Visibility of CSR

In their eyes

Interactions in the forms of discussion, roundtables, seminars, talk shows and other advocacy efforts over the past years have been able to create greater awareness among the businesses and their stakeholders about the importance of Corporate Social Responsibility (CSR). Academics, policy makers, civil society members, business leaders and development activists have played their respective roles in this process of advocacy and awareness.

While realizing its importance many companies have come forward with CSR funds to support development interventions in remote areas targeting marginalized and vulnerable communities. People are already reaping benefits out of these efforts in some locations, whereas interventions are in certain stage of operations in others. But a general enthusiasm is visible among these long deprived communities who have started believing that making changes is possible.

In the context of visible changes in the mindset of the stakeholders and aspirations of the beneficiaries, we have talked to policy makers, activists and representative of business community to know their feelings about success, challenges and potentials of CSR in our country.

Rokia Azad Rahman, President of Metropolitan Chamber of Commerce and Industry (MCCI); Shitangshu Kumar Sar Chowdhury, Deputy Governor of Bangladesh Bank; Md. Bashir Uddin Ahmed, Member (Tax Appeal and Exemption) of NBR; Shabnur Anam, Executive Director of Manusher Jonno Foundation and Hasibur Rahman, Executive Director of MRDI have put their valuable views on the aspects of CSR.

Special correspondent of The Financial Express, Doulal Akter Mala took the interviews.

CSR and Branding

Rodney Reed

Reduced to a bare minimum ‘branding’ may be defined as what distinguishes or differentiates a company or bank or other organisation from its rivals and competitors. The image representing the brand may be a logo, text in a particular colour or style or simple (or complicated) graphic. Suppliers, manufacturers, banks, logistics companies and retailers all want and need a brand and brand recognition to win new customers and to build ‘repeat buy’ loyalty from existing customers. Customers’ decisions to purchase are based not only on price and value but also on the reputation of the company. If a company is well regarded locally and internationally and is known to have good ethical and business practices, it can attract and retain customers whether they are local Bangladesh retail customers or international garment companies sourcing for their European or North American retail stores. Consideration also needs to be given to building a Corporate CSR Brand as well as a CSR Product Brand because this affects the ‘visual identity’ of the company as well as its products.

Often the word ‘brands’ and ‘international garment buyers sourcing garments from Bangladesh textile factories’ are taken to be synonymous in Bangladesh but in reality these garment buying and retailing companies ‘have a brand’ but international garment buyers are only some of the corporate bodies sourcing or manufacturing in Bangladesh. ‘Brand Bangladesh’ has received attention in recent years in both branding Bangladesh as tourist destination and to brand Bangladesh as a particularly attractive place to do business.

Sometimes CSR seems to be a mainly marketing or public relations activity intended to build or reinforce the image of the company as one which is socially responsible. This misconception of CSR is reinforced when companies locate their CSR Department or CSR Manager in their Headquarters’ Public Relations Office or Marketing Department.

Environmental compliance, sustainability, good labour relations and corporate philanthropy are elements of ‘international standard’ CSR
Meeting the challenges to seize the opportunities

The growing awareness among the businesses and their stakeholders about the importance of corporate social responsibility (CSR) has been a positive outcome of the efforts in recent times to let all concerned understand and appreciate its operational content and context in proper perspectives. Such efforts need to be sustained to motivate and encourage the country’s businesses to recognise and incorporate social responsibility and sustainability within their business practices as their culture of operations. CSR is not a cliche. Neither is it a public relations (PR) or business promotional, activity for marketing products or services by building or reinforcing the ‘image’ of a business entity as being a socially responsible, somehow or other.

CSR goes beyond profit and involves a voluntary process, having no direct relevance to business gains in the form of additional profits that are reflected in the annual financial statements of a company or business entity. CSR activities are funded out of profits that a company earns in its business-as-usual ways. Furthermore, CSR is no synonym for compliance of the business entities, companies, corporate bodies with mandatory requirements. Meeting the requirements of rules, laws and regulations of the government or regulatory bodies or standard-setters relates to compliance and, hence, the governance issue. This must not be equated with CSR. The latter is rather a voluntary operation through which businesses commit themselves to do their part of job to address the issues of concern for their broad groups of stakeholders in the community and the society. This is meant for reflecting the commitment of businesses to social or environmental responsibility. However, companies/businesses /corporates which do not follow the standard norms of corporate governance or meet the mandatory requirements of law in their normal operations, are not expected to engage themselves in CSR activities.

Thus far, no further. The CSR-related activities of businesses do essentially reflect their social and environmental responsibility, their concerns for respecting wider human rights, adherence to ethics and abiding interest in sustainability of related efforts or endeavours. Here comes the need for integrating CSR in better ways with social obligations in the overall corporate strategy of businesses. Without embedding CSR firmly through such a strategy in the business culture, it is well-nigh impossible to deliver outcomes that the stakeholders expect of businesses. As the taste of the pudding lies in its eating, so is the case with the CSR in order to serve as a strong evidence of a company’s real commitment to it (CSR). The impact of CSR-related activities on the local community in a wide spectrum of areas which are of pressing concern, illustrates the true extent of a company’s participation in social initiatives or lack of it.

For ensuring this participation in meaningful ways, businesses do need to give a focused attention on their CSR activities, if they really mean ‘business’ about it as part of their respective institutional commitment, by going beyond the PR activities. A focused attention requires a strategy. For CSR, it may come up such a strategy professionals, having both conceptual and contextual clarity about, and understanding of, CSR, have to be deployed by the businesses. Furthermore, active involvement of such professionals - skilled human resources in management and other relevant fields - in the process of implementation of a CSR strategy by a company or business house is also important to deliver better outcomes of efforts through participation in relevant social initiatives. That will also make the ground easier for reflecting transparency and accountability of CSR-related programmes. Academic background and proper orientation of the professionals are critical inputs for the success of CSR programmes by businesses. This highlights the need for having facilities at academic and other relevant areas to impart necessary skills to both on-the-job and would-be professionals to address the demand-side factor.

