

Mainstreaming CSR for accelerating efforts to alleviate poverty



Dr. Atiur Rahman, Governor, Bangladesh Bank

The principal goal of our economic policy is to reduce poverty so as to gradually lift the vast majority of the people above the poverty line and improve the quality of life for the average citizen. Poverty is so insidious that a million preferences will not exhaust the agenda but to get the drive going, policy and popular energies have to be stimulated around a few catalytic aspects of the agenda built on the policy triangle of growth, human development and good governance.

The 2009 Millennium Development Goal (MDG) Progress Report of Bangladesh cites that overall improvements in poverty and hunger have been accompanied by rising regional and social disparities including persistent pockets of extreme poverty. Although Bangladesh is on track to achieve the Net School Enrolment target, the drop-out rates are high; enrolling the last 10% hard-to-reach population, remains yet a major challenge. In addition, achieving full and productive employment for all, including women and young people, is behind the target.

Yet another challenge that Bangladesh faces is in the areas of addressing certain pockets of poverty that are lagging far behind with respect to the national averages and where the benefits of achievements, in terms of MDGs, will need to reach the target groups. These areas include the urban slums, the hill tracts, coastal belts and other ecologically vulnerable areas.

Since poverty directly creates many social problems (crimes, low level of education, low productivity, malnutrition etc.), this issue must be solved quickly and strategically especially when the United Nation's MDG has indicated that global poverty should be reduced significantly by 2015. And it is evident that a vibrant non-government sector and private sector bodies, in tandem with the efforts of the common people, must make endeavours, side by side with the government, to achieve the above. CSR is regarded as a medium through which the private sector can contribute to poverty reduction and other social objectives.

Broadly speaking, CSR is not only about protecting the environment; it also aims at eradicating poverty. Enhancing CSR as a means for poverty reduction and sustainable development requires combined initiatives by all stakeholder groups involved: governmental bodies, non-government organisation (NGOs), and corporations. In our country, besides Government and NGOs, the banking community plays the most important role to make use of CSR as a link connecting business and development, and their CSR programme are well recognized in terms of their contribution to development.

Poverty-related deprivations in health, education and asset ownership are major causes of financial and social exclusion. Physical and mental disabilities, discrimination by gender, social disruptions from prolonged conflicts etc., are the causes, among others, of financial and social exclusion. CSR expenditures of banks as both passive one-off donations to voluntary/civil society organisations, and also their continuing active involvement in selection of beneficiaries and disbursements of funds for such schemes as scholarships for facilitating the pursuit of studies (by the beneficiaries), financial aid for healthcare services etc., provide valuable support for efforts to help ease such problems of poverty-related deprivations and social exclusions.

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**YOUR SMALL CONTRIBUTION CAN
MAKE BIG DIFFERENCE**

CSR as a conduit for human resource development

Upgrading human skill is imperative for social development. This is an area where concerted efforts are needed to make sustained progress. The businesses do need to be part of such efforts if they want to give back something -- of positive and lasting value -- to the society in which they operate to earn profits. 'Giving back' to the society something out of profits -- and that too not being connected directly to earning of profits by the respective business entities -- is known as corporate social responsibility (CSR).

The CSR, it must be noted, is a voluntary process. It is considered the hallmark of socially responsible behaviour on the part of business enterprises or corporate entities in today's world. It lends strength to a company's profile, strengthens its links with various shareholders and helps deepen its social root.

The reason why the involvement of businesses in efforts for improving and upgrading the quality of human resources as part of activities falling within the domain of CSR assumes a great deal of importance is not difficult to understand. This is all the more so in developing economies like those of Bangladesh. Enhanced skill -- or, promotion of skill of the right type that the society needs for its steady progress and advancement -- means more empowerment of the people. This empowerment opens up opportunities and widens the scope for an inclusive process of socio-economic progress, particularly for the underprivileged sections of the population. It is rightly considered the sustainable route to poverty alleviation.

Human skill has to be acquired. It is through both general and vocational education that this skill is imparted. Opportunities for such education, in terms of the both access on the part of the deprived sections of the population and availability of proper institutional facilities, are critically important for widening the base for formation, upgradation and up-scaling of such skill. It is not just possible for the government to do all the needful on this front in countries like Bangladesh in view of the enormity of its

multi-dimensional responsibility for redressing the socio-economic problems and also in consideration of the existing huge mismatch in this particular sector.

If the businesses become more pro-active, as part of their CSR activities, on supporting efforts for building a skilled nation and unlocking the full creative potential of individuals, particularly among the deprived and underprivileged segment of the society, that can help create a synergy for ensuring social inclusiveness. This 'inclusiveness' can become distinctive in its features by way of promoting sustainability which is one core aspect of CSR.

