

**A MANAGERIAL PERSPECTIVE OF CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSER) REPORTING: EVIDENCE FROM A DEVELOPING COUNTRY**

Accepted for Presentation at:

**The 7<sup>th</sup> Asia Pacific Interdisciplinary Research in Accounting (APIRA) Conference**

26 - 28 July 2013

**The Kobe University, Japan**

BY

**Md. Moazzem Hossain**

Graduate School of Business  
Curtin University

Email: [mdmoazzem.hossain@postgrad.curtin.edu.au](mailto:mdmoazzem.hossain@postgrad.curtin.edu.au)

**Dr. Anna Lee Rowe\***

Graduate School of Business  
Curtin University  
78, Murray Street, WA 6000  
Australia

Email: [Anna.Rowe@gsb.curtin.edu.au](mailto:Anna.Rowe@gsb.curtin.edu.au)

**Professor Mohammad Quaddus**

Graduate School of Business  
Curtin University

Email: [mohammed.quaddus@gsb.curtin.edu.au](mailto:mohammed.quaddus@gsb.curtin.edu.au)

\*Corresponding author

**Paper#: K 232**

**A MANAGERIAL PERSPECTIVE OF CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY (CSER) REPORTING: EVIDENCE FROM A DEVELOPING COUNTRY**

**Md. Moazzem Hossain, Dr Anna Lee Rowe, Professor Mohammad Quaddus**

Curtin University, Western Australia

Email: [Anna.Rowe@gsb.curtin.edu.au](mailto:Anna.Rowe@gsb.curtin.edu.au)

**ABSTRACT**

This extensive engagement based research towards an understanding of corporate social and environmental responsibility (CSER) reporting is aimed at exploring the emerging phenomenon of CSER within a developing country context by seeking the views of twenty senior managers of listed companies in Bangladesh. This study is part of a larger project that follows a qualitative field research approach using semi-structured interviews. Observations and local working experience provided rich sources of data. Thus, to understand CSER reporting phenomenon, particularly motivations, decision-makers engagement and future prospect of CSER reporting in Bangladesh, constructivist ontology and interpretivist epistemology research methodology have been chosen. This paper extends the utilisation of a variety of social system-based theoretical concepts such as legitimacy theory, stakeholder theory and institutional theory that have been widely approached by accounting researchers in CSER sustainability studies. Findings reveal key enablers for CSER reporting, which include groups such as: board of directors, regulatory authority, external pressure group and socio-economic contextual factors such as poverty alleviation. Whilst stakeholder engagement process is still in its infancy in Bangladesh, senior managers are optimistic about the future prospect of CSER reporting. Awareness among the stakeholders, as well as senior managerial attitudes, and the role of regulatory authorities may have vital sway on the diffusion of CSER. The field research findings contribute to the body of knowledge in the literature, especially in the context of developing countries. It will be of great value to researchers and practitioners seeking to gain a better understanding of CSER reporting in various social-systems based theoretical aspects.

**Keywords:** Corporate social & environmental reporting, Sustainability, Developing countries.

## 1. Introduction

The purpose of this paper is to explore managerial perceptions of the emerging CSER phenomenon within the Bangladesh context. Over the last 20 years, corporate social and environmental responsibility (CSER) reporting has gained considerable research interest among accounting and business researchers because of increasing shift towards stakeholders and community expectation concerns (Jenkins and Yakovleva 2006). In this paper the terms CSER reporting, corporate social responsibility reporting, corporate social and environmental disclosures, sustainability reporting are used interchangeably to refer to social and environmental practice of reporting on these issues. CSER reporting deals with the organization's voluntary activities such as public image with regard to environmental, community, employee, and consumer issues (Gray et al. 2001). Organizations arguably need to manage their stakeholders, and social and environmental responsibility practice as much as they manage other activities within the enterprise (Waddock 2006). Blacconiere and Patten (1994) report that environmental disclosures is a positive sign of the firm managing its exposure to future regulatory costs. Several studies in recent years have attempted to explore the managerial views of CSER utilizing both quantitative and qualitative research approaches (Jamali 2008, Belal and Owen 2007, O'Dwyer 2002, Qian et al. 2011). However, majority of previous studies on CSER focuses on developed countries (e.g., Adams and Harte 1998, Adams et al. 1998, Gray et al. 2001, Gray et al. 1995, Guthrie and Parker 1990, Mathews 1993). There is still a scarcity of CSER reporting research in developing countries including Bangladesh (Belal and Owen 2007). The socio- economic realities of emerging and developing countries such as Bangladesh is different from others because of climate change, poverty, human rights violations, child labour, corruption and other social exploitations (Goldman Sachs 2005). Previous studies of CSER in Bangladesh are predominantly descriptive in nature; mainly concentrated on measuring the volume of disclosures using secondary data such as those from annual reports (Belal 2000, Belal 2001, Imam 1999, Imam 2000). Social and environmental accounting research using annual reports through content analyses might not capture all salience social and environmental issues, although internet reporting is becoming a very common practice (Unerman et al. 2005). However, the context of developed and developing country is not the same, given the social economic difference (Xiao et al. 2005) and technological development (Williams and Pei 1999). Researchers have called for more direct engagement based study in the field of social and environmental accounting (Burritt 2004, Parker 2005).

Hence, in light of this gap in research, this study attempts to address this by undertaking a constructivist approach in conducting a series of in-depth interviews with 20 senior managers drawn from 20 listed companies in Dhaka Stock Exchange (DSE), Bangladesh. The primary motivation for considering Bangladesh is due to a relative lack of engagement based research via primary data that investigates the social and environmental reporting. In addition, Bangladesh has been the subject of extreme international scrutiny, particularly in terms of perceived cheap labour, hazardous and poor working conditions, human rights violation and vulnerable ecological conditions due to global climate change (Islam 2009). It is expected that the findings will provide useful information for social and environmental researchers, corporate bodies and regulators in developing strategic policies that will improve accountability.

The paper proceeds as follows. Section 2 provides a brief review of previous CSER research and current studies of potential motivation for CSER from different theoretical perspectives.

Section 3 presents the contextual factors in Bangladesh which are relevant to understanding the views of Bangladeshi senior managers, followed by research method used for this study in section 4. Section 5 presents the findings followed by discussion in section 6. The final section concludes with limitations of the study and provides recommendations for future research.

## **2. Literature review and theoretical perspectives**

Under the umbrella of sustainability and/or 'triple bottom line' (i.e., economical, social and environmental issues), CSER is witnessing continued escalation in interest in the 21st century. Developed countries such as USA, Australia, UK, Norway, Sweden, Netherlands, France, Germany, Canada, Denmark and Japan adopt mandatory legislations for social and environmental issues (Deegan and Unerman 2006). The increasing significance of CSER among different stakeholders such as accountants, organizational management, governments and researchers alike, have re-invigorated imaginative approach to both environmental management systems and environmental reporting (Schaltegger and Burritt 2000). AS Gray (Gray 2002 p. 691) argues that

...The business and management literature which had generated the basic terms of debate about 'social responsibility' was increasingly interested in the accounts, audits and metrics of social accounting.

A number of longitudinal studies reveal that organizations are now reporting more social and environmental issues in their annual reports with a greater degree of corporate social responsibility (KPMG. 2002, Sustainability 2010, Gray 2002, KPMG. 2011). According to the KPMG's (2011) survey of over 3,400 companies from the Fortune 250 and the 100 top companies in each of the 34 countries, the GRI and G3 Guidelines are the most widely used guidance for corporate sustainability reporting.

Prior research also reveals that larger and environmentally sensitive industries such as forest, chemical and mining are more likely to voluntarily disclose more environmental and sustainability information (See for example Trotman and Bradley 1981, Patten and Trompeter 2003). Deegan and Rankin (1996) report that organizations have the tendency to report on self-congratulatory good news, which are generally lacking in financial and non-financial quantification of social and environmental data. Large and more publicly visible companies such as Rio Tinto, BHP Billiton, and Shell have constantly been improving their CSER reporting through their innovative efforts in both quality and quantity. Their business strategy now includes sustainability guidelines. The most widely embraced reporting standards by organizations internationally are Global Reporting Initiative (GRI), Social Accountability 8000 (SA8000) and Accountability 1000 (AA1000) (Deegan, 2005). Adoption level of the recent ISO 26000 sustainability standard by organisations remains to be seen. Social Accountability 8000 (SA8000) standard is a voluntary standard for social audit and mainly focusing on social compliance by factories. In analysing the contemporary research of social and environmental accounting using publications from 1988 to 2003, Parker (2005) categorizes his studies under three headings: social; environment; social and environmental. Approximately 66 percent of publications emphasize on environmental information, 25 percent publications focus on social responsibility information and 9 percent focuses on both social and environmental information. Prior research in the developed counties explored managerial motives for disclosing particular social and environmental matters (see for example Guthrie and Parker 1989, Deegan and Gordon 1996, Patton 1992, Roberts 1992, Adams and Harte 1998, O'Dwyer 2002, O'Dwyer 2005, Wilmshurst and Frost 2000). 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).

