



The
University
Of
Sheffield.

The influence of global, country and firm-level governance on social and environmental reporting: Evidence from developing countries

By:

Md. Shahid Ullah

**A thesis submitted in partial fulfilment of the requirements for the degree of
Doctor of Philosophy**

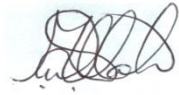
**The University of Sheffield
Faculty of Social Science
Management School**

20 January 2020

Declaration

I, Md. Shahid Ullah, declare that this thesis titled “The influence of global, country and firm-level governance on social and environmental reporting: Evidence from developing countries” has never been submitted anywhere for the award of any degree and all the sources used have been acknowledged.

Signed:



Date: 20 January 2020

Contents

	Page Number
Declaration	i
Contents	ii
Acknowledgements	v
Abstract	vi
List of abbreviations	vii
List of figures and tables	viii
Chapter 1 Introduction	
1.1 Background	1
1.2 Motivation, objective and research questions	2
1.3 The rationale of the study.....	2
1.4 Theoretical framework.....	4
1.5 Research methods	4
1.6 Summary of the findings	5
1.7 Contribution of the study	10
1.8 Structure of the dissertation	11
Chapter 2 Research Context	
2.1 Introduction	12
2.2 Context of developing countries	12
2.3 Context of Bangladesh	14
2.3.1 The historical and political context	15
2.3.2 Socio-cultural-religious context	17
2.3.3 Economic context	23
2.3.4 Regulatory and institutional context.....	25
2.4 Summary	29
Chapter 3 Theoretical Framework	
3.1 Introduction	31
3.2 Institutional theory	33
3.3 Summary.....	41

Chapter 4 Literature Review and Development of Hypotheses	
4.1 Introduction	43
4.2 SER in developing countries.....	43
4.3 Governance and SER in developing countries	47
4.3.1 Global governance and SER	48
4.3.2 Country governance and SER	56
4.3.3 Firm-level governance and SER	61
4.3.4 Development of hypotheses.....	66
4.4 Summary	70
Chapter 5 Research Design	
5.1 Introduction	77
5.2 Research methods	77
5.2.1 Quantitative study.....	78
5.2.2 Fieldwork –Interviews	85
5.3 Summary.....	95
Chapter 6 The influence of global, country and firm-level governance on social and environmental reporting in developing countries	
6.1 Introduction.....	96
6.2 Results and discussion.....	96
6.2.1 Descriptive statistics.....	96
6.2.2 Regression results	100
6.3 Additional Analyses.....	102
6.4 Robustness test.....	108
6.5 Summary	108

Chapter 7	The influence of global, country and firm-level governance on social and environmental reporting in Bangladesh	
7.1	Introduction	114
7.2	Global governance	114
7.2.1	Global governance environment.....	114
7.2.2	Global governance and SER.....	117
7.3	Country governance.....	126
7.3.1	Country governance environment.....	126
7.3.2	Country governance and SER.....	135
7.4	Firm-level governance.....	157
7.4.1	Firm-level governance environment.....	157
7.4.2	Firm-level governance and SER.....	163
7.5	Discussion	189
7.6	Summary.....	199
Chapter 8	Conclusion	201
	References	210
	Appendices	
	Appendix 1: List of social disclosure items.....	235
	Appendix Table 2: List of environmental disclosure items...	236
	Appendix 3: Description of variables.....	238
	Appendix 4: Profiles and details of the interviewees.....	240
	Appendix 5: Case study: Mixed experience of a successful independent director in Bangladesh.....	246
	Appendix 6: SER in Bangladesh: Boardroom experience of a female director	250

Acknowledgements

I am grateful to the Almighty Allah for giving me the ability to accomplish the highest academic degree.

I would like to express my sincere gratitude to Professor Katsuhiko Kokubu, my principal supervisor, for his all-out support and encouragement. Besides academic excellence, I found Professor Kokubu as a reflection of humanity, responsibility, and accountability. Despite numerous preoccupations, he was always available whenever I needed his time. Thank you, Professor Kokubu. I am also grateful to my supervisors - Dr Naoko Komori and Professor Ataur Rahman Belal. The ‘why’, ‘how’, and ‘so what’ questions of Dr Komori greatly helped me in developing my critical thinking. Thank you, Komori sensei. The academic support of Professor Belal was commendable in operationalising the fieldwork in Bangladesh and ensuring consistency between the quantitative and qualitative analyses. Thank you, sir.

I received financial support from a couple of sources, namely the Kobe City Sugawara Scholarship, Grant Program for Research and Education of Kobe University Rokkodai Foundation, Research Training and Support Grant of The University of Sheffield. I gratefully acknowledge all the supports.

I am grateful to Prof. Abdul Hye, Dr Mohammad Badrul Muttakin, Prof. Mohammad Ayub Islam, Dr Bishnu K. Adhikary for their encouragement. I duly recognise the sincere cooperation of Mr M. S. Siddiqui (Bangla Chemical), Prof. Md. Salim Uddin (University of Chittagong), Prof. Mustafizur Rahman (CPD), Dr Badiul Alam Majumdar (SUJAN), Dr Toufic Ahmad Choudhury (Former DG, BIBM) and Prof. S. K. Bala (University of Dhaka) in accessing the elite interviewees in Bangladesh. I am thankful to all the interviewees who participated in the project. I am also thankful to my colleagues, Dr SM Ahsan Habib, Dr Pranshanta K. Banerjee, Prof. Mohiuddin Siddique, Dr Mohammad Tazul Islam, Mr Tofayel and Ms Rahat Banu for their support.

I gratefully remember the constant encouragement of my dad late Md. Ismail Hossain, who used to say, ‘I would like to be known as your dad’ and inspired me to achieve the highest possible academic degree. I am also grateful to my mom - Ms Surjaban Begum, mother-in-law - Ms Fazilatunnessa, father-in-law - Maulana Safi Ullah, brother-in-law - Mr Tasaddequl Zannat, for their earnest support to my family during my stay abroad. I am indebted to my wife, Ms Sumaya Akter, for her sacrifices, letting me go abroad and taking care of the family alone. Finally, I am thankful to my daughters, Zaima Shahid (who said ‘dad, if you would like to study, let us study in the same school here; why should you go abroad?’) and Zunaira Shahid, for their sacrifice and encouragement with always smiling faces. Thank you, Zamu and Zunu, my ‘moms’.

Shahid

Abstract

The study examines the influence of global, country and firm-level governance on social and environmental reporting (SER) in developing countries from the institutional perspective. Using the Bloomberg ESG disclosure, worldwide governance indicators, and other databases for 45 developing countries from 2007–2016, the study examines the influence of global, country and firm-level governance on SER. Results show that all three levels of governance have significant positive influences on SER, with global governance having the strongest influence on SER in developing countries.

By interviewing 26 corporate and 23 non-corporate interviewees, the study explores ‘why and how’ the global, country and firm-level governance influence SER in Bangladesh, as a case of developing countries. The findings show that SER in Bangladesh is mainly driven by the coercive pressures from the global market, followed by the normative pressures from the firm-level, and the cultural-cognitive pressures from the country-level. Specifically, SER is primarily aimed at mitigating the coercive pressures from the powerful economic stakeholders, *namely* international buyers and lenders followed by the normative pressures at the firm-level to be endorsed for SER, thereby branding and expanding the business both at home and abroad. The country governance in Bangladesh is not conducive for SER due to the absence of coercive pressures (there is coercion for political donations, not for SER), normative pressures (lack of national guidelines for SER or CSR), and cultural cognitive pressures (lack of awareness of and interest in SER). The firm-level governance in Bangladesh is mainly superficial, and the inclusion of the so-called independent directors and female directors does not necessarily promote SER. The ‘board independence’ and ‘board gender-diversity’ are ‘in appearance’ rather than ‘in fact’, because of the lack of independent mindset, knowledge and expertise, benefit dependency (co-option), family control, patriarchy, male dominance, and honour culture.

Findings indicate that SER is largely symbolic and used as an expedient response to the coercive as well as normative pressures exerted by the international powerful economic stakeholders followed by the normative pressures and expertise of SER at the firm-level for promoting the financial wellbeing of the reporting entities, rather than ensuring accountability, transparency and social justice in developing countries.

List of abbreviations

ADB	Asian Development Bank
BB	Bangladesh Bank
BRICS	Brazil, Russia, India, China and South Africa
BSEC	Bangladesh Securities and Exchange Commission
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CEO	Chief executive officer
CSOs	Civil society organisations
CSR	Corporate social responsibility
DMNC	Developing country multinational corporation
DSE	Dhaka Stock Exchange
ECA	Environmental Conservation Act
ECR	Environmental Conservation Rules
ESG	Environmental, social and governance
ETP	Effluent treatment plant
FD	Female director
GDP	Gross domestic product
GRI	Global reporting initiative
ICAB	The Institute of Chartered Accountants of Bangladesh
ICMAB	Institute of Cost and Management Accountants of Bangladesh
ID	Independent director
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
ISO	International Organisation for Standardisation
JICA	Japan International Cooperation Agency
MDGs	Millennium development goals
MNC	Multinational corporation
MTB	Market value to the book value of a stock
NBR	National Board of revenue
NGOs	Non-governmental organisations
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary least square
RJSC	Registrar of Joint Stock Companies and Firms
RMGs	Readymade garments
SDGs	Sustainable development goals
SEA	Social and environmental accounting
SEC	Securities and Exchange Commission
SED	Social and environmental disclosure
SER	Social and environmental reporting
UNGC	United Nations Global Compact

List of figures and tables

Figures

<i>Figure 2.1: Country governance in Bangladesh.....</i>	28
--	----

Tables

Table 3.1: Relative influence of different institutional elements on SER at different levels	38
Table 5.1: Sample summary statistics.....	81
Table: 5.2 Distribution of interviewees	91
Table 6.1: Descriptive statistics.....	97
Table 6.2: Correlation matrix.....	99
Table 6.3: Multiple regression results using SEDS as the dependent variable: main analysis.....	101
Table 6.4: Multiple regression results using SDS and EDS as dependent variables: additional analysis.....	106
Table 6.5 Multiple regression results using SEDS as the dependent variable: additional analysis.....	107
Table 6.6: Multiple regression results (excluding China): robustness test	111
Table 6.7: Multiple regression results (with firm-fixed effect model): robustness test	112
Table 6.8: Multiple regression results using SDS and EDS as dependent variable excluding China: robustness test.....	113

Chapter 1

Introduction

1.1 Background

In recent years, public awareness of social, environmental, and ethical responsibilities (Reverte, 2009) has grown. Climate change, environmental degradation, violation of human rights, corporate scandals have “increased society’s expectations in relation to companies’ environmental, social and ethical responsibilities” (Money and Schepers, 2007, p. 2), and companies face pressures for social and environmental disclosure (SED) (Kamal & Deegan, 2013; Ioannou & Serafeim, 2012; Tagesson et al., 2009; Palazzo & Scherer, 2006). The pressure may come from private/market (Moneva & Cuellar, 2009; Gupta & Goldar, 2005; Berthelot, Cormier, & Magnan, 2003), public/government (Talbot & Boiral, 2015; Chan, Watson, & Woodliff, 2014), and global levels as Ioannou and Serafeim (undated)¹ note “a growing number of regulators around the world are reviewing the governance arrangements of corporations to ensure that companies maintain a healthy long-term focused organizational culture” (p. 3). Developing countries² are characterised by defective institutional mechanisms, such as inefficient democratic institutions, weak enforcement of laws, inadequate pressure from the civil society (e.g. Uddin and Choudhury, 2008; Robertson, 2009; Khanna and Palepu, 2010). These countries are also suffering from socio-economic problems including poverty, hunger, deadly diseases, illiteracy, unemployment, violation of human rights, corruption, environmental pollution, inequalities, and vulnerabilities to calamities (Khavul & Bruton, 2013; Idemudia, 2009; Newell & George Frynas, 2007; Ite, 2005). Besides the government, businesses, as an engine of economic growth and contributor to the social and environmental burdens, have a responsibility to resolve these problems (Martinez et al., 2017; Belal, 2008; Pachauri, 2006), and social and environmental reporting (SER) can play an important role in addressing social and environmental problems in developing countries.

¹ Ioannou and Serafeim (undated), The consequences of mandatory corporate sustainability reporting, https://mba.americaeconomia.com/sites/mba.americaeconomia.com/files/consequences_sustainabilityreporting.pdf accessed on 12 December 2019

² The term ‘developing countries’ is used in this paper for both developing and emerging countries (economies). The country classification employed belongs to the International Monetary Fund (IMF), which considers all countries except advanced economies as developing countries (economies) (IMF, 2016), following previous studies (e.g. Siddiqui, 2010; Cuervo-Cazurra, 2012; Amos, 2018).

There has been a rising interest in the relationship between corporate social responsibility (CSR)³, SER and governance. Governance is a complex idea, with varied structures ranging from the formal rule-based decision-making and surveillance (OECD, 2012) to informal arrangements, and from the global to the local levels (Wieland, 2001). Governance includes rules, regulations, standards, guidelines, policies, norms, cultures and practices. Thus, governance is “multilevel and multidimensional” (Karam, Metcalfe, & Afiouni, 2018, p. 1). Good governance promotes CSR and SER (Aguilera & Cuervo-Cazurra, 2004; Weiss, 2000). Therefore, it is critical to understand the relationship between various levels and dimensions of governance and SER to catalyse transparency, accountability and social justice in developing countries.

1.2 Motivation, objectives, and research questions

The study is motivated by the motto of ensuring transparency, accountability, and social justice in developing countries by promoting SER. The overarching objective of the study is to examine the influence of global, country and firm-level governance on SER in developing countries, and the underlying reasons for such influence. Consistent with the main objective, the study aims at answering the following research questions:

RQ1: What is the relationship between the global, country and firm-level governance and social and environmental reporting in developing countries?

RQ2: How do the global, country and firm-level governance influence social and environmental reporting in Bangladesh, and why?

1.3 The rationale of the study

This study is important for several reasons. The sustainable development goals (SDGs⁴) are set to ensuring sustainability and equality for all across the globe as a continuity of the target set by the millennium development goals of a world free from extreme poverty, hunger, deadly diseases, inequality, to name a few. Among the 17 SDGs, 11 goals - namely ‘no poverty’ (Goal 1), ‘zero hunger’ (Goal 2), ‘good health and well-being’ (Goal 3), ‘quality education’ (Goal 4),

³ CSR is also known as corporate social and environmental responsibility.

⁴ <http://www.undp.org/content/undp/en/home/sustainable-development-goals.html> (accessed on January 12, 2018)

‘gender equality’ (Goal 5), ‘clean water and sanitation’ (Goal 6), ‘affordable and clean energy’ (Goal 7), ‘decent work and economic growth’ (Goal 8), ‘reduced inequalities’ (Goal 10), ‘climate action’ (Goal 13), ‘peace, justice and strong institutions’ (Goal 16) - are inextricably linked with and will help improve the well-being of 85% of the world population⁵ (by 2030) living in developing countries if implemented properly. Businesses, having resources and expertise, can contribute to achieving these goals. Despite having numerous socioeconomic challenges, with sixty per cent of the world economies by 2030⁶, developing countries represent the most rapidly expanding markets and growth potential for business (IMF, 2006), which are expected to significantly affect the social and natural environment both positively and negatively (Fares et al., 2006). Businesses can play a vital role in attaining the SDGs through corporate social responsibility (CSR) and be benefitted from emerging markets. Therefore, developing countries offer an important research setting where governance and SER can mitigate various problems and improve the wellbeing of the majority of the global population living in these countries.

Akin to many other developing countries, Bangladesh is a paternalistic state (Holm, 1987) characterised by a high level of corruption and impunity, ineffective democratic institutions and judiciary, where the desire of the government (in fact, the desire of the family-led ruling party) appears to be the law of the country (Amaeshi, Adegbite, & Rajwani, 2016). Bangladesh has been chosen as the field of qualitative study because of the following reasons. First, Bangladesh is one of the 45 developing countries included in the quantitative analysis; Second, previous governance studies suspect the effectiveness of the Western corporate governance mechanism in Bangladesh (Siddiqui, 2010; Uddin & Choudhury, 2008). Third, Muttakin, Khan and Subramaniam (2015) document significant negative relationships of CSR reporting with female directors of the listed companies in Bangladesh. They have called for further qualitative studies to explore the underlying reasons for such negative relationship in Bangladesh. Ullah, Muttakin and Khan (2019) find an insignificant positive relationship between female directors and CSR reporting in listed family insurance companies in Bangladesh. Fourth, access to the appropriate interviewees is critically important to attain the research objective. The author’s *prima facie*

⁵ <http://www.un.org/ga/Istanbul+5/bg10.htm> (accessed on January 12, 2018)

⁶ <http://www.oecd.org/dev/pgd/economydevelopingcountriessettoaccountfor60ofworldgdpby2030accordingtonewestimates.htm> (accessed on January 12, 2018)

understanding of the research setting, prior research experience and network in Bangladesh, his birthplace, has helped in accessing the desired interviewees.

1.4 Theoretical framework

Considering the levels of analysis, sources of pressures and reality of both the pluralistic structure and dominance of powerful groups, the study employs institutional perspective to analyse and interpret the relationship between three levels of governance (global, country and firm) and SER. Regarding the level of analysis, the legitimacy theory is very broad and general; the stakeholder theory is narrow focusing on some specific stakeholders while the institutional theory lies in between the legitimacy and stakeholder theories, making a balance between them (Chen and Roberts, 2010, p. 653). Second, the three levels of governance involve coercive, normative and cultural cognitive characteristics that are consistent with the three pillars of the institutional theory. Finally, the institutional theory is capable of explaining the social, political and economic phenomena from both the classical and bourgeois perspectives of the political economy theory (Deegan, 2014, p. 343), recognising the coexistence of and encompassing both the pluralistic view, and control and dominance by a small group of people over the majority, which is useful in explaining social imbalance, inequality, and unrest, as well as the role of SER in addressing them. In fine, by integrating the insights from Scott (2002) and Whelan and Muthuri (2017), along with the contextual dynamics in developing countries in general and in Bangladesh, in particular, the has developed a multi-level institutional analytical framework to understand the relationship between the three levels of governance and SER. It is noted that the theoretical framework of the study is subject to some limitations. While the findings of the qualitative analysis (Chapter 7) can be explained from the three levels of governance (global, country and firm), and three forms of pressures (coercive, normative and cultural cognitive); the results of the quantitative analysis (Chapter 6) can only be explained from the three levels of governance. Also, in the quantitative analysis, agents such as independent directors, female directors are used as surrogates for firm-level governance due to the lack of data.

1.5 Research methods

The study employs multiple methods to operationalise the research objectives. The quantitative method (ordinary least squares regression technique) has been used to examine what is the relationship between the global, country and firm-level governance and SER in 45 developing

countries, using the Bloomberg environmental, social and governance (ESG) disclosure database, the worldwide governance indicators of the World Bank, and other databases from 2007 - 2016. The mean value of the Bloomberg environmental disclosure score and social disclosure score has been used as a proxy for the corporate social and environmental disclosure (SED), and the global governance score⁷, country-level governance score⁸ and firm-level governance score⁹ have been developed. Besides, the robustness of the findings has been tested using the firm-fixed effect model, lagging the firm-level governance variables by one year to mitigate the potential problems of endogeneity, excluding firms from China that constitute about 49% of the total firm-year observations, analysing the relationship of three levels of governance with social disclosure and environmental disclosure separately. By conducting a total of 49 semi-structured interviews (with 26 corporate and 23 non-corporate interviewees), the study also explores how and why the global, country and firm-level governance influence SER in Bangladesh. The corporate interviewees include CEOs, board chairs, members of SER teams, independent directors, female directors, business leaders, other corporate officials. The noncorporate interviewees have also been interviewed to understand their perceptions of the dynamics and relationships of governance and SER in Bangladesh, since “perceptions matter because agents base their actions on their perceptions, impression, and views” (Kaufmann, Kraay, & Mastruzzi, 2010, p. 18). Noncorporate interviewees include CSR experts, accountants, regulators, non-governmental organisations (NGOs), civil society organisations (CSOs) and academicians. Views of eleven female interviewees (22%) have also been covered, though, the proportion of female directors of listed companies in Bangladesh is only 17%. Moreover, the samples include seven interviewees who are working (or worked) in the multinational corporations (MNCs).

1.6 Summary of the findings

The regression results show that there is a significant positive influence of all three levels of governance (global, country and firm) on SER in developing countries, where the global governance has the strongest influence followed by the country-level governance and firm-level

⁷ Based on the Bloomberg data whether the reporting firm is a signatory of UNGC and GRI.

⁸ Based on the six country-level governance indicators of the World Bank: voice and accountability, political stability and absence of violence, regulatory quality, government effectiveness, rule of law, and control of corruption.

⁹ Based on the Bloomberg ESG data about board independence, female directors on board, board size and number of board meetings.

governance supporting the notion that “CSR developments are mainly driven by global developments but shaped by context-specific factors” (Weyzig, 2006, p. 69). Specifically, the adoption of the United Nations Global Compact (UNGC) and Global Reporting Initiatives (GRI) has a significant positive impact on the extent of SER in developing countries. Between the two global governance variables, GRI has a greater influence on SER in developing countries than UNGC. This difference can be explained as the mismatch between ‘what is told’ (the disclosure) and ‘what is done’ (the reality) regarding CSR in developing countries, as documented by previous studies (Duarte & Imbun, 2016; Momin, 2013; Slack, 2012) and supported by the findings from the fieldwork.

With regards to the country-level governance, the study finds that ‘voice and accountability’, ‘political stability and absence of violence’, and ‘regulatory quality’ have a significant positive relationship with SER in developing countries. However, ‘governance effectiveness’ and ‘the rule of law’ have a significant but negative relationship, while ‘control of corruption’ has an insignificant negative relationship with SER. Findings suggest that voice and accountability, political stability, absence of violence, regulatory quality, and policy support for the private sector promote SER in developing countries. The negative relationship between governance effectiveness and SER supports the notion that the less effective the government services, the more businesses supplement government responsibility, fill the institutional voids, and disclose more of that (CSR) information (Doh et al., 2017; Ghoul, Guedhami, & Kim, 2017; Healy & Serafeim, 2016; Matten & Crane, 2005). The significant negative relationship between the rule of law and SER can be explained as the unwillingness of firms to disclose any unwanted additional information, especially if it is negative, for fear of bad publicity, poor performance, and risk of legal action (Matuszak & Róžańska, 2017; Naeem & Welford, 2009; Belal & Owen, 2007). Regarding firm-level governance, the study finds that SER has a significant positive relationship with ‘female directors on board’, ‘board size’ and ‘the number of board meetings’, and an insignificant negative relationship with ‘board independence’. Findings suggest that firm-level governance encourages firms to do SER to legitimise organisational activities.

The findings of the qualitative analysis show that companies in Bangladesh do SER primarily as an expedient response to appease the pressures from the powerful international economic stakeholders. SER, particularly the issuance of a stand-alone CSR report, is considered

instrumental to satisfy and attract foreign lenders and buyers, be endorsed by national and international organisations, exceed the expectations of the regulators, and thereby establish and expand businesses both at home and abroad. Also, the smart companies proactively adopt SER as a ‘conversation starter’ to communicate and convince powerful international economic stakeholders as opposed to the uncertainty posed by weak country governance and unimpressive image. However, the evidence in this study suggests that SER in Bangladesh is mainly symbolic, due to the lack of coercive and cultural cognitive pressures from within the country.

The overall country governance environment in Bangladesh is not supportive for voice and accountability, transparency, and SER because of the guided democracy; politicisation and control over the media, civil society organisations, and trade unions; a fragile regulatory and judiciary system; the business-politics-government nexus; corruption and impunity; and the lack of understanding of and interest in SER on the part of both corporate and noncorporate stakeholders. The underdevelopment of institutions adversely affects the development of SER in Bangladesh, as an interviewee said: “We cannot expect an oasis of good governance and good CSR in an ocean of bad governance” (NGO/CSO4). The conflict of interests and power imbalance created by the unscrupulous nexus between business, politics and government adversely affects the demand for reforms and development of SER. This also hinders the development of civil society organisations (CSOs) and trade unions, which could put pressure for CSR and SER in Bangladesh. The weak enforcement of laws is one of the key reasons for weak governance and the low level of SER in Bangladesh (Siddiqui, 2010; Uddin & Choudhury, 2008). The law-enforcing agencies of the country cannot perform their duties independently due to the undue influence and unwillingness of the government. Unfortunately, some of the law-enforcing agencies and their members have become corrupt and dependent on some companies by receiving undue benefits (including the undesirable use of the CSR fund). Corruption is engulfing all the good initiatives, including SER. Almost all the interviewees opined that corruption is everywhere in Bangladesh, particularly in the government offices, which incentivise unfair and immoral practices. Corruption and impunity create an environment where evading laws is easier than complying with them.

Despite the squeezing space for voice, accountability and freedom of expression (through the Digital Security Act¹⁰), some print and electronic media have been showing courage in unveiling the truth and promoting SER in Bangladesh by publishing good social and environmental practices and pointing to the social and environmental wrongdoings. In a developing country like Bangladesh, the role of print and electronic media is more important than regulations in overseeing governance and social and environmental issues. Because once any problems, such as environmental pollutions, grabbing river-land, violations of human rights, are highlighted by the media, these come to the attention of the people, the government and the regulators. As a result, both the government and businesses feel pressure to act. The press is more effective than the regulatory bodies as the latter is too corrupt to take any actions unless there is any civic actions or media reports. Companies consider media reports as urgency and readily respond to them, especially to negative news (Aerts & Cormier, 2009). However, the print and electronic media have also been politicised and captured by various business groups recently.

SER is not a priority in Bangladesh. There are political pressures for donations, not for SER. Even the CSR Award Committee considers tax payment as one of the criteria, not the SER to be selected for the award. The National Board of Revenue (NBR) offers a tax credit for allowable CSR expenditures but there are no incentives for SER. The apex body of professional accountants in the country does not consider SER as part of their jurisdiction and education. There is a lack of transparency and accountability in the national governmental system that severely affects SER as well. The cultural and contextual factors are not conducive for SER in Bangladesh, where about 90% of the people are Muslims, and offering donations (Zakat) in silence is an integral part of the religious belief. There is also an absence of normative pressures for SER. For example, there is no national guideline to promote CSR or SER in Bangladesh.

The fieldwork finds mixed relationships between board independence and SER. Findings show that independent directors can play a decisive role in promoting SER only when they are independent both ‘in appearance and fact’ and are aware of SER. Unfortunately, findings suggest that board independence in Bangladesh is mostly superficial, and the inclusion of the

¹⁰ Act No 46 of the year 2018

so-called independent directors does not necessarily mean an increased SER. Consistent with the insignificant negative relationship between board independence and SER documented by the quantitative analysis, the fieldwork showed that the independent directors have either little or no role in promoting SER in Bangladesh, as they are independent in appearance, but not in fact due to the lack of an independent mindset, knowledge, expertise and awareness of SER, along with the benefit-dependency (co-option), family control and patriarchy.

In contrast to the orthodoxy that board gender diversity promotes governance and SER, the fieldwork finds mixed results. Consistent with the results of quantitative analysis, findings of the fieldwork showed that woman directors are more sensitive to taking immediate action to humanitarian causes, charitable giving to the community, arts, and cultural activities (Nielsen & Huse, 2010; Ayuso & Argandoña, 2007; Williams, 2003; Wang & Coffey, 1992); persuading the board to invest more in the woman entrepreneurship; ensuring employee welfare, especially the woman employee-related issues (Kirsch, 2018), and conserving the natural environment. Although there is some evidence of the role of woman directors in promoting CSR, their role in promoting SER/CSR reporting is rather indirect and limited. Findings show that women having financial literacy, knowledge of business, work experience in the formal sectors, knowledge and expertise of sustainability and accounting contribute to SER more than others. But in most of the cases, women are brought to the business to keep family control, comply with the regulatory requirements and meet the expectations of the international buyers as evidenced by the concentration of 92% woman directors in only three sectors - 54% are in the financial industry followed by garments and textiles (24%), and pharmaceuticals and chemicals (13.9%).

In contrast to the findings of the quantitative analysis, the fieldwork finds that the female director has very little or no role in catalysing SER in Bangladesh. The findings suggest that the inclusion of woman directors does not necessarily mean an increased SER although there is some limited evidence of their role in addressing the concerns related to female-workers, humanitarian and environmental problems that may have an indirect effect on SER in some cases. The empirical results indicate that in most of the cases, woman directors cannot play an independent role because of cultural cognitive barriers, such as a male-dominated patriarchal

society, honour culture, family business, lack of necessary expertise and experience of women in business.

In addition to formal corporate governance, the internal firm-level factors significantly affect the SER of companies in Bangladesh. The corporate leadership and mindset of the top management, enlightened self-interest, giving back to the society, legacy and corporate culture, learning from MNCs, personal branding and the group to which a company belongs to play a critical role in promoting SER. Despite the enormous pressure from the global level, the SER in Bangladesh has yet to be institutionalised in the absence of adequate coercive, normative and cultural cognitive pressures from both the country and firm-levels.

1.7 Contribution of the study

This study makes several impeccable methodological, practical, and theoretical contributions. From the methodological point of view, while most of the prior quantitative studies are limited to examining the relationship between corporate governance and SER, it has extended the scope of the study to three levels of governance - global, country and firm-levels, segregating CSR disclosure into social disclosure and environmental disclosure, bringing in more complexity and comprehensiveness. By using an extensive dataset of 45 developing countries from 2007-2016, developing an overall score for each level of governance, examining their influence on SER, and exploring the underlying reasons beneath the numbers, the study offers surprising perspectives (de Bakker et al., 2018) and responds to the calls of Roberts and Wallace (2015) and Richardson (2015) for advancing non-mainstream quantitative social and environmental accounting research by providing convincing, alternative explanations for (non-) disclosure. The study has documented that despite the significant positive influence of all three levels of governance on SER in developing countries, global governance has the strongest influence followed by the country-level governance and firm-level governance. The study offers evidence that firms in developing countries adopt SER in response to the coercive pressures from the global market, such as buyers and lenders. Moreover, it confirms the mismatch between ‘what is reported’ (SER) and ‘what is actually done’ (decoupling) in developing countries. It supports the institutional theory by providing evidence that corporates try to fill the institutional voids by undertaking various CSR initiatives in developing countries where the governance services are poor/ineffective. It offers evidence that in developing countries, firms avoid disclosing

unwanted additional information for fear of poor performance and government intervention (Kirsch, 2018). The findings from the fieldwork contribute to both governance and SER literature by offering evidence from the ground that only a handful of companies are publishing stand-alone sustainability reports mainly because of ‘business case’ and pressures exerted by the global governance, and there are many instances of decoupling in contrast to the traditional conformance. The study offers evidence of how the coercive, normative, and cultural cognitive pressures emanated from the global, country and firm levels affect SER practices of companies in a developing country, Bangladesh. More specifically, it documents that the country’s cultural cognitive factors, namely the ‘honour culture’, ‘patriarchal society’, ‘masculinity’, ‘uncertainty avoidance’, ‘collectivism’, ‘family firm’, ‘nexus between business, politics, and government’, ‘corruption and impunity’ adversely affect SER. The study explains how the absence of transparency and accountability in the government affects transparency and accountability at the firm-level, thus affecting SER in Bangladesh. The findings suggest that the inclusion of the independent directors and female directors does not necessarily mean an increased SER due to the lack of their independence, cognitive cultural barriers, such as male-dominance, or honour culture, to name a few. The study has responded to the calls of previous studies for further research by offering evidence and unveiling the underlying reasons for a significant negative relationship between board gender diversity and SER in Bangladesh (Muttakin, Khan, & Subramaniam, 2015); in Latin America (Husted & de Sousa-Filho, 2019) and insignificant positive relationship in the family firm in Bangladesh (Ullah, Muttakin, & Khan, 2019). Our findings are consistent with the governance literature that caution about the effectiveness of the Western governance models in traditional settings like Bangladesh (Siddiqui, 2010; Uddin & Choudhury, 2008).

1.8 Structure of the dissertation

The dissertation has been structured in eight chapters. After the introduction in Chapter 1, Chapter 2 discusses the research context, Chapter 3 develops the theoretical framework, Chapter 4 reviews the extant literature and develops hypotheses of the quantitative study, Chapter 5 discusses the research design, Chapter 6 addresses the research question one and presents the results of the quantitative analysis, Chapter 7 addresses the research question two and presents the findings, and finally, Chapter 8 concludes the thesis.

Chapter 2

Research Context

2.1 Introduction

The context and historical background is the cornerstone of research because “the ideas and insights of the predecessors provide the context for current efforts and the platform on which we necessarily craft our own contributions” (Scott, 2001, p. 55). Studies underscore the importance of context in shaping CSR and SER (Mathews, 1993; Tsang, 1998; Doh and Guay, 2006; Tregidga and Milne, 2006; Weyzig, 2006; Mehra, 2006; Matten and Moon, 2008; Halme, Roome & Dobers, 2009; Milne, Tregidga and Walton, 2009; Preuss and Barkemeyer, 2011; Momin and Parker, 2013; Komori, 2015; Rathert, 2016; Tilt, 2016; Wirth *et al.*, 2016; Hopper, Lassou and Soobaroyen, 2017). For example, Matten and Moon (2008, p. 407) argue that “CSR is located in wider responsibility systems in which business, governmental, legal, and social actors operate”. Halme, Roome and Dobers (2009, p. 2) document that CSR is determined by “the institutional, legal and cultural setting within which business is practiced”. The rest of the chapter outlines the political, social, cultural, religious, geographical, regulatory, institutional and economic contexts of developing countries in general and Bangladesh in particular with an expectation that the understanding of the research context will help interpret and understand the empirical findings in Chapters 6 and 7.

2.2 Context of developing countries

Developing countries have a unique institutional context in terms of socioeconomic and political environment (such as different political systems, socioeconomic structures, religious influences, cultural values, historical conflicts and problems) in contrast to developed countries (e.g. Khavul and Bruton, 2013; Belal and Owen, 2015; Nakpodia and Adegbite, 2018). These countries are characterised by inefficient market, weak democratic institutions and enforcement of laws, the low level of governance¹¹ and high level of corruption¹², inadequate pressure from the civil society, family-led politics and business (Rodríguez, Montiel, & Ozuna, 2014; Abdalla, Siti-Nabiha, & Shahbudin, 2013; Khanna & Palepu, 2010; Robertson, 2009; Uddin &

¹¹ <http://info.worldbank.org/governance/wgi/#doc>

¹² Corruption perceptions Index 2016. The most corrupted countries are the developing countries. https://www.transparency.org/news/feature/corruption_perceptions_index_2016

Choudhury, 2008). Countries with weak governance, family-led politics, and poverty (Tsamenyi & Uddin, 2008) create an inevitable condition forming strong relationships between politicians and businesses (Dieleman & Boddewyn, 2012) and CSR initiatives are designed in line with the personal projects (of political leaders) and programs of the ruling party (Uddin, Siddiqui, & Islam, 2018). It will not be an overstatement to say that the desire of the ruling party is deemed to be the law in developing countries, creating an institutional void (Amaeshi, Adegbite, & Rajwani, 2016). In contrast to the notion that the institutional structure and governance mechanisms control the behaviour of the elites, the elites and super-rich take advantage of institutional voids. Instead of being controlled, they weaken the effectiveness of the governance mechanism further to safeguard their interest.

The priorities of developing countries are often different from the developed countries (for example, relying more on export-oriented development strategies, incapacity and inertia to develop capital markets, governance and regulatory mechanisms) as they are generally lagging in terms of economic development. Also, these countries are suffering from socio-economic problems including poverty, hunger, deadly diseases, illiteracy, unemployment, violation of human rights, corruption, environmental pollution, inequalities, and vulnerabilities to the natural disaster (e.g. Ite, 2005; Newell and George Frynas, 2007; Idemudia, 2009; Khavul and Bruton, 2013). The problem of vulnerability is more severe than the problem of low income and poverty in developing countries (Belal, Cooper, & Roberts, 2013) although there is a long-term link between them (Blaikie et al., 1994). The relationship between poverty and vulnerability is like a vicious cycle as poverty causes vulnerability, which in turn causes, as Montalbano (2011) argued, expected poverty and represents a threat of future poverty. Developing countries are more vulnerable to natural disasters as a result of the lack of financial and technological resources (Bowen, Cochrane, & Fankhauser, 2012). Instead of being a blessing, the natural resources in some of these countries have become a curse (Sarr & Wick, 2010) for them due to the fierce competition for capital investment (Ukpere & Slabbert, 2009) and weak legal and regulatory systems, which leads MNCs to select countries with relatively weaker regulations as their location - 'regulatory arbitrage' (Jenkins, 2005). Developing countries are afraid of raising labourers' wages because of the threat of losing foreign direct investment (divestment). All these drawbacks thwart social justice in these countries.

Despite having numerous socioeconomic challenges, developing countries represent the most rapidly expanding markets and growth potential for business (IMF, 2006) with 60% of the world economy by 2030¹³. These growing economies are expected to significantly affect the social and natural environment, both positively and negatively (Fares et al., 2006). Businesses having resources and expertise can play a vital role in attaining the SDGs through CSR, and at the same time can reap the benefits of the emerging markets. All these factors play a significant role in influencing social and environmental accounting (SEA) in these countries, as SEA development is inextricably related to the socio-political and economic contexts. Therefore, developing countries offer an important research setting, where governance and SER can mitigate various problems and improve the wellbeing of the vast majority of the world population living there.

Similar to the diverse nature of developing countries, there exist wide variations in governance and SER, and as such, exploring the dynamics and influences of the global, country and firm-level governance on SER will provide us with plausible explanations to understand why such variations exist (Campbell, 2007), which is critically important to ensure equality and social justice (Rawls, 1971) in developing countries. The following section presents the context of Bangladesh as a case of a developing country.

2.3 Context of Bangladesh

Akin to many other developing countries, Bangladesh is a paternalistic state (Holm, 1987) characterised by a high level of corruption, impunity, ineffective democratic institutions and judiciary, where the desire of the government (in fact the desire of the family-led ruling party) appears to be the law of the country (Amaeshi, Adegbite, & Rajwani, 2016). The following sections outline the historical, political, social, cultural, religious, economic, regulatory, and institutional contexts of Bangladesh, with an expectation that their understanding will help interpret the empirical findings in Chapter 7.

¹³<http://www.oecd.org/dev/pgd/economydevelopingcountriessettoaccountfor60ofworldgdpy2030accordingtonewestimates.htm> (accessed on January 12, 2018)

2.3.1 The historical and political context

Bangladesh is an independent country which was part of India until 1947 and then a part of Pakistan until 1971. In 1947, the Indian sub-continent was freed from the 190-year colonial rule of the British and two newly independent states - India and Pakistan were created based on the 'Two Nation Theory' (following two religions - Islam and Hinduism) of Muhammad Ali Jinnah, the founding father of Pakistan. The current territory of Bangladesh was a part of Pakistan (known as East Pakistan). It was a peculiar idea to form a religion-based state named Pakistan consisting of two distant lands separated geographically by the existence of India in the middle. Unfortunately, the solidarity and trust based on which Pakistan evolved did not persist because of the oppression and discriminatory policy by the Pakistani rulers. The hegemony of the government was so severe that the people of East Pakistan had to fight for their mother tongue against the state-declaration that Urdu would be the only state language of Pakistan although 56% of the country population was Bengali-speaking and living in East Pakistan. Many protesters were killed on 21 February 1952 in the language movement. Confronted with tremendous pressure from the masses, ultimately the Pakistani rulers had to accept Bengali as the state language, but they continued with discrimination and oppression that reached the extreme when they committed genocide in Bangladesh on 25 March 1971, by disregarding the result of the public election and refused to hand over the power to Sheikh Mujibur Rahman, the elected Prime Minister of the then Pakistan and the leader of East Pakistan. In the face of totalitarianism, the people of East Pakistan had an outburst and declared the independence of Bangladesh on 26 March 1971. On 16 December 1971, Bangladesh emerged as an independent sovereign republic at the cost of about three million lives and unrepairable loss after the nine-month-long heroic liberation war. Therefore, three national days: 'Independence Day (26 March)', 'Victory Day (16 December)' and 'International Mother Language Day (21 February)' are observed in Bangladesh every year. There are also some monuments and museums that preserve the history of the liberation war and uphold the commemoration of the heroes. These national days and initiatives bear significant ceremonial and emotional importance to the people of Bangladesh. Beside the national-level programmes, various events across the country are organised, sponsored by the companies in this study to show their solidarity and support towards the nation as a part of their CSR activities.

The ups and downs in the political system of Bangladesh continued after independence. On 15 August 1975, Sheikh Mujibur Rahman, the greatest leader of Bangladesh, was brutally killed in a military coup, and since then until 1990, the country was, by and large, ruled by the military in the absence of an effective democracy. In 1991, the country started the democratic journey after the fall of the autocrat General Ershad through a large scale revolution of the masses. This was followed by the fairest election in the history of Bangladesh under the all-party supported non-political coalition government, known as the 'caretaker government' (Baldersheim, Jamil, & Aminuzzaman, 2001), and the Bangladesh Nationalist Party (BNP) came into power. Then, Bangladesh Awami League and BNP, the two family-led major political parties were elected, through free and fair national elections held under similar non-political coalition governments in 1996 and 2001, respectively.

Unfortunately, the two-times democratically elected political party, BNP helped in bringing the chaotic political disorder back by changing the eligibility criteria for the Chief of the coalition government. Challenging those changes, the opposition parties led by Bangladesh Awami League demonstrated huge protests and some people were killed during the 'bloody anarchy' in 2006. As a repercussion, the country experienced an interregnum when an unelected government backed by the military came to power and ruled the country between October 2006 and January 2009. In 2009, the oldest political party in Bangladesh, the Bangladesh Awami League, came to power again through an acceptable election held in December 2008. However, Bangladesh Awami League was reelected in 2014 through a non-participative coercive unfair election (Freedom in the World 2018; Bangladesh Profile, 2018), when 153 candidates were elected uncontestedly and the leader of the opposition, Khaleda Zia, was confined illegally and unethically to her house so that she could not conduct any political campaigns. Unfortunately, in December 2018, the oldest democratic political party, Bangladesh Awami League came to power for the third consecutive term through an unacceptable election (votes cast at night before the day of the election unlawfully). Since then, the country has become a one-party state characterised by a guided democracy, control over the freedom of expression and media, NGOs, CSOs and judiciary.

With the introduction of the democratic process in the 1990s, there was some hope among the people who were benefited in terms of voice and accountability, political stability, privatisation,

internationalisation, foreign investments, regulatory and institutional reforms, and development of the capital market. Studies show that during the democratic period, the country experienced a rise in corporate social reporting (Belal & Roberts, 2010; Belal, 2000; Imam, 1999). By contrast, with the abandonment of the democratic norms and values by the historically democratic political party, authoritarian national governance emerged, which in turn affected the companies operating in Bangladesh. Therefore, CSR and SER in Bangladesh are expected to have fluctuated with the ups and downs in the political environment.

Since independence, Bangladesh has been ruled mainly by two family-led political parties: Bangladesh Awami League, led by the Sheikh Mujib family and BNP, led the Zia family. Both the ladies - Sheikh Hasina, the President of Bangladesh Awami League and Khaleda Zia, the Chairperson of BNP inherited their positions in the party from their father and husband, respectively, after their death. Following the tradition, the eldest sons of both leaders were inducted to politics and empowered so that they can take over the parties in the absence of their mothers (Mannan, 2011). These two major parties are predominantly controlled by the kins and relatives of the two families, and neither of them is known for democratic practices, even within the party (Mannan, 2006; Sobhan & Ahmed, 1980). This heredity in politics determines leadership, institutions and economy, both at the national and local levels. Even CSR and SER practices of companies in Bangladesh are guided by the family-dominated political regime (Uddin, Siddiqui, & Islam, 2018).

2.3.2 Socio-cultural-religious context

Historically, imbalanced power structure and inequality in social life were a common phenomenon in the greater Indian subcontinent because of the social stratification and caste system, which was reinforced by the British colonial rule as they formalised the traditional influentials by choosing them as their agents, called ‘zamindars’ or landlords (McLane, 2002). The local agents acted as intermediaries and local headmen between the rulers and the commoners in collecting rents and forcing them, especially the farmers to grow raw materials for British industries during the industrial revolution (McLane, 2002).

