

## Ethics in Business

*Moazzem Hossain*, Editor, The Financial Express

Ethics in business or business ethics, in whatever way one prefers to connote the links between the two -- business, on one side and ethics on the other, involves a lot of grey areas. Ethics is primarily normative denoting what is right, fair and moral under the given circumstances of a social milieu which is not static and has dynamics of its own, depending on the stages of socio-economic growth. Business is practical and embraces activities that relate to real situation in which profits are made on capital or funds that are deployed for undertaking ventures in areas of production, trading or making services available to the users or consumers. Ethics implies responsibilities or duties to uphold the normative values and principles that it seeks to promote. Businesses, according to the general perception of the lay public, are for maximisation of profits where ethics plays at best, the second fiddle.

But such an approach to businesses and its relation with ethics has become too absolute and lacks in pragmatism. This is more so in the context of the developments relating to "ethical consumer" movement, good corporate governance practices, fair or ethical business, corporate citizenship, socially responsible business, corporate social development (CSD) in past two decades or more. It has now become an increasingly important component for the long-term interests of companies or businesses on a sustained basis, to the satisfaction of all concerned stakeholders. That has brought the issue about ethics in business or business ethics into focus, more than before.

*see page 4 ►*

## From Passive Recipient to Empowered Women

*Farzana Naim*, Director - Governance, Manusher Jonno Foundation

There is a greater realization among corporate bodies that economic support for sustainable development issues including environment, addressing poverty, women's empowerment etc. is needed for not only serving society's interest but also for their own business interest. That is why a critical question may be raised that how CSR fund is being spent. It is of course easy to spend if fund is released for shortsighted venture where target groups are passive recipient not active agent. In development context ventures such as; eye camp, wheat/rice/cloth distribution in monga areas etc. have no long term as well as spill over impact. Hence it is crucial to select sustainable scheme, target the most vulnerable group on priority basis and arrange strong institutional support for tracking down scheme implementation.

Here is a practical story in short write up form narrating how CSR fund can be used for women's empowerment. This initiative was undertaken by MRDI within scope of Manusher Jonno Foundation (MJF) supported project. Two selected areas of Basatpur ( adjacent border area) Jessore and Bonlaudob Sundarbans were included and a group of women were engaged through local implementing agencies taking support from CSR funds. Women's vulnerability of these two areas was quite different. Migrant women workers of Basatpur had encountered problems of less secured and dignified jobs in foreign country. Harsh poverty pushed them to accept this knowing well risk at various levels. On the other hand women of Bonlaudob had to depend on nature for earning and limited exposure to outside of their areas. The

common ground is harsh poverty and no restriction of women to work outside household. It is well evident why CSR support fund was used targeting disadvantaged women of two different areas.

What specific initiative taken, how and why CSR fund is contributing towards women empowering process, are highlighted here. Though the initiative undertaken did not try to engage women in non traditional job rather it intended to use available skill and adopted strategies how to bring remote areas' product within reach of urban base consumers. Critical assumption was that women's direct contribution to reduce hardship of family would certainly have positive contribution in women's empowerment reflecting change in women's decision making power, mobility, confidence building etc. The project also realized it very well that this was not enough to build empowering process on strong foundation unless women did not have control over all stages of production and they also needed an institution at their level, managed by them for continuation. So these issues were considered while designing the scheme. At the beginning, it was not easy to ensure women's participation in new initiative which usually does not

*see page 5 ►*



### Time to Demonstrate Impact and Visibility

The need for companies or business enterprises, as moral or ethical part of sustainable activities -- albeit on a voluntary basis transcending regulatory requirements, legal bindings, compliance-related factors and philanthropy or charity, is now largely recognised. Both conceptual and contextual aspects of corporate social responsibility (CSR) are no longer unknown aspects of things for the country's businesses in the organised sector of its economy. This, however, does not necessarily mean that there is clarity and understanding to the widest possible extent about what CSR is and what its remit or functional domain is. CSR is not that simple to comprehend easily what it is all about.

Policy advocacy and campaign are still needed to enable the country's businesses to appreciate, more in substance than in form, how CSR, as a voluntary process of their activities, can contribute more meaningfully and effectively to serving the purpose for which it is meant. Such advocacy and awareness-raising campaign do require to be carried out and followed up on a continuing basis. There is no denying of this under the given set of circumstances and conditions under which the businesses do normally operate in countries like Bangladesh. Policy advocacy and awareness campaign will have to be continued as part of on-going efforts to encourage more and more companies to be pro-active on CSR activities that are funded out of their profits and not as part of any charged or allowable operational expenditures, essentially because of their voluntary nature.

But time has also come for businesses in operations in the country to move onto the practical domain to demonstrate the outcomes and some result-oriented performance within the ambit of CSR. This will mean that the businesses or companies in large numbers than before, are increasingly getting themselves engaged in CSR-related activities to forge close and strong links with their various stakeholder groups. Furthermore, it will serve as a positive indicator of the outcome of the efforts that have for long been made by the activists on the CSR front over the years. Strenuous endeavours by such activists and other relevant organisations over a considerable period of time to encourage and motivate companies to embrace CSR, as part of their respective strategy for long-term sustainable growth, have not gone in vain, notwithstanding the challenging times that the businesses in this country as much as in comparador ones, have been facing in the aftermath of the global financial troubles and their multi-faceted adverse implications in many areas of relevant economic activities in the recent years.

As the saying goes, nothing succeeds like success. The demonstration of expansion

of CSR activities and the positive scorecard in areas of performance and related favourable impact even under such trying circumstances will amply bear out that more companies have now embraced CSR as part of their strategy for long-term sustainable growth, alongwith sustainability of their relevant CSR programmes or projects. By itself, this will encourage others to do the same. This can help, in the process, to form a synergy for creating more enabling conditions for an inclusive process of equitable growth, sustainable development, fulfilment of stakeholders' expectations, arresting the process of environmental degradation and many more things that are the cherished goals and objectives of CSR.

CSR is part of the vision, long-term goals and objectives as well as strategy of a business enterprise or corporate entity. It does essentially operate on the premise that sustainable business activities can not neglect the social responsibilities of a business. In this context, who gains and who loses from CSR activities and the resultant fair or just distribution of their operations or otherwise are matters of consequence. Businesses that want to prove their credentials as responsible ones, in the interest of ensuring their sustainability, will certainly not like to see any disconnection between their stated broader codes of conduct and their actual field or ground-level practices.

