projects on accommodation for the slum dwellers; (10) Donations to social organizations engaged in publicity of movements relating to women's rights and anti-dowry practices; (11) Donations to organizations engaged in feeding and clothing and sheltering and rehabilitation of orphan/rootless children; (12) Donations to organizations engaged in research on independence war, regaining and expansion of the consciousness of the independence war and the act of honorable living of the freedom fighters; (13) Donations to organizations engaged in health some situation in Chittagong Hill Tracts, char areas and areas surrounding breaking up of bank of river; (14) Grants to organizations engaged in treating cleft lips, cataract, cancer, and leprosy; (15) Grants the organizations engaged in treating acid victims; (16) Donations to hospitals engaged in providing free medical treatment to poor patients and specialized for developing the quality of treatment, such as cancer, liver, kidney, thalassemia, eye and cardio; (17) Donations to organizations distributing freely at the level of use of birth – control products with a view to solving the population problem and to conduct camps for voluntary sterilization; (18) Grants to Public Universities; (19) Expenditure incurred through educational institutions recognized by Government for providing technical and vocational education for meritorious poor students; (20) Money invested in establishing lab for providing training on computer or information technology and in establishing infrastructure or in purchasing educational materials for implementing English education in public / private educational institutions (under Monthly Pay Order or MPO); (21) Donations to organizations engaged in providing technical and vocational training to unskilled or semi-skilled labor for export of human resources; (22) Donations to organizations involved with infrastructure of sports and provision of training at national level; (23) Donation to national level institution set up in memory of the liberation war; (24) Donation to national level institution set up in memory of Father of the Nation; and (25) Donation to Prime Minister's Education Fund.

Moreover, Bangladesh Bank instructed the banks to establish separate CSR desk to pay special attention on this issue on December 2010. Simultaneously, Bangladesh Bank started publishing annual CSR review report on banking since 2010. National Board of Revenue (NBR) of Bangladesh issued Statutory Regulatory Order (SRO) by providing tax

exemption on the expenditure made by a corporate for CSR activities in 2011. Immediately after these steps, CSR initiatives in Bangladesh reached at historic high.

Findings Of The Study

CSR enterprises are intent to strike a balance between economic and social goals, where resources are used in a rational manner and social needs are addressed responsibly. CSR is not a legal obligation, rather voluntary social and environmental positive initiative to establish an image of environmentally and socially responsible business. In the past, CSR was a charity by affluent or socially responsible business organizations without expecting any financial return, today, it is very much a planned investment in creating positive image to enhance profitability. Under CSR concept, companies decide voluntarily to contribute to a better society and a more sustainable environment. In fact, CSR is a product of financial performance (Hong et al. 2012). Because of global competitiveness and demand, the CSR practices and standards are being implemented in Bangladesh (Alimullah, 2006). But we are yet to go a long way. Although internationally CSR is being practiced in the way of sustainable development widely, Bangladesh is still lagging behind. The difference between the world standard and the practice in Bangladesh shows the lacking here and the scope for further development.

In Bangladesh, the status of labor rights practices, environmental management and transparency in corporate governance are not satisfactory, largely due to poor enforcement of existing laws and inadequate pressure from civil society and interest groups like consumer forums. Lack of enforcement of industrial laws and regulations, weak unions, absence of consumer rights groups and high level of corruption within the regulatory bodies make CSR violation rampant in Bangladesh.

Absence of effective good governance in Bangladesh has resulted significantly in lack of business ethics and poor CSR culture. In the absence of an effective state intervention in the public interest, private entrepreneurs are less constrained to behave in the public interest and in conformity with CSR. Thus lack of capacity or lack of will, or both, by the state weakens the incentives for private sector entrepreneurs to practice CSR.