Following the socio-political background, the Bangladeshi society is still defined by *high power distance* (score = 80; unequal power and inequality is culturally expected and accepted), *high*

uncertainty avoidance (score = 60; a culture where the members have created beliefs and institutions to avoid uncertainty), *high masculinity* (score = 55; a high score indicates a society driven by competition, achievement and success), *high collectivism* (individualism score = 20; low individualism indicates a culture of strong trust and loyalty within groups), and *low indulgence* (score = 20; the extent to which people try to control their desires and impulses, based on the way they were raised; a low score indicates a culture where behaviour is rigidly restrained by social norms)¹⁴(Hofstede, 1984, 2001).

Consistent with high power distance, high collectivism, high uncertainty avoidance and low indulgence, Bangladesh also belongs to an ‘*honour culture*’ (Aslani et al., 2013, 2016). An ‘honour’ is an individual’s socially claimed and recognised estimated worth (Pitt-Rivers, 1968). In an honour culture, people try to protect them and their family aggressively and avoid being treated unfairly (being taken advantage of by others) (Cohen & Nisbett, 1997), and they are highly sensitive to insults, responding emotionally, aggressively and defensively on their own (Bourdieu, 1977). However, the positive aspect of honour culture is that people want to be trustworthy and maintain their commitment, hospitality and strong family ties (Rodriguez Mosquera et al., 2008), and do altruistic activities to exceed expectations of the people in their circles (Aslani et al., 2013, p. 255). People in an honour culture try to share less information and act tough, and people having more power and social status gain better outcomes (Aslani et al., 2013). As the informal dispute resolution systems and getting access to public services commonly involve bribes and favours, the wealthier and elites enjoy privileges (Mair, Marti, & Ventresca, 2012). In an honour culture, the behaviour of women is restricted because of the fear of losing honour (Aslani et al., 2013).

Gender

Women constitute nearly half of the population of Bangladesh. The Constitution of Bangladesh promotes the principle of gender equality. Bangladesh ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) on 6 November 1984 and subsequently ratified the Optional Protocol on CEDAW in 2000. It is also a signatory to the Beijing Declaration and endorsed its Platform for Action. Besides, there are numerous

¹⁴ <https://www.hofstede-insights.com/country/bangladesh/> (accessed on November 13, 2019.)

national mechanisms and legal frameworks to safeguard women. Women's participation in the workplace has improved in recent decades because of their increased literacy. Also, the rapid growth of the readymade garments (RMGs) industry in the 1980s had created employment opportunities for women who now constitute nearly 80% of the workforce in this industry. While this is the largest export earner of the country and most of the value-added in this sector comes from the labour force (i. e. women's labour), their status remained noticeably poor. They work for long hours under harsh conditions but paid poorly. They are deprived of decent wages, the right to collective bargaining and a healthy and safe working environment. Despite improvements in education for girls and the creation of economic opportunities for women and women's political participation, Bangladesh continues to score poorly on gender indices. Bangladesh is ranked 97 in literacy rate out of 144 countries, and the ratio of literacy between female and male is 0.92. With regards to the labour force participation, Bangladesh is ranked 124 out of 144 countries. *The ratio of wage equality for similar work between female and male is 0.54 in 2017* (WEF, 2017). It can be explained as a social and cultural context in Bangladesh which is still a male-dominated society and where women traditionally work as homemakers.

Honour culture and gender discrimination

Historically, like other South Asian countries, sons are preferred to daughters in Bangladesh, which hurts gender balance and society as a whole as such unethical preference deprives girls from their due rights, and results in malnutrition, sickness, and high mortality rates, or even killing them before their birth through sex-selective abortions (Sen, 1990). In Bangladesh, women's behaviour is controlled not only by men but also by other women, such as mothers and mothers-in-law, who reinforce the prescribed restrictions, and also "update the norms of acceptable and unacceptable behaviour towards women" (Faizal and Rajagopalan, 2005, p. 44). Many expectations are imposed on young married women, and they are likely to face difficulties and disapproval if they express independent desires, goals, or choices (Kabeer, 2000; Camfield, Rashid and Sultan, 2017). Traditionally women in Bangladesh act as caretakers of children and their household and play the roles of daughters, wives and mothers. These roles are unpaid as a World Bank study titled 'Voices to Choices' documents that more than one-third of women of the labour force in Bangladesh are unpaid family helpers (Solotaroff *et al.*, 2019, p. xix). These roles help to keep them stay at home, control and discipline their behaviour. Women and girls in Bangladesh are required to adhere to certain modesty norms (Camfield,

Rashid, & Sultan, 2017) as the immodesty of a woman family member is considered a shame for the whole family (Aslani et al., 2013).

Ownership of assets

Parallel to the deprivation from the childhood, women are deprived of the inheritance of land ownership and are often unable to hold or enforce property rights because of social norms and barriers to access justice (Mair, Marti, & Ventresca, 2012). A recent study shows that despite increased literacy and campaigns for women empowerment, *husbands, who are the heads of families in Bangladesh still solely own 96% of household-land in rural areas* (Quisumbing, Kumar, & Behrman, 2018). The underlying reasons for such extreme gender gap in land ownership are male-biased practices in inheritance, the main means to acquire land. The World Bank study shows that “it is far more common for daughters not to receive and claim their share, due to prevalent customary norms around men’s role as breadwinners and household wealth owners” (Solotaroff *et al.*, 2019, p. 186). Even when women inherit the land, they face more difficulties than men in registering and legally owning their inheritance (including high fees for which they have to depend on their husbands and limited mobility to travel to government offices). Moreover, “natal families also worry about losing land if given to daughters who could register the land in names of husbands or children, which reflects the strength of clan-based, patrilineal customary practices as opposed to the religious law that supports women’s inheritance and ownership” (Solotaroff *et al.*, 2019, p. xix).

Women in business

Because of the initiatives of the government and Bangladesh Bank, the proportion of women’s ownership (taking both formal and informal firms together) has increased from 7% in 2013 to 10% in 2017. However, in the formal enterprises, *Bangladesh still has the world’s smallest shares of female-majority ownership which is only 1.7% compared to regional and global averages of 9.6% and 14.5%*¹⁵. One of the main reasons for the low number of women in formal business compared to the informal ones is the opaque, lengthy and corrupt registration system that requires collecting different documents from different offices. In 2015, *Bangladesh ranked 75 out of 77 countries that encourage the development and growth of women-owned enterprises*

¹⁵ <https://www.enterprisesurveys.org/en/data/exploreconomies/2013/bangladesh#gender> (accessed on 14 November 2019)

(Terjesen and Lloyd, 2015, p. 11). Akin to other South Asian countries, Bangladesh has a *patriarchal society* where women are prohibited from getting into the business on their own because of the fear of losing honour and threat of risk in addition to the formal structural problems. The first resistance comes from the core social unit, the family, because of the superiority of male family members - the heads of the households are the husbands, who in most of the cases do not want women to start and own a business although there has been an improvement in the women participation in the household decision-making process. (Solotaroff & Pande, 2014; Kabeer, 2000; Amin & Pebley, 1994).

Religion

Islam is the major religion in Bangladesh, followed by more than 90.4% of the population, while the Hindu population is 8.50% (BBS, 2015, p. 28). Islam plays a significant role in the socio-economic and cultural life of people in Bangladesh. As a result, a good number of banking, finance and insurance companies have come forward to serve the need of the people according to the principle of Islamic Shariah. Even some of the foreign conventional banks such as HSBC, Standard Chartered have opened Islamic banking branches in response to the demand of the Muslim dominated population in the country. Giving donations is an integral part of Bangladeshi culture which is deeply rooted in 'Zakat', one of the five pillars of Islam. One of the possible reasons for the low level of SER in Bangladesh is religion. Because in Islam, *donating in silence* is preferred to donating in public (disclosing it). In Islam, it is said that donations should be made in such a way so that when you give donations with the right hand, do not let the left hand know, meaning 'donate in silence'. In contrast to the general perception that women are deprived of their rights because of religion, adherence to the inheritance principles of Islam help women asset ownership: "(t)he more devoutly religious a family is - among the vast majority of households, which are Muslims - the more likely it is to allow daughters to inherit their share of natal family assets, as dictated by the Quran or religious prescription, or inheritance as per respective religious laws" (Solotaroff *et al.*, 2019, p. xix).

People, literacy, poverty, employment and corruption

With about 170 million people, Bangladesh is the most densely populated country among the 91 countries/territories that have a population of over 10 million¹⁶. The population of Bangladesh is equivalent to 2.18% of the world population, and it is ranked on the 8th position in the world. The population density in Bangladesh is 1278 per km². The proportion of people living in urban areas has increased from 23.70% in 2006 to 36.50% in 2018¹⁷. However, the difference between the poor and the rich is vast. Based on the international poverty line of \$1.90 per person per day, poverty in Bangladesh has declined from 44.2% in 1991 to 13.8% in 2016/17¹⁸. Likewise, life expectancy, literacy rates and per capita food production have increased significantly. However, the challenge¹⁹ for Bangladesh is that it still has about 22 million people under the poverty line, and it has to create job opportunities for about 2 million youths coming into the job market every year, in addition to the current extensive unemployment. The adult literacy rate is 72.3% (in 2016)²⁰, whereas the literacy rate among the female youths (80.40%) is more than the male youths (77.10%) according to the UNICEF data²¹. The highest number of people are employed in agriculture, followed by the service and industrial sectors. In 2017, the proportions of employment in agriculture, service and industrial sectors were 39.07%, 39.85% and 21.09%, respectively compared to 48.46%, 36.48% and 15.06% in 2007²². Although the employment in the industrial and service sectors has been rising, the working conditions have not been improved, and the common rights of the labourers are not ensured due to the lack of collective bargaining agents and lack of enforcement of laws. Although there are some trade unions in different industrial sectors, they generally maintain a strong liaison with the major political parties and attempt to uphold their personal and political interests.

Bangladesh is one of the top corrupt countries in the world²³, where even the provision of public goods (such as health, education, public administration) involves pervasive corruption

16 <https://population.un.org/wpp/Download/Standard/Population/>

17 <http://www.worldometers.info/world-population/bangladesh-population/>

18 <https://www.worldbank.org/en/results/2018/11/15/bangladesh-reducing-poverty-and-sharing-prosperity>

19 <https://www.worldbank.org/en/results/2018/11/15/bangladesh-reducing-poverty-and-sharing-prosperity>

20 <https://www.thedailystar.net/editorial/adult-literacy-rate-rises-1425580>

21 https://www.unicef.org/infobycountry/bangladesh_bangladesh_statistics.html

22 <https://www.statista.com/statistics/438360/employment-by-economic-sector-in-bangladesh/>

23 'Corruption perceptions Index 2016'. The most corrupted countries are the developing countries. https://www.transparency.org/news/feature/corruption_perceptions_index_2016

(Asadullah & Chakravorty, 2019; Knox, 2009). The bribery incidence (% of firms experiencing at least one bribe payment request) in Bangladesh is 47.7% compared to 24.8% and 17.4% of the South Asian and global averages, respectively²⁴.

2.3.3 Economic context

Bangladesh is the 39th largest economy in the world in terms of the nominal GDP and one of the next 11 emerging countries in the world. Despite numerous problems, Bangladesh has high potential reinforced by the private sector and demographic dividend. The country holds the first position in the global garments market and has achieved the highest growth in GDP among the 45 Asia-Pacific countries (ADB, 2019). The country had a GDP growth rate of over 6.00% during the last decade with an all-time high of 7.90% in 2018 (compared to 4.30% in Central Asia, 6.0% in East Asia, 6.6% in South Asia, 5.1% in Southeast Asia, 0.4% in the Pacific and 4.3% in all the emerging markets and developing economies) and it is expected to be 8.10% in 2019 (compared to 4.4% in Central Asia, 5.5% in East Asia, 6.2% in South Asia, 4.5% in Southeast Asia, 4.2% in the Pacific and 4.0% in all the emerging markets and developing economies) and 8.0% in 2020 (ADB, 2019; World Bank, 2019). The rate of inflation was 5.8% in 2018 and is expected to be 5.5% in 2019 and 2020 (ADB, 2019). Although Bangladesh was an agrarian economy where 24.60% of GDP came from agriculture in 2000, the contribution of agriculture to GDP has reduced to 14.23% in the 2017-18 fiscal year because of the rising growth of service and industrial sectors due to demographic dividend and open trade policy. During the fiscal year 2017-18, the contribution of the service sector was 52.1% (51.00% in 2000) and of industrial sectors 33.66% (in contrast to 24.40% in 2000) (World Bank, 2002; GOB, 2018).

The economy of Bangladesh is dominated by the crony capitalism and family business, which is closely related to the emergence of two family-lead political parties and their partisan beneficiaries though the process started before the independence when the Pakistan government encouraged rich families through various incentives to promote industrialisation. However, because of the discriminatory economic policy of the Pakistani government, industrialisation and ownership of the industrial assets mostly belonged to some West Pakistani family

²⁴ <https://www.enterprisesurveys.org/en/data/exploreeconomies/2013/bangladesh#corruption>

(Humphrey, 1987). During the liberation war, the industrialists of Pakistan left Bangladesh, and the new government nationalised about 92% of the industrialised assets in pursuance of the newly adopted socialistic economic system (Taher, 1994). As a result, a vacuum was created with an underdeveloped capital market and paucity of private capital after independence.

However, confronted with rising pressures from the international donors (such as the World Bank, IMF and their allies) supported by the local employers and their associations, along with corruption, political unrest, bureaucracy, inefficient management, recurring loss and weak economic conditions, the government adopted the denationalisation and privatisation policy in 1984, which got further momentum in 1991 with the revised privatisation policy (Taher, 1994, p. 4). Through the privatisation, the family-led political government favoured their clan and party-men, and a new group of family businesses were created, resulting in crony capitalism (Uddin & Choudhury, 2008). Poor governance and lack of accountability are rooted in the post-independence family-led political parties in Bangladesh (Uddin & Choudhury, 2008) that have recently become more egotistical, violent and oppressive.

The antagonistic politics between the two main family-led political parties has created a culture where everything, including non-political affairs, has also been politicised. There is a longstanding nexus between politics and business as many politicians get involved with the business to make money using their political power, and many business people believe that political affiliation and support is a necessary condition for licensing some businesses (such as banking, media, large public-private partnership projects), their survival, and expansion (Zaman, 2011; Uddin, Siddiqui and Islam, 2018, p. 417).

Besides privatisation, the government adopted a free-market economic policy and emphasised on export-oriented industries such as readymade garments, leather and leather goods, and the Agro-processing industries in the 1990s. Consistent with the vision of the market economy, the government undertook several initiatives to develop the private sectors. Some of the remarkable initiatives were revitalising the Dhaka Stock Exchange (DSE), establishing the Chittagong Stock Exchange, establishing the Bangladesh Securities and Exchange Commission (BSEC) to regulate the capital market and protect the interests of the investors, establishing special

industrial zones, and offering incentives to attract private sector investments both from home and abroad.

Despite political instability and many other challenges, Bangladesh has achieved a stable credit rating by Moody's (Ba3) and S&P (BB-) for the 9th consecutive time. The private sector plays a remarkable role in the economic development of Bangladesh through production, investment, export and employment. In FY2017-18, the total investment increased to 31.23% of the GDP from 19.20% in 2008, and 74.48% of the investments came from the private sectors - local and foreign (GOB, 2018). These growing economic activities explicitly affect the social and natural environment of Bangladesh both positively and negatively (Fares et al., 2006). As such, SER can help promote transparency and accountability of social and environmental performance of companies in Bangladesh.

2.3.4 Regulatory and institutional context

The current rules and regulations that determine the corporate disclosures in Bangladesh include the Companies Act, 1994; the Securities and Exchange Ordinance, 1969; the Securities and Exchange Rules, 1987; the Corporate Governance Code 2018; the listing rules of stock exchanges and the various statutes creating the public enterprises, the Insurance Act, 1938; the Banking Companies Act, 1991; and the Income Tax Ordinance, 1984. The Companies Act is the main act for the publicly listed limited companies, which mainly requires financial disclosures along with some social disclosures (such as spending for energy, number of employees, salaries, remuneration paid to the directors, contribution to the national exchequer). The Securities and Exchange Ordinance and Rules, and the Listing Rules of stock exchanges require the listed companies to disclose additional information and comply with international accounting standards. The national institutions which are expected to play important roles in implementing these rules and regulations include the Securities and Exchange Commission, Registrar of Joint Stock Companies, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Bangladesh Bank, Insurance Development and Regulatory Authority, NBR, Institute of Chartered Accountants of Bangladesh (Belal, 1999).

Despite numerous laws, regulations and policy initiatives for conserving the natural environment, the environmental performance of companies in Bangladesh is poor. Ullah (2014)

documents that there are 21 environmental laws and related documents in Bangladesh. Some of the notable laws are Bangladesh Environmental Conservation Act, 1995; Environmental Conservation Rules (ECR), 1997; Renewable Energy Policy, 2008; Bangladesh Climate Change Strategy and Action Plan, 2009; Environment Court (Amendment) Act, 2010; Climate Change Trust Act, 2010; Bangladesh Climate Change Resilience Fund, 2010. The Bangladesh Environmental Conservation Act (ECA) 1995 is the umbrella Act. ECA 1995 and ECR 1997 together provide the framework of environmental regulations relevant to the industries of the country. According to the requirements of ECR 1997, a clearance certificate must be obtained from the Department of Environment for establishing any industrial units. To refine the industrial wastage, a zero per cent tariff facility has been proposed in the FY 2012-13 budget against the existing 1% for imports of ETP. Over the last three decades, the government invested about USD10.0 billion to strengthen resilience capacity. Moreover, the government allocated BDT 21.0 billion during 2010-12 under the Bangladesh Climate Change Trust Fund for increasing resilience to climate change and proposed another BDT 4.0 billion for the FY 2012-13. To address the climate risks, Bangladesh Climate Change Resilience Fund was established by the government, with financial help from the development partners including the World Bank, the UK, EU, Denmark, Sweden and Australia that contributed around US \$200 million to it (Ullah, 2014).

The government of Bangladesh encourages corporate social responsibility (CSR) by offering *10% tax exemption* on the allowable actual CSR expenditure, which is lower than 20% of the gross income, or BDT 80 million by issuing a statutory regulatory order and subsequently amending it in 2012 and 2014. To claim a tax exemption, companies have to comply with certain conditions which, in turn, will further enhance compliance of some important laws related to the social and environmental responsibility. Some of the areas of CSR applicable for the tax exemption include aid through any government bodies for reducing mass crisis in case of natural disasters; aid to organisations establishing and pursuing welfare activities such as operating old homes; taking care of mentally and physically challenged persons, women empowerment and anti-dowry campaigns, subsistence, rehabilitation and education of orphan and rootless children; housing projects for slum dwellers; independence war-related research; healthy sanitation activities; free medical treatment to cleft lip, cataract and cancer; acid victims, liver and kidney diseases, thalassemia, ophthalmology, cardiology; sports training, museums

for preserving the memory of the independence war and memory of the father of the nation; various funds of the Prime Minister. All these government initiatives encourage companies to spend on CSR. However, there is no direct encouragement for CSR reporting though companies are supposed to disclose these activities in their reports and on the websites.

In conformity with the government initiatives, Bangladesh Bank (BB), the central bank of the country, has also undertaken certain initiatives for promoting inclusive growth, sustainability, CSR and CSR reporting. Notable BB initiatives include ensuring the availability of measures against environmental pollution before financing in 1997²⁵, issuance of a comprehensive guideline on CSR in 2008²⁶, the Agricultural Credit Policy in 2010²⁷, Guidelines on Environmental Risk Management²⁸, and Policy Guidelines for Green Banking, both in 2011²⁹. However, none of these laws, rules, guidelines, nor the organisations call for any mandatory SER for the publicly listed companies, and these laws are also not functioning effectively. *Figure 2.1* depicts the governance environment in Bangladesh. It shows that the overall country governance in Bangladesh is very poor as indicated by an all-time negative value ranging from -0.80 to -1.0 from 2004 to 2018 where +2.5 and -2.5 represent the strongest and weakest country governance, respectively. The country lacks political stability (PVE), which, in turn, affects voice and accountability, and corruption. The low level of state accountability affects the accountability and transparency of the companies operating in the country. Other country governance indicators namely the rule of law (RLE), government effectiveness (GEE), regulatory quality (RQE) and control of corruption (CCE) are also negative indicating poor governance in the country.

Besides the absence of effective regulatory pressures, companies in Bangladesh do not face any strong pressures for SER from society at large. Therefore, they try to merely comply with the mandatory requirements. As a result, the country governance environment has a minimal role

²⁵ BB BRPD Circular No. 12 dated August 10, 1997.

²⁶ DOS Circular No. 01 'Mainstreaming Corporate Social Responsibility (CSR) in banks and financial institutions in Bangladesh' dated 1 June 2008.

²⁷ ACD Circular No. 14 'Agricultural / Rural Credit Policy and Programme for the fiscal Year 2010-11' dated July 21, 2010.

²⁸ BRPD Circular No.01 'Guidelines on Environmental Risk Management (ERM)' dated January 30, 2011.

²⁹ BB BRPD Circular No. 2, February 27, 2011.

in promoting SER, and the level of the SED of Bangladeshi companies is low along with rhetoric, descriptive and positive disclosures (Belal & Cooper, 2011; Sobhani, Amran, & Zainuddin, 2009; Imam, 2000). Moreover, the performance of companies in sensitive social and environmental aspects (such as child labour, poverty alleviation, corruption, pollution) is deficient because of weak enforcement of laws. Thus, in the absence of any mandatory disclosure requirements, companies are not interested in disclosing their poor performance (Belal & Cooper, 2011).

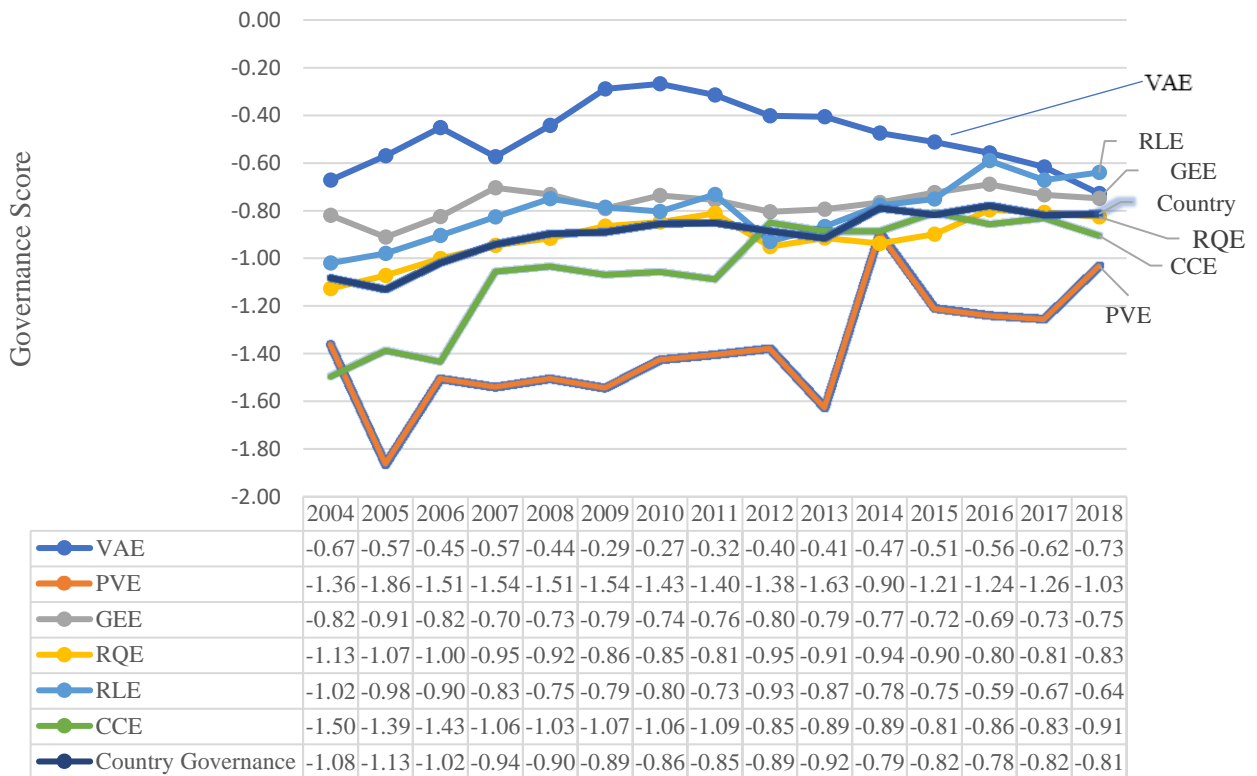


Figure 2.1: Country governance in Bangladesh

Source: Based on the Worldwide Governance Indicators of the World Bank

The unethical social and environmental practices of Bangladeshi companies are evidenced by the several recent accidents in different industrial bases. Examples are the Rana Plaza collapse that killed about 1134 workers in 2013, the Nimtoli chemical factory explosion, which killed 117 people in 2010, fire at Tazreen Fashions garment factory (112 workers died in 2012), F. R. Tower fire, which killed at least 25 people, visible hazards and inevitable adverse impact on the lives of the people living around Hazaribagh by the tanneries (Siddiqui & Uddin, 2016; Azom

et al., 2012; Bajaj, 2012). The severity of the non-compliance can be understood from some of the statistics related to the effluent treatment plant (ETP). By reviewing the dailies, Haque (2017) documents that there were 89 instances of no clearance from the department of environment and no ETPs, 73 firms had faulty ETPs, 42 firms had no ETPs, and 19 ETPs were found turned off. The amount of fines imposed is not enough to refrain the violators from repeating the violation as Haque (2017, p.6) notes that “(o)ut of the 290 of offenders, one factory has been fined thrice over the five years. Additional 25 factories were fined at least twice over the years.”. Unfortunately, the miscreants can get away with these misdeeds because of their nexus, influence and the corrupt and ineffective legal system (Uddin & Choudhury, 2008). On many occasions, the government interfered, reduced or cancelled the fine, sometimes for political causes.³⁰ A newspaper reported that “(m)any of the fines have been forgiven, reduced and even returned following the appeals process regardless of the violation, further encouraging the culture of impunity. ... during 2010–2014, 1788 industrial units were fined a total of 1,516,100,000 Taka, out of which MoEF³¹ collected 1,027,900,000 Taka which is 68% of the levied fine”³². While a mandatory requirement for SER could ensure corporate accountability, it is yet to be done due to the lack of political will and probable cost of arbitrage including increased corruption (Belal, Cooper, & Khan, 2015). However, the companies that have linkage with and are dependent on the international donors, lenders and buyers tend to provide SED to offer an avenue to know about the companies’ social and environmental activities and to appease the pressures for such concerns (Belal and Owen, 2007, 2015; Islam and Deegan, 2008)

2.4 Summary

This chapter has briefly discussed the contexts of developing countries in general and Bangladesh, in particular, to provide an overview of the research settings so that the theoretical framework can be developed in line with the ground realities in Chapter 3 and the empirical findings in Chapters 6 and 7 can be interpreted and related to the context. It shows that developing countries are characterised by the undeveloped markets, poor governance, family-led politics and business, high level of corruption, inefficient democratic institutions, weak

³⁰ I. Mahmud, Environmental fines are publicity stunts Prothom Alo, 1, 14 February 2014 as cited in Haque (2017, p.7) .

³¹ MoEF stands for Ministry of Environment and Forest.

³² A. Hossain, 80 lakh taka fine forgiven with one appeal. Daily Samakal. Retrieved from: <http://archive.samakal.net/2014/05/21/60832>), 21 May, 2014 as cited in Haque (2017, p.7) .

enforcement of laws, political instability, guided democracy, and limited voice and accountability, and Bangladesh, as a developing country, possesses many of these commonalities. The context of Bangladesh has been described in terms of historical, political, social, cultural, religious, economic, regulatory, and institutional contexts. Based on the understandings of the research settings, the next chapter will develop and present the theoretical framework of the dissertation.

Chapter 3

Theoretical Framework

3.1 Introduction

The purpose of this chapter is to develop a theoretical framework for conducting the study, and analysing and interpreting the empirical findings in Chapters 6 and 7. The following provides an overview of theories used in the social and environmental accounting research, develops a theoretical framework and explains why this study employs the institutional perspective based on the multi-level institutional analysis model of Scott (2002) and the three-level analytical framework of Whelan and Muthuri (2017) to examine the relationship between the global, country and firm-level governance and SER in developing countries in general, and explore the underlying reasons for such relationships in Bangladesh, as a developing country, in particular.

Businesses are an inseparable part of the broader social system, which both affect and are affected by the society in which they operate (Deegan, 2014). The sociocultural, legal, economic, and political institutions play a vital role in explaining the forms and focus of CSR across the nations (Powell & DiMaggio, 1991; Halme, Roome & Dobers, 2009; Barrena Martínez, López Fernández and Romero Fernández, 2016), and companies disclose voluntary information as a tool to influence their relationships with other parties (Deegan, 2014; Suchman, 1995). The SEA researchers most commonly use legitimacy theory, stakeholder theory and institutional theory to explain why an organisation does social and environmental reporting. Referring to the institutional theory, Suchman (1995, p. 571) notes that “many dynamics in the organizational environment stem ... from cultural norms, symbols, beliefs and rituals”. Likewise, Gray, Owen and Adams, (1996, p. 45) argue that a system-oriented view of organisation and society “permits us to focus on the role of information and disclosure in the relationship(s) between organisations, the state, individuals and groups”. These theories are derived from a single broader theory - the political economy theory (PET) (Gray, Owen, & Adams, 2009).

According to Gray, Owen and Adams (1996, p. 47), the political economy is “the social, political and economic framework within which human life takes place”. With a broader societal perspective, the PET helps a researcher to widen his level of analysis by considering

the political, social, and institutional frameworks where a business operates, how a business operates and what information it chooses to disclose. As a society, politics, and economics are inseparable, economic issues cannot be investigated without such considerations (Deegan, 2014, p. 341). From the political economy perspective, accounting reports are considered social, political and economic documents that serve as a tool for constructing, sustaining, and legitimising economic and political arrangements, institutions, and ideological themes, which contribute to the corporate private interests. Accounting reports can transmit social, political, and economic meanings for a pluralistic group of stakeholders (Guthrie, Parker and Parker, 1990, p.166).

The PET can be seen from the ‘classical’ and ‘bourgeois’ perspectives (Gray, Owen and Adams, 2009, p. 20). The classical political economy focuses on structural conflicts within the society and considers the accounting reports as a tool to facilitate the wealthy and powerful section of the society that controls the scarce capital whereas to undermine the weak section of the society without the capital (Deegan, 2014, p.342). The bourgeois branch of PET ignores struggles and inequalities within the society and considers the interactions between various groups in an essentially pluralistic world, for example, the negotiation between a corporation and an environmental NGO or a local authority (Gray, Owen and Adams, 2009, p. 20). In contrast to the power and privilege of the elites, the bourgeois PET assumes that various groups of stakeholders have the power to influence the corporate decisions and activities. The legitimacy theory and stakeholder theory, which do not question social structure or conflicts, are derived from the bourgeois branch of PET. While the legitimacy theory explains how an organisation attempts to legitimate its ‘license to operate’ in society through voluntary CSR disclosure (Deegan, 2014), by changing the level of resolution, the stakeholder theory focuses on the subgroups within society and their relationship with the corporation (Chen & Roberts, 2010). More precisely, the legitimacy theory looks at the society as a whole, whereas the stakeholder theory recommends that some groups within the society are more powerful than others (Jain, Aguilera, & Jamali, 2017; Mitchell, Agle, & Wood, 1997), and companies behave responsibly in response to the concerns and expectations of powerful stakeholders (e.g. Ullmann, 1985; Phillips, 2003; Fassin, De Colle and Freeman, 2017). However, the limitation of the pluralistic view is that it ignores much evidence indicating that the majority of the people in a society are controlled and oppressed by a small group of elites

(Cooper & Sherer, 1984). The power of the institutional theory is that it “can be applied within either a classical or a bourgeois conception of political economy” (Deegan, 2014, p. 343). Hence, we employ the institutional theory as the theoretical framework of the dissertation. The next section delineates the institutional theory.

Given the importance of institutional and contextual study in the contemporary SEA research (e.g. Mathews, 1993; Tsang, 1998; Doh and Guay, 2006; Tregidga and Milne, 2006; Weyzig, 2006; Flanagan and Whiteman, 2007; Komori, 2007, 2015; Matten and Moon, 2008; Milne, Tregidga and Walton, 2009; Halme, Roome, & Dobers, 2009; Ertuna and Tukul, 2010; Preuss and Barkemeyer, 2011; Abreu *et al.*, 2012; Momin and Parker, 2013; Gruber and Schlegelmilch, 2015; Rathert, 2016; Tilt, 2016; Wirth *et al.*, 2016; Yin and Jamali, 2016; Hopper, Lassou and Soobaroyen, 2017), the following section aims at developing a theoretical framework (based on the institutional perspective, governance, research context and SER in developing countries) that will be used to analyse and interpret the empirical findings in Chapters 6 and 7. The final section summarises and concludes the chapter.

3.2 Institutional Theory

According to the institutional theory, companies internalise the norms, beliefs, values, and principles accepted by society and behave in line with the contexts that are vital for their survival (Fuenfschilling & Truffer, 2014; Dacin, 1997). The core of the institutional theory is the ‘institutions’ that are inhabited and maintained by human interactions (behaviour) and resources. Scott (2001, p. 48) defined institutions as follows:

Institutions are social structures that have attained a high degree of resilience. Institutions are composed of cultural-cognitive, normative, and regulative elements that, together with associated activities and resources, provide stability and meaning to social life.

Similarly, defined by other scholars, institutions are enduring features of social life (Giddens, 1984), a set of collective rules accepted by society to establish institutional belief (Searle, 2005), and highly resistant to change (Zucker, 1987). Human interactions and activities are critical to the institutional process because institutions are inhabited, preserved and modified by human behaviour (Scott, 2001). Institutions are ‘dead’ “unless they are ongoingly brought to life in

actual human conduct” (Berger and Luckmann, 1991, p. 93). Likewise, both human and material resources are critical to any conception of social structure to understand the asymmetries of power. To sustain and be effective, any rules and norms must be backed by the sanctioning power and cultural beliefs, or schemas that are often embodied in resources (Sewell, 1992).

Although institutions provide order, stability and shared meaning, they are subject to change, both incremental and discontinuous (Scott, 2001, p. 48). Institutions are a state of an existing social order as well as processes of institutionalisation and deinstitutionalisation (Tolbert & Zucker, 1996; Oliver, 1992). Adopting the knowledge from cognitive psychology and cultural anthropology, neo-institutional theorists focus on the cultural cognitive factors (such as shared beliefs and conceptual frameworks) together with the earlier coercive and normative control and the processes through which structural conformity (isomorphism) among the organisations in the same organisational fields take place (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). In general, institutions induce firms to adopt similar strategies in response to the coercive, normative and cognitive pressures (Scott, 2008a) and the organisational conformity to such pressures is conceived as a means to survive and grow in an institutional environment.

The “central building blocks of the institutional structure” are the regulative (coercive), normative and cultural-cognitive institutions (Scott, 2008b, p. 49) that consist of rules, norms, beliefs, values, and principles accepted by the society and influence organisational strategies to be aligned with the social, political and economic needs of a particular context where a company operates (Ball & Craig, 2010; Lounsbury, 2008; Scott, 1987, 2002, 2008b; Meyer & Rowan, 1977). Among these three, the coercive pressure is the most powerful (Islam and Deegan, 2008). The *coercive* processes and structures involve rule-settings, monitoring, and sanctioning activities - rewards or punishments. According to DiMaggio and Powell (1983, p. 150), “Coercive isomorphism results from both formal and informal pressures exerted on organizations upon which they are dependent and by cultural expectations in the society within which organizations function”. The regulative institutions are the coercive mechanisms and are primarily enforced by the government or the powerful stakeholders upon which the organisations are dependent. Because of the pressure (fear) for nonconformance from the legal rules and coercive impositions from other sources, organisational conformance is expedient and

instrumental, irrespective of their choice (Lounsbury, 2008; Scott, 2001, 2002; DiMaggio & Powell, 1983). The effectiveness of this institutional pillar depends not only on the rules and laws but also on the *agents' capacity* to establish and implement the laws, inspect and impose sanctions. *Normative* institutions are based on social obligations and binding expectations that lead to organisational obedience stemming from the internalised moral obligations to act in a socially appropriate manner (Scott, 2001; Dacin, Goodstein and Scott, 2002). Certifications, accreditations, professional experience, endorsements, and formal education help create and maintain normative institutions. *Cultural-cognitive* institutions are based on orthodoxy where conformity comes from the taken-for-granted and shared beliefs, culture and norms within a given society (Contrafatto, 2014; Scott, 2008b). More specifically, conformity to the norms, beliefs, values and principles accepted by society is vital for the success and survival of the organisations, and thus determines their behaviour so that doing otherwise becomes unthinkable (Fuenfschilling & Truffer, 2014; Dacin, 1997). This pillar is difficult to detect, but it exists in the inherent cognitive characteristics of the actors, and is maintained by mimicry, whereby organisations facing uncertainty tend to imitate the relatively more successful ones (peers in the same field or related fields).

The three institutional pillars are interrelated and co-exist, and thereby form a continuum moving “from the conscious to the unconscious, from the legally enforced to the taken for granted”, although one or two of them may play a dominant role at a particular point in time (Hoffman, 2001, p. 36). Such integrated structures create overdetermined systems, as argued by d’Andrade (1982) in his book chapter, ‘The Cultural Meaning Systems’ that “(i)n general, the directive functions of most cultural meaning systems are highly overdetermined: overdetermined in the sense that social sanctions, plus the pressure for conformity, plus intrinsic direct reward, plus values, are all likely to act together to give a particular meaning system its directive force” (d’Andrade, 1982, p. 209). The three forces, together, constitute a powerful social framework through their interactions and mutual reinforcement. Such a structure constrains and empowers social behaviour through the coercive, normative and cognitive-cultural mechanisms.

Institutional elements are transmitted by various carriers (Scott, 2002; Jepperson, Ronald, 1991), and these elements and their carriers operate at multiple levels, each of which influences

the operations of business today (Scott, 2001, 2002) to varying degrees, depending on their scope of operations and dependence on the institutions, at various levels (See Table 3.1). Scott (2002) developed a multi-level institutional analytical framework to analyse the changing institutions in Chinese enterprises, based on his previous study (Scott, 2001), which concluded that institutions work at different levels, ranging from the world system to interpersonal interactions: the world system level; societal level; organisational field level (i.e. organisations operating in a specified social arena); organisational population level (i.e. similar organisations exhibiting same structural forms); the individual organisation level; and the organisational subsystem level (i.e. a department of an organisation). Scott (2002) argues that the level of analysis depends on the nature of the research phenomena. However, “it is often useful to examine the influence of forces working at various levels” (Scott, 2002, p. 62). Emphasising the pervasive influence of the three institutional elements at multiple levels, Scott (2001) notes that “it is important to recognise that even if an investigation focuses on a particular level, institutional forces operating at other levels – both ‘above’ and ‘beneath’ the level elected – will be at work” (p. 56). Likewise, Whelan and Muthuri (2017) developed a three-level analytical framework for analysing human rights in China. In today’s globalised system, the adoption of an accounting technology such as SER can be driven by shared institutional dynamics operative at the global, country and firm levels. Therefore, the study examines the influences of institutions (governance) stemming from the global, country, and firm levels on SER in developing countries in general and in Bangladesh, in particular.

Akin to the three institutional elements that emerge from multiple-levels, governance as an institution also emerges from and operates at the global, country, and firm levels. Governance refers to rule-based decision-making and monitoring (OECD, 2012), and as such, it is multilevel and multidimensional. Governance is a complex concept and has structures spanning both formal and informal arrangements at the global, country, and firm levels (Wieland, 2001). The development of global governance is closely associated with globalisation. The multiplicity of regulations and cultural-cognitive variations across the countries, along with the expanded operations of corporations and the concurrent problems (such as climate change, loss of biodiversity) throughout the world, have resulted in global concerns in contrast to the earlier state-based conceptions. New policies have emerged to address these problems by encouraging companies to voluntarily improve their activities and, at the same time, corporations have also

been trying to have some universal standards to be followed globally (in contrast to varied regulations in various countries) to legitimate their presence of operations and avoid any strict regulations (Williams, 1999). Thus, global governance standards (Brown, Clark, & Buono, 2018; Merry, 2011; Chen & Bouvain, 2009; Weiss, 2000; Rosenau, 1995), commonly known as self-regulation, have emerged (Scherer & Smid, 2000) to fill the gap in the legal regulation, eschew strict regulations and evade varied national governance system. Unlike country governance, global governance is called governance without a government. Global governance is a global public good, which is developed and implemented with the help of multi-stakeholder engagement, including governments, intergovernmental organisations, businesses, civil society groups, NGOs, and others (Detomasi, 2007). Some of the remarkable initiatives at the beginning of the 2000s include the United Nations Global Compact (UNGC), the Global Reporting Initiatives (GRI) ‘Sustainability Reporting Guidelines’ (currently the ‘Sustainability Reporting Standard’) and, the ISO 26000 ‘Guidance on Social Responsibility’. The normative standards for global governance are generally voluntary. However, they become bindings for companies when they are mandatorily required by some statutes or dominant stakeholders, such as securities and exchange commission, international buyers or lenders. It is noteworthy that despite numerous instances of noncompliance with laws, export-dependent firms in developing countries take utmost care to meet the requirements of their buyers based in the advanced economies.

Country governance is mainly shaped by a wide range of macroeconomic and cultural-cognitive factors such as history, heritage, culture, and beliefs of a country. Consistent with the coercive pillar of the institutional theory, improved regulations and effective enforcement (formal governance) can play a pivotal role in developing, maintaining, and embedding deeper firm-society relationships (Islam, Deegan, & Gray, 2018; Rahim, 2013). Consistent with the normative pillar of the institutional theory, good governance, ethical codes of conduct, and professionalism are expected to limit corruption (Islam, Haque, & Gilchrist, 2017) and promote good practices, such as SER.

Table 3.1: Relative influence of different institutional elements on SER at different levels

Pressures\levels	Global	Country-level	Firm-level
Coercive	Strong	Moderate	Weak
Normative	Moderate	Weak	Strong
Cultural cognitive	Weak	Strong	Moderate

Based on Scott (2001; 2002) and the author's understanding of the research context

The study considers governance (that may be seen from the global, country and firm-level perspectives) as institutions that have varying degrees of influence on SER, depending on the level of expediency, moral obligations, orthodoxy and the sources of pressures for conformity. The three levels of governance and three forms of pressures are interdependent. *Table 3.1* has been developed based on Scott (2001; 2002) and the author's understanding and research experience to portray the relative influence of the global, country and firm levels in the forms of coercive, normative and cultural-cognitive pressures to analyse and interpret the findings of the developing countries in general and Bangladesh in particular. It is important to note that the ranking of the coercive, normative and cultural cognitive as strong, moderate, and weak at the global, country and firm-levels are based on their relative influence at each level. More specifically, each of the three levels of governance has three ranks (strong, moderate, and weak) for three forms of pressures in terms of their relative influence on SER. *Table 3.1* depicts that although all the three forms of pressures for voluntary SER come from the three levels, coercive pressures are mainly emanated from the global level (strong) followed by the country-level (moderate) and firm-level (weak); normative pressures come from the firm-level (strong) followed by the global-level (moderate) and country-level (weak); cultural-cognitive pressures predominantly come from the country-level (strong) followed by the firm-level (moderate) and global-level (weak). There are interactions and interdependence between (a) coercive, normative, and cultural-cognitive governance; (b) governance at the global, country, and firm levels; and (c) between (a) and (b). Through these interactions, the coercive, normative, and cultural-cognitive governance factors create an overall governance environment for SER in developing countries. More importantly, the interactions between the coercive, normative, and cultural-cognitive elements are mediated by the capacity and role of the agents. For example, the effectiveness of the regulative governance largely depends on the process and the agents involved with rule-setting, enforcement, monitoring, and sanctioning. Likewise, the

interdependence between the governance at the three levels is mediated by the degree of a firm's linkage with the rest of the world.