Turning to the developing country context, managerial motivations for CSER reporting include: organizational internal factors, pressure from external donor agency and powerful stakeholders (Belal and Owen 2007). Prior research focuses on the motivation behind social and environmental disclosure and seek views from managers and stakeholders to explore social and environmental disclosure within developing country context (See for example Belal and Owen 2007, Islam and Deegan 2008, Kuasirikun 2005, Lodhia 2003, Rowe 2006, Rahaman et al. 2004). Rahaman (2000) identifies very little or no disclosure of social and environmental issues in Ghanaian companies. In a subsequent study Rahaman et al., (2004) explores driving forces of CSER in the Volta River Authority (VRA). The external pressure from international lending institutions such as World Bank plays an influential role for CSER in Ghana. Lodia (2003) in Fiji explores the views of the accountants towards CSER and report that the Fijian accountants' lack of competence in environmental matters and the voluntary nature of the present environmental accounting practice result in the absence of such disclosure. Lodia further (2003) argues that environmental legislation and greater awareness can improve the situation. Government could be the most influential factor in making companies more socially and environmentally responsible (Kuasirikun 2005, Rowe and Guthrie 2010). The findings of Kausirikun (2005) also show that the overall attitude towards social and environmental accounting is most likely positive among accountants, auditors and accounting-related professionals in Thailand. She also reports that 'companies which claim to have environmentally-friendly practice may not generally want to make an issue out of it by disclosing their environmental activities' (p. 1049). Jamali (2008) interviewed top managers of eight Lebanese companies and observe very little CSR activities. More recently, scholars have focused on research in relation to stakeholder perspectives, as opposed to managerial views on current CSER practice (Unerman and Bennett 2004). Naser and Baker (1999) explore the perceptions of other relevant user groups such as public accountants, academics and government officials in addition to finance managers. They find that Jordan does not provide social and environmental reporting.

### ***Motivation from different theoretical perspectives***

There is no unanimously accepted theoretical framework that one can conclusively relied upon in explaining CSER reporting practices. Several scholars have applied different social and political theories to explain social and environmental reporting from managerial point of views. As Gray et al., (1995, p.52) have pointed that "the economic domain cannot be studied in isolation from the political, social and institutional framework within which the economic take place". A number of researchers used legitimacy theory to explain social and environmental responsibility reporting practices (O'Donovan 2002, Deegan 2002), whereas others used stakeholder theory to explain CSER and environmental audits (Ullmann, 1985; (Gray et al. 1997, Deegan and Blomquist 2006). Other groups of researchers used institutional theory, which is different from legitimacy theory, and stakeholder theory that views the organization as part of the larger social systems in which it operates (DiMaggio and Powell 1983, Rowe and Guthrie 2010). These theories deriving from the broader political economic theory are under the umbrella of a system-oriented theory (Gray et al. 1996). Political economic theory accepts society, politics, and economics are inseparable so that economic issues cannot be considered in isolation from social and environmental issues (Deegan and Blomquist 2006). According to Qian et al., (2011) legitimacy theory, at its simplest, emphasises that an organization's activities need to be, or appear to be, congruent with social values in a broader social system (Dowling and Pfeffer 1975, Deegan 2002). An organization is considered legitimate and can survive and grow if society perceives that the organization operates within the bounds of a value system acceptable to society (Qian et al.

2011). Lindblom (1994) argues that the organization may seek to change the perceptions of the relevant publics but not change its actual behaviour. According to Deegan (2002 p.292):  
...Consistent with the view that organizations are part of a broader social system, the perspectives provided by legitimacy theory (which, as stated, build on foundations provided by political economy theory) indicate that organizations are not considered to have any inherent right to resources, or in fact, to exist. Organizations exist to the extent that the particular society considers that they are legitimate, and if this is the case, the society “confers” upon the organization the “state” of legitimacy.

The notion of ‘social contract’ is directly related to ‘legitimacy’ because organizations’ survival will be threatened if society perceives that the organization has breached its social contract (Mathews 1993). Consistent with resource dependency theory by Pfeffer and Salancik (1978), Deegan (2002) asserts that managers will secure particular resources for the organizational survival as legitimacy is considered to be a resource for organization (Dowling and Pfeffer 1975). Another theory, which is similar to legitimacy theory, is stakeholder theory and researchers’ argue that both legitimacy theory and stakeholder theory take an open systems view of organizations and regards a two way open dialogue between organizations and their stakeholders (Qian et al., 2011). Stakeholder theory highlights the interplay and communication between an organization and its stakeholders (Freeman 1984). The implication of stakeholder theory is important for organizations because organizations need to have effective communication with their stakeholders.

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, 31). 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, Donaldson and Preston 1995). Therefore, the organization will not respond to all stakeholders equally, but rather, will respond to those deemed to be ‘powerful’((Deegan and Blomquist 2006). In explaining theoretical underpinnings of the stakeholders’ views, Mitchell et al., (1997) used managerial branch of stakeholder theory for engaging and prioritizing stakeholders. In the social and environmental responsibility reporting literature, various researchers focused on powerful stakeholders whose need is prioritized simply because the stakeholders’ actions can impact upon the organization (see for example, Deegan and Unerman 2006, Gray et al. 1997, O’Dwyer 2005, Unerman and O’Dwyer 2006). Mitchell et al., (1997, 865) note that “stakeholder power exists where one social actor, A, can get another social actor, B, to do something that B would not have otherwise done”. This is in a similar vein to institutional theory (DiMaggio and Powell 1983). According to Meyer and Rowan (1977), Institutional theory explores different mechanisms through which information about legitimate and socially and environmentally accepted organizational behaviour can be transmitted and such behaviour institutionalized in organizations. Institutional theory explains how cultural, political and social forces that surrounded entities mould organizational structure and action (Rahaman et al. 2004). For example, there is coercive pressure from powerful stakeholders such as government or regulatory authorities, as well as mimetic behaviour where organizations take culturally supported norms and practices for granted (Scott 1995). The organizations in Bangladesh, particularly the banking institutions are regulated by the central bank. Whilst CSER reporting is not mandatory in Bangladesh some of the listed companies disclose CSER. Whilst these theories emanating from economic theory and system-based theoretical concepts appear plausible in understanding CSER within

a generalized Western model, this study explores if the same holds true for CSER phenomenon within the context of Bangladesh.

### **3. The socio-economic context of Bangladesh**

Bangladesh is a sovereign state located in South Asia. It is bordered by India on all sides except for a small border with Burma (Myanmar) to the far Southeast and by the Bay of Bengal to the south. The country is listed among the Next Eleven economies and Global Growth Generator countries (Goldman Sachs 2005). It is a founding member of the South Asian Association for Regional Cooperation, the D-8 and BIMSTEC, and a member of the Commonwealth of Nations, the Organization of the Islamic Conference and the Non-Aligned Movement. However, Bangladesh continues to face a number of substantial challenges, which include 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). Bangladesh continues to attempt in improving its overall governance in various aspects. Currently, efforts are underway to improve core governance systems in areas such as public procurement, financial management, fiscal reporting, and watchdog institutions (World Bank 2002).

The current social and environmental problems such as poverty, environmental degradation, child labour, and poor working conditions in the workplace create international attention to Bangladesh. Although there have been continuous improvement in poverty alleviation majority of the population (56 million people) is still living under the poverty line like many other developing countries (World Bank 2011). Bangladesh is one of the most vulnerable countries due to the impacts of global climate change. This is compounded by unorganized corporate manufacturing plants situated on the river banks. According to recent reports by the Economist Intelligence Unit (EIU) (2012), Dhaka the capital city is ranked as one of the most unliveable cities in the world. The Bangladesh Ministry of Environment, requires every factory (those having chemical wastage) to have Effluent Treatment Plant (ETP); but in reality factories are disposing their untreated wastage directly into the rivers. The discharged pollutants are mainly mercury, lead, chromium, and arsenic and iron. Inhabitants living along these rivers are sufferings from various types of diseases. Thousands of tanneries and textile mills are located on the banks of the Burigongga River (the main river surrounding capital city), which produces a larger amount of wastage. Similarly, hospital and chemical industries also dispose their waste directly into the river. Industrial pollution is considered one of the key environmental problems (Belal 1997), with concerns expressed that if nothing is done to check it Bangladesh runs the risk of facing an "ecological catastrophe" (Inam 1995). Hence, Bangladesh is beginning to establish sustainable development strategic policies and plans such as:

1. The Bangladesh Conservation Strategy, 1995
2. National Environment Management Action Plan (NEMAP), 1996
3. Bangladesh: Poverty Reduction Strategy Paper (PRSP), 2005
4. Bangladesh's strategy for the Millennium Development Goals (MDG)
5. National Conservation Strategy (2005)

Another key issue in the clothing and textile industry in Bangladesh is child labour. Bangladesh is the second largest ready-made garment producer in the world (WTO 2012). Child labour, equal opportunity, and workplace health and safety in Bangladesh has drawn

international and local attention among stakeholders such as International Labour Organization (ILO), Bangladesh government, local and international NGOs, human rights groups. The main beneficiary of child labour is the corporate sector who is earning massive export revenues but paying them low wages. However, it is not possible to remove child labour completely from the workforce without ensuring proper alternative arrangements for them because of the socioeconomic factors present in Bangladesh.