CSR-related activities without a proper strategy are likely to go off the track, running counter at times to the broad goals and objective of a corporate entity or a business enterprise. Under such circumstances, the felt-needs of their stakeholders like employees, consumers, suppliers, local communities and society at large for socially responsible behaviour, may not be reflected in CSR-related programmes and projects. This makes it necessary for the businesses, as they move onto the practical domain of CSR activities and endeavour to demonstrate the visible impact of their relevant programmes and projects, to forge better links between inputs and outputs. Proper feedbacks from the stockholders, wide-ranging inter-actions with them, ensuring effective participation of the intended beneficiary groups or their representatives in initiating and operationalising field-level CSR activities assume here a great deal of importance. The companies do also need to prepare their reports properly on a periodic basis to provide proper insights into the areas and range of their activities. CSR is no synonym for donation, charity and any individual discretionary act of philanthropy and is rather part of a clear strategy, in consideration of sustainability of programmes or projects undertaken under it. Therefore, the businesses do need to focus befittingly on results-oriented programmes.

Strategic CSR is critical to having a proper set of performance criteria to measure its outcomes in order to demonstrate transparently the links between inputs and outputs. Some of its components are to be considered relevant for this purpose. Businesses that are engaged in CSR activities have to comply, first of all, with the existing law and regulations. The core of strategic CSR lies in the effects or attempts of companies to align the business proposition (making money) while pursuing societal concerns, as they prevail in country-specific situations or conditions. Identifying the relevant societal concerns in a fairly objective way, without being dictated by powerful sponsors, individuals, authorities and institutions, involves hard and strenuous efforts. Admittedly, measuring this societal part is also no easy task. The views of stakeholder groups and those of the beneficiaries of CSR-related projects or programmes can be useful here, to a large extent. In this connection, it should be noted that the overriding concern of businesses should to consider their respective roles in a proper perspective in order to address issues of wider social challenges. However, CSR must not be used as a smokescreen to mask some of the dirty tricks of businesses.

CSR, however, does not have a universal definition. Rather, it reflects the recognition by businesses that they have a responsibility to the society, to their stakeholders, to third parties, and the natural environment. It encompasses the social, political and economic environment. A company has to conduct its business on the top of all, fairly in dealing with all its stakeholders as well as promoting sustainability that impacts the community in which it operates. The results-oriented performance of CSR activities by companies, in terms of a broadly acceptable set of criteria, can help integrate the economic, social and environmental dimensions of sustainability. CSR is about creating an economic and social benefit that is sustainable and this can be done by adopting creativity and innovation. For an instance, banks that decide to focus on supporting education of poor and meritorious students or on poverty alleviation by delivering entrepreneurial trainings to women can contribute to improve the quality of life of such target groups, now or in the future, while contributing to providing access to education at different levels or empowerment of the deprived segment of the women community and, thus, to equitable socio-economic development.

As CSR goes beyond the old philanthropy of the past by way of donating money to "good causes", the need for assessing the effectiveness of CSR-related activities, in terms of an identifiable set of acceptable performance criteria, merits a proper



attention. The academic inputs for measuring properly the outcomes of CSR activities that include many cross-cutting issues, including, among others, those coming under the domain of social accounting, are still not sufficient to do this. This is more so in a situation where the concept and practice of CSR is still evolving, along with those of the ways to ensure international best practices, in the light of an appropriate set of performance measurement criteria. As such, developing relevant analytical tools under country- and sector-specific conditions, assumes a great deal of importance. Until the time this happens, businesses need to draw up their CSR strategy carefully to deploy their post-profit CSR funds cost-effectively, sitting their goals, objectives and targets in relevant areas properly, in reflection of the expectations of their respective stakeholders and the pressing needs and concerns of the community or the society at large, in a clear and transparent manner. The visibility of the real impact of their CSR-related activities can make a big difference to them as well as others, as it is time for businesses to move on steadily ahead in the practical domain of CSR in the country.

Meanwhile a number of empirical studies at the international level has revealed that CSR could help bolster prospects for long-term profits of companies, through linking such "profit growth to abstract variables that are difficult to define is a challenging task". Such studies are based on examination of the relation between CSR and corporate financial performance. Their findings suggest that though CSR expenditures are made out of existing post-tax profits of companies, "corporate virtue in the form of social responsibility and, to a lesser extent, environmental responsibility, is likely to pay off" in the long-term. Good corporate social performance, according to findings of one such study, "could cause good CFP" (corporate financial performance), which furthermore noted that good CFP could, however, "provide slack resources to spend on CSP".

Yet then, one problem relating to causation -- whether high profits enable greater spending on CSR or CSR itself creates higher profits -- has still been left unanswered. How future research will find out answer to this problem, is yet not known. But the fact that CSR can improve long-term -- and certainly not immediate -- profits of companies that embrace its core values is not disputed. The moot issue lies here in how the companies can efficiently use their CSR funds. The businesses in Bangladesh do also need to take this issue into consideration, if they want to reap benefits in the future.



## Online School

### Taking Quality Education to the Underprivileged

Ensuring a quality education to underprivileged children is a big challenge in Bangladesh due to shortage of schools and the scarcity of teachers. Grameenphone, a socially responsible company, with a focus on education is working with a concept called "Online School" to help reducing the gap in education quality between urban and rural areas.

The concept of "Online School" is very simple. It allows teachers (who are not physically present) to conduct the class from a distant location using video conferencing technology and at the local level there are moderators who help the teacher with logistics. These moderators are from the local community and have no previous teaching experience.

Grameenphone in association with JAAGO Foundation, a nonprofit social organization working for the welfare of underprivileged children launched the first online school in Bangladesh at Tongi in December 2011.

After successful completion of the pilot phase, a plan is underway to include four more branches of Online School across Bangladesh. Online School started pilot phase in 2011 with 80 students in two sections. At present it has 120 students and after implementation of the expansion plan it is expected that this project will be able to cater a total of 300 students.

In online classroom scenario, a teacher was projected on a screen and consumed the attention of 40 students between age four to six. The students are equipped to ask questions in real-time.

This ground-breaking initiative aims to assure quality education for underprivileged students who live in rural areas and are not enrolled in a regular school. In addition, the Online School promotes teacher development, as the classroom moderators gain the necessary experience to conduct these classes independently.

This initiative is a very good example of how telecommunications can make a real difference in the life of people. The initiative is also appreciated by the International Telecommunication Union (ITU). Deputy Secretary General Houlin Zhao of ITU visited the online school in Tongi in June last year and highly appreciated the initiative.

Through Online School Grameenphone is exploring a new way of educating underprivileged children. If it proves successful, this model can be used across Bangladesh and beyond, to ensure that even rural children receive quality education.

Online School project is jointly implemented by Grameenphone Ltd., Jaago Foundation and Agni Systems Ltd.



◀ from page 1

## Ethics in Business

Businesses around the world under such circumstances have to promote their commitment to what are otherwise considered, "non-economic" under heading such as ethics codes as part of their governance structure. Governments are found to use laws and regulations to point business behaviour to what they perceive to be beneficial directions, though ethics does otherwise also cover other areas and details that do not necessarily come within the domain of government control.

The idea of business ethics has, meanwhile, caught the attention of different stakeholder groups as well as academics, media and business firms because of many business scandals, loan scams, banking crisis, bailouts, absence of proper safety standards at workplaces, underpaid wages, industrial pollution, degradation caused to the environment, so on and so forth. The link between ethics and business that connotes ethical business does essentially concern the code of conduct, business strategies and social obligations of businesses.