The cultural-cognitive factors are deeply rooted in a particular context, thus having a substantial impact on the perception of corporate managers and others regarding the regulative and normative elements in the Bangladeshi institutional context (Hofstede, Hofstede, & Minkov, 2005). Also, the other two pillars of the institutional theory must be backed by a sanctioning power, and cultural beliefs or schemas to be effective. Contrary to the individualism in most Western societies, the traditional system suggests collectivism as the core for societal harmony (Hofstede, 1984, 2001). In a traditional setting, people “from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty” (Hofstede, Hofstede and Minkov, 2005, p. 515). Thus, the *cultural-cognitive* framework seems relevant to understand the corporate behaviours in the context of Bangladesh, due to its unique socio-economic, political, and cultural characteristics. Bangladesh is a mixed economy characterised by honour culture (Aslani et al., 2013, 2016), high power dominance, masculinity, collectivistic society (Hofstede, 1984, 2001), the guided democracy predominantly led by two families, political instability and anarchy, unholy nexus between business, politics and bureaucrats, corruption and impunity (Uddin & Choudhury, 2008), along with the most commonly pronounced problems of developing countries, such as poverty, hunger, or illiteracy (Rodríguez, Montiel, & Ozuna, 2014; Khavul & Bruton, 2013; Abdalla, Siti-Nabiha, & Shahbudin, 2013; Robertson, 2009).

In many developing countries, laws are for the weak section of the population and the powerful people most often can act according to their desires and can getaway. Instead of being regulated, the super-rich in developing countries regulate the regulators; and the rules in such contexts are “nothing more than the commands of those who exercise political authority” (Carver, 2018, p. 18). Traditional settings (such as Bangladesh) are characterised by patriarchy, where the display of public loyalty, the master-servant relationship, and obedience to the person are prioritised over the formal authority (Dyball, Fong Chua, & Poullaos, 2006; Weber, 1978). In a patriarchal society, interpersonal relationships supersede the formal regulations and have “a rich subculture of instrumental-personal ties through which individuals circumvent formal regulations to obtain official approvals” (Walder, 1986, pp. 6-7 as cited in Li and Belal, 2018, p. 201). The

enforcement of laws depends on the whims of the ruling party and the state headman since they develop the legal and enforcement structure, aligned with their self-interest.

In developing countries, including Bangladesh, the ruling party and the state affect socioeconomic developments according to their wish rather than acting as a neutral referee for promoting the freedom and wellbeing of all the citizens of the country (Lee & Zhang, 2013). The opportunity of agency, getting a licence to do certain business, access to government contracts, the prosperity and survival of a business, as well as the bureaucrats predominantly depend on the wish and intent of the superpower of the family-led political-leader, which spreads across the hierarchy in organisations and national political systems (Scott, 2001; Uddin and Hopper, 2003). The context is such that the desires of the top leaders and their clientele are the law of the country, subverting the formal institutional and legal structure. Thus, in Bangladesh, the distinctive cultural-cognitive characteristics stemming from the wider societal systems, organisational fields, and individual firms along with the political hegemony, have collectively set the bases for firm structure and culture. Like many other developing countries, including China, Bangladesh has become an authoritarian state through token democracy, where mistrust, unrest and political conflicts are so rampant that the primary function of the government is to misuse the state apparatus, including the judiciary and law enforcing agencies, in suppressing the disagreement and political opposition (Lee & Zhang, 2013; Mannan, 2011; Uddin & Choudhury, 2008). Instead of utilising the state power for the betterment of the citizens, the government in such a country tries to capture it, to develop, maintain and brutally control different views (opposite and unwelcoming) forcing them to endure their power unchallenged rather than accommodating political differences and pacify the political conflicts, resulting in *disorganisation and deinstitutionalisation* (Mannan, 1992 as cited in Uddin, Siddiqui and Islam, 2018).

Through the process of privatisation, liberalisation and linkage with the global market, many developing countries, including Bangladesh, adopted the Western corporate governance mechanisms (Siddiqui, 2010). However, most of the listed companies in Bangladesh are family businesses, and the top five shareholders own more than fifty per cent of the stocks (Farooque et al., 2007). In family-controlled firms, the effectiveness of corporate governance is questioned, and the independent directors required by the BSEC cannot perform an independent

role. Moreover, because of the honour culture, the female directors may not perform their due role in promoting SER in developing countries, in general, and in Bangladesh, in particular. The international stakeholders, such as buyers, lenders and donors, require transparent and responsible operations. Also, the national initiatives of the NBR for promoting CSR, Bangladesh Bank CSR guidelines for the financial sector, learning and professional experience from the MNCs, pressure from the media and CSOs should have some impact on the CSR and SER in Bangladesh.

It is worth mentioning that this study employs the institutional perspective subject to some limitations. While the findings of the qualitative analysis (Chapter 7) can be explained from the three levels of governance (global, country and firm), and three forms of pressures (coercive, normative and cultural-cognitive); the findings of the quantitative analysis (Chapter 6) can only be explained from the three levels of governance. Also, in the quantitative analysis, agents such as independent directors and female directors are used as surrogates for the firm-level governance due to the lack of data.

3.3 Summary

This chapter briefly discusses various theoretical explanations that are most commonly used to understand why do companies do SER. Starting with a framework for the relationship between the social, political and economic activities provided by the broader political economy theory, the chapter points to the organisational theories such as the legitimacy theory, stakeholder theory and institutional theory. While the legitimacy theory looks at the society as a whole, the stakeholder theory recommends that some groups within the society are more powerful than others (Jain, Aguilera, & Jamali, 2017; Mitchell, Agle, & Wood, 1997) and companies respond to the concerns and expectations of the powerful stakeholders (e.g. Ullmann, 1985; Phillips, 2003; Fassin, De Colle and Freeman, 2017). The institutional theory posits that companies internalise the norms, beliefs, values, and principles accepted by society and behave in conformity with the contexts in which they operate (Fuenfschilling & Truffer, 2014; Dacin, 1997).

The institutional theory appears to be the most appropriate theory for this study considering the level of analysis, forms and sources of pressures, and the reality of both the pluralistic structure

and dominance of powerful stakeholder groups. More specifically, the study analyses the relationship between three levels of governance (global, country and firm) and SER, which is possible using the institutional perspective because of the following reasons. Regarding the level of analysis, the legitimacy theory is very broad and unspecified; the stakeholder theory is very narrow and focuses on some specific stakeholders, while the institutional theory lies in between the legitimacy theory and the stakeholder theory, creating a balance between them (Chen and Roberts, 2010, p. 653). Furthermore, the three levels of governance also involve coercive, normative and cultural-cognitive characteristics that are consistent with the three pillars of the institutional theory. Finally, the institutional theory is capable of explaining the social, political and economic phenomena from both the classical and bourgeois perspectives of the political economy theory (Deegan, 2014, p. 343), recognising the coexistence of and encompassing both the pluralistic view, control and dominance by a small group of people over the majority, which is useful in explaining the social imbalance, inequality and unrest, as well as the role of SER in addressing them. To sum up, by integrating the insights from Scott (2002) and Whelan and Muthuri (2017) along with the contextual dynamics in developing countries, in general, and in Bangladesh in particular, the chapter has developed a multi-level institutional analytical framework to understand the relationship between the three levels of governance and SER.

Chapter 4

Literature Review and Development of Hypotheses

4.1 Introduction

This chapter aims at reviewing the corporate social and environmental reporting (SER) and governance literature to identify research gaps and locate the contributions of the study within the extant literature. The following sections briefly present SER in developing countries, SER in Bangladesh, barriers to SER, governance and SER, and the development of hypotheses. Finally, review findings are summarised, gaps are identified, and potential contributions are indicated.

4.2 SER in developing countries

Despite the rising trend in the research on SER practices in developing countries in recent times, such endeavour is still limited (Teoh and Thong, 1984; Hegde, Bloom and Fuglister, 1997; Tsang, 1998; Belal, 2000, 2008; Belal, 2001; de Villiers and Staden, 2006; Belal and Owen, 2007; Islam and Mathews, 2009; Sobhani, Amran and Zainuddin, 2009; Naeem and Welford, 2009; Gao, 2011; Nyahunzvi, 2013; Momin and Parker, 2013; Muttakin and Subramaniam, 2015). The CSR awareness, performance and disclosure are low in developing countries (e.g. Naeem and Welford, 2009; Sobhani, Amran and Zainuddin, 2009; Gao, 2011; Momin and Parker, 2013; Nyahunzvi, 2013; Muttakin and Subramaniam, 2015). Naeem and Welford (2009) document that the level of corporate social awareness and corporate social performance in Bangladesh and Pakistan is very low. Similarly, corporate social disclosure is also very low in China (Gao, 2011), Bangladesh (Momin & Parker, 2013; Sobhani, Amran, & Zainuddin, 2009), India (Muttakin & Subramaniam, 2015) and Zimbabwe (Nyahunzvi, 2013). Besides, the quality of disclosure is also poor in developing countries (Nyahunzvi, 2013; Kolk & Lenfant, 2010).

Prior studies document that SER in developing countries is inadequate, cosmetic and rhetoric in nature because of the lack of corporate genuine social involvement (Belal & Roberts, 2010; Teoh & Thong, 1984). Corporates focus more on the narrow insensitive areas and try to overlook sensitive but socially important issues. Studies reveal that the corporate priority disclosures are the employees and human resources in Bangladesh (Momin & Parker, 2013;

Sobhani, Amran, & Zainuddin, 2009), Zimbabwe (Nyahunzvi, 2013), Malaysia (Teoh & Thong, 1984); shareholders in Zimbabwe (Nyahunzvi, 2013); economic and social aspects in Angola, the Democratic Republic of the Congo, and Republic of the Congo (Kolk & Lenfant, 2010); education and health in Bangladesh (Hossain, Hecimovic, & Lema, 2015); customers in Zimbabwe (Nyahunzvi, 2013); products in Malaysia (Teoh & Thong, 1984), and Pakistan (Khan, Lew, & Park, 2015). Corporates seem to be avoiding sensitive social issues, such as human rights (Kolk & Lenfant, 2010), and environmental burden and remedial measures in Bangladesh (Sobhani, Amran, & Zainuddin, 2009) and Zimbabwe (Nyahunzvi, 2013).

Studies also suggest that firms in developing countries try to adopt reporting styles and formats developed in the advanced western economies that, in turn, results in cosmetic responses, given the different socio-economic and political conditions of the developing context (Hossain & Alam, 2016; Belal & Roberts, 2010). Based on the data from interviews, surveys, and focus group discussions, studies also document greenwashing, exaggeration and misrepresentation in SER. For example, corporate responsibility lacks substantial involvement and inclusiveness in India (Amaladoss & Manohar, 2013) and Malaysia (Teoh & Thong, 1984). There are concerns and scepticism about the SER practices in developing countries, as evidenced by the qualitative studies based on interviews and surveys with non-corporate stakeholders. Studies discover that there is an extensive discrepancy between the stated social and environmental commitments, social and environmental disclosure, and actual performance in, for example, Papua New Guinea (Duarte & Imbun, 2016), Bangladesh (Hossain & Alam, 2016; Momin, 2013) and Guatemala (Slack, 2012). In related work, Momin (2013) documents that there is a huge mismatch between the reality and the reported activities, as opined by the interviewee in his study – “CSD³³ [reporting] is full of nice words ... for example, you will often find corporations address issues like labour or employee-training issues rather than labour rights ... issues such as freedom of association and collective bargaining are never addressed by the companies” (Momin, 2013, p. 150). Momin (2013) reveals that corporate social disclosure in developing countries is “no more than a public relations exercise” (p. 151). Based on a series of interviews with eighteen managers across ten subsidiaries in Sri Lanka during 2008-2009, Beddewela and Herzig (2013) find that MNC subsidiaries in developing countries are preoccupied with seeking

³³ CSD stands for corporate social disclosure.

internal legitimacy to comply with the head office requirements and control while compromising the priorities of the vulnerable local stakeholders. Hence, the SER made by firms in developing countries lacks transparency, trust (Duarte & Imbun, 2016) and credibility (Momin, 2013).

By contrast, some studies show that developing country multinationals (DMNCs) are ahead in discharging their responsibilities. Using 219 DMNCs as samples (out of 412 firms from Thomson Reuters ASSET4 database) that had at least one foreign subsidiary (from five developing countries for the period 2009–2012), Zyglidopoulos, Williamson and Symeou (2016) document that the DMNCs have higher levels of corporate social performance than their purely domestic counterparts caused by the fact that internationalisation creates reputation and legitimacy deficits. A few studies document good SER practices in developing countries (Bhattacharyya, 2015; Muller & Kolk, 2009; Dawkins & Ngunjiri, 2008). Dawkins and Ngunjiri (2008) find that the level of corporate social and environmental disclosure (SED) in South African firms is significantly higher than that of the Fortune Global 100. Similarly, Muller and Kolk (2015) document that the nature, type and extent of SER practices of local Mexican auto firms are comparable to those in the western settings. Likewise, Bhattacharyya (2015) notes that managers possess a positive attitude towards SER in India.

The level of SED in the developing countries is low (Muttakin & Subramaniam, 2015; Momin & Parker, 2013; Nyahunzvi, 2013; Gao, 2011; Naeem & Welford, 2009; Sobhani, Amran, & Zainuddin, 2009). The reasons behind non-disclosure or a low level of SED in these countries, as identified by the extant literature, include limitations of the accounting system itself (Hopper, Lassou, & Soobaroyen, 2017; Morales & Sponem, 2017), cultural attitudes in a country (Adams, 2004), lack of regulations and enforcement, absence of pressures, profit imperativeness, lack of human and material resources, fear of bad publicity (Soobaroyen & Ntim, 2013; Belal & Cooper, 2011; Gao, Heravi, & Xiao, 2005; Kuasirikun & Sherer, 2004; Teoh & Thong, 1984), short-termism and avoidance of uncertainty (Slawinski et al., 2017), poor governance and nexus between business and politics (Momin, 2013; Uddin & Choudhury, 2008).

Hopper, Lassou and Soobaroyen (2017) criticise accounting as being a barrier to solving the problems of developing countries. They argue that accounting know-hows are imported from

the developed countries, and they do not sufficiently recognise the context, needs and involvement of developing countries, thus, creating implementation problems. They also argue that accounting technologies are oriented towards the financial, rather than the development goals. Similarly, in their review work of ‘You too can have a critical perspective! 25 years of Critical Perspectives on Accounting’, Morales and Sponem (2017) show that accounting helps sustain capitalist accumulation by producing rhetoric of efficiency and rationality that masks its impacts on social relations. Anisette, Cooper and Gendron (2017) criticise accounting, arguing that within institutions, accountability has been “turned on its head such that, rather than institutions being held accountable to their stakeholders, employees are accountable to their institutions; consequently, they have been subjected to hierarchical management control systems which cast a spotlight on certain areas of their work through accounting technologies such as key performance metrics, balanced scorecards and the like. These metrics frequently make employees’ lives miserable and stressful” (p. 2).

Belal and Cooper (2011) investigate the reasons for non-disclosure on three eco-justice issues: child labour, equal opportunities and poverty alleviation, through 23 semi-structured interviews with senior corporate managers in Bangladesh. They identify that the main reasons for non-disclosure include the lack of resources, profit imperative, lack of legal requirements, lack of knowledge/awareness, poor performance and the fear of bad publicity. Teoh and Thong (1984) identify two reasons for non-disclosure: the desire of keeping the size of the annual report brief and maintaining secrecy about the firm’s activities. Studies also document that SER is dominated by the disclosure of good news (Deegan & Rankin, 1996); therefore, the lesser the number of good news, the lower will be the SER. Other factors include cultural attitudes within a country (Adams, 2004), little or no pressures from community pressure groups, and the government’s failure to enforce existing social and environmental legislation (in Hong Kong and Thailand) (Gao, Heravi, & Xiao, 2005; Kuasirikun & Sherer, 2004), and an absence of mandatory social and environmental disclosures (Kuasirikun & Sherer, 2004; Adams, Coutts, & Harte, 1995).

Likewise, Soobaroyen and Ntim (2013) reveal that the corporate legitimisation agenda leads to symbolic disclosures with some limited substantive disclosures. They argue that the attainment of the vision of SER in South Africa is unlikely by the global voluntary initiatives alone. Momin

(2013) considers some vulnerability issues, such as high levels of poverty, lack of governance, dependence on foreign aid and investments and a nexus of political and business elites leading to corruptions. He argues that such a vulnerable condition creates even further opportunities for corporate exploitation of vulnerable stakeholders, such as women workers of export-oriented garments factories in Bangladesh. Finally, Slawinski *et al.* (2017) attribute short-termism and uncertainty avoidance as the reasons for organisational inaction on climate change disclosure.

4.3 Governance and SER in developing countries

Governance refers to rule-based decision-making and surveillance (OECD, 2012), which is “multilevel and multidimensional” (Karam, Metcalfe, & Afiouni, 2018, p. 1). Governance is a complex idea, having varied structures with both formal and informal arrangements and global and local levels (Wieland, 2001). Thus, governance includes rules, regulations, standards, guidelines, policies, norms, culture and practice. The effectiveness of global governance depends on the effectiveness of country institutional and governmental arrangements (Chen & Bouvain, 2009). Improved regulations and effective enforcement can play a pivotal role in creating, developing, and embedding deeper organisation-society relationships (Islam, Deegan, & Gray, 2018; Rahim, 2013; Patten, 2005; Holloway, 1997). Good governance and ethical codes of conduct are expected to limit corruption (Islam, Haque, & Gilchrist, 2017). The differences in SER can be explained by the differences in governance (Aguilera & Cuervo-Cazurra, 2004; Weiss, 2000). Extant literature suggests that firms undertake social and environmental activities and disclose the same to maintain organisational legitimacy (Chen, Patten, & Roberts, 2008; Rahaman, Lawrence, & Roper, 2004; Deegan, Rankin, & Tobin, 2002). Institutional theory recommends that corporate governance mechanisms are sometimes adopted to gain legitimacy (Biggart, 1991; Hamilton & Biggart, 1988). Literature also argues that CSR choice and performance are to be positively associated with corporate governance mechanisms (Jo & Harjoto, 2011; Haniffa & Cooke, 2005; Johnson & Greening, 1999; Gibbins, Richardson, & Waterhouse, 1990) and strong corporate governance mechanisms may encourage firms to voluntarily disclose information about their activities (Eng and Mak, 2003; Gul and Leung, 2004; e.g. Chen, Patten and Roberts, 2008; Kelton and Yang, 2008; van Duuren, Plantinga and Scholtens, 2016). Mehra (2006) argues that to mainstream CSR, it must be embedded institutionally and culturally, and it must have consistency between words and actions. Govindan, Kannan and Shankar (2014) identify that the codes of conduct of companies, as a

driver for social and environmental practices in India, suggest that a firm can uphold its reputation and manage risk efficiently by institutionalising SER activities. Based on the SER and governance literature, a positive relationship between good governance (Weiss, 2000) and SER in developing countries can be expected.

The social and environmental reporting is influenced by the coercive, normative, and cultural-cognitive pressures (governance) from the global, country and firm levels. The following subsections review the relationship between SER and the three levels of governance that exerts three forms of pressure for (non-) disclosing social and environmental information.

4.3.1 Global governance and SER

Global governance means both the formal and informal, regulatory and voluntary initiatives devised by the intergovernmental and multilateral agencies, such as the United Nations, World Bank, Asian Development Bank (ADB), Organisation for Economic Co-operation and Development, to bring harmony and uniformity for various constituencies. The term ‘global governance’ has been used to indicate the regulations, systems, and norms of interdependent relations between actors across the globe, in the absence of an overarching political authority (Rosenau, 1999). That is why global governance is sometimes termed as ‘governance without a government’. In the age of globalisation, governance is global, and the more global it is, the better it is, though it needs to be customised to fit with the local context.

The development of SER is closely related to the globalisation of business. In the global marketplace, a firm comes across different legal and regulatory requirements, varied contextual factors and diverse stakeholders. Because of the multiplicity of regulations and cultural-cognitive variations across the countries, the MNCs found it difficult to meet the varied requirements and expectations, on the one hand, and on the other hand, it has become nearly impossible for many governments to ensure social and environmental responsibility of the powerful MNCs. In the case of developing countries, the MNCs contribute towards economic development by creating employment, paying taxes, and bringing technologies developed in the advanced economies. Therefore, there has been a prolonged conflict between the public interest and economic development since the beginning of the modern corporations based on the assumption that maximising private interests (profit) will eventually promote public

interests, known as 'trickle-down effect'. Because of such conflicts, the corporations were required to be regulated through laws and regulations by the state government to protect the public interest. However, with the globalisation and rising expansion of capitalism throughout the world, the operations of corporations and the concurrent problems (such as climate change, loss of biodiversity) created by the businesses have emerged as a global concern, in contrast to the earlier state-based conceptions. The national states and intergovernmental organisations lack adequate power to control the rules of the economic system (Scherer & Smid, 2000). As a result, government regulations have been gradually losing their effectiveness in controlling the social and environmental behaviour of corporations. Hence, they have been explicitly required to fulfil their responsibility toward the society that started in the EU, with the Lisbon strategy, in 2000. Over time, the EU members adopted CSR policies, and separate Ministries were established in the UK and France to oversee the social and environmental issues. In these circumstances, new policies have emerged aiming to solve the problems by encouraging companies to voluntarily improve their activities rather than directly regulating their social and environmental behaviour. Such policy changes and deregulations benefitted the corporations. More importantly, corporations have also been striving to devise some harmonisation tools to be followed globally (in contrast to varied regulations in various countries) to legitimate their operations and avoid any strict regulations (Williams, 1999). Thus, SER has been used as a tool for managing the relationship between the corporations and their stakeholders in the global marketplace. Also, to eschew strict legal regulations and evade varied country governance systems, global governance standards (Brown, Clark, & Buono, 2018; Merry, 2011; Chen & Bouvain, 2009; Weiss, 2000; Rosenau, 1995), commonly known as self-regulation, have emerged (Scherer & Smid, 2000).

Unlike country governance that involves rule-setting and enforcement within the national territory, global governance is generally normative and applicable to the global market. Global governance (normative) lacks the enforceability of regulations on private actors such as businesses. Neither the national governments nor international organisations are capable enough to sufficiently regulate the global economy and offer global public goods (Kaul et al., 2003). Therefore, global governance (global public goods) such as CSR standards, which are mainly voluntary, are developed and implemented with the help of the multi-stakeholder engagement including governments, intergovernmental organisations, businesses, civil society

groups, NGOs, and others (Detomasi, 2007). Yet, they become bindings for companies when they are mandatorily required by some institutes or powerful stakeholders, such as international buyers or lenders. Some of the remarkable initiatives at the beginning of the 2000s include the United Nations Global Compact (UNGC), the Global Reporting Initiatives (GRI) ‘Sustainability Reporting Guidelines’ (currently the ‘Sustainability Reporting Standard’), the ISO 26000 ‘Guidance on Social Responsibility’. The relationship between stakeholders and companies is at the centre of the GRI guidelines, ISO 26000 and UNGC principles. Thus, instead of government regulations and agents, a system has been developed where stakeholders are actively involved to develop and check corporate social and environmental practices.

The United Nations Global Compact (UNGC) is the world’s largest corporate social responsibility initiative, with 13,000 corporate participants and other stakeholders over 170 countries³⁴. UNGC is acknowledged as one of the global governance standards because it provides a benchmark for corporate social and environmental practices with its ten principles under four categories - human rights, labour rights, environment and anti-corruption (Waddock, 2008) - and catalyses progressive networking, learning and development, and partnerships across the globe (Buono, 2014). CSR programmes have been integrated within the business strategies by many organisations, especially the member organisations in line with the UNGC principles (Archel et al., 2009; Deegan, 2002). The ISO 26000 is an ISO International Organisation for Standardisation (ISO) standard which guides the overall picture of the social responsibility of an organisation throughout the world.

Under rising coercive pressures from different stakeholders to be more transparent about their environmental, economic and social impacts, companies need some kind of reporting framework since the market assesses companies based on the available information (Michelon, 2011; Sutantoputra, 2009; Mirfazli, 2008; Statman, 2006; Walden & Stagliano, 2003). Consistent with the UNGC principles, the Global Reporting Initiatives (GRI) offer the global best practices for reporting on the critical sustainability issues, such as climate change, human rights, governance, and social well-being (GRI³⁵). The report published according to the GRI

³⁴https://www.unglobalcompact.org/docs/publications/UN_Global_Compact_Guide_to_Corporate_Sustainability.pdf accessed 27 October 2018

³⁵ <https://www.globalreporting.org/Information/about-gri/Pages/default.aspx>

guidelines (since 2016 GRI Standards) is known as a ‘sustainability report’, ‘corporate social responsibility (CSR)’, ‘environmental, social and governance (ESG) report’. The GRI reporting framework helps companies identify, gather, and communicate their economic, environmental, social and governance information clearly and comparably. The number of companies that have been publishing their CSR reports following GRI has sharply increased since its launch in 2000. The GRI sustainability reporting framework is now broadly used by companies, governments, NGOs and others. In 2017, 63% of the global largest 100 companies, and 75% of the Global Fortune 250 published their CSR activities following the GRI reporting framework (KPMG, 2017). The latest form of GRI reporting framework is the GRI Standards, developed by the Global Sustainability Standards Board, which are the first global standards for sustainability reporting free to use. It is argued that being developed with multi-stakeholder contributions and rooted in the public interest, the GRI sustainability reporting standards promote transparency and accountability of firms to the stakeholders and thus, it is considered as a value-creation and legitimacy tool (Crisóstomo, Prudêncio, & Forte, 2017).

There have been numerous content analyses in both developed and developing countries, taking the GRI reporting framework as a benchmark, to examine the level and variety of corporate social and environmental disclosures. de Villiers and Alexander (2014) examine SER structures by comparing the annual report and website disclosures of 36 GRI adopting companies in Australia and South Africa (18 companies from each country). They compare 30 disclosure patterns and find that there is no difference in 29 items. Despite this high level of isomorphic disclosure patterns in two diverse settings, there exist differences in SER contents at the detailed level, such as the reference to the applicable national rule and regulations, and specific local communities. Their findings indicate that SER is institutionalised through professionalisation and global governance, such as GRI. They argue that SER characteristics and patterns should be interpreted “as a reflection of global CSRR³⁶ templates. Management intent or company-specific characteristics, such as social and environmental performance, do not necessarily drive CSRR patterns” (de Villiers and Alexander, 2014, p. 198). However, Adams (2002) underscores on future research on how the internal organisational factors - management, boards, various committees - influence social and ethical reporting.

³⁶ CSRR stands for corporate social responsibility reporting.

Despite the increased level and convergence of SER globally, it has been far from attaining its goals, as Gray (2010) argues “[i]t is increasingly well-established in the literature that most business reporting on sustainability and much business representative activity around sustainability actually have little if anything to do with sustainability” (p. 48). The statement of Gray has been supported by de Villiers and Alexander (2014), who document that “... management of GRI standing, therefore, potentially shifts the focus from socially responsible action and reporting on these actions, to increase the company’s GRI reporting level, i.e. increasing the number of CSRR boxes that can be ticked” (p. 209). The fundamental objective of SER to promote transparency and accountability is being compromised (defeated) due to the ‘business case’ motive of SER and an unwillingness to reform corporate governance structures (Owen, Swift, & Hunt, 2001).

However, there has been a limited effort in unveiling why (or why not) companies adopt GRI as a reporting framework and become the members of the UNGC, and how the GRI and UNGC affect SER. Belal and Owen (2015) examine the basic drivers for the development and subsequent cessation of stand-alone SER in an MNC subsidiary in Bangladesh, using a case study method. They document that the company published its first stand-alone social report in 2002 as a legitimacy tool, but had to discontinue such reporting in 2009, in the face of significant opposition exerted by the national tobacco control regulations and protests posed by the stakeholders. They offer unique evidence that SER fails to meet the stakeholders’ expectations and attain its objectives of ensuring social justice and equity.

As such, the global CSR standards and governance have largely been led by the private sector rather than the governments. It is important to note that the governments (that are largely economically and morally weak and politically unstable) in developing countries are not capable enough to meet the very basic needs (such as education, health, nutrition - commonly known as public goods) of their citizens. As a result, the companies, especially the large MNCs, having extensive money and power, come forward to fill the gap and take advantage of increasing their power further. They engage in the production and distribution of public health, education, social security services and addressing other human rights, which were traditionally the responsibilities of the governments in developing countries (Margolis & Walsh, 2003). Through such engagements in public affairs, the businesses get involved with and influence the

global business regulation and development of global public goods (Vogel, 2008) and, through these increased roles, some businesses play a state-like role (Matten & Crane, 2005). Matten and Crane (2005) argue that corporates come forward to perform these activities when the state system fails to discharge its responsibilities and consequently businesses have become important political actors in the global society (Detomasi, 2007; Scherer, Palazzo, & Baumann, 2006; Matten & Crane, 2005). Drawing on the political economy of accounting and power, Belal, Cooper and Roberts, (2013) argue that structural inequalities and the uneven power relations in modern society are the main reasons for non-disclosure. Referring to the concerns raised by Hanlon (2008) and Llewellyn (2007) that CSR itself could further increase the rights and powers of business, they highlight the tremendous power of business. Based on their work, Belal, Cooper and Roberts (2013) call for further research to uncover the silencing of injustice.

The effectiveness of regulations and governance mechanisms is often weakened by the elites (Nakpodia & Adegbite, 2018), and such discourse and governance often reinforce the market domination in policy setting (Andrew & Cortese, 2013). Besides the superpower of the MNCs mostly based in developed countries, which enable them to address some of the basic social problems of developing countries and influence the democratic and regulation-setting process, such influence is enhanced and reinforced through the collaboration of the MNCs with the local super-rich business (-cum politicians) in the host countries. The unholy nexus between the MNCs, politicians, local businesses, regulators and governmental agencies destabilises the public institutions and worsens the fragile political and government environment in the developing countries. For example, Nakpodia and Adegbite (2018) document that institutional voids drive the emergence of elites and facilitate systemic corporate corruption. They argue that elites challenge institutional resilience, deinstitutionalise the institutions and control the controlling mechanisms in their favour (Oliver, 1992). Their findings challenge the institutional permanence argument of Dacin and Dacin (2008), North (1990) and Scott (2014) that says that the institutions constrain the behaviour of elites. In the same line, based on their review work, Scherer and Palazzo (2011) show how the businesses influence the political system, democratic regulations and control of market regulations through 'political CSR'. They also highlight the limitations of theorising CSR and SER research from the instrumentalist perspectives and call for further research to examine and theorise CSR from the political perspective.

Globalisation and MNCs play a pivotal role in catalysing SER in developing countries (Rathert, 2016; Li, Lin, & Yang, 2016; Miska, Witt, & Stahl, 2016; Preuss, Barkemeyer, & Glavas, 2016; Azizi & Jamali, 2016; Zyglidopoulos, Williamson, & Symeou, 2016; Khan, Lew, & Park, 2015; Mzembe & Meaton, 2014; Muthuri & Gilbert, 2011; Perez-Batres, Miller, & Pisani, 2010; Beckman, Colwell, & Cunningham, 2009; Flanagan & Whiteman, 2007; Weyzig, 2006). Li, Lin and Yang (2016) document that globalisation and multinationalism have a significant positive impact on the market responsibility, social responsibility and overall CSR practices in China. Muthuri and Gilbert (2011) find that internationalisation and global institutional forces explain the focus and form of social and environmental practices in Kenya. Similarly, Weyzig (2006) suggests that international CSR standards, such as the OECD guidelines for MNCs, act as normative guidance. Miska, Witt and Stahl (2016) argue that global CSR associations affect global CSR integration, whereas the presence in the Western and international markets lead to local CSR responsiveness. Perez-Batres, Miller and Pisani (2010) identify that global institutional pressures, such as international trade and listing with international stock exchange, encourage SER. Flanagan and Whiteman (2007) highlight the importance of international organisations, pressuring companies to be socially responsible.

Mzembe and Meaton (2014) document that the influence of global private and public regulations, coercive pressures from international financial institutions, and listing with international stock exchanges of the companies in Australia, Western Europe and North America have substantial positive impacts on CSR implementation. Beckman, Colwell and Cunningham (2009) identify that MNCs are key actors in Chile and that “MNCs imported their CSR beliefs, skills, and processes into Chile ... once large domestic firms felt pressured by their MNC rivals, they also adopted CSR initiatives” (p. 191). Zyglidopoulos, Williamson and Symeou (2016) argue that the developing country multinational corporations (DMNCs) have higher levels of social performance than their purely domestic counterparts. Similarly, Preuss, Barkemeyer and Glavas (2016) document that DMNCs from poorer countries and countries with lower governance effectiveness tend to express more comprehensive commitments to CSR. Azizi and Jamali (2016) argue that coercive forces at the global level are influential, as MNC subsidiaries are forced to act according to their headquarters’ policy. Khan, Lew and Park (2015) find that MNCs follow headquarters’ global CSR marketing strategies and adapt their CSR programs to the host country’s norms, focusing on their product brand value-related CSR

marketing. Based on the firm-level data³⁷ of 540 Western European MNCs, Rathert (2016) documents that the type of CSR adopted by MNCs is driven by the institutional features of the headquarters, and that MNCs adopt two distinct types of CSR policies: standards-based and rights-based CSR.

However, there is criticism against the MNCs. Most of the MNCs follow the centralised CSR strategies, which do not match with the needs of developing countries. Studies contend about the role of MNCs' CSR and SER in developing countries. (Ozdora-Aksak & Atakan-Duman, 2016; Momin & Parker, 2013; Beddewela & Herzig, 2013). Ozdora-Aksak and Atakan-Duman (2016) assert that the MNCs in developing countries execute their CSR initiatives taking the global needs into account rather than the local ones. Momin and Parker (2013) argue that MNCs in Bangladesh face conflicts between their headquarters policy and host country environment and prioritise home country policies for internal legitimacy. Beddewela and Herzig (2013) find that MNC subsidiaries in developing countries face dual institutional challenges: internal legitimacy to conform to the headquarters' regulations and policies based in the developed Western context, and external legitimacy to operate in developing countries. They suggest that subsidiaries are more preoccupied with seeking internal legitimacy to comply with the head office requirements and control, and priorities of the vulnerable local stakeholders are compromised (Beddewela & Herzig, 2013).

The pressures for SER in developing countries stemming from the global level are primarily coercive exerted by the international buyers and lenders to comply with the global best practices, CSR standards and guidelines. Businesses that are dependent on international buyers, lenders and other stakeholders face coercive pressures for SER from the global market. A good number of studies document that SER of export-oriented companies in developing countries is in response to the expectations and coercive pressures posed by the international buyers, lenders, MNCs and governments (Rahaman, Lawrence and Roper, 2004; Islam and Deegan, 2008; Belal and Roberts, 2010; Khan *et al.*, 2013; Muttakin and Khan, 2014; Muttakin, Khan and Azim, 2015; Zou, 2015; Li, Lin and Yang, 2016; Ozdora-Aksak and Atakan-Duman, 2016). Belal and Roberts (2010) argues that motivation and CSR practice in Bangladesh are growing in response

³⁷ from Bureau van Dijk's AMADEUS database, ASSET4 ESG database, and Thomson Reuters DataStream.

to pressures from international markets. Similarly, Muttakin, Khan and Azim (2015), Muttakin and Khan (2014) and Khan *et al.* (2013) find that CSR practices have a significant positive relationship with export-dependent industries in Bangladesh because of the bargaining power of international buyers. Ozdora-Aksak and Atakan-Duman (2016) document that the business to business firms focus on core business-related CSR activities, whereas the business to consumers companies focused on discretionary, diverse and philanthropic CSR initiatives in Turkey. Zou (2015) also finds that MNCs create pressure on the focal firms for product quality and a wider range of social issues, whereas the state-owned enterprises create it for employee welfare and a broader range of social issues, in China. The international buyers from developed countries exert significant influence, as opposed to the local consumers on the export-dependent firms in developing countries, to adopt the Western explicit CSR guidelines. The pressure in this case possibly comes from the ethical concerns of the educated consumers in advanced economies and the compliance with the listing requirements and those of a sustainable supply chain management of the foreign buyers.

Besides the global governance and international players, the governance, and cultural cognitive factors of the country where a firm operates also influence and shape its SER.

4.3.2 Country governance and SER

The definition of ‘governance’ given by the World Bank is very much related to country-level governance. The World Bank defines governance as “the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected, monitored and replaced; (b) the capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them” (Kaufmann, Kraay, & Mastruzzi, 2010, p. 4). The World Bank again constructs two measures of governance related to each of the three areas, resulting in a total of six indicators³⁸ of governance: voice and accountability,

³⁸ (a) The process by which governments are selected, monitored, and replaced: 1. Voice and accountability capture the perceptions of the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media. 2. Political stability and absence of violence/terrorism captures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism. (b) The capacity of the government to effectively formulate and implement sound policies: 3. Government effectiveness (GE) - capturing perceptions of the quality of public services, the quality of the civil service and the degree of its

political stability and absence of violence/terrorism, government effectiveness, regulatory quality, rule of law and control of corruption. In addition to these six indicators, the informal factors, such as culture, also constitute country governance. The following part reviews the country governance in terms of coercive, normative, and cultural cognitive pressures that shape SER in developing countries.

Prior studies show that the quality of country-level governance influences the economic and social development (e.g. Busse and Gröning, 2009; Kraay and Tawara, 2010; Çule and Fulton, 2012). Also, country characteristics, such as cultural and legal environments, determine companies' level of disclosure (e.g. Jaggi and Low, 2000; Hope, 2003) and sustainability performance (Ortas et al., 2015; Ioannou & Serafeim, 2012). Studies examine the link of SER with state regulations, governance and political conditions in developing countries (e.g. Li *et al.*, 2010; Momin, 2013; Govindan, Kannan and Shankar, 2014; Mzembe and Meaton, 2014; Wu, 2014; Barakat, Pérez and Rodríguez Ariza, 2015). Govindan, Kannan and Shankar (2014) identify that government regulations are the most powerful driver for social and environmental practices in India. Barakat, Pérez and Rodríguez Ariza (2015) reveal that CSR disclosure is positively associated with the legal system of the country. Mzembe and Meaton (2014) find that state policy affects the CSR agenda in Malawi. Li *et al.* (2010) identify that “a country's governance environment is the most important driving force behind CSR communications intensity” (p.635) in BRIC countries. They also argue that the bigger manufacturing firms in more rule-based societies disclose more CSR information. Similarly, Momin (2013) also identifies the weak governmental structure as a barrier to SER in a developing country (taking Bangladesh as a case) based on interviews with nine social and environmental NGOs.

The economic activities in a traditional setting are primarily directed at satisfying the desire of the master (who is at the centre of the state power) (Weber, 1978). Also, the expected role of

independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. 4. Regulatory quality (RQ) - captures the perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. (c) The respect of citizens and the state for the institutions that govern economic and social interactions among them. 5. The Rule of law (RL) - capturing perceptions of the extent to which agents have confidence in and abide by the rules of society, and the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. 6. Control of Corruption (CC) capturing perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests (Kaufmann et al., 2011, p. 222).

regulations in creating and maintaining harmony between organisations and society is, by and large, missing in developing countries. As a result, although the concept of ‘political CSR’ was originated through the process of globalisation, the ‘political use of CSR and CSR reporting’ has now become a common phenomenon at the country level and it is now being practised by the local firms as well. For instance, drawing upon the neo-pluralistic argument that political connection could enable businesses to shun stakeholder pressure and by using 936 firm-year observations collected from annual reports of companies listed on the Dhaka Stock Exchange in Bangladesh from 2005 to 2013, Muttakin, Mihret and Khan (2018), find that corporate political connection is associated with reduced CSR disclosures. By analysing the annual reports of 23 banking companies in Bangladesh from 2009–2012, Uddin, Siddiqui and Islam (2018) conclude that the corporate philanthropic activities that are disclosed in the CSR reports are inseparably linked to personal projects of the influential leaders and the ruling party’s agendas.

The role of contextual, cultural cognitive factors is well established in SER literature (Matten & Moon, 2008). Matten and Moon (2008) argue that “CSR is located in wider responsibility systems in which business, governmental, legal, and social actors operate” (p. 407). Likewise, Halme, Roome, & Dobers (2009) document that CSR is determined by “the institutional, legal and cultural setting within which business is practiced” (p. 2). Despite the global pressure for convergence, the socio-political, legal, and cultural backgrounds of a nation influence its CSR practice to a great extent (Preuss & Barkemeyer, 2011). Developing countries possess unique socio-cultural, historical, and political conditions dominated by the state and ruling party (see Chapter 3). Thus, we expect that despite the global institutional pressure for convergence, CSR practices in those countries will be largely shaped by the socio-economic reality of the local settings and be profoundly affected by the perversion of the state and governmental intervention.

Although global CSR guidelines and MNCs operating in the developing countries encourage convergence, MNCs need to make significant adaptations in their global CSR agendas to fit with the local cultural cognitive factors (Gruber & Schlegelmilch, 2015; Flanagan & Whiteman, 2007). A good number of studies investigate the relationship between cultural cognitive and contextual factors and CSR in developing countries (Rathert, 2016; Wirth et al., 2016; Yin &

Jamali, 2016; Gruber & Schlegelmilch, 2015; Hossain, Hecimovic, & Lema, 2015; Momin & Parker, 2013; de Abreu et al., 2012; Ertuna & Tukul, 2010; Flanagan & Whiteman, 2007; Mehra, 2006; Weyzig, 2006). Weyzig (2006) reveals that the priorities and operational aspects of CSR are strongly influenced by the local context and argues that “CSR developments are mainly driven by global developments but shaped by context-specific factors” (p. 69). Rathert (2016) also suggests that “specific types of CSR adoption are driven by the institutional features of MNE [multinational enterprises] host countries, rather than home countries” (p. 875). Wirth *et al.* (2016) identify that the context of the host countries largely determines the CSR policies and practices. Ertuna and Tukul (2010) document that despite the interaction between the domestic and international influences, traditional contextual practices have a stronger impact on SER practices compared to global forces, and that SER practice in Turkey is mostly context-dependent. Yin and Jamali (2016) argue that MNCs in China need to cope with the local context to secure benefits from social and economic value creation. Abreu *et al.* (2012) document that the characteristics of the host country where a firm is located strongly influence the CSR adoption. Hossain, Hecimovic and Lema (2015) identify a culturally specific context, Bangladesh, where telecommunication companies focus more on the community disclosure than the environmental disclosure. Momin and Parker (2013) argue that because of the hostile external host country environment, the SER in Bangladeshi MNC subsidiaries is limited.

Corruption adversely affects SER in developing countries (Agyei-Mensah, 2017; Lopatta et al., 2017; Wu, 2014; Ioannou & Serafeim, 2012; Azmat & Coghill, 2005). Wu (2014) identifies that a high level of local government corruption encourages the likelihood of irresponsible social and environmental behaviour of companies. In a comparative study between two African countries, Botswana and Ghana, with 174 firm-year observations from 2011-2013, Agyei-Mensah (2017) finds that firms in a less corrupt country disclose more forward-looking information. Lopatta *et al.* (2017) show that CSR performance is negatively associated with the risk of corporate corruption. In the same manner, Ioannou and Serafeim (2012) document a positive relationship between the control of corruption and SER. Press and media play a critical role in combating corruption and promoting SER. On the other hand, restrictions on the freedom of press and expression encourage higher levels of corruption (Camaj, 2013). In the same manner, Hu and Scholtens (2014) document that CSR is positively related to voice and accountability.