In addition to labour and environmental problems Belal and Owen report (2007) that corruption and violation of consumers' rights are of grave concern in Bangladesh. The implementation of laws is very ineffective and corruption is a normal matter in Bangladesh. According to the report of Transparency International (2002), Bangladesh is considered the most corrupt country in the World especially monetary corruption. Tax evasion, loan defaults, share market manipulation, 'black money' trading is evidenced in the Bangladeshi corporate culture because of poor corporate governance structure. However, most recently Bangladesh Government has introduced a corporate governance code and principle, which aims to improve and strengthen corporate governance practices (Siddiqui 2010). Financial reporting in Bangladesh is not up to date with international standards. Whilst the Companies Act 1994 legislates for companies operating in Bangladesh to prepare financial statements in a "true and fair view" and the Laws on Securities and Exchange provide some guidelines for listed companies, the lack of accounting standards to guide the preparation of these reports has always been a problematic issue (Mir and Rahman 2005). There is no regulatory guideline for CSER Reporting except for some environmental laws discusses in this section. However, Bangladesh bank has issued a circular in 2008 to motivate the banking industry to disclose their social and environmental information in the annual report. The other sectors do not have such circular or guideline. Despite any regulatory guidelines there are a good number companies disclosing CSER and the number of academic CSER research papers are gradually increasing. Interest in CSER research advances considerably in the late 1990s in Bangladesh, although most of the researchers use content analyses of secondary data from annual reports (e.g., Azim et al. 2009, Belal 1997, Belal 2000, Belal 2001, Imam 1999, Imam 2000, Khan et al. 2009, Sobhani et al. 2009). Belal (1997) examines the volume of environmental disclosures made by 50 Bangladeshi listed companies. The researcher use content analysis of annual reports and finds only 6 per cent of companies disclose environmental information in their annual reports under the heading of chairman statements or directors' report. Imam (2000) identifies 25 per cent of sample companies that made community and 22.5 per cent environmental disclosures, whereas only 10 per cent companies provide consumer related disclosures. Belal (2001) examines the social reporting practices of Bangladeshi companies using samples of 30 annual reports. The research results represent tremendous improvements of disclosure practices; for instance, environmental disclosure has increased by 90 percent. The research also found 97 per cent on employee disclosure and 77 percent on ethical disclosure of sample companies. Recently, Sobhani et al. (2009) conduct content analysis of 100 companies listed on DSE and CSE. The findings show a tremendous improvement in social and environmental disclosures by the organizations. The banking companies in Bangladesh report more on social and environmental issues compared to the other sector companies.

More recently, a further contribution offered by Azim et al., (2009) who investigate the extent of CSR practices of Bangladesh by analysing 38 listed companies from DSE . Their result indicates that 76.32 per cent of disclosures made generalized qualitative statements without supporting evidence. Director's reports are mostly used to report on social and environmental issues, followed by company chairman's statement on annual reports. To date, only two in-depth semi-structured interviews based research (See for example Belal and



Owen 2007, Islam and Deegan 2008) have been published by a top ranked journal. Belal and Owen (2007) interviewed 23 senior managers via semi-structured questions and a growing pressure for CSER disclosure from the powerful stakeholders such as resource providers and international buyers. They also report that social reporting practice has the potential to enhance corporate accountability, and found that social compliance standards are imposed by the western developed countries without considering the reality of local culture, economic and social issues. Islam and Deegan (2008) use legitimacy theory and stakeholder theory to explain social and environmental disclosures of the major clothing export oriented body called Bangladesh Garments Manufacturers and Exporters Association in Bangladesh (BGMEA). The findings indicate that International labour organizations, environmental NGOs, and local media influence the gradual improvement of social and environmental performance of BGMEA. The above two qualitative research contributes to the literature, but still fail to explore the overall underpinning assumptions of CSER phenomenon in Bangladesh. Therefore, this engagement-based study uses in-depth interviews with 20 senior managers of Bangladeshi listed companies, which adds value to the body of knowledge of social and environmental accounting research in terms of theory and practice.

#### **4. Research method**

The aim of this research is to explore the emerging CSER phenomenon using semi-structured in-depth personal interviews with 20 senior managers in 20 Bangladeshi listed companies. An engagement base qualitative study captures the reality in substantial detail, and is particularly useful when a natural setting or a focus on cutting edge is needed. According to Morrow (2007), qualitative research is *emic* and *idiographic* as opposed to '*etic*' and *nomothetic*. 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, Huang et al. 2011). Thus, to investigate the emerging phenomenon of CSER in Bangladesh, a *constructivist* ontology and *interpretivist* epistemology has been chosen. 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 the CSER phenomenon . The primary aim of employing semi-structured interviews is to gain in-depth insight into the perceptions of the individual participants and to develop a greater understanding of CSER reporting in Bangladesh (Soh and Martinov-Bennie 2011, Turley and Zaman 2007) rather than to draw generalizations from this study.

##### ***Interviewee profile***

This qualitative field study uses 20 senior managers from 20 organizations as a source of data. However, after each interview, an evaluation with respect to the necessity for further interview takes place. In accordance with Eisenhardt (1989), interviews continue until saturation. The interviewees (senior managers) are selected from the top 100 companies listed in Dhaka Stock Exchange (DSE), Bangladesh. The average job experience of senior managers is 15-20 years. The reason for choosing senior managers is due to their potential broad understanding about the organization's CSER reporting practice. The researchers decide to conduct ad hoc, semi structured, and open ended interviews. Interviews were conducted face to face in the field. Table 1 summarizes the profile of each interviewee.

##### ***Interview procedures***

Formal cover letters including information sheets about the research project, its objectives and significance were sent to the top 100 listed companies in Dhaka Stock Exchange (DSE), Bangladesh via both postal mail and email. Although the covering letter targeted heads of

Finance and Accounts or CSR or someone from the corporate communications department or the committee for sustainability, the researchers also requested that if that was not possible, then they were to nominate someone who was aware of CSR related matters. There was only one positive response received after one month from sending the letters. The researchers then started making 'cold calls' to companies' head offices requesting for interviews with senior managers. The direct phone call produced a positive response from 15 senior managers. In order to reach saturation another five interviews were conducted through personal contacts. The twenty managers were interviewed between September and November 2010. There was a brief outline explaining the purpose of the study to each interviewee before starting the interview. This outline helped participants to mitigate their confusion about the project objectives. The interviewer immediately answered any questions raised by the interviewees during interview time. In addition, interviewees were assured of their anonymity and freedom to quit the interview at any time without any prejudice, if they wish to do so.

The length of interviews varies from approximately one hour to one and a half hours. All interviews were recorded by electronic audio tape with one exception. The tapes were subsequently transcribed and typed version checked by the two staff members of Curtin University for audit trail. Familiarization with the local cultural, social, and religious context is essential to achieving the best success in interview. Hence, open communication between the interviewer and interviewees of the same cultural background was helpful (Belal and Owen 2007) especially in detecting the nuance and salient views that goes beyond spoken words. In some cases, informal conversations continued after the formal tape-recorded interviews. In each interview, reliability was achieved by using the same interview protocol. The emotional content of the interviews, especially on social and environmental issues and non-verbal communication that had not been captured on audiotape records were taken into consideration in field notes in accordance with Poland (1995).