Active participation of various stakeholder groups in the entire process of the CSR-related activities - right from the initiation of efforts for preparation of any relevant intervention programme down to its execution - is yet another critical need, particularly in the context of the situation in Bangladesh. Its objective is to help business organizations listen and respond to their stakeholders’ expectations regarding CSR and to facilitate them (businesses) to manage their business operations with changing expectations in society. Stockholders embrace both business or relevant groups involved in the supply- or marketing-chain of a company, and external groups on whom a company’s activities may have an impact or whose activities can impact upon it. The participation of stakeholders in CSR which is relatively a new field of activity for businesses in our country in response to increasing demands in society, can provide a meaningful process for business entities. This can help address issues of common concern through engaging both businesses and stakeholders to find a common ground for actions. This will create a climate of trust to launch and implement CSR-related activities, to assess their outcomes, achieve a high level of their performance, ensure their sustainability and promote transparency and accountability, in a constructive manner.

Now that CSR is recognized as an important operational tool of businesses for their sustained long-term operations with trust and confidence of their stakeholders, all concerned would like to see a synergy of actions to encourage and facilitate its wider embrace to benefit the community and the society in meaningful ways. This synergy can be formed if policy-supportive measures by the government are made more effective, advocacy programmes are fine-tuned to the needs of the time, efforts are stepped up in a concerted way by all concerned to remove misgivings and misconceptions about CSR by putting it on the right track in support of operations in areas and fields which fall under its domain, and businesses are motivated to engage in CSR-related activities as part of their voluntary efforts to create social values in the interest of promoting their sustained long-term growth and development.

There are both challenges and opportunities. But challenges should not be overblown to miss out the opportunities. A strong commitment by all concerned to meet effectively the challenges can lead to expansion of scope, more meaningfully. This will then make it possible to harness the potential of CSR in the light of the opportunities that exist in the country to drive it along the route that leads to promoting the social role of businesses. This will then strengthen the cause of socially responsible businesses and enhance their credibility, respectability, accountability and transparency, much to the satisfaction of their varied groups of stakeholders.
In their eyes

The excerpts of the interviews:

Rokia Afzal Rahman
President, Metropolitan Chamber of Commerce and Industry (MCCI)

**Question Q:** The CSR-related issues have been in focus, along with supportive actions, in past several years. Have you noticed any pro-active change in contextual, conceptual and operational aspects of CSR in general during this period?

**Answer A:** The Bangladeshi were not businessmen in origin. Previously, businessmen and well-off sections of people spent money as philanthropy. Even multinational companies did not spend on CSR. Businesses now have started sharing their profit with people through spending CSR money where it is needed. Big corporate houses are doing some CSR activities. The Bangladesh Bank (BB) has taken some encouraging initiatives for banks. Some banks like Dutch Bangla have spent a significant amount on CSR. Companies now feel they should spend for the society as they are earning from it. These are some positive changes.

Apart from corporate sector, some small and medium enterprises (SME) and women entrepreneurs in CSR activities is also being felt. Developing skills through training people in their respective sector can also be considered as CSR.

**Q:** Have any changes taken place in the CSR strategy of businesses leading to the related actions at the field level?

**A:** The situation on CSR activities has now quite improved. There was no awareness on this. It is a common notion that the government is responsible for providing health and education facilities. It is true. But the government needs support of private sector to address these problems. Businesses have come forward, but they need to be more strategic. They have started realizing the need; still they have a long way to go.

**Q:** Which areas of development do particularly need more supportive actions by the corporate sector?

**A:** If I say geographically, then people of char (off-shore island) areas need support as they are the worst victims of any natural disaster. Lack of cyclone shelter, health problem and pure water crisis could be resolved in the areas through CSR. The indigenous people in remote areas also deserve the support of CSR-related activities.

Health and education are the two main social sectors for the purpose. Health is still neglected while the government has made some success in education.

Impact training is a CSR activity. RMG factory owners often say they do not find skilled workers. The garments sector can train up people as a part of their CSR. Job opportunities could be created through this initiative.

**Q:** How do you look at the role of the target community and the beneficiaries in planning and implementation of the CSR-related activities?

**A:** Yes, the role of the target community is important. Companies should select target communities to implement their CSR plan. Leaders of the community can play a vital role. Companies should, however, monitor closely so that the activities are not deviated from the goals and objectives and misappropriation of funds does not occur.

**Q:** What are the challenges and limitations of operating CSR activities in Bangladesh?

**A:** There are some conceptual problems which is a challenge for CSR. Some mix it up with zakat or tax. Also, change in mind-set of companies from profit maximization to public welfare is another challenge.

**Q:** How can the results of CSR operations sustain in the long run?

**A:** Long-term planning is necessary to sustain the CSR activities in the long run. It should be monitored properly.

Large companies can open a desk to monitor their CSR activities but small ones can not. Monitoring of the allocated fund is necessary.

There are some organizations that do research to find out where CSR is needed. Such organizations can support and link up companies with the people who need support.

S. K. Sur Chowdhury
Deputy Governor, Bangladesh Bank

**Question Q:** The CSR-related issues have been in focus, along with supportive actions, in past several years. Have you noticed any pro-active change in contextual, conceptual and operational aspects of CSR in general during this period?