Bangladesh is still lagging behind in (CSR) activities (Azim et al. 2011). In fact, CSR is a matter of self-interest for the corporate sector in Bangladesh, (Azim & Islam, 2009). Still, among the corporate houses, banks have shown comparatively better tendencies to accomplish CSR activities. Bangladesh Bank as the central bank of Bangladesh has taken initiatives to motivate the banking companies to play a role toward the welfare of the society by ensuring CSR. But recently in our country, it has been found that some state owned banks have misused the funds under CSR activities. Generally the board of directors and top level management of

state owned organizations are employed under somehow political consideration. Political motives among a section of the directors appointed by the government under political consideration are considered a natural phenomenon. Such directors allegedly manage allocation of large sums of money against a number of CSR activities, causing a negative impact on capital adequacy of the banks concerned and their overall capacity for provisioning requirements. A large amount of money is being spent in the name of CSR activities under the influence of the boards of directors of banks. Some of them are doing so with political vision which is clearly a misuse of public money. The move to become 'philanthropist' on the part of the state owned commercial bank directors in their respective localities are guided by political motives. They are likely to mislead stakeholders as to the value of the firm and financial performance. The government also gives tax incentives if organizations spend the fund under CSR. So Bangladesh government and Bangladesh bank must monitor strictly so that the fund of CSR is spent properly.

Conclusion

Corporate Social Responsibility (CSR) can be viewed as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision making processes throughout the company and include responsibilities for current and past actions as well as adequate attention to future impacts. The role of business worldwide and specifically in the developed economies has evolved over the last few decades from classical 'profit maximizing' approach to a social responsibly approach, where businesses are not only responsible to its stockholders but also to all of its stakeholders in a broader inclusive sense. A focus on CSR in Bangladesh would be useful, not only for improving corporate governance, labor rights, work place safety, fair treatment of workers, community development and environment management, but also for industrialization and ensuring global market access.

Policy Implications

Companies are facing the challenges of adapting effectively to the changing environment in the context of globalization and in particular in the export sector. Although consumer rights movement, enforcement of government regulations and a structured view regarding the economic importance of Corporate Social Responsibility (CSR) are not yet so widespread in the corporate world of Bangladesh, companies have gradually attaching more importance to CSR in the local market as well. They are increasingly aware that CSR can be of direct economic value. Companies can contribute to social and environmental objectives, through integrating CSR as a strategic investment into their core business strategy, management instruments and operations. This is an investment, not a cost, much like quality management. So, business organizations can thereby have an inclusive

financial, commercial and social approach, leading to a long term strategy minimizing risks linked to uncertainty.

CSR in Bangladesh can also contribute a lot to community development. The corporate house can develop the community by creating employment, providing primary education, contribution to infrastructure development like road and high-ways and addressing environmental concerns. This is more relevant for a country like Bangladesh where the government interventions in these fields being augmented by corporate alliance can go a long way in developing the economy, society and environment. CSR pushes organizations to do better because their actions affect customers, suppliers, employees, shareholders and the community at large. Partnerships with the communities, particularly those that have been disadvantaged, can help companies build productive relationships and stimulate economic growth in disadvantaged areas. Around the world, companies are motivated to make their business decisions more sustainable by applying the principles of CSR within their organizations. Examples include the protection of human rights, drawing up and implementing employment and environmental standards, and minimizing corruption.

CSR business means taking account of the organization's impact socially, environmentally, economically and in terms of human rights. CSR considers people external to the firm - perhaps working in partnership with local communities and development groups, e.g. sponsoring local events or ensuring opportunities are advertised locally, or funding charity campaigns abroad. CSR involves socially responsible investment (SRI) and indeed good governance.

ISO 26000 is the recognized international standard body for CSR. The ISO 26000 standards benefit CSR because they provide clarity on an organization's concepts, terms and definitions related to social responsibility. ISO 26000 intends to assist organizations in contributing to sustainable development. The standards provide insight into trends and characteristics of social responsibility. ISO 26000 therefore aims to integrate, implement and promote socially responsible behavior throughout the organization and in its engagement with its stakeholders. It is important for businesses not only to provide products and services to satisfy the customer, but also to ensure that the business is not harmful to the environment in which it operates. In order for an organization to be successful, the business must be built on ethical practices. Companies are increasingly pressurized to behave ethically. This pressure comes from customers, governments, associations and the public at large. ISO 26000 was created with this in mind. To provide guidance on the international standards on CSR, it is intended for organizations in both public and private sectors, in developed and developing countries. These standards motivate businesses to go beyond legal compliance, recognizing that compliance with the law is a fundamental duty of any organization and an essential part of their social responsibility. Being trustworthy and

transparent, however, increases consumers' preference for a company and its product or service.

In addition, private sector entrepreneurs lack expertise and are not efficient and competent enough to take advantage of the open economy. The government has recognized the need for educating the private sector and is undertaking some programs. There are many challenges to implement CSR in Bangladesh. But its future and prospects are good.

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