The interview data were broken down into categories and constructs that were deemed to be possibly influential in the nature and extent of social and environmental responsibility reporting. Using the interview guide as a broad framework, each transcript was subsequently re-read and any themes emerging at this stage within this framework were recorded beside the relevant sections of the interview transcript, using a set of intuitions derived codes for each apparent theme (See for example Miles and Huberman 1994, O'Dwyer 2002, Patton 1990). The whole process of coding the interviews was organized by using N\*Vivo 9 software. N\*Vivo as a data management tool for managing transcriptions and field notes in different formats from various sources (e.g. Interviews and field notes) provided a more streamlined structure for discovering emerging themes. The following themes produced from the analysis of interview data are:

- Motivation for undertaking CSER by Bangladeshi organization.
- Organizations relevant stakeholders and stakeholder engagement
- Imminent feature and future prospect of CSER practice and reporting in Bangladesh.

As will be observed from the subsequent section on empirical findings, some of these themes are directly concerned with CSER reporting whilst others are more in relation to the views and attitudes on CSER phenomenon.

## **5. Empirical findings**

### ***5.1 Motivation for undertaking CSER***

All interviewees claimed to have recognized broad CSER as a part of social obligation. Senior managers and executives believe that business is not all about making profit; rather, it needs to be accountable for its operation and respond to community expectations. An organisation's 'license to practice' is dependent upon public acceptance as evident from one of the senior managers' comments:

...It has been the support of many people like the stakeholders, depositors, investors and many outsiders – that has made us such a prominent 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 large because of the support, we have a responsibility towards all those people who were there beside us. Therefore, this is how a responsibility towards all these people has developed in us, (Interviewee N).

It became evident during the interviews that a number of interviewees highlighted extraordinary powers of the board of directors in making immediate CSER decisions. It is worthwhile to mention that executives and directors on the board of directors in Bangladesh are also significant shareholders with substantial influence in embracing CSER if they wish. The views shared by interviewees E and F, who argued that investing money for social and environmental responsibility/ reporting largely depends on management's decision and their enthusiasm to do so. They emphasized the influential factors such as, the board of directors' educational qualifications, family background and other personal attributes in making CSER decisions. For example, directors with higher education are more aware of social and environmental issues, and the impact of global climate change. As one participant puts it:

...The culture and philosophy of our organization have been driven by the 'Board of Directors' attitudes towards social and environmental matter. The board of directors decides the shape, the culture and the daily routines of our organization. The chairperson's wish may become binding on the others. Therefore, the onus of corporate social or environmental responsibility mainly depends on their will or wish (Interviewee F).

A number of interviewees emphasized their motivation for CSER to reduce poverty through micro financing. Significantly, four of the interviewees claimed that they are implementing CSER through collaboration with Non Government Organizations (NGOs). The NGOs in Bangladesh are working in capacity building of poor rural people; educate on health and safety issues through training, and working with indigenous people. One of the senior managers stated that:

...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 parent organization and its stakeholders to build a just, enlightened, healthy, democratic and poverty free Bangladesh". That is the vision of the bank (Interviewee B).

Some interviewees also highlight the relevance of the UN Millennium Goals (MDGs) which focused on eradicating poverty and hunger, achieving universal primary education, promoting gender equality, reducing mortality, improving health, and ensuring environmental sustainability. Poverty alleviation is an issue that is more social than economic. The findings also indicate that gaining competitive advantage in the market by building strong corporate image is one of the focal reasons for organization's involvement in CSER. A number of interviewees admitted that one of their main motivations for undertaking CSER is the preservation of corporate image or brand value as indicated in an extract from the following quote:

The corporate bodies are emphasizing more towards brand management. Therefore, essentially CSER has now come as a focus for brand management rather than the underlying conceptual implication of the concept (Interviewee J).

Furthermore, despite a broad range of motivations for CSER, there were a minority group of interviewees from the financial sector who acknowledged that their main motivation for CSER was driven by the regulators. There is no formal requirement for CSER, from the

Securities and Exchange Commission (SEC) of Bangladesh and the Dhaka stock exchange (DSE), Bangladesh. However, the June 2008 Bangladesh Bank (the central bank of Bangladesh) issued a circular suggesting that banks should begin reporting their social and environmental responsibility initiatives in a modest way as supplements to usual annual financial reports, eventually, developing into a full blown comprehensive report in compliance with GRI guidelines. Other than the Banking sectors, organizations working in chemical and pharmaceuticals sectors are controlled by the 'Drug Administration Department' for ensuring product quality, health safety and other environmental issues as they deal with life sustaining products. One of the senior managers from the banking sector commented that:

Bangladesh Bank inspires us, but never places 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 CSER activities.

Five interviewees from pharmaceuticals and chemical companies indicated that they felt pressured by the drug administrative authority to ensure product quality and sound working environment. These companies produce life-sustaining products, which have different requirements from other industries. Therefore, they are bound by high quality compliance monitored by the drug administrative department. Interviewees from the clothing and textile sectors indicated that they were highly pressured to ensure social and environmental compliance from powerful external stakeholders, such as international buyers. International buyers need to ensure that their supply chain observed sound industry-code in sourcing their materials and products from socially and environmentally responsible suppliers. One senior manager stated this frankly:

...We are highly concerned about international buyer expectation towards social and environmental issues. They give us continuous pressure to ensure that we are following appropriate labour standards and paid standards salary for labour those are working overtime. They also asked to ensure a proper work environment like health and safety issues. If we do not meet this compliance we goanna lose our buyers (interview T).

## ***5.2 Organizations relevant stakeholders and stakeholder engagement***

The process of stakeholder prioritization and their values is not well developed in Bangladesh. Nevertheless, organizations have recently been exhibiting a gradual interest in stakeholders' expectation towards CSER. Political and socio cultural progress have taken a new shape after 1991 first democratic election. The journey for democratic systems has accelerated freedom of speech and movement. This is brought about by different pressure groups such as civil society, media, NGOs. NGOs have become an influential force in both developed and developing countries because of their role as a voice of society. A number of interviewees confirmed that NGOs are working well in the area of social and environmental issues. Education, health, women empowerment, sanitation are common areas of interest for NGOs in Bangladesh; although most of these NGOs initially started their work as microfinance providers to help the unprivileged people. Now they express their concerns about other issues. The interviewees believe that they are the most important stakeholders because organizations perceive pressure from NGOs activities. One senior manager noted:

...The role of environmental NGO is strong. Their voice is a strong driving force for the company. The civil society has a role to play. There are NGOs, which arrange for the rehabilitation of physically challenged individuals. We regularly contribute to those NGOs because we want to bear a part of the expense on this rehabilitation (interviewee H).

Media also plays a tremendous role in encouraging CSER in an era of globalization. Six out of twenty interviewees claimed media as a dominant stakeholder for business organizations. Electronic media is perceived with greater influence as a major portion of the population in Bangladesh is uneducated. Television and FM radios are the most popular media for transmitting information to the people via air. In addition, everyone has access to radios today as it has become widely available. There are two main reasons why senior managers perceived media as a powerful stakeholder. First, media has immediate access to disseminate social, environmental and other sustainable information to the people and second, it can create awareness quickly. As one interviewee pointed:

It helps you a lot if you have a positive image. Most of our general people have access to newspapers, television and the media. The information transmits to them through those media builds a lot of their ideas and thoughts about the organization. Therefore, we really care them and trying as much as we can for society and environment other than our profit making activities (interviewee G).

Pressure from regulatory authorities such as the Bangladesh Bank (the central bank of Bangladesh) appear to be a dominant driver for CSER, especially among interviewees from the banking and financial organizations. Bangladesh bank specifically mentioned in their recent circular about the GRI guidelines for preparing social and environmental reports. Interviewees believe that as a supreme authority on banking and financial organizations they need to follow Bangladesh bank guidelines towards CSER practice and disclosure. One interviewee noted that:

...Externally, regulatory bodies such as Bangladesh Bank have an influence on us. They have made it binding on us that a certain percent of our profit should be spent on CSER activities by banks. The management and sponsors decided that some initiatives should be taken, even if they are very limited, such as scholarships, eye camps, hospitals and the various types of other social activities (interview M).

A number of interviewees also noted that civil society and pressure groups are one of the most influential stakeholders in any democratic country. The interviewees are also optimistic about the recent movement against corruption by the civil society. Some interviewees highlighted about the program organized by environmental pressure group. For example, Bangladesh Poribesh Andolon (BAPA) and Sushasoner Jonno Nagorik (SUJON), these two environmental pressure groups raised their voice against the corporate environmental pollution with huge demonstration. One interviewee typical response:

...Recently an environmental pressure group like BAPA created huge pressure on us. They demonstrated against any environmental degradation by the companies. The government also supports their activities. They are also our stakeholder (interviewee G).

Interviewees from manufacturing sector identified government departments, particularly the Ministry of Environment and Ministry of Health as key stakeholders for their activities other than financial statements. The majority of the managers mentioned customers as their key stakeholders; however, the reality is different in Bangladesh.

