



CSR REVIEW

Corporate Social Responsibility in Bangladesh Financial Sector

Dr. Atiur Rahman, Governor, Bangladesh Bank

Introduction

Corporate Social Responsibility (CSR) is gaining fast global acceptance as a standard to assume environmentally sustainable and socially equitable business practices. The role of business worldwide and specifically in the developed economies has evolved from classical 'profit maximizing' approach to a 'socially responsible' approach, where business is not only responsible to its stockholders but also to all of its stakeholders in a broader inclusive sense. The International Organization for Standardization (ISO) has attached an international standard to provide guidelines for adopting and disseminating social responsibility called 'ISO 26000 - Social Responsibility' encouraging voluntary commitment to social responsibility with common guidance on concepts, definitions and methods of evaluation where social responsibility is the result of the collaborative efforts of industry, government, international organizations, academia, NGOs, service providers, consumer representatives and other stakeholders. The ISO 26000 and the UN Global Compact are promoting the notion for organizations to behave in a socially responsible manner, which are both a strategic voluntary policy initiative and a practical framework for entities willing to establish responsible business practices.



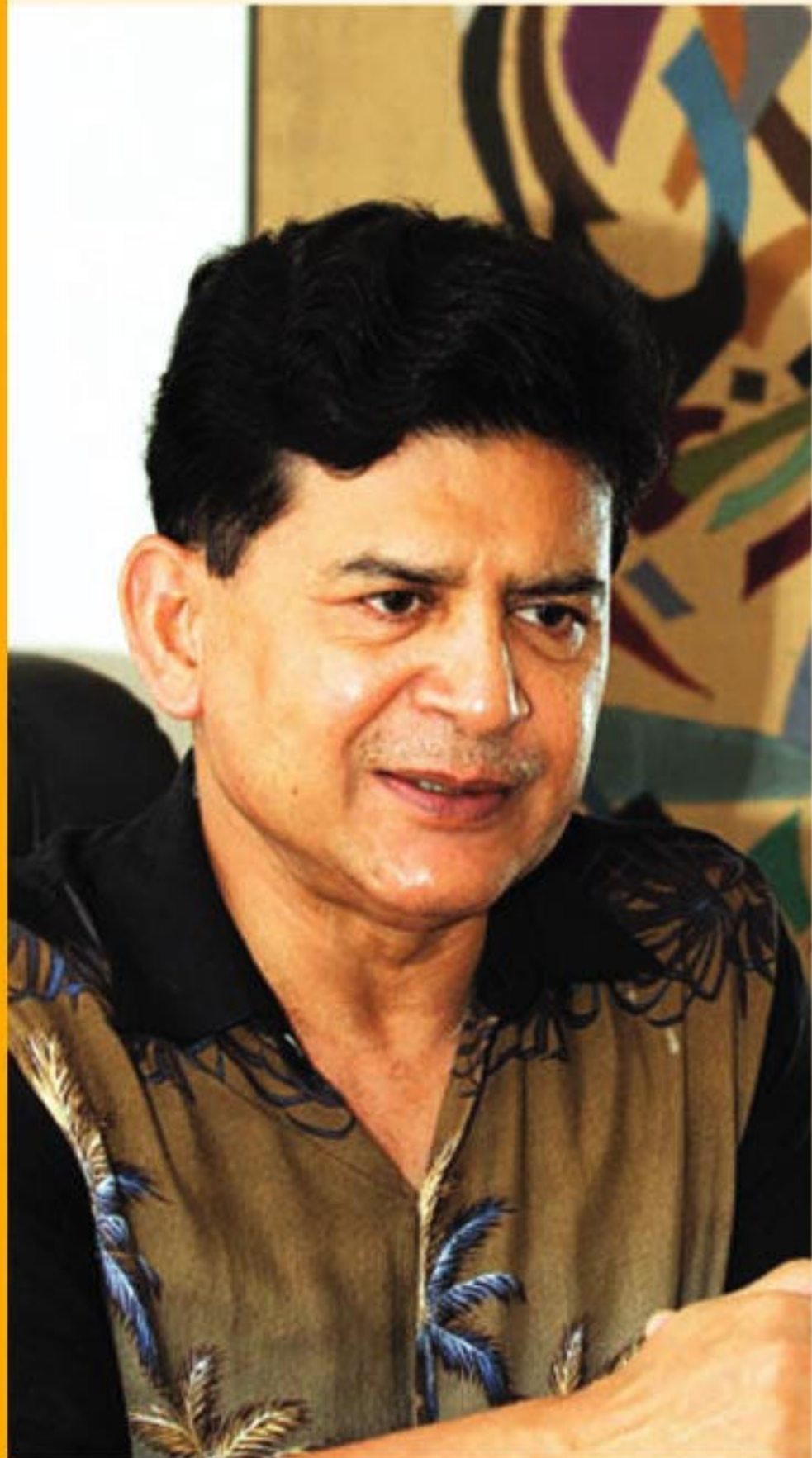
Corporate Social Responsibility (CSR) in Bangladesh financial sector