It is noted that there has been a long tradition of individual philanthropy in Bangladesh in areas of education. This is well borne out by a good many number of educational institutions that were set up during the pre-partition and British colonial days by the well-to-do families in this part of the sub-continent and many such institutions -- schools and colleges -- are still in existence today. Even in the pre-independence period and the post-liberation time, this tradition of private donation and individual charity, being involved in establishing academic institutions, has continued in one way or other. Such activities have mostly been centred around individual support or generous grant or donation -- one-off in nature, in some cases, and continuing though ad-hoc or other supports from time to time, in other cases. As such, these cannot be termed CSR in the way it is conceptualised and contextualised in today's world for the businesses to support activities at the community level, as a voluntary process for giving back something -- of value and sustainable nature -- to the society from where they (businesses) earn profits.

Most organised businesses undertake their CSR activities through a strategy in the formulation of which their respective stakeholder groups are also involved. This strategy provides the advantage for forging strong, effective and sustainable interdependence between business and society in a focused manner. In the context of the

need for mainstreaming CSR for human resource development, this goal can be served better -- and in a well-targeted manner -- if this specific social issue -- developing a skilled workforce and promoting human resource development taking the dimensions of demand and supply into consideration -- is integrated into the CSR strategy and related programmes and actions. If that is done, a new set of framework for supporting actions can befittingly be developed to enable companies to identify and address this specific issue that matters most for long-term development of countries like Bangladesh.

The human resources (HR) development that has been mentioned here does not relate to HR policy of any CSR-focused business. This internal HR policy is a corporate governance matter that each individual entity wants to handle in, what it considers, the efficient way to stay competitive in its sphere of business. The issue of human resource development as part of a broad strategic goal of CSR to help build a skilled nation goes beyond the perimeter of actions at the individual enterprise-level. Here CSR interventions are meant for benefiting the society, not the individual business -- at least directly that is involved in related interventions.

As far as the CSR activities for human resource development are concerned, there is already a great deal of interest, demonstrated by many corporate entities and businesses in Bangladesh. The banks and the non-banking financial institutions have already moved ahead in this sector. There are different forms and varieties of their CSR activities in this area -- scholarship and stipends up to different levels of education, supports for infrastructural construction, assistance for spread of vocational and information technology (IT)-based education. Corporate houses outside the banking and non-banking financial sector are also embracing programmes as part of their CSR activities, in support of human resource development and skill promotion. These are positive developments. Such developments can lead to better outcomes if the specific dimensions and demand- and supply-side factors are taken into a proper consideration, in the context of the present and future needs of the economy and its businesses. That will also help stop the waste of human potential in the country's education system and in the employment opportunities that follow.

YOUR SMALL CONTRIBUTION CAN MAKE **BIG** DIFFERENCE

WHAT?

Here is a story of two poor girls - Ferdousi and Momena - of Rangpur.

Thanks to a BKMEA-run training centre, Ferdousi is now a garments factory worker in Gazipur. She supports her mother and sister and also saves for the future.

Momena, in contrast, lives in her river-eroded village, works as a domestic help and earns barely enough to feed herself and her mother.

What made the difference is - OPPORTUNITY. One was lucky to get it in the form of skill development, the other wasn't.

There are many more Momenas whose life could be changed for ever.

BUT HOW?

An MRDI study has shown Taka 120 million is enough to train 10,200 garment workers in 10 years. In other words, a little over Taka 11,000 per worker. Only 12 corporate houses can join hands to contribute Tk 10 million each in 10 years. Or a meager Tk 1 million a year. This can set up a garment training institute in the impoverished north to make the change.

for details visit

http://www.mrdibd.org/publications/skill_training.pdf



Don't you think you should be a part of it ?

Please contact

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Building a skilled nation

What the corporate sector can do

Rodney Reed, Company Chairman, Reed Consulting (Bangladesh)Ltd.

LEAN Continuous Improvement (LCI) sometimes known as LEAN or the Toyota Production Method (TPM) identifies a number of wastes. The initial five wastes listed by Womak and Jones have now been extended to eight and the eighth is the waste of human potential. The corporate sector has a role to play in building a skilled nation and in stopping the waste of human potential in our education system and in the employment opportunities that follow.

Another concept from LCI is the idea of 'pull' where the customer 'pulls' the 'value' towards them. The 'value' that the business sector wants from colleges and universities in Bangladesh are graduates who are well educated and fit for employment in world-class businesses. The idea of 'pull' is that the customer makes it clear what they want and that 'value' is only produced when the customer is satisfied with the product they receive. In this case the 'product' that business wishes to receive is skilful, motivated, employment ready, business-like graduates.

In this connection, Ershad Ahmed, Managing Director, Expeditors, Dhaka and President of 2011/12 Rotary Club of Baridhara, Dhaka, has befittingly stated: "The Corporate sector can extend training facilities to young graduates from local universities in order to support local society in developing future corporate leadership. The Corporate sector should have a commitment towards environmental protection and respect for its social traditions and culture."