...Customer is our main driving force. The market is competitive. Since the market is competitive, everyone, I mean the clients, expect a lot of contribution from the companies. They expect contribution in the form of better financing, and they expect some social and environmental contribution (Interviewee H).

Two of the interviewees think that shareholders are important although practical approach to fulfil shareholders' needs is limited. One interviewee typical comment was:

...The most influential stakeholders are our shareholders as all our activities have an impact on them. Then there are also the customers. As a company dealing in FMCG (Fast-Moving Consumer Goods), customers are also a very important stakeholder (interviewee I).

Overwhelmingly, senior managers are in broad agreement that stakeholder engagement is a valuable strategy to communicate with stakeholders. It also provides an appropriate basis upon which to develop social and environmental responsibility practice. However, very few

organizations in Bangladesh engage with stakeholder regarding CSER. Most of the interviewees mention that they do not really engage stakeholders. For example, one senior manager quote:

...Not really, we do not engage stakeholder. We do not have that formal stand-alone social reporting practice. However, we are keeping our mind on social and environmental responsibility information as a part of financial reports (Interviewee I).

The participants' illustrates that the employees volunteering activities such as blood donation as a form of stakeholder engagement. However, a limited number of organisations involve employees in the policy making process of social and environmental issues. Shareholders and other external parties receive limited attention by these organizations. For respondents from the multinational listed companies, the overall engagement process is remarkable due to their global CSER strategy. The multinational organizations celebrate different international and national events with the local community where they operate. The following is the quote from a senior manager of leading multinational companies:

...Every year we observed the Orange Day and International Environment Day. On this day, each employee of the organization has to go out and spend the day doing some voluntary job for the community he/she lives in. This is something, which our organization has introduced (Interviewee G).

Community involvement of the organization is a key tool for engaging stakeholders. A number of managers mention that they have regular community involvement and they are using it as a method of stakeholder engagement. Further evidence of senior manager views on community involvement and their supportive attitudes on stakeholder engagement is positive though practice is very limited. Some managers argue that in the situation of Bangladeshi corporate culture "you cannot give more preference to the stakeholder" (interviewee 19) because they will misuse their power. Whilst very few companies engage stakeholders in the form of community involvement, the majority understands the benefits for the organization.

### ***5.3 Imminent features and future prospect of CSER practice and reporting in Bangladesh.***

The practice of CSER started very recently in Bangladesh. Through analysis of the interviews, it appeared that although majority of the big and financially powerful companies undertaking CSER from different motivation, they are optimistic about the future of CSER in Bangladesh. The respondents collectively indicated some of the points, which can embrace CSER practice in Bangladesh as expected by stakeholders. A number of interviewees stated that internal awareness as well as awareness from external related parties such as government, regulatory authority, and other stakeholders are essential for CSER. Some of the interviewees highlighted that media, NGOs and civil society can take the initiative and exercise their role to create awareness. Interviewees also argue that the collective efforts of all stakeholder groups in terms of CSER can improve the situation. One interviewee remarked:

...Media, NGO and educated people of the society has a big role to play here. If we tried to raise awareness individually, the effort would be on a small scale. However, since the media and NGO have a large coverage in Bangladesh, we will be able to reach the entire population. We can achieve the objective of raising awareness easily and much faster through many media and NGO campaigns. I believe the media has to work here and for this government back-up is also very necessary ( interviewee P).

The interviewees argued that media coverage is very vital for CSER enhancement. When media present any issues in their report, the mass population immediately react on the issue because of their coverage. They have tremendous power to change public perception. Interviewee C asserts that "when the media focus any particular company CSER activities in their report, the other organization becomes motivated to do the same work as they feel the competition. This will actually create a "snow-bowl effects on CSER practice and disclosure".

Surprisingly two interviewees argued that the media should only publish the good news of the companies. At present, electronic and print media have strong power to create influence on the society. The typical comment of the interviewee:

...We have to get rid of the negative frame of mind. It is our habit to emphasize on the negatives. If the media focus on the good initiative taken by the companies, then a competitor organization will get more motivation to do more social and environmental responsibility (interviewee D).

Whilst some of the interviewees emphasised stakeholders such as media, NGOs and civil society role in improving CSER practice, at least four interviewees from different sectors suggested incentives and motivational force as a quick tonic for CSER in Bangladesh. For example, some organizations believe that senior managers are self-motivated for CSER because of their education, personal values, whereas other organizations need pressure or motivation from third parties such as government, regulatory authority etc. Interviewees believe that the tax benefit of CSER expenditure, CSER awards etc. could be the incentives for motivating organization towards CSER. One interviewee commented:

...There should be some annual recognition because Bangladeshi entrepreneurs love rewards... is it CIP (Commercial Important Person) or something tax benefit of CSER expenditure or some other international achievement (interviewee O).

In most cases, the stand-alone CSER reporting initiative by organizations does not provide maximum benefits to the stakeholders. It has been contended that public-private partnerships (PPP) have the potential to have a positive impact on business operations in terms of social and environmental issues (Diara et al. 2004). PPP also enhances corporate reputation and brand image, increase sales, customer loyalty and satisfaction, high productivity. A number of senior managers also emphasised on the role of PPP in improving CSER in Bangladesh. The typical response included:

...The Government alone cannot do everything. Eighty percent of the country's GDP comes from the private sector and only about twenty percent from the public sector. Therefore, we are now talking more about public private partnership or PPP and planning to make it more vibrant. Drops of water make an entire ocean (interviewee D).

While awareness, motivational incentives, PPP is common among interviewees rhetoric, another 'catchphrase' that was constantly used by the senior managers, was the belief of a 'regulatory body participation'. A number of senior managers mention these in describing the future prospects of CSER. Regulatory bodies such as DSE, SEC and Ministry of Environment have extraordinary power over the corporate sector. The interviewees also believe that any circular or notice of certain issues deriving from regulatory bodies will invariably be given the highest priority by companies to fulfil their requirements. One senior manager who had been involved in the corporate community and welfare activities at the company quote:

...I think that the regulator or government should participate for social and environmental issues because they are the prime authority. It is true that the government itself cannot do a lot, but they can encourage corporate bodies to do more CSER through some packages. Direct encouragement must be there. For example, they can promise to provide certain forms of back up to the organizations, which undertake socially responsible and environment friendly projects that can ensure ecological sustenance (Interviewee K).

The senior managers suggested several ways for regulatory authorities to participate in improving CSER in Bangladesh. Suggested enablers by regulatory authorities include: direct benefits for the companies such as tax incentives on CSER expenditure; flexible laws that enable companies to advertise their CSER activities publicly to gain market share. Guidelines for CSER can formally encourage acceptance by organizations, although to date no formal guideline is issued by the DSE or SEC. The regulators can arrange seminars to create awareness towards social and environmental responsibility practice and reporting. One senior

manager argues, “Imposition of laws without creating awareness through regulators participation would not bring any changes” (Interview N). There are consistent views regarding the ineffectiveness of regulators and their evading attitudes toward environmental matters, particularly environmental reporting.

## **6. Discussion**

The main purpose of this paper is to explore the managerial perceptions of the emerging CSER phenomenon within the Bangladesh context. The study focuses on perceptions of managerial motivations, stakeholder engagement and future prospects to improve social and environmental responsibility reporting in Bangladesh. This is one of the very few engagement-based field studies to seek managerial perspectives in an attempt to understand CSER phenomenon in developing country context as response to calls by Parker (2005), Burritt (2004), and Belal and Owen (2007). Accounting and management researchers start to articulate different theoretical perspectives in support of corporate social and environmental accounting, including legitimacy theory, Institutional theory, political economy of accounting theory and stakeholder theory (See for example Belkaoui and Karpik 1982, Deegan 2002, Gray et al. 1995, Guthrie and Parker 1990, Hossain et al. 1995, Patton 1992, Roberts 1991, Roberts 1992). However, the findings of this study appear to resonate well with legitimacy theory, stakeholder theory and to a certain extent, institutional theory.