**Answer A:** CSR is now widely recognized and appreciated as a positive tool to help promote sustainable development of businesses. In both developed and developing countries, the businesses are, therefore, now found to be proactive about embracing CSR in their operational activities. There are new conceptual variants of CSR in the present-day times. New phrases like ethical business, socially responsible behavior, sustainability, triple-bottom line, social innovation, benefit corporations, social business etc., have been put into practice.

CSR engagements of banks are steadily increasing in depth and diversity, both in direct budgetary expenditure and in financial inclusion drives, in greening of their internal practices and processes, and in lending to environmentally benign projects. Banks are promoting gender equality in the workplace since it is an important element of CSR obligations both in terms of ensuring basic human rights and as a prerequisite for inclusive socio economic growth.

**Q:** Have any changes taken place in the CSR strategy of businesses leading to the related actions at the field level?

**A:** Due to utmost care and surveillance of Bangladesh Bank (BB), the CSR practices in the banking sector of Bangladesh have been gaining a huge momentum. The engagements of banks in terms of direct monetary expenditure, financial inclusion, and community investment and CSR reporting have considerably increased. Besides direct expenditure in CSR initiatives, banks have continued enthusiastic engagement in the ongoing financial inclusion campaign launched by BB, reaching out with financial services to excluded population segments and underserved economic sectors.

**Q:** Which areas of development do particularly need more supportive actions by the corporate sector?

**A:** Corporate sector should view CSR within four areas of responsibility: economic, legal, ethical, and philanthropic. The first two are obligatory areas for corporations to be compliant with, while ethical responsibility is expected of them. The last responsibility - philanthropic - is desired of corporations by civil society.

In response to the stakeholders across the globe to carry out business in an ethical and responsible manner, the corporate sector, including banking industry, should undertake several initiatives and to promote CSR. They should follow international guidelines such as the United Nations Global Compact, the United Nations Environment Program Finance Initiative (UNEP FI), the Equator Principles (EP), the Global Reporting Initiative (GRI) etc.

**Q:** What are the short-medium-and long-term benefits of CSR activities, particularly in the
Bangladesh context - For the businesses which are essentially profit-making organizations? Is there any way for considering CSR as a better development tool compared to solely government-supported or donor-funded projects?

A: To understand and enhance current efforts, the most socially responsible businesses continue to revise their short- and long-term agendas, to stay ahead of rapidly changing challenges. The corporate sector has a key role to play in addressing these challenges. The short-term benefits of practising CSR are identification of new products and markets, tax waiver on socially and environmentally responsible business lines, reduced regulatory interventions. Medium and long-term benefits of practising CSR include: improved financial performance, reduced risk exposure, enhanced brand image, increased customer loyalty, improved recruitment and retention performance, motivate employees, improved trust, community development, enhanced corporate reputations, improved government relations and reduced costs through environmental best practice leading to sustainable profitability.

To maximize development impact, government-supported or donor-funded projects in each country need to be coherent and complementary. There needs to be a virtuous circle between public, private and donor-funded undertakings to maximize development impact and ensure inclusive growth.

Q: What are the challenges and limitations of operating CSR activities in Bangladesh?
A: In Bangladesh, CSR is moving from the periphery to the mainstream. To be on a just and stable base, our growth efforts must spread benefits across all social groups and regions. CSR programs should initiate steps for measuring and tracking the ecological footprints of the business activities, aiming over the medium term at what has come to be known as carbon neutrality.

Q: How can the results of CSR operation sustain in the long run?
A: In Bangladesh, CSR is still in a primitive state of development because of its strong attachment to corporate philanthropy and social compliance. It is no longer acceptable for a business to experience economic prosperity in isolation from those agents impacted by its actions. CSR ensures trade-off between economic and social goals of the efficient utilization of scarce resources.

Question (Q): The CSR-related issues have been in focus, along with supportive actions in past several years. What policy measures has the NBR taken to move the CSR process forward in Bangladesh? How far have such measures been supportive of more pro-active actions on CSR front by the companies?
Answer (A): In different phases, the government has brought some changes in the CSR rules for tax exemption. But companies are not availing it as they think they could not meet the compliance to enjoy the facility. We imposed some conditions in the SRO that may have discouraged them. But it is essential. Companies failing to meet in-house or environment compliance are not entitled to get the tax rebate. The first SRO on CSR did not mention any conditions, but later NBR realised that compliances are necessary. We want compliant factories to enjoy the CSR tax rebate.

Companies can not claim the CSR money as expenditure. They need to take prior approval from the board before spending on CSR. May be these are the deterrent factors.

Q: The government has offered 10 per cent tax exemption. But so far only a few business entities have availed this facility. Why are not the companies coming forward in a greater number to take advantage of the tax rebate for CSR activities?
A: NBR has offered tax rebate but companies will decide how to use the opportunity. If they can not meet the basic compliance, they will not be entitled to enjoy it. If we look back, we see the Zamindars and later, the traders used to spend money on public welfare like establishing schools and colleges, making provision of pure water supply for people and other philanthropic activities voluntarily.

But, with the emergence of corporations, profit maximization has become the main issue. Hardy can we see philanthropic tendency. It can be called social erosion.

The government realized that involvement of private sector is essential to carry on the huge development works. To encourage private sector, NBR offered tax incentives on CSR to the companies.

Integrated effort of labour, environment and other related ministries can ensure the compliances of the companies and facilitate them take advantage of the CSR tax incentives.

