Absence of Corporate Social Reporting (CSR) in Bangladesh: A Research Note

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Acknowledgements

Thanks to Stewart Clegg, Alan Lowe, Mahmood Momin and the participants of International Congress on Social and Environmental Accounting, University of Dundee, UK, September, 2004 and Research Workshop at Aston Business School on 11th April, 2007. The funding provided by the Sheffield University Management School to the project is acknowledged.
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Abstract

This paper aims to broaden the present CSR literature by extending its focus to the absence of CSR within a developing country, an area which, to date, is relatively under researched in comparison to the more widely studied presence of CSR 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 critically 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 legal requirements, lack of knowledge/awareness, poor performance and 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. These significant issues require careful consideration by policy makers at the national, regional and international levels.

Key words: Absence; CSR; Eco-justice issues; Bangladesh
1. Introduction

In recent times a business case has been made for CSR around the world (Pachauri, 2004). A number of academic observers (Belal, 2002; O'Dwyer, 2002; Owen, Swift, & Hunt, 2001; Owen, Swift, Humphrey, & Bowerman, 2000), however, have expressed concern that current CSR practice has failed to achieve the fundamental objective of transparency and accountability (Medawar, 1976). Furthermore, empirical research within the CSR literature has consistently shown that businesses traditionally focus on issues of interest to powerful economic stakeholders while neglecting “eco-justice” issues that are of relevance to less powerful social stakeholders (Belal, 2002; O'Dwyer, Unerman, & Bradley, 2005; O'Dwyer, Unerman, & Hession, 2005). Eco-justice issues relate to the second component of sustainability, which deals with inter and intra generational equity (Bebbington, 2001; Lehman, 2002) and includes, inter alia, social justice issues such as child labour and poverty alleviation. Similar eco-justice issues are also emphasised in the United Nation’s Millennium Development Goals (UNMDG), the UN Global Compact (UNGC) and the Global Reporting Initiative (GRI) in particular requires companies to disclose these issues (GRI, 2006).

This paper aims to broaden the present CSR literature by considering attitudes towards CSR 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...

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1 Such issues underpinned the analysis of ‘The Brundtland Report’ (UNWCED, 1987) and according to Gray, Owen & Adams (1996) is the domain of social accounting while the first component, eco-efficiency, is the domain of environmental accounting (p.294).
motivations behind such reluctance provides, we believe, valuable insights into the nature and completeness of CSR (Adams, 2004) and what can be expected of it within current regulatory regimes. This reluctance to report, as evidenced by an absence (Catkus, Forthcoming; Choudhury, 1988) of CSR, within developing countries is relatively under researched (but see Belal, 2001; Imam, 2000; Kuasirikun & Sherer, 2004) in comparison to the more widely studied presence of CSR within developed Western countries. Specifically, previous studies (Belal, 2001; Imam, 2000) indicated that there is a low level of CSR in Bangladesh and this is the field of study for this research. The main objective of this paper is to critically examine the reasons for corporate reluctance to report on social and environmental 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 within this context. The paper then proceeds with a review of the prior literature, before considering the research procedures adopted in the collection of data. In contrast to many previous CSR 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 concludes with some analytical comments.
2. The Bangladeshi context

Belal (Forthcoming) presents a study of the social and environmental disclosures made within the corporate annual reports (related to the year 1999/2000) of 87 Bangladeshi companies using a framework of 20 disclosure categories including the categories of poverty alleviation, equal opportunities and child labour. The findings of this study highlighting the extent of CSR under different categories is summarised in Table 1.

The above table indicates that while high numbers of companies made disclosures under the categories of human resource development (62%) and recognition of relevant stakeholders (80%), very few or no companies made disclosures under the categories dealing with the eco-justice issues of child labour (0%), equal opportunity (0%) and poverty alleviation (4%). We argue that there is, therefore, absence of disclosures on some of these very issues that, as we discuss below, have been identified as important both globally and specifically to Bangladesh.