Legitimacy theory suggests that organizations practice CSER as part of a legitimate process. Given the findings of this study, the main motivating forces for CSER as identified by these participants are: social obligation; the board of directors’ influence; poverty alleviation; corporate image and brand; regulatory influence. The findings also reveal that key influential stakeholders in encouraging CSER reporting include NGOs, media, regulatory authority and customers. In order to legitimise the organization's operations, they keep engaging them with dialogue and communication on a small scale. The findings resonate well with the literature pertaining to corporate ‘social contract’ concerning a firm’s indirect societal obligations and resembles the ‘social contract’ between citizens and government traditionally discussed by the researchers who identified the reciprocal obligations of citizen and state (Lantos 2001). Similarly, the research result of Davis (1983) identifies that organizations practice social responsibility from the concept of obligations and acceptance towards the wider community. The concept of ‘social contact’ is part of a broader social system based theory. With a view of legitimacy theory, organizations in Bangladesh participate in poverty alleviation as part of their CSER activities. Scholars argue that CSR could play a significant role in poverty reduction. International development agencies also adopt CSR as a means of poverty alleviation (See for example Jenkins 2005, Merino and Valor 2011, Newell and Frynas 2007). Many authors have stressed the importance of a company’s image or reputation (Arendt and Brettel 2010, Dowling 1986). Similarly, Gray et al., (1995) identify the inclusion of stakeholders in corporate affairs and CSR reporting as “Mechanisms by which the organization satisfies (and manipulate)”. Thus, Social and environmental reporting can be viewed in terms of corporate image management and strategy to gain market share by increasing sales and service over competitors. Fomburn and Shanley (1990) contend that well reputed companies have a competitive advantage within their industries, whereas poorly reputed companies are disadvantaged.

From an institutional theoretical perspective, this study found that regulatory authorities have much influence on listed companies in terms of accelerating their CSER activities. However, as mentioned earlier, there are no mandatory rules or compliance for CSER in Bangladesh from the SEC and the DSE, rather there are some environmental laws which are related to certain industries in the highly sensitive chemical industries. The review of the findings from



the senior managers' interviews shows that banking and financial sector companies were influenced by the central bank, whereas pharmaceutical and chemical companies' derives more or less motivation from the DAA. Similarly, the textile and clothing companies faced pressure from the Department of Environment in relation to the establishment and use of Effluent Treatment Plant (ETP). The factories which produce industrial waste have had to use an ETP from 2012 according to the new laws implemented by the Bangladesh Government. The findings also indicated that after a circular was issued by Bangladesh Bank (the central bank of Bangladesh) towards CSER reporting based on GRI guidelines, most of the scheduled banks began to disclose their CSR activities. Progress in CSER reporting depends on the regulator's desire to impose and enforce guidelines, as well as regulators' capacity to stimulate companies to do so by introducing several motivational incentives (Fukukawa et al. 2007, Rowe and Guthrie 2010). Some interviewees argued that motivation from regulators could have a positive and tremendous impact of CSER in Bangladesh, which resonates well with the findings from previous research (See for example, Frost and English 2002, Rowe and Guthrie 2010).

The results of this study also revealed that powerful external stakeholders like international buyers who operate or outsource products from developing countries such as Bangladesh could have extreme influence on CSER. Social issues such as child labour, working conditions, employees' safety and security, employees' payment structure and environmental issues (e.g. clamping down on industrial dumping or building an eco-friendly production facility) have affected international buyers' decision to outsource their products from Bangladesh. Belal and Owen (2007) noted that pressure from international buyers was an extremely forceful factor influencing the social and environmental disclosures by the export-oriented textile and clothing industry. The textile and clothing companies were very concerned about multinational companies' social and environmental compliance including labour practices such as child labour (Islam and Deegan, 2008). Bangladeshi exporters needed to ensure social and environmental compliance as required by international buyers, if they wished to continue to exist and win the race to be number one ready-made garments exporter in the world.

## **7. Conclusion**

The findings of this study have important implications for attempts to develop CSER strategy and framework in Bangladesh in the very near future. Bangladesh government has already imposed mandatory CSER for telecommunications companies (from 2013) and other sectors are in the process of following the same ruling. This paper argues that social awareness among relevant stakeholders and better implementation of environmental laws through institutional involvement may have tremendous impact on future CSER activities of organizations. The study uses evidence from 20 organizations to explore the emerging CSER phenomenon in Bangladesh. The study concludes that socioeconomic factors, the board of directors' influence and pressure from external parties appear to motivate CSER practices and reporting in Bangladesh. Stakeholder engagement is at initial stages but stakeholders power seems to be important to improve CSER practice (O'Dwyer 2002).

### ***Limitation of the study***

This study has several limitations. Data collected from senior managers were limited to senior managers from 20 companies operating in Dhaka Stock Exchange (DSE) as this point indicated saturation. However, the prime expectations of this qualitative research wanted it to be reliable but not in the sense of replicability over time and across contexts. Due to the perceived sensitivity of CSER issues for some interviewees, 'politically correct' responses might have prevailed either intentionally or unintentionally (Rowe 2006). Caution should be

exercised when considering the possible application of the results to a larger project with more participants covering all industry sectors. Furthermore, there is only one interview conducted from each organization because the decision-making process controlled by only one person within the organization. This reduces the opportunity to triangulate the information with subsequent interviews within the same organization. However, whilst not discussed in this paper, the respondents' perceptions and views were triangulated with the actual disclosures from the annual reports and websites' information (Hossain et al. 2012). This exploratory in-depth qualitative study is a 'snapshot' at a particular period of time mainly 2010/2011 from which period the majority of data has been collected, and the findings of this research have developed with the vibrancy of Bangladesh's economic development.

### ***Direction of future research***

The emergent literature, directed by this study's findings to the future research agenda that emanates from this exploratory engagement-based study, calls for more comprehensive investigation of CSER reporting applying the aforementioned theories. Future research might consider a larger sample encompassing several business sectors in Bangladesh as well as other developing countries and going beyond the economic, social and environmental aspects. Alternatively, a survey could determine the importance of each theme and develop a CSER model, which may have to be industry specific. The current study identifies relevant stakeholders and stakeholder engagement of organizations but did not explore the views and expectation of the stakeholders. Future studies may explore stakeholders' (such as NGO , Media, regulatory authority, civil society) views and expectation in terms of social and environmental responsibility reporting by using in-depth semi-structured interviews which will provide the perceptual difference of CSER between managers and their relevant stakeholders. As this research has argued that the views of participants are shaped by the personal beliefs of interviewees, the cultural context has not been widely adopted but if it were, it could provide a more comprehensive picture and better understanding of CSER in the Bangladesh context.

## **References**

- Adams, C. and Harte, G. (1998) 'The Changing portrayal of the employment of women in British banks' and retail companies' corporate annual reports', *Accounting, Organizations and Society*, 23(8), 781-812.
- Adams, C. A., Hill, W. and Roberts, C. B. (1998) 'Corporate social reporting practices in Western Europe: legitimating corporate behaviour?', *The British accounting review*, 30, 1-21.
- Arendt, S. and Brettel, M. (2010) 'Understanding the influence of corporate social responsibility on corporate identity, image, and firm performance', *Management Decision*, 48(10), 1469-1492.
- Azim, M., Ahmed, S. and Islam, S. (2009) 'Corporate social reporting practice: evidence from listed companies in Bangladesh ', *Journal of Aisa-Pacific Business*, 10(2), 130-145.
- Belal, A. R. (1997) 'Green reporting practices in Bangladesh', *The Bangladesh Accountant*, January-March, 107-115.

- Belal, A. R. (2000) 'Environmental reporting in developing countries: empirical evidence from Bangladesh', *Eco-management and auditing*, 7(3), 114.
- Belal, A. R. (2001) 'A study of corporate social disclosures in Bangladesh', *Managerial Auditing Journal*, 16(5), 274.
- Belal, A. R. and Owen, D. (2007) 'The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh', *Accounting, Auditing & Accountability Journal*, 20(3), 472.
- Belkaoui, A. and Karpik, P. G. (1982) 'Determinants of a corporate decision to disclose social information', *Accounting, Auditing & Accountability Journal*, 2, 36-51.
- Blacconiere, W. G. and Patten, D. M. (1994) 'Environmental disclosures, regulatory costs, and changes in firm value', *Journal of accounting & economics*, 18(3), 357.
- Brislin, R. (1976) 'Comparative research methodology: cross-cultural studies', *International Journal of Psychology*, 2, 389-444.
- Burritt, R. (2004) 'Environmental Management Accounting: Roadblocks on the Way to the Green and Pleasant Land', *Business Strategy and the Environment*, 13, 13-32.
- Cormier, D., Magnan, M. and Velthoven, B. V. (2005) 'Environmental disclosure quality in large German companies: economic incentives, public pressures or institutional conditions? ', *European Accounting Review*, 14(1), 3-39.
- Davis, K. (1983) *An expanded view of the social responsibility of business, Ethical Theory and Business*, 2nd ed., Englewood Cliffs, NJ: Prentice-Hall.
- Deegan, C. (2002) 'The legitimising effect of social and environmental disclosures—a theoretical foundation', *Accounting, Auditing & Accountability Journal*, 15(3), 282.
- Deegan, C. and Blomquist, C. (2006) 'Stakeholder influence on corporate reporting: An exploration of the interaction between WWF-Australia and the Australian minerals industry', *Accounting, Organizations and Society*, 31(4-5), 343-372.
- Deegan, C. and Gordon, B. (1996) 'A study of the environmental disclosure policies of Australian corporations', *Accounting and business research*, 26(3), 187-199.
- Deegan, C. and Rankin, M. (1996) 'Do Australian companies report environmental news objectively?', *Accounting, Auditing & Accountability Journal*, 9(2), 50.
- Deegan, C. and Unerman, J. (2006) *Financial Accounting theory*, London: McGraw-Hill.
- Diara, M., Alilo, M. and McGuire, D. (2004) 'Corporate Social Responsibility and Public–Private Partnership: The Case of the Academy for Educational Development and ExxonMobil', *Development*, 47(3), 69-77.