Q: The SRO on CSR tax-break has been reviewed and revised. Do you think this needs further revision in terms of enhancing the existing tax-exemption rate and making changes to, or, for re-designation or specification anew of the areas of CSR expenditure on the part of the businesses in order to encourage them to expand their activities more meaningfully in the domain of CSR?
A: I do not think the SRO needs any further revision. Almost all the sectors are covered in the SRO. We have to look into our poor tax-GDP ratio also. Personal tax collection is low compared to our neighbouring countries. We have planned to increase tax-GDP ratio by 18 per cent, from existing 10.4 per cent, by 2020.

Companies’ intervention has also played a significant role in economic development. But it is not done in a structured way. The country has achieved a stable economic growth from 2005 with the combined effort of all sectors including businesses. Some big companies like banks and some multinational companies are investing in CSR. But a majority of the big local companies are not coming forward in any marked way.

The CSR rule of the NBR is better than the India’s one. Accountability and transparency of the companies is necessary to make it effective. Companies are interested in charity or philanthropy, and not in structured CSR. Maintenance of proper books of accounts is necessary for availing tax incentive.

Question (Q): The CSR-related issues have been in focus, along with supportive actions, in the past several years. Have you noticed any proactive change in contextual, conceptual and operational aspects of CSR in general during this period?
Answer (A): Yes, I have noticed some changes in CSR over the last few years. Many people are now talking about it. Bangladesh Bank (BB) Governor is playing a proactive role by encouraging banks for CSR. Despite increased awareness on CSR, unfortunately big local companies are not coming up with the issue. Misconceptions are still there about CSR. Some companies term their in-house compliance as CSR.

Q: How businesses can be encouraged to do CSR?
A: Long-term business interest can be involved in it. Some companies claim that they are not getting tax-rebate from the government that discouraged them to invest on CSR. Good tax benefit can encourage the corporate sector to come forward with CSR.

Q: Which areas of development do particularly need more supportive actions by the corporate sector?
A: Our country is so poor that corporate bodies can do CSR in various sectors. Health, nutrition, maternal delivery facilities like emergency vehicle, water purification plant, solar power and many more could be the potential areas of CSR.

I also felt the necessity of imparting training
facility to build-up skilled work-force so that people can get jobs.

Q: How do you look at the role of the target community and the beneficiaries in planning and implementation of the CSR-related activities?
A: Communities can form a group for maintenance and management of establishment. It is necessary to follow-up the development work for its sustainability. Target population can play a significant role. As for example, a company builds a water purification plant in an area. Local people should maintain it and keep it clean; otherwise, it will be useless after a certain period.

Q: What are the challenges and limitations of operating CSR activities in Bangladesh?
A: I think, tax is a challenge on CSR. Tax rules should be more simplified to encourage businesses.

Private sector can not be forced. Voluntary effort is needed to encourage them in CSR-related activities. Tax rules and fear of tax are one of the road-blocks. Tax on CSR also discourages them. Now tax rebate is there but attitude is yet to change. Some companies say we are giving job to the people but it is not CSR. Companies should share at least a percentage of their profit which they derived from the society. This is a conceptual barrier. The companies should acknowledge the contribution of the society to the growth of their business.

Q: How can the results of CSR operations sustain in the long-run?
A: The concept of CSR is yet to be developed in our country in a sustained way. It requires a sustainable or long-term view. Continuity of support is needed for development of a society. At least, ten-year support is needed to give a development intervention a matured form.

Hasibur Rahman
Executive Director, Management and Resources Development Initiative (MRDI)

Question (Q): The CSR-related issues have been in focus, along with supportive actions, in the past several years. Have you noticed any proactive change in contextual, conceptual and operational aspects of CSR in general during this period?
Answer (A): Major changes that have taken place in different aspects of CSR can be mentioned here.
- National Board of Revenue (NBR) is reviewing its SRO on CSR tax rebate every year. This indicates attention of the policy makers to the issue.
- Bangladesh Bank has included CSR as a component of CAMEL rating of banks. The central bank also publishes CSR annual report. These initiatives are incentives to the banks for operating CSR. The banks have opened separate CSR desk as advised by the Bangladesh Bank.
- A new debate has emerged among the stakeholders as to whether CSR is done for branding or branding is achieved by doing CSR. This kind of healthy debates can promote CSR.
- Companies are now showing interest in operating sustainable interventions with CSR funds. This is reflected in competitions for CSR award.
- Dhaka University authority has agreed to integrate CSR in their course curriculum.

These are all signs of positive changes.

Q: Do you think companies will feel any pressure because of the intervention by regulator?
A: I think regulators can play a supportive role to encourage companies. If they take such an initiative, the companies who are not operating CSR will feel encouraged to do so.

Our Prime Minister has appreciated the need of CSR and called on businesses to come forward for the welfare and development of the society.

Charity and short-term initiatives are there but these are not undertaken in a sustained manner. A long term plan is needed for sustainable impact of an initiative.

Q: How do the companies ensure proper use of their money that is earmarked for, or spent on, their CSR activities? How do they monitor progress and assess the impact of their CSR-related activities?
A: Management of fund is a very important issue. Proper use of CSR fund should be ensured. If a company cannot spare anyone or any CSR wing, it can form a consortium with others for carrying out CSR activities. It can also give fund to a reliable organization. But it should be kept in mind that the organization should not charge high for this. Otherwise, the fund of CSR will be reduced. Major portion of the fund should be spent for direct benefit of the target community.

Q: Have any changes taken place in the CSR strategy of businesses leading to their related actions in the field level?
A: In recent years, we have noticed that companies are getting interested in framing CSR strategies. Some companies have expressed their concern about the undesired gap between priorities and expenditure of their CSR funds. A basic conceptual change is now visible among the corporate bodies as most of them are now focusing on a sustainable effort with a long-term vision of development of the society.