### **The link between ethics and business that connotes ethical business does essentially concern the code of conduct, business strategies and social obligations of businesses.**

Ethical issues include a wide range of subjects which include the rights and duties between a company and its employees, suppliers' tax compliance, bribery and corruption, customers, neighbours and the community in which it operates. Stakeholders have the right to expect a business to be ethical. There can be no denying that if businesses consider themselves to have no ethical responsibilities, other institutions could make the same claim. This would be counter-productive to the businesses as well. Ethical companies or businesses, to reiterate, do require to follow some standard rules of the game that include, among others, norms and values, workplace safety, minimum labour standards, payments of acceptable minimum wages, fairness in trading practices, trading conditions, financial contracting, sales practices, consultancy services, the payments, internal and external audits, executive compensation etc. Furthermore, ethics in business demands shunning practices like creative accounting, earnings management, misleading financial analysis, insider trading, securities fraud, bribery/kickbacks and facilitation payments, forex or all other sorts of scams and abuses etc.

Ethical business are expected to consider employees as a source of creative employees and participants in workplace decision-making, in consideration of the fact the sustainable business success requires a humanly treated and satisfied workforce. In addition to all these, business ethics pertaining to the domain of production implies duties on the part of a business entity or company to ensure that its products or production processes do not cause

needless harm, taking into account their environment impacts including pollution, habitat destruction, urban sprawls etc. Likewise, in areas of marketing for ethical business covers issues like marketing redundant or dangerous products/services, transparency about product ingredients and environment risks, possible health risks, security risks advertising truthfulness, fairness in pricing and distribution, respect for consumer privacy and autonomy etc. There are, thus, a lot of cross-cutting areas that come within the domain of ethical business.

A good deal of ethics in business is covered under the law in most countries including the developing and low income ones like that of Bangladesh. This has been done in conformity with the provisions of the international conventions and covenants and also in accordance with the needs to cope with the country-specific conditions or situations. Some of relevant ethical issues for businesses are also embedded in corporate governance rules and practices. Following many related norms, standards and practices are legally binding on

businesses and companies. These are compliance-related issues. Their operational domain or sphere is also expanding to meet the changing needs of the time. As far as

compliance is concerned, this is a must for businesses or companies to continue their operations. For the government and its relevant regulatory bodies or authorities, there is a strong need for improving or strengthening their enforcement mechanism so that none concerned can flout them at will. Laxity in enforcement poses here a great problem in many cases and this must not be so if the goal of promoting ethics in business is to be achieved.

Ethics in business does have its bearing on CSR-related activities of companies or enterprises. However, it must be noted here that only those companies which are compliant with the existing laws of the land and the relevant corporate governance rules and standards, are expected to engage in CSR activities. Hence, ethics in business and CSR are not synonymous. A fine line of distinction exists here. As far as laws about pursuit of ethics under given set of country-specific circumstances as well as the rules and standards of corporate governance practices that are set by the relevant regulatory or self-regulatory bodies, are concerned, there is no option other than compliance for the businesses. But CSR, notwithstanding all its importance for sustainable business activities on a long-terms basis within the community in which businesses operate, involves a voluntary process. This should dispel any confusion over mingling ethics in business with CSR.

Meanwhile, it has become the practice about most companies, particularly in the organised or corporate sector, to become engaged in CSR. They consider CSR as being important to their

bottom line, no matter how difficult it may be to define CSR properly and to link it to profits. CSR is not otherwise meant to be generating additional revenues or profits for the companies. But corporate virtue in the form of social responsibility and, to some extent, environmental responsibility is now a part of corporate citizenship that transcends philanthropy and compliance. It is aimed at contributing to promoting sustainable and inclusive development, by way of giving back something to the community or society. Through CSR, companies endeavour to address and manage their social and environmental impacts, considering the fact that they are accountable not just to their shareholders but also to stockholders such as employees, consumers, suppliers, local communities and society at large.

In this context, 'corporate citizenship', 'corporate social performance' etc., are other terms that are roughly equivalent to CSR. Activities in the ambit of CSR are becoming increasingly important for the long-term health of companies. CSR itself could brighten the long-term prospects for businesses to increase profits, by promoting respect for them in the marketplace. This can in the future - certainly not in the immediate period of time - result in higher sales, enhance employee loyalty, attract better personnel to their respective firm and provide strong linkages with various groups of stockholders.

In fine, it has to be noted particularly about ethics in business, looking at its issues beyond the domain of CSR, that those at the end of the supply-chain, i.e. wholesalers and retailers have a great deal to do for upholding values related to the ethical business. The example of the recent tragedy in Bangladesh's readymade garments (RMG) sector at Savar can be cited here. The succession of such tragedies in the country's RMG sector, though of a relatively lower extent than that of Savar, lends one more urgency to consider the situation in a broader perspective. Undeniably, some local businesses or owners of such factories are responsible for such incidents concerning worker's safety at workplace. But the overseas buyers, mainly big retailers at abroad, have also to share a part of the blame. The 'intentions-behavior gap' on the part of the latter which is reflected in their drive to buy apparel products at cheaper prices and to retain a wide margin between their sales prices at the consumers' or buyers', level and procurement costs. This does not provide sufficient leeway for the local manufacturers to do all the needful at acceptable standards about maintaining a befitting production environment and workplace safety. If producers are to have a guaranteed minimum price to cover the related costs for such purposes, either the shoppers have to pay more or the retailers involved have to accept lower margins. Hence, ethics in businesses has to be an all-embracing phenomenon.



◀ from page 1

## From Passive Recipient to Empowered Women

generate monetary benefits immediately. Moreover they needed to squeeze down their productive hours and participated into awareness, team building and institution building sessions. So the project started with local needs assessment, establishing liaison with local elite, consulting women to be targeted and identifying potential GO and NGO level institutions for necessary support. Motivating, convincing, addressing practical needs, giving patient hearing to unheard voices were common strategies to gain acceptability within localities. Keeping CSR fund giving agency and project's donor on board was also a critical step. In consultation with targeted women it was decided to undertake sewing scheme. Sewing as such is considered as a typical item for investing on women. If design of items, trainer source, outlet/buyer, costing and profit potential are well thought then it may turn into a miracle. Keeping these in mind the projects identified trainer who was engaged in designing and teaching workers of reputed outlets and had knowledge about buyers. Along with sewing training group members used to discuss on institution building i.e. development of constitution of women managed samity, registration and future plan highlighting how to run samity when project will end up. Male members were also invited to observe how women groups discussed on different strategic issues and it has raised their respects for women. Implementing agencies also followed transparent mode by sharing detail of project's cost and savings with members. Exposure visit of CSR fund agency during implementation helped to present ground realities.