Initiated by Bangladesh Bank (BB) in 2008, the CSR mainstreaming campaign in Bangladesh's financial sector has enthused all banks and financial institutions into a broad range of direct and indirect CSR engagements including humanitarian relief and disaster response; widening of advancement opportunities for disadvantaged population segments with support in areas of healthcare, education and training; 'greening' initiatives arresting

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Linking CSR planning with development needs

Dr. Hossain Zillur Rahman, Former Adviser to the Caretaker Government



With the advent of globalization and its subsequent rapid expansion, the emerging market economies are playing an increasingly important role in global economic affairs. A corollary to this expanded role is their participation in Corporate Social Responsibility (CSR) activities which also have expanded both in scale and scope. CSR is essentially a global concept but adopted with everyone's own context and perspectives.

Businesses are facing diverse challenges in Bangladesh ranging from free trade regimes, new regulations and offshore manufacturing to create better and responsible corporate citizens in the social and environmental spheres. Social expectation of business has evolved from narrow profit maximization to a socially responsible approach.

CSR has become a hot topic among businesses, academia and civil society in Bangladesh these days. As Bangladesh is dominated mainly by small and medium enterprises (as the corporate world is not so big), we need to think about ethical root of this idea. Bangladesh has a long history of philanthropic activities by individuals and businesses and we need to examine it

carefully what new value addition to this heritage is being done by the new focus on CSR. Ethical root cannot be compromised and it cannot be used as a bargain tool or instrument to fetch extra benefit for businesses.

CSR can be planned when it will be found that the organization is fulfilling all the obligations towards society and thus is eligible for the license to operate. Assurance must be there that the organization can grow on sustainable basis. In disasters, in tragedies, the CSR funds can add value. The other areas where CSR can really contribute are the health and education. CSR doesn't mean that one will put up a school, give scholarships to poor students for once. Rather the company should think of it in a sustainable way. The same way, in the health sector, attention must be given on deprived areas and poorest of poor segments of the population.

CSR can also be deployed for programs on youths, community development and environmental issues. This is more relevant for a country like Bangladesh where the government interventions are not adequate. Youths, women, elderly citizens can be the focus of firms for their CSR initiatives.

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Strategic thought and planning for CSR

Corporate Social Responsibility (CSR) is turning into an effective tool for sustainable development in Bangladesh as entrepreneurs have by and large accepted the concept for doing business in a responsible manner demonstrating good corporate citizenship. Ethical behaviour and value addition are two important features of CSR. Ethical behaviour connotes that a business entity will contribute to socio-economic advancement of the local community going even beyond what is required by the law and economics of the country. Addition of values distinguishes CSR from one-off charity or donation. Donations help overcome a crisis with immediate but short term effect. But CSR aims to bring about a sustainable change in order to resolve a problem that affects life and livelihood of a target group of population. Value added to the results of the intervention facilitates to attain this desired sustainable change. Any activity aiming to attain long term impact must be planned and implemented in a strategic way.

In view of this scenario, any business entity that intends to operate CSR needs to have a clearly defined strategy. Such a strategy will help the businesses identify ways of building social values to match their respective business values. Businesses should go for long-term strategic thinking rather than short-term actions.

Strategic thinking, as experts define, is the ability to come up with effective plans in line with an organization's objectives within a particular economic situation. This helps business managers review policy issues, perform long-term planning, set goals, determine priorities and identify potential risks and opportunities.

When CSR is integrated with the mission of a company, it becomes relevant for it to operate its business process to ensure well-being of the community and to produce a positive impact on society. Businesses necessarily rely on the inputs from society and on socially created institutions. This has to be fairly recognized.

It would be relevant to note that there are some guidelines and standards for businesses to follow and to operate CSR to attain sustainability. The United Nations Global Compact sets out some principles in this regard. The ISO-26000 provides some comprehensive guidance on social responsibility for businesses. Global Reporting Initiative (GRI) mentions some points of reference for the corporate sector to report their economic, environmental, social and governance performances voluntarily. Moreover, the recent CSR Participation Ladder has delineated some benchmarks on an international scale for social responsibility and sustainability. These guidelines are meant to facilitate the businesses design and operate strategic CSR, highlighting the need for the corporate sector to deploy the CSR strategy in a purposeful way.

CSR strategy of a company can ensure better use of its CSR funds. Undoubtedly funds are important for doing any activity. But equally important is to ensure that the funded activities are well planned and properly implemented. Such interventions only can produce visible results and make desired changes.