Several studies examine the influence of other stakeholders such as NGOs, consumers, community and media (Beddewela & Fairbrass, 2016; Mzembe & Meaton, 2014; Momin, 2013; Beckman, Colwell, & Cunningham, 2009; Belal & Owen, 2007). Momin (2013) suggests that the corporate social disclosure in a developing country is driven by international consumer groups, global social and environmental NGOs, and international fund providers. Beckman, Colwell and Cunningham (2009) identify that MNCs and NGOs are key actors in Chile. Beddewela and Fairbrass (2016) document that the NGOs influence CSR practices of firms in Sri Lanka. Mzembe and Meaton (2014) document that Paladin, an Australian MNC, has to respond to the concerns and expectations of the community because of the pressure from listing requirements of stock exchanges in Australia, Western Europe and North America, and civil society organisations. However, Belal and Owen (2007) argue that the major motivation for CSR reporting in Bangladesh is to satisfy key stakeholders. In addition to government, they identify media and powerful lobby groups as influential stakeholders. However, less powerful stakeholder groups, such as the community and broader society, are either disregarded or virtually unheard of (Belal & Owen, 2007). Consumers and community are neglected in the absence of such pressures due to the institutional voids, for instance, inefficient democratic institutions, lack of prudent regulations, weak enforcement of laws, inadequate pressure from civil society (Islam and Deegan, 2008; Robertson, 2009; Khanna and Palepu, 2010; Uddin, Siddiqui and Islam, 2018).

It is argued that corporate managers are now controlled by the legal and economic constraints in maximising the interest of the owners at the expense of other stakeholders (Freeman, 1997). The legal constraints, such as products liability law³⁹, labour law⁴⁰, environmental law⁴¹, and the civil and human rights, have imposed constraints on managers in ignoring the interests of other stakeholders (Freeman, 1997). However, in an inefficient and vulnerable governance environment in developing countries, as discussed in the preceding section, firms might attempt

³⁹Volkswagen recalls five million cars in China over faulty airbags linked to deaths; product liability law has largely replaced caveat emptor with caveat venditor and product recalls and customers right to information compel managers in caring customers right (<https://www.thetrustedinsight.com/investment-news/volkswagen-recalls-five-million-cars-in-china-over-faulty-airbags-linked-to-deaths-the-independent-20170914871/>)

⁴⁰ Equal pay act and human rights coerce managers from discrimination in hiring and managing employees.

⁴¹ BP reveals \$6.3bn quarterly loss owing to Deepwater Horizon bill; faced an extra charge of \$10.8bn taken on by UK oil company follows \$18.7bn legal settlement to cover US federal, state and local compensation claims. (<https://www.theguardian.com/business/2015/jul/28/bp-loss-deepwater-horizon-bill>)

to yield the undue benefits of weak regulations, prioritise the interest of the most powerful stakeholders, subverting that of the relatively weaker ones (Belal & Owen, 2007).

Finally, emphasising the significance of the socio-political context for mainstreaming CSR, Mehra (2006) suggests “if we expect CSR to truly take off in emerging markets ... ongoing socio-political reality needs to be borne in mind” (p. 21). Besides, the focus should be on the local, as she notes “while the CSR movement has been inspired by global norms and standards, ... domestic constituencies for CSR in emerging markets is perhaps the single most important area where efforts should be exerted for meaningful long-term results” (p. 22). Despite the global pressure on MNC subsidiaries and export-dependent firms to adopt the Western guidelines, CSR in developing countries is largely shaped by the local contextual factors, such as culture, governance, politics. The aforesaid discussion suggests that instead of convergence or divergence, a blended form of CSR, often termed as ‘crossvergence’, has emerged in developing countries. Taken together, it can be said that the governance and cultural cognitive characteristics of a country in which businesses are located can largely determine the forms and focus of SER.

4.3.3 Firm-level governance and SER

Firm-level governance or corporate governance is defined as “the system by which companies are directed and controlled” (Cadbury Committee, 1992). Being a subset of governance, corporate governance acts as a watchdog in safeguarding the interests of the stakeholders. Several studies find that corporate governance promotes SER in developing countries (Sundarasan, Je-Yen, & Rajangam, 2016; Barakat, Pérez, & Ariza, 2015; Kiliç, Kuzey, & Uyar, 2015; Muttakin & Subramaniam, 2015; Muttakin & Khan, 2014; Khan et al., 2013; Rao, Tilt, & Lester, 2012; Said, Zainuddin, & Haron, 2009; Jamali, Safieddine, & Rabbath, 2008; Haniffa & Cooke, 2005). Corporate governance safeguards the interest of the shareholders and promotes corporate accountability and transparency by disclosing the social and environmental practices of a company (Hossain & Alam, 2016). Besides the shareholders, corporate governance also safeguards the interest of other stakeholders (Freeman et al., 2010). Jamali, Safieddine & Rabbath (2008) argue that corporate governance acts as a necessary condition for socially

responsible behaviour of firms by documenting that “the majority of managers conceive of CG⁴² as a necessary pillar for sustainable CSR” (p. 443).

The contemporary studies examine the relationship between corporate governance and SER (Ibrahim & Hanefah, 2016; Sundarasan, Je-Yen, & Rajangam, 2016; Barakat, Pérez, & Ariza, 2015; Kiliç, Kuzey, & Uyar, 2015; Deschênes et al., 2015; Muttakin & Subramaniam, 2015; Giannarakis, 2014b; Muttakin & Khan, 2014; Khan et al., 2013; Dunn & Sainty, 2009; Jamali, Safieddine, & Rabbath, 2008; Rashid & Lodh, 2008; Ghazali, 2007). However, the CSR research in the developing countries is still dominated by the nature, contents, extent and motivational aspects of SED (Dowling and Pfeffer, 1975; Teoh and Thong, 1984; Guthrie and Parker, 1989; Guthrie, Parker and Parker, 1990; Patten, 1992; Roberts, 1992; Clarkson, 1995; Donaldson and Preston, 1995; Deegan and Gordon, 1996; Deegan and Rankin, 1997; Adams, Hill and Roberts, 1998; Neu, Warsame and Pedwell, 1998; McWilliams and Siegel, 2001; Newson and Deegan, 2002; Campbell, 2007; van Beurden and Gössling, 2008; Uzma, 2016); and by the determinants of SED in general (Alotaibi & Hussainey, 2016; Nurhayati et al., 2016; Barakat, Pérez, & Ariza, 2015; Giannarakis, 2014a; Muttakin & Khan, 2014; Rahman, Zain, & Al-Haj, 2011; Naser et al., 2006; Alnajjar, 2000; Hackston & Milne, 1996).

However, prior studies disapproved of the appropriateness of the Anglo-American corporate governance models and institutions in developing countries (Singh & Zammit, 2006; Singh, 1997, 1999) as those models are preconditioned by developed capital markets, independent accounting professions and a democratic state (Singh & Zammit, 2006; Morck, Wolfenzon, & Yeung, 2005; Chua & Poullaos, 1993, 1998; Sikka & Willmott, 1995; Robson & Cooper, 1990; Puxty et al., 1987), which are, however, largely non-existent in developing countries (Dyball, Fong Chua, & Poullaos, 2006; Dyball & Valcarcel, 1999). Also, most of the studies are conducted in the context of advanced economies. Therefore, there is still the paucity of research in both corporate governance and SER literature in the context of developing countries. Moreover, some studies suspect the effectiveness of corporate governance mechanisms there (Reed, 2002; Reed, 2002; West, 2006; Judge, Douglas and Kutan, 2008; Uddin and Choudhury,

⁴² CG stands for corporate governance.

2008; Siddiqui, 2010). Therefore, the influence of corporate governance mechanisms on SER may be different in developing countries.

In addition to the formal corporate governance structure, the informal firm-level ethical leadership and normative values of board, managers and employees can also play an important role in catalysing SER. Apart from external pressures, managers have their grounds and intrinsic motivation to discharge CSR. Management, as a stakeholder and as an agent, plays a special role in safeguarding the interests of other stakeholders. Studies reveal that managers' ethical and normative values have a profound impact on CSR in developing countries (Miska, Witt, & Stahl, 2016; Tian, Liu, & Fan, 2015; Muller & Kolk, 2010; Jamali, Zanhour, & Keshishian, 2009; Mehra, 2006). Jamali, Zanhour and Keshishian (2009) document that the owner-managers' spiritual commitment to social practices is the most critical driver for doing altruistic CSR in Lebanon. Muller and Kolk (2010) document that management commitment to ethics is the dominant driver of CSP. Similarly, Tian, Liu and Fan (2015) find that both ethical leadership and external stakeholder pressure have significant positive impacts on CSR implementation and the positive effect of external stakeholder pressure on CSR weakens where the level of ethical leadership is higher and vice versa. Miska, Witt and Stahl (2016) suggest that the advent of global CSR is a consequence of the multicultural experience of top management teams. Likewise, Mehra (2006) argues that leadership and accountability from top management is a must for mainstreaming CSR. Based on interview data from seven large MNCs in the UK and Germany, Adams (2002) points to the lack of explanatory power of the prevailing CSR theories and offers a more inclusive model of CSR, in addition to the corporate characteristics and general contextual factors. The internal contextual factors, as highlighted by Adams (2002), include the role of chair and board of directors of the firm, CSR reporting committee, corporate structure and governance procedures, degree and nature of stakeholder engagement, level of accountants' involvement, corporate culture corporate views on reporting bad news, regulations and verification, and reporting costs and benefits.

Studies also reveal that employees are considered as essential drivers for CSR and CSR reporting (Rahman, Haski-Leventhal, & Pournader, 2016; Zou, 2015; Momin & Parker, 2013; Rettab, Brik, & Mellahi, 2009). Zou (2015) documents that higher educated employees are the leading actors in shaping the CSR activities of small and medium-sized enterprises (SMEs) in

China, by creating pressures for employee welfare and a wider range of social issues. Rettab, Brik and Mellahi (2009) find a positive relationship between employee commitment and CSR in Dubai. Momin and Parker (2013) argue that CSR disclosure in Bangladeshi MNC subsidiaries is limited, consisting mainly of employee information, possibly because of a desire for internal legitimacy. Rahman, Haski-Leventhal and Pournader (2016) also document positive relationships between employee CSR attitudes, job satisfaction and organisational commitment.

Previous studies generally used board independence, board gender diversity, the board size, board meeting, and CEO duality as surrogates for corporate governance or firm-level governance.

Board independence

Board independence is measured as a percentage of independent directors on the board as commonly used in the accounting literature (Majumder, Akter, & Li, 2017; Barakat, Pérez, & Ariza, 2015; Muttakin & Subramaniam, 2015; Khan et al., 2013; Jo & Harjoto, 2011). Board independence is considered as one of the important apparatus of corporate governance mechanisms because an independent board ensures better monitoring (Agrawal and Knoeber, 1996; Jo and Harjoto, 2011). It is expected that independent directors strengthen board performance by monitoring its activities and management and ensure the interest of the investors (Petra, 2005; Fama & Jensen, 1983). Because of their position and interest neutrality, independent directors are expected to focus more on meeting the social obligations of the company (Zahra & Stanton, 1988). Chang *et al.* (2017) contend that independent directors could restrict managers from self-seeking activities that may lead to socially irresponsible decisions. Jo & Harjoto (2011) observe that board independence positively influences the level of CSR disclosures. Likewise, Abdullah, Mohamad, & Mokhtar (2011) argue that independent directors play a decisive role in promoting CSR practices of a company. However, Uddin & Choudhury (2008) document that independent directors in Bangladesh are appointed because of personal connections, rather than their skills and expertise. Although several previous studies find a positive association between board independence and CSR disclosures, independent directors in developing countries may not be truly independent (Uddin & Choudhury, 2008).

Board gender diversity

Board gender diversity is measured as a percentage of female directors on the board. The gender diversity of the board is expected to result in a higher board efficiency because of quality monitoring (Adams & Ferreira, 2009), increased reputation of the company by engaging with societal affairs (Bear, Rahman, & Post, 2010), better corporate governance (Bernardi, Bean, & Weippert, 2002) and a better decision due to board heterogeneity, active participation and discussion on the board meetings (Letendre, 2004). Moreover, female directors help create an open and relaxed atmosphere on the board (Huse & Solberg, 2006). The critical mass theory (Konrad, Kramer, & Erkut, 2008) indicates that a critical mass of women in boards is necessary to change board attitude towards CSR reporting. Therefore, woman leadership is deemed to be critical to organisational success. Previous studies suggest that women are more sensitive to the society than men (Burgess & Tharenou, 2002) and therefore, the higher share of female directors on the board, the higher the corporate charitable giving to the community, arts, and cultural activities (Ayuso & Argandoña, 2007; Williams, 2003; Wang & Coffey, 1992). Nielsen & Huse (2010) argue that females may be particularly sensitive to certain organisational issues, such as CSR and environmental policies. Based on a systematic review of 310 articles published in 135 journals from 1981 to 2016, Kirsch (2018) documents that there is a positive impact of a female director on the social and ethical behaviour of firms and gender diversity in the management (below the board level). However, women are in a disadvantageous position in getting access to corporate boards. The inclusion of women on the boards is determined by the institutional factors on three levels: formal and informal institutions, actors and their interests (micro-level); board, organisational and sectoral characteristics (Meso-level) and appointment processes with gender bias and restricted access to outsiders (confined to the family members) (micro-level) (Kirsch, 2018, p.357). Considering the literacy rate of women, the male-dominated patriarchal society (Quisumbing, Kumar, & Behrman, 2018; WEF, 2017; Solotaroff & Pande, 2014; Kabeer, 2000; Amin & Pebley, 1994), the honour culture (Aslani et al., 2013, 2016), the family-dominated business, and the lack of necessary expertise and experience of women in business (Uddin & Choudhury, 2008), the presence of women on the board in developing countries in general and in Bangladesh, in particular, may be symbolic and may not contribute towards promoting SER.

Against the expectations of better corporate social and environmental matters, there are opposite views as well. Studies about gender contend how business efforts toward gender-supportive practices may inadvertently lead to further incapacitating women on the corporate value chain (Sinkovics, Hoque and Sinkovics, 2016; e.g. Mccarthy, 2017; Ozkazanc-Pan, 2018). A good number of studies argue that global level initiatives (such as those of UN and World Economic Forum for promoting gender empowerment), national-level initiatives (governance mechanisms to regulate and monitor inequalities between men and women) (Chant & Sweetman, 2012; Nussbaum, 2003; Council of Europe, 1998) and firm-level governance for gender equality (Rao & Kelleher, 2005) could not deliver on their promise, other than facilitating market and trade growth (Eisenstein, 2005; Acker, 2004).

Board size

Board size denotes the total number of directors on the board of a company. Board size is considered as an effective monitoring tool of corporate governance (Lee & Chen, 2011) and, as such, a larger board tends to disclose more information (Samaha et al., 2012). Akhtaruddin *et al.* (2009) argue that a larger board could have diversified expertise because of their collective experience. Hence, the volume and quality of disclosures are expected to increase. The extant literature provides mixed results regarding the link between the board size and SER. A good number of studies find significant positive relationships (Alotaibi & Hussainey, 2016; Javaid Lone, Ali, & Khan, 2016; Majeed et al., 2015; Barakat, Pérez, & Ariza, 2015; Supriyono et al., 2015; Giannarakis, 2014a; Haji, 2013; Siregar & Bachtiar, 2010), and some studies document an insignificant positive link between board size and SER (Kiliç, Kuzey, & Uyar, 2015; Ling & Sultana, 2015; Razak & Mustapha, 2013). By contrast, a few studies find an insignificant negative relationship between board size and SER (e.g. Dunn and Sainty, 2009; Sufian and Zahan, 2013).

4.3.4 Development of hypotheses

The aforesaid literature review shows that governance at the global, country and firm levels influence SER. Global governance has two dimensions – normative and coercive. The normative global governance, such as GRI standards, UNGC Principles, ISO 26000 and the like, motivate companies to be socially and environmentally responsible and report the same. The coercive global governance that largely comes from international buyers, lenders and other

pressure groups also require firms to do SER. Moreover, some firms in developing countries do SER to satisfy the (normative) expectations of the consumers in developed countries. Therefore, the first hypothesis is proposed.

H1: There is a positive relationship between global governance and SER in developing countries.

Country governance consists of “the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected, monitored and replaced; (b) the capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them” (Kaufmann, Kraay, & Mastruzzi, 2010, p. 4). Studies document that country government regulations are the most powerful driver for SER (Barakat, Pérez, & Ariza, 2015; Govindan, Kannan, & Shankar, 2014; Li et al., 2010), whereas a weak governmental structure acts as a barrier to SER (Momin, 2013). Prior studies document that democracy, freedom of expression, freedom of association and media cause pressures for companies to be accountable (Newell & George Frynas, 2007), socially and environmentally responsible, and disclose more CSR information. Democratic governments and systems improve the feeling of security and self-confidence among citizens through the enforcement of law and judicial system that ensure freedom for all (Simnett, Vanstraelen, & Chua, 2009). Thus, democracy and freedom of the press are conducive for SER (de Villiers and Marques, 2016). On the other hand, corruption adversely affects SER in developing countries (Agyei-Mensah, 2017; Lopatta et al., 2017; Wu, 2014; Ioannou & Serafeim, 2012; Azmat & Coghill, 2005). Wu (2014) identifies that a high level of local government corruption encourages the likelihood of irresponsible social and environmental behaviour of companies. In a comparative study between two African countries - Botswana and Ghana - with 174 firm-year observations from 2011-2013, Agyei-Mensah (2017) finds that firms in a less corrupt country disclose more forward-looking information. Lopatta *et al.* (2017) show that CSR performance is negatively associated with the risk of corporate corruption. In the same manner, Ioannou and Serafeim (2012) document a positive relationship between the control of corruption and SER. The press and media play a critical role in combating corruption and promoting SER. On the other hand, restrictions on the freedom of the press and expression encourage higher levels of corruption

(Camaj, 2013). In the same manner, Hu and Scholtens (2014) conclude have concluded that CSR is positively related to voice and accountability. Some studies have documented that in developing countries where government services are less effective, businesses supplement government responsibility to some extent to fill the institutional voids and disclose it (Doh et al., 2017; Ghoul, Guedhami, & Kim, 2017; Amaeshi et al., 2016; Healy & Serafeim, 2016; Matten & Crane, 2005). A few studies argue that firms operating in a country having a strict rule of law avoid disclosing any unwanted additional information for fear of pressure/bad publicity/risk and government intervention (Kirsch, 2018; Belal & Cooper, 2011). Therefore, the second hypothesis is proposed.

H2: There is a positive relationship between country-level governance and SER in developing countries.

Board independence, board gender diversity, the board size, frequency of board meetings are used as the firm-level governance variables. Studies provide mixed results about the relationship between board independence and SER. Some studies document that there is a *significant positive link* between the board independence and SER (Ibrahim & Hanefah, 2016; Javaid Lone, Ali, & Khan, 2016; Deschênes et al., 2015; Kiliç, Kuzey, & Uyar, 2015; Muttakin & Subramaniam, 2015; Supriyono et al., 2015; Khan et al., 2013; Dunn & Sainty, 2009; Rashid & Lodh, 2008), and an *insignificant positive link* between them (Majumder, Akter, & Li, 2017; Nurhayati et al., 2016; Lim et al., 2008). However, some studies report an *insignificant negative relationship* between the board independence and SER (Alotaibi & Hussainey, 2016; Sundarasan, Je-Yen, & Rajangam, 2016; Barakat, Pérez, & Ariza, 2015; Kiliç, Kuzey, & Uyar, 2015; Giannarakis, 2014b; Haji, 2013).

Regarding the relationship between the board gender diversity and SER, previous studies provide inconclusive results. A good number of quantitative studies (regression analyses) document a *significant positive relationship* between board gender diversity and SER (Ullah, Muttakin, & Khan, 2019; Ibrahim & Hanefah, 2016; Javaid Lone, Ali, & Khan, 2016; Setó-Pamies, 2015; Boulouta, 2013; Hafsi & Turgut, 2013; Zhang, 2012; Post, Rahman, & Rubow, 2011; Bear, Rahman, & Post, 2010; Webb, 2004; Williams, 2003). Although Ullah, Muttakin and Khan (2019) document a significant positive relationship between the female directors and

SER in the insurance industry in Bangladesh, the relationship becomes insignificant in the case of family-owned firms. They argued that in the family-dominated insurance companies, gender-diversified boards do not have any effect on the level of CSR reporting maybe because of the male dominance and patriarchy. However, some studies record an *insignificant positive link* between female directors and SER (Majumder, Akter, & Li, 2017; Sundarasan, Je-Yen, & Rajangam, 2016; Muttakin, Khan, & Azim, 2015; Giannarakis, 2014a, 2014b; Khan, 2010).

By contrast, some studies document *significant negative* relationships between SER and female directors (Husted & de Sousa-Filho, 2019; Muttakin, Khan, & Subramaniam, 2015) and *insignificant negative* relationships between SER and board gender diversity (Majeed et al., 2015; Kiliç, Kuzey, & Uyar, 2015). With the dataset of 116 non-financial companies from 2005-09, Muttakin, Khan and Subramaniam (2015) find that both the female directors and family-ownership are significantly negatively linked with SER, and the relationship of female directors and SER is found *insignificant and negative* in the case of family firms in Bangladesh. Using the Bloomberg ESG dataset for 176 firms from four Latin American countries (Brazil, Mexico, Colombia and Chile), Husted and de Sousa-Filho (2019) find a *significant negative* link between women on boards and SER. The relationship between SER and board gender diversity is mediated by family ownership and control in developing countries. Based on data collected from the annual reports of 116 non-financial companies from 2005-2009, Muttakin, Khan and Subramaniam (2015) find that there is an insignificant positive relationship between board gender diversity and CSER in Bangladesh, while the relationship is significantly negative for family firms. Although (Ullah, Muttakin, & Khan, 2019) find a significant positive relationship between female directors and SER in the insurance industries in Bangladesh, the relationship is insignificant for the family-owned companies.

The extant literature provides mixed results regarding the link between the board size and SER. A good number of studies find *significant positive relationships* between them (Alotaibi & Hussainey, 2016; Javaid Lone, Ali, & Khan, 2016; Majeed et al., 2015; Barakat, Pérez, & Ariza, 2015; Supriyono et al., 2015; Giannarakis, 2014a; Haji, 2013; Siregar & Bachtiar, 2010). Some studies document an *insignificant positive* link between the two (Kiliç, Kuzey, & Uyar, 2015; Ling & Sultana, 2015; Razak & Mustapha, 2013). By contrast, a few studies find an *insignificant negative* relationship between the board size and SER (e.g. Dunn and Sainty, 2009;

Sufian and Zahan, 2013). The number of board meetings can have an impact on firm-level decisions and disclosure because frequent board meeting is a proxy for board activity (Khanchel, 2007). Shivdasani and Zenner (2004) argue that frequent board meetings may act as a supervision and control mechanism. It can be expected that the probability of effective discussions and decisions regarding the CSR and SER-related issues in addition to the business affairs will increase with frequent board meetings (Giannarakis, 2014b). However, studies find an *insignificant positive* relationship between the frequency of board meetings and SER (Alotaibi & Hussainey, 2016; Giannarakis, 2014a, 2014b) and an *insignificant negative* relationship (Haji, 2013).

However, some question the appropriateness of the Anglo-American corporate governance models and institutions in developing countries (Singh & Zammit, 2006; Singh, 1997, 1999), arguing that those models are preconditioned by developed capital markets, independent accounting professions and a democratic state (Singh & Zammit, 2006; Morck, Wolfenzon, & Yeung, 2005; Chua & Poullaos, 1993, 1998; Sikka & Willmott, 1995; Robson & Cooper, 1990; Puxty et al., 1987), which are, however, largely absent in developing countries (Dyball, Fong Chua, & Poullaos, 2006; Dyball & Valcarcel, 1999). Therefore, the third hypothesis is proposed.

H3: There is a positive relationship between firm-level governance and SER in developing countries.

4.4 Summary

Based on the review of SER and governance literature above, findings are summarised, and gaps are identified. The review shows that the level of corporate social and environmental disclosure in developing countries is still low, and the reasons for low or no disclosure include the lack of resources, the profit imperative, the lack of legal requirements, lack of awareness, poor performance and the fear of bad publicity (Kirsch, 2018; Belal & Cooper, 2011), the desire of keeping the size of the annual report brief and maintaining secrecy about the firm's activities (Teoh & Thong, 1984). SER in developing countries is dominated by the disclosure of good news (Deegan & Rankin, 1996). As the number of good news is small, the level of SER is also low. Other reasons include cultural attitudes within a country (Adams, 2004); little or no pressure from community pressure groups and the government's failure to enforce existing SER

legislation (Gao, Heravi, & Xiao, 2005; Kuasirikun & Sherer, 2004); an absence of mandatory SER (Kuasirikun & Sherer, 2004; Adams, Coutts, & Harte, 1995). SER in developing countries consists mainly of symbolic disclosures with some limited substantive disclosures (Soobaroyen & Ntim, 2013); it is inadequate, cosmetic and rhetoric in nature because of the lack of corporate genuine social involvement (Belal & Roberts, 2010; Teoh & Thong, 1984); and “no more than a public relations exercise” (Momin, 2013, p. 11). An extensive mismatch between reality and SER (decoupling) exists. As a result, the fundamental objective of SER to promote transparency and accountability is being compromised due to the ‘business case’ motive of SER and an unwillingness to reform corporate governance structures (Owen, Swift, & Hunt, 2001).

The development of SER is closely related to the globalisation of business. Firms, which are operating across the globe, face different legal and governance systems in different countries. In the global marketplace, CSR involves managing relationships between the company and diverse stakeholders. With globalisation and expansion of capitalism throughout the world, operations of corporations and concurrent problems (such as climate change, loss of biodiversity) created by the businesses have emerged as a global concern in contrast to the earlier state-based conceptions. The national states and intergovernmental organisations lack adequate power to control the rules of the economic system (Scherer & Smid, 2000). As a result, government regulations have been gradually losing their effectiveness in controlling the social and environmental behaviour of corporations. To address the differences in the national governance system and to minimise the aforesaid difficulties, the global governance (Brown, Clark, & Buono, 2018; Merry, 2011; Chen & Bouvain, 2009; Weiss, 2000; Rosenau, 1995), commonly known as self-regulation, has emerged.

To ensure responsible corporate behaviour by encouraging companies to voluntarily improve their activities rather than directly regulating their social and environmental behaviour, global governance standards, such as UNGC, GRI, ISO 26000, have been developed. More importantly, corporations have also tried to devise some harmonisation tools to be followed globally (in contrast to varied regulations in various countries) to legitimate their presence of operations and avoid any strict regulations (Williams, 1999). With the institutional voids and incapacity of the governments, the large companies having massive amounts of money and power come forward to fill the gap and take advantage in increasing their rights and power

further (Hanlon, 2008; Llewellyn, 2007). They engage in the production and distribution of public health, education, social security services and addressing other human rights, which were traditionally the responsibilities of the government in developing countries (Margolis & Walsh, 2003). Through such engagements in public affairs, the businesses get involved with and influence the global business regulation and development of global public goods (Vogel, 2008), and through these increased roles, some businesses play a state-like role (Matten & Crane, 2005).

Previous studies examine the extent of social and environmental disclosure based on the GRI as a benchmark. But there is a paucity of SEA research that empirically examine the relationship of SER with the UNGC and GRI in developing countries. There has been a limited effort in unveiling why (or why not) companies adopt GRI as a reporting framework, why companies adopt UNGC, how GRI and UNGC affect SER. For example, Belal and Owen (2015) document that the company with an MNC subsidiary in Bangladesh published its first stand-alone social report in 2002 as a legitimacy tool and had discontinued such reporting in 2009 in the face of significant opposition exerted by the national tobacco control regulations and protests posed by the stakeholders. They offer unique evidence that SER fails to meet the stakeholders' expectations and attain its objectives of ensuring social justice and equity. Therefore, there is a research gap in explaining how global governance, such as GRI and UNGC, influence SER in developing countries and why.

The effectiveness of global governance depends on the effectiveness of the country institutional and governance arrangements (Chen & Bouvain, 2009). Developing countries often have an entirely different socio-political context (Nakpodia & Adegbite, 2018) and their economic development is often at different stages, with different priorities (e.g. relying more on export-oriented development strategies), having an under-developed capital market and corporate governance systems, and relatively weak regulatory mechanisms. All these factors could play a significant role in influencing SEA development in these countries, as it is almost impossible to isolate SEA development from real social-political and economic contexts. Context plays a critical role in shaping the CSR practices and reporting thereof. Specific contexts, such as the country governance and cultural cognitive, factors influence firms' SER and sustainability performance (e.g. Ioannou and Serafeim, 2012; Ortas *et al.*, 2015). The economic activities in

a traditional setting are primarily directed at satisfying the desire of the master (Weber, 1978). Corporate philanthropic activities and social responsibility reports in developing countries are inseparably linked to personal projects of the influential leaders and the ruling party's agendas (Uddin, Siddiqui, & Islam, 2018). Studies urge for further research on the process and context rather than the report itself (e.g. Tregidga, Milne and Lehman, 2012; Tregidga, Milne and Kearins, 2014). In recognising the effect of context on the text and also the reverse effect of text on context, researchers can gain insight into organisational messages (Tregidga, Milne and Lehman (2012) suggest further study to understand the role of micro-contextual factors at the organisational level), macro-contextual factors, regulations, media, and political discourse. Also, Qian, Tilt and Belal (undated⁴³) call for a special issue on the topic of context-specific research in developing countries considering their peculiarities. Moreover, the study of CSR disclosure from the contextual and institutional perspectives is also important to develop counter-strategies that challenge the hegemonic forces of global capitalism (Milne & Gray, 2013). Besides looking for the drivers of CSR reporting, SEA researchers should investigate the reasons for non-disclosure as a priority, since prior studies show that corporates try to avoid reporting poor/bad social and environmental performance. There are many calls for SEA research into the motivations and challenges specifically faced by the developing world (Tilt, 2016; Belal, Cooper, & Roberts, 2013; Islam & Deegan, 2008).

Although there are only a few studies in the context of developed countries (Baldini et al., 2018; Ghoul, Guedhami, & Kim, 2017) that examine the country characteristics (including governance), to the best of my knowledge, no study empirically examines the influence of various country-level governance variables on SER in developing countries using either large data or conducting fieldwork.

Among the firm-level governance variables, the relationships of firm board independence and board gender diversity with SER are inconclusive. In contrast to the governance and gender literature, few recent quantitative studies document significant negative relationships between SER and female directors (Husted & de Sousa-Filho, 2019; Muttakin, Khan, & Subramaniam, 2015) and insignificant negative relationships between board gender diversity (Majeed et al.,

⁴³ http://www.emeraldgroupublishing.com/products/journals/call_for_papers.htm?id=7822

2015; Kiliç, Kuzey, & Uyar, 2015). Muttakin, Khan and Subramaniam (2015) find that there is an insignificant positive relationship between board gender diversity and SER in Bangladesh, but the relationship is significantly negative for family firms. Using the Bloomberg ESG dataset for 176 firms from four Latin American countries (Brazil, Mexico, Colombia and Chile) Husted and de Sousa-Filho (2019) find a significant negative link between women on the board and SER. The relationship between SER and board gender diversity is mediated by family ownership and control in developing countries. Although Ullah, Muttakin and Khan (2019) find a significant positive relationship between female directors and SER in the insurance industries in Bangladesh, the relationship is insignificant for the family-owned companies. Muttakin, Khan and Subramaniam (2015) call for further research to explore why such a negative relationship exists. Similarly, some studies document an insignificant positive link between SER and board independence (Majumder, Akter, & Li, 2017; Nurhayati et al., 2016; Lim et al., 2008) as well as an insignificant negative relationship between them (Alotaibi & Hussainey, 2016; Sundarasan, Je-Yen, & Rajangam, 2016; Barakat, Pérez, & Ariza, 2015; Kiliç, Kuzey, & Uyar, 2015; Giannarakis, 2014b; Haji, 2013).

Although firm-level governance and CSR disclosure have separately established themselves as well-researched domains, relatively less attention has been paid in setting up a link between them, particularly in the context of developing countries, studies criticise the suitability of the Western corporate governance models in developing countries (Singh & Zammit, 2006; Singh, 1997, 1999) because those models are based on developed capital markets, independent accounting professions and a democratic state (Singh & Zammit, 2006; Morck, Wolfenzon, & Yeung, 2005; Chua & Poullaos, 1993, 1998; Sikka & Willmott, 1995; Robson & Cooper, 1990; Puxty et al., 1987), which are largely non-existent in developing countries (Dyball, Fong Chua, & Poullaos, 2006; Dyball & Valcarcel, 1999). Furthermore, some studies suspect the effectiveness of corporate governance mechanisms in the developing countries (A. M. Reed, 2002; Reed, 2002; West, 2006; Judge, Douglas and Kutan, 2008; Uddin and Choudhury, 2008; Siddiqui, 2010), therefore, the influence of corporate governance mechanisms on SER may be different. Thus, the influence of corporate governance models on SER in developing countries may be different from that in developed ones. In addition to the questioned applicability of the Western governance models in developing countries, the majority of the quantitative studies

attempt to examine and explain the relationship between corporate governance and SER using, again, the organisational theories developed in the West.

In addition to the formal corporate governance structure and corporate characteristics, the informal firm-level ethical leadership and normative values of the board, managers and employees can also play an important role in catalysing SER. Apart from external pressures, managers have their grounds and intrinsic motivation to discharge CSR. Adams (2002) contends the lack of explanatory power of the available SER theories and offers a more inclusive model of CSR, emphasising internal firm-level factors, including the role of chair and board of directors, CSR reporting committee, degree and nature of stakeholder engagement, level of accountants' involvement, corporate culture, regulations and verification, and reporting costs and benefits.

Therefore, it is critically important to explore how the firm-level governance - both formal and informal, written and actual - explain SER in developing countries and why.

Researchers emphasise on the engagement-based studies with various stakeholders rather than the managers only. In the absence of genuine stakeholder engagement, the current CSR reporting practice has failed to enhance corporate transparency and accountability (Medawar, 1976). Tregidga, Milne and Lehman (2012) suggest a broader interpretive and qualitative research perspective covering different types of stakeholders to uncover the organisational reporting practices and to enable a more explicit theorisation of the politics of communication. Deegan (2017) recommends broadening the scope of SEA research to cover other stakeholders (besides managers) and to engage more with social movements to explore the conflicts within society. (Owen, 2008) calls for "researching social movements and working directly with stakeholder groups" (p. 240). Belal, Cooper and Roberts (2013) also emphasised the marginalised voices of local stakeholders located within the emerging and less developed countries. Analysing the report awarding process and observing the reporting award decision meetings, if possible, could add another dimension that is lacking in the accounting literature.

By using the large data of developing countries and by analysing the relationship between the three levels of governance and SER from the three institutional pillars (regulative, normative

and cultural cognitive) and the three levels of analysis (global, country and firm), the study offers surprising perspectives (de Bakker et al., 2018) and responds to the call for advancing non-mainstream quantitative SEA research of Roberts and Wallace (2015) and Richardson (2015), by providing convincing, alternative explanations for (non-) disclosure. More importantly, as the quantitative analysis depicts the upside of the picture, the fieldwork will investigate if the findings of the quantitative study can be generalised or if there are some nuances in a context, taking Bangladesh as a case of developing countries. Therefore, the study will examine the link between firm-level governance, country-level governance, global governance and SER in developing countries, using global datasets, and will attempt to unveil the Blackbox of such relationships in a developing country.

This chapter aims at reviewing the governance and SER in developing countries to identify gaps and position itself within the SEA research. The study will address these gaps by employing multiple research methods and multi-level institutional perspectives. The next chapter delineates the research design.

Chapter 5

Research Design

5.1 Introduction

This chapter explains the methodology and methods used in this study. As the preceding chapters describe the background, theoretical and contextual framework while the following chapters present the empirical findings, this chapter is important to understand the methods used in conducting the study, selecting samples, and procedures used in the collection and analysis of the empirical data. The following section presents the research methods used for quantitative and qualitative analysis, followed by a summary.

5.2 Research methods

The overarching objective of the study is to understand the influence of the global, country and firm-level governance on social and environmental reporting (SER) in developing countries in general and the underlying reasons for such influences in Bangladesh, in particular. The study has employed multiple methods to attain the research objective. First, the study aims to have an overview of the relationship of the social and environmental disclosure (SED) with the global, country and firm-level governance in developing countries by adopting a quantitative method (regression analysis) using the Bloomberg ESG dataset and the country governance indicators of the World Bank, among others. Then, based on the findings of the quantitative analysis, the study has explored how SER is influenced by the three levels of governance in Bangladesh and why conducting by interviews. Semi-structured interview method has been employed to answer the second research question by capturing the perceptions and experience of corporate managers, members of the SER team, independent directors, female directors, regulators and representatives of other stakeholders in Bangladesh. Consistent with previous studies (e.g. Siddiqui, 2010; Cuervo-Cazurra, 2012; Amos, 2018), the study uses the emerging markets and developing economies defined by the International Monetary Fund (IMF, 2016, pp. 145-7) as developing countries.

5.2.1 Quantitative study

Outline

To have an overview of the relationship between the global, country and firm-level governance and SER in developing countries, the study employs quantitative methods (regression analysis) using the third party provided data of a large international sample of firms for the period from 2007–2016. The following section presents data sources, samples, measurements, model specification, and limitations of the quantitative method.

Data

The data for the quantitative analysis came from multiple sources, including but not limited to the Bloomberg ESG database and the Worldwide Governance Indicators of the World Bank. The corporate social and environmental disclosure score (which is the average of the Bloomberg environmental disclosure score and social disclosure score), firm-level governance score (average of board independence, the board size, female on the board, number of board meetings), global governance score (average of GRI compliance, UNGC signatory), firm-specific control variables such as ROA, firm size, leverage, market-to-book value were collected from the Bloomberg ESG database while country-specific governance variables were obtained from the Worldwide Governance Indicators of the World Bank and the GDP per capita data, which were collected from the publicly available source of the World Bank website⁴⁴.

Bloomberg environmental, social and governance (ESG) data

The study uses the average of the environmental disclosure score (EDS) and the social disclosure score (SDS) of the Bloomberg ESG disclosure database as a proxy for a company's level of SED since these scores measure the amount of social and environmental data a company reports publicly, but they do not measure a company's social and environmental performance on any data point. The variables are winsorised at 1% and 99% levels. The Bloomberg ESG database has been extensively used for analysing social and environmental disclosure (Li et al., 2018; Husted & Sousa-Filho, 2017; Giannarakis, Konteos, & Sariannidis, 2014). Prior CSR studies also use ESG performance data (e.g. Asset4 and KLD) rather than the disclosure score (Luo et al., 2015; Cheng, Ioannou, & Serafeim, 2014; Ioannou & Serafeim, 2012). The study

⁴⁴ <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD>
<https://info.worldbank.org/governance/wgi/>

uses the Bloomberg ESG database, rather than ASSET4 or KLD (to cite the most common), because its focus is on the relationship between the three levels of governance and the level of SED, not CSR performance or CSR rating (Ioannou and Serafeim, 2015).

The Bloomberg ESG disclosure score measures the transparency of a company, not the performance. The more information is disclosed, the higher is the disclosure score. The Bloomberg ESG data covers 120 environmental, social and governance indicators, including energy and emissions, waste data, climate change, pollution, supply chain, political contributions, discrimination, diversity, community relations, human rights, women on the board, independent directors, executive compensation, shareholders' rights. (see Appendix Table 1 and 2). Bloomberg evaluates companies on an annual basis, collecting public ESG information disclosed by companies through CSR reports (or sustainability reports), annual reports and websites. Bloomberg also collects data from other publicly available sources and companies by directly contacting them. The collected data are checked and standardised. Bloomberg provides company reported ESG data for almost 11,500 companies in 83 countries and had a plan to provide ESG data on 13,000 companies by the end of 2018. The number of customers using the Bloomberg ESG data has almost tripled from 5,172 in 2012 to nearly 18,000 in 2018⁴⁵, indicating a large and growing market interest in the level of a firm's degree of transparency (Eccles, Serafeim, & Krzus, 2011). Bloomberg shows that 34% and 25% of clients demand and have an interest in sustainable strategies and tracking the long-term performance of companies⁴⁶.

Worldwide Governance Indicators of the World Bank

The study uses the country governance indicators of the World Bank as the surrogate for the country-level governance (Kaufmann, Kraay, & Mastruzzi, 2010) following previous studies (e.g. Rachisan, Bota-Avram and Grosanu, 2017; Seifert and Gonenc, 2018). The six-country governance indicators developed by the World Bank are voice and accountability, political stability and absence of violence/terrorism, government effectiveness, regulatory quality, the rule of law, and control of corruption. These indicators are based on the compilation of several

⁴⁵ <https://www.bloomberg.com/impact/products/esg-data/>

⁴⁶ https://www.bloomberg.com/professional/solution/esg/?bbgsum=DG-GP-ESG-M20859&mpam=M20859&gclid=EAIaIQobChMI6O3D0-7K5QIVD6yWCh1D4AL7EAAAYASAAEgKltvD_BwE

hundred variables obtained from over 200 countries and 31 different data sources, capturing governance perceptions⁴⁷ as reported by survey participants, non-governmental organisations, commercial business information providers, and public sector organisations worldwide since 1996 and updated every year. The values of these indicators range from - 2.5 (weak) to 2.5 (strong).

Because of the credibility of the World Bank, it is expected that any discrepancies in these indicators would be minimal. Also, these are the only readily available measures for country-level governance globally (Serebour Agyemang, Fantini, & Frimpong, 2015, p. 21; Kaufmann, Kraay, & Mastruzzi, 2010) that have offered activists and reformers globally with advocacy techniques for policy reforms and monitoring (e.g. MCC⁴⁸).

Sample

The sample firms are selected based on the criteria that there are no missing values for the firm-year observations for each of the variables chosen from the Bloomberg ESG database and the worldwide governance indicators of the World Bank. Panel A of *Table 5.1* depicts the sample selection process. The initial sample consists of 18,920 firm-year observations based on all companies in developing countries for which the ESG disclosure scores and worldwide governance indicators are available between 2007 and 2016. After eliminating missing data, the final sample consists of 10,599 firm-year observations. Panel B and C of *Table 5.1* list the number of firm-year observations and the percentage by year and country, respectively. Panel B shows that there is an upward trend in the number of firm-year observations from 1.90% in 2007 to 16.18% in 2015. However, the number of observations in 2016 is 930 (8.77%) compared to 1,715 (16.18%) in 2015. This may be because of the incompleteness of data in 2016 although the data of the year 2016 were collected from the Bloomberg terminal in

⁴⁷ In response to the critic that these indicators are based on perceptions, Kaufmann et al., (2010) argue for the value of perception-based data in measuring governance by noting that: “perceptions matter because agents base their actions on their perceptions, impression, and views. If citizens believe that the courts are inefficient or the police are corrupt, they are unlikely to avail themselves of their services. Second, in many areas of governance, there are few alternatives to relying on perceptions data. For instance, this has been particularly the case for corruption, which almost by the definition leaves no ‘paper trail’ that can be captured by purely objective measures” (Kaufmann, Kraay, & Mastruzzi, 2010, p. 18).

⁴⁸ Progress made to Strengthen the Application of the Control of Corruption Indicator Congressional Report, Millenium Challenge Corporation, United States of Aeric (2016), <https://www.mcc.gov/resources/doc/progress-made-to-strengthen-control-of-corruption-indicator-application> accessed on 22 October 2018.

December 2017, assuming that most of the 2016 data would be available one year after the reporting year. Panel C of *Table 5.1* shows that the samples are from 45 developing countries and most of the observations are from the BRICS countries: China 5,179 (48.86%), India 2,141 (20.20%), Brazil 568 (5.36%), South Africa 567 (5.35%) and Russia 240 (2.26%). Among the non-BRICS countries, the maximum number of observations are from Malaysia 298 (2.81%) followed by Mexico 187 (1.76%), Indonesia 175 (1.65%), Thailand 171 (1.61%), Pakistan 152 (1.43%), Chile 129 (1.22%) and so on. The least number of observations came from Bulgaria, Morocco, and Zambia 2 (0.02%).