- DiMaggio, P. J. and Powell, W. W. (1983) 'The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. ', *American Sociological Review*, 48(2), 147-160.
- Donaldson, T. and Preston, L. E. (1995) 'The stakeholder theory of the corporation: concepts, evidence and implications', *Academy of Management Review*, 20(1), 65-91.
- Dowling, G. R. (1986) 'Managing your corporate image', *Industrial Marketing Management*, 15, 109-115.
- Dowling, J. and Pfeffer, J. (1975) 'Organizational legitimacy: societal values and organisational behaviour', *Pacific Sociological Review*, 18(1), 122-136.
- Economist Intelligency Unit (2012) 'Global liveability report', [http://www.eiu.com/site\\_info.asp?info\\_name=The\\_Global\\_Liveability\\_Report](http://www.eiu.com/site_info.asp?info_name=The_Global_Liveability_Report) (accessed 28 august, 2012).
- Eisenhardt, K. M. (1989) 'Building theories from case study research', *The Academy of Management Review*, 14(4), 532-550.
- Fomburn, C. J. and Shanley, M. (1990) 'What is in a name? Reputation building and corporate strategy', *Academy of Management Journal*, 33(2), 233-259.
- Freeman, R. E. (1984) *Strategic management: A stakeholder approach*, Boston: Pitman.
- Frost, G. R. and English, L. (2002) 'Mandatory corporate environmental reporting in Australia: contested introduction belies effectiveness of its application', *Australian Review of Public Affairs Digest*, November.
- Fukukawa, K., Shafer, W. and Lee, G. (2007) 'Values and attitudes toward social and environmental accountability: a study of MBA students', *Journal of Business Ethics*, 71(4), 381.
- Goldman Sachs (2005) 'How solid are the BRICs?', [online], available: <http://www2.goldmansachs.com/careers/our-firm/diversity/index.html> [accessed
- Gray, R. (2002) 'The social accounting project: Privileging engagement, imaginings, new accountings and pragmatism over critique?', *Accounting, Organizations and Society*, 27, 687-708.
- Gray, R., Dey, C., Owen, D., Evans, R. and Zadek, S. (1997) 'Struggling with the praxis of social accounting', *Accounting, Auditing & Accountability Journal*, 10(3), 325.
- Gray, R., Javad, M., Power, D. M. and Sinclair, C. D. (2001) 'Social and environmental disclosure and corporate characteristics: A research note and extension', *Journal of business finance & accounting*, 28(3-4), 327.
- Gray, R., Kouhy, R. and Lavers, S. (1995) 'Corporate social and environmental reporting', *Accounting, Auditing & Accountability Journal*, 8(2), 47.

- Gray, R., Owen, D. and Adams, C. (1996) *Accounting and accountability: changes and challenges in corporate social and environmental reporting*, London: Prentice-Hall.
- Guthrie, J. and Parker, L. D. (1989) 'Corporate social reporting: a rebuttal of legitimacy theory', *Accounting and business research*, 19(76), 343.
- Guthrie, J. and Parker, L. D. (1990) 'Corporate social disclosure practice: A comparative international analysis', *Advances in Public Interest Accounting*, 3, 159-176.
- Hossain, M., Rowe, A. and Quaddus, M. (2012) *Current trends of Corporate Social and Environmental Reporting (CSER) in Bangladesh.*, translated by University of Wollongong.
- Hossain, M. M., Perera, M. H. B. and Rahman, A. R. (1995) 'Voluntary disclosure in the annual reports of New Zealand Companies', *Journal of International Financial Management and Accounting*, 6(1), 69-87.
- Huang, L., Quaddus, M., Rowe, A. and Lai, C. (2011) 'An investigation into the factors affecting knowledge management adoption and practice in the life insurance business', *Knowledge Management Research & Practice*, 9(1), 58-72.
- Imam, S. (1999) 'Environmental reporting in Bangladesh', *social and Environmental Accounting*, 19(2), 12.
- Imam, S. (2000) 'Corporate social performance reporting in Bangladesh', *Managerial Auditing Journal*, 15(3), 133.
- Inam, H. (1995) 'Bangladesh faces threat of ecological catastrophe', *The Bangladesh Observer*, 8 April,
- Islam, M. (2009) *social and environmental reporting practices of organizations operating in, or sourcing products from, a developing country: evidence from Bangladesh*, unpublished thesis RMIT university.
- Islam, M. A. and Deegan, C. (2008) 'Motivations for an organisation within a developing country to report social responsibility information: Evidence from Bangladesh', *Accounting, Auditing & Accountability Journal*, 21(6), 850.
- Jamali, D. (2008) 'A stakeholder approach to corporate social responsibility: A fresh perspective into theory and practice', *Journal of Business Ethics*, 82(1), 213-231.
- Jenkins, H. and Yakovleva, N. (2006) 'Corporate social responsibility in the mining industry: exploring trends in social and environmental disclosure', *Journal of cleaner production*, 14, 271-284.
- Jenkins, R. (2005) 'Globalization, corporate social responsibility and poverty', *International affairs*, 81(3), 525-540.

- Khan, M. H. U. Z., Halabi, A. K. and Samy, M. (2009) 'Corporate social responsibility (CSR) reporting: a study of selected banking companies in Bangladesh', *Social Responsibility Journal*, 5(3), 344-357.
- KPMG. (2002) *KPMG International Survey of Corporate Social Responsibility 2002*, Amstelveen: Drukgroep Maasland.
- KPMG. (2011) "'KPMG International Survey of Corporate Responsibility Reporting 2011" , Amsterdam, The netherlands', [online], available: <http://www.kpmg.com/au/en/issuesandinsights/articlespublications/pages/kpmg-international-survey-corporate-responsibility-reporting-2011.aspx> [accessed
- Kuasirikun, N. (2005) 'Attitudes to the development and implementation of social and environmental accounting in Thailand', *Critical Perspectives on Accounting*, 16(8), 1035-1057.
- Lantos, G. P. (2001) 'The boundaries of strategic corporate social responsibility', *The Journal of Consumer Marketing*, 18(7), 595-639.
- Lindblom, C. K. (1994) 'The Implications of Organizational Legitimacy for Corporate Social Performance and Disclosure', in *Critical Perspectives on Accounting Conference*, New York,
- Lodhia, S. K. (2003) 'Accountants' responses to the environmental agenda in a developing nation: an initial and exploratory study on FIJI', *Critical Perspectives on Accounting*, 14(7), 715-737.
- Marshall. (1998) 'Oxford dictionary of sociology',
- Mathews, M. R. (1993) *Socially responsible accounting*, London: Chapman & Hall.
- Merino, A. and Valor, C. (2011) 'The potential of corporate social responsibility to eradicate poverty: an ongoing debate', *Development in Practice*, 21(2), 157-167.
- Meyer, J. W. and Rowan, B. (1977) 'Institutionalized organizations: Formal structure as myth and ceremony', *American Journal of Sociology*, 83, 340-363.
- Miles, M. and Huberman, A. (1994) *Qualitative data analysis*, 2nd ed., Thousand Oaks: Sage Publications.
- Mir, M. Z. and Rahman, A. H. (2005) 'The adoption of international accounting standards in Bangladesh: An exploration of rationale and process', *Accounting, Auditing & Accountability Journal*, 18(6), 816.
- Mitchell, R. K., Agle, B. R. and Wood, D. J. (1997) 'Toward a theory of stakeholder identification and salience: defining the principle of who and what really counts ', *Academy of Management Review*, 22(4), 853-886.
- Morrow, S. L. (2007) 'Qualitative Research in Counseling Psychology: Conceptual Foundations', *The Counseling Psychologist*, 35(2), 209-235.