Q: Do you consider spending in one’s own locality or factory premises for public welfare as CSR?
A: CSR activities should focus on development needs with a sustainable approach. One shot welfare activity or in-house compliance of a company cannot be termed as CSR. To remove the confusion we are planning to develop a guide book on designing CSR strategy with conceptual clarity and integrate it in curriculum for the students, the future corporate executives/citizens.

Q: Which areas of development do particularly need more supportive actions by the corporate sector? Is there any way for considering CSR as a better development tool than those that are solely government-supported or donor-funded projects?
A: CSR, if applied properly, can substantially contribute towards achievement of Millennium Development Goals (MDGs) in Bangladesh. Women empowerment is an important issue that needs CSR support. Financial empowerment of a mother benefits the family most.
We also consider it necessary to expand educational facilities to the remote and off shore areas. Environment protection is another area of priority. We are trying to establish the concept which says, CSR is a better development tool compared to the projects funded by other sources. Because greater percentage of budget of the CSR funded initiatives, that involve low overhead cost, reach the end beneficiaries compared to other development projects.

Q: How do you look at the role of the target community and the beneficiaries in planning and implementation of the CSR-related activities?
A: Participation of the community in planning and implementation is essential for the success of a development initiative. CSR can work as an alternative fund for sustainable development if the community and the target beneficiaries feel that it is their own programme.

Q: What are the limitations of and challenges to operating CSR activities in Bangladesh?
A: Proper management of CSR funds is a big challenge because of a communication gap between the corporate sector and the NGOs who operate development projects in the community. Complicated process of seeking tax rebate on CSR is a challenge for the companies. Confusion about the concept of CSR is still a limitation in our country.

Q: How can the results of CSR operations sustain in the long-run?
A: For long-run sustainability of CSR activities, the involvement of the community is important, right from planning of the CSR works. Visible development and economic empowerment give an inspiring message to others. Motivated and satisfied beneficiaries can sustain their programme.

Q: Why are not the companies availing the rebate for CSR?
A: Companies are reluctant to go through the complicated and time consuming process of seeking nominal tax rebate on CSR. Some non-compliant companies refrain from disclosing their CSR activities to avoid the risk of facing the tax department.
Destiny would have sealed their fate otherwise, as has been the case for many of their peers. Not anymore. Times have changed. And it’s a welcome change. A change that places good.

Even in recent past, many young women of Jessore’s sprawling regions alongside the Indo-Bangladesh border used to fall prey to human traffickers. In desperate bid to avail a better livelihood abroad those women, many of whom of tender age, used to return home tormented, devastated both physically and mentally. Those depleted young lives with their dreams shattered would carry on that agony throughout rest of their life.

In the process, many of those trafficking victims used to find the doors of their natal lodge as well as in their house shut behind their back. Not anymore.

Thanks to the establishment of a training centre at remote bordering village of Basapur that many of these vulnerable women are now finding some alternate ways of leading a better life. No longer they consider the risky move of crossing the border and put their lives at the mercy of destiny. By graduating themselves in the skills of tailoring and stitching from this training centre, the brave women of Basapur are now shaping up their respective futures.

Through this training centre not only they learn the skills but also have started applying the just learnt skills in making apparels and knit-knacks that have also found some market linkage and access boundary from external supports.

It all started with The City Bank Limited believing in the idea of such a centre imparting trainings to poor rural women and then agreeing to spend its corporate social responsibility (CSR) fund to this noble venture which was a part of CSR advisory Initiative of Management and Resources Development Initiative (MARDI) and Manusher Jonno Foundation (MJF).

Now interested women of the village are receiving training from this centre to develop their skills in tailoring and stitching and exploring all possibilities of generating income for their respective families.

Women of Basapur have set up an association to work together to make the change for themselves. The association, Basapur Mohila o Shishu Unnayan Sangstha - (Basapur Women and Children Development Association) is registered with the Department of Women and Children Affairs. Once the initial financial and managerial supports are exhausted, the members of this association should be able to run the show - creating yet another example of sustainability.

The centre was formally inaugurated on September 1, 2012 in the presence of Dr. Shahnur Shamsuddin Chaudhury MP, State Minister for Women and Children Affairs; Meher Afroz Chummi MP, Chairman of the Parliamentary Standing Committee on Women and Children Affairs; Md. Atiq Uddin, local Member of Parliament; Dr. Afsar Rahman, Governor of Bangladesh Bank; Shahnur Anam, Executive Director of Manusher Jonno Foundation (MJF); Mr. Mamudur Zaid, Managing Director of The City Bank Limited; Habibur Rahman, Executive Director, MARDI and other dignitaries, local government officials, community leaders and enthusiastic people of the village.

The playground of Basapur Choto Colony Primary School got a festive look when people of the village – men and women, old and young – gathered to witness the event, marking the inauguration of the training centre that would uplift the aspiration of the deprived women of the community for a better life and a dignified livelihood option.

Chief Guest at the launching event, Dr. Shahnur Shamsuddin Chaudhury said, skilled hands of women can be the best tool for social development. She called upon the corporate sector to come up to support women’s skills development programme in order to facilitate them with better livelihood options. Corporate sector should do it as a part of their social responsibility, she added. The State Minister appreciated MARDI and City Bank for taking such a noble initiative in such a remote village.

Meher Afroz Chummi said the present government has taken a number of important steps to mainstream women in the development process. NGOs and the corporate sector can join hands with the government to strengthen these activities, she added.

Welcoming the guests, Atiq Uddin said the initiative of MARDI and the City Bank will inspire other organizations to come forward with supportive actions to supplement the government’s development programmes.