It is true that pace of intervention's progress was not same in two different working areas and it happened due to several reasons. Quality of local implementing agencies interventions, response of local elite and people in general, women's self-consciousness level along with leadership qualities were not at similar level. Certain percentage of drop out of samity's members due to getting married off in other villages, more monetary incentives in other interventions at local areas have affected the project to some extent. However, in general samity's mandate and women's engagement were greatly appreciated. All potential avenues of marketing are yet to be explored but Bonlaudob's women already took part into product exhibition and were exposed into fewer channel of marketing. The project also explored how to use government and NGO managed outlets at lower cost. Sewing is no more considered as add on income source among target groups and they have fully understood its potentials. They realized importance of keeping samity alive for their own existence. Besides CSR fund, project budget was used for ensuring safer drinking water and another source of CSR fund was used for distributing environment friendly oven. These two initiatives helped village women to reduce their load in domestic work.

One of the beneficiaries of Bonlaudob articulated their need saying that "it is we who will ultimately run this samity; so we don't perceive us as only receiver of sewing training. We are treasurer, marketing person, leader of samity, manager of sewing product." CSR managed project life was for three and half years but the process will continue after it. Community i.e. women group is in a position to manage it as they were not passive recipient of sewing, they were consulted, active participants and in process of building leadership and now strong enough to run it.

It is expected such example will inspire others to invest CSR fund in such long term and sustainable initiative. Facilitating NGOs and implementing local NGOs have responsibilities to use CSR fund transparently and creating accountable mechanism in order to draw CSR authority's attention towards this. Government should provide conducive environment through adopting policies and regulations so that both corporate house and NGOs can play advance roles in expanding use of CSR fund.

# CSR for Small Companies by Big Businesses

Syed Ishtiaque Reza

Director of News & Current Affairs, Ekattor Television

Big companies these days devote budget and dedicated employees to carry out projects under Corporate Social Responsibility (CSR). But for Small and Medium Enterprises (SMEs), CSR is a far cry which are always in struggle to survive.

The SMEs do not make CSR a strategic part of their business plan. CSR experts say that CSR is not an option for the small business sector because of many other priorities. And here lies the responsibility with the big houses in helping the SMEs grow. CSR is not only doing projects for the community or stakeholders, rather the big businesses need to understand that the SMEs have an unrealized potential for growth. If SMEs can grow in revenue and profits, they can create wealth and millions of sustainable quality jobs.

Big businesses spend billions every year seeking products and services from other companies, such as landscaping, cleaning services, logistics, software development, food services, and office supplies. SMEs can sustain if they are part of these supply chains.

Through collaboration with big houses, SMEs can make changes that improve their organizational structures, management practices, get better access to finance and operations. These changes lead SMEs to upgrade their technologies, increase their efficiency, and most importantly, become financially stable. As a result, revenue becomes greater and more consistent, making it possible for these businesses to add new jobs.

The biggest benefit for SMEs to get big houses partners open the door for them to relatively easier credit and access to market boosting the quality of overall SME sector to fostering their growth.

The government cannot do it by enacting law. The businesses themselves can send a strong

signal to entire corporate world that they are ready to support growth of small-businesses.

The benefit is actually reciprocal. Making small businesses part of their operations is more than "corporate social responsibility" -- it is good business. Smaller companies are more flexible in providing innovative products and services to meet corporate needs. They are quicker in delivering services locally, which saves on costs. Their knowledge of local markets can be extremely valuable for corporations trying to enter new destinations.

There is no specific formula of CSR for small companies by big businesses. First of all corporate entities can identify the specific ability of the SMEs to extend their supports. If the large companies can identify the businesses, they can mentor talented entrepreneurs through specific support programmes. The government can think of policy support if big houses aim at boosting the management capacity of high-potential SMEs to enhance their growth and competitiveness.

One of the major hindrances to the growth of SMEs is financial constraints ensure smooth customer services through automated payment system. Despite having intention to do it, this can be a burden for small companies. A financial help from a bigger players can help small companies with the capital and resources to scale up their systems. SMEs also face constraints in networking (both LAN and WAN) and connectivity.

Larger number of successful SMEs means more job creation. The small-businesses are specially seen effective for innovation and growth. The government is looking to SMEs as a possible solution to their job-creation needs where big houses can support this thinking in a strong way.



# Looking Back and Forth

## Backdrop

Governance - be it at the state level or institutional and other levels, is a vital component of development. Lack of good governance in the public and private development sectors causes misuse of resources, minimum impact on target beneficiaries and short term benefit that can hardly make any sustainable changes. So, there is no denying the fact that in the development sector, good governance is essentially needed for proper functioning of development interventions.

Business sector by its nature and function is different from the development sector. The prime purpose of business is generating profit by selling products and services. Fair business adheres to the business ethics, complies with the law of the land and applies good practices in its internal management and operations systems. Beyond these, a good business house demonstrates a sense of responsibility to the society by giving back a portion of its profit to those from whom it earns profit.

But this ideal situation does not prevail in our society. Corporate houses have hardly succeeded in ensuring business transparency, upholding stakeholders' interest and addressing society's need. A better governance in the corporate sector is needed to attain these desired objectives. It is strongly perceived that media as watchdog of the society can play an important role in promoting corporate governance.

## Step Forward

MRDI, as an organization committed to capacity improvement of media and the journalists came forward to address this



issue. The organization initiated a project "Bridging corporate sector and media for promoting good governance" in the year 2005 in collaboration with Manusher Jonno Foundation (MJF). The project closely scrutinized a number of issues including the status of corporate governance and corporate social responsibility (CSR), the media organizations' functioning and limitations in covering corporate issues and the lacking of the business houses in making effective communication with the media. As an activity of the project a comprehensive assessment study on media and the corporate sector for good governance was conducted. The study aimed to find the ways to ensure better flow of information between the media and the corporate sector, make the media houses more equipped in handling corporate issues and most of all ensure better governance in the corporate sector.

The study involved journalists, business leaders, PR activists and academics in the process of interviews, roundtables and consultations. These interactions generated findings and recommendations on corporate governance, corporate social responsibility, role of media and related issues. To be confined within the sphere of CSR, the study found that CSR is linked with corporate governance. Participants

agreed that misconceptions prevail in the corporate world about CSR and there is a strong need for clear understanding of the issue.

In view of these findings MRDI took up a project "Mainstreaming CSR to Address Poverty" (MCAP) in partnership with MJF. This advocacy initiative aimed to establish CSR as a sustainable source of development fund and its effective utilization for addressing poverty alleviation issues and improve coordination between development actors and private enterprises.