- Naser, K. and Baker, N. (1999) 'Empirical evidence on corporate social responsibility reporting and accountability in developing countries: The case of Jordan', *Advances in International Accounting*, 12.
- Newell, P. and Frynas, J. G. (2007) 'Beyond CSR? Business, poverty and social justice: an introduction', *Third world quarterly*, 28(4), 669-681.
- O'Dwyer, B. (2002) 'Managerial perceptions of corporate social disclosure: an Irish story', *Accounting, Auditing & Accountability Journal*, 15(3), 406.
- O'Dwyer, B. (2005) 'Stakeholder democracy: challenges and contributions from social accounting', *Business ethics*, 14(1), 28.
- O'Donovan, G. (2002) 'Environmental disclosures in the annual report: extending the applicability and predictive power of legitimacy theory', *Accounting, Auditing & Accountability Journal*, 15(3).
- Parker, L. D. (2005) 'Social and environmental accountability research: a view from the commentary box', *Accounting, Auditing & Accountability Journal*, 18(6), 842.
- Parker, L. D. and Roffey, B. H. (1997) 'Methodological themes Back to the drawing board: revisiting grounded and the everyday accountant's and manager's reality', *Accounting, Auditing & Accountability Journal*, 10(2), 212-247.
- Patten, D. M. and Trompeter, G. (2003) 'Corporate responses to political costs: An examination of the relation between environmental disclosure and earnings management', *Journal of Accounting and Public Policy*, 22(1), 83-94.
- Patton, D. M. (1992) 'Intra-industry environmental disclosures in response to the Alaskan oil spill: a note on legitimacy theory', *Accounting, Organisations and Society*, 17(5), 471.
- Patton, M. Q. (1990) *Qualitative Evaluation and Research Methods*, 2nd Edition ed., Newbury Park, CA: Sage.
- Pfeffer, J. and Salancik, G. R. (1978) *The external control of organizations*, New york: Harper & Row.
- Phillips, R. (2003) 'Stakeholder legitimacy', *Business Ethics Quarterly*, 13(1), 25.
- Poland, B. (1995) 'Transcription quality as an aspect of rigour in qualitative research', *Qualitative Inquiry*, 1(3), 290-310.
- Qian, W., Burritt, R. and Monroe, G. (2011) 'Environmental management accounting in local government: A case of waste management', *Accounting, Auditing & Accountability Journal*, 24(1), 93-128.
- Rahaman, A. S. (2000) 'Senior management perceptions of social and environmental reporting in Ghana', *Social and Environmental Accounting*, 20(1), 7-10.

- Rahaman, A. S., Lawrence, S. and Roper, J. (2004) 'Social and environmental reporting at the VRA: institutionalised legitimacy or legitimation crisis?', *Critical Perspectives on Accounting*, 15(1), 35-56.
- Roberts, C. B. (1991) 'Environmental disclosures: a note on reporting practices in mainland Europe', *Accounting, Auditing, Accountability Journal*, 4(3), 62-71.
- Roberts, R. W. (1992) 'Determinants of corporate social responsibility disclosure: an application of stakeholder theory', *Accounting, Organisations and Society*, 17(6), 595-612.
- Rowe, A. (2006) 'Looking through the Chinese 'lens' of corporate environmental management', *Journal of International Business Strategy*, 4(1), 105-112.
- Rowe, A. and Guthrie, J. (2010) 'Chinese government's formal institutional influence on corporate environmental management', *Public Management Review Journal* 12(4), 511-529.
- Schaltegger, S. and Burritt, R. L. (2000) *Contemporary Environmental Accounting: Issues, Concepts and Practice (special issue)*, Sheffield: Greenleaf Publishing.
- Scott, W. R. (1995) *Institutions and Organizations, Administrative Science Quarterly*, CA: Sage: Thousand Oaks.
- Siddiqui, J. (2010) 'Development of corporate governance regulations: the case of an emerging economy', *Journal of Business Ethics*, 91(2), 253.
- Sobhani, F. A., Amran, A. and Zainuddin, Y. (2009) 'Revisiting the practices of corporate social and environmental disclosure in Bangladesh', *Corporate social-responsibility and environmental management*, 16(3), 167-183.
- Soh, S. B. and Martinov-Bennie, N. (2011) 'The internal audit function: perceptions of internal audit roles, effectiveness and evaluation', *Managerial Auditing Journal*, 26(7), 605-622.
- Sustainability (2010) 'Engaging stakeholder program', [online], available: <http://www.sustainability.com/consultingservices/engagingstakeholders.asp?id=26> [accessed
- Transparency International (2002) 'Corrupt political elites and unscrupulous investors kill sustainable growth in its tracks, highlights new index', [online], available: <http://www.transparency.org> [accessed
- Trotman, K. T. and Bradley, G. W. (1981) 'Associations Between Social Responsibility Disclosure and Characteristics of Companies', *Accounting, Organizations and Society*, 6(4), 355-362.
- Turley, S. and Zaman, M. (2007) 'Audit committee effectiveness: informal process, and behavioural effects', *Accounting, Auditing and Accountability Journal*, 20(5), 765-788.



- Unerman, J., Bebbington, J. and O'Dwyer, B. (2005) 'Managerial capture', *Accounting, Auditing and Accountability Journal*, 16(4), 523-557.
- Unerman, J. and Bennett, M. (2004) 'Increased stakeholder dialogue and the internet: towards greater corporate accountability or reinforcing capitalist hegemony?', *Accounting, Organizations and Society*, 29(7), 685-707.
- Unerman, J. and O'Dwyer, B. (2006) 'Theorising accountability for NGO advocacy', *Accounting, Auditing & Accountability Journal*, 19(3), 349.
- Waddock, S. (2006) *Leading Corporate Citizens: Vision, Values, Value Added*, 2nd edition ed., New York: McGraw-Hill.
- Williams, S. M. and Pei, C. H. W. (1999) 'Corporate social disclosures by listed companies on their web sites: an international comparison', *The International Journal of Accounting*, 34(3), 389-419.
- Wilmshurst, T. D. and Frost, G. R. (2000) 'Corporate environmental reporting: a test of legitimacy theory', *Accounting, Auditing & Accountability Journal*, 13(1), 10-26.
- World Bank (2002) *Corporate Social Responsibility Practice: public sector roles in strengthening corporate social responsibility-a baseline study*.
- World Bank (2009) *Bangladesh economic update (Quarterly Report)*, Washington, DC: World Bank.
- World Bank (2011) 'Quarterly trade report', [online], available: <http://www.worldbank.org.bd/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/BANGLADESHEXTN/0,,contentMDK:22977793~pagePK:141137~piPK:141127~theSitePK:295760,00.html> [accessed
- WTO (2012) 'Trade data by country', [online], available: [http://search.wto.org/search?q=Bangladesh+ready+made+garments+2012&site=English\\_website&client=english\\_frontend&proxystylesheet=english\\_frontend&output=xm1\\_no\\_dtd&numgm=5&proxyreload=1&ie=ISO-8859-1&oe=ISO-8859-1](http://search.wto.org/search?q=Bangladesh+ready+made+garments+2012&site=English_website&client=english_frontend&proxystylesheet=english_frontend&output=xm1_no_dtd&numgm=5&proxyreload=1&ie=ISO-8859-1&oe=ISO-8859-1) [accessed
- Xiao, J. Z., Gao, S. S., Heravi, S. and Cheung, Y. C. Q. (2005) 'The impact of social and economic development on corporate social and environmental disclosure in Hong Kong and the U.K', *Advances in International Accounting*, 18, 219-243.

**Table 1****Profile of the interviewees. B&F: Banking and Finance, T&C: Textile and Clothing, P&C: pharmaceuticals and Chemicals**

Interviewee ID	Industry type	No. Of Employee	Interviewee designation
A	P & C	5000	Head of Accounts & Finance
B	P & C	25000	Head of Accounts & Finance
C	B & F	5000	Company Secretary
D	B & F	7500	Head of HR & Communication
E	B & F	8000	Deputy Managing Director
F	B & F	6020	Head of Accounts and Finance
G	P & C	4000	Senior Communication Manager
H	B & F	2500	Head of Accounts and Finance
I	P & C	1500	Head of Accounts and Finance
J	B & F	3500	Senior Vice President
K	B & F	3700	Head of Accounts and Finance
L	B & F	3200	Vice President
M	B & F	2000	Head of Finance and Reporting
N	B & F	2500	Head of Reporting
O	T & C	20000	General Manager, Reporting
P	P & C	1500	Head of Communication
Q	B & F	3800	Head of Communication and CSR
R	P & C	17000	Senior Executive, Reporting
S	B & F	2600	Head of Accounts and Finance
T	T & C	14000	Executive Director