Corporate Social Responsibility (CSR) projects, sponsored or directly run by the business sector in Bangladesh, can also help in building a skilful nation when this corporate sector money is invested in schooling from Class 1 all the way through to university level. Funds from the business community can improve the standard of school buildings, can buy class room equipment and books, pay for additional teachers and pay bursaries to enable the poorest children to go to school and remain in school.

Cleverly placed business funds, including making it attractive to the poorest families for their girl children to remain in education, are also valuable initiatives on the part of the business sector of Bangladesh. This investing of part of the profit of a business

into education will also give the company access to the 10% tax exemption, as provided under the tax laws and made effective by the National Board of Revenue (NBR) by a separate notification, for CSR expenditure.

For older school children, under-graduates and post-graduates of universities the business sector can also contribute to the building of a skilled nation by offering industrial and commercial placements. These internships with in-work place training and supervision will both prepare the students and graduates for working life. This experience will also be useful in helping the interns secure the course credits they need to complete their degree programmes.

Some of the larger companies in Bangladesh are now advertising their own 'graduate recruitment training programmes' intending to take raw graduates and turn them into the next generation of managers and company leaders. That companies feel the need to 'top up' or 'take-over' the final education of graduates from Bangladesh Universities seems to be something of a criticism of the present University education and the graduates 'value' to a company as they first leave their Universities.

Problem-solving skills, decision-making skills, imagination, initiative and ambition are not qualities easily produced from an education system that relies on learning by rote and the regurgitating of facts in an examination that were initially provided by the teacher. Research skills are also important to business in the 21st Century. The graduates who will be particularly useful in developing Bangladesh business in future need to have enquiring minds, imagination and a strong work ethic.

Communication skills, the ability to work in groups and commitment to team work are also the skills sought by 21st century businesses. Bangladesh Universities need to produce these graduates with these modern business skills and abilities in order to deliver 'value' to the business community. This approach will also give their graduates the best possible opportunities of competing for the most valuable and influential jobs.

Digital Bangladesh is an aspiration of our Government and the corporate sector has a



role to play in making this aspiration into a reality for all people and all parts of Bangladesh. Businesses using their CSR Digital Bangladesh is an aspiration of our Government and the corporate sector has a role to play in making this aspiration into a reality for all people and all parts of Bangladesh. Businesses using their CSR budgets can and do donate computer equipment and computer systems to schools. High level information technology (IT) companies in Bangladesh also sponsor and support I.T. and communications and media departments in Colleges and Universities in order to improve on students computer skills.

Access to the Internet is a strong incentive to students to improve their keyboard speeds and knowledge of computers and the Internet. However to avoid Internet use and the reality of Digital Bangladesh being restricted to cities and areas around Universities, the corporate sector can assist the roll-out of computer equipment into remote rural schools and District Centres. Of course equipment without support and without trained staff to train others in its use is of only limited 'value'.

The challenges here, being faced by businesses in South Asia in general and Bangladesh in particular, have aptly been noted by Major General Amjad Khan Chowdhury (Retd.), Managing Director and Chief Executive Officer (CEO) of PRAN-RFL Group and President, Metropolitan Chamber of Commerce & Industry, Dhaka: "In Bangladesh and in the Sub-Continent in general, business houses are facing challenges in finding and retaining the required human capital. Acquiring optimum level of required skills to run a business operation successfully is costly and time-consuming. Retaining this resource is another formidable challenge as our growing economies create an environment for similar companies to compete fiercely for the same resource. Human capital is a resource one cannot develop overnight. It requires long planning, and developing a need-based education system in a country to

continuously cater to the economic needs of a nation which is not easy. Human capital needs to be nurtured at the national, social, corporate, and family levels.

"Within the corporate environment, there is a need to establish a structured pattern and align the company's vision and mission with human capital planning, recruitment, development, and retention. Efficient and effective Human Resources Management is the demand of time and it is becoming increasingly important for every medium & large size organisation to have specialized HR department so that they match company's needs with human capital available.

"Our industrial employees, both white and blue collar, are first generation workers which necessitates grooming and training. His father was most probably a farmer with little or no formal education. Modern white collar management work force must use a computer, a cell phone and a calculator and perhaps drive a car or motorbike. Blue collar workers need to operate computer based PLC hardware. The need to adopt latest modern technology in a short time is difficult. The fact that we are getting along speaks much of the genius of the people."

Schools run by the private sector can also be viewed as part of the corporate sector building of a skilled nation and private sector universities are also a corporate sector support to this. There are already examples in Bangladesh of businesses donating computer equipment to schools accompanied by their staff making regular visits to the school where they act as trainers of the teachers and volunteer I.T. teachers with the children. Commercial and business and industrial volunteers visiting schools and educational establishments also act as role-models for the students. These volunteers bring an awareness of business realities and the 'hard-work ethos' of modern business into the school environment and into the mind-set of the teachers.