Poverty alleviation

Despite the economy of Bangladesh growing at an average rate of 6% per annum (Ahmed, 2006) it remains one of the poorest countries in the world with a per capita income of only $440 a year (WorldBank, 2005). In particular the mass of people in Bangladesh has yet to benefit from this economic growth. Another study reports that “[p]overty is so widespread that 80 percent of the rural people are poor, defined in

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4 79 of them come from top 100 listed companies and 8 are public sector enterprises all of which belongs to Bangladesh Chemical Industries Corporation (BCIC).
terms of calorie intake (2,100 cal) and more than half of the population is below the subsistence level (less than 1,800 cal) who cannot meet the basic needs of life……...” (Khan, 2000, p.879). In absolute terms the poverty problems in Bangladesh are reported to be worsening as evidenced by the increase in the number of people living below the poverty line from 50 million in 1972 to 70 million in 2005 (TheDailyStar, 2006). The issue of poverty alleviation is one that falls first on the national government and so it is not surprising to find that it has been one of the most important items on the Bangladeshi national agenda for some time. In recent times, specific policies have been framed, for example the Poverty Reduction Strategy Paper [PRSP], to address this issue. Chowdhury and Bhuiya (2004, p.371), however, suggest that in the case of Bangladesh the government “has not always performed this role to its full potential”. As well as government efforts there has been a significant amount of aid\(^5\) and poverty alleviation work by NGOs, such as BRAC (see Chowdhury & Bhuyia, 2004), which have not resolved this problem.

**Equal opportunities**

Bangladesh has both an age and gender skew in its poverty. Poverty levels in Bangladesh are high, but this is even more so for women who “generally receive less household resources for their food, education, health and clothing than men” (Siddique, 1998, p.1096). The situation is not helped by the “extremely patriarchal” nature of Bangladeshi society (Kabir & Mahmud, 2004, p.94). Opportunities for women to work are often restricted to “unpaid family labour or paid work that can be carried out in the

home”. According to the World Bank (1990) women accounted for only 7% of the total labour force in Bangladesh in 1987. Since the early 1980s there has been some change, due to liberalization, and there is now a thriving export oriented garment industry, in which the vast majority of employees are women. The motivation for employing women, however, has been argued to be “the ‘primitive’ exploitation of labour: the extraction of the maximum possible labour at the minimum possible costs” (Kabeer and Mahmud, 2004, p.95). Discrimination against women in the workplace is widespread in Bangladesh, particularly in the garments companies (Newware, 1999; Rashid, 1998). Given the limited education and skills training of many Bangladeshi women their opportunities cannot be considered to be equal despite the constitution of Bangladesh, which “clearly articulates the equality of men and women in all aspects of public life” (Andaleeb & Wolford, 2004, p.52).

Child Labour

The use of child labour is an emotional issue of grave concern for Western policymakers and consumers/buyers (see, for example, Kolk & Tulder, 2002; Ray, 2004). As such there have been a number of international reform initiatives, primarily through the auspices of the International Labour Organization (ILO), the World Bank and UNICEF. Kolk and Tulder (2002, p.292) report that ILO convention No. 138 (1973) “stipulates a minimum age of 13 years” for “light work which is not to be harmful to [children’s] health or development, and which is not such as to prejudice their attendance at school”. Despite these initiatives the ILO (1998) report that globally there are an estimated 250 million child labourers between the ages of 5 and 14 and
Kolk and Tulder (2002) report that in some countries 69% of the child labourers will face some kind of hazard within their working environment. Drawing on figures from the World Bank (WorldBank, 2001), Ray (2004. p.5) notes that “child labour is a particularly serious issue in South Asia (especially Nepal and Bangladesh) and in some countries in East Asia such as Cambodia and Thailand”. In fact the World Bank (2001) figures identify Bangladesh as having a 29% participation rate for children aged 10-14 years. Today, there remains widespread use of child labour in garments and tannery companies as evidenced by several newspaper reports, for example, a newspaper report suggests 13% of garments workers to be children (Hossain, 2001).