At the outset of the initiative, academic discussions and debates on definition and context of CSR were floated involving researchers, journalists, business leaders and experts. To bring the issue in the limelight, activities like publication of newsletter CSR Review, producing TV talk show on CSR, organizing roundtables and seminars were undertaken. Meetings with National Board of Revenue (NBR) and Bangladesh Bank were organized to seek policy support and incentives to CSR operations. These advocacy activities drew the attention of the stakeholders including the business community, civil society, academics and policy makers on the role of CSR in poverty alleviation and social development. Discussions and debates took place on concept and operations of CSR, corporate compliance and governance, business ethics and responsibilities and policy incentives for CSR. These discussions brought out a notion that CSR can be a sustainable and effective source of development fund in the context of Bangladesh.

To establish this concept MRDI undertook some pilot initiatives of implementing CSR funded development interventions with the assistance of local partner organizations. The interventions included livelihood

programme of women at Jessore, provision of safe water, eco-friendly oven and women's skills improvement in the Sundarbans villages and school infrastructure development in the remote char areas of Bhola.

It has not been very easy to involve the community and engage local organizations in the implementation process of the interventions. Frequent visit by the project team, advocacy meeting in the community and negotiation with the local implementing partners made the stakeholders conceive the idea and created a congenial environment for CSR operations. These interventions, over the years, have demonstrated tangible impact and are expected to sustain with active participation of the beneficiaries. Successful implementation of these programmes made other corporate houses interested to support such initiatives particularly in remote areas. Some of the programmes are already being replicated in other areas.

It is clearly observed that corporate houses willing to spend money for social development do not have the capacity to identify the priority needs and areas and implement the interventions. They need support of NGOs and social welfare activists. NGOs again, are used to operate development programmes with donor funds. An effective linkage between NGOs and the corporate sector can promote



optimum use of CSR funds for sustainable development of the society as a whole. Out of this feeling MRDI organized training on use of CSR funds for development involving chief executives of NGOs. The training enhanced capacity of NGOs on the approach of CSR fund operations and also facilitated them establish linkage with the corporate sector. Some of these NGOs have already received CSR funds for their projects.

Advocacy efforts of this initiative have also produced visible results. Scheduled banks of the country have opened a separate CSR desk in their corporate office in compliance with a circular issued by



Bangladesh Bank. MRDI had been lobbying with the central bank for this desk for a long time. MRDI, under this initiative organized a training programme for the CSR desk officers of banks.

While opening CSR desk, banks found it difficult to get suitable officers with clear concept on CSR for the desk. So it was felt that CSR could be incorporated as a topic of the higher studies curricula to equip the potential executives with proper knowledge on the issue. With this end in view MRDI in collaboration with the University of Dhaka developed a CSR course outline initially for 13 departments of the faculties of social sciences and business studies and the Institute of Business Administration (IBA).

Companies operating CSR often face difficulties in addressing the issue of their priority due to internal and external pressures and other factors. It happens

purposes. But unplanned use of these funds has failed to make the desired level of changes.

## Looking Ahead

To mainstream CSR in the development process the following measures can be taken into consideration.

- All companies including banks, non-banking financial institutes and companies listed in the Securities and Exchange Commission should have their own CSR strategy. Organizations like MRDI and others who advocate CSR can facilitate the companies doing so.
- Banks have opened separate CSR desk in their offices. Other companies should also do the same.
- A CSR Advocacy Group may be formed involving academics, activists and representatives of business community to continue CSR promotional activities, suggest policy reforms and strengthen operational linkage between the corporate sector and NGOs.
- Proper use of available CSR funds is a challenge. A coordinating body can take the responsibility of operating the funds in accordance with the priorities of concerned company. This body can work in collaboration with the advocacy group. Alternatively a single body can be formed as CSR Advocacy and Operations Group.

While taking these steps it must not be forgotten that CSR, by nature, is a voluntary issue. Nothing can be imposed upon a company in the name of CSR. Business communities have to be convinced about its benefit. So, need for CSR advocacy will never end.





## Stitches Make the Change...

### Dream Chasers of the Sundarbans

Colourful dresses for men, women and babies, fancy linen items in hand stitch embroidery hung over strings decorated the display stalls of a fair organized at Dhangmari, a remote village in the Sundarbans. Women of Bon Laudob, Koilashganj and Dhangmari with dreams in their glittering eyes were busy managing their respective make-shift show rooms. The occasion provided them with a rare opportunity of smiling and talking freely in a monotonous life full of hardships and uncertainties.



The fair was organized to display the fabric items produced by the women of three villages trained under CSR interventions initiated by MRDI. Skills training on sewing and stitching was provided to improve the livelihood options of these distressed women. They have started producing dresses and other items applying their skills. They organized the exhibition on a day when a group of visitors from Dhaka comprising corporate executives, journalists and MRDI officials visited the village.

The women aspire to explore market for the products through their urban well wishers and realize their dreams for a better life.



### Basatpur Women Need Access to Market

After completing training on tailoring and stitching, skilled women of Basatpur Mohila O Shishu Unnayan Sangstha have started producing apparel and non-apparel items. Apart from dresses for women and children they are now producing famous Jessore stitch embroidery items. Now they need a marketing channel to keep up their flow of production.

The women of Basatpur, Jessore shared this with the members of a visiting team comprised of corporate executives, journalists and MRDI officials. Enthusiastic women aspiring for a better life expressed their gratitude to those who showed them the path to fight poverty and miseries. They mentioned with thanks the generosity of City Bank Ltd. which facilitated their skills development by establishing a training centre in the village. Referring to the challenge of marketing the products they requested the visitors for further help so they could reap benefits of the initiative.





# Advocacy for Responsible Business

**Md. Emamul Haque**  
Communication Specialist & Director, MRDI

CSR is a process and a habit that is reflected in a company's values and principles. It is about creating shared values for a company and its publics. It is expected that this habit becomes consistent in everything that a company undertakes. For this they need to define a set of core values for themselves and for their CSR programmes like care, innovation, passion and trust - as a guide. The companies need to design communication that is both credible and, in turn, habit-forming for their organisations. The whole process calls for an extensive exercise and this needs additional resources. Advocacy programme can facilitate a process that influences public to mobilize arguments and corporate leaders to form specific policies and allocate resources.

The World Business Council for Sustainable Development in its publication, "Making Good Business Sense", defined CSR as: "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

Social responsibility is an integral part of the wealth creation process - which - if managed properly, should enhance the competitiveness of business and maximize the value of wealth creation in the society.

CSR is about finding alignment between corporate interests and community and other local interests; finding ways to concurrently create value for local stakeholders, shareholders and others, while simultaneously respecting the environment. Companies and communities that take a mutually beneficial value-creation approach to CSR will find exciting and sustainable ways to collaborate.

The key factor in the value-creation approach to CSR is to become creative about finding those actions and projects that can be beneficial for companies, communities and others. This needs to be managed systematically. And, at the same time, it has to be open to ways to maximize the value to all. CSR isn't a zero-sum game. Increasing the value to community stakeholders shouldn't simply be equated to spending more on the company's part, it is about adding something more to the people at receiving end.