Dr. Afsar Rahman referred to the activities by the country’s scheduled banks under their respective corporate social responsibility (CSR) programmes. Being encouraged by the Bangladesh Bank, CSR expenditure has tremendously increased in the banking sector in the last couple of years, he said while noting that if the trend continues, banks will be able to contribute substantially to the development efforts of the government. In this context, he mentioned the green banking and renewable energy initiatives of the Bangladesh Bank.

Shahnur Anam in her speech termed empowerment of women as empowerment of the society. She expressed the hope that the MARDI – the City Bank initiative for making effective use of CSR funds would serve as an inspiring example to others.

Addressing the guests and people of Basapur, K. Mahmod Tattar said, City Bank takes pride in being a part of the noble initiative that intends to empower the vulnerable women of a remote village. City Bank will continue its support to such initiatives in future, he added.

Referring to the objective of the initiative Habibur Rahman said, the centre at Basapur is an example of successful intervention of using CSR as an alternative funding source for social development.

Among others, Md. Masudur Rahman, Deputy Commissioner of Jessore, Kaziur Rahman, District Women Affairs Officer, Jessore, Angula Gomez, Executive Director, Manoiko Shishu, Mohammad Islam Mohammad, Tattar Gomez Kajal and Noheja Begum, President of Basapur Mohila o Shishu Unnayan Sangstha spoke on the occasion.
Debate and discussions on CSR and branding, perspective of beneficiaries and implementers, CSR in academic curricula, need for CSR strategy and other relevant issues took place in the fourth phase of MRDI’s CSR talk-show which went on air recently over a popular TV channel.

The discussion programme aimed to focus on the relevance and perspective of company branding in CSR, importance of CSR strategy in sustaining development impact and need for academic intervention of CSR.

Here are some major points of discussion that took place in the show—

- CSR does not do branding but branding is a spontaneous outcome of CSR. It indirectly contributes to business promotion, because people know who is doing what for the benefit of the society.

- Company’s visibility for the purpose of branding is acceptable to a limited extent. But it must not deviate from the real purposes, goals and objectives of CSR. If applied rationally, branding has no conflict with CSR.

- CSR strategy is essential for addressing community-based specific development needs and bringing about sustainable change in the society.

- Each company should have a CSR strategy much like its marketing strategy. Strategy is vital for planning and implementation of any sustainable programme or activity.

- CSR strategy helps prevent unwanted requests for donation to irrelevant areas, with little or no visible impact.

- Before phasing out from an area of intervention, the fund-providing company and the implementing organization should leave behind a strong operating and monitoring mechanism and a reliable group to ensure continuation of the activities.

- Potential corporate executives need to conceptualize the real essence of CSR in order to operate it properly in a professional way involving the stakeholders as broadly as possible.

- A properly structured academic course on CSR needs to be designed catering to the needs of the Bangladeshi students in the country-specific context.

- Participatory learning process has to be followed as the teaching method and scopes should be there for demonstration and practice. To derive social benefits, theoretical knowledge has to be translated into social knowledge while teaching CSR.

Apart from the panelists, other stakeholders including academics, corporate executives, representatives of CSR implementing organizations, beneficiaries and students took part in the discussions.
which can identify Bangladesh companies as CSR practitioners and CSR champions. Social or Environmental Compliance that only meets the requirements of rules, laws and regulations of the Government or other standard setters is not ‘world class’ CSR because the starting point of CSR is reached only after mandatory requirements have been met.

Internationally CSR (or SR) is something a company demonstrates inside its factory gates in areas of, for example, good occupational safety and health, paying wages and bonuses on time, good labour relations and going further than the law requires. CSR companies also seek to minimise the negative effects of their manufacturing process on the natural environment. Some companies attempt to have themselves recognised or ‘branded’ as a CSR company by making large and high profile donations while failing to ensure social and environmental compliance inside their offices and factories; when this occurs, the CSR and the hoped-for ‘CSR branding’ are soon recognised as a superficial commitment to social or environmental responsibility.

As the concern about the global environment increases, companies are caused to consider their CSR and to reflect on how best to integrate environmental good practices with social obligations in their overall corporate strategy. Branding and brand value and integrating these into ‘world class’ CSR are immensely important to the success of companies, especially manufacturing ones that intend to sell to customers based in North America and Europe. In this ‘export oriented setting’, the values the company holds to be important, how these values are achieved and demonstrated and the ways in which the company is different from, or outclasses its rivals, are important elements of its brand identity. Environmental responsibility, sustainability, human rights and labour rights and business ethics generally all contribute to shape the CSR brand and CSR reputation of the company.

Successful Bangladeshi companies in future will be those which recognise and incorporate sustainability and social responsibility within their business practices as their brand values and corporate culture. Transparency and accountability will be key proofs of real commitment to having a CSR brand.

Brand is the sum-total of customer’s experiences and perceptions of a company, only some of which can be influenced by the owners and managers and workers. A strong brand is invaluable as local and global competition intensifies; the brand is the source of the ‘product promise’ to the consumer. Brand is a foundational piece in marketing and communication strategy. Ability to demonstrate ‘world class’ CSR as part of a Bangladeshi RMG or knitwear company’s corporate culture will be fundamentally important to its ability to compete for orders from the garment buyers already sourcing in Bangladesh and from companies which will come here as the sector expands still further within the next decade.