The practices of employers operating in Bangladesh is governed by a regulatory framework which includes the Factories Act, 1965, Industrial Relations Ordinance, 1969, Employment of Labour (Standing Orders) Act, 1965, Payment of Wages Act, 1936 and Workmen Compensation Act, 1923. The framework covers issues such as minimum working hours, a safe and healthy working environment, the right to form trade unions and minimum working age (to ensure no child labour is employed). The Labour Inspectorate of the Ministry of Labour and Welfare is responsible for the implementation of these regulations aimed at the protection of employees’ welfare in 50,000 factories in Bangladesh. Within the Labour Inspectorate, however, there are only 20 inspectors and this clearly indicates a lack of resources at this state agency. Furthermore, in recent times this agency has received intense media scrutiny for its ineffectiveness and ‘bureaucratic tangles and corruption’ (Khan, 2006; Roy, 2006).
Thus, we see that in Bangladesh there has been a failure by both government and NGO programmes to significantly address the eco-justice issues of poverty alleviation, equal opportunities and child labour. Given this failure calls have been made (PWBLF, 2001; Rugman, 2001) for companies to share the responsibility for such issues in the community in which they operate as it is argued that ‘a business cannot succeed in a society which fails’ (Pachauri, 2004). It would be interesting to see whether or not business will rise up to this challenge which might appear to be fundamentally incompatible with the principal corporate objective of shareholders’ wealth maximisation. At the same time it is important to critically examine motivations behind corporate responses (or lack of responses) to these issues via CSR. The next section considers theoretical explanations about motivations for CSR from the prior literature.

3. Prior Literature

Exploration of corporate motivations behind social reporting is an important research tradition within the CSR literature (Owen, 2004). Researchers have used various theories for this purpose. Amongst these theories predominant within the CSR literature is legitimacy theory (Deegan, 2002; Deegan, Rankin, & Tobin, 2002), which suggests that organisations require legitimacy to be able to continue to operate, and that organisations use CSR to legitimise their relationship with the society and various stakeholders.

The results from empirical studies based upon legitimacy theory are mixed. A number
of studies (Campbell, 2004; Deegan et al., 2002) support legitimacy theory whilst others have suggested that legitimacy theory fails to sufficiently explain levels of corporate social disclosure and non-disclosure (Adams, Coutts, & Harte, 1995; Guthrie & Parker, 1989; O'Dwyer, 2002). The latter authors often turn to the broader political economy of accounting theory (PET) to offer some insight into reasons for the absence of CSR as well as its presence (Adams & Harte, 1998; Adams et al., 1995; Guthrie & Parker, 1989). In each of these studies an absence of CSR, or non-disclosure, was argued to result from the influence of powerful groups in society, including management and financial stakeholders, deliberately silencing, suppressing and confusing the issues in order to ensure the status quo. Therefore the absence of CSR is a conscious decision made for reasons of self-interest (Guthrie & Parker, 1990). Similarly, although not drawing directly on PET, Chwastiak and Young (2003) forcefully argue that the "dominant discourses" silence "injustices" in order to "allow us to ignore more easily the distasteful and objectionable aspects of the systems in which we live" (p.534-5). PET has also been used to argue that where voluntary CSR does occur it is motivated by a desire to influence possible future regulation (Adams et al., 1995; Guthrie & Parker, 1990). In these circumstances voluntary disclosures may delay or completely avoid the need for, potentially more stringent, mandatory disclosures.

Within the CSR literature a number of studies explicitly comment upon reasons for the absence of CSR and a number of factors are identified as important in determining such absences. The importance of cultural attitudes within a country was specifically
reported as a reason for non-disclosure by Adams (2004). Gao, Heravi, & Xiao (2005) consider the very low levels of CSR within Hong Kong and note that companies there faced little pressure from community pressure groups; moreover, the government fails adequately to enforce existing social and environmental legislation. Kuasirikin and Sherer (2004) appear to contradict the importance of these social and political factors when they note that, despite increasing social and environmental legislation, increased public awareness and worsening social and environmental conditions, levels of CSR within Thailand have not improved. They argue, however, that in reality a failure to enforce legislation, a lack of effectiveness by Thai social and environmental pressure groups, and an absence of mandatory social and environmental disclosures, explains the continued absence of CSR. The importance of an absence of regulatory CSR requirements is also noted by Adams et al (1995) and is suggested as the primary reason for a lack of CSR in a Jordanian study (Naser & Baker, 1999).

Two further reasons for non-disclosure within the context of a developing country, as suggested by Teoh and Thong (1984), were a desire to keep the annual report brief and a degree of secrecy about the company's activities. Finally, there is a strong message from much of the empirical research that CSR is dominated by the reporting of good or positive news (see for example, Deegan & Rankin, 1996; Harte & Owen, 1991) and, therefore, there is an absence of reporting of bad news. From this we could surmise that where there is a lack of good news there will be a subsequent lack of CSR.