Another important concern is sustainability of the CSR interventions. Benefits of a time bound project without a plan for follow up are likely to remain confined within the defined period which hardly can make any real change in the life and livelihood of the target beneficiaries. A long term strategic plan is essentially needed to derive sustaining results from development interventions. Such plan will guide how to assess the priority needs involving the community in the process, how to empower the beneficiaries, develop their capacities, develop a sense of ownership to the programme and continue the activities once external support is withdrawn.

A strategic CSR intervention will not only produce sustainable results, but also create opportunities for its replication in neighboring or far off areas. A successful intervention will draw attention of the stakeholders from both demand and supply sides of CSR. Corporate houses will feel interested in investing their CSR funds where the value for money is ensured. Beneficiaries, on the other hand, will be eager to be a part of an intervention that will bring desired changes in their life. Good examples will also facilitate local development partners implement the development interventions with the support of the community.

Businesses often face difficulties in planning and allocating CSR funds in compatibility with their organizational and business mission and priorities due to internal persuasion and external pressure. A well defined CSR strategy will definitely help them overcome such situations. That is why businesses should draw up their CSR strategy, considering the needs of their stakeholders, the community and the society.

Volume and size of CSR expenditure has significantly increased over last few years. Target communities and individuals have benefited from these programmes. But it is found that these benefits are yet to gain the expected long-term impact on the society. The amount of resources allocated and spent as CSR should have added more value to the whole effort. A properly developed CSR strategy and its fair implementation can ensure this much needed value addition.

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Linking CSR planning with development needs

One of the major strategies for CSR programs should be aimed at giving attention on how the money is being spent. Without vision and philosophy of really contributing towards the wellbeing of the people and society, CSR cannot be a big driver of change. Organized thinking is not seen in most cases of CSR programs as those are mainly individualistic.

Sometimes many people ask that whether the firms should sacrifice for social interest. This is in fact a wrong question. Profits and social interest do not contradict each other and firms should keep in mind that profits are made from the society.

There are huge development needs in Bangladesh where CSR funds can fill the gaps of the efforts made by the government. CSR is always an addition and but should be very ambitious to contribute in real sense. In Bangladesh, the CSR initiatives are not very ambitious enough to support the mammoth development needs. One of the ways of moving with ambitious projects could be the collective forum of firms for their CSR activities. Here the priority setting by the firms and their management plays key role. Collective move also helps avoiding duplication of services and activities. Impacts can be much higher when the firms go for shared efforts and it also helps adding value properly.

Quality of education is one of the big agendas for the nation where CSR has the scope to play a key role if it can be applied in right context and perspective. Sustainability is always the choice as CSR is never the one time scheme or donation. Here project identification is highly important for sustainable involvement of firms with their CSR funds. The non-government organizations (NGOs) can be the vehicles for corporate houses to identify deprived areas and population, proper utilization of funds, checking and monitoring of the CSR activities at field level. However choosing the credible NGO is another challenge for right use of corporate funds.

CSR is potentially an important concept to eradicate poverty, make people self reliant and keep our surroundings healthy. Firms cannot use this for publicity only, they should rather think of making real contribution having proper strategy, planning and implementation methods. If applied appropriately Bangladesh can be a role model for many emerging economies in use of CSR. The key lesson to remember is that CSR and profits are not a zero-sum game.

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Corporate Social Responsibility in Bangladesh Financial Sector

environmental degradation, and so forth. To steer the campaign on socially responsible financing, Bangladesh Bank has set up a separate department for green banking and CSR in 2012.

The Indicative Guidelines for allocation and end use monitoring of CSR engagements of the financial sector, drawn up in a consultative process with banks, financial institutions and their CSR stakeholders, are accordingly issued, and are already in effect. BB's Green banking & CSR department and its Offsite and Onsite supervision departments are keeping track of adherence of banks and financial institutions to these indicative guidelines, as part of routine assessments of their quality of governance and internal controls. Annual CSR programs in terms of board approved CSR policies of a bank/financial institution are expected to be drawn up and implemented by a dedicated CSR unit set up in its head office; or in case of larger programs, by a foundation set up specifically for this purpose. Activities of the CSR units/foundations are under oversight of BB's CSR and supervision departments, besides that of the bank's/financial institution's own internal audit and internal controls. The CSR unit/foundation is to propose budgetary allocations for CSR programs annually for approval of the board of the bank/financial institution; the board approves allocations by appropriations from annual post tax net profits. The proposals for board approval must scrupulously avoid any allocation in favor of any entity directly or indirectly connected with directors, senior management members of the bank/financial institution or with the trustees of its CSR foundation. A bank/financial institution with no post-tax net profit surplus may postpone making fresh CSR program expenditure commitments but should continue honoring previous commitments (like educational scholarship for a student's educational course period etc.). CSR engagements in priority sector lending (like agricultural, SME and green financing) should also remain undiminished scale. BB's DOS Circular No 01 of June 2008 and the subsequent circulars on the subject comprehensively enumerate the expected ranges and areas of CSR engagements of banks and financial institutions in the communities they operate in.