The corporate sector can also help in building a skilled nation by inviting school teachers, university lecturers, assistant professors and professors to come into business offices and manufacturing premises as industrial placements. Work awareness visits help lecturers, professors and teachers to become familiar with modern business and industrial practice and be aware of commercial requirements for skilful work-ready graduates – the 'pull through' of 'value' from the education system to the business world.

The corporate sector has a significant role to play in the building of a skilled nation and a significant way of doing so is for the sector to make it clear to the education sector what 21st Century business needs in order to be productive and internationally competitive.

CSR in Budget Speech



Honorable Finance Minister
Abul Maal Abdul Muhith in his budget speech
in the Parliament on June 9, 2011

"Restructuring the fields of Corporate Social Responsibility (CSR) has been proposed to encourage CSR compliance. Moreover, company taxpayers' will be eligible to get 10 percent tax rebate for CSR donation up to Tk. 8 crores subject to a limit of 20 per cent of their income. I also propose to raise the limit for expenditure for tax rebate to Tk. 1 crore to encourage individual investment. I also propose to rationalise and expand the scope of CSR."

New NBR circular on CSR

Translated version of the CSR related pages of circular 1 (Income Tax) /2011 issued by NBR. Some modifications have been made in the areas of activities under corporate social responsibility (CSR) of companies and also their CSR expenditures with effect from July 01, 2011, through a circular issued by the National Board of Revenue (NBR).

Following is the summary of modifications:

- Maximum 20% of the profit of a company or Taka 8.0 crores, whichever is lower, can be spent or donated as CSR;
- Tax rebate at the rate of 10% will be given on the amount spent or donated as CSR;
- Five areas have been excluded from the previous list of CSR activities under the tax rebate facility and three new areas have been included for the purpose. A statutory regulatory order (SRO) has been issued in this regard.

Three new areas are:

- Donation to existing or under-construction national museum in the memory of the martyrs of the War of Liberation;
- Donation to any national-level organization working on preserving the memories of the Father of the Nation;
- Donation to the Prime Minister's higher education fund.

Tax-payers, belonging to the category of companies, will be entitled to tax rebate if they donate to the organizations or spend funds, as CSR activities as are mentioned in the circular.

The process about getting the tax rebate on related CSR activities is illustrated below:

Expenditure/donation on account of CSR activities by a company	Taka 1 crore
Net profit shown in the audited books of account	Taka 10 crores

Donation to, or expenditure on account of, CSR activities is not an allowable expenditure for calculating profit or loss of a company. So the total profit in the case of company, as illustrated above, will be Taka 1 crore plus Taka 10 crore, that is Taka 11 crore. Its payable amount of tax @ 37.5% will stand at Taka 4,12,50,000.

While considering the tax rebate, the highest limit of allowable expenditure is 20% of total profit or Taka 8 crores. The company is allowed to invest or donate 20% of Taka 11 crore which equals to Taka 2.20 crores on this head. In this case, the company's expenditure of Taka 1 crore is within the allowable limit. So the company will receive 10% rebate on this amount which is Taka 10 lac and the net payable tax will be (4,12,50,000 - 10,00,000) Taka 4,02,50,000.

Story of **Fire and Water**

For Lotika Haldar it's like new life that is more easy and comfy. ***"We cannot do without fire and water. Clean pond water protects our health. Improved oven gives me clean, smokeless and quick cooking with less amount of firewood. My life has become easier now,"*** Latika like all other women in Bon Laudob says.

All people there are happy with the MRDI initiative that has changed their lives in the mangrove forest area.



As it was

But why MRDI had to take this move? For the answer we need to go back. Fire and water – two essentials of life were not effortlessly available for the people of Bon Laudob village of the Sundarbans for many years. Women of the village had to walk miles everyday with pitchers and cans to fetch water from far flung areas for domestic use – washing, drinking, cooking and bathing. The grimy and polluted pond water was the main factor, responsible for causing chronic physical ailments and putting people, particularly women and children of the village, in a defenseless situation against health risks.

Another routine work of the women was collecting firewood from the forest across the river defying keeping them always at health risk. And depletion of forest resources has always been a concern.

As it is now

Bon Laudob got a new look now. Four ponds of the village have been re-excavated to find a better layer of water. A filtering device with a big plastic tank has been installed by the side of each pond. Women now get safe water from these ponds. It saves their time and protects them, their children and other family members from water-borne diseases.

The fire story is also encouraging. Each of the 355 families of the village has been provided with an eco-friendly, fuel-efficient oven. These ovens consume one third of fuel compared to the traditional ovens and hardly pollute the air because the smoke passes through a tall chimney. Women do not have to go deep into the forest to collect firewood. They can collect the small amount of the required firewood from nearby bushes.



How this happened

All these have been possible due to an initiative taken by the MRDI to facilitate the use of CSR money for supporting sustainable development efforts, demonstrating how CSR activities can provide a model of alternative development, supplementing government funds for such purpose.