This section has provided a review of both the theoretical and empirical literature on
reasons for the absence of CSR. Most notably when considering the absence of CSR it appears that PET has much to offer. Gray et al (1996, p.48) also contend that part of the PET ‘is especially useful in helping to explain the absence of CSR’. PET specifically considers that the suppression of certain information and the silencing of certain voices actually is a powerful weapon in the armoury of influential groups within society. Most of the previous studies of CSR have undertaken empirical investigations of levels of social disclosures within annual reports and how this is related to the presence or absence of a number of factors. In contrast a smaller number of studies have addressed motivations for the presence/absence of CSR within annual reports through seeking the views of managers. It is this method that has been adopted here from the context of a developing country and this is considered in more detail in the following section.

4. Research Method

This paper reports on a study of managerial perceptions concerning the current state of CSR in Bangladesh, and its future prospects. The research was carried out via in depth semi-structured interviews in 23 companies. One part of the interviews was devoted to developing a critical understanding of the reasons for non-disclosure on various eco-justice issues and it is these issues that are being reported in this paper.

Initially interviewees were contacted by letter asking for annual reports and also soliciting interviews. Most of the contacts were made through this process. Additional contacts were made during a field trip to Bangladesh. By following these procedures 23 interviews were obtained from companies across ten industrial sectors (See Table 2). The 23 companies include 21 companies from top 100 companies listed on the Dhaka
Stock Exchange and two state owned public enterprises were also chosen as they claim social welfare motive as one of their main objective (Hegde, Bloom, & Fuglister, 1997). Table 2 summarises the CSR profile of the individual interviewee’s companies and all 23 of these 23 companies do provide some CSR within their annual report. We can see, however, that none of these 23 companies reported anything in terms of child labour (disclosure category 5) and equal opportunities (disclosure category 7). In terms of poverty alleviation (disclosure category 10) only one company provided some disclosure. It is this absence of CSR on selected eco-justice issues that are being investigated here.

INSERT TABLE 2 HERE

The key informants are company secretaries with two exceptions (interviewees 2 and 7) where other senior relevant managers were interviewed. Previous researchers have used company secretaries as the key informants (Jackson, Milne, & Owen, 2000). Within the Bangladeshi context they are the most knowledgeable person in the company with regard to corporate reporting. They are closely involved in providing corporate information to the outside world, including the production and compilation of annual reports which generally contains various social disclosures.

The interviews were conducted at the interviewees’ place of business during the period of December 2001 and March 2002. The interviews lasted from 30 minutes to more than 120 minutes. The interviews started with a brief introduction and explanation about the project. A promise of anonymity was given to all interviewees. An interview
protocol was used as a rough guide which, inter alia, included questions about the absence of CSR in Bangladesh. All interviews except one were tape recorded and transcribed. Where the interview could not be recorded, detailed notes were taken and later on the notes were confirmed by the interviewees. Following a reiterative process suggested by O'Dwyer (2004), interview transcripts and notes were then summarised and analysed thematically together with personal reflections by the authors. The results are reported in the following section.

5. Findings

In this section, we explore the absence of CSR from the context of Bangladesh. In particular, we describe the reasons for non-disclosure provided by our interviewees.

Lack of Legal Requirements

Like many other countries of the world, CSR is not a mandatory requirement in Bangladesh. A number of interviewees expressed the view that the main reason for not disclosing these significant issues is the absence of legal requirement. The prevailing managerial attitude is: we will only comply if we are legally bound to do so. The following quotations are illustrative of this attitude.

There is no regulatory requirement for social disclosures in Bangladesh. Why should I talk more? (Interviewee 5)

In fact we do not report with much seriousness. The minimum disclosure we make is due to the legal compulsion so we do not make complete disclosures. We feel that compliance with minimum legal requirements constitutes enough disclosure. (Interviewee 19)

We don’t disclose these [eco-justice] issues because the law does not require it. (Interviewee 6)

The above quotations illuminate corporate unwillingness and lack of sincere commitment (Martin & Hadley, Forthcoming) in selected Bangladeshi companies
towards CSR in general and eco-justice issues in particular. It appears that absence of mandatory requirement for CSR provided them with a convenient pretext for avoiding these serious issues which needs to be addressed for the reasons noted earlier in the paper. If we look more deeply at the corporate silence and nature of these eco-justice issues it would appear that they are the evil consequences of ever increasing demands of global capital (Chwastiak & Young, 2003). In order to address these issues businesses would require a fundamental shift in traditional thinking of profit making as the sole objective. Otherwise, any kind of attention on these issues would be treated as diversion of scarce business resources and a distraction from the fundamental corporate objective of shareholders’ wealth maximisation.

