



# The absence of corporate social responsibility reporting in Bangladesh

Ataur Rahman Belal\*, Stuart Cooper

Aston Business School, UK

## ARTICLE INFO

### Article history:

Received 1 January 2008

Received in revised form 1 November 2009

Accepted 1 June 2010

### Keywords:

Absence

CSR reporting

Eco-justice issues

Bangladesh

## ABSTRACT

This paper aims to broaden the present corporate social responsibility (CSR) reporting literature by extending its focus to the absence of CSR reporting within a developing country, an area which, to date, is relatively under researched in comparison to the more widely studied presence of CSR reporting within developed Western countries. In particular this paper concentrates upon the lack of disclosure on three particular eco-justice issues: child labour, equal opportunities and poverty alleviation. We examine why this is the case and thereby illuminate underlying motives behind corporate unwillingness to address these issues. For this purpose, 23 semi-structured interviews were undertaken with senior corporate managers in Bangladesh. The findings suggest that the main reasons for non-disclosure include lack of resources, the profit imperative, lack of legal requirements, lack of knowledge/awareness, poor performance and the fear of bad publicity. Given these findings the paper raises some serious concerns as to why corporations would ever be expected to voluntarily report on eco-justice issues where performance is poor and negative publicity would be generated and profit impaired. Further research is still required to uncover current injustices and to imagine what changes can be made.

© 2011 Elsevier Ltd. All rights reserved.

## 1. Introduction

In recent times a business case has been made for corporate social responsibility (CSR) around the world (Carroll and Shabana, 2010; Du et al., 2010; Hart, 2010; Pachauri, 2004). At its extreme the business case for CSR can be simply defined as requiring companies to maximise profits through operating legally in competitive markets (see Friedman, 1962). As such the business case for CSR does not challenge the primacy of shareholders and should not reduce profitability (Hanlon, 2008). Carroll (1983, p. 604) recognises “that profitability and obedience to the law are foremost conditions” of CSR, but continues to identify further “ethical and voluntary or philanthropic” (Carroll, 1999, p. 286) dimensions. Banerjee (2007, 2008) criticises this CSR discourse as articulating narrow business interests, which marginalises and excludes broader stakeholder interests.

In contrast to the business case an ethical or normative case (Frederiksen, 2010) can also be made for CSR. From this standpoint CSR practice could be perceived to be beneficial to society through a more ethical treatment of its members. Hanlon (2008) argues, however, that even this ‘ethical’ version of CSR is flawed, as it fails to consider issues of interest and power. He asserts that, even in its ethical guise, CSR is “inevitably ideological” (p. 168) and is used to legitimate corporations as “better than the state at delivering progress and the social good” (p. 165). In so doing, he suggests CSR has enabled a new form of capitalism that is moving into areas “previously denied to them, such as the welfare state, the developing world. . .”

\* Corresponding author at: Finance, Accounting & Law Group, Aston Business School, Aston University, Birmingham B4 7 ET, UK. Tel.: +44 0121 204 3031; fax: +44 0121 204 4915.

E-mail address: [a.r.belal@aston.ac.uk](mailto:a.r.belal@aston.ac.uk) (A.R. Belal).

(p. 166). CSR is, according to Hanlon (2008), therefore a legitimating tool used to counter criticisms of business and to further capitalism's continuing expansion into new markets and spaces.

In a similar vein, Llewellyn (2007) argues that CSR may result in corporations obtaining a more powerful position within society. She suggests that it is naïve to expect corporations to accept greater social responsibilities without them requiring something in return. In accepting responsibilities corporations would incur costs and in return they would claim rights. She continues that if the rights of corporations are extended such that “they are being expected to solve complex social and political problems” (p. 146), then in return they would claim political power in addition to their already significant economic power. This will, she argues, “result in the character of companies beginning to dominate both the economic and the political realms” (p. 146).

The increasing corporate involvement in providing, what are traditionally regarded as, public goods and their growing engagement in public policy issues has also been commented upon by Scherer et al. (2009). They suggest (p. 336) that “some corporations have started to set or redefine” society's moral and legal standards “thereby assuming a politically enlarged responsibility”. As a check against the growing political power of corporations Scherer et al. (2006, p. 520) suggest the need for “the democratization of corporate activities, through continuous discourse participation and enlarged mechanisms of transparency, monitoring, and reporting”.