Under its Mainstreaming CSR to Address Poverty project with the funding support of Manusher Jonno Foundation, the MRDI identified several local problems through a process of social investigations that could be addressed through corporate interventions. One such issue was health problem of the people of Bon Laudob village.

Mainstreaming of CSR demonstrated success through involvement of Bank Alfalah Limited and Midas Financing Limited in this initiative. These two corporate houses came up with financial support for safe water and improved oven for the village respectively. Green World Communication, a development organization took the responsibility of implementing the project.

The MRDI reached the people of a remote village with the services, suiting their long-felt needs for their very survival, in collaboration with two socially responsible corporate houses and a development organisation.

Looking ahead

Women of Bon Laudob know that they have to help themselves to sustain the benefits of pond and oven. They have taken the responsibility of keeping the ponds and the filtering device clean and functional. Furthermore, they are now thinking of using the time in generating income for a better living for themselves and their families.

‘The improved oven needs small amount of firewood which I can collect from nearby bushes. It saves my time. I want to use this time in earning something for the treatment of my ailing husband and son.’

Parul Kobiraj, Bon Laudob

An appeal from the community

‘Thanks to MRDI for providing us safe water and better cooking device. Women of Bon Laudob feel happy about it. We wish our sisters of the neighbouring village to feel happy too. We request MRDI to make these opportunities for other villages with similar problems.’

Shormila Sarker, Bon Laudob

SRO on CSR revisited

Recommendations of corporate houses and individuals about SRO on CSR : Surfaced from MRDI's survey conducted on a request by NBR.

- Organisations other than those registered with the government should be allowed to use CSR fund under the tax rebate policy of NBR.
- Money spent on CSR activities should be treated as allowable expenditure with the prior approval of NBR.
- Tax rebate on CSR expenditure should be 50%, in stead of 10%.
- Scope needs to be created to split big amounts of CSR expenditure, made in a particular year, to show the same in the income tax returns of the subsequent years.
- Conditions on ETP and labour law should be more flexible.
- List of recognized CSR areas should be expanded and some unnecessary areas should be excluded.



Unemployment is not only a big problem for the individuals looking for jobs, but also one of the most crucial barriers to our economic development. More than 20 million young people of our country are now unemployed or under-employed. This is undoubtedly a huge wastage of human resources and potentials. Inclusion of this big number of people in productive and economic activities can certainly bring about a great change in the country's economy. But unfortunately this is not happening.

Paradoxically, it is found from studies that there is a substantial demand for technically skilled workers in the job market, particularly in the industries sector. Non-availability of such a skilled workforce is hindering productivity and slowing down the pace of economic growth.

The situation implies that clearly visible demands for jobs exist in the society. At the same time, the demand for skilled workers is less visible. These two parallel sides of demands need to meet at a point where job-seekers will find jobs and employers will also get a sufficient number of skilled workers to meet their needs. But two parallel lines never meet unless some external force is applied on them. Now the question remains – what is that external force and how to apply it?

The employment market primarily concerns the job-seekers and the job-providers. Demand of the job-seekers can be met with supply of jobs, whereas supply of skilled workers can meet the demand (or need) of the job-providers. It appears from this equation that supply of a sufficient number of skilled workers in the job market can meet both the demands – at least to a certain extent. True, this simple equation will not address the total scenario about a huge unemployment problem in the country, unless other socio-economic and environmental factors like volume of job opportunities against number of job-seekers, wages, labour rights, dignity of labour, skill and productivity of workforce, social norms and stability etc., are taken care of.

Still if we focus on the demand and supply dimensions, we see, a sufficient number of skilled workers can give a satisfactory answer to the big issue of unemployment. A very common practice in Bangladesh is that workers join factories and enterprises with hardly any skills and experiences. They learn things and acquire skills by working.

This practice has several disadvantages. The first thing here is that these workers

Skilled Workforce Dimensions of Demand and Supply

Md. Shahid Hossain
Adviser, Planning and Development, MRDI



are mostly adolescents, below the age of eighteen years -- which is itself a violation of labour law and child rights' charter. This age is meant for learning, not for working professionally. Secondly, the period of apprenticeship taken by an unskilled worker is rather long and it affects productive efficiency of the company, in terms of quantity and quality. The third and a very important factor is the extent of skills that a worker can acquire, only by doing. An unskilled worker starts and continues his/her career without any conceptual knowledge and basic skill on the trade. (S)he earns skills by doing things. But this worker never attains the level of skills and expertise attained by a worker properly trained in a training institute. Throughout the career an untrained worker lags far behind an institutionally trained worker. Because basics and methodical learning are very important factors for earning the required skills.

Going back to our early discussion – where the demands of job-seekers and job-providers can meet – training institutes

can here be definitely fruitful. Training institutes and vocational education and training facilities, if they function properly, can meet both the demands. If these institutes can produce a sufficient number of skilled workers, demand and supply in the job market are expected to come nearer to equilibrium.