Around thirty percent of total CSR expenditure should be allocated for education and job focused vocational training being crucial in widening advancement opportunities for the underprivileged population segments specifically (a) for scholarships/stipends for students from low income family in reputed academic and vocational training institutions, and (b) for support towards upgrading of facilities in academic and vocational training institutions substantially engaged with students and trainees from the underprivileged rural and urban population segments. Around twenty percent of total CSR expenditure allocation should go for preventive and curative healthcare support assistance for underprivileged population segments. Support assistances in this area would include direct grants towards costs of curative treatment of individual patient, towards costs of running hospitals and diagnostic centers engaged substantially in treatment of patients from underprivileged population segments, and towards costs of preventive public health and hygiene initiatives like provision of safe drinking water, hygienic toilet facilities for poor households and for floating population in urban areas, and so forth. The remainder of direct budgetary CSR expenditure allocations should be used in such other areas as emergency disaster relief, promoting adoption of environmentally sustainable output practices and lifestyles, promoting artistic, cultural, literary, sports and recreational facilities for the underprivileged, upgrading facilities and lifesavings equipments in emergency rescue services like the fire brigades etc., infrastructure improvement for disadvantaged communities in remote far flung areas and so forth. Banks and NBFIs will have to publish an annual CSR publication, illustrating their CSR activities on a regular basis.

Latest development of CSR in Bangladesh financial sector

All banks and financial institutions of all descriptions, state owned and private, commercial and specialized, local and foreign are fully on board with BB on this without any demur. BB has been proactively pursuing the ingraining of a socially responsible financing ethos in the corporate goals and objectives of banks and financial institutions in our financial sector. Progress thus far has been very heartening. For some years now, BB has been issuing annual reports on Bangladesh financial sector's CSR initiatives, to help banks and financial institutions learn from each other's initiatives. With a view to bringing discipline in the CSR allocation by banks and NBFIs, Bangladesh Bank has introduced the CSR guideline. As per the new guideline, banks and NBFIs will have to spend at least 2.5 percent of their net profits for corporate

social responsibility purposes in three key fields-concessional loans, donation fund and allocation for developing internal (banks and NBFIs) job environment and gender equality. The marginal and landless farmers of the remote areas can receive the concessional loans.

As the leading institution, Bangladesh Bank has started its CSR activities in 2013; a 'Bangladesh Bank Disaster Management and Corporate Social Responsibility Fund' of Taka 50 million from BB's annual profit was formed in FY2014, which was further extended to Taka 100 million in April 2015. BB has provided around Taka 5.20 million to 14 projects in FY14 and Taka 5.13 million to 30 projects till FY15 January. Under the CSR umbrella, Bangladesh Bank has taken a number of noteworthy initiatives mostly through various public and non-profit organizations such as supporting the victims and volunteers of Savar Tragedy with the contribution of one day salary. During the Tazreen Fashions and Rana Plaza incidents, causing well over 1100 fatalities and manifold more debilitating injuries, the financial sector and the broader business community have come forward with prompt, generous fund support for the rescue and relief efforts. Bangladesh Bank called upon all banks and financial institutions operating in Bangladesh for contributing to Prime Minister's Relief fund for rehabilitation activities after Rana Plaza Collapse. All banks and FIs contributed around Tk. one billion to Prime Minister's Relief fund and the entire CSR operation was coordinated by Bangladesh Bank. BB has donated more than half a million Taka to the Burn Unit of Dhaka Medical College Hospital (DMCH) to help the burn survivors' rehabilitations. Bangladesh Bank plans to do more for improving the capacity of Fire Service Department and others for faster and stronger response to any disaster related to RMG sector, along with other ongoing engagements. Beyond its domestic outreach, recently, BB has coordinated the banks and financial institutions in extending humanitarian support to the victims of Nepal earthquake; almost 60,000 blankets have been handed over to Nepal Embassy of Bangladesh. Substantial cash support has also been provided by various financial institutions.

Direct and indirect budgetary CSR commitments of banks and financial institutions have increased several-fold since 2008, the already substantial and further increasing levels of financial involvements in CSR engagements have understandably raised concerns about ensuring allocation of the budgetary resources on an arm's length basis, free of insider interests connected to members of the boards and senior managements, as also about proper end use monitoring. The CSR engagements of the financial sector have expanded several-fold over the past few years, from Taka 554 million in 2009 to Taka 5.1 billion in 2014. In 2014, the education sector has the largest share (32.3%) in the total CSR expenditure. The top 5 banks in terms of their total CSR expenditure over the past five years during 2010 to 2014 are respectively Dutch-Bangla Bank (Taka 456 million) followed by Islami Bank Bangladesh (Taka 357 million), Exim Bank (Taka 299 million), Prime Bank (Taka 254 million) and Janata Bank (Taka 191 million). Besides many other activities, the financial sector has distributed about 2 million blankets in 2014 winter, which is more than double compared to the last year's figure.