The aims of a ‘Branding and CSR’ study conducted in Taiwan and reported in 2010 were to investigate: first, the effects of CSR and corporate reputation on industrial brand equity; second, the effects of CSR, corporate reputation, and brand equity on brand performance; and third, the mediating effects of corporate reputation and industrial brand equity on the relationship between CSR and brand performance. The study has the title ‘The Effects of Corporate Social Responsibility on Brand Performance: The Mediating Effect of Industrial Brand Equity and Corporate Reputation’. The researchers’ empirical results supported the study’s hypotheses and indicated that CSR and corporate reputation have positive effects on industrial brand equity and brand performance. According to the authors, corporate reputation and industrial brand equity partially mediate the relationship between CSR and brand performance. They considered CSR as the impact of the business on the local community, environmental protection, buyers’ benefits, rights of female and disabled employees and the company’s participation in social initiatives.

It is clear that while leading garment retailers and food companies are adopting new CSR models that positively affect their bottom-lines (often with a 3BL - ‘people planet profit’ bottom-line) communicating that message effectively to influence and educate consumers takes an innovative marketing approach. Companies which adopt a sustainability strategy are entering into a lengthy commitment; both to the environment and with their consumers. Going forward CSR will be an important feature of ‘Brand Bangladesh’ and vital for the growth and continuing success of manufacturing companies based here. However being able only to demonstrate ‘social compliance’ and ‘corporate philanthropy’ will be regarded internationally as a weakness, not a strength!

Rodney Reed is Managing Director of Reed Consulting (BD) Ltd. He was a Member of the DCCI CSR and Social Compliance Standing Committee 2009 and 2010. He is an elected Executive Committee Member of FICCI and is Convener of the FICCI SR Sub Committee 2011-2013.

---

▶ HSBC joins hands with MRDI’s CSR initiative

To address the crisis of safe drinking water, protect Sundarbans from pollution and facilitate better livelihood for more than 2500 poverty prone people of village Dhanghari of Sundarbans, leading foreign financial institution HSBC, Green World Communication Limited and MRDI have signed an agreement to begin a programme which includes pond digging with provision of filtering system, rain water harvesting plant, distribution of eco-friendly oven, skills training for women and sapling distribution.

The agreement is a part of an initiative of Management and Resources Development Initiative (MRDI) to use Corporate Social Responsibility (CSR) fund as an alternative social development support to address poverty.

Andrew Tille, Hasibur Rahman and Hedadut Islam Helal signed the tripartite agreement on behalf of their respective organizations.

Under this agreement, eco-friendly ovens were distributed among all 360 families of the village. The programme will ultimately contribute to easing global warming.

---

"CSR REVIEW"
Comprehensive and cohesive strategy for business

Syed Ishtiaque Reza

People who are sceptical about social concerns of businesses may raise questions about the real interests and purposes of Corporate Social Responsibility (CSR). They can say that corporate funds for social and environmental programmes are nothing but a new way of public relations (PR) campaigns to popularize their brand reputations.

The fact remains that, despite many criticisms, a rapidly growing number of companies in the world practise some form of CSR. In a country like Bangladesh, there is hardly any scope to deny the importance of corporate funds to support initiative to enable people to move ahead. And here one cannot underestimate the humanitarian motivations of employees as the main CSR drivers as companies are not structured entities, but these are governed and led by individuals.

CSR initiatives reflect the human side of corporations, and the personal commitments of the corporate citizens to contribute to the community and society of which they are a part. If this is not a compulsion, this is certainly the values of both the corporate bodies and the individuals. Businesses are to respond to expectations for social engagement. There is no certain rule from where the initiatives can start. It can be in the field, from the staff in a bottom-up approach, or it can be a top-down approach from the top management. The ultimate choice is to reflect a company’s business values, through addressing social, humanitarian and environmental challenges.

While many companies have the motivation to serve the society, the common problem is that most of them do not have a well-planned CSR strategy. They have rather numerous disparate pro-society programmes and initiatives. But these initiatives are very loosely connected to the core of their business strategy.

What actually businesses do here in Bangladesh? There are so many traditional approaches like direct funding to community service organizations, or donations of products to the underprivileged segments of the populations. The desires as well as the values of the high-ups at the decision-making process often determine these types of philanthropic activities. The larger is company, the bigger is the donation. These initiatives are surely the individual decisions and not part of the overall business strategy.

When a bank takes a decision to create a CSR fund to support development efforts of an underprivileged group and implement a project through other supporting organizations, it can make a huge difference. It is much unlike the case with a bank’s mere donation of money or some products to individuals or organizations. A well-planned CSR fund, backed up by a proper strategy, creates business opportunities, increases profitability, gives social and environmental benefits, by improving operational effectiveness throughout the business chain of the bank itself and its stakeholders.

If a company gives improved working conditions in its workplace and better healthcare for its workers, productivity is sure to go up. In the same way if a company reduces energy use, waste and pollution in its business operations, operating and material costs will come down. If a company can promote enhanced social or environmental value of its products, it can increase its profits. And if the company supports a sustainable social programme to the people of the area where it works, or any other place, its business really makes sense. Consumers demonstrate their willingness to reward such companies by not only increased buying of its products or services, but also by paying more. This enhances the brand loyalty of the company.

CSR efforts are actually strategic risk-taking measures having a focus on long-range rather than short-term business profits. For this reason, CSR initiatives are to be taken effectively to absorb the uncertainties of a long term financial gain. In fact, the CSR-related initiative of a company lies in its element of risk and its moral imperative to combat changes taking place in the business environment. But for all the benefits, businesses need to craft comprehensive and cohesive CSR strategies. Without a cohesive strategy, a company will not have a direction. And for well-planned CSR moves, businesses need relevant professional and efficient human resources.

The companies can think of creating the post of a CSR officer who will be an independent full-time position having access to the top management. His or her role has to be recognized as an important link for giving the required inputs to the development of a company’s business strategy. CSR ultimately reflects a company’s values and relationship to the society in which it operates and upon which it depends. CSR is sure to stay, and every business needs a planned CSR strategy to embed its business in the society on a strong institutional footing.