Talking about technical training facilities in Bangladesh, we can refer to a study conducted recently on skills and job market. Young people, their parents, employers, policy-makers and training-providers came under the purview of the study. A common view of all these stakeholders was that technical skill is required for a good career. But different opinions were expressed as to how skills will be acquired, who will organize training, who will sponsor, how jobs will be ensured and so on.

These are very relevant concerns. Parents want their children to get a good job, young people want a well paid and secured employment and employers need skilled and efficient workers. The other stakeholder -- the training institutes -- expect their graduates would be placed in proper positions. Proactive initiatives and proper coordination can make fulfillment of these desires and expectations possible.

Information and communication gaps exist among these stakeholders of the job market. Young people know they need a job, but they also need to know the answer to many how-and-what questions. They need guidance and counseling in planning their career. They need specific information on current and potential job opportunities and skills development facilities. Parents want their children to develop skills, but many of them don't know exactly what jobs are available in the labor market for which skills need to be developed.

Employers feel the importance of skills development training for the workers, because skills increase productivity. But still they are reluctant to invest in training for their workers because of high turnover rate of skilled labourers. Gap of communication exists between the employers and the training-providers as well. Training institutes need a stronger linkage with the job-providers. They also need more skilled trainers and instructors to ensure proper quality of training. On the top of that, these institutes need a market where they can sell their training courses. A continuous flow of trained workers in different trades can address the concern of the employers regarding high turn-over of workers.

In the context of the socio-economic reality of the country, not many young people and their parents are proactively interested in spending money for institutional skills training. This is happening due to factors like low economic ability, lack of confidence in training institutes, limited access to information, lack of motivation and positive mindset and might be for some other reasons. Corporate sector has an important role to play in overcoming the situation.

The concept of giving back to the society by the businesses from where they earn profit, is now being realized. Corporate social responsibility (CSR) is being discussed by the business community, policy-makers and the academics. It is now widely acknowledged that CSR can substantially contribute to attainment of different social development targets for the reduction of poverty. One such priority area is human resource development (HRD). Developing a huge number of unemployed youth as skilled human resources will create a win-win situation -- bringing benefits for both the job-seekers and the businesses.

Corporate sector can think of spending their CSR money in setting up vocational education and training centres and providing support to existing training facilities which are not functioning well due to scarcity of resources. Existing facilities may include both public and private institutes.

Someone has to facilitate the initiative of establishing training centre(s) of acceptable quality. Civil society organizations working with human resource development (HRD) and CSR advocacy may take the responsibility. These organizations can also take the role of linking the corporate sector and the training institutes. It has been found that many infrastructures of the government are now left unutilized. These can be renovated and developed as training centres. A good matching of the government's policy and the corporate sector's initiative can make a remarkable change in this regard.

And let CSOs be the match-maker of this win-win affair.

Profit with value

Syed Ishtiaque Reza, Journalist

Every business has three major goals: sustaining profit, sustaining the brand and sustaining the staff. And a business has to strive for earning profit as it is essential for its survival and growth as an enterprise. The survival of any business will be a day-dream without profit.

But the profit has other dimensions, too. Dutch economist Lammertjan Dam says socially responsible business practices reduce a company's financial profit but could potentially enhance its value. Dam concludes this from his research into the financial/economic aspects of socially responsible business practices. Sustainable Corporate Social Responsibility (CSR) initiatives are embedded in the viable business strategy of an organisation.

The role of CSR, especially from the viewpoint of companies, is important in bridging the economic divide that exists in the country. The businesses themselves alone cannot largely carry out the CSR initiatives. They need to create their own patrons for this. The more there is a linkage between businesses and the patron organisations, the more likely is that CSR initiatives will be sustainable for a longer period.

Bangladesh every year is witnessing a substantial increase of its workforce which is already a huge one in size. Their employability plus skill development present a formidable challenge. The piece of good news is that a few companies are pro-active on supporting actions to develop a system by helping to create a skilled labour pool that is capable of handling complex works.

Under such a situation, successful industrial and business ventures can think of taking initiatives similar to what the BOC Bangladesh has been doing. This European multinational itself is not only a success case, but also is trying to make others to be successful. It runs a full-fledged welding training centre to create skilled workforce to cater to its own requirements and for others in the field and many other associated businesses. The initiative is purported to meeting the twin targets -- helping the country's underprivileged youth and creating ultimately a skilled workforce that can eventually work for the industry. This can be cited as a good example of sustainable CSR activities.

A vibrant local technology industry can contribute to strong economic growth. The case of information technology (IT) businesses can be considered here. By bringing together local governments, independent software vendors, universities, small businesses and investors,

innovative ideas can be fostered and then the communities, be helped to translate those ideas into business successes.

Even after 40 years of independence, Bangladesh has still a long way to achieve the desired level of performance at the social level. Businesses cannot succeed in societies that fail. So in line with the political vision of the political leaders, businesses need to look beyond their routine, annual balance-sheet and profit and loss account and towards the larger social good through sustainable CSR activities.