Conclusion

Every bank/financial institution/its foundation shall exercise utmost care in ensuring that the CSR support allocations do not end up aiding of abetting financing of militancy and terrorism. Any suspected event of such abuse of CSR assistance must be reported to law enforcement authorities, stopping the CSR assistance forthwith; failure to do so will undergo penal proceedings under AML CFT laws and regulations. Every bank/financial institution shall be responsible for monitoring of proper utilization of the CSR support assistances for the intended purposes. In case of CSR assistances to institutions/organizations, it would be advisable for the concerned dedicated CSR units/foundations to get into Memorandums of Understanding (MOUs) with the assistance recipients stipulating phased disbursements commensurate with progress in proper end use. In cases of assistances to individuals, the dedicated CSR unit/ foundation should collect and file reports/documents sufficient to ascertain proper end use, withholding the assistance in unsatisfactory cases. Boards of banks/financial institutions should review reports of CSR allocation end use monitoring annually before approving fresh allocations for subsequent years; and all end use monitoring records should be kept available for inspection by internal and external audit and by BB supervision officials.

MRDI's CSR initiative



Gift-wrapped solace

No water and the mornings begin! The hardships have no end it seems in Sundarbans.

'We need to break free!' cried one Sharmila among the midst of the woes.

They couldn't imagine a morning with usable water for households! But that's just the start, the gruesome worry lies in the daily livelihood, how to meet it? Opportunity of work is very low. In fact, the only few sources of income available involves hazardous labor like cutting woods from the forests while trying not to get eaten by tigers, inhumane stress from work like gathering fish fry from salty water, selling them at a very low price. The income barely covers expenses. Worried! The way out couldn't be imagined by them.

That's the fret!

CSR came as a savior.

It brought relief, solvency to the women of Sundarbans. It helped create the livelihood, much needed for survival. With MRDI's intervention, pond-excavation and water-filtering system has brought them usable water to doorsteps and hand stitching training has given them the right ingredients to carry out livelihood. That's not all! MRDI ensured environment friendly oven at their homes which had two-fold benefits! The forests are saved and most importantly their lives are now out of danger.

Today, these women breathe an air without worry!

Like others Rokeya was afraid of the future! Cross-border has a nice ring to the word, but the poverty stricken women of Basatpur like Rokeya know the true meaning. Traffickers await victims, their prey! How will they steer clear of the danger? But is that the only evil, the lesser one? A question stood at their doorsteps every time they stepped out. Income to support their life choirs was much needed. They needed a way out.



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Along came MRDI with its CSR interventions! It built a training center of tailoring and hand stitching! Batches of women attended and learnt a new way to living! They curled out of poverty and still stand as a model of CSR interventions!

The women of Basatpur and Sundarbans created their own samity through which they now operate their business under one umbrella- Gaon Swapna. Their handmade products got themselves to the shelves of biggest hypermarket of the metropolis.

Now the mornings of Sharmila and Rokeya begin with a smile, of assurance, of self solvency. All these were possible from the CSR funds of City Bank Ltd., Bank Alfalah, Midas Financing Ltd. and HSBC where Manusher Jonno Foundation gave the opportunity to prove CSR as an alternate to development funding with MRDI to actualize it.

We are not ungrateful, Mothers...

Bangladesh emerged as an independent country in 1971 at the cost of 3 million lives and honour of 200,000 women. The nation pays tribute to the martyrs on different occasions and also recalls with respect the role of the women who were harassed by the barbaric Pakistani army and their local collaborators. After independence, Father of the nation Bangabandhu Sheikh Mujibur Rahman termed them as Birangona - heroine of war.

Today, after more than four decades of liberation, Bangladesh has progressed a lot in terms of social, economic, cultural and infrastructural development. But hundreds of Birangonas, who made supreme sacrifice for the liberation of the country, are still living deplorable life in remote villages -- uncared and unattended at this old age.

"Our mother
Birangonas made
supreme sacrifice in
1971 for the liberation
of our country. Now it
is our turn to do at
least something
for them."

Dr. Atiur Rahman
Governor, Bangladesh Bank

Bangladesh Bank Governor Dr. Atiur Rahman's attention fell on a news story on 20 Birangonas of Sirajganj and he instantly decided to involve MRDI in mitigating the sufferings of these ill-fated women.

In collaboration with MRDI, the central bank's "Disaster management and social responsibility fund" has provided need based assistance to these women through Programme For Women Development (PWD) a local NGO of Sirajganj. This help will hopefully contribute to reducing hardship and make the remaining days of their life a bit easier.

We owe you much, mothers. Through this humble initiative, we can at least pay back a small portion of our debts. We are not an ungrateful nation.



Continued efforts bring sustainability

I heartily pray for those who took the initiative as it is helping me come out of poverty. Now I can earn Taka 7000 to 9000 per month using my skill that I earned from the training centre. Again, the education stipend programme has made the future of my children more secured.