Table 5.1: Sample summary statistics

Panel A: Sample size

Number of firm-years observations	18,920
Less: Firm- years without necessary information (missing value)	8,321
Total firm-year observations	10,599

Panel B: Year-wise observations

Year	No. of observations	Percentage
2007	201	1.9
2008	654	6.17
2009	774	7.3
2010	693	6.54
2011	1,146	10.81
2012	1,374	12.96
2013	1,507	14.22
2014	1,605	15.14
2015	1,715	16.18
2016	930	8.77
Total	10,599	100

Panel C: Country-wise observations

Country	No. of observations	Percentage
Argentina	39	0.37
Bangladesh	9	0.08
Bermuda	21	0.2
Bosnia and Herzegovina	4	0.04
Botswana	6	0.06
Brazil	568	5.36
Bulgaria	2	0.02

Chile	129	1.22
China	5,179	48.86
Colombia	83	0.78
Croatia	20	0.19
Egypt	6	0.06
Hungary	24	0.23
India	2,141	20.2
Indonesia	175	1.65
Jordan	9	0.08
Kazakhstan	6	0.06
Kenya	6	0.05
Kuwait	9	0.08
Malaysia	298	2.81
Mauritius	9	0.08
Mexico	187	1.76
Mongolia	4	0.04
Morocco	2	0.02
Nigeria	15	0.14
Oman	8	0.08
Pakistan	152	1.43
Panama	9	0.08
Peru	38	0.36
Philippines	112	1.06
Poland	73	0.69
Qatar	10	0.09
Romania	5	0.05
Russia	240	2.26
Saudi Arabia	12	0.11
Serbia	4	0.04
South Africa	567	5.35
Sri Lanka	50	0.47
Thailand	171	1.61
Turkey	124	1.17
Ukraine	8	0.08
United Arab Emirates	45	0.42
Uruguay	6	0.06
Vietnam	11	0.1
Zambia	2	0.02
Total	10,599	100

Measurements

Measurement of SED score

The study uses the average of the Bloomberg environmental disclosure score and social disclosure score as a proxy for the social and environmental disclosure (SED) score for a particular company for a particular year as done by previous studies (Ioannou and Serafeim, 2012; Luo et al., 2015; e.g. Ghoul, Guedhami and Kim, 2017). The social disclosure score ranges from 0.1 for companies that disclose a minimum amount of social data to 100 for those that disclose every data point collected by Bloomberg. Each data point is weighted in terms of importance, with workforce data-carrying greater weight than other disclosures. The score is also tailored to a different industry. In this way, each company is only evaluated in terms of the data that is relevant to its industry sector. This score measures the amount of social data a company reports publicly and does not measure the company's performance on any data point. Likewise, the environmental disclosure score ranges from 0.1 for companies that disclose a minimum amount of environmental data to 100 for those that disclose every data point collected by Bloomberg. Each data point is weighted in terms of importance, with data such as greenhouse gas emissions carrying greater weight than other disclosures. This score measures the amount of environmental data a company reports publicly and does not measure the company's performance on any data point. The original environmental disclosure score and the social disclosure score lie between 0.1 and 100 and the SED score is normalised by dividing it by 100 so that it ranges between 0 and 1. Appendix *Table 3* provides details of variables descriptions, measurements and data sources.

Measurement of global governance score (GLOBAL_GOV)

The measure for the global governance score (GLOBAL_GOV) is the average score of two global governance variables - UNGC and GRI for a particular company for a particular year. A value of 1 has been used if a firm is a signatory of the UNGC or has published its CSR report following GRI and 0 otherwise.

Measurement country-level governance score (COUNTRY_GOV)

The measure for country-level governance score (COUNTRY_GOV) is the average of six governance indicators for a particular country for a particular year (provided by the World Bank): (1) voice and accountability, (2) political stability and absence of violence, (3)

government effectiveness, (4) regulatory quality, (5) the rule of law, and (6) control of corruption (Kaufmann, Kraay, & Mastruzzi, 2010), as used by previous studies (e.g. Rachisan, Bota-Avram and Grosanu, 2017; Seifert and Gonenc, 2018).

Measurement of firm-level governance score (FIRM_GOV)

The firm-level governance score (FIRM_GOV) is the average of four firm-level governance variables - board independence (BIND), female director on board (FEMD), board size (BSIZE) and the number of board meetings (BMTG) for a particular company for a specific year. For board independence and female on board, the study uses the proportion of independent directors and the proportion of female directors on the board, respectively. The study uses the natural logarithm of the number of board members for the board size. Then, the four firm-level governance variables are converted into dummy variables by putting a value of 1 if their value is more than the median and 0 otherwise following the earlier studies (e.g. Pindado, de Queiroz and de la Torre, 2015). Finally, the values of the four dummy variables are added and the sums are divided by four to get the firm-level governance score.

Model specification and variable description

Ordinary least-squares (OLS) regression is one of the most popular statistical techniques used in the social sciences (Hutcheson, 2011). By using OLS, loss of observation and the difference between the observed values and predicted values can be minimised. The study uses OLS regression technique to test the hypothesised relationships between the global, country and firm-level governance and SED, following previous social and environmental accounting research (Ullah, Muttakin, & Khan, 2019; Muttakin, Mihret, & Khan, 2018; Muttakin, Khan, & Subramaniam, 2015; Khan et al., 2013). The industry and year are included to control the effects of variations in industries and time. The variations in countries are controlled by taking the natural logarithm of GDP per capita at the current price as surrogates for countries following previous studies (Ortiz-de-Mandojana, Aguilera-Caracuel, & Morales-Raya, 2016; Jalilian, Kirkpatrick, & Parker, 2007) in addition to controlling for the ROA, firm-size, market-to-book value of stocks, leverage. The assumptions underlying the regression model have been tested for multicollinearity, based on the correlation matrix and the variance inflation factor. Endogeneity for the firm-level governance variables has also been tested. The regression model is as follows:

$$\text{SEDS}_{it} = \alpha + \beta_1 \text{GLOBAL_GOV}_{it} + \beta_2 \text{COUNTRY_GOV}_{jt} + \text{FIRM_GOV}_{it} + \beta_4 \text{ROA}_{it} + \beta_5 \text{FSIZE}_{it} + \beta_6 \text{MTB}_{it} + \beta_7 \text{LEV}_{it} + \beta_8 \text{LNGDP}_{jt} + \beta_9 \text{INDUSTRYDUMMIES} + \beta_{10} \text{YEARDUM} + \varepsilon_{it}$$

Where,

SEDS_{it} = Corporate social and environmental disclosure score for a firm i at time t ;

GLOBAL_GOV_{it} = A measure of global governance for a firm i at time t ;

COUNTRY_GOV_{jt} = A measure of country-level governance for country j at time t ;

FIRM_GOV_{it} = A measure of firm-level governance for a firm i at time t ,

ROA_{it} = Ratio of earnings before interest and taxes and total assets for a firm i at time t ;

FSIZE_{it} = Natural logarithm of total assets for a firm i at time t ;

MTB_{it} = Ratio of the market value to the book value of a stock for a firm i at time t ;

LEV_{it} = Ratio of the book value of total debt and total assets for a firm i at time t ;

LNGDP_{jt} = Natural logarithm of gross domestic product (GDP) per capita at the current price for a country j at time t .

Limitations of quantitative methods

Although the quantitative analysis provides an overall picture of the relationships, it does not answer to the questions of how do the global, country and firm-level governance affect SER in developing countries and why. Also, the quantitative analysis cannot explain the reasons, dynamics and process of the influence of governance on SED beneath the number. Moreover, the context of each country and even each company can be different. Knowing the underlying reasons for such differences is critically important to promote SER in developing countries, and those nuances can only be explored through in-depth and engagement-based qualitative investigation. Therefore, the qualitative method has also been employed in addition to the aforesaid quantitative method. The next section delineates the method and methodology of the fieldwork.

5.2.2 Fieldwork –Interviews

Outline

To overcome the limitations of the quantitative analysis and explore the answers to the research question two, an interview method and interpretive approach have been used, as the interview method offers an opportunity to directly interact with the interviewees, unveil the problem and frame the questions based on the ground realities as Burgess (2002, p. 107) states: “(i)nterviews

provide the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, inclusive accounts that are based on personal experience”. The semi-structured interview method is considered to be the most appropriate method for deepening our understanding of the hows and whys of the relationships between the global, national and firm-level governance and SER in Bangladesh. The semi-structured interview method allows the researcher to have a list of themes and questions in line with the research questions and framework that may vary from interview to interview- some questions may be ignored, and new questions can be added in real-world settings depending on the particular organisation and the interviewees (Saunders, Lewis, & Thornhill, 2000). For example, some companies that adopt GRI are very good at SER while others may not be. Similarly, interviewees who are CSR experts, members of the CSR teams and familiar with CSR practices were expected to be more conversant than others. Semi-structured interviews also offer the benefits of flexibility such as changing the ordering of questions, modifying existing questions, and adding new questions based on the context, experience and flow of conversation. (Saunders, Lewis, & Thornhill, 2000). This two-way communication offers more opportunities to ask probing why and how questions following the general response. Semi-structured interviews have been used to get both response and plausible explanations for such answers (Flick, 2009) and these have therefore helped us in exploring invaluable in-depth and nuanced qualitative data (Denscombe, 2014). This approach is consistent with previous SER studies in Bangladesh (e.g. Belal, 2004; Islam, 2009).

The project was duly approved by the research ethics committee of The University of Sheffield before conducting the fieldwork in Bangladesh.

Selection of interviewees

Given the qualitative nature and broad scope of the study involving the influence of global, country and firm-level governance on SED, the sample interviewees were selected using the judgement technique (Marshall, 1996) based on some pre-determined characteristics (Corbetta, 2003) so that the experience and informed perceptions of diverse stakeholders could be captured to attain the research objectives. The criteria for selection include the work experience and position held in the organisation, industry spreading, understanding of governance and SER, contribution towards good governance and sustainability. The interviewees were chosen from

a variety of stakeholders who can be broadly divided into two groups: corporate and noncorporate. Corporate interviewees include CEOs of local and multinational listed companies, independent directors, female directors, board chairman, chairman of the audit committee, heads of CSR department, members of CSR reporting committee, business leaders (including country representatives, president and directors of international, national and regional trade associations, including the President of a Woman Chamber).

Noncorporate interviewees were interviewed to understand their perceptions of the relationships between governance and SER, considering that “perceptions matter because agents base their actions on their perceptions, impression, and views.” (Kaufmann, Kraay, & Mastruzzi, 2010, p. 18). The noncorporate interviewees include regulators (including the CEO and director of the Stock Exchange, commissioners and directors of the BSEC, General Manager, the former Governor and Deputy Governor of the central bank), CSR experts (including the President of a CSR Award Committee, consultants and CEO of international CSR initiatives), professional accountants (including the President of Accountants’ Institute), former Secretaries (bureaucrats), former Cabinet members (ministers), NGOs and civil society organisations (CSOs) (who work for good governance, control of corruption, poverty alleviation and hunger, multi-stakeholder dialogue and policy advocacy for addressing the macro problems), and academics. Business leaders of international, national and regional trade associations were included because of their wider exposure and understanding of the governance and SER issues both at home and abroad. Moreover, they actively participate and intervene in policy formulation and negotiate with national and international stakeholders on behalf of their member companies. The justifications for the selection of different interviewee groups are as follows.

- Companies that are well-known for the adoption of the global CSR standards (e.g. GRI, UNGC, ISO standards), issuing stand-alone CSR reports and receiving awards and accolades because they have been pioneering CSR reporting in Bangladesh; and also, companies that are not known for CSR reporting were deliberately included.
- The interviewees also include the *heads of CSR department, heads and members of CSR reporting teams* who appeared to be the most knowledgeable persons in the company regarding CSR and SER because they engaged with the CSR reporting process. Hence

an intensive open-ended conversation with them helps explore their experiences, reasons, insights, expectations (Qu & Dumay, 2011), particularly the *hows* and *whys* of SER in Bangladesh along with its credibility.

- *Independent directors, female directors, board chairpersons, chairpersons of audit committees and executive committees, other directors, chief executive officers (CEOs)* were interviewed because their position and boardroom experience is critical to understanding corporate governance and SER practice along with the role of the board members.
- It is argued that *MNCs* act as a conduit in importing global SER practices to the developing countries (Beckman, Colwell, & Cunningham, 2009), and SER varies across different industries due to the difference in regulations and stakeholders. Therefore, corporate interviewees were chosen from different industries and both from local and multinational companies to cover diverse views.
- The *current and former regulators* were included because they frame the disclosure rules for listed companies in Bangladesh. Also, as national regulators, they make national and corporate governance frameworks, act as intermediaries between the firm-level governance and global governance. Hence, they knew about three levels of governance, SER issues and their role were important in influencing SER in Bangladesh.
- *NGOs* have been playing a significant role in the socio-economic development in Bangladesh, whereas the *CSOs* offer new ideas and constructive suggestions as a ‘think tank’ and exert pressures on the government and corporations to act in line with the laws and expectations of the mass. They play a remarkable role in improving the social and environmental condition in Bangladesh (Islam, 2000 as cited in Belal, 2004, p. 126).
- The *Chairman of the CSR Award Committee* was included because his views were critical to understanding how the best CSR firm is selected and how the dynamics of the global, national and firm-level actors shape SER in Bangladesh.
- Other CSR experts and consultants were included because they act as a conduit in importing global CSR reporting technologies and offer training and advocacy for the development of CSR and SER in Bangladesh.
- *Accountants* were included because they are actively involved with the preparation of both financial and non-financial disclosures in Bangladesh, including the social and environmental disclosure in the corporate annual reports. Besides, they play an

important role in national policymaking as a professional group, and they offer accolades, for example, the Institute of Chartered Accountants of Bangladesh (ICAB) offers Awards for best presented annual reports, and the Institute of Cost and Management Accountants of Bangladesh (ICMAB) has agreed with GRI to promote sustainability reporting in Bangladesh.

Since Bangladesh is a collectivist society⁴⁹ (Hofstede, Hofstede, & Minkov, 2005), personal contacts and the snowball sampling technique were used simultaneously to identify and access the appropriate interviewees. As cultural factors influence access to the interviewees in qualitative studies (Marshall et al., 2013), these sampling strategies were proved useful in getting access to the interviewees (Denscombe, 2014; Stigliani & Ravasi, 2012). Based on the sampling strategy, the engagement of an appropriate number of appropriate interviewees was critical to achieving the research objectives (Marshall et al., 2013) as Mason (2010) argues that the guiding principle for determining the sample size in qualitative research should be based on the concept of saturation, which means a researcher should be satisfied that he has learnt and understood the phenomenon to adequately create knowledge.

The interview was started by interviewing an accountant followed by a director of a national trade association, who are known for their professional excellence having active involvement with corporate affairs and who helped, as peers in getting access to other interviewees. The author was in an advantageous position in getting access to interviewees because of his affiliation with an apex national institute as an academic having networks with business and regulators in Bangladesh. Moreover, some of his cohorts and peers who are working in different companies helped him in getting access to corporate interviewees. Otherwise, it would have been more difficult to access the desired elite interviewees. Based on this strategy, the potential interviewees were contacted through emails, telephone calls, personal contact, and persuasion by their peers. However, the majority of the interviewees were contacted over the phone and personal visits during the author's field visit to Bangladesh from February to May 2019.

⁴⁹ Collectivism indicates a preference for a firmly interweaved framework in a society wherein individuals expect their relatives or group members to take care of them in exchange for unquestioning loyalty (Hofstede, Hofstede, & Minkov, 2005).

Following the selection procedure above, a total of 53 people were interviewed. However, three interviewees did not agree to be recorded and to sign the consent form according to the ethical approval of the project, and an interview appeared not to be useable. After eliminating these four, a total of 49 interviews were found, processed and analysed as depicted in *Table 5.2* (and in Appendix table 4). Despite the initial plan of conducting about 30 interviews, the author tried to be opportunistic to cover more interviewees (Buchanan, Boddy, & McCalman, 2013) and he, fortunately, got access to a sufficient number of interviewees given the difficulty in getting access in qualitative research (Bryman, 2003).

Table 5.2 shows that the sample interviewees include 26 corporate interviewees who were classified as CEOs (5) including three female CEOs, Board Chair (1), members of CSR Reporting team (4), Independent directors (5) (the actual number is 12 included in other respondent groups), Female directors (3) (the actual number is six included in other interviewee groups), Business leaders (trade associations) (5), other corporate interviewees (3). Some 23 noncorporate interviewees who were classified as CSR Experts (3), Accountants (1) (actual number of Certified Accountants is 11 included in other respondent groups), Regulators (9), NGOs/CSOs (4) and Academics (6). The views of eleven female interviewees (22%) have been captured through the proportion of female directors of the listed companies in Bangladesh is 17% only. Our samples include seven interviewees who are working or worked in MNCs. It is noteworthy that majority of the corporate interviewees belong to firms, which have international exposures in terms of exports, borrowing from international lenders, MNC subsidiaries, and trade financing (such as, letter of credit).

Appendix Table 4 presents the profiles and details of the interviewees. The interviewees have been referred to by a coded number. Hence, the anonymity of interviewees is maintained to the greatest possible degree while still allowing adequate information to be provided about them. Besides, pseudonyms have been used for the organisations and persons whose names were mentioned by the interviewees to ensure anonymity.

Table 5.2: Distribution of interviewees

Categories of Interviewees	Number of Interviewees	Percentage
Corporate interviewees		
CEOs	5	19
Board chair	1	4
Members of CSR reporting team (CSR Team)	4	15
Independent directors (Actual number is 12 included in other respondent groups)	5	19
Female director (Actual number is 6 included in other respondent groups)	3	12
Business leaders (Trade Associations)	5	19
(Other) corporate	3	12
Total	26	100
Non-corporate interviewees		
CSR Experts	3	13
Accountant (Actual number of Certified Accountants is 11 included in other respondent groups)	1	4
Regulators	9	39
NGOs/CSOs	4	17
Academics	6	26
Total	23	100
Corporate interviewees	26	53
Noncorporate interviewees	23	47
Male interviewees	38	78
Female interviewees	11	22
Total interviewees	49	100

Interview procedure

Interviews were conducted according to the ethical approval of The University of Sheffield. Before each interview, an interview invitation letter and a participant consent form were sent to the potential interviewees to give them a primary idea about the objectives of the research,

why they were selected, the broad themes to be asked, such as CSR disclosure, global, country and firm-level governance in Bangladesh. All interviewees were assured that the interview data would be used solely for academic purposes and confidentiality and anonymity will be ensured.

Before the interview, prima facie understanding of the interviewees' profile, the organisations' role and in case of corporate interviewees, the forms, focus and extent of the SED of the company were gathered from the annual report, CSR report and websites. All interviews started with a brief introduction to the study outlining the objectives and how the interview data will be used. Everyone was also given a participant information sheet written in English, with contact information explaining the project. The consent form was signed agreeing to the terms and conditions of the interview.

The interviews were conducted mainly in English and very few cases in Bengali. All interviews, except one, were tape-recorded with the consent of the interviewees and subsequently translated and transcribed. As one of the interviewees did not agree to be tape-recorded, intensive notes, with the consent of the interviewee were taken. Translation and transcription were carefully scrutinised against the tape recordings and amendments were made where necessary. All interviews were conducted in person at the interviewees' offices, except in three cases, where the interview took place at the respondents' residence. The interviews lasted between half an hour and two hours, with an average of 58 minutes (*see Appendix Table 4*) depending on the interest and expertise of the interviewee and the flow of discussion. All interviews were done on-site however, some follow-up issues were discussed in three cases.

Two sets of semi-structured interview schedules were used for corporate and non-corporate interviewees. Interview questions were developed based on a review of CSR literature, theoretical considerations, the researcher's knowledge of the context of Bangladesh. The interviews started with some general questions followed by specific questions about why (or why not) Bangladeshi companies do SER, how the three levels of governance interact with each other in creating an overall governance environment and how the global governance (e.g. GRI, UNGC), country governance (e.g. voice and accountability, media, corruption, the rule of law, NGOs and CSOs, national institutions) and firm-level governance (e.g. independent directors, female directors) influence SER in Bangladesh. The length of the interviews varied depending

on the exposure of the interviewee, flow of discussion and the organisational context. The interview schedules were used as a guide, but in most of the cases, the questions asked were open-ended. Interviewees facing difficulties in English or respondents who are not familiar with the accounting technologies and terminologies were supported with clues.

The fieldwork experience was not enjoyable in all cases. On several occasions, it was difficult to convince the interviewees to be recorded, and three interviewees declined to be recorded and to sign the consent form, hence they were eliminated from the sample. This reflects the cultural-cognitive difficulty to record interviews (Uche, Adegbite, & Jones, 2016) due to fear, misunderstanding and mistrust in developing countries. One of them was a former Senior Secretary of the Government of Bangladesh and the chairman of an insurance company, who was not satisfied with the letter of ethical approval from the University of Sheffield, participant information sheet and consent form; he asked for a letter from the supervisor. A commissioner and a director of BSEC declined to be recorded and to sign the consent form, arguing that they are not freelancers, they are government servants and cannot sign and be recorded without prior approval of their top authority. One female director of a state-owned bank was interviewed after making 15 phone calls and one office visit before the interview. Another female director could not be accessed because whenever the author called her, her son received the phone and he did not cooperate. More importantly, a handful of interviewees posed counter questions. For example, one respondent who was a lawyer, independent director and the president of a multilateral trade association contended that in Bangladesh 'CSR' is confined to the list of CSR expenditures allowable for tax exception referring to the circular of NBR and the central bank. Being a lawyer, that respondent insisted on and stuck to the 'legal and objective' definition of CSR, though CSR is subjective, flexible and emergent depending on the context (Kokubu et al., 2019).

Data analysis procedure

The interview data were analysed using qualitative content analysis technique that assisted the interpretation of our transcribed textual data by using a systematic classification process of coding and detecting themes (Hsieh & Shannon, 2005). In contrast to the conventional content analysis, the qualitative analysis is not constrained to frequency counts (Schreier, 2012) rather the latter offers an opportunity to explore core themes (Mayring, 2000). Employing interview

data analysis of O'Dwyer (2004) and Elo and Kyngas (2008), the data were processed following three major reviewing and coding steps (data reduction, data display and data interpretation). Out of the 49 interviews, 43 were conducted in English and 6 were conducted in Bengali, and hence, they were translated and transcribed into English. Drawing upon the institutional perspective, the responses were identified and coded under three broad levels of institutional factors, namely (1) global-level governance; (2) country-level governance and (3) firm-level governance. Under these three core themes, various sub-themes were created, and the specific responses were coded and recorded. This ensured that key terms of the transcribed interviews were classified into much smaller content categories (Weber, 1990) to generate themes. The themes in the sub-categories represented the views of participants regarding the levels of governance, say for example, for global governance, nodes were why companies adopt international CSR standards such as GRI, UNGC; for country-level governance how the rule of law, control of corruption, voice and accountability affect SED and why; for firm-level governance, how independent directors and female directors affect SED and why. The interview notes, records and observation made were utilised and revisited to ensure that no key elements are omitted in this process. Finally, the similar responses were reordered, abstracted and synthesised to emanate answers to the research questions such as how the dynamics of different levels of governance interact and influence SER in Bangladesh (Polit & Beck, 2004). In analysing interview data, the study adopted NVivo 12, a qualitative data analysis software that helps in both effective data management (Bazeley & Jackson, 2013) and preparation, organising and reporting findings.

Limitations of the interview method

Despite the suitability of the interview method in collecting facts and perceptions that might not otherwise be available, it is not flawless. The interview responses cannot be deemed to be fully unbiased because responses might be influenced by various cultural-cognitive factors such as the race, gender, religion, age, social class (Buckley, Buckley and Chiang, 1976), and the willingness and ability of the interviewees to give an accurate account of their experiences and understanding. There is also the problem of reflexivity which means the interviewees may prefer giving information that they assume the interviewer wants to hear, rather than giving the real account (Easterby-Smith, Thorpe, & Lowe, 1991). Therefore, any conclusions drawn based on the interview responses should be interpreted, taking such limitations into account. However,

the author has tried his best to overcome the limitation of this method as much as possible by designing the interview giving the maximum possible convenience to the interviewer. To make the interviewee familiar with the research project, the research objectives were emailed, participant information sheet and consent form were offered and an assurance that the interview will be used for academic purposes only was given. To ensure the comfort of the interviewees, the interviews were conducted in their offices and at their most convenient time. Although the project is in English, all the interviewees were informed that there is no language barrier and they could speak either in English or Bengali, or both.

5.3 Summary

This chapter has delineated the research design adopted to attain the research objectives. To summarise, the study employs a quantitative method (ordinary least squares regression technique) to understand the relationship between the three levels of governance and SER in developing countries in general by utilising the third party provided ESG and governance dataset from 2007 -2016. To overcome the limitations of the quantitative methods in answering why such relationships exist and provide in-depth nuanced ground-level realities in Bangladesh, the study used semi-structured interviews. In explaining the findings of the fieldwork, the study adopts a subjective view (perspectives, opinions, perception, beliefs, experience, expectations) of the social world. The findings of the quantitative analysis are presented in Chapter 6, and the findings of the fieldwork are presented in Chapter 7. Following the systematic approach of scientific research, this chapter acts as a bridge between the preceding conceptual discussions and the following empirical findings.

Chapter 6

The influence of global, country and firm-level governance on social and environmental reporting in developing countries

6.1 Introduction

This chapter addresses the first research question by examining the relationship between the global, country and firm-level governance and corporate social and environmental reporting (SER) in developing countries using the Bloomberg ESG disclosure data and the worldwide governance indicators data. The details of data, samples, measurements of variables, and model specification are discussed in Chapter 5. The results indicate that social and environmental disclosure (SED) in developing countries is significantly positively associated with the global, country and firm-level governance. The rest of the chapter discusses and summarises the findings of the quantitative analyses.

6.2 Results and discussion

This section presents the descriptive statistics, correlation matrix, regression results for the hypothesised relationships between the global, country and firm-level governance and SED, and additional analyses for the relationships of the social disclosure and environmental disclosure with the three levels of governance, the relationships of SED with twelve individual governance variables, the robustness tests of the main analysis, and additional analyses by excluding the Chinese firms as about 49% of the firm-year observations are from China.

6.2.1 Descriptive statistics

Table 6.1 provides descriptive statistics for the variables used in the study. The SED score is on a scale of 0 -100 and it has been normalised in such a way that it varies from 0 - 1.0 Panel A of *Table 6.1* shows that the average SED score is 0.215 (median = 0.173), which indicates that the level of SED in developing countries is still low. The maximum and minimum SED scores are 0.805 and 0.021, respectively. The average global governance score (GLOBAL_GOV) is 0.216, whereas the maximum and minimum scores are 1 and 0, respectively. Panel B of *Table 6.1* depicts the mean values for the SED score and global, country and firm-level governance from 2007-2016. The average country-level governance score

(COUNTRY_GOV) is -0.318, and the maximum and minimum scores are 1.121 and -1.106, respectively. The values of country governance range from -2.5 to +2.5, where -2.5 and +2.5 mean the weakest governance and the strongest governance, respectively. The low or negative values of country governance indicate weak governance in developing countries. The average firm-level governance score (FIRM_GOV) is 0.520, whereas the maximum and minimum FIRM_GOV scores are 1 and 0, respectively. Despite the oscillations, the three levels of governance and SED scores have shown a rising trend. Panel C shows the mean values of both dependent and independent variables by countries.

Table 6.1: Descriptive statistics

Panel A: Descriptive statistics of dependent and independent variables

Variable	No of							
	Obs.	Mean	Median	SD	Q ₁	Q ₃	Min	Max
SEDS	10599	0.215	0.173	0.133	0.126	0.266	0.021	0.805
SDS	10599	0.273	0.228	0.160	0.175	0.344	0.031	0.947
EDS	10599	0.157	0.109	0.129	0.070	0.186	0.008	0.767
GLOBAL_GOV	10440	0.216	0	0.343	0	0.500	0	1
COUNTRY_GOV	10599	-0.318	-0.420	0.345	-0.557	-0.218	-1.106	1.121
FIRM_GOV	10599	0.520	0.500	0.234	0.250	0.750	0	1
ROA	10599	0.075	0.066	0.068	0.033	0.113	-0.136	0.217
FSIZE	10599	21.203	21.246	1.661	20.097	22.384	17.804	24.639
MTB	10599	2.549	1.919	1.995	1.091	3.345	0.387	7.846
LEV	10599	0.523	0.532	0.193	0.381	0.669	0.152	0.933
LNGDP	10599	8.501	8.754	0.792	8.152	8.996	6.294	11.447

Panel B: SED score and governance score by year

Year	SEDS	GLOBAL_GOV	COUNTRY_GOV	FIRM_GOV
	(Mean)	(Mean)	(Mean)	(Mean)
2007	0.1337	0.242	-0.163	0.509
2008	0.1576	0.176	-0.262	0.499
2009	0.1720	0.190	-0.291	0.506
2010	0.1711	0.120	-0.427	0.490
2011	0.1788	0.219	-0.327	0.508
2012	0.1864	0.212	-0.364	0.516
2013	0.1988	0.228	-0.352	0.521
2014	0.2057	0.228	-0.301	0.513
2015	0.2089	0.218	-0.301	0.540
2016	0.2562	0.288	-0.259	0.568

Notes: SEDS = Corporate social and environmental disclosure score; SDS = Social disclosure score; EDS = Environmental disclosure score; GLOBAL_GOV = Global governance score; COUNTRY_GOV = Country-level governance score; FIRM_GOV = Firm-level governance score; ROA = Ratio of earnings before interest and taxes and total assets; FSIZE = Natural logarithm of total assets; MTB = Market value of stock to book value of stock; LEV = Ratio of book value of total debt and total assets; LNGDP = Natural logarithm of GDP per capita at current price.

Panel C: Descriptive statistics – SED score and governance scores by country

Countries	SEDS		GLOBAL_GOV		COUNTRY_GOV		FIRM_GOV	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Argentina	0.295	0.137	0.784	0.364	-0.319	0.069	0.583	0.239
Bangladesh	0.195	0.065	0.556	0.527	-0.852	0.051	0.722	0.083
Bermuda	0.194	0.117	0.071	0.179	1.099	0.032	0.429	0.275
Bosnia and Herzegovina	0.163	0.030	0.000	0.000	-0.275	0.092	0.500	0.000
Botswana	0.327	0.045	0.500	0.000	0.675	0.029	0.458	0.102
Brazil	0.413	0.172	0.637	0.392	-0.001	0.094	0.508	0.239
Bulgaria	0.088	0.012	0.000	0.000	0.223	0.024	0.500	0.000
Chile	0.342	0.119	0.669	0.400	1.105	0.030	0.506	0.191
China	0.175	0.063	0.085	0.205	-0.514	0.051	0.496	0.222
Colombia	0.396	0.124	0.789	0.341	-0.258	0.069	0.620	0.200
Croatia	0.400	0.116	0.895	0.209	0.421	0.031	0.513	0.222
Egypt	0.166	0.020	0.417	0.376	-0.864	0.080	0.792	0.246
Hungary	0.449	0.192	0.750	0.442	0.658	0.143	0.750	0.255
India	0.150	0.127	0.132	0.298	-0.277	0.053	0.514	0.232
Indonesia	0.254	0.123	0.316	0.253	-0.332	0.106	0.357	0.194
Jordan	0.275	0.067	0.833	0.250	-0.063	0.062	0.611	0.182
Kazakhstan	0.086	0.015	0.000	0.000	-0.564	0.109	0.708	0.102
Kenya	0.381	0.040	0.900	0.224	-0.622	0.065	0.500	0.000
Kuwait	0.219	0.081	0.389	0.220	-0.124	0.100	0.722	0.083
Malaysia	0.229	0.121	0.250	0.324	0.336	0.081	0.552	0.230
Mauritius	0.241	0.077	0.429	0.189	0.840	0.012	0.417	0.250
Mexico	0.382	0.138	0.727	0.349	-0.192	0.059	0.656	0.212
Mongolia	0.294	0.053	0.125	0.250	-0.079	0.103	0.375	0.144
Morocco	0.245	0.010	0.000	0.000	-0.319	0.011	0.500	0.354
Nigeria	0.198	0.056	0.333	0.309	-1.070	0.040	0.417	0.181
Oman	0.307	0.059	0.500	0.000	0.169	0.043	0.344	0.129
Pakistan	0.176	0.106	0.283	0.362	-1.071	0.039	0.336	0.261
Panama	0.182	0.115	0.250	0.267	0.129	0.054	0.722	0.232
Peru	0.278	0.081	0.526	0.348	-0.209	0.072	0.487	0.164
Philippines	0.280	0.136	0.408	0.217	-0.361	0.125	0.366	0.195
Poland	0.297	0.130	0.507	0.429	0.827	0.071	0.668	0.139
Qatar	0.167	0.155	0.222	0.264	0.549	0.072	0.425	0.169
Romania	0.379	0.158	0.400	0.224	0.152	0.059	0.200	0.112
Russia	0.292	0.131	0.311	0.342	-0.732	0.023	0.606	0.217
Saudi Arabia	0.262	0.128	0.542	0.498	-0.243	0.347	0.396	0.198
Serbia	0.428	0.041	0.375	0.250	-0.035	0.100	0.750	0.000
South Africa	0.352	0.137	0.484	0.355	0.230	0.045	0.731	0.208
Sri Lanka	0.300	0.126	0.604	0.412	-0.279	0.139	0.460	0.163
Thailand	0.328	0.176	0.418	0.390	-0.306	0.025	0.705	0.221
Turkey	0.314	0.134	0.508	0.399	-0.149	0.133	0.438	0.188
Ukraine	0.315	0.088	0.313	0.372	-0.709	0.119	0.656	0.186
United Arab Emirates	0.208	0.110	0.314	0.423	0.596	0.074	0.539	0.184
Uruguay	0.201	0.033	0.167	0.258	0.835	0.043	0.792	0.188
Vietnam	0.207	0.092	0.091	0.202	-0.474	0.058	0.409	0.202
Zambia	0.209	0.006	1.000	0.000	-0.287	0.056	0.375	0.177

Table 6.2: Correlation matrix

Variables	SEDS	GLOBAL _GOV	COUNTRY _GOV	FIRM GOV	ROA	FSIZE	MTB	LEV	LNGDP
SEDS	1								
GLOBAL_GOV	0.763	1	0.341						
COUNTRY_GOV	0.336	0.341	1						
FIRM_GOV	0.187	0.173	0.146	1					
ROA	0.120	0.120	0.081	0.013	1				
FSIZE	0.405	0.363	0.103	0.211	-0.084	1			
MTB	-0.009	-0.068	-0.082	0.024	0.342	0.168	1		
LEV	-0.011	0.047	0.012	0.055	-0.268	0.212	-0.114	1	
LNGDP	0.295	0.172	0.233	0.070	-0.153	0.415	0.047	-0.114	1

Notes: SEDS = Corporate social and environmental disclosure score; GLOBAL_GOV = Global governance score; COUNTRY_GOV = Country-level governance score; FIRM_GOV = Firm-level governance score; ROA = Ratio of earnings before interest and taxes and total assets; FSIZE = Natural logarithm of total assets; MTB = Market value of stock to book value of stock; LEV = Ratio of book value of total debt and total assets; LNGDP = Natural logarithm of GDP per capita at current price.

Table 6.2 shows the correlations among the variables. The SED score is significantly positively correlated with global governance ($r = 0.763$), country-level governance ($r = 0.336$) and firm-level governance ($r = 0.187$). SEDS is also positively correlated with the control variables, ROA ($r = 0.120$), firm size ($r = 0.405$), GDP per capita ($r = 0.295$), and negatively correlated with the market value of stocks to the book value of stocks ($r = -0.009$) and leverage ($r = -0.011$).

6.2.2 Regression results

Table 6.3 reports the regression results of the hypothesised relationship of three governance variables with SEDS. In *model 1*, the study examines the impact of global governance on SEDS and finds a significant positive coefficient ($\beta = 0.2454$, $p < 0.01$) of global governance, suggesting that the adoption of global governance standards promotes SER in developing countries. Therefore, the first hypothesis (H_1) is supported. In *model 2*, the study finds a significant positive coefficient ($\beta = 0.0882$, $p < 0.01$) of country-level governance, which implies that the better the country governance, the greater is the SED. Therefore, the second hypothesis (H_2) is supported. In *model 3*, the study finds a positive and significant coefficient ($\beta = 0.0457$, $p < 0.01$) of firm-level governance. This suggests that better firm-level governance results in greater SED. Therefore, the third hypothesis (H_3) is supported. In *model 4*, the study finds that all three levels of governance have significant positive coefficients: global governance ($\beta = 0.2375$, $p < 0.01$), country-level governance ($\beta = 0.0265$, $p < 0.01$) and firm-level governance ($\beta = 0.0121$, $p < 0.01$). Besides, SED is significantly positively related to the control variables return on asset, firm size, GDP per capita, and significantly negatively related to leverage. Results of the control variables are consistent with prior studies (Muttakin, Mihret, & Khan, 2018; Haniffa & Cooke, 2005). The findings suggest that better governance leads to greater social and environmental disclosure in developing countries. Therefore, the overall hypothesis that there is a significant positive relationship between global governance, country-level governance, firm-level governance and SER is supported. The value of the adjusted R^2 indicates that model 4 has the highest explanatory power. Among the three decision variables, global governance has the strongest influence on SED. The results suggest that firms that adopt global governance initiatives (such as GRI and UNGC) are highly likely to disclose their CSR practices. The findings are consistent with Weyzig (2006), who argues that “CSR developments are mainly driven by global developments, but shaped by context-specific factors” (p. 69).

Table 6.3: Multiple regression results⁵⁰ using SEDS as the dependent variable: main analysis

VARIABLES	Model 1	Model 2	Model 3	Model 4
	SEDS	SEDS	SEDS	SEDS
Constant	-0.1660*** (-11.176)	-0.3891*** (-17.997)	-0.4675*** (-19.975)	-0.1481*** (-10.139)
GLOBAL_GOV	0.2454*** (81.020)			0.2375*** (74.736)
COUNTRY_GOV		0.0882*** (21.337)		0.0265*** (8.680)
FIRM_GOV			0.0457*** (9.803)	0.0121*** (3.598)
ROA	0.0975*** (7.292)	0.2022*** (11.173)	0.2710*** (14.792)	0.0825*** (6.166)
FSIZE	0.0089*** (12.962)	0.0241*** (26.751)	0.0210*** (22.373)	0.0094*** (13.436)
MTB	0.0021*** (4.620)	0.002*** (3.160)	-0.001 (-1.106)	0.0026*** (5.706)
LEV	-0.0186*** (-3.891)	-0.0148** (-2.270)	-0.0065 (-0.985)	-0.0210*** (-4.386)
LNGDP	0.0185*** (12.266)	0.0129*** (6.022)	0.0261*** (12.025)	0.0153*** (10.054)
Industry	Included	Included	Included	Included
Year	Included	Included	Included	Included
Adjusted R ²	0.654	0.372	0.335	0.658
F -Stat	128.93	41.48	35.44	129.69
Sig	0.000	0.000	0.000	0.000
Observations	10,440	10,599	10,599	10,440

Notes: SEDS = Corporate social and environmental disclosure score; GLOBAL_GOV = Global governance score; COUNTRY_GOV = Country-level governance score; FIRM_GOV = Firm-level governance score; ROA = Ratio of earnings before interest and taxes and total assets; FSIZE = Natural logarithm of total assets; MTB = Market value of stock to book value of stock; LEV = Ratio of book value of total debt and total assets; LNGDP = Natural logarithm of GDP per capita at current price. t-statistics in parentheses. *, **, ***Statistically significant at less than the 0.10, 0.05 and 0.01 levels, respectively.

⁵⁰ Our results are not affected by multicollinearity because none of the variables have a variance inflation factor value in excess of 10 (Neter, Wasserman, & Kutner, 1983) and correlations between the decision variables are low. It can be argued that examining the contemporaneous relationships between firm-level governance and SER is not appropriate given the time needed to see the former's effects on the latter, There is a possibility of reverse causality because the qualified independent directors and female directors may be appointed more by relatively more responsible firms doing more SER. There is also a chance of endogeneity for other reasons. To mitigate the concerns of potential endogeneity, two stage least square method or lagging the values of the independent variables by one year are commonly used. Here, the study has lagged the firm-level governance variables by one year following Fich and Shivdasani (2006) for convenience. The unreported results of the lead-lag regression for firm-level governance are consistent with the reported results.

6.3 Additional analysis

In addition to the aforesaid main analysis, the study has conducted some further analyses to have a deeper understanding of the relationships between different levels of governance and SED in developing countries. The relationships of the global, country and firm-level governance with the social disclosure score (SDS) and environmental disclosure score (EDS) are examined separately and the results are presented in *Table 6.4*. In Model 1, 2 and 3, the study finds positive and significant coefficients of all three levels of governance, both for SDS and EDS. In Model 4, the study finds positive and significant coefficients of global governance ($\beta = 0.268$, $p < 0.01$), country governance ($\beta = 0.017$, $p < 0.01$) and firm-level governance ($\beta = 0.021$, $p < 0.01$) for SDS. But for EDS, it finds positive and significant coefficients of global governance ($\beta = 0.219$, $p < 0.01$) and country governance ($\beta = 0.045$, $p < 0.01$), and a positive but insignificant coefficient of firm-level governance ($\beta = 0.005$, $p > 0.10$). The results suggest that all three levels of governance have a positive influence on both social and environmental disclosure in developing countries. The insignificant positive influence of firm-level governance on environmental disclosure can be explained as the lack of motivation of firms and the absence of pressures on them for environmental causes.

The study has also examined the relationships of SED with twelve governance variables⁵¹ and the results are reported in *Table 6.5*. In *Model 1*, the study examines the influence of two global governance variables on SED in developing countries and finds significant positive coefficients of UNGC ($\beta = 0.0988$, $p < 0.01$) and GRI ($\beta = 0.1387$, $p < 0.01$). In *Model 2*, the study examines the influence of six country-level governance variables on SED in developing countries and finds significant positive coefficients of voice and accountability ($\beta = 0.0458$, $p < 0.01$), political stability and absence of violence ($\beta = 0.0206$, $p < 0.01$), regulatory quality ($\beta = 0.1395$, $p < 0.01$) and control of corruption ($\beta = 0.0284$, $p < 0.05$), while significant negative coefficients of governance effectiveness ($\beta = -0.0995$, $p < 0.01$) and the rule of law ($\beta = -0.0946$, $p < 0.01$). In *Model 3*, the study examines the relationships of SED with four firm-level governance variables and finds significant positive coefficients of board independence ($\beta = 0.0806$, $p < 0.01$), female director on board ($\beta = 0.0183$, $p < 0.10$), board size ($\beta = 0.0353$, $p < 0.01$) and the number of board meetings ($\beta = 0.0011$, $p < 0.01$).

⁵¹ Two global governance variables, six country-level governance variables and four firm-level governance variables.

In *Model 4*, the study examines the relationships of SED with twelve governance variables together and finds a significant positive coefficient ($\beta = 0.0860$, $p < 0.01$) of *UNGC*, which suggests that the ten UNGC principles of human rights, labour rights, environment, and anti-corruption encourage member firms to do sustainable business practices, care for the interests of stakeholders including environment, and report the same. It also finds a significant positive coefficient ($\beta = 0.1187$, $p < 0.01$) of *GRI*, which indicates that GRI promotes SED in developing countries. Being developed with true multi-stakeholder contributions and rooted in the public interest, the GRI sustainability reporting standard promotes transparency and accountability of firms to the stakeholders⁵². Between the two global governance variables, GRI has a greater influence on SED in developing countries than that of the UNGC ($0.1187 > 0.0860$). The difference between the degree of influence of GRI and UNGC on SED can be explained as the mismatch between ‘what is told’ (the disclosure) and ‘what is done’ (the reality) (Duarte & Imbun, 2016; Momin, 2013; Slack, 2012).