Syed Ishtiaque Reza is the Director News of Ekattor Television
Walking for water
CSR intervention opens door to better living
Syed Zain Al-Mahmood

Saleha Khatun, 27, faces an uncommon occupational hazard on her way to get water every morning - tigers on the prowl. Her village, Madhyapara, in the Dakope Upazila of Khulna district, is at the edge of the Sundarbans - the largest mangrove forest in the world and home to the Royal Bengal Tiger.

Struggling for the water her family needs to live, Saleha hikes twice a day from her dirt-floor shack to a hand-pumped tube well on the premises of the nearest school, roughly four kilometers away. Carrying her kotshi or local handmade pitcher, she has to run the gauntlet along a lonely path parallel to the river, with only the narrow stretch of water separating it from the great mangrove forest.

Like most people who live near the maze of swamp, islands and mangrove forests spanning three districts in southwest Bangladesh - Khulna, Bagerhat and Satkhira - Saleha is too terrified and superstitious to mention the tiger by name.

"It's most dangerous in the early morning," says Saleha. "I sometimes see tracks of 'Mama' (uncle) on the path. I try to take other women with me, but one or two companions will be of no use against the Big One." In the Sundarbans, everyone watches for the tiger. But the tiger, they say, always sees you first.

"I feel the hair rising on my body," says Saleha. "I know if 'Mama' decides to kill me, it will take me. There is nothing I can do."

Tiger attacks kill up to a hundred people in the Sundarbans area every year. Two years ago, one of Saleha's cousins lost her life while collecting firewood. But despite the risk, Saleha has no choice but to make the long trek for water every day. Although their village is surrounded by water, Saleha and her neighbours don't have a drop to drink.

In May 2009, driven by the 120km/h winds of cyclone Aila, a 12th wall of sea water tore through the area, leaving nearly 1 million homeless and inundating the majority of ponds and wells in the area with salt. The region is a vast delta crisscrossed with rivers and creeks - but human beings and wildlife alike are struggling to find fresh water.

"The water in our village is too salty to drink, even though we are almost 20 km from the sea," says Saleha's husband Nurul Islam. "Since the men have to work in the farms or shrimp enclosures, it's up to the women to get water that is less salty."

In the coastal south, frequent cyclonic storms, tidal surges and the decreased flow from the upriver have combined to contaminate ponds, wells and watercourses. Salt from the sea is slowly seeping into the groundwater, intruding drinking water bodies or sources and open fields, steadily working its way farther and further north. Approximately 20 million of the 37 million Bangladeshih living on the coast are susceptible to the problem of excessive salinity, according to a government study.

Research carried out jointly by a team from Imperial College London and the Bangladesh Center for Advanced Studies (BCAS), found expecting mothers, in particular, becoming acutely susceptible to the diseases of hypertension and pre-eclampsia from this exposure to salinity.

"Our findings suggest that climate change is not only breaching our coasts, but is approaching the very shores of motherhood in the womb," said Dr Aneire Khan, lead author of the report, published in the Lancet (2008).

The daily struggle for water becomes a harsh barrier to women's equality and economic empowerment.

"It takes me more than five hours every day to collect water and wood," says Saleha. "Then I have to cook and clean. I have no time for anything else. My eldest daughter, now 8, will soon have to walk with me to get water. I need extra hands."

A group of women in the nearby village of Bon Ladubb believe they have found a solution. Among many, some of the ponds of the village contain water with a tolerable level of salinity. But again the water is contaminated with bacteria, algae and other harmful germs.

Management and Resources Development Initiative (MRDI) identified the problem and came forward to help the villagers. Four community-owned ponds have been re-excavated and sand filters were installed to purify the water. Still it took two consecutive monsoons to get safe water for drinking and domestic use.

MRDI, which campaigns for better use of CSR funds, has convinced two financial institutions, Bank Al-Falah and Micasa Financing Ltd, to use some of their corporate social responsibility funds to build a simple system: hand pumps lift water from the pond to let it slowly filter down through layers of sand and collect. This filtration, along with natural biological activity, renders the water clean and safe for drinking. The only maintenance needed is periodic cleaning of the filter bed, which is the responsibility of the village women's committee.

Green World Communication Limited implemented the intervention in the community. The effects of having a good supply of drinking water at hand are far-reaching, says Swapan Kumar Das, a local school teacher in Bon Ladubb: diseases have diminished, children can go to school and women, freed from the burden of travelling to collect water, have more time to engage themselves in other economic activities.

Das says the government should view this as a crucial development and public health challenge. "We are losing something that is a human right, a source of life - water for drinking, for food, for the animals, for health."

The women of Bon Ladubb are putting their time to good use. After receiving training to make handicrafts products as part of the CSR initiative, the women have begun producing items that are being marketed under the brand name "Gaon Swapna" (Village Dreams).

The brand is the result of a joint Corporate Social Responsibility initiative of Bank Al-Falah Ltd, Micasa Financing Ltd, City Bank Ltd, Manusher Jonno Foundation (MJF), Green World Communication and Management and Resources Development Initiative (MRDI).

"Our lives have changed," said Sulekha Roy, who has learned stitching and tailoring under the project.

The Bon Ladubb pond filter has attracted the attention of women all around the Sundarbans. Saleha Khatun hopes someone will teach them to build and maintain a similar filter in her village, so that she may get relief from the dangerous and exhausting daily struggle for water.

"I won't have to look over my shoulder anymore," she said.

Syed Zain Al-Mahmood is the Deputy Editor, Special Project of UNB.
Like previous eight 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 June 2012 to November 2012. 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.