Now what is crucial to systematically achieving this sort of value-centric approach to CSR is to apply the same tenacity to evaluate and manage CSR as a company does to its normal capital and operating investments. This forces managers to focus on more efficient ways of delivering value to local stakeholders and it improves both the company's profit as well as its visibility among stakeholders.

This is not easy to find effective collaboration between the companies and the communities. It

**Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce**



is perhaps because their approaches are not duly focused. Another reason could be that they may lack efforts in cultivating and soliciting relationships. If interests of the both sides are served, mutually beneficial collaboration between companies and communities can be predicted.

As a part of advocacy for coalition and liaison, organizations have learnt to come together and form alliances or coalitions to tackle situations for better and favourable outcomes. And choosing partners, building a beneficial relationship and conveying effective joint messages constitute specialized efforts and exercise. Advocacy efforts/initiatives can help both the parties come to an agreement, to get to know each other better and establish a partnership. The whole process need an enabling environment, which can be ensured through making sure that appropriate policies and standard of corporate conducts are in place. These issues can be addressed efficiently through advocacy efforts.

Despite many limitations and a complex reality over the past years, the Government of

Bangladesh has been making some efforts to both promote progressive CSR practices and raise the minimum standards of corporate conduct in this area through incentives and administrative measures. Provision of tax rebate on CSR expenditure, opening separate CSR desk in the banks at the initiative of Bangladesh Bank and introducing CSR in education curricula are some of the positive measures taken in last few years. NGOs and the media have been active in advocating the CSR issue.

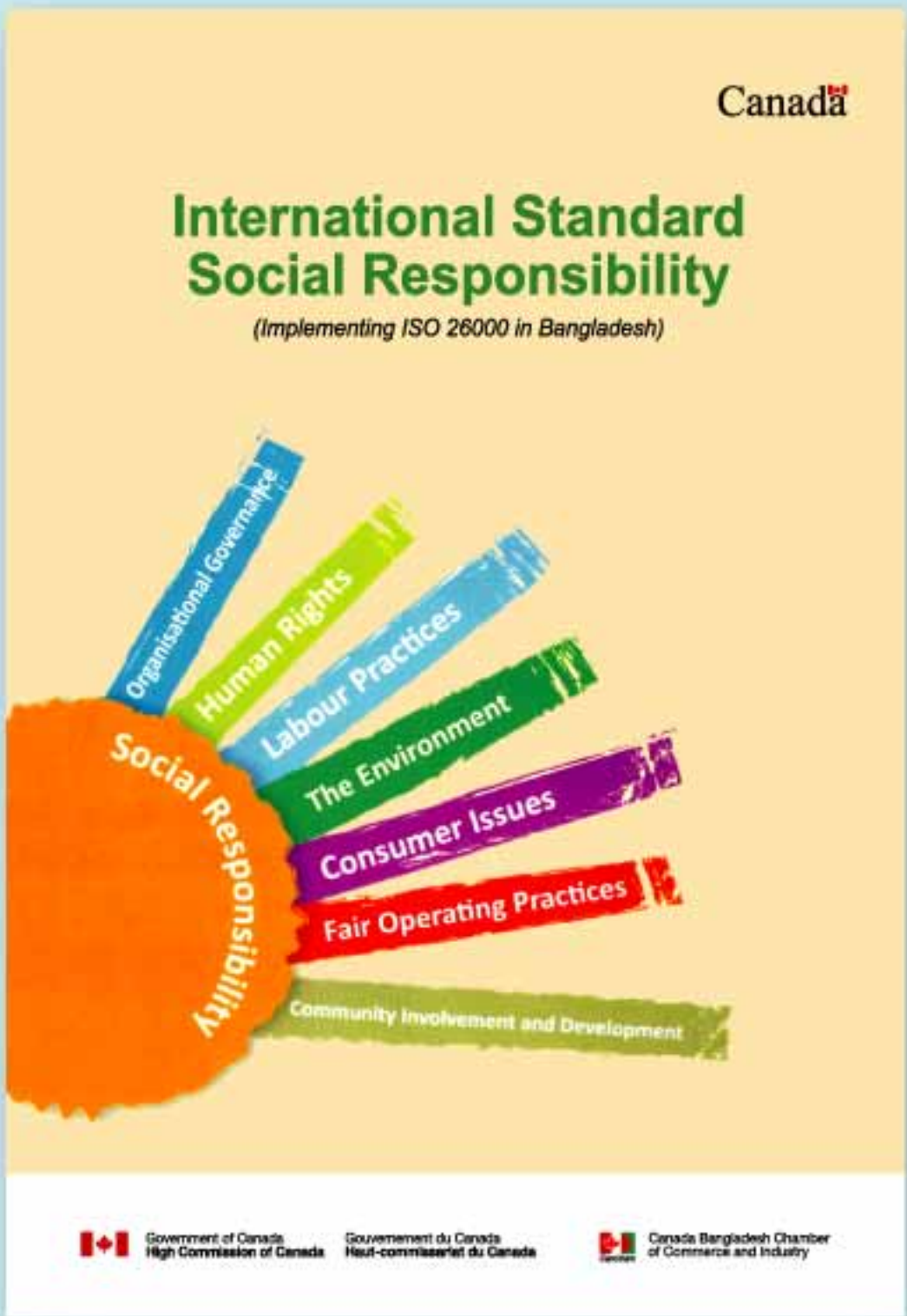
The trends of last few years in Bangladesh show companies are also stepping up and working to address the CSR issue in a meaningful way. Interventions of these companies not only demonstrated a visible result of CSR programme, but also played an advocacy role by drawing attention of the corporate houses willing to operate meaningful CSR. But, there are companies, particularly in the non-banking sector which are still lagging behind. The reality is that there persists lack of knowledge in this particular field.

Watchdogs can keep track of the companies that operate in the community. In many countries there are many advocacy groups who act like watchdogs of corporate conducts. The deviations in corporate actions are actively recorded and published by these groups. Advocacy groups can act to prevent corporate houses from indulging in socially irresponsible behaviour and help companies in implementing CSR programmes as well.

There are many companies/banks that have their own foundations and trusts that undertake CSR programmes. These foundations and trusts should be staffed with people from the social service field so that they can have an appropriate mandate and focus of their own. Whether an advocacy group partners with corporations or monitors and fights irresponsible behaviour, it is very likely that such groups could play a vital role to play in upholding the social norms that businesses have to follow. CSR is something that needs to come from the heart of companies and so they are the final custodians of whether the programmes they undertake are conscientious or not.

Public education campaign is an essential component of any advocacy process. A public education campaign is a top-down percolation of directed communication meant to change the opinion of a target audience. Public Education Campaigns are a multi-year, multi-layer outreach effort taken to educate key stakeholders, including citizens, the media, policymakers, employers and social workers about the importance of a particular subject.