Regarding the country-level governance, the study finds that voice and accountability has a significant positive coefficient ($\beta = 0.0221$, $p < 0.01$), indicating that the greater the citizens’ ability to elect their government, freedom of expression, freedom of association and media, the more is the likelihood that companies will be exposed to pressure to be accountable (Newell and Frynas, 2007) and socially responsible, and disclose more CSR information. This is consistent with prior studies (e.g. de Villiers and Marques, 2016). These results also support the notion that democratic governments and systems improve the feeling of security and confidence among the citizens regarding the capacity of laws, law-enforcing agents and the judiciary to ensure freedom for all (Simnett, Vanstraelen, & Chua, 2009). The study also finds a significant positive coefficient ($\beta = 0.0230$, $p < 0.01$) of political stability and absence of violence, which implies that the greater the political stability and absence of violence, the more is the likelihood that companies will disclose CSR information. The study finds a significant positive coefficient ($\beta = 0.0887$, $p < 0.01$) of regulatory quality, which implies that the better the government ability to formulate and implement sound policies and regulations to promote the private sector development, the more is the likelihood that companies will do CSR and disclose the same. The results also support the notion that quality government services and the

⁵² <https://www.globalreporting.org/Information/about-gri/Pages/default.aspx>

government's commitment to policy formulation and implementation encourage companies to invest their resources in socially beneficial projects, with an expectation of better company performance in the long run. On the other hand, the study finds a significant negative coefficient ($\beta = -0.0565$, $p < 0.01$) of governance effectiveness, which supports the notion that the less effective the government services, the more business supplements government responsibility, fills the institutional voids and discloses more information (Doh et al., 2017; Ghoul, Guedhami, & Kim, 2017; Amaeshi et al., 2016; Healy & Serafeim, 2016; Matten & Crane, 2005). Similarly, The study finds a significant negative coefficient ($\beta = -0.0471$, $p < 0.01$) of the rule of law, which implies the unwillingness of firms to disclose any unwanted additional information for fear of pressure/bad publicity/risk (Kirsch, 2018; Belal & Cooper, 2011). The findings are consistent with previous studies (e.g. Ioannou and Serafeim, 2012; Baldini et al., 2018). However, the study finds an insignificant negative coefficient ($\beta = 0.0149$, $p > 0.10$) of control of corruption, which implies that control of corruption does not have a significant influence on SED.

Regarding the firm-level governance, the study finds a significant negative coefficient ($\beta = -0.0102$, $p > 0.10$) of board independence. The result is consistent with previous quantitative studies (Alotaibi & Hussainey, 2016; Sundarasan, Je-Yen, & Rajangam, 2016; Barakat, Pérez, & Ariza, 2015; Kiliç, Kuzey, & Uyar, 2015; Giannarakis, 2014b; Haji, 2013) and with the qualitative study of Uddin & Choudhury (2008), who document that independent directors in Bangladesh are appointed based on the personal connections rather than the skills and expertise. The result is inconsistent with the previous studies, which document significant positive relationships (Deschênes et al., 2015; Kiliç, Kuzey, & Uyar, 2015; Muttakin & Subramaniam, 2015; Khan et al., 2013; Dunn & Sainty, 2009; Rashid & Lodh, 2008). Although some previous studies find a positive association between board independence and SER, independent directors in developing countries may not be truly independent (Uddin & Choudhury, 2008).

The study finds a significant positive coefficient ($\beta = 0.0204$, $p < 0.01$) of a female director on board, which implies that the greater the number of females on a company board results in greater SED. The result also supports the notion that gender diversity leads to greater board efficiency through greater monitoring (Adams & Ferreira, 2009), and the inclusion of a female on the board can lead to better corporate governance (Bernardi, Bean, & Weippert, 2002) and decision-making, as a result of the active participation and discussion in board meetings

(Letendre, 2004). Thus, they can exert pressure on companies to harmonise between organisational goals and actions with societal goals and expectations through CSR and SER. The result is consistent with the findings of previous studies (Ullah, Muttakin, & Khan, 2019; Williams, 2003; Wang & Coffey, 1992) who document a positive association between the proportion of female directors on the board and CSR disclosures. However, the finding is in contrast to the finding of Muttakin, Khan and Subramaniam (2015), who document that SER is significantly negatively correlated with family firms in Bangladesh and of Husted and de Sousa-Filho (2019), who document a significant negative relationship between board gender diversity and SER in four Latin American countries (Brazil, Mexico, Colombia and Chile).

The study has a significant positive coefficient ($\beta = 0.0215$, $p < 0.01$) for the board size, which implies that the board size has a significant positive impact on the extent of SED in developing countries. The result supports the notion that the larger board acts as an effective monitoring tool of corporate governance (Lee & Chen, 2011) and offers diverse resources to the companies because they might have different backgrounds, education and expertise reflecting the diverse needs of the society and thus leading the companies to engage in CSR to meet the needs of diverse stakeholders (Akhtaruddin et al., 2009; Chen & Jaggi, 2000). The findings are consistent with prior studies (Majumder, Akter, & Li, 2017; Alotaibi & Hussainey, 2016; Javaid Lone, Ali, & Khan, 2016; Majeed et al., 2015; Barakat, Pérez, & Ariza, 2015; Supriyono et al., 2015; Haji, 2013; Siregar & Bachtiar, 2010). The study finds a significant positive coefficient ($\beta = 0.0004$, $p < 0.01$) of the number of *board meetings* which implies that the more frequent the board meetings are, the greater is the extent of SED. The result supports the notion that frequent board meetings offer constant and effective monitoring of the corporate actions (Giannarakis, 2014b) and thus help keep the companies being operated in the right direction, performing better CSR activities, and disclosing the same. The finding is consistent with prior studies (e.g. Alotaibi and Hussainey, 2016; Majumder, Akter and Li, 2017).

With regards to the control variables, the findings suggest that firm size, ROA, market value of the stocks to book value of the stocks, and GDP per capita positively and significantly explain SED. However, the study finds a significant negative relationship of leverage with SED. The results for the control variables are consistent with the previous studies (Muttakin, Mihret, & Khan, 2018; Haniffa & Cooke, 2005).

Table 6.4: Multiple regression results using SDS and EDS as dependent variables: additional analysis

VARIABLES	Model 1		Model 2		Model 3		Model 4	
	SDS	EDS	SDS	EDS	SDS	EDS	SDS	EDS
Constant	-0.368*** (-15.699)	0.010 (0.389)	-0.541*** (-18.903)	-0.245*** (-13.206)	-0.674*** (-18.369)	-0.278*** (-12.400)	-0.304*** (-14.904)	-0.030* (-1.801)
GLOBAL_GOV	0.253*** (72.433)	0.231*** (64.321)					0.268*** (74.458)	0.219*** (59.257)
COUNTRY_GOV			0.081*** (17.293)	0.100*** (24.150)			0.017*** (4.617)	0.045*** (13.089)
FIRM_GOV					0.051*** (9.424)	0.038*** (7.935)	0.021*** (5.304)	0.005 (1.283)
ROA	0.041** (2.365)	0.138*** (9.564)	0.164*** (8.433)	0.199*** (12.243)	0.222*** (10.352)	0.299*** (16.108)	0.044*** (2.831)	0.103*** (8.002)
FSIZE	0.011*** (12.125)	0.008*** (11.174)	0.029*** (28.954)	0.023*** (27.347)	0.023*** (21.065)	0.020*** (20.791)	0.012*** (14.429)	0.010*** (14.151)
MTB	0.006*** (9.826)	-0.001** (-2.451)	0.006*** (9.218)	-0.001 (-1.201)	0.003*** (4.388)	-0.004*** (-6.143)	0.006*** (11.251)	-0.000 (-0.145)
LEV	-0.037*** (-5.967)	-0.003 (-0.574)	-0.029*** (-4.092)	-0.002 (-0.346)	-0.024*** (-3.088)	0.008 (1.224)	-0.032*** (-5.609)	-0.006 (-1.328)
LNGDP	0.034*** (17.926)	0.003* (1.753)	0.017*** (7.083)	-0.003 (-1.637)	0.042*** (16.535)	0.010*** (4.680)	0.024*** (13.127)	-0.002 (-1.393)
Industry	Included	Included	Included	Included	Included	Included	Included	Included
Year	Included	Included	Included	Included	Included	Included	Included	Included
Adjusted R ²	0.601	0.569	0.353	0.278	0.350	0.341	0.602	0.58
F -Stat	102.98	90.56	38.25	27.39	44.76	39.01	102.00	93.52
Sig	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Observations	10,440	10,440	10,599	10,599	10,599	10,599	10,440	10,440

Notes: SDS = Social disclosure score; EDS = Environmental disclosure score; GLOBAL_GOV = Global governance score; COUNTRY_GOV = Country-level governance score; FIRM_GOV = Firm-level governance score; ROA = Ratio of earnings before interest and taxes and total assets; FSIZE = Natural logarithm of total assets; MTB = Market value of stock to book value of stock; LEV = Ratio of book value of total debt and total assets; LNGDP = Natural logarithm of GDP per capita at current price. t-statistics in parentheses. *, **, *** Statistically significant at less than the 0.10, 0.05 and 0.01 levels, respectively.

Table 6.5 Multiple regression results using SEDS as the dependent variable: additional analysis

	Model 1	Model 2	Model 3	Model 4
Variables	SEDS	SEDS	SEDS	SEDS
Constant	-0.1593*** (-10.801)	-0.3909*** (-8.227)	-0.5031*** (-20.227)	-0.1113*** (-3.073)
UNGC	0.0988*** (29.734)			0.0860*** (21.624)
GRI	0.1387*** (53.147)			0.1187*** (42.205)
VA		0.0458*** (16.998)		0.0221*** (8.036)
PV		0.0206*** (4.501)		0.0230*** (5.593)
GE		-0.0995*** (-11.394)		-0.0565*** (-6.738)
RQ		0.1395*** (17.470)		0.0887*** (11.370)
RL		-0.0946*** (-9.208)		-0.0471*** (-4.504)
CC		0.0284** (2.541)		-0.0149 (-1.390)
BIND			0.0806*** (7.484)	-0.0102 (-1.311)
FEMD			0.0183* (1.768)	0.0204*** (2.872)
LNBSIZE			0.0353*** (7.120)	0.0215*** (6.287)
BMTG			0.0011*** (6.885)	0.0004*** (3.102)
ROA	0.0971*** (7.340)	0.0453*** (2.594)	0.2386*** (12.238)	0.0242* (1.757)
FSIZE	0.0089*** (13.107)	0.0232*** (27.554)	0.0220*** (21.259)	0.0101*** (13.658)
MTB	0.0022*** (4.791)	0.0044*** (8.093)	0.0006 (0.927)	0.0029*** (6.233)
LEV	-0.0185*** (-3.911)	-0.0294*** (-4.810)	-0.0337*** (-4.837)	-0.0369*** (-7.667)
LNGDP	0.0176*** (11.829)	0.0184*** (4.619)	0.0211*** (8.350)	0.0129*** (3.479)
Industry	Included	Included	Included	Included
Year	Included	Included	Included	Included
Adjusted R ²	0.657	0.464	0.359	0.690
F -Stat	130.23	58.34	34.58	126.55
Sig	0.000	0.000	0.000	0
Observations	10,440	10,599	10,599	10,440

Notes: SEDS, corporate social and environmental disclosure score; UNGC, dummy variable equals 1 if the firm is a signatory of UNGC otherwise 0; GRI, a dummy variable equals 1 if the firm complies with GRI requirement otherwise 0; VA, voice and accountability; PV, political stability and absence of violence; GE, governance effectiveness; RQ, regulatory quality, RL, the rule of law; CC, control of corruption; BIND, the proportion of independent directors on board; FEMD, the proportion of female directors on board; LNBSIZE natural logarithm of board members; BMTG number of board meetings; ROA, the ratio of earnings before interest and taxes and total assets; FSIZE, the natural logarithm of total assets; MTB, the market value of the stock to book value of the stock; LEV, the ratio of the book value of total debt and total assets; LNGDP, the natural logarithm of GDP per capita at the current price. t-statistics in parentheses. *, **, *** Statistically significant at less than the 0.10, 0.05 and 0.01 levels, respectively.

6.4 Robustness Test

In this section, the relationships between the three levels of governance and SED have been examined to test whether our results are robust or not by excluding the sample companies from China as the lion's share of the firm-year observations (approx. 49%) are from China. The findings are presented in *Table 6.6*, which shows that even after excluding the companies from China, the SEDS has significant positive relationships with the global governance ($\beta = 0.245$, $p < 0.01$) and firm-level governance ($\beta = 0.016$, $p < 0.01$) and an insignificant positive relationship with the country-level governance ($\beta = 0.005$, $p > 0.10$) and thus our results are robust. Like the findings shown in *Table 6.4*, the relationships of SDS and EDS with the three levels of governance excluding China have been examined (as shown in *Table 6.7*) and both the EDS and SDS have found significant positive relationships with all three levels of governance. Hence, the main results are robust.

The study has also conducted a robustness test by examining the relationships between the global, country and firm-level governance and SED using the firm-fixed effect model and the results are shown in *Table 6.7*. Models 1, 2, and 3 show that SED has significant positive relationships with global governance ($\beta = 0.159$, $p < 0.01$), country-level governance ($\beta = 0.039$, $p < 0.01$), and firm-level governance ($\beta = 0.009$, $p < 0.05$), respectively. In model 4, SED has significant positive relationships with global governance ($\beta = 0.158$, $p < 0.01$), country-level governance ($\beta = 0.059$, $p < 0.01$), and an insignificant positive relationship with firm-level governance ($\beta = 0.003$, $p > 0.10$), respectively. Therefore, the results are robust.

Like the findings shown in *Table 6.4*, the relationships of SDS and EDS with the three levels of governance excluding China have been examined (as shown in *Table 6.7*) and both the EDS and SDS have been found significant positive relationships with all three levels of governance. Hence, the results are robust.

6.5 Summary

The objective of this chapter is to examine what is the relationship between the global, country and firm-level governance and SER in developing countries using the third party provided social and environmental disclosure and governance data. The study finds that there are significant positive relationships between the global, country and firm-level governance and

SER in developing countries. The findings suggest that better governance leads to greater social and environmental disclosure in developing countries.

Additionally, the study has also examined the relationships of the global, country and firm-level governance with the social disclosure and environmental disclosure separately and found a significant positive impact of all three levels of governance on social disclosure. However, there is a significant positive influence of global governance and country-level governance but an insignificant positive influence of firm-level governance on environmental disclosure. The insignificant positive influence of firm-level governance on environmental disclosure can be explained as a lack of motivation of firms and the absence of pressure on them for environmental causes. The relationships of twelve individual governance variables⁵³ under three levels of governance with SER have also been examined. Results show that there is a significant positive relationship of UNGC with SER, which suggests that the adoption of UNGC encourages firms to be socially and environmentally responsible and report the same. There is a significant positive influence of GRI on SER, indicating that reporting in line with GRI promotes SER in developing countries. However, between UNGC and GRI, GRI has a greater influence on SER, indicating the mismatch between the reporting contents and reality in developing countries (Duarte & Imbun, 2016; Momin, 2013; Slack, 2012). Regarding the country-level governance, the study finds a significant positive impact of voice and accountability, political stability and absence of violence, and regulatory quality on SER. However, there are significant negative relationships of SER with governance effectiveness and the rule of law and an insignificant negative relationship of SER with control of corruption. Finally, there are significant positive relationships of SER with female directors on board, board size and the number of board meetings and an insignificant negative relationship of SER with board independence. As a considerable portion of the sample firms is from China, some analyses excluding the Chinese sample firms have been conducted to see if the results are robust or not, and the results are found robust even after excluding Chinese firms.

Therefore, the overall hypothesis that there is a significant positive relationship between global governance, country-level governance, firm-level governance and SER is supported. The

⁵³ Two global governance, six country-level governance and four firm-level governance variables.

results suggest that firms that adopt global governance initiatives such as GRI and UNGC are most likely to disclose their CSR information.

Although the main analysis shows that the global, country and firm-level governance have a significant positive impact on SER, the results of our additional analyses show that some country-level governance and firm-level governance variables have significant and insignificant negative impacts on SER in developing countries. This chapter has analysed and discussed the findings according to the multilevel (global, country and firm-levels) institutional framework of Scott (2002). However, the multidimensional analysis (coercive, normative and cultural cognitive pressures) of the governance variables is not possible in this chapter because of the limitation of data. Therefore, the following chapter will address this limitation. Moreover, Muttakin, Khan and Subramaniam (2015) document that female directors in the family firms have a significant negative influence on the SER in Bangladesh and some studies (e.g. Uddin and Choudhury, 2008) express suspicion about the appropriateness and effectiveness of the Western governance model and their influence on the SER in a traditional setting, Bangladesh. Therefore, the next chapter will examine how is the relationship of SER with some of the specific governance variables such as female directors, independent directors, voice and accountability, GRI, UNGC in Bangladesh as a case of a developing country.

Table 6.6: Multiple regression results⁵⁴ (excluding China): robustness test

VARIABLES	Model 1	Model 2	Model 3	Model 4
	SEDS	SEDS	SEDS	SEDS
Constant	-0.226*** (-10.516)	-0.639*** (-19.000)	-0.656*** (-19.890)	-0.212*** (-9.271)
GLOBAL_GOV	0.246*** (60.958)			0.245*** (60.519)
COUNTRY_GOV		0.018*** (3.186)		0.005 (1.144)
FIRM_GOV			0.036*** (4.828)	0.016*** (2.856)
ROA	0.027 (1.374)	0.095*** (3.511)	0.084*** (3.139)	0.032 (1.559)
FSIZE	0.011*** (11.535)	0.026*** (19.798)	0.024*** (17.586)	0.011*** (10.433)
MTB	0.004*** (5.050)	0.004*** (3.959)	0.004*** (3.913)	0.004*** (4.918)
LEV	-0.024*** (-3.276)	-0.007 (-0.701)	-0.010 (-1.037)	-0.024*** (-3.310)
LNGDP	0.022*** (10.897)	0.041*** (13.354)	0.045*** (16.670)	0.021*** (9.241)
Industry	Included	Included	Included	Included
Year	Included	Included	Included	Included
F value	98.37	33.67	34.32	97.16
Sig	0.000	0.000	0.000	0.000
Observations	5,261	5,420	5,420	5,261
Adjusted R ²	0.714	0.456	0.461	0.715

Notes: SEDS = Corporate social and environmental disclosure score; GLOBAL_GOV = Global governance score; COUNTRY_GOV = Country-level governance score; FIRM_GOV = Firm-level governance score; ROA = Ratio of earnings before interest and taxes and total assets; FSIZE = Natural logarithm of total assets; MTB = Market value of stock to book value of stock; LEV = Ratio of book value of total debt and total assets; LNGDP = Natural logarithm of GDP per capita at current price. t-statistics in parentheses. *, **, ***Statistically significant at less than the 0.10, 0.05 and 0.01 levels, respectively.

⁵⁴ Our results are not affected by multicollinearity because none of the variables have a variance inflation factor value in excess of 10 (Neter, Wasserman, & Kutner, 1983) and there are weak correlation between the decision variables.

Table 6.7: Multiple regression results (with firm-fixed effect model⁵⁵): robustness test

Variables	Model 1	Model 2	Model 3	Model 4
	SEDS	SEDS	SEDS	SEDS
Constant	0.438*** (10.804)	0.493*** (9.776)	-0.469*** (-12.190)	0.553*** (12.205)
GLOBAL_GOV	0.159*** (46.059)			0.159*** (46.370)
COUNTRY_GOV		0.039*** (3.380)		0.059*** (5.717)
FIRM_GOV			0.009** (2.049)	0.003 (0.806)
ROA	0.031** (2.322)	0.033** (2.161)	-0.043*** (-2.733)	0.035*** (2.602)
FSIZE	0.002 (0.828)	0.006*** (2.628)	0.024*** (11.114)	-0.000 (-0.122)
MTB	0.000 (0.444)	0.000 (0.480)	0.001 (1.351)	-0.000 (-0.167)
LEVERAGE	-0.008 (-1.064)	-0.008 (-1.046)	-0.012 (-1.414)	-0.005 (-0.707)
LNGDP	-0.030*** (-9.984)	-0.040*** (-10.890)	0.022*** (7.307)	-0.038*** (-11.409)
Firm	FE	FE	FE	FE
Year	FE	FE	FE	FE
Adjusted R ²	0.353	0.184	0.071	0.195
F -Stat	301.57	126.46	58.03	269.02
Sig	0.000	0.000	0.000	0.000
Observations	10,440	10,599	10,599	10,440

Robust t-statistics in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Notes: SEDS = Corporate social and environmental disclosure score; GLOBAL_GOV = Global governance score; COUNTRY_GOV = Country-level governance score; FIRM_GOV = Firm-level governance score; ROA = Ratio of earnings before interest and taxes and total assets; FSIZE = Natural logarithm of total assets; MTB = Market value of stock to book value of stock; LEV = Ratio of book value of total debt and total assets; LNGDP = Natural logarithm of GDP per capita at current price. t-statistics in parentheses. *, **, ***Statistically significant at less than the 0.10, 0.05 and 0.01 levels, respectively.

⁵⁵ The firm fixed effect model has been used based on the result of the Hausman test.

Table 6.8: Multiple regression results using SDS and EDS as dependent variable excluding China: robustness test

VARIABLES	Model 1		Model 2		Model 3		Model 4	
	SDS	EDS	SDS	EDS	SDS	EDS	SDS	EDS
Constant	-0.334*** (-10.807)	-0.148*** (-5.224)	-0.785*** (-17.006)	-0.548*** (-18.600)	-0.719*** (-17.364)	-0.719*** (-17.364)	-0.322*** (-9.867)	-0.134*** (-4.577)
GLOBAL_GOV	0.261*** (53.480)	0.225*** (48.348)					0.260*** (53.117)	0.225*** (48.108)
COUNTRY_GOV			0.017** (2.556)	0.019*** (3.312)			0.002 (0.296)	0.006 (1.361)
FIRM_GOV					0.045*** (5.255)	0.023*** (2.959)	0.022*** (3.295)	0.006 (0.869)
ROA	0.007 (0.268)	0.044** (2.031)	0.115*** (3.692)	0.093*** (4.133)	0.070** (2.220)	0.095*** (3.472)	0.009 (0.354)	0.049** (2.228)
FSIZE	0.011*** (8.947)	0.014*** (12.082)	0.028*** (18.912)	0.027*** (22.007)	0.024*** (15.284)	0.026*** (18.019)	0.010*** (7.762)	0.013*** (11.519)
MTB	0.007*** (6.934)	0.001 (1.243)	0.007*** (6.248)	0.001 (1.025)	0.007*** (5.970)	0.001 (0.952)	0.007*** (6.839)	0.001 (1.150)
LEVERAGE	-0.035*** (-3.833)	-0.012 (-1.538)	-0.012 (-1.047)	0.002 (0.215)	-0.021* (-1.784)	0.001 (0.059)	-0.036*** (-3.926)	-0.012 (-1.485)
LNGDP	0.032*** (13.151)	0.011*** (4.909)	0.042*** (11.987)	0.028*** (9.541)	0.057*** (18.203)	0.032*** (11.953)	0.032*** (11.630)	0.009*** (3.760)
Industry	Included	Included	Included	Included	Included	Included	Included	Included
Year	Included	Included	Included	Included	Included	Included	Included	Included
Adjusted R ²	91.31	57.82	34.20	29.11	39.00	22.10	90.25	57.03
F -Stat	0.698	0.593	0.444	0.388	0.494	0.351	0.699	0.593
Sig	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Observations	5,261	5,261	5,420	5,420	5,420	5,420	5,261	5,261

Notes: SDS = Social disclosure score; EDS = Environmental disclosure score; GLOBAL_GOV = Global governance score; COUNTRY_GOV = Country-level governance score; FIRM_GOV = Firm-level governance score; ROA = Ratio of earnings before interest and taxes and total assets; FSIZE = Natural logarithm of total assets; MTB = Market value of stock to book value of stock; LEV = Ratio of book value of total debt and total assets; LNGDP = Natural logarithm of GDP per capita at current price. t-statistics in parentheses. *, **, *** Statistically significant at less than the 0.10, 0.05 and 0.01 levels, respectively.

Chapter 7

The influence of global, country and firm-level governance on social and environmental reporting in Bangladesh

7.1 Introduction

This chapter aims at exploring the answer to the research question ‘how do the global, country and firm-level governance influence social and environmental reporting in Bangladesh and why?’. The findings are presented in order of the three levels of analysis – the global, country and firm-level governance – and the three forms of pressures of institutional theory – the coercive, normative and cultural-cognitive pressures. The findings are discussed in line with the theoretical framework, and the final section summarises and concludes the chapter.

7.2 Global governance

7.2.1 Global governance environment

The term ‘global governance’ has been used to indicate the regulations, systems and norms of the interdependence between the actors across the globe in the absence of an all-encompassing political authority (Rosenau, 1999). That is why global governance is sometimes termed as ‘governance without government’. “Now, governance has got many dimensions – it’s not only the rules and regulations but also practice. So, the governance concept is now percolating to the different levels of the government and the bureaucracy” (REG1). Global governance standards, such as the GRI, UNGC, SDGs have been working toward achieving sustainable development goals. The CSR Centre, the local network of UNGC in Bangladesh, has been raising awareness about sustainability and collaborating with the government in framing the national CSR guidelines. Similarly, GRI is working with the DSE and ICMAB to increase awareness of sustainability reporting in Bangladesh.

Governance in the region (Indian subcontinent) came after the second world war, through the World Bank, to ensure accountability of the governments for the projects funded by it. The international development partners have been working with the government in building infrastructure, developing governance, enhancing transparency and accountability, and combating corruption, at both the government and firm levels. For example, the Anti-Corruption Commission of Bangladesh was established with the assistance of the World Bank. The World Bank, along with

the government of Japan, is supporting the government of Bangladesh to ensure one-stop service at Bangladesh Investment Development Authority to improve the 'ease of doing business' in the country. The IMF is trying to constantly interact with the government regarding, for example, fiscal spending, inflation, tax policy, reserves, exchange rate and public debt. Bangladesh has become a signatory to many international conventions and treaties (such as SDGs, United Nations Framework Convention on Climate Change, United Nations Convention Against Corruption, fair election convention, ILO convention) and as such, the government is expected to follow them.

The International Finance Corporation (IFC), Asian Development Bank (ADB), Japan International Cooperation Agency (JICA) and other development partners are working to improve the firm-level governance culture in Bangladesh. For example, the ADB has been supporting the development of the capital market in Bangladesh, demutualisation of the stock exchange, corporate governance, weather index for the Agri-insurance policy, and other infrastructure developments. With the financial support from the government of Japan, IFC is working to promote corporate governance in the country besides its main function of facilitating the development of the private sector through funding, consultation, and technical know-how. The World Bank is contributing to the development of corporate governance in the insurance sector by creating and funding a six-year-long project with Insurance Development and Regulatory Authority Bangladesh. The JICA is the largest donor agency supporting the development of Bangladesh. Recently, some other international financial organisations, such as DEG KfW (German financing company), the Norwegian fund (biggest sovereign fund in the world), FMO are lending funds to the private sector. The study tried to understand the strategic interest of international lenders in Bangladesh in promoting governance and sustainability. Interviewees opined that these organisations have funds to invest in developing economies and their strategic interest for ensuring governance is basically to safeguard their funds as well as being benefitted from the long-term investment as a result of improved quality of lives. Therefore, they impose various conditions, such as good governance, low non-performing loans, high profitability, capital adequacy.

Why global pressures?

Interviewees opined that the pressures for good governance and SER come from the global community (such as buyers and development partners), both for ethical and unethical reasons. The international buyers put pressures on the Bangladeshi exporters for ensuring labour rights (e.g.

safety, security and fair-pay of the workers), product quality, and accountability, among others, reasoning that their products are consumed in developed countries where the consumers are keen to know how these products are produced. Similarly, the donors and development partners put pressure for accountability because they must be accountable to their citizens. Sharing his experience of working with 19 development partners, including the World Bank, ADB, Department for International Development (DFID), USAID, a former secretary to the Ministry of Primary and Mass Education said: “The Danish Ambassador told me ‘gentleman this is the money of my citizens and my Minister has to answer in the parliament how the Bangladesh government is utilising this money.’ ... So, they ask for reports, clarifications” (NGO/CSO3).

Interviewees opined that most of the pressures exerted by international buyers are not ethical. They also contended that international buyers do not always follow ethical and standard practice, though they very often ask for governance and ethical practice. “They keep moving the goal post. They have all used fossil fuel and coal. Today we cannot use coal ... It makes business sense for them as well, not just for social or environmental sense” (TA1). Pointing to the unethical pressure from the global buyers, interviewees opined that “Rana Plaza does not define all the garments factories in Bangladesh” (TA4); after the Rana Plaza havoc, things have improved tremendously, and now eight out of the top 10 LEED-certified platinum greenest garments factories are in Bangladesh. But unfortunately, they are facing cost pressure because the international buyers are not paying a reasonable price to cover the extra cost. Sharing the experience of an owner of the top 10 garments factories in Bangladesh, the President of a trade association said: “The owner was saying ‘if I had to do it again most likely I would not because buyers do not give me one extra cent in the price of value’” (TA1). Questioning the morality of the internal buyer, she added:

They talk about all these social responsibilities, but they negotiate below production cost prices. Is that an ethical practice? Is that good governance practice that knowingly you will pay somebody below production cost and expect them to provide all the social benefits that your country insists upon? ... There are some good governance issues, but certainly, they also use it as a weapon. (TA1)

Interviewees opined that the global players are not always driven by actual welfare motivations. They are very often funded by protectionist lobbies in industrialised countries. Therefore, part of the pressure comes from the genuine concerns for the labourers who produce the goods, such as garments, which are the most exported item of Bangladesh. But part of that global pressure comes

from the trade union lobbyists, who want to protect their jobs in those countries so that there is no cheap export from developing countries. Since export industries (garments) are globally visible, there is more discourse about those industries. But there are many formal and informal sectors where there are no labour standards at all, and this is a problem in all developing countries, not only in Bangladesh. The chairman of a CSR Award committee said that the motivation of the global players is unfair.

It is a contradiction that global players and global trade unions push for the labour standards only in the industries from which exports go to their country. If they are motivated by humanitarian causes, they should be talking even more about the bonded and child labour in informal sectors in India, Pakistan and Bangladesh rather than going for labour standards in the readymade garments only. (CSR Expert1)

7.2.2 Global governance and SER

Business case and coercive pressures

Most of the interviewees opined that companies in Bangladesh do social and environmental reporting for the business case and as a response to the coercive pressures emanated from the international powerful stakeholders. Companies that are dependent on the global market or are trying to expand their business⁵⁶ outside the border face coercive pressures to adhere to the globally accepted standards and principles regarding labour rights, human rights, environment, among others. As a result, they must adopt global sustainability standards (such as GRI, UNGC, ISOs) and communicate the same through SER for conformance and organisational conformance for SER is expedient and instrumental, irrespective of their choice (Lounsbury, 2008; Scott, 2001, 2002; DiMaggio & Powell, 1983). For example, “In the case of garments, the importers of Europe and the USA come to visit the factories and say that ‘we will buy your commodities if and only if you can meet these conditions. Otherwise, we will say goodbye’” (NGO/CSO3). Underscoring the essence of global membership and SER in meeting the requirements of foreign counterparts, a senior executive of a Bangladeshi MNC said:

Now we have sold four of our brands to a US company. So, for that matter, they checked what kind of governance we have, what kind of company we are ... So, to meet their requirements and to have access to funds internationally, we have to have some global standards such as ISOs, UNGC, and compliance in place and some avenues, such as CSR reports to communicate with them”. (CORP1)

⁵⁶ In terms of export, line of credit, listing with the international stock exchange, foreign direct investment, etc.

Adoption of global sustainability standards helps companies showcase themselves decently and negotiate confidently with international investors (Rahaman, Lawrence, & Roper, 2004; Rahaman, 2000). The head of a CSR team said: “Being a part of UNGC and UNEP FI and preparing this document [sustainability report] in line with GRI is our pledge to them that yes, we follow your set of principles; we are in line with your shared values. So, if you have anything in your plate in terms of investment, in terms of syndications, please do share with us” (CSR Team2). Similarly, the CEO of a bank⁵⁷ said that they are dependent for credit and equity on a good number of international development banks, namely, ADB, DEG KfW, Norway Fund, FMO. Because of these dependencies, they have become international and thus, they need to meet the expectations of the international community through SER.

Our connections with the international development banks have increased over the years. We are now aligned with DEG KfW, ADB, FMO, which are trade finance and lines of credit ... Norway Fund last year in May signed an agreement of extending US\$ 30million credit; Norway Fund is also on the verge of investing 10% in the Bank along with the board [equity]. ... So, through all these affiliations, we have become a globally interlinked bank, and as such, our practices should be of international standards. I know that it [SER] takes time, it is expensive, people must learn how to do all this reporting. However, slowly but surely, we must adopt all these best standards and reporting practices. (CEO2)

Beside the coercive pressures, companies also adopt SER as a strategic tool to gain competitive advantages by branding their business at home and abroad. For example, “We want to create a brand image not only in Bangladesh but also in the global marketplace. So, we should follow what is being followed globally. That’s why we are reporting according to GRI” (CSR Team3). Large Bangladeshi companies with international exposure have recently been allowed to borrow funds from international lenders. When any international lenders or donors come to Bangladesh for collaborative projects, they investigate the websites, annual reports and SER practices of companies to have a prima facie idea about the potential local partner. Consequently, prudent companies try to cope with the expectations of their counterparts, as a member of the SER team said: “We are disclosing our economic, environmental and social impacts so that our stakeholders can have a holistic understanding about us that although we are in Bangladesh, we are very much in line with global best practices” (CSR Team3).

⁵⁷ which is a member of UNGC and issues stand-alone CSR report according to GRI.

CSR champions in Bangladesh use SER as a strategic and impression management tool to differentiate themselves from other companies in the industry, as the chair of a CSR Award Committee said: “Standard reporting of CSR helps image building; it’s attractively packaging a company in front of the society and global community” (CSR Expert1). By using the logos of UNGC and GRI, companies try to position themselves as ‘socially responsible’. A senior executive of a Bangladeshi MNC known for its CSR said: “By doing so [SER], we are also differentiating ourselves from other corporate houses. So, it’s branding for us – what we stand for” (CORP1). Likewise, a chief of CSR said: “We have pioneered sustainability reporting in Bangladesh. So, we do differentiate ourselves; we brand ourselves. It’s a global reputation; it’s a global endorsement that we have received from the UNGC” (CSR Team2).

A CSR report prepared in line with GRI tells the international investors about the level of responsibility, transparency, accountability, and image of a company, as it is a comprehensive document that amalgamates the entire annual activities, not only CSR. Emphasising the essence of SER as a conversation starter, the head of a SER team said:

So, this report gives a kind of assurance whenever there is an international investor on board, when there is a World Bank representative, when we have meetings with ADB, Chevron or any other organisations. Having this document is a kind of conversation starter; it depicts us (our image) because it communicates the activities we do. It’s a prominent document. (CSR Team2)

A stand-alone CSR report is also used as a strategic tool.

Whenever we meet new investors or potential clients, this helps us to give them an idea about the level of responsibility and transparency we have. And as I see, in this South Asian region, people still respect the (hard) document more than the electronic document. So, having something in black-and-white is still like a kind of pledge – is there and it’s reported. (CSR Team2)

Although the main purpose of a CSR report is to appease the global pressure, companies also try to propagate this as a strategic tool to gain support from the local stakeholders, particularly regulators and customers who are critical to their success and survival. They also highlight the success stories of their clients in the CSR report to motivate the existing clients and attract potential ones. “We also highlight their success stories with pictures. We give 10-20 copies to our branch

managers. So, when they work with our partners and clients, they show that yes, you have done wonderful and your stories have been highlighted in this report” (CSR Team2)

The adoption of SER practices enables companies to offer unique selling propositions and enjoy competitive advantages in terms of access to resources at reduced cost, recognition, trust and acceptability. For example, “we do have access to various projects, national and international credit lines at reduced rates. We are partnered with IFC in their projects in Bangladesh. FMO also has given us syndication loans” (CSR Team2). Similarly, a CEO said that they had gained the public trust and support from the stakeholders; their return on equity (ROE) is the highest, and the non-performing loan (NPL) ratio is the lowest in the industry, and they have access to funding at 7%, in contrast to the market interest rate of 11%, because of good governance and SER.

I am an accountant. Normally accountants are very conservative. Without seeing the end number, we don't invest money. ... Last year our ROE was the highest in the entire financial sector because everywhere we got support from our stakeholders. The day before yesterday, we issued a 250 crore Taka bond – one bond at 7% coupon rate, whereas the market interest rate is 11%. ... So, what we are practising good is coming back to our profitability. (CEO3)

Normative pressures

In addition to the aforesaid coercive pressures, some companies in Bangladesh are voluntarily doing SER following global standards because of their internal motivations and moral obligations to act in a socially responsible manner (Dacin, Goodstein, & Scott, W, 2002; Scott, 2001). A member of the SER team said: “With the help of GRI standard, we can disclose the environmental, social and economic performance in a structured manner, which cannot be done with any other standards. It is more than an annual report. It tells you about your credibility, your footprint, your commitment and contribution to the society” (CSR Team3). Another interviewee said: “It is always good to write things in a structured way. If you report things in an ordered manner, things can be easily followed, assessed and results can easily be seen (CSR Team2).”

The structured CSR report brings recognition, endorsement, and reputation that ultimately positively affects the financial health of companies. For example, the South Asian Federation of Accountants (SAFA) gives awards for integrated reporting and sustainability reporting. The Institute of Chartered Accountants of Bangladesh (ICAB) gives awards for best presented annual

reports. Companies report their CSR activities following GRI because it helps them in getting various awards by meeting all the requirements⁵⁸ of the awarding organisations. “Some companies, like IDLC, Prime Bank, Mutual Trust Bank, Bank Asia, are following that [GRI] because that gives them some kind of advantage in the form of awards and recognitions” (CORP1). Likewise, the member of a SER team said: “Last year we were awarded the Gold Award from National Centre for Sustainability Reporting (NCSR) Indonesia. ... we have been getting the first or second award for the best presented annual report for the last 8 to 10 years. So, a very positive impression has been created in the market” (CSR Team3). Also, the GRI standard helps the UNGC-member firms to prepare and submit their CSR report in compliance with the ten principles of UNGC.

The GRI and CSR Centre (the local network of UNGC) provide a learning and development platform (Buono, 2014) for the companies in Bangladesh to know how to discharge and report CSR according to globally accepted SER framework. Therefore, “they are getting equipped with global reporting technologies to cope with the rest of the world (FD1)”. The head of the SER team said: “It’s a kind of a proud feeling of being part of something global where we can vote on UN SDG Summit as a member of UNGC. We also have access to webinars, AGMs, global roundtables, networking, knowledge-sharing and contributing to what will be the next global agenda” (CSR Team2).

Beside global pressures and opportunities, the ethical stance of the sponsors is an important driver for being part of global best practices and doing SER. The City Bank, a listed commercial bank in Bangladesh, shared some of its equity with the IFC, the private sector wing of World Bank. Stressing the difference in the ethical obligation of the sponsors of two banks and sharing his experience, an independent director said: “Because of the equity participation of IFC, the governance, transparency, accountability and compliance of the City Bank will be enhanced. I proposed them to do that, but they felt that once they invite these people [IFC] to be the part of the company, they will not be able to manoeuvre how they would like to do” (ID1).

Some companies realise that they have to address issues such as labour rights, environment, community, product quality to succeed and survive (Pachauri, 2006). In response to why companies adopt UNGC, a CSR expert said: “Look at Rana Plaza in the RMG sector in 2013; the

⁵⁸ Such as economic, social, environment, management and governance.

horrific accident killed more than a thousand people because of an irresponsible business. The businessmen also lost their business. So, day by day, they realise that they have to engage in good corporate behaviour and, as such, they want to become part of the UNGC” (CSR Expert2).

Cultural cognitive pressures

In contrast to the strong coercive pressure and moderate normative pressure, the cultural-cognitive pressure from the global level is weak. The audience of sophisticated stand-alone CSR reports is mainly the international market, as a head of CSR said: “They [people in Bangladesh] don’t understand how to read the report and the importance of it. Almost all the people see it as an annual report” (CSR Team2). Confronted with global pressures for social and environmental compliance, companies look for ways to minimise the uncertainty of losing the market and follow (imitate) the MNCs operating in Bangladesh, and other companies globally known for SER address similar concerns. For example, a member of the SER team said: “When we decided to start sustainability reporting, we didn’t know how to do it. So, we checked sustainability reports of some reputed companies to see how they do it. Then, we visited their websites, offices and projects, talked to the officials and policymakers and attended training programs on sustainability reporting” (CSR Team3). A handful of leading firms have been doing SER according to GRI, which had a demonstration effect on other local firms, which are in turn trying to learn and emulate from the pioneers. A member of the SER team said:

Most of the banks in Bangladesh are following us. We have prepared our sustainability report in line with GRI G4 for the first time in Bangladesh. Bangladesh Bank talks about us and BIBM also highlighted our CSR reporting in several research works. So, a very positive impression has been created in the market, which has a demonstration effect on other banks. (CSR Team3)

Responses from the non-GRI adopting firms

We have also tried to understand the perception of corporate interviewees who are yet to adopt GRI for SER, and we have received divided opinions, although the majority of them are in favour of adopting GRI. For example, a deputy CEO said: “Since being a signatory of UNGC or reporting according to GRI carries value at global level, it is better to adopt those standards so that the donors and international lending agencies put their footprint in our organisation” (CORP2). By contrast, a few of them opined that they need not follow GRI because it is a costly exercise and their key stakeholders are local. For example, the chairman of the executive committee of the largest private

bank in Bangladesh said: “We do not need GRI because we report according to Shariah principles which are more than GRI. Moreover, our main clients are local people, and we can communicate our CSR activities through our annual report” (BC).

Impacts of SER

We have tried to understand how SER impacts both the operations of the firms and the lives of the local stakeholders (e.g. customers, community and environment) and found evidence of (1) win-win situations, improving the wellbeing of both the firm and the stakeholders, in limited cases, and (2) cosmetic disclosures, improving the financial health of the firms but having no real impact on the lives of the locales. We have also found opposite views from the corporate and non-corporate interviewees.

Some corporate interviewees opined that the volume of their social and environmental disclosure had increased enormously after of the adoption of GRI (and UNGC) because earlier they did not know what to report and how to report it. A member of the SER team said: “When we do any activities, we think of reporting. When there was no reporting, we did not think this way” (CSR Team3). They also opined that SER is a continuous process that requires the support of every department. The head of a SER team said: “When a company adopts GRI reporting framework or sustainability practices of UN Global compact, it has to maintain some sort of criteria because it’s not a one-day activity; it’s a day-to-day activity” (CSR Team1). Some corporate interviewees known for SER highlighted their financial interest suppressing the interest of diverse stakeholders. In response to the question of ‘how do you see the impact of your SER’, a CEO said: “It improves our image and reputation as a good global citizen that we are adopting the best global practices, and we are setting an example for the rest of the country, very simple” (CEO2). Then in response to the question “how your SER impacts the lives of the local stakeholders?”, he said: “We do a lot of green finance, we are the leader in setting up solar irrigation pumps. However, the visible changes are still not there; you can’t see them; they will be there in the future” (CEO2).

In contrast to the aforesaid positive views, SER in Bangladesh lacks credibility and stakeholder engagement. We have evidence of decoupling, particularly from the responses of the non-corporate interviewees and corporate interviewees who are not known for SER. Some interviewees opined that there are huge mismatches between what is reported and what is done. For example, a

regulator contended that SER in Bangladesh is still hype, the awareness is still limited to the reporting team and top management, and there are things (e.g. maternity leave, baby care, ETP) being reported which are either non-existent or not in practice as reported.