Ozufa Khatun, a member of the Basatpur Women and Child Development Association said this while expressing her feelings at the launching of stipend programme for the children of the Association members. Mother of two sons and a daughter, Ozufa received training on tailoring and stitching at the Basatpur women's training centre which was established with the support of City Bank Limited. From the vulnerability of getting trafficked to the neighboring country, she is now an empowered self-reliant woman. Under yet another initiative, two of her children have received education stipend that will ensure quality education for them.

Ozufa is not the lone case of success. The bordering village of Basatpur in Jessore district has got a new look with the spark of new aspirations in the eyes of Sazeda, Saleha, Kajol Rekha and many more. These skilled women are not merely wage earning workers any more. As micro-entrepreneurs, they know how to negotiate with supplier and customer, how to expand business and ensure fair share of their profit and save money for their future.

This big change has been possible because the City Bank-MRDI joint initiative did not stop at a certain point of ending the project. It continued with the aim to bring about a visible change and sustainable impact in the families and in the community as a whole. The initiative for training of more women and provision of education stipend for school children was taken to reach the end.

City Bank is providing about Tk. 1 crore and 25 lacs for the centre and the stipends since 2011.

A programme
has to aim at doing
total wellbeing of
a community,
rather than offering
piecemeal solution
of an instant
problem to create
a sustainable
impact

---- Lesson we
learnt

A southern remote village Char Patila in Bhola district has a similar story of sustainable CSR effort. Initially a cyclone affected primary school, which virtually became inoperative after the initiator NGO withdrew its funding at the closure of the project, was provided support to build a new tin shed school building. Furniture, drinking water and toilet facilities were also made -- all with the support of Mutual Trust Bank. The school is now registered with the government and put under the MPO scheme.

Still, attendance of children in the classroom was not satisfactory. The reason, after investigation, was found to be physical ailment of children. Remedy, obviously is provision of health care. And that is now being done by a physician of Char Fasson Upazila Health Complex who visits the village to provide primary health care twice a month with provision of free medicine supply.

Further to this initiative, attention was given on the health of mothers. Capacity of ten traditional birth attendants (TBA) of the village was enhanced through training. These trained TBAs are now providing ante-natal and post-natal care and counseling to the pregnant women of Char Patila for ensuring safe motherhood.

Children of the school now have a bright look. Mothers are happy to send their children to school. The community is looking ahead to have a healthy and sound generation.

Mutual Trust Bank is providing Tk. 36,85,010.00 for the education support and health care programme since 2012.



Bangladesh Bank's support to development initiatives

Bangladesh Bank, in recent years, has been working for financial inclusion of marginalized section of the population and providing support to them for a better life.

The central bank's 'Disaster management and social responsibility fund, is extending support to development initiatives. The assistance to the development organizations is not huge in amount but it is expected to create a great impact on the banks and other corporate houses to come forward to support sustainable development initiatives as a part of their CSR activities. Bangladesh Bank Governor Dr Atiur Rahman said.

A ceremony was organized recently at the headquarters of Bangladesh Bank for signing MoU and handing over cheques to development actors. Twenty six organizations received funding support to address education, health, climate change, CSR advocacy, youth leadership and other development issues this year.



Strategizing CSR

Prof. Swapan Kumar Bala, PhD, FCMA

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Corporate social responsibility (CSR) is often-quoted expected action on the part of a corporate entity. To do it in a sustainable way means the company should strategize CSR. Strategizing CSR signifies the development of such strategies by a company so that CSR activities are well-planned in terms of resource availability and within the allocation of overall corporate activities for the proper implementation thereof. Below is a brief portrayal of various aspects of strategizing CSR from the viewpoint of a company's top management.

CSR strategy and CSR planning

When we consider CSR strategy, then it is usually a long-run perspective of corporate citizenship that ensures a competitive advantage and sustainability. CSR strategy and CSR planning often supplement each other. A company's CSR planning shows the projected courses of CSR actions in a given period. CSR strategy also portrays the similar issues of a corporate body consistent with its mission and vision. CSR planning usually considers a foreseeable definitive time horizon, which may be extended from a month to a quarter, or a quarter to a half-year, or a half-year to a year. But CSR strategy encompasses a longer horizon of time. CSR strategy often defines the contexts and environmental perspectives of a company, which would guide specific CSR tasks to be undertaken in functional forms. Thus CSR strategy is often equivalent to long-term CSR planning to achieve a lead over the competing corporate entities.

Why individual strategy of a company is needed to operate its CSR activities in a meaningful way

Corporate environment usually demands formal decision-making process. Being an artificial juridical entity, a company is legally held responsible for many statutory obligations, where the principal officer of the company (often, the chief executive officer, and sometimes, the chairman of the Board) represents the company. But CSR activities, which are fully voluntary in nature, may not be effective, if they are not formally translated into a strategic policy document consistent with business objectives. This document will ensure timely action on targeted CSR programs with accountability guidance.