BOOK REVIEW

International Standard Social Responsibility

(Implementing ISO 26000 in Bangladesh)

The Canadian Government promotes Social Responsibility in its partners around the world. In Bangladesh, Reed Consulting Bangladesh Ltd. is a leading authority on the implementation of Social Responsibility which goes beyond corporate philanthropy and legal compliance. Now, the two have collaborated on an important new book on the subject.

The book has been written by experts from Reed Consulting Bangladesh Ltd.; published in collaboration with the Canadian High Commission and distributed by the Canada Bangladesh Chamber of Commerce and Industry (CanCham).

The main aim of the book is to make the international meaning of Social Responsibility more widely known in Bangladesh and to give organisations practical advice on how to approach the subject. Companies and organisations will find in the book the steps they need to take to become more socially responsible by implementing ISO 26000. This book is intended for all businesses and commercial sectors in Bangladesh including banks, textile companies and pharmaceutical manufacturers.

The book explains the seven core subjects and seven core principles of ISO 26000 with practical examples. With these in mind companies will find it possible to understand the areas that most affect their business and readers will learn how to measure and evaluate their SR practices and initiatives. Proper monitoring and evaluation is as essential to SR implementation as to any project.

'Stakeholder engagement' has become a very popular concept world-wide. In ISO 26000, identifying and engaging stakeholders is one of the fundamental practices for any organisation. The book helps to clarify the importance of stakeholders and how to involve them in SR activities.

Whether you are considering implementing ISO 26000 or just want to learn more about it, this book will help. It is written in both English and Bangla and available from CanCham email : info@canchambangladesh.org

International Standard Social Responsibility (Implementing ISO 26000 in Bangladesh)  
by  
Sumaiya Islam with *additional material* by Rodney Reed and Philip Poole  
*Produced by* High Commission of Canada, Dhaka and Reed Consulting Bangladesh Ltd.  
*Distributed by* Canada Bangladesh Chamber of Commerce and Industry (CanCham)

Teaching CSR

Professor Syed Ferhat Anwar  
Institute of Business Administration  
University of Dhaka

*'The business of business is business!'* Or so Milton Freidman famously argued in the 1960s about the need for business to focus on maximizing profits within the rules of the game and refrain from straying into public issues that are more properly the domain of government.

For many companies today simply 'doing well' is not good enough! The role of business in society is undergoing a fundamental transformation: from a 'social contract' to a 'social capital market' that attaches real economic value to social change. Indeed, social change has become a powerful business strategy, influencing the way companies enter new markets, recruit and acquire talents, help to innovate products and services, create customer loyalty and influence policy.

Organizations, in today's world, need to consider new social strategies, different performance metrics and implications of an organizational culture. Furthermore, in order to partner with organizations, social entrepreneurs and policy makers will need to consider new mechanisms for working with business entities, developing new fund generation policies & strategies and different ways of communicating values. This is where Corporate Social Responsibility (CSR), can bring a difference by helping build a societal based strategic direction that focuses on the Triple Bottom Line; viz. Profit, People, and Planet.

With this in philosophy, The University of Dhaka, the pioneer of tertiary education in Bangladesh, has initiated CSR as part of their curriculum in the faculty of business studies and the faculty of social sciences. This curriculum explores the meaning and value of CSR by looking at the tools used to apply them in a business and societal context. In addition the social dimension of CSR, the course will also delve into the needs and aspirations of the citizens and will show why the society should develop an understanding and appreciation towards strategies that help build businesses. Thus, students will have the opportunity to learn about CSR theory and practice as well as explore the challenges and opportunities inherent to creating value from CSR.





- The course will help students develop the skills and leadership required to:
- 1. Contribute to development of business strategies involving CSR
  - 2. Develop social appreciation towards partnership with CSR ventures of businesses
  - 3. Execute CSR-related managerial tasks; and
  - 4. Evaluate CSR outcomes.

Students will also strengthen their ability to critique the strengths and weaknesses of CSR as well as improve their understanding of the social, economic and environmental factors driving current CSR trends. While lectures will delve into both global as well as local context of CSR, projects will focus on Bangladesh based issues and practices.

The course roadmap will have three distinct purposes: *Conceptualization* of the concept, *internalization* of the strategic dimensions utilized for the benefit of all stake holders, and the application of the conceptual framework, resulting in *externalization* of the CSR strategic framework. The illustration below provides greater explanation.

1. Conceptualization	OVERVIEW: The history of CSR	Definitions, Rationales, Critiques, Costs, Benefits, Relevance, Strengths, Weaknesses, Social implications, etc.
2. Internalization	GLOBAL CHANGE: Changes and practices at the global level	Legal and Technical Practices under the Global Umbrella, Case Studies and Settings at the Global Level, Trends and to Dictate Future Societies, Critical Analysis of the Practices, etc.
	LINKAGE: Boundaries & Integration with Business Strategy and Societal gain	Government Regulation (Public Governance), Self-Regulation (Private Governance), Co-Regulation, Performance Guidelines, Principles, Stakeholder Responsibility, etc.
	INTEGRATION: Technical Requirements & Integration with Business Systems	Leadership and Governance, Goals & Policy, Codes & Standards, Management Systems, Accountability & Transparency, Stakeholder Engagement, Measurement & Public Reporting, Performance Evaluation & 3rd Party Assurance, etc.
3. Externalization	RESOURCE UTILIZATION: Supply Chain Management	Objectives & Policy, Life Cycle Assessment, Supply Chain Tracing, Procurement, Supplier Codes & Contracts, Audits & Reviews, Sourcing Pattern, etc.
	LINKAGES: Diverse Partnerships, Strategic Alliances & Collaborations	Issues Management, Conflict Resolution, Business Innovation & Transformation, Communications (internal & external), Branding & Marketing, Credibility & Trust, etc.
	SOCIETAL IMPACT: Reaction and gain for the society	Differentiating Impact of Private and Public Goods, Reaction of Society, Changes in Society, Changes in the Legal Systems and Practices, Utilization of Resources Mobilized, etc.