Things are in black and white, but if you visit an organisation, if you observe meticulously, you will find that things are not in practice. If you talk to someone in the higher-ups, they will tell you everything is going well. But when you talk to someone in the mid or lower level, then you will come to know the reality. Say, for example, maternity leave and baby care, everything is good in the CSR report, but if you visit the organisation or if you talk to woman workers, you will find that things are not as reported. There are many problems, many mismatches. (REG9)

Companies usually try to highlight their good deeds and hide their misdeeds. For example, cigarette companies highlight their attractions and hide the harms, as an interviewee said: “Their advertisements, attractions, are highlighted with big font size. But the negative effects and warnings are written in very small size and narrow font so that these can be overlooked by the people” (ID4). Similarly, a regulator said: “They want to disclose everything in a better way; so, it is very difficult to understand the actual situation of a company” (REG3). Interviewees also opined that there is a need to customise the reporting framework as not all global practices can be implemented in Bangladesh because of the uniqueness of the country in terms of limited land area and density of population. For example, a corporate interviewee said:

Mismatches exist in the entire environmental management and compliance with the internal green office guideline because many things are written but not possible to do. For instance, rainwater harvesting is nowhere, but I have to write. Where to harvest rainwater? No space in Bangladesh. All global practice cannot be implemented in Bangladesh. (CSR Team2)

The listed companies in Bangladesh that are publishing CSR reports in line with GRI are mostly in the financial sector. But the manufacturing industries that adversely affect the environment and violate labour rights are yet to join the race, as a regulator said: “But if you look at the manufacturing companies, they have to run ETP and they are labour intensive. So, from the economic and environmental point of view, it is very easy for financial companies to comply with the reporting requirements but not for the manufacturing companies” (REG5).

In the absence of any validation process, the credibility of voluntary SER can be questioned in Bangladesh, where the lack of credibility of other basic and mandatory disclosures is a common phenomenon. The voluntary SER in Bangladesh is just a kind of compliance with global requirements. An interviewee said that the basic credibility problem with the SER lies with the lack of governance, accountability, and reliability of the information.

To follow GRI, governance structure and accountability are crucial, but these are not available ... it's very difficult to validate all those reports, ... especially regarding governance. ... many reports do not have an arrangement for validation. (CSR Expert3)

However, some interviewees said that only very few companies are reporting CSR following GRI. In response to the question if there is any visible improvement in the CSR reporting due to the adoption of GRI, a general manager of the central bank said: "We can't see that much GRI activities of so many banks. It's only with the multinational Banks and two or three local banks. So, I am not that much comfortable to make any comments on the current scenario" (REG6). Similarly, another interviewee said: "We should not question about credibility at this stage as they are printing it, they deserve thanks. First, let them do it and get habituated. We must ensure the credibility only once a considerable number of companies adopt this" (ACA6).

Unsurprisingly, we have found that corporate interviewees known for their stand-alone CSR reports mentioned their engagement with the powerful stakeholders (namely the international buyers, lenders, regulators) who are instrumental to their success and those who are involved with the preparation of the reports (such as advertising and designing agencies), with little or no mention of the local customers, community, and less powerful vulnerable and marginalised stakeholders (Brown, 2013; Derry, 2012). Besides, companies that do not report their CSR according to GRI think that there is little to no difference in the actual practice.

7.3 Country Governance

7.3.1 Country governance environment

Country-level governance is very poor in Bangladesh. The president of an international trade association said: "The corporate governance of Bangladeshi companies is critical, but the governance of all the government offices is the most critical issue" (TA3). The weak country-level governance also affects firm-level governance. "We have not only bad governance, but we have

governance failure, and the basic things of governance are absent. So, this also affects the corporate level” (NGO/CSO2). We have found that the underlying reasons for the weak country-level governance include the lack of political will, absence of democracy, unholy nexus between business, politics and government, weak regulators and inefficient institutions, corruption and impunity, absence of accountability, politicisation and control over the print and electronic media, civil society organisations (CSOs), non-governmental organisations (NGOs), trade unions, professional accounting bodies, stock exchanges, registrar of joint-stock companies.

Lack of political will and impunity

Interviewees opined that the lack of political will is the root cause for weak country governance in Bangladesh. After independence in 1971, at the cost of millions of lives, “The successive governments have never tried to introduce good governance, the rule of law and promotion of all these ideas (e.g. SED)” (NGO/CSO1). Although there were some reforms during the caretaker governments, all the reforms and achievements have been abandoned by the subsequently elected governments. “Our constitution talks about laws such as privilege Act, Act to appoint Election Commission ... but those are not enacted” (NGO/CSO2). The government enacts whatever laws they want to prolong their survival, rather than to safeguard the public interest and “Some laws curtailed the rights of the citizen. For example, the Digital Security Act 2018 and NGO law⁵⁹” (NGO/CSO2).

Interviewees opined that the government is not willing to establish the rule of law, as a CSO interviewee said: “We do not have the rule of law, we have a rule of individual, we have total impunity” (NGO/CSO2). The government makes laws for cheap popularity and breaks the laws when their interest is affected. “The same parliamentarians who have passed the laws, influence the regulators not to implement it properly. So, lawmakers are lawbreakers” (ID5). According to the constitution, they are supposed to enact laws and engage in related activities. But they are heavily involved with local development activities violating the Constitution. They interfere with all the financial processes “... that means allocation; distribution will depend on the whims of the MPs. They are the ex-officio of the chairman of different local government organisations automatically, and normally state-level budget allocation is dependent on them - where it will be spent, how it will be spent” (REG3). “There is a Court judgment indicating that such involvements

⁵⁹ Foreign Donations (Voluntary Activities) Regulation Act, 2016.

are a violation of the constitution, but they are going on doing it”. (NGO/CSO2). Because of the lack of political will, laws are not respected and enforced if any political leader is impacted. “The enforcement of laws depends on the desire of the influential section of the country, especially the ruling party. As a result, we see chaos everywhere. In fact, ... fires, strikes, rapes, brutalities, killing on the roads are going on and on, and many times they go on with impunity because laws are not respected” (NGO/CSO2).

Impunity has become a culture. “The government compromises and patronises their people” (NGO/CSO3). An interviewee questioned: “I am simply a peon in a government office, but I use Pajero car and have three luxurious houses in the Capital, and it comes in the newspaper, but I am not facing any legal action, so how come you can ensure governance? So, is it governance?” (ACCNT). In a developing country like Bangladesh, the political connection is very important because “The laws in this country are for the weak, but the influential people can bypass the laws” (TA5). There are numerous instances of state-sponsored impunity. The deeply rooted undue influence and impunity by the ruling party can be understood from the following:

Before the last election, one senior police officer was assaulted by a ruling party member; then he was sent to Singapore without taking any measure against him. On the other hand, when a member of the opposition without committing any crime is being taken to the custody just for harassing that party, how can you expect the rule of law? (NGO/CSO3)

The entire politics in Bangladesh is built on patronised politics, distributing favours but since (almost) all the political players are also businessmen, now patronisation means you allow them to become wilful defaulters or not to abide by the rules of BSEC and manipulate the share market and so on and on. (CSR Expert1)

The government unduly interferes with the implementation of laws. For example, the government owns public banks and disobeys the central bank, the regulator leading to misgovernance because “If you want to own a bank, own it and leave it to the regulators to regulate” (REG1). The government sometimes disregards the opinions and concerns of the masses as an interviewee said: “In fact, many times the government misgoverns, harms the national interest. For example, in Rampal, they are destroying the Sundarbans” (NGO/CSO2). Another interviewee said: “Against all the opinions and advice from national and international experts, they have been constructing Ruppur Nuclear Power Plant. The specialists have been cautioning them ... they disregard these concerns”. (NGO/CSO1)

Absence of democracy

Many interviewees opined that the absence of democracy is the main reason for weak governance. In the absence of democracy, democratic institutions have become weak and autocratic ruling has evolved: “We do not have anything named democracy ... In the absence of competition, democracy is meaningless” (CEO4). Democracy is the prerequisite for good governance, and good governance is the prerequisite for good SER practices - “Without democracy, there is no good governance, no justice. ... no question of CSR” (NGO/CSO1)

Some interviewees opined that after five decades of independence, the country is still in a feudal society where the dynastic leaders make all the institutions subservient. There is no separation of power, and the Constitution has given enormous power to the Prime Minister while making the President a figurehead. In the absence of the separation and balance of power, “the imperial Prime Minister not only runs the executive branch but also the legislative branch; even the Judiciary is now under the hegemony of all-powerful Prime Minister. And she runs her party; she runs other parties including Jatiyo Party. So, we have a total hegemony - one person, one party, and as a result, you can call it a dictatorship” (NGO/CSO2).

The interviewees opined that there were many ups and downs and experiments of the political system in Bangladesh. Holding a free, fair and credible election by a neutral non-political government - ‘caretaker government’ - was devised as a result of a movement of an alliance led by all political parties in 1990. Four consecutive national elections were held by the all-party-agreed caretaker governments with a minimum of complaint. Unfortunately, the current party in power rescinded the caretaker government system from the Constitution. Consequently, the election process has been questioned along with the reappearance of chaotic politics in the country. Many interviewees considered that the last national election was not fair: “Probably annual democracy or 5-year democracy is still questionable because we didn’t have the best election” (REG1). The people of the country have lost trust in the election system, becoming afraid and frustrated and are not interested in casting their votes even in the election of the local government: “We know it was not fair. ... then, the Upazila chairman got elected with 6% votes only. That indicates the environment we live in and the governance we have, but people got afraid of saying so” (ID1).

If the government is not elected fairly, then it is difficult for them to ensure good governance everywhere because people question their legitimacy and moral right to rule the country. The enforcement of laws becomes difficult, which in turns affects the country and firm-level governance. As the government is backed by the law-enforcing agencies, not by the mass (true owners of the country), they have to depend and satisfy the desires of these agencies: “Even at this moment, a sub-inspector of police tells me that we are the people who kept the government in power” (NGO/CSO3). The country has become an authoritarian state allowing no political opposition and patronising the corrupt.

It’s an absolute state capture by ‘the quatory’. They have made the country a police state, and there is no political opposition now, and it’s a one-party dictatorship. (NGO/CSO2)

If the government is not fair, they cannot control corruption; they have to depend on the corrupt. (NGO/CSO3)

Historically, Bangladesh is known for political instability. Interviewees opined that the overall governance environment in Bangladesh has been getting worse over time, though the current regime is in power for three consecutive terms: “Things are getting worse and worse. Although we have some growth in some dimensions, overall governance, institutional problems have become more problematic day by day” (ACA4). Interviewees also expressed their concerns about the continuity and sustainability of some of the achievement: “All kinds of achievements this regime has made will become useless unless you can make the democratic institutions strong to play” (ID1). A former regulator is worried: “But if it is a very long government and it’s not accountable, then it will create lot other complications, particularly corruption may go up because [there is] no one to question them or the political cadres can be arrogant” (REG1).

Nexus between business, politics and government

There is a nexus between business, politics, and government. About 62%⁶⁰ of the MPs of the current parliament are businessmen, in contrast to only 18% in the parliament of 1973. Interviewees opined that the corporate leaders could do and undo anything because they are also the lawmakers, many of them being ministers. “Everything has gone to a small number of people

⁶⁰ A few interviewees have said that this 62% MPs represent those who have declared themselves as businesspeople; another 10% may not have declared but, actually, their first profession is business. Therefore, more than 70% MPs are businessmen.

who are everywhere- in politics, business, trade unions, media, and where not?” (CEO4) Therefore, the difference between business and the government is becoming blurred, as they serve each other’s interests. “Now the government is trying to reward the loan defaulters. Recently, the NBR chairman has said the next budget will be business-friendly. The country is running in the interest of businessmen who are also part of the government. This is a governance failure” (NGO/CSO2). The unholy politics-business-government nexus is so pervasive that the regulators are being regulated by the people who should be regulated. Underscoring the hegemony of the super-rich, a former governor of the central bank said that “Even the regulators are being captured by the super-rich, the non-performers. They are the ones who are the most powerful. They even buy the government; they buy the banks.” (REG1)

Interviewees opined that the regulators have become subservient to the political leadership and the super-rich. A typical example of regulatory capture in the context of Bangladesh is the undue influence on the banking sector: “Even today, the central bank has offered many facilities to the defaulters. They have become a part of plundering the depositors’ money. They are simply facilitating the defaulters” (ID5). Interviewees said that regulators are either helpless or cohorts of the culprits. Likewise, the following illustrates how pervasive is the pressure of the super-rich cum politicians in the country.

Last year, the Central Bank Governor was invited to a hotel and was asked in front of the Minister that he had to reduce the cash reserve ratio (CRR) from 6% to 5%. The businessmen were pressurising him that ‘you have to declare it today’ ... The Governor was under pressure to declare it. So, if the Governor himself cannot say no, how can you expect the Bangladesh Bank, the BSEC people can say no in many cases? And now it’s coming more and more. (CEO3)

The people who are politically and economically powerful don’t respect laws. They don’t let the law enforcing agencies to enforce the law when it comes to their interest, and it becomes a tradition in the country. (CEO4)

Institutional failure

Democratic and regulatory institutions in Bangladesh are getting weaker day by day “because of partisan appointments and corruption” (NGO/CSO2). “The government is only looking for the subservient, not the qualified people” (NGO/CSO3). “All the major appointments are based on whether you are loyal or not; not the quality” (CEO3). The institutional failure is so prevalent that

even the Central Bank cannot exercise its power to remove corrupt government-appointed directors. “The central bank finds it very difficult; maybe they don’t want to go for a head-on collision with the government. ... I think the weakness lies in the national governance” (REG1). Interviewees opined that ineffectiveness of the institutions is so severe that school children had to control traffic and demand ‘repair the state’. “If a child can control the traffic system, then why traffic police cannot” (CEO4)?

Judiciary

Interviewees opined that the judiciary is very weak and the government influence on it is common. “The judiciary is being unduly influenced by the regime. The regime can get the verdict as they want, and it has been reflected” (ID1). “Even the judiciary is now under the hegemony of the all-powerful Prime Minister” (NGO/CSO2). Interviewees argued that the influence of the government is evidenced from the forceful resignation of Mr S. K. Sinha, the former Chief Justice of the country, as he did not agree to all the unlawful desires of the regime. It was observed that Barrister Moinul Hosein, a lawyer and former adviser to the caretaker government, was given bail by a court in several defamation cases against him but after the public instruction of the Prime Minister in a press conference, another court declined to give him bail for the same accusation. “We have the judiciary, anti-corruption commission and this and that, but political pressures seem to work against them being fully functional” (TA1). The judiciary is overburdened with cases. The more time it takes to give resolutions, the more governance gets diluted. Therefore, “there is no effective resolution or deterrent to corrupt practices within the regulatory framework” (TA1). In some cases, even though the judiciary has given some exemplary verdicts, we are not getting benefits of judgement because of weak enforcement.

Corruption – a cultural phenomenon

Interviewees opined that corruption in Bangladesh is widespread and has become a part of the culture: “People like us believe that we have to bribe in some places and it has become a norm, though we also believe that it is not right” (TA4). Corruption has been accepted by the people: “We have relatives and friends who are thoroughly corrupt, and we still interact with them. We never tell them that you are corrupt, and I will not go to your house. Do you? I don’t” (TA1). People depend more on belief than science. That’s why corruption has become culturally acceptable.

We are building mosques, madrasas with corrupt money. Nobody questions about the source of money. If I compare with the 1960s, people used to discuss who is corrupt. But bribing, illegal things now have become part of our social life. (NGO/CSO3)

As a society, we don't hate corruption. I may be a Secretary of a Ministry. My monthly income is less than BDT1 00,000, but I am sending my child who is studying abroad more than BDT 100,000. So, corruption has become an institution in our country. (REG5)

Corruption

Corruption in Bangladesh has been politically institutionalised because “politicians are corrupt, and they depend on the corrupt to survive in power because honest people will not support them (NGO/CSO3). Corruption starts from the head of the government: “If the Prime Minister and his or her family is free from corruption, then the country will be 50% corruption-free; then the ministers and secretaries will not dare to do corruption. Lump-sum corruption at the lower level may be overlooked. But the bulk sum of corruption in the large projects is sponsored by the state” (ACCNT). Corruption is sometimes an apparatus for the politically patronised clientele to show their loyalty, and they feel proud to talk aloud about their corrupt practices. For example, “the VC of the Jagannath University declared that only Student League candidates will get jobs in the Jagannath University during his tenure” (NGO/CSO3).

Bribing has become common in government offices, starting with the recruitment of the people who will run the offices and enforce the laws. Almost all the interviewees said that the government offices are corrupt. “If a police constable has to pay BDT 10,00,000 before joining, how can he be honest?” (NGO/CSO3). “Everybody knows that he is getting this job by paying and he has to collect the money back” (CEO3). Thus, “once he gets the job, he would like to recover his money or more from the very day one. So, it is like a vicious cycle” (TA4). Even a politically patronised bank that was chaired by a former minister and an influential leader of the ruling party has been an example of corruption in every sphere, starting from recruitment: “In Farmers Bank, for every recruitment, people had to pay money” (CEO3).

Doing fair business in Bangladesh is difficult, and most of these difficulties are created by the government agencies: “Doing business is a hell of difficulty in Bangladesh as it has also been documented by the World Bank” (ID1) and “Cost of compliance is more than the cost of non-

compliance” (TA1). The difficulties have been aggravated due to “manual intervention and discretionary power of the operators in the absence of a standard operating procedure and automation” (CEO4). Instead of discharging their bestowed responsibilities, the people in government offices create obstacles for undue benefit: “I cannot maintain corporate governance because of corruption. The environment is such that you cannot avoid corruption” (ACCNT). “The state agencies, whose duties are to prevent corruption, invite and make people bound to be corrupt” (NGO/CSO3). Many interviewees said that the tax authority (NBR) harasses taxpayers for a bribe: “Even if you provide the right information, they will ask you to pay more tax. Then, there will be a negotiation, and in that negotiation, you have to pay some money. Even to pay the right tax, you have to bribe. So, companies think, why should we pay the tax and the bribe. We should pay an amount so that the tax and bribe are equal to the tax.” (TA4).

Government control over media

The print and electronic media have been playing a remarkable role, though the space for them has been squeezing recently due to the enactment of the Digital Security Act, 2018. Interviewees opined that print and electronic media have been politicised and there are a lot of censorship from the government, leading to true journalism being difficult in Bangladesh. Even Prime Minister criticises the press and says that she does not keep some newspapers in her office, giving a negative signal to the audience. The press can work freely “as long as they do not touch politics or institutions that matter” (NGO/CSO4). Since the regime doesn’t like the way they (Prothom Alo) present, the businesses or listed companies have been told not to give advertisements to them. The interviewees believed that the government established control over the media skilfully, by creating ownership, and the owners are also the beneficiaries of many government projects. Thus, they are subservient, except a few. Those who want to be exceptions face pressures and harassments: “For example, 70–80 cases against Mahfuz Anam, the editor and publisher of The Daily Star and there have been a lot of efforts to chain Matiur Rahman, the editor of Prothom Alo” (NGO/CSO2). Despite government control, the media have shown courage in many cases. “Among the newspapers, ‘Prothom Alo’, the largest circulated newspaper in Bangladesh, has been an exception” (ID1). However, some interviewees opined that media is also part of the society which is entangled in corruption. Media has become one kind of power management tool, and almost all the newspapers and TV channels are now owned by big corporate houses.

NGOs and civil society organisations

NGOs have been playing a remarkable role in the socio-economic development of Bangladesh in terms of public innovations, low-cost solutions, education, health and hygiene, poverty alleviation, among other aspects. Akin to the press, NGOs are unaffected as long as they do not criticise the government and are also chained by the amended NGO law. CSOs are politicised and divided through patronised distributions and undue control. The state has become a police state. “If you say anything against the government, they will take you and shoot you in your foot or kill you or make you disappear, and no questions asked. They will file cases against you, and you have no remedy” (NGO/CSO2).

Besides the dynamics at the global level, many developments have happened in Bangladesh in the recent past. Some of the key developments include a consistent economic growth supported by demographic dividend, growing exports (garments) and foreign remittance, absence of devastating political activities (e.g. strike), policy consistency due to one-party dominance for long-term; trade liberalisation, a policy allowing large corporates to borrow in foreign currency directly from the international markets.

Some of the positive developments related to sustainability include achieving all the Millennium Development Goals (MDGs), heading towards the Sustainable Development Goals (SDGs), enactment of environmental laws and regulations, numerous policy documents for climate change, fiscal incentives for allowable CSR expenditures, policy guidelines for CSR and green banking for the banking sector, issuance of corporate governance guidelines and codes by Bangladesh Securities and Exchange Commission, the introduction of CSR Awards, Awards for best presented annual reports, the establishment of CSR Centre (the local network of UNGC in Bangladesh), training and research on CSR and sustainability issues following the central bank initiatives, preparation of stand-alone sustainability reports according to GRI by a few companies.

On the other hand, some of the negative developments include the absence of democracy, the rule of law, independent judiciary; control and politicisation of media, CSOs and democratic institutions; corruption and impunity; guided democracy; accumulated grievance and tension among the people against the ruling party for grabbing their voting right. The exile of the Chief Justice S. K. Sinha, imprisonment of the legendary photographer journalist Shahidul Alam or the

killing of BUET student Abrar Fahad for their expression of opinions indicate the severity of the recent governmental control over judiciary and freedom of expression. These dynamics condition and shape the overall governance environment, which, in turn, affects the SER of companies in Bangladesh.

7.3.2 Country-level governance and SER

The following sub-section depicts how and why SER in Bangladesh is affected by country-level governance. The concept of SER is a recent phenomenon in Bangladesh, which started in the banking sector as a response to the requirements of the CSR guidelines issued by the central bank in 2008. That year, Bangladesh Bank (BB) issued a comprehensive guideline on CSR - underscoring CSR as an integral part of the strategic objectives (at the highest corporate level) - outlined the priority areas and reporting of CSR to BB, and to publish in the banks' annual reports and websites for the first time. BB has been monitoring CSR performance of banks and financial institutions, requiring them to report to it their CSR activities every six months in the prescribed format that includes the financial involvement, social projects and community investments, the amount of investment and number of beneficiaries⁶¹. The policy guidelines for green banking from 2011 also required banks to publish an independent green annual report following internationally accepted frameworks, such as GRI, with the arrangement of external verification by 2013. The guidelines also require SER to BB every quarter, starting from July 15, 2011. To encourage CSR practice, BB has been providing various incentives (such as subsidised refinance facilities, favouring compliant banks in CAMELS rating and opening new branches, declaring top ten banks for their overall social and environmental performance, allowing to use 'Green Branch Logo' for the green branches). The appropriate and timely initiatives of BB, especially under the leadership of the then Governor Dr Atiur Rahman, have a remarkable impact on SER of banks in Bangladesh, as an interviewee said:

Bangladesh Bank, a national level authority, issued the CSR guidelines and instructed all banks to create a CSR fund out of their budget every year, spend for certain purposes and report to Bangladesh Bank and in their reports. And after that, 100s crore Taka has been mobilised and spent under the CSR fund, and those are being reported. This wasn't there before. It has started when Dr Atiur Rahman has become the governor of the central bank. (CSR Team3)

⁶¹ DOS Circular Letter No. 07 'Mainstreaming Corporate Social Responsibility (CSR) in banks in Bangladesh' dated 15 July 2010.

Now all the scheduled banks make CSR decisions at the board-level, as opposed to 77% of banks in 2010 (Ullah, 2013). All banks now include their CSR activities in their annual reports and websites, as per the BB CSR guidelines. Besides reporting to BB, almost all the banks have a separate chapter for CSR in their annual report, as opposed to only 51% of the banks in 2010. Now a handful of local banks (namely Prime Bank Limited, Mutual Trust Bank Limited, Bank Asia and IDLC Finance Limited) publish stand-alone sustainability report in line with the GRI G4, as opposed to only two foreign banks, namely HSBC and Standard Chartered that published a sustainability report in 2010 (Ullah, 2013).

Print and electronic media and SER

Despite the tight space for voice, accountability and freedom of expression in a state characterised by a guided democracy, corruption and impunity, the politicisation of media and governmental control, some print and electronic media have been showing courage in unveiling the truth and promoting SER in Bangladesh. Media influence SER with the coercive, normative and cultural cognitive pressures.

Coercive pressures

The role of the press and media is more effective than regulations in overseeing governance and social and environmental issues in the context of Bangladesh, which has a weak institutional setting. Because once any problems (such as environmental pollution, grabbing the river land, violations of human rights) are highlighted by the media, these come to the attention of the people, the government and the regulators, as the Chair of a CSR Award Committee said: “They [the press] are more effective than the regulatory bodies because regulatory bodies are so corruption-driven that unless there is a civic action or a media report, none of the regulatory bodies does their jobs” (CSR Expert1).

Media reports, particularly the negative ones, create coercive pressure on the large companies that are sensitive to any news regarding their company or the industry and instantaneously respond to such reports due to reputation risk. In response to the question ‘how do you respond to media reports?’, a deputy CEO said: “We follow the print and electronic media regularly and we readily

respond to the media if there is any news about our company, particularly in case of negative news. We value them; we also judge whether it is correct or not” (CSR Team1).

Normative pressures

Beside the coercive pressures, the role of the print and electronic media is pervasive in creating awareness, bringing various local problems to the eyes of the mass along with the global best practices (seeing is believing), encouraging companies to do more CSR by publishing their commendable initiatives, offering awards, or partnering with the corporates in implementing their CSR programmes.

Media raise awareness of sustainability and SER among the masses. Whatever good or bad people come to know is mainly due to the press and media, as an independent director said: “I was on the Buriganga river yesterday. The water is still a mess, and it is the NGOs and press that have brought up those issues and are forcing the government and private sector to do something about it” (TA1).

Seeing is believing. Some corporate interviewees opined that they have been motivated to adopt some green practices in their organisations by watching the TV programme ‘Life and Nature’, which depicts the social and environmental problems - how wastewater is recycled, how does a green building look like, and other useful information.

Shaykh Seraj visited a factory in the Netherlands and showed in a TV programme how wastewater is treated and recycled, and he drank a glass of the treated water. We saw it in the media, and we started believing that it is also possible in Bangladesh. Similarly, we saw green buildings in the media, and now we have 7 or 8 of the world top 10 green buildings in Bangladesh. (CSR Team3)

‘Life and Nature’ is a TV programme on ‘Channel i’ and there are other programmes. They focus not only on the environment but also some other areas, like child labour, labour rights, working conditions, waste management, non-compliance, etc. They also go to some places instantly, show that this is the scenario which should not be. So, they are playing their role. (REG6)

Corporate-media partnership, media exposure and appreciation play an important role in catalysing SER in Bangladesh. Some media also act as partners with corporates in implementing CSR programmes. For example, a chief of CSR said: “We are a partner with the Prothom Alo Trust, which is the CSR wing of the Prothom Alo ... They are doing something very different in terms

of raising awareness of the people about education, health and hygiene” (CSR Team2). The print and electronic media also motivate companies to be socially and environmentally responsible by offering accolades and awards and by publishing the same. Sometimes, “When they (the press) give various types of best awards to businesses and report the same, they consider not only profit but also how a company is doing for the workers, the community and the society” (NGO/CSO4). By publishing corporate social and environmentally friendly practices (such as education and scholarship, women emancipation, supporting victims of natural calamities, environmental conservation), the print and electronic media encourage companies to do more CSR. Also, the news clips published in the media are included in the annual report, the CSR report, and on the websites.

Some of the interviewees from the companies known for SER said that they collect and circulate media reports and news clipping every day and pay special attention to the environment and social issues of their company, competing companies and potential clients. For example, one interviewee said:

If we find from the media that any commercial organisations are performing well in social and environmental aspects, then we consider them as our potential priority clients. Also, when we find that any of our competitors do something good, we try to adopt and practice those things. (CSR Team3)

The print and electronic media play a significant role in overcoming limitations of the traditional formal SER in the context of Bangladesh, a country where the literacy rate is still low, and people are not interested in the published corporate reports. Some corporate interviewees argued that they mainly rely on print and electronic media to communicate their CSR activities. For example, an interviewee said, “Although we have CSR report, we focus on the print and electronic media to communicate our CSR practices because it is easily accessible. By using electronic media, such as TV, we can reach to the mass people who cannot read and write” (CSR Team3). Besides, the media help the companies to reap the benefits of double publicity of their CSR efforts – publishing in the media first and then in the annual report, CSR report or website. For example, the member of a SER team said:

Say, for example, we observe 'Earth Day', we observe the 'World Environment Day', and we publish those events in the newspaper and our sustainability report. We try to showcase what we're doing good for the society and environment so that others can also know these good things. (CSR Team3)

Changing needs of the millennials, social media and firm response

With an increasing rate of literacy, use of information technology and social media (e.g. Facebook, YouTube, Twitter, WhatsApp), the choices of the young generation, popularly known as the 'millennials', are different from that of the earlier ones. A major segment of the population in Bangladesh is young people who use social media. As such, smart companies use innovative alternative channels for communicating their social and environmental activities with the key stakeholders, considering their preferences and accessibility to information, and the impact of such communication on the audience. For instance, the largest telecom company in Bangladesh, which is also an MNC, produces sustainability reports but does not follow GRI and is not a member of the UNGC, despite having both the expertise and resources, as opposed to many of the local firms. Instead, they use alternative avenues to reach their target stakeholders and showcase their CSR because the majority of their clients are students and young people who use social media more than the traditional formal media (such as corporate annual report and other formal reports). In response to the question that 'CSR is being good, doing good and saying good, but why companies in Bangladesh are not interested in CSR reporting?', one interviewee said:

They have various ways of communication. Say, for example, the Great Phone, they have ongoing campaigns, and they are making fantastic videos touching the heart of the target group. Sometimes, they portray themes like 'love for mother', 'power of youth', 'patriotism', 'women empowerment', 'say no to dowry', 'fight for your right', 'health and safety', etc. (CSR Team2).

Cultural cognitive constraints and limitations of media

However, some interviewees argued that the media is also part of society. They also feel pressure and are scared of oppressions due to the lack of democracy and freedom of expressions. The recent harassment and imprisonment of the legendary photojournalist Shahidul Alam or the killing of Abrar Fahad, a university student, for expressing their opinions in support of the national interest, depict the state of control over voice and accountability, and freedom of expression. Underscoring the culture of fear and control over the media, a CSO interviewee said: "We have seen recently

that some high-profile journalists were punished unlawfully for telling the truth. So, there is a culture of fear” (NGO/CSO2).

Beside governmental control, the media lack independence because their control is in the hands of the businessmen. The owners of the print and electronic media are the owners of the large business groups and politicians. Therefore, the good news about the affiliated business group is highlighted, but the bad news is not. Underscoring the nexus between media and business, an interviewee said: “The motto of the media and the business is the same, though there are very few exceptions” (CORP3). About one-fourth of the interviewees opined that media is also a business that goes with the notion of the market. “The problem with the media is that they are also working in this market and they have to report according to the choice of the market” (ID5). Interviewees contended that the media look for sensational news only. Sharing the bitter experience of the CSR Centre, the local network of UNGC in Bangladesh, to encourage the reporters of print and electronic media to highlight the positive news of companies (instead of negative) so that someone can learn from someone else in 2008, an interviewee said the following:

We didn't get much headway. They (reporters) said that would not be sensational news; that will not sell a newspaper. Why don't you call our CEOs? Give them a session on CSR. Then, we invited the CEOs of the print and electronic media. They came in and said the same things – it's not sensational enough, and the public wants to hear sensational news only. Our bosses are interested in profit. (CSR Expert2).

A few interviewees opined that the media also lack awareness of SER and their responsibility. Criticising the role of the media, an interviewee said: “They should promote and monitor the CSR disclosure in the country. But the problem is that they are not even aware of their responsibilities. And I think they even don't know what to do and how to do it” (TA5). Another interviewee said that “there is a potential for the media, but we have to train them, we have to educate them to highlight the good practices of CSR” (CSR Expert2). However, a regulator who is also a professional accountant said: “Media reporting has significant implication on improving governance but CSR disclosure, I have no idea even how it can be linked actually” (REG3).

Non-governmental organisations (NGOs) and SER

Bangladesh is a hub of non-governmental organisations (NGOs), where some of the leading NGOs, including the largest NGO of the world – BRAC, are rooted. More than half of the interviewees

opined that what Bangladesh has achieved so far is because of the private sectors and the voluntary sector (NGO), rather than the government. For example, an interviewee said: “Fortunately, we have done well in the MDGs. I wouldn’t say that is because of the government; rather it is despite the government. It is because of the vibrant voluntary sectors” (NGO/CSO2).

Normative pressures

NGOs are playing a significant role in educating and making people aware of their rights and responsibilities and impacting the society in terms of education, health, hygiene and nutrition, women empowerment, public innovation, low-cost solutions, poverty alleviation, agriculture, disaster management, adaption and mitigation of climate risk, through their widespread network. Having a wide range network across the country, NGOs can easily access the grassroots and act as an intermediary between the government, corporates and social goals. Some of the NGOs have gained social acceptance for their long-standing trust-worthy contributions. Having unique expertise, experience and access to the mass, NGOs can play a great role in implementing corporate social and environmental agenda, and thereby, they can promote SER, as well. Companies use the descriptions and photographs of these activities in their CSR report, annual report, website as well as in the print, electronic and social media. For example, a corporate interviewee said: “To report, you need to have something. If you look at our sustainability report, you will see that we have reported all our activities with the NGOs that have a significant impact on the wellbeing of the society” (CSR Team2). Thus, the role of NGOs in promoting social wellbeing, achieving corporate social and environmental goals and reporting the same is enormous.

Partnering and collaborating with established NGOs help companies in attaining tri-partite goals – the goals of businesses, NGOs and the society – by reaching the ultimate beneficiaries with their CSR programmes, and reporting the same. “Businesses do business, so they cannot go to the grassroots to deal with needy people. So, sometimes they enter into agreements with NGOs to reach to the ultimate beneficiaries through their established network” (ACA5). Such collaborations help companies in achieving their business, social and accountability goals. For example, a deputy CEO of a bank said: “The linkage with NGOs is good for the banks for expanding their business, discharging their social responsibilities and reporting the same” (CORP2). Another interviewee said:

We need to work with NGOs because my expertise is not to implement social projects. Even my network is not strong enough, and people will not listen to me if I talk about it. So, if I go to North Bengal and start talking about better vegetation or use of fertiliser, nobody will believe me. So, we have NGO partners who are good at those projects. At present, we are working with Ovijatri Foundation, Jago Foundation, Mustol Foundation, Society for Education and Inclusion of the Disabled (SEID), Cancer Foundation. (CSR Team2)

Therefore, implementing CSR programmes through an NGO is more effective and beneficial for both the target groups and companies, due to professional services, easy accessibility, cost savings, uninterrupted operations, and branding.

Coercive pressures

As opposed to the weak national governance, some of the notable environmental NGOs in Bangladesh, namely Bangladesh Poribesh Andolon (BAPA), Poribesh Bachao Andolon (POBA), Bangladesh Environmental Lawyers Association (BELA), have been playing a remarkable role in putting pressures on both the corporate and government to comply with the environmental laws to conserve the natural environment. For example, when there were tanneries in Hazaribagh, they filed writ petitions to the higher court of the country and got the verdict in their favour in some cases. Thus, the government and businesses sometimes take some measures against the pressures exerted by the environmental NGOs. An interviewee said: “For example, just now the Buriganga, they are trying to recover the river ... So, there are good practices where POBA and BAPA and some of the local NGOs are active” (NGO/CSO4).

Besides the legal actions, they are also trying to exert pressures on the polluting companies through the print and electronic media and by raising awareness among the masses about how the polluting industries are destroying our environment and the rivers. In response to such pressure, some companies try to disclose some information in their reports and websites. For example, a corporate interviewee said:

When there is any allegation against us for polluting environment, people may look at our website and annual report to know more about our measures for safeguarding environment. So, we try to include at least some information on the website and in the annual reports to address such concerns. (ID2)

However, our findings indicate that the role of NGOs in promoting SER in Bangladesh is indirect – “NGOs are doing very good in creating awareness about environmental and social impact. But

with regards to social and environmental reporting of businesses, possibly their interest is not that” (ACA6). Interviewees expect more active roles of NGOs in promoting SER in Bangladesh.

For CSR development, yes, there are some NGOs and civil society organisations; they are working, but we expect more from them. (CSR Expert3)

Civil society organisations (CSOs) and SER

Interviewees opined that Bangladesh had a robust civil society and the backbone of the civil society was constituted by the professionals – teachers, lawyers, doctors, engineers and others. Civil society organisations (CSOs) had a great role in promoting CSR-type voluntary activities. Nevertheless, over time, unfortunately, most of the CSOs in Bangladesh have become politicised and divided, as a member of a CSO said: “Through patronised distribution, we have divided teachers; journalists; doctors; we have divided everybody, and we have a serious misunderstanding about the civil society” (NGO/CSO2). Hence, they cannot play their expected roles in ensuring transparency, accountability and social justice. Some of the influential politicians are envious of the name and fame of the member of the CSOs. So, they do not let the CSOs express their views independently. The overall environment does not encourage civil society organisations to be actively involved. Impunity and state-sponsored killing have created a culture of fear. In response to the question ‘why CSOs cannot play their due role’, an interviewee said: “There is a high-handedness, and people get scared of the law and order situation. So, sometimes they cannot speak out as strongly as they want to” (REG1). Despite the governmental control and oppression, few CSOs, namely Transparency International Bangladesh, Centre of Policy Dialogue (CPD), Sushasoner Jonno Nagorik (SUJAN – ‘Citizen for good governance’) have been trying to raise their voices but “many of their demands go unheard, and businesses also don’t feel pressurised to comply with, for example, CSR practices” (NGO/CSO4).

Negative or little influence of country governance on SER

Country-level governance is a critical determinant of corporate governance and SER. However, there is a lack of coercive pressure and the overall governance environment in Bangladesh is not conducive for SER because “we cannot expect an oasis of good governance and good CSR in an ocean of bad governance” (NGO/CSO4). The low-level of SER is seen as taken-for-granted since SER is not a priority in a developing country like Bangladesh, where many companies even do not comply with the mandatory disclosure requirements, as an interviewee said:

... not to speak about CSR reporting, they don't even comply with national laws and regulations. So, the overall governance environment of the country affects how the businesses will behave, ... that's why, we see various anomalies, corruption, underhand dealing, non-transparent bidding process, default culture, impunity. (NGO/CSO4)

Lack of national effort and incentives

Lack of independence of BSEC

Although the concept of voluntary disclosure first started in the country with the Bangladesh Securities and Exchange Commission (BSEC) corporate governance guideline issued in 2006, which required the listed companies to take some governance measures at the firm level and disclose those in their annual report on a 'comply or explain' basis, many interviewees criticised the BSEC for their passive role in promoting CSR reporting in Bangladesh. They opined that BSEC should follow the CSR policy of Bangladesh Bank and come up with some reporting framework for all the listed companies in the country. In 2018, the corporate governance code required some firm-level governance mechanism and reporting thereof. However, there are no visible initiatives on the part of the BSEC to promote SER in Bangladesh. With the limited capacity, BSEC tried to introduce a guideline for CSR. Three regulators and a handful of corporate interviewees confirmed that while formulating the corporate governance code 2018, BSEC was trying to include some of the social and environmental issues, including the requirement of female directors. BSEC also drafted the guideline and asked the stakeholders to give their feedback. But BSEC could not do that because of acute resistance from some influential business associations, including the Bangladesh Association of Publicly Listed Companies. The listed companies in Bangladesh are still not ready even to accept voluntary disclosure guidelines.

In our latest corporate governance code, we haven't included it because we were resisted by the companies arguing that these are very costly to comply and it's too early to introduce these kinds of things in Bangladesh. But, as I know, the BSEC is thinking of introducing ESG disclosure in the future. (REG7)

You know there is an association of listed companies named Bangladesh Association of Publicly Listed Companies; they are the promoters of all business in the country and majority of them resisted it; although we never resist it because we think this is good, they think that these are too much. (CEO3)

The interviewees also said that resistance was even from within the BSEC. For example, as a CEO of a company known for CSR reporting said: “Actually, it was even within BSEC, there were people who were not ready for that, maybe one commissioner was trying to do it, but other people said no, it is not required. So, they were not in a position to push it. I know the inner stories” (CEO3). The institutional failure is so common and pervasive that being asked why the BSEC is ineffective, an interviewee reacted: “That’s a very big question. Why Bangladesh government is ineffective? Why Bangladesh government is corrupt? So why do you ask me these questions?” (CSR Expert1).

National CSR guideline

There is no national CSR guideline in Bangladesh. Interviewees said that after a long time, a committee was formed to formulate a national CSR guideline for Bangladesh. The CSR Centre steer the National CSR Guideline for Bangladesh with the Ministry of Planning (as the focal point) and 25 relevant ministries. It took two and a half years to prepare the guideline. But an interviewee who was inextricably involved with the process expressed her frustrations that they submitted the report to the concerned minister who highly appreciated the work and since then there is no progress.

We submitted it to the then Planning Minister. He looked at it and said it's Fantastic. We had over 100 workshops, 200 consultations; it was a huge process; everybody was very excited because everybody thought there should be a National CSR Guideline. ... it hasn't been launched yet. Unfortunately, that is also a weakness in the governance structure. Companies did say that they want to report, but they want a structure for reporting. (CSR Expert2)

Some of the interviewees were also involved with the committee and shared their experience. Everybody is waiting for the national CSR guideline after being approved by the government. They expressed their enthusiasm that the upcoming guideline will help them to report their CSR activities in a structured way. Even the central bank is waiting for it with an expectation that it will help to strengthen its CSR policy.

Once the national CSR guideline is finalised, Bangladesh Bank will consider and consult that to identify and minimise the gaps in its CSR guideline, and it will automatically strengthen the CSR guidelines for banks and financial institutions. (REG6)

Role of national institutes of professional accountants

It is unfortunate that professional accountants in Bangladesh also lack the understanding of SER. Many of them do not consider SER as a responsibility and a tool for ensuring accountability and transparency. Being asked what the role of their institute for promoting SER, the president of an accountants' body said: "Our main job is to take care of the financial audit. That's not within our jurisdiction" (ACCNT). However, it is good to see that GRI has recently entered an MOU with the Institute of Cost and Management Accountants of Bangladesh (ICMAB) and DSE. Both Stock Exchanges of Bangladesh are members of sustainability stock exchanges initiative of UN. Thus, they are committed to introducing ESG disclosure for the listed companies. The collaboration between the GRI, ICMAB and DSE will help raise awareness and conduct formal training on how to prepare a sustainability report. A fellow of the ICMAB said that "Now GRI has a strong network with DSE and ICMAB and since the financial audit, the statutory audit is under the purview of ICAB, ICMAB is trying to capture these types of reporting – integrated reporting, sustainability reporting under GRI guideline" (REG3). Recently, DSE has issued an ESG guideline in collaboration with the GRI.

Other state actors such as the Registrar of Joint Stock Companies and Firms (RJSC) has no role for SER in Bangladesh as an interviewee said: "RJSC, they have no function. They are just like a post office. When any organisations need a certified copy, they just issue it. They don't monitor anything" (REG3). Similarly, there is no visible role of trade unions for SER in Bangladesh. Interviewees opined that trade unions are highly politicised and extremely corrupted. The top trade union leaders use common labour as a platform for their self-benefits.

Trade unions are infiltrated and influenced by outside influences, who are not necessarily working for the betterment of that industrial or manufacturing unit or the betterment of those workers but who have their other agenda. So that is something that concerns me deeply. (TA1)

Interviewees also said that if there is an environment for the healthy development of trade unions, they could be a major stakeholder in pressurising the firms to go for CSR type of activities. Besides politicisation, companies also do not encourage trade unions. There are many harassments, as an interviewee said:

When the workers go and sign, the initiators are then expelled from the factories; they are harassed and arrested under false allegations, etc. So, there are a lot of things that we have to do. (NGO/CSO4)

SER is costly (Belal & Cooper, 2011) and there is a lack of incentives and pressures for SER in Bangladesh, as an interviewee said: “When we are talking about reporting, we talk about cost. So, unless it is mandatory or unless there are any incentives, domestic firms will try to reduce cost and will not be interested in doing these things” (ACA6). Although there are some forms of incentives from the government in the form of tax rebate for CSR expenditure in some specified areas, there is no incentive for CSR reporting. For the banks, Bangladesh Bank has offered some sort of incentives in the form of CAMELS rating and low-cost refinance facility. A general manager of the central bank said: “Bangladesh Bank has not made it compulsory, but it has given some indication that your CAMELS rating and somehow and somehow you will be rewarded if you go with these sorts of standards (reporting standards)” (REG6). However, no such incentive for reporting CSR is there for other businesses. Companies expect some form of recognition from the government as a head of CSR said:

I don't see any influences of country-level governance on the CSR reporting because unless and until it gives me some recognition or incentive for publishing a stand-alone sustainability report. (CSR Team2)

Political pressures for donations, not for SER

Interviewees opined that there are coercive pressures from the government for political CSR (donations), not for SER in Bangladesh. Like many other developing countries, the main form of CSR in Bangladesh is a philanthropic donation (Ullah, 2013), which is a voluntary giving to charity. The larger portion of the donations in Bangladesh is made in response to the directives and coercive pressures from the government and the ruling party (Uddin, Siddiqui, & Islam, 2018). At least nineteen interviewees have said that the large chunk of the donations out of the CSR funds of companies, especially banks, go to the Prime Minister's Relief Fund (PM Fund). Although there is a list of purposes for which donations can be made to be eligible as CSR, companies are unofficially asked to donate to the politically motivated projects (such as the PM Fund, autistic initiatives, where some of the relatives of the Prime Minister is an adviser or Bangabandhu Memorial Museum). Sharing his experience, an independent director said: “The bigger chunk of the fund is being spent on that; last six years I have seen that it's five times more than philanthropic donations to other areas” (ID1).