_Lack of Resources_

Belal and Owen (2007) argue that it is more likely that companies in developing countries will be put under pressure to comply with the requirements of international social accounting standards/codes. They expressed concern that such externally driven compliance strategy is unlikely to achieve the desired outcome on the grounds, essentially, that it would involve additional costs. It is feared that supply chain companies will be compelled to bear these additional costs. Several interviewees appear to be concerned about this. Some of them expressed the view that CSR might be more appropriate for larger companies with more resources. For example, one interviewee says,

*Larger companies are more likely to do it because they have got the resources. As a small company we do not have many resources to undertake additional disclosures which involve additional costs. Scarcity of resources is one of our main limitations.* (Interviewee 20)

However, even the larger companies are very mindful of additional costs required by
Elaborating on the reasons for non-disclosure one interviewee alluded to the issue of additional cost burden.

The company is socially active and these issues may be disclosed in future. But we have to bear in mind that this [CSR] does require additional cost involvement which is always a constraint. (Interviewee 6)

It is acknowledged that demand for CSR would require companies in developing countries to commit additional resources. This was viewed by one interviewee as a departure from shareholders’ wealth maximisation objective. In line with the strong opponents of CSR (Friedman, 1970) it was argued that a company’s main objective should be to make profits and there was little scope for diverting resources to non-essential activities.

If I disclose on welfare activities even the small shareholders might ask me why are you spending our money on welfare activities. That’s why we don’t disclose these things through the annual report. (Interviewee 13)

Some interviewees argued that there are inherent problems in disclosing certain things, such as donations and contributions to other charitable work, because it leaves one open to more and more people lining up demanding donations from the company for their charity/community projects. These requests might be undesirable on the part of cost conscious companies and they may have to justify their decisions to the shareholders in terms of impact on the bottom line profit:

We are not disclosing because we do not want to invite trouble. There are inherent dangers in it. We don’t want unsolicited invitations to participate in voluntary projects. In order to participate in these projects you need financial commitment. It must have a positive impact on the profit. (Interviewee 4)

So a business case (in terms of positive impact on profit) has to be made here for them to be able to address important eco-justice issues. There is little hope that they will be
addressed by businesses unless it makes good economic sense. We argue that it is this very rigid corporate mindset which promotes status quo and to some extent explain corporate reluctance to address these issues.

Lack of Awareness/Knowledge

Given the fact that the phenomenon of CSR is comparatively new to the companies in developing countries many of them may not be familiar with its processes and requirements. Most of the interviewees shared this view. They contended that some of the reasons for non-disclosure might be attributed to lack of awareness and knowledge amongst corporate managers regarding CSR in general and disclosure on eco-justice issues in particular.

There was some lack of awareness. Our previous management adopted a policy of as little disclosure as possible but under the new management we are changing now. We would include more and more non-financial issues in future to make ourselves more transparent and accountable. Even two years back this attitude was not there. (Interviewee 14)

Every company has a social responsibility, which needs to be communicated through social disclosures. In our country awareness in this regard has not been created as yet. (Interviewee 10)

To be honest we do not have much idea about how to develop this sort of thing but we are moving slowly. You will see the difference between this year’s report and that of ten years back. More disclosures are coming up. Eventually it will come. (Interviewee 12)

Poor Performance and Fear of Bad Publicity

Two more factors, which conflict with the lack of awareness suggested above, for not disclosing relate to the fact that companies were not actually undertaking enough social activities and that additional disclosure could bring adverse publicity, particularly if the disclosures are not positive. For example, defending the silence on the issue of equal opportunity one interviewee says,
We don’t do that because it is not an issue for us. We don’t have any written equal opportunity policy. But in our job advert we do say that we’re an equal opportunity employer. We wouldn’t disclose it because we’ve got significantly low number of female employees. It has to be shown in a more practical way. Otherwise it’ll give a distorted picture. (Interviewee 4)

Several companies refrained from disclosure because of a fear of bad publicity:

…….on certain areas, for example, child labour and right to collective bargaining, we are not good performers. So we don’t want to disclose this negative aspect because of the fear of bad publicity at home and abroad [foreign buyers]. (Interviewee 20)

I don’t want to disclose anything beyond statutory minimum requirements. I think that’s enough. Why should I go for extra disclosures that might create bad and adverse publicity? (Interviewee 13)

For the two public enterprises there were two primary reasons for non-disclosure: First, a lack of awareness, skills and knowledge, and secondly, the fear of bad publicity that might arise from negative disclosures. Both of these reasons have already been discussed above. In one case the fear of bad publicity was probably exacerbated due to criticism by the media and environment protection agencies of the environmental pollution it has created. The company preferred to remain silent on this issue, fearing further criticism.