Another important issue is that the governance structure of a company expects 'value for money' for any type of expenses (including CSR expenditures) incurred by the company because then the corporate strategies have been implemented in a meaningful way. This value for money will be achieved if three Es (economy, effectiveness, and efficiency) can be assured. Economy implies the least possible amount of expense for a course of action, which in case of CSR is the passing of the rule of expediency. Effectiveness ensures the successful happening of the course of action at whatever cost it takes, which in case of CSR is the implementation of the actual CSR program as planned without emphasizing the use of resources. Efficiency ensures

that there is no wastage of resources or negative spill-over effect and maximization of positive spill-over effects, if any, and in case of CSR, efficiency is the minimization of per-beneficiary expense without reducing the services to each beneficiary. Thus, for the purpose of operating CSR activities, a company should develop a distinct strategy on CSR, so that the outcome of the desired CSR activities can be achieved successfully and the activities can be assessed by using some indicators in terms of economy, effectiveness and efficiency.

Separate CSR strategy can be of several benefits. At micro level, in some cases, this is a requirement. For example, if a company wants to get rebate on CSR (presently for assessment year 2014-15, at the rate of 10 percent of CSR expenses with a ceiling of the CSR expenses up to Tk. 12 crore or 20 percent of total income, whichever is lower), the company must have a separate CSR strategy. In accordance with the provisions of the "Schedule-A (Conditions of Income Tax Rebate)" of Income Tax SRO (Statutory Regulatory Order) [S.R.O. No. 229-Ain/Aykar/2011, dated 4 July 2011], the fifth condition states: "The CSR strategy adopted by a corporate entity shall have to be intimated to the National Board of Revenue and a certificate on income tax rebate in relation to that shall have to be obtained." Thus, the CSR strategy should be a formal document and it is to be intimated to the apex tax authority, although a company might have different CSR activities, which are not included in the list of CSR functions prescribed by the National Board of Revenue (NBR) for tax rebate. Secondly, separate CSR strategy will specify the operational nitty-gritty for effective implementation such as what CSR activities will be undertaken, who will initiate, when and where will be initiated, how resources are to be allocated, how accountability aspects within the internal control framework will work, particularly, authorization, recording, custody, reporting, and verification of CSR related transactions should be linked with formal responsibility. Thirdly, pressure from social or other activists for undertaking any CSR activities beyond the company's strategic boundary can be avoided. Fourthly, discretionary power of top management and corporate Board members to shift the CSR expenses to politically motivated type and area can be reduced. At macro level, individual CSR strategy when aggregated might be a national policy issue for the government to give concentration on the unaddressed or under-addressed social works, or the social groups or the regions of social interest. This will also help in compiling national statistics and introducing social audit.

Major components of CSR strategy

Usually the structure of the CSR Strategy should contain the following components: Introduction; Definitions; Context; Segments of CSR; Mission and Vision of the Company; Goal and Objectives of CSR Program; Scope; Procedure of Approval of CSR Project; and Policy Requirements.

In the "Introduction" section, there should be a brief introduction of the importance of CSR agenda from the viewpoint of stage of maturity of the company. The question of fullest observance of regulatory compliance should be explicitly clarified here. Since the CSR programs must be linked with the profitability of a company, in this section the level of economic obligations satisfied by the company towards the shareholders is also to be stated. Here, the company-specific community stakeholders can be identified and enumerated and how the individual social obligations pertinent to a distinct group of community stakeholders have been satisfied can be described.

In the "Definitions" section, the terms and concepts, which have special meaning or any meaning specific to a concerned company, should be given. Instances may include: Mission; Vision; Core values; Goal; Objective; Strategic capability; Business model; Strategic control etc.

In the "Context" part, a description of the background introducing the CSR programs by the company is to be given. The focus should be given on the importance of management practices and procedures followed by the company in maximizing the economic performance and the legal compliance and how the CSR activities are targeted to fulfill the ethical and discretionary responsibilities in eliminating or minimizing the social concerns. Though CSR is expected to exclude pure philanthropic or charity programs, but if a company through its business model can transform this philanthropy into branding, then it fits for a CSR strategy.

In the "Segments of CSR" section, the company's overall initiatives on CSR should be categorized into specific segments. Segments of CSR programs may include: CSR for the workplace of the company (may be for working environment, recruitment policy of human resources, behavior with the staff, etc.); CSR for the marketplace of the company (may be the way the customers and suppliers are treated or handled); CSR for the external physical environment related to the company (may be for level of impact on the environment); and CSR for the community stakeholders of the company (may be for the consumer associations, civil society organizations, social organizations, etc.).