Until the last decade, philanthropy in Bangladesh was individual-centric and driven by passionate, conscientious individuals who wanted to give back to society something in some ways. But now it is no longer merely giving something. Giving has become more institutionalised and, therefore, it demands some form of accountability and transparency.

The desire to make a contribution to societal development does, however, need to be supported by a proper assessment of factors such as motivation, responsibilities and life-goals, if it is to make a dent into the existing socio-economic conditions of the country.

Some of the banks and financial institutions have set up foundations for the purpose of spending their funds as part of CSR initiatives, in areas of priority social needs. The foundations need people having a forward-looking approach to addressing the social issues of wider concern. The benefits here should not be considered in terms of immediate rate of return on funds so deployed, but these should rather be viewed in the context of meeting an objective.

There is now a growing interest among the Bangladeshi businesses than before, in supporting sustainable development efforts and innovative solutions. Bangladesh needs to upgrade its education system through investments in raising the quality and skill of its workforce. In a global economy, this approach is critical to remaining innovative and competitive over the long term.

Businesses need to forge collaboration with academic institutions for enabling the country's workforce, with low or poor skill, to meet the market-driven needs for their employment and jobs. The number may be small, but such an education pattern, supported by businesses or companies, in partnership of various related institutions, can make a big difference.

Mainstreaming CSR for accelerating efforts to alleviate poverty

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For example, stipend for education of children of low income families/poor freedom fighters and of people living in remote areas like char, haor, and coastal belt areas constituted a significant share -- Taka 400.79 million -- of CSR expenditure on education sector in the year, 2010. Some banks are also supporting the running of non-formal schools for children of the underprivileged poor. Besides, CSR expenditures of banks in 2010 in the health sector, amounting to Taka 689.07 million, comprised financial contributions to hospitals, clinics and other facilities run by external organisations for the poor/underprivileged people.

In addition to such direct expenditures, banks are increasingly engaged in CSR practices, focusing on social and financial inclusion of the excluded and under-served segments of the population and also inter-related economic sectors. These activities are making direct contributions to poverty reduction. Financial and social inclusion connotes inclusive growth which involves a participatory process that benefits all segments of the population. Financial inclusion does not confine itself merely to providing credits. It helps create financial awareness and promote a greater understanding about banking facilities and channels. Access to affordable financial services, especially those of credit and insurance coverage, widens the areas about livelihood opportunities and empowers the poor.

Deeper financial inclusion of broader segments of the population and extension of the scope for economic activities in productive sectors will lead to wider financial deepening. This will progressively contribute to the better growth performance of the country's gross domestic product (GDP)

Importantly, access to financial services helps the poor to take advantage of the facilities for risk insurance coverage as a hedge against income shocks. This can also lead to strengthening their capacity to meet emergencies such as illness, death of any income-earning member of the family or loss of employment. Needless to say, financial inclusion protects the poor from the clutches of the usurious money lenders. The more obvious benefit is that financial inclusion provides an avenue for bringing the savings of the poor into the formal financial intermediation system and for channeling them to investment activities.

Between one-fourth and one-fifth of the population of Bangladesh still live in extreme poverty; many of them are not capable of undertaking micro-credit supported self-employment initiatives. Financial inclusion, as a part of CSR activities, is, therefore, a high policy priority in Bangladesh, for ensuring a faster and more inclusive growth process. In a way this can help address the problems of market failures which are often faced by the lower income segments of the population. Financial inclusion, by way of access on the part

of the poor to small-sized loans for income-generating self-employment activities, has been extensively employed in Bangladesh as a tool for combating the problems of poverty-related deprivations.

Bangladesh Bank is pro-active in its policy stance on financial inclusion aiming to reach the under-served and the unserved segment of the country's population with the help of CSR initiatives of the banking community. Banks have responded very much positively to this initiative and undertaken programmes for speeding up efforts for financial inclusion of the socially disadvantaged large rural and urban population segments. Credit facilities have been extended to farmers and small entrepreneurs, who have been a 'missing middle' for a long time. BB has been providing refinance facilities to banks against their loans to small and medium enterprises (SMEs); multilateral development partners such as the International Development Association (IDA), the soft-loan window of the World Bank (WB), and Asian Development Bank (ADB) are supplementing BB's refinance programmes with their co-financing support-facilities. In fiscal year (FY) 2009-2010 BB has also introduced its first-ever Taka 5.00 billion refinancing facility against loans to landless share croppers through a group-based special programme, designed by a major micro-finance institution (MFI). In addition, the private banks have been allowed to treat, under their financial reporting systems, a part of the interest rate which they do not charge to farmers, as their CSR contribution. For example, if they charge a lending rate at 10% on credits given to a farmer for producing onions, ginger or any other spice, they can easily report 2.0% of their forgone interest income as CSR contribution while they report on this to the central bank.