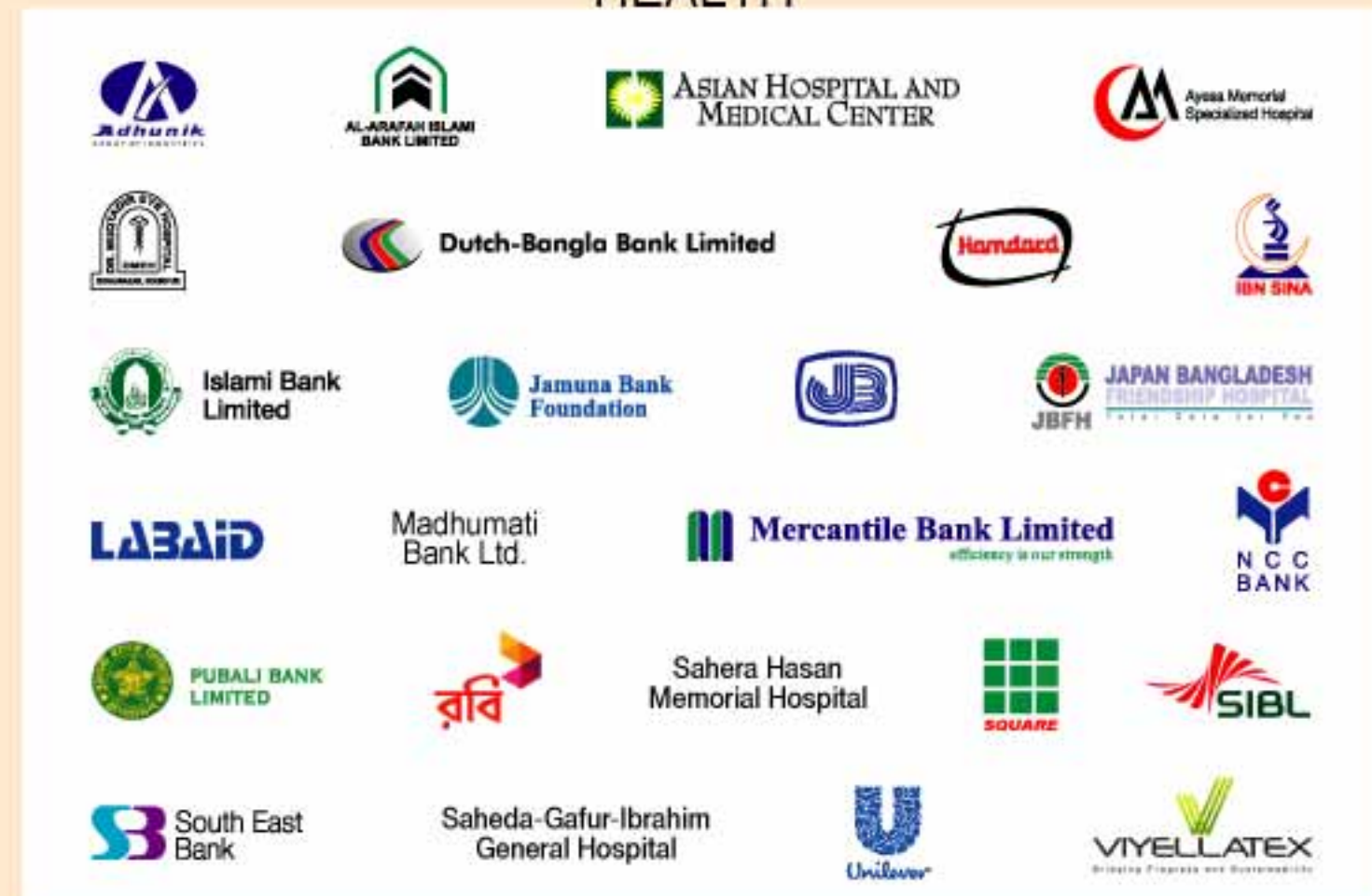
The classes are designed to be interactive and require students to divide into teams. Each team will examine various issues related to CSR in the context of Bangladesh. Thus to make it interactive and sustainable, there are 5 main course requirements; readings, class discussion/participation, desk research, individual assignments, and team assignments. Theory will be linked with practices prevalent in the Bangladesh. The selection of projects will ensure coverage. This implies that all four of 'Private: for profit', 'Private: not for profit', 'Non Governmental Organization: development organizations', and 'Small & Medium Enterprises' will be considered.

This CSR program as part of the curriculum has been successfully implemented with partnership between the two major faculties of the university: Business Studies and Social Sciences with Management and Resources Development Initiative (MRDI), under the leadership of the Vice Chancellor of the University of Dhaka. The program has been initiated from academic calendar 2013.



Like previous ten issues of CSR Review, a catalogue of business houses practicing CSR prepared through random monitoring of reports published or telecast by the national media over a certain period is being placed on this page of the current issue of the newsletter. This time the monitoring period was March 2013 to May 2013. We would highly appreciate if the corporate houses send information on their CSR initiatives to [csr@mrdbd.org](mailto:csr@mrdbd.org). Since MRDI works with media and journalists, the news about such initiatives will certainly reach a large audience through them.

### HEALTH



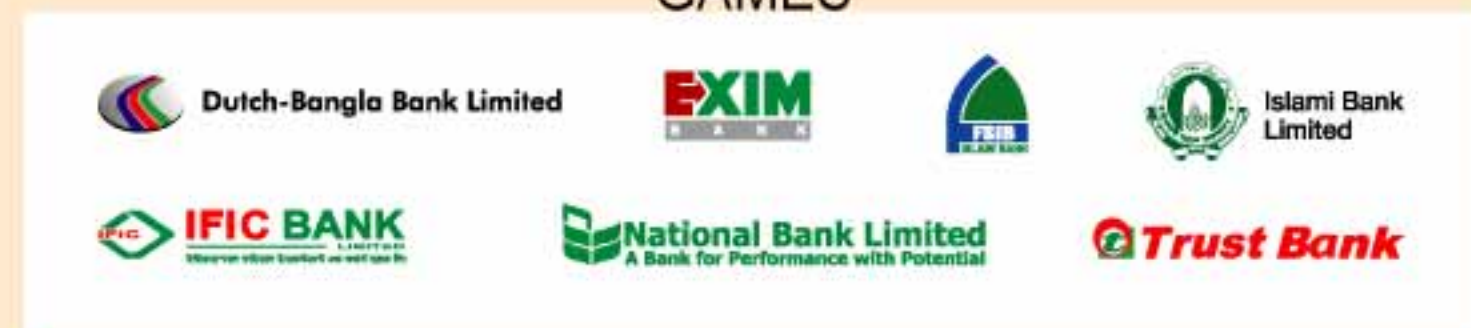
### LIVELIHOOD SUPPORT



### EDUCATION



### GAMES



### SOCIAL AWARENESS BUILDING



### ENVIRONMENT



### BLANKET DISTRIBUTION



### INFRASTRUCTURE DEVELOPMENT



### FACILITATING MARGINALIZED/VULNERABLE GROUP



## TEAM

**Project Adviser**  
**Rokia Afzal Rahman**  
 Former Adviser to the Caretaker Government  
**Shitangshu Kumar Sur Chowdhury**  
 Deputy Governor, Bangladesh Bank  
**Syed Md. Aminul Karim**  
 Member, National Board of Revenue  
**Project Anchor**  
**Moazzem Hossain**  
 Editor, The Financial Express

**Team Leader**  
**Inam Ahmed**  
 Deputy Editor, The Daily Star  
**Programme Coordinator**  
**Hasibur Rahman**  
 Executive Director, MRDI  
**Programme Manager**  
**Md. Shahid Hossain**  
 Adviser, Planning and Development, MRDI

**Senior Programme Officer**  
**Aktarun Naher**  
**Accounts Manager**  
**Sk. Shaniaz Ahmed**  
**Support Staff**  
**Minhaz Shaikh**