In the "Mission and Vision of the Company" part, the mission (the overall purpose of the company) and the vision (the desired future state of the company) should be mentioned with a view to justifying that the CSR programs are not inconsistent with the company's mission and vision and they are very much actions to achieve the mission and vision.

In the "Goal and Objectives of CSR Program" section, the goal (in qualitative terms) and the objectives (as far as possible in quantitative expression) of the CSR programs have to be presented. The goal and objectives of CSR programs may be on the basis of segments of CSR. Then segment-wise specific commitments towards individual category of CSR programs should be devised.

In the "Scope" part, the extent of business units of the company under the CSR programs should be shown. At the beginning stage, CSR programs might be for a single strategic business unit (SBU), which is a part of the company for which there is a distinct external market for goods or services that is different from another SBU. Over the years, the company may expand the CSR programs to all SBUs or all geographical locations.

In the "Procedure of Approval of CSR Project" section, a formal stated procedure of approval might help in timely setting the CSR agenda on the basis of the three principles of CSR (sustainability, accountability, and transparency). There should be a management committee, which will prepare an articulated CSR checklist with cost-benefit analyses and that will be supported with budget and time-horizon. Then it should be placed as CSR project along with the implementation status of the preceding programs to the Board of Directors for approval. After approval, they should be given to the designated management committee for implementation.

In the "Policy Requirements" part, the roles and responsibilities of persons to be engaged in implementing the CSR programs are to be defined. Usually, a CSR Committee of the company, which will be a management committee, should own the CSR activities. They will identify individual executives at field level who will implement the CSR programs at an ongoing basis. CSR job should also be assigned to individual field staff with defined course of actions.

How CSR strategy helps in setting priorities of the company

As stated before, when a separate CSR strategy is developed, then there is an attempt to set it within the broader scope of the overall corporate strategies. Brainstorming of all the management hierarchy in developing corporate strategies including CSR strategy means this will prioritize the operational activities of the company. Routine, repetitive, structured and ongoing activities are kept aside while setting the priorities of a company. However, strategic activities of a corporate body must help in satisfying the stakeholder expectation, where community stakeholders are the significant influential group now after the direct shareholder group. For a public interest company, this is more important because both the perceived satisfaction and the real satisfaction of the community stakeholders are to be met. If they are satisfied, the reputational image might be strengthened. When individual CSR activities are linked with the expectation of the community stakeholders this works as like as an 'audit trail', where priorities of the major business functions and the design of the corporate promotional activities are expected to be better and more effective.

How CSR strategy helps to face internal and external pressures in operating CSR

Operating CSR is always rewarding for the beneficiaries for its nature in the form of donation or grant. This is a social instinct that everybody wants to be happy by helping others. But due to financial reasons, very few can be individually involved in social activities (devoted social and political leaders who sacrifice their normal lives for social causes are the few exceptional persons). In our country, due to the density of population, un-employability and related poverty have influenced to develop a prominent third sector dedicated for societal causes. Sometimes, from corporate entrepreneurs' own initiatives and in most of the cases, third sector organizations' movements have shaped a strong CSR campaign and due to their proactive agenda with regulatory bodies, now CSR is an obvious and unavoidable corporate action. When internal management knows that their company has budgeted a good amount of resources for CSR activities, then they might divert it for their own choice. The Board may have direct strong influence to dictate the CSR programs for particular social entities or some influential Board members' political constituencies. Similar pressures might come from regulatory bodies or political elites of regions where the companies' factories or main operations are located. These types of influences are visible or invisible pressures, which can only be contained through a comprehensive and well-designed CSR strategy. Even publicly availability of the CSR strategy document can be of more help to mitigate these internal and external pressures.

CSR strategy and sustainable development

CSR strategy is undoubtedly the significant part of the overall corporate strategy. Corporate growth is facilitated by effective and efficient implementation of these strategies. Since the CSR strategy will work better if they are designed on the basis of the level of maturity of the company, thus a CSR-doing company means that the company is a growth company having real agenda for the society. A growth company is usually profitable at a growing scale, but the profitability will be sustainable if it is fully compliant with rules and regulations and responsible governance is practiced at those levels of stakeholders where the company has some responsibility for resource-allocation. Thus, CSR strategy is one inevitable means for gaining positioning and Re-positioning in the corporate world sustainably along with meeting the company's development objectives.

Conclusion

At the end, it can be said that CSR programs are such type corporate interventions, which, if strategized, ultimately contribute not only to the fulfillment of social responsibility, but also to the sustainable survival of the corporate sector through transforming it into the corporate citizenship.

(This write-up is part of a research project on CSR in Bangladesh.)

CSR REVIEW

MRDI is looking for sponsorship in publishing **CSR REVIEW**. We welcome your support.

CSR Catalogue

Like previous twelve 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 April to June 2015. We would highly appreciate if the corporate houses send information on their CSR initiatives to csr@mrdibd.org. Since MRDI works with media and journalists, the news about such initiatives will certainly reach a large audience through them.

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