We’re already under tremendous pressure (closure, penalty, etc.) from the Department of Environment (DoE) and don’t want to add fuel to the fire by disclosing our weaknesses. (Interviewee 18)

We argue that this conscious decision to deliberately silence and suppress information is aimed at ensuring status quo and continue business as usual while ignoring serious eco-justice issues which have significant impact on the powerless non-economic stakeholders.

6. Summary and Discussion

According to the interviewees, the main reasons for non-disclosure include lack of
legal requirements, lack of resources, lack of knowledge/awareness, poor performance and fear of bad publicity. From these reasons it is perhaps most easy to sympathise with those smaller companies that are struggling to survive and who see CSR as unrealistic given their resources and we will not say much more on this issue.

The absence of CSR due to a lack of regulation could be explained with reference to the argument that disclosure is often made in response to the demand from state agencies in the form of formal regulation (Boden, 1999; Jackobs & Kemp, 2002) as well as from non-governmental, or social institutions, in the form of informal regulation⁶, such as social pressures, sanctions and boycott (Tilt, 1994). While environmental reporting in some developed countries like Spain (Larrinaga, Llena, Moneva, Carrasco, & Correa, 2002) results from mandatory requirements, social and environmental reporting in the UK is, by contrast, a response to demand from social constituents. In Bangladesh neither formal nor informal regulation presently requires companies to disclose. Formal regulation could legally require companies operating within Bangladesh to publish social reports generally and more specifically to disclose on relevant eco-justice issues such as child labour, poverty alleviation and equal opportunities. In the absence of effective legal enforcement mechanisms, however, it is doubtful to what extent formal regulation will be helpful in this regard (Khan & Belal, 1999). Therefore such formal regulation would, we believe, require international support and resources if it is to be made to work in a ‘developing’ country such as Bangladesh and this appears unlikely at the present time. On the other hand, we must consider whether newly emerging pressure groups in Bangladesh could become
sufficiently organised and powerful within Bangladesh to force companies into disclosure. As referred to earlier some studies have shown that such pressures can lead to an increase in disclosure, but against this we must remember that the vast majority of non-mandatory disclosure is of a positive nature. Hence, from experience to date, we suspect that it is unlikely such informal regulation would be sufficient to overcome the poor performance and fear of bad publicity motivation for silence. Thus, absence of CSR can be, at least partly, explained by the absence of key state and social institutions, a finding that also accords with several previous studies (Adams et al., 1995; Gao et al., 2005; Kuasirikun & Sherer, 2004; Naser & Baker, 1999).

The absence of CSR due to lack of knowledge/awareness and resources appears to be a plausible explanation and particularly relevant in the context of developing countries. It is true that corporate managers in developing countries need necessary training to achieve the required skills and knowledge to be able to embark on CSR activities, which would require commitment of additional resources that might be lacking, particularly in domestic companies, as suggested by some interviewees. These factors have not been emphasised in the prior literature but could provide additional convincing explanation for the absence of CSR in developing countries. No doubt there is a need for capacity building in developing countries for them to develop necessary expertise in CSR (Belal & Owen, 2007). At the same time we would argue there is also a need to have fundamental change in the corporate mindset to be able to view CSR as a mechanism for discharging accountability and promoting transparency in business.

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6 This is referred to as ‘civil regulation’ by Parkinson (2003).
practices (Medawar, 1976) rather than using it as a reputation building tool (Owen et al., 2001; Owen et al., 2000).