BB also declared a comprehensive SME credit policy, giving priority to small and woman entrepreneurs. Banks and financial institutions (FIs) have been advised to disburse at least 40% of the credit target to small entrepreneurs. 'Cluster' and 'Area' approaches are strongly recommended in the policy. A revolving refinance scheme for about Tk 1000 crore provided by BB, ADB and Islamic Development Bank has been operationalised for SMEs. At least 15% of the fund under the refinancing facility has been allocated for woman entrepreneurs.

Deeper financial inclusion of broader segments of the population and extension of the scope for economic activities in productive sectors will lead to wider financial deepening. This will progressively contribute to the better growth performance of the country's gross domestic product (GDP). Bangladesh Bank expects, to reap the optimum possible benefits from financial inclusion in the coming years as the outcome of CSR engagements, in terms of inclusive and environmentally sustainable economic growth at an accelerated pace on a sustained basis. In the process, this will help achieve a steeper decline in poverty while enabling the country's banking sector to become more humane and customer-friendly in due course of time.



CSR in Human Resources Development

Sarwar Ahmed, Managing Director , Syngenta Bangladesh Limited

Awaken by an early call on her mobile phone, Rikta Sen promises the elderly farmer that she will visit his crop field on her way to a farmer meeting. Rikta works for us in a remote village in Thakurgaon. Rikta, like another seventy-nine of her female colleagues, are crop advisors trained extensively to provide solutions for pest management in crops. Much sought after by the farmers in her area, she pedals on her bike the whole day, meeting farmers in their fields, offering them the right solutions that will safeguard their yields from pests or enhance their harvests. In between, she meets farmers and their families, in groups, explaining what they need to do to take care of their crops.

It was a bold and innovative decision to employ female crop advisors, especially in rural Bangladesh. The stereotyped thinking of male farmers not accepting young women's advice on how to improve their crop yields is totally unfounded. What farmers want and get is the wealth of knowledge these women have in solving their crop related problems, and for the farmers, this is all that matters. Gender is not at all an issue. These woman advisors are respected for their hard work and their advisory services they render, a far cry to the stereotype thinking of women not allowed to step out of their courtyards in rural Bangladesh.

What has the story of Rikta to do with CSR?

In their inimitable article, Professor Michael E. Porter and Mark R. Kramer, introduce a new approach to corporate social responsibility in Harvard Business Review's December 2006 "Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility." They see societal influence as the new frontier of competitive advantage. By integrating social dimensions into the core strategy frameworks that guide business decisions, companies can build on the interdependence between business and society, rather than being held back by the friction between them. The result is a new set of frameworks that enable companies to identify and address the specific social issues that matter most to their long-term success (www.fsg.org).

In this article, the authors present business as a value chain model, all activities that eventually produce a product or service to satisfy the need of customers. Each activity in the value chain is an opportunity, as 'the goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality.' (Wikipedia)

As a support service in the delivery of a product or service, human resources development can play a game changing role. As Kramer explains elsewhere, achieving superior performance by assimilating, attaining and extending best practices will create operational effectiveness, and make us run the same race faster. However, if we want to create a unique and sustainable competitive position to achieve spectacular and sustainable results through strategic positioning, we need to run a different race altogether. One of the frontiers where this race can be run differently is in human resources development.

Rikta and her colleagues are a testimony to this different race. First of its kind in our industry, these industrious women have gone through rigorous training to answer and provide solutions to farmers' crop problems. Twice a year, refresher trainings are held to smoothen rough edges and to update them with latest agricultural practices.

As part of our commitment and testimony to continuous human resource development, Syngenta has built a Learning and Development Centre in Bogra. The centre provides training, beyond the scope of our regular business, to the extended Syngenta family – our business partners, distributors and retailers.

We are investing in up-skilling our distributors in managing their business with computer software. In most cases, our distributors had never touched a keyboard in their lives and are now proficient in using the system to run their business, a far cry from the tomes of handwritten notebooks kept to manage their accounts.

Our retailers go through a three day course to update them on best agricultural practices as well as personal skills to manage their business.

Oft times, there are nagging questions people have about investing in human resources development. Is it worth it? What is the return on investment? What about the turnover, people leaving after all this investment? These are concerns that should not stop us in investing in human resources development. Even if people leave, this is our positive contribution to our community as the knowledge learnt is used to better another organization, another person's life, a true tenet of corporate social responsibility.

Sharing knowledge is not about giving people something, or getting something from them. ...Sharing knowledge occurs when people are genuinely interested in helping one another develop new capacities for action. Peter Senge.

CSR Catalogue

Like previous five 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 2011 to August 2011. We would highly appreciate if the corporate houses send information on their CSR initiatives to csr@mrdbd.org. Since MRDI works with media and journalists, the news about such initiatives will certainly reach a large audience through them.

Health



Education



Environment



Rehabilitation



Social Awareness Building



Livelihood Support



Facilitating Marginalized/ Vulnerable groups



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