Interviewees opined that firms are bound to respond to satisfy the call of the regime. They have to donate whether they like it or not. In response to the question of why you donate money to the PM's fund, interviewees replied that companies have no choice except responding to the directives from the government for such donations. The CEO of a bank said: "Last year we gave BDT 180 million to that Fund ... I can't comment on that because I am already in trouble, off the record. The sovereign wills, we act. That is the law. You see, we have to support the government first. Whatever the government wants, we want to support them" (CEO2). Likewise, an independent director said: "At the firm level, there is a gulf of difference between what they believe and what they do because they do not have the liberty to turn down that request. If they turn down, they will invite troubles for them; they will not be able to survive" (ID1). Interviewees also contended that the beneficiaries would be benefitted more if they could distribute the fund through their channels, but they have to follow the order. Some interviewees argued that CSR should come from within rather than from orders.

We could distribute donations through our own channels, but it is required to do through the Prime Minister's office (Prime Minister's Relief Fund). So, it's a political target achievement. But if I could give BDT five million through my channels, then definitely the beneficiaries could have been benefitted more. When any ruling party asks for donations, you cannot avoid it. (CORP2)

In addition to the order for donating to the political project, the government sometimes gives directives to donate to certain purposes. For example, an interviewee said: "I have seen the government directly asks that we have a cricket tournament here. So, you have to contribute this much money. So, these are all directives. CSR comes from within, not from orders" (NGO/CSO1). However, only one interviewee who is the CEO of an insurance company argued the following for donating to the PM fund.

Corruption is everywhere, even in the government. That's why I felt I could give the fund to the Prime Minister rather than giving it to Tom, Dick and Harry. Also, we thought that everyone would know it. (CEO1)

As CSR is mainly meant as 'philanthropic donations', CSR reporting is also dominated by the news and photos of those events. It is observed that the donations given in response to the coercive pressure of the government are highlighted with colourful photos and pictures in corporate reports and websites. Importantly, there are pressures from the government for donations, not for CSR reporting. There is no visible effort on the part of the government or the regulators of the country

to enhance SER. Besides, the nexus between business, politics and government discourage voices for reforms and developments of CSR reporting.

Business-politics-government nexus and SER

In Bangladesh, where about 72% of the lawmakers (Members of Parliament) are businessmen, political connections are considered as a huge capital because political support is required for running and expanding business smoothly. Hence, a visible nexus between business and politics has been developed. This unholy nexus adversely affects the development of good governance and SER. The politician-businessmen prioritise profit and personal interest over the interest of the society at large, as a former Governor of the Central Bank said: “The politician-businessmen only care for their profit, they don't have much interest in the social development or CSR development” (REG1). Because of this overwhelming dual power along with impunity, “some of them tend to do whatever they like to do; they make the law, and they break the law when it affects them” (NGO/CSO4). They do not follow many of the mandatory requirements, whereas SER is a voluntary issue. For example, some of them looted the public money – “Most of the banks are captured by the MPs and ministers” (ACA4). This unscrupulous nexus affects the demand for reforms and development of CSR. Because of conflict of interest and power imbalance, this nexus also hinders the development of civil society organisations (CSOs) and trade unions that could put pressure for CSR and SER in Bangladesh. An interviewee said:

We have seen that when there is an unscrupulous collaboration between politics and business, regrettably the demand for reforms for these types of activities (CSR) becomes muted. So, this is one of the reasons why we don't have very strong independent CSOs, or independent trade unions which could have put pressure for good CSR practices. (NGO/CSO4)

Unethical use of CSR funds to influence the government and regulators

Interviewees opined that voluntary CSR expenditure should be an ethical response to social problems, such as poverty, inequality, illiteracy, hunger. Unfortunately, in many cases, CSR funds are used unethically for personal benefits that widen inequality and injustice in society, as opposed to the expected social justice (Rawls, 1971). There are numerous instances of using CSR funds unethically to influence the government to amend laws and influence the regulators and law enforcing agencies in the vested interest of some businessmen. For example, a regulator said: “We have seen that bank owners' association donated a big sum of money to the Prime Minister's Fund

in the last fiscal (year) and subsequently their tax rate was reduced significantly” (REG5). Correspondingly, interviewees pointed to the misuse of the CSR fund referring to the illegitimate amendments in the Bank Company Act to accommodate four members from one family from the existing two and to extend the tenure of directorship from six years to nine years. A former deputy governor of the central bank said: “Very recently the law has been amended to accommodate four directors from one family of a bank board, which is unethical. It has been done because one of the big donors to the party in power demanded it” (REG2). CSR fund is used for immoral benefits, undue influence and impunity. Despite severe problems in the banking sector, “They are making huge contributions to the Prime Minister’s Fund, and in return, they are getting all kinds of benefits” (NGO/CSO2). They also do so to “demonstrate that they are with the government” (ACCNT); “influence central bank’s regulatory functions” (NGO/CSO1), and “to get impunity in the absence of an independent commission to investigate what’s happening in the banking sector” (NGO/CSO2). Therefore, the scope and understanding of CSR have been confined to donations, and consequently, the scope of the CSR reporting has also been confined to publishing those activities.

Ineffective regulatory agents and misuse of CSR

Weak enforcement of laws and corruption are common in a traditional setting like Bangladesh. (Uddin & Choudhury, 2008). Interviewees opined that the law enforcing agencies of the country cannot discharge their bestowed duties independently due to the undue influence and the unwillingness of the government. Unfortunately, instead of ensuring justice and right doings, some of the law-enforcing agencies and their members have become dependent on some companies by accepting undue benefits, including unethical use of CSR funds. In Bangladesh, it is seen that businesses (some of them are also known for violations of laws) donate vehicles and other facilities to the police department and it is written on the property that ‘this is sponsored by X company’. Many of the interviewees were fed up with this practice and said that it is uncommon anywhere in the world. They criticised such practice as an unfair means on the part of the companies to make the police subservient to and dependent on them so that they can bypass the laws and getaway.

It is not fair. I would not support it because when you take these types of benefits, then it is difficult for you to implement laws against that company or person. It makes the law enforcing agencies obedient or subservient to them. (NGO/CSO3)

They are donating to the law enforcing agencies to keep them satisfied, and behind this, they may take undue advantage. (CORP3)

Both the companies and the law enforcing agencies are liable for the misuse of CSR funds. The problem has been aggravated over time and spread from the Police department to the individual members of the police. Our interviewees said that there are instances of misuse of CSR funds in response to the coercion of the law enforcing agencies even in the banking sector, one of the most regulated sectors, which indicates the severity of the problem in other areas. A former governor of the central bank said:

Recently we heard that many of the police officials were given CSR fund. They are not supposed to. So those kinds of anomalies are there. ... but this is only in the banking sector; I don't know what about in other sectors because, in other sectors, we don't have good regulators. (REG1)

The misuse of the CSR fund limits the scope and diversity of CSR; therefore, the SER is also limited.

Corruption is engulfing all good initiatives including SER

Almost all the interviewees unanimously agreed that corruption is everywhere in Bangladesh, particularly in the government offices. Unfortunately, the government offices incentivise unfair and immoral practices that create an environment where non-compliance is easier than compliance. As a result, the cost of compliance in Bangladesh is more than the cost of non-compliance, as the President of a multilateral trade association said: “Sometimes I find it easier to circumvent our regulator than to comply with the laws. Currently, it is less expensive not to comply and more expensive to comply” (TA1). Corruption is so pervasive that SER cannot be separated from it – “In case of CSR practices also, there is a lot of corruption” (ID5); “Sorry to say that corruption is endemic, and it also affects CSR reporting to some extent” (ACA1).

Corruption makes doing business difficult, eating up the surplus to spend for social and environmental causes and SER. “If I can get away by paying a bribe of BDT 500,000, why would I invest BDT 10,000,000 for an ETP (effluent treatment plant)? Moreover, I have to bribe even if I have an ETP” (NGO/CSO4). The impact of corruption on SER is widespread because it is taking people far away from morality, justice and social obligations – “If I have to give bribes, then I will

go far away from the corporate social responsibility because I don't have much money to spend for CSR. So, corruption is engulfing all good initiatives” (NGO/CSO3). Also, being ethical and doing the right things is costlier in terms of time, money and dignity as an interviewee said:

If you go by maintaining the moral standard, you will have to go to the police station or land office for 15 times. It is more expensive, more time-consuming – coming again and again and standing here and there helplessly. Then you may think it is okay to spend Taka 10,000 and get the job done by today; it is better for me in all ways – cost-saving, time-saving, even dignity-saving. (NGO/CSO3)

Some of the interviewees (including those from the central bank, BSEC, stock exchange) also acknowledged that SER in Bangladesh is affected by the overwhelming corruption. Interviewees opined that the CSR fund had been misused by some of the directors of banks and the scenario in other sectors may be worse. A former governor of the central bank said:

Corruption is quite overwhelming in Bangladesh. But in CSR, there have been few examples, not much because the central bank monitors them (banks). But even then, some people misused, the board members themselves took advantage of this. (REG1)

Lack of accountability, transparency and SER

SER is expected to ensure transparency and accountability of corporate social and environmental performance. However, in most of the cases, companies in Bangladesh do not consider CSR reporting as a part of their responsibility and accountability. Interviewees opined that the absence of accountability of the state also affects the accountability and transparency of the corporates. For instance, an interviewee said: “If there is no accountability of the government to the citizens, the owners of the country, how can you expect accountability from the companies?” (NGO/CSO3). The CSR fund is used for many purposes because there is no clear-cut definition. In most of the cases, CSR funds are being misused because there is no transparency and accountability, proper CSR reporting and validation process, as an interviewee said: “Whenever any powerful people in any companies want to do something, they first look at the CSR fund where the accountability and transparency are less ... You are saying charities, but you are doing all those parties and everything with this fund” (CSR Expert3). Therefore, “CSR needs to be institutionalised, and we need to ensure that CSR is used for the proper purpose, properly accounted and reported” (FD2).

More importantly, there is no accountability of the Prime Minister's Relief Fund. Several interviewees said that funds are raised on different occasions, but nobody knows how the fund is utilised. "When we give money to the Prime Minister's Fund, unfortunately, we don't know how the money is being used, what considerations are taken into account in selecting the recipients (CORP2)". Another interviewee said: "When there are natural calamities, we find that donations are pouring in, funds are raised, but we don't know how far these donations reach the real recipients. How are these funds utilised? There is no accountability; nobody is there to monitor it or inspect it" (ACA1).

Some interviewees were found fed up with the lack of commitment and accountability of the government in utilising the Prime Minister's Relief Fund. The Public Service Review Commission, formed in 2003 at the request of the World Bank, recommended that the PM Fund should come under the jurisdiction of the Comptroller and Auditor General. However, regrettably and shamelessly, nobody took any notice of their recommendation. A former Secretary and the Chairman of Public Service Review Commission contended that CSR in Bangladesh is mostly meaningless, and the very idea of CSR is missing. He shared his experience and untold story about the accountability of the PM Fund.

How this fund is utilised is a matter of serious question. Money is spent on political considerations. We had tried when I became the Chairman of the Public Service Review Commission, a commission formed at the request of the World Bank. We recommended that this fund should come under the jurisdiction of the Comptroller and Auditor General. But nobody took any notice of our recommendation. It has become a waste of time, energy and money. It was established in 2003 January. We worked for one and a half years, and we submitted our report. The report was appreciated by the World Bank and others. But the government did not appreciate it. Although the Finance Minister was very pleased when I submitted the report to him, then he was helpless. He could not do anything. So that's why the CSR in our country is mostly meaningless, and the very idea of CSR is missing in the way these responsibilities are discharged. (NGO/CSO1)

Cultural and contextual factors and SER

With the increasing influence of globalisation, the local context has also been gradually changing. But still, the local traits, culture and context dominate the SER of the business in Bangladesh. Although only a handful of companies in Bangladesh publish their CSR reports according to the global standards such as GRI, they must address the needs and concerns of the local context.

SER is not a priority in Bangladesh. There is no visible pressure for SER from the government, the market or the society at large. Interviewees opined that in Bangladesh, where the mandatory audited financial reports lack credibility, people do not have much interest in the voluntary CSR report. Because of the long-standing corruption, impunity and wrongdoings, people do not expect much from corporates in the form of CSR. Interviewees opined that not only the companies but the government and the law enforcing agencies are liable for the violations of laws. Considering the stage of development and density of population, people do not differentiate much between companies for CSR and SER.

Bangladesh is in a unique position. No other countries are so densely populated like Bangladesh. If you want to set up a factory, it cannot be far from a locality. So, air pollution and water pollution affect the population around. (CSR Expert1)

Non-compliance of normal regulations is common, and many businesses evade legal taxes in Bangladesh, where paying taxes is considered as CSR. For example, a lawyer who is also the president of a trade association contended: “Companies contribute to the society by paying the lion's share of taxes in Bangladesh. Why are they expected to do more?” (TA1) Companies that evade legal taxes are non-compliant and irresponsible. Therefore, CSR is a secondary issue for such companies. The chairperson of a CSR award committee shared his experience of how they evaluate firms for the award. He said that to be eligible for the CSR Award, a company must fulfil the necessary condition, which is a legal responsibility. If a company passes the necessary condition, then they evaluate the sufficient condition, which is a voluntary responsibility, the CSR and SER.

Before we consider how much CSR a business does, we look at more fundamental issues, like whether a company is law-abiding, whether it pays its taxes, because tax evasion is so common. Then, whether it does something more than what is required by the regulations in terms of factory standards, environmental protection, and then we should go for what is called CSR. (CSR Expert1)

Our findings show that, surprisingly, the CSR Award Committee in Bangladesh does not consider CSR reporting as a criterion for the CSR Award. Similarly, there is no mention of the CSR reporting in the government order that consists of a list of purposes for CSR spending to be eligible as CSR for the tax credit.

Religion asks for donations in silence

About 90% of people of Bangladesh are Muslims and giving donations is an integral part of Islamic culture because of ‘Zakat’, one of the five basic pillars of Islam. One of the possible reasons for the low level of SER in Bangladesh is religion, because “In Islam, making donations in silence is encouraged [rather] than disclosing it” (CORP3). In Islam it is said that donations should be made in such a way so that when you give donations with the right hand, do not let the left hand know, meaning to donate in silence. Thus, the culture of donating in silence also affects SER in Bangladesh.

No relationship between governance and SER

There are some cultural cognitive peculiarities in the context of Bangladesh. Some interviewees said that they do not find any relationships between SER and firm-level governance. For example, the Chairperson of a CSR Award Committee said: “A business having very good corporate governance is doing no CSR at all” (CSR Expert1). By contrast, firms having very poor governance are spending money in the name of CSR and reporting the same. For example, a former deputy governor of the central bank said:

I do not find any relationship between corporate governance and CSR reporting as such because most of the banks have very weak corporate governance, which is evident from the high level of classified loans. But they are the corporate bodies who are paying a large amount of CSR expenditure because of directives. And other corporate bodies which are not bound to do so, they are not doing it. So, I don’t understand any impact of governance over CSR in Bangladesh. (REG2)

Thus, CSR (and SER) in Bangladesh is largely determined by the coercive political pressure rather than firm-level governance.

The way forward: mandatory vs voluntary SER in Bangladesh

Currently, SER is voluntary in Bangladesh, and there are no guidelines for it. We have tried to understand the views of the interviewees – whether CSR reporting should be made mandatory – and we have found mixed views. However, some interviewees recommend following the ‘carrot and stick approach’ (Gatti et al., 2019). About two-thirds of the interviewees argued that in a developing country like Bangladesh, people do not follow anything unless they are bound to do so. While extant literature seems concerned that making SER mandatory may cause further

corruption – “... such policy recommendation is not without reservations” (Belal and Roberts, 2010, p. 320) – interviewees considered quite the opposite. They argued that even if there is some corruption initially, the benefit of increased SED will outweigh the initial drawbacks because of enhanced transparency and accountability with institutionalised, systematic, and organised reporting. A member of a CSR team said: “If there is corruption, it will be very insignificant. But reporting has many dimensions so, making CSR disclosure mandatory will not result in further corruption, rather it will enhance transparency and reduce corruption” (CSR Team3). Another interviewee said:

Now firms are spending money but no transparency and accountability. So, if CSR reporting is regulated by law, then transparency and accountability will be ensured, and things will be institutionalised, organised and far better. ... I don't disagree with that (further corruption), but if it is under a certain law, then disclosure and presentation will be more systemic and organised than the present scenario. (CSR Team4)

Referring to the Indian experience, a former governor of the central bank said that making SER mandatory will not result in further corruption – “No, that is everywhere, not only in CSR. India has done it. So, look at the Indian example. They have a law; they have made it mandatory for five billion-plus Rupees companies, and they need to get audited by the government. So, I think that model is quite doable” (REG1). Interviewees argued that only regulation will not work if it is just pushed from the top. Businesses should believe that this is good for them. Otherwise making SER mandatory will not work. The CEO of a company known for SER said: “We have so many laws in Bangladesh, people don't follow. We don't need to introduce any other laws. Because if you just introduce laws, people don't follow. It has to come from within, voluntarily” (CEO3). Another interviewee commented:

This is not the right time to make CSR reporting mandatory. First of all, the development of awareness and understanding of how both the demand-side and supply-side will be benefitted from CSR reporting is important. (ACA6)

Some interviewees emphasised on having a common guideline for CSR reporting is more important than making it mandatory. “If it is made mandatory, CSR will no more exist. Everyone will do for compliance, just like box-ticking, not from the heart. But there can be a CSR guideline” (REG8). Referring to the weak governance, an interviewee said: “Look, companies are ticking boxes for corporate governance guidelines, but governance hasn't improved” (ID1).

Since there is no guideline, there is no benchmark to follow, compare and regulate the CSR reporting. We should have a transparent system of procedures (SOP) for CSR starting from how to select or give money and what will be the impact and then how to report. Just giving money is not CSR. (FD1)

Some interviewees expressed careful thought in favour of adopting a ‘carrot and stick’ approach – a combined approach arguing that if the market is not ready, then they will go for regulatory arbitrage that may cause further bad things (Gatti et al., 2019; Belal & Roberts, 2010).

If I am not convinced that I should go for this kind of reporting, then I will look for regulatory arbitrage. So, we need both elements side by side – try to encourage people, start with voluntary, bring some elementary imposition because we need both. (CSR EXPERT3)

Six interviewees said that there is a lack of an overseeing authority (such as an ombudsman) to oversee the need for new laws, flaws and effectiveness of existing laws and various institutions, and to coordinate among different public and private organisations. They recommended forming a national coordinating authority. For example, one interviewee said: “There is a need for a national organisation of the government that will be supervising for enacting right laws, implementing laws, whether there are any deficiencies and taking corrective measures” (ACA6). The government prefers offering surprising agenda and declarations to implementing them effectively. Referring to the lack of coordination, one interviewee said: “I think Bangladesh is the only country that has SDG office in the world. But the SDG office has no coordination with the CSR Centre, the local network of the UNGC. So, how can you expect a good outcome?” (CEO1)

7.4 Firm-level governance

7.4.1 Firm-level governance environment

To understand how and why firm-level governance influences SER, it is necessary to understand this type of governance in Bangladesh. This section presents the status quo and the effectiveness of firm-level governance in Bangladesh.

Absence of corporate culture

Interviewees opined that corporate governance in Bangladesh is mostly superficial, and companies maintain some structural arrangements for the sake of compliance because the effective separation

between owners and management is largely missing in the listed companies in Bangladesh. For example, interviewees said: “You cannot differentiate between management and ownership; they are the same. You will find that everything is directed and controlled by the owners (ACA6)”; “What is going on in the Bangladeshi corporates, you can say it’s the owners’ governance, it’s not corporate governance” (ID5); “Frankly speaking, in Bangladesh, this (CG) is very poor, and I am telling you because I know about the board of many banks and insurance companies” (CEO4). The sponsors unduly interrupt management decisions and day-to-day affairs of the company for personal benefits. The dominance is so severe that in some cases, top management has to either compromise with unlawful pressures or quit the company. Interviewees said that some CEOs had to resign even in the highly regulated banking sector for not agreeing with the unethical desire of the owners. However, there are no visible and effective attempts on the part of the regulators to safeguard the management in such circumstances. A CEO said:

We saw suddenly the CEO switched a company or was forced to resign because he did not satisfy their unlawful desire in business or employing someone (recruitment). So, corporate governance is very weak in majority cases ... I think in 70% of companies. (CEO4)

Knowledge, expertise, experience and the attitude of sponsors are critical to effective governance because “unless the sponsors believe in corporate governance, it is very difficult to bring corporate governance in the firm-level” (ACCNT). To make the board effective, each board member should be prepared to contribute, which is, unfortunately, lacking in Bangladeshi companies. A Deputy CEO of a bank said: “They do not know how to operate the board of a bank and how to contribute to the policy-making of a bank. So, I think good governance part is lacking” (CORP2). Likewise, an interviewee who sits on many local and international boards said: “In Bangladesh, I don’t see that much readiness (of the directors) and most of the members don’t give any strategic guidance” (CSR Expert2). One of the key reasons for poor governance in Bangladeshi companies is family control and misgovernance.

The family firm, family control and misgovernance

Most of the companies in Bangladesh are family businesses (Humphrey, 1987). Starting as a sole proprietorship, they become bigger over time and are transformed to a private or limited company to manage the augmented operations and get access to certain facilities, such as formal credit, reduced tax rates, business contracts with government and others. As the Companies Act requires

limited companies to have a minimum number of directors, they bring their family members, including women, who do not actively participate in the business decision-making process. Interviewees opined that family control is more acute in financial companies. There are certain restrictions in the banking regulations regarding the maximum number of directors from the same family and their tenure. Therefore, in most of the cases, females are on the board to represent their male counterparts to comply with the regulatory requirements and, at the same time, retain the family control (rather than to actively participate in the decision-making process). A former regulator said: “Mostly two or three families really dominate the board and the quality as a board member is always questioned” (REG1). An interviewee who is a former Cabinet Member (Ministry of Finance) said:

Family control in banking company is more rampant because, in other companies, you have to have profit, you cannot run by loss. In banks, you can survive for a long time by taking away depositors’ money, can remain afloat; a bank can remain liquid at the same time losing its capital base, it’s easier to rob a bank than other company. (CSR Expert1)

Interviewees opined that most of the boards are family-based and many problems are created by these boards. Family control in Bangladeshi companies is too strong to influence the government to enact regulations of their choice. For instance, to ensure an absolute family control over the banks, the super-rich businessmen have recently successfully increased the number of board members from the same family to four (from the earlier two), and the maximum tenure of an individual director to nine years (from the earlier six years), by influencing the government to amend the Bank Companies Act 1991. A former governor of the central bank said:

We used to allow two members from a family, but now people are so powerful; they have motivated the government to increase that number to four, and they can continue up to 9 years. So, these are not signs of good governance. (REG1)

Family dominance is a common phenomenon, as a CEO said: “In most of the companies, the board of directors are all family members and too many problems are created by the board” (CEO4). The banking sector of the country is now crumbling because of the family dominance and unholy nexus between the boards, as a former governor of the central bank said:

The individual bank board, they work with the boards of other banks to have mutual collaboration in terms of loan sanctioning. So, that creates a lot of irregularities in sanctioning the loans. That's why a lot of loans are now non-performing mainly because of this nexus ... So, interlinked, managed governance has developed. (REG1)

The lack of governance, transparency and accountability of family-owned private companies is also common, as the president of an international trade association said:

Bangladeshi businesses are mainly family-owned business and the lack of corporate governance and transparency. ... So, it's very difficult to do due diligence and decide whether to invest in Bangladesh or not for foreign investors, especially for the Japanese. (TA3)

From the real-life experience of the interviewees, it is evident that powerful family members also unduly interfere with the recruitment and promotion of the top management to keep their control.

I have served in the insurance sector for 29 years, but she has held the post as her father was the Managing Director of DGX. This is the real scenario. She was just a VP (Vice-President) in a bank, but suddenly her father took her as an Additional Managing Director. At that time, I was the executive director. Then, before Fahima joined, my Managing Director, her father, told me that 'Shahzadi I have a dream for BDT 200 crore business.' ... I went to the door to door, and I collected premium amounting to BDT 205 crore through my managers. I have filled up the target, and I asked for the DMD post. Then my immediate boss said 'Shazadi, if you ask for money, whatever it is, the MD will give you, but he will not give you the post because Fahima came here for the post of MD in future.' ... So, it's a total family dominance. (CEO4)

Interviewees opined that to meet the regulatory requirements while keeping family control, sponsors appoint the non-shareholder ceremonial chairman who implements their agenda. The companies propagate that they have a chairman made from the independent directors, but in reality, he is just a figurative chairman. I know at least two non-owner chairpersons of listed companies in Bangladesh at the time of the fieldwork. While visiting the office of BSEC, I observed that a member of the commission was asking a corporate visitor to follow the model of a company that has a non-owner chairman to comply with the regulations. An interviewee said: "I have seen that instead of being a chairman, dominant shareholders nominated outsiders as a board chairman who acts just like a dummy for them" (CORP3).

Family control, regulatory restrictions and female directors

Interviewees contended that family control over the financial companies, particularly banks, is very high as it is easier to control public money, and the business of banking can be continued for a long time without making a profit in the context of Bangladesh. In response to the question ‘despite the existence of family businesses in various sectors in Bangladesh, why the concentration of women directors is in the banking and financial companies?’, interviewees said: “99% female directors are because of family control” (CORP3); “Truly speaking, you will find that most of them are their wives or daughters or sisters-in-law” (REG5); “In fact, the presence of women on the board is not because of their qualifications or shareholdings, rather we have seen that they join the board as an alternative director (in most of the cases) to meet the rules and regulations given by the central bank” (CORP2).

In Bangladesh, in all the businesses, 99% promoters are male. ... It's not that they are independently professionally reached there, in most of the cases, I think 99% plus cases. (CEO3)

I know one who has become Member of Parliament and Minister and cannot be chairman of a bank. So, he has made his wife chairman. But she was a housewife and did not know anything about business. (TA2)

Other reasons for the inclusion of a woman on the board

Coercive pressure from regulators and buyers

A recent publication of DSE⁶² shows that only 17.70% of the board of directors of the listed companies in Bangladesh in 2018 are women, of which a more than 54% of woman directors are in the financial sector, followed by textiles (24%) and pharmaceuticals and chemicals (13.9%). More than half of the female directors are in the financial sector because of regulatory bindings. Similarly, the second and third categories – textiles, pharmaceuticals and chemicals – which combinedly consist of 38% of the woman directors in Bangladesh, are highly dependent on the global market for their lion’s share of revenues. Thus, the presence of about 92% of women in the first three sectors (financial, textiles, and pharmaceuticals and chemicals) is in response to regulatory compliance and external coercive pressures from the foreign buyers.

⁶² Women on Boards of Companies Listed on the Dhaka Stock Exchange, 2019

Tax management

Two interviewees opined that women are made directors to manage tax and properties. One of them said, “Normally, the main [male] member of the family is subject to more scrutiny by the tax authority” (CSR Expert1), and another interviewee added that “to reduce the tax burden, they try to spread it among the family members” (NGO/CSO3).

Encouragement from the government

The government and regulators encourage women to come forward and get involved with the development process. In some governmental jobs, local government election and even in the National Parliament, a certain portion of the posts are reserved for women. Interviewees pointed out that now the prime minister, speaker, and the leader of the opposition are women. This might be seen as an example, thus promoting women at the board level is done to be aligned with the government. For example, an interviewee said: “Our PM encourages woman empowerment. So, the companies may want to show that they are empowering women to gain political legitimacy” (ACA3).

Family control and board independence

Board independence in a family business is poor, caused by the owners, who do not want to listen to others, as a regulator said: “As far as I understand, wealthier people are more arrogant, more powerful and are not even habituated to listen to something criticising them” (REG3). The dominant and intolerant attitude of most of the sponsors does not let the independent directors play an independent role. Being asked about the effectiveness of corporate governance in Bangladesh, the secretary-general of a chamber contended: “But I would also question how effective these independent directors are in Bangladeshi corporations. I don’t think that many companies give importance to the views of the independent directors” (TA4).

Reasons and motivations for independent directors

The Bangladesh Securities and Exchange Commission (BSEC) requires companies to have at least 20% of independent directors. Interviewees opined that BSEC requires it in conformity with the global practice, with an expectation that independent directors may bring expertise that the owners may lack and make a balance between the interests of various stakeholders. Some of the responses were: “I think its global practice. ... this will take a lot of time” (REG1); “Basically, it came from

the OECD guidelines and other regional markets” (CEO3); “they are kind of representative of the society, ... But in our culture, it’s kind of compliance” (CSR Expert3). Most of the interviewees said that companies have independent directors out of compliance with the BSEC requirements because they think companies would not appoint independent directors in the absence of such conditions.

The study tried to explore the motivations of independent directors to become a director of a company and has received mixed responses. The remarkable motivations include “This provides a learning opportunity to know how a multinational company is governed” (ACCNT); “Because I want to know what they do in the board, whether they do something different from us; the learning is mutual” (CEO4); “That is because the image of the company” (FD1); “These are very good companies and I feel that if I could help them to fulfil their statutory requirements and, also, benefit them with my expertise being a corporate lawyer and chamber committee member for many years” (TA1). However, independent directors who are passive in their role were found to be a bit hesitant, and their responses were, for example, “The company proposed me, and I accepted the offer” (ID3).

7.4.2 Firm-level governance and SER

Independent directors and SER

The following analysis shows evidence of both ‘positive’ and ‘little or no’ role of the independent directors in promoting SER in Bangladesh. Moreover, a case study about the underlying dynamics and realities of the role of independent directors in Bangladesh has been developed based on the experience of a successful independent director (see Appendix Table 5)

The positive role of independent directors in promoting SER

Interviewees opined that despite a weak country and firm-level governance in Bangladesh, the presence of bona fide independent directors helps companies to be socially and environmentally responsible and report the same, although the number is small. A few members of the SER teams said that their independent directors are highly qualified and well-known for their professional excellence as environmentalists, development activists, businesspeople or chartered accountants, for example. However, only two of them said that their independent directors motivated them to do CSR and sustainability reporting. A Deputy CEO and head of SER team said: “One of our independent directors always motivated us to prepare a sustainability report according to GRI”

(CSR Team1). Another member of the SER team said: “Our independent directors oversee our CSR activities, address if there are any issues and give us suggestions on how to do better CSR. Those are reflected in our sustainability report” (CSR Team4).

The study tried to capture the views of each independent director as to how do they see their role in terms of SER and if his/her role is different from other independent directors in promoting SER, and why. All the independent directors, except only four, said that their role is like others. All four independent directors who said their role is different are certified accountants (such as FCA, FCMA) and very much involved with the corporate affairs for a long time. They said that having their knowledge of accounting and finance, they help companies in financial and sustainability reporting. One of them (who is a female and coded as FD1) said: “Besides financial reporting, I meticulously scrutinise the CSR reporting part, the internal control and compliance and even the labour issues or compensation packages. I always try to be just and equitable. So, I take care of all these issues” (FD1). Another independent director said: “Sometimes, I advise them to make more contributions and report clearly” (ID4). These four also claimed that they are different from many other independent directors. For instance,

Yes, I am different from many others because, on many occasions, they don't talk. For example, I am the director of a British company. They have proposed to build schools with the CSR fund. I told them that it is more important to ensure quality education than building schools – “please spend the money on training the teachers”. They have appreciated me and are doing reasonably well. I know the needs here, and I have guided them in their CSR and CSR reporting. (ACCNT)

Some corporate interviewees said that their independent directors help them in decision making, succession plan, employee welfare, safety and security, to name a few. For example, a CEO said: “One of our independent directors raised the importance of our management succession plan, which was then discussed and decided” (CEO3). Likewise, another CEO said: “Our independent directors discuss safety and security, training and development, employee welfare but in terms of CSR reporting, that has not particularly been discussed” (CEO4). An executive director of a Bangladeshi MNC said that they consider the independent directors as an asset who will guide them with their knowledge and expertise – “We have selected the most qualified people who are known for their contributions in their respective field so that they can contribute and guide the managing director. They are helping us in addressing the needs of society through our business”

(CORP1). Some interviewees argued that if a company does some CSR activities, these should be accounted for and reported in annual reports and websites. It is evident from the above that the influence of independent directors on SER is indirect.

However, some interviewees opined that the independent directors are expected to ensure fair practice and control irregularities. However, there have been several catastrophic irregularities in the banking sector, but we have not seen any visible role on the part of independent directors to resist such scams. In the same vein, the following shows that there is little or no relationship between independent directors and SER in Bangladesh.

Little or no influence of independent directors on SER

Most of the interviewees opined that independent directors have hardly any role in promoting SER in Bangladesh, and they are like any other directors. For example, a female director said: “In our bank, independent directors are like other directors; I don’t think they make any differences in CSR reporting in our case” (FD2). A CSR expert who works for UNGC in Bangladesh said: “Independent director mandate is not promoting CSR. I don’t think that every independent director is quite aware of the importance of CSR reporting. I think the board terms of reference is missing.” (CSR Expert2). A Deputy CEO said: “I haven’t seen any significant role of any independent directors for doing CSR or CSR disclosure. ... (The) the board is informed but not involved with the process of CSR reporting” (CORP2). A good number of interviewees considered that independent directors do not improve the decision quality since they are not truly independent. For example, an interviewee said: “There are no instances where independent directors raise serious questions against irregularities or quit the board because other directors do not listen to him” (ACA3) Another interviewee said:

There are several scams in loan sanction and subsequent fund diversion. So, you can question the role of the independent directors in both the bank and the borrowing company. The independent directors miserably failed to protect the interests of both companies. (TA5)

Why some independent directors can promote SER in Bangladesh?

Independent mindset, knowledge, experience and expertise of the independent directors

Interviewees opined that the title of ‘independent director’ sounds good, but the inherent qualities and abilities of the person are more important than the title. A regulator said: “If independent

directors were independent, I think they could be a blessing for governance and CSR” (REG6). Underscoring the importance of an independent personality by both sides, the president of a multilateral trade association who belongs to two boards said: “If I am an independent-minded person, I will be independent irrespective of my designation. But if I am not independent-minded, I cannot play an independent role. Second, with whom I am working? – the chairman and other fellows” (TA1). Sharing her experience as both an independent and nominated director, an interviewee emphasised on the independent mindset.

I am an independent director on the board of two companies, and I have been before also. But I always question how independent can an independent director be? I am telling you that I have been an independent director and a nominated director on the same board. My practice hasn’t changed with my designation. (TA1)

There are some genuine independent directors, but the number is small. For example, a regulator said: “I know a few people working as independent directors in different listed companies. They are highly influential, and the companies are benefited from their suggestions and critical comments” (REG3). Expressing satisfaction over her role regarding governance and CSR, an independent director said: “There are people who are very passionate but sometimes they overlook the governance and CSR part. But I am very careful about my role in the board. That’s why I have always been approached by the boards where I am inducted” (FD1). One interviewee boldly claimed that he was independent and named some of the independent directors who are very honest, sincere and dedicated to their duties.

I have always been independent. I know some very good companies that have some good independent directors. For example, Rokia Afzal Rahman in Grameen Phone, Zakir Ahmed Khan was in Lafarge Cement, then Sayedul Karim in Southeast Bank. They’re very good persons; they’re very independent and honest. (NGO/CSO1).

Strong personality and commitment are critical to be an independent person. Sharing his way of doing and saying ‘no’ to anomalies, an independent director said: “I try to be unbiased of the system and motion of the board. For example, I scrutinise the audit report meticulously and then if there is any discrepancy, I object and say that I cannot sign it without knowing the detailed supporting documents” (ACCNT). Another interviewee said: “I’m the chairperson of the audit committee in a company. I speak out whenever something goes wrong because I have nothing to

gain or lose. So, I try to prove my professional expertise, experience, and intellectual capability.
(ID1)

The mindset of the owner directors and corporate culture

Besides the independent attitude of independent directors, the commitment of the board is also important. A good company looks for respectable and knowledgeable people so that it can be benefitted from their knowledge, expertise and reputation. The quality of the people who own the company also determines the quality and role of independent directors. The latter can give their opinions, but if their opinions are accepted or not depends on most of the board of directors. Interviewees opined that ethical and benevolent companies consider an independent director as an asset. Unfortunately, such companies are very few. On the other hand, the ill-motivated companies look for independent directors who will go with them. The chairman of a CSR Award Committee said:

A good company like Singer, which is a multinational company, for example, normally looks for good independent directors for their image and reputation. ... for their own sake, they go for very respectable people and persuade them to be a director ... The bad companies will look for collaborators just to comply with the BSEC regulation” (CSR Expert1).

Why independent directors cannot promote SER in Bangladesh?

Unfortunately, almost all the interviewees opined that in most of the cases, the independence of the independent director is superficial. The underlying reasons for their inability to promote SER in Bangladesh, as voiced by the interviewees, can be broadly categorised into three groups: (A) a lack of independence of the independent director; (B) an improper appointment process and dominance of owner directors; and (C) a lack of support from and independence of the regulators.

(A) Lack of independence of an independent director

Independent directors cannot play an independent role because of the cultural cognitive factors, a lack of independent mindset, their connections with the owners, benefit dependency, and lack of incentives.

(a) Cultural cognitive factors

Independent directors are an integral part of the society in Bangladesh, which is characterised by power dominance (Hofstede, 1984). The exercise of undue power, authoritarian leadership style, corruption, and the overall sociocultural environment in Bangladesh is not conducive for the development of independent behaviour. A regulator said: “We are not mentally brought up the way we are expecting independent directors to behave – independently. As experience is concerned, if you are an independent director, you cannot even complete your tenure, it’s my observation” (REG5). The independent directors cannot promote SER much because of their connections, submissive attitude, and the lack of a democratic culture. An interviewee said: “Their power is limited, and they are mostly the people of the sponsors who are aligned with them. Moreover, everything is controlled by one or two persons. We believe in authoritarian style. We do not believe in participatory management or participatory decision making” (CORP3).

(b) Independent directors lack an independent attitude, knowledge and expertise

Interviewees opined that most of the independent directors in Bangladesh lack an independent attitude. Therefore, the objective of having independent directors is not fully achieved. They considered that it is difficult for a true independent director to survive. We observed that during the interview, an independent director, who was very outspoken about SER, was found a bit hesitant and requested to switch the recorder off when asked about his role in promoting SER. He said: “I am trying, but frankly speaking, actually, as an independent director, my role is as you know – independent directors have certain roles to play. The individual role is not that important” (ID3). Being asked if his role is different from other directors, off the record, he said that there were many controversies about the bank (of which he is an independent director) in the Western media those days. Thus, he didn’t feel comfortable talking about this. His company is one of the top banks in the country but is not a signatory of UNGC and does not report CSR following GRI. When asked if he was thinking of adopting GRI, he was found shaky and said: “This question I cannot answer because I am an independent director on the board. The management knows about it” (ID3).

We have also observed that independent directors, including former bureaucrats, are unaware of their role in promoting SER. Being asked ‘what is your role and achievement in promoting SED in your company?’, a government-appointed independent director said: “As an independent

director, there are set rules. So, I have nothing to do new; I do not have any chance to change many things” (ID3). Another independent director who is a former bureaucrat said: “There is no scope for any creative ideas. It’s not my subject; I don’t deal with CSR. CSR issues hardly come to the board; it comes to the board only when board approval is needed” (ID2). Another former bureaucrat who is an independent director of an insurance company and a cement company. – the insurance company publishes a considerable volume of SED, but the cement company does not – when asked about the difference in SED between the two companies, he said: “We don’t need CSR reporting. We don’t like to prepare a bulk volume of CSR report like women do make-up. What do you mean by CSR? Do you know how much is the contribution of this (cement) company to GDP in contrast to that of the insurance company? Do you know how much tax we pay” (ID2)?

Some interviewees opined that there are instances where unscrupulous people consider the directorship as an instrument to exercise power and get undue benefits. For example, a regulator said: “Irregularities in the recruitment process are (almost) everywhere, every sector in the country. Although not all, in most cases, independent directors do not play an independent role. In many cases, they are the witness of the irregularities, and sometimes they take part in the irregularities” (REG8). Independent directors may compromise and not raise their voice against wrongdoings because they do not want to lose the position. An independent director said: “If you get a significant benefit or remuneration, how independent are you going to be? Don’t you want to continue your position?” (TA1). Moreover, independent directors are not the victims of such situations, as an interviewee said: “In fact, they do have some moral responsibility, but they are not the victims of the events. So, they have failed to protect the interests of the stakeholders in our country” (ACA5). Therefore, they may not insist on against the desire of the owner directors to continue their position.

(c) Personal connections with the owner directors

Almost all the interviewees opined that personal relationships matter in Bangladesh, and in most of the cases, family connections, friendships, political connections get priority over expertise and experience in appointing independent directors. As such, in a country where corruption, nepotism, and impunity are very high, it is usual that the owners will try to bring their people, who will go along with whatever they like to do. Contending the scarcity of genuine independent directors in Bangladesh, a CEO said, “Maybe in 5–10% cases, it’s okay, but the majority is not. Although we are calling them independent directors, in many cases, they are their friends, friends’ friends, and

kind of their partners” (CEO3). A former secretary said: “It is independent in the paper, but it is more subservient in practice” (NGO/CSO3). Therefore, they remain silent, as a regulator said: “In most of the cases, they don’t talk; they remain inactive and ultimately the people of the company (owners) do everything” (REG8). In response to the question of why independent directors cannot perform their due role, the interviewees replied that independent directors contribute, but they remain silent where they should raise a strong voice. A CEO said:

... but when there is an issue, they have to say no; they cannot say no. ... when you find the promoter is doing something wrong, then you put down your position [saying] that “I don’t agree. That is not happening.” (CEO3)

Thus, having such independent directors does not make any visible difference in terms of corporate responsibility and accountability. Some interviewees considered that there are some private criteria for appointing ex-bureaucrats – as a return of the favours they did to the company while they were in the government organisation, and also, they lobby with government agencies, since doing business is difficult in Bangladesh. For example,

If you look into the list of independent directors, you will find some interesting information. There are some private criteria. They try to appoint some ex-bureaucrats who can get their jobs done from the government office. You know the obstacles of doing business in Bangladesh is very high. So, a retired bureaucrat is very important to the company so that he can negotiate those issues. (TA5)

An ex-bureaucrat shared his experience of being invited to lobby for a big company.

In almost all big companies, you will find some retired government officers who are appointed just to lobby with the government. You can call it brokering. They will go to the Secretariat; they will talk to the government people, and one owner of a very big company came to my house twice to request me to be their advisor – just a broker. I told very politely that I am not accustomed to this practice. (NGO/CSO3)

A CSO interviewee who is well-known at home and abroad for his contribution as a development activist, working for eradicating poverty, hunger, and promoting governance in Bangladesh, has said that he had never been asked to be an independent director of any company, despite having a very good background.

I am an independent-minded person, and I have some background too. I have never been approached to be an independent director by any organisation, and I am sure many other people could become independent directors and make contributions; I am not sure whether they are approached. (NGO/CSO2)

My observation while visiting the offices of two bureaucrats⁶³ and talking to them supports the notion