The above discussion and analysis shows that lack of regulation, lack of awareness and lack of resources go some way to explain absence of CSR in general. An even stronger explanation, however, lies in poor performance and a reluctance to disclose negative news which might lead to adverse publicity. It is unlikely that companies would disclose negative information voluntarily and therefore PET can help us further explain this absence of reporting. One study that successfully used PET to explain corporate equal opportunities (non-) disclosure was that of Adams et al. (1995). The study indicated that, by refusing to disclose more, companies effectively control the disclosure agenda and information flow. They only disclose favourable news. As Adams et al. (1995) note,

Accounting reports may selectively fail to communicate information where this is not consistent with business self-interest. Thus non-disclosure is seen as an effective means of intervention and confusion. (P.103)

For example, we noted that in the Bangladeshi context the Labour Inspectorate of the Ministry of Labour and Welfare is under resourced and accused of ineffectiveness, bureaucracy and even corruption. The implication here is that despite employment legislation being in place in Bangladesh there will be a number of companies that do not comply with the provisions of this legislation relating to child labour and other employee related matters. If companies were to disclose such non-compliance they might well alienate their employees and attract public criticism. Also if they were to
disclose such failures then it would make the work of factory inspectors easier and might mobilise public opinion to challenge their illegal behaviour, perhaps closing them down as marginal operations that were not viable without flouting legislation. Thus, while disclosers provide some limited information to legitimise their relationship with the society, by not disclosing companies can perhaps be able to avoid adverse publicity and other restrictions on their activities. This raises a question about the sincerity and corporate commitment to the principles of transparency and accountability (Medawar, 1976). We argue that while the eco-justice issues highlighted in this paper require urgent attention in developing countries like Bangladesh they are probably fundamentally incompatible with the business objectives of shareholders’ wealth maximisation. In line with PET we maintain that corporate silence on these issues is designed to serve their self-interests and benefit powerful stakeholder groups such as management and shareholders (Guthrie & Parker, 1990).

In section 2 of this paper we noted that there has been a failure by both government and NGO programmes to significantly address the eco-justice issues of poverty alleviation, equal opportunities and child labour in Bangladesh. There have, therefore, been calls made (PWBLF, 2001; Rugman, 2001) for companies to share the responsibility for such issues in the communities in which they operate. Such calls hope that corporations will act responsibly and provide transparent accounts of their actions. This research, however, indicates that at present that the behaviour of, at least, some corporations is not consistent with this hope. Poor performance and a lack of transparency appear prevalent. Should we be surprised? Western civil society may appear outraged by child labour and unequal treatment of women, but Western consumers’ desire and purchase
cheap products and furthermore Western investors expect maximum returns for their ‘hard-earned’ investments. These powerful economic stakeholders may well pay lip service to eco-justice issues, but the economic imperative is clear. We are particularly concerned about the systemic nature of the problem here which encourages uncritical acceptance of unbridled growth/profit as a measurement of success/progress (Catasus, Forthcoming; Chwastiak & Young, 2003; Litvin, 2003). Therefore to expect some voluntary corporate response to these problems is unrealistic given the needs of their powerful economic stakeholders. Furthermore, we can not see how an individual country, especially a developing country with significant eco-justice issues, could in any way address these problems without at least international support and more importantly a change to economic systems. Let us consider further the plight of a family living in poverty in Bangladesh where an important wage earner is a child. If the government outlaws child labour and successfully enforces this then such a family will simply be economically worse off and suffer more in terms of poverty. Perhaps, as a corollary to these developments, the Bangladeshi Government could manage to compensate the family for the child’s lost earnings (through a benefits system financed through taxation?) or enforce higher wages to be paid to adult workers. The result here will be higher costs to corporations, which therefore become less competitive in the global market place. The response of shareholder wealth maximising companies is obvious - move on to a different low cost environment where there is less cost and interference from legislation. The Bangladeshi economy would be disadvantaged and weakened such that a country already one of the poorest in the world would simply be made worse off. Such is the nature of the global capitalist system in which these
corporations operate. Unless this system changes then there is no hope that CSR or the Bangladeshi government will truly be able to address the eco-justice issues discussed in this paper.

This paper contributes to the CSR literature by exploring the absence of CSR from a developing country context. In doing so it widens the “presence” orientation of the previous CSR literature. The paper has raised some serious public policy issues by exploring the underlying motives for absence of CSR in general and some eco-justice issues in particular which are of concern to the wider public. These significant issues require careful consideration by the policy makers at the national, regional and international levels. In this regard, it will be useful to carry out future research using in-depth case study method in order to examine the presence/absence of CSR in individual organisational settings.

References


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Kuasirikun, N., & Sherer, M. (2004), "Corporate social accounting disclosure in


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(Figures in parenthesis indicate percentage of disclosers in each category)

[Source: Adapted from Belal, Forthcoming]
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