To date evidence of such ‘democratization’ appears limited. Cooper and Owen (2007) question whether stakeholders are able to enter into discourse or dialogue with corporations and concerns have also been raised (Belal, 2002; Belal and Roberts, 2010; O'Dwyer, 2002; Owen et al., 2000, 2001) that current CSR reporting practice has failed to enhance corporate transparency and accountability (Medawar, 1976). Furthermore, empirical research has consistently shown that CSR and its reporting has traditionally focused on, issues of interest to powerful economic stakeholders while neglecting “eco-justice” issues that are of relevance to less powerful social stakeholders<sup>1</sup> (Belal, 2002; O'Dwyer et al., 2005a, 2005b).

Eco-justice is concerned with intragenerational and intergenerational equity (Bebbington, 2001; Lehman, 2002). This is to say how resources are distributed within the current generation and between this and future generations so that their respective needs are met. It is concerned with the distribution of wealth and decisions that affect this (Gray et al., 1996). From the field of educational theory, Gruenewald (2003, p. 6), drawing on the work of Bowers (2001) writes:

“The ambitious aim of eco-justice is to develop an ethic of social and ecological justice where issues of race, class, gender, language, politics, and economics must be worked out in terms of people's relationship to their total environments human and non-human.”

Eco-justice includes issues of equality, child labour and poverty alleviation. These and similar issues underpinned the analysis of ‘The Brundtland Report’ (UNWCED, 1987) and were emphasised in the United Nation's Millennium Development Goals (UNMDG)<sup>2</sup> and the UN Global Compact (UNGC).<sup>3</sup> From the practice of CSR reporting the Global Reporting Initiative (GRI) in particular requires companies to disclose information with respect to these issues (GRI, 2006). It is conceivable that the corporate reporting of such eco-justice issues could expose inequalities and hence enhance democracy, transparency and accountability of organisational decision making which affects wealth distribution.

This paper aims to broaden the present CSR reporting literature by considering attitudes towards CSR reporting within the context of a developing country and with specific regard to the corporate reluctance to report on eco-justice issues. Exploration of the corporate motivations behind such reluctance provides, we believe, valuable insights into the nature and completeness of CSR reporting (Adams, 2004) and what can be expected of it within current regulatory regimes. This reluctance to report, as evidenced by an absence (Catasús, 2008; Choudhury, 1988) of CSR reporting, within developing countries is relatively under researched (but see Belal, 2001; Imam, 2000; Kuasirikun and Sherer, 2004) in comparison to the more widely studied presence of CSR reporting within developed Western countries. Specifically, previous studies (Belal, 2001; Imam, 2000) indicated that there is a low level of CSR reporting in Bangladesh and this is the field of study for this research. This kind of absence based research is emphasised within the accounting literature in general (Catasús, 2008) and social and environmental accounting literature in particular (Bebbington and Unerman, 2008). The main objective of this paper is to examine the reasons for corporate reluctance to report on CSR issues in general, and eco-justice issues in particular within the context of Bangladesh thereby exposing the corporate motivations behind such reluctance.

The next section of the paper provides the background for the study by outlining the context of Bangladesh with specific regard to the importance of eco-justice issues. The paper then proceeds with a theoretical discussion of CSR reporting, before considering the research procedures adopted in the collection of data. In contrast to many previous CSR reporting studies this research documents the views of managers as gathered through an interview process. The paper, therefore, addresses Gray's (2002) and Parker's (2005) call for such empirical work by presenting and analysing the interview findings. The paper then presents the findings and these are critically discussed in the concluding section.

<sup>1</sup> The insufficient precision of the word ‘social’ in CSR has led some, including Carroll (1999), to consider CSR through responses to stakeholder groups rather than to society as a whole.

<sup>2</sup> See <http://www.un.org/millenniumgoals> (accessed, 8th January, 2007).

<sup>3</sup> See <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html> (accessed, 8th January, 2007).

Download English Version:

<https://daneshyari.com/en/article/999530>

Download Persian Version:

<https://daneshyari.com/article/999530>

[Daneshyari.com](https://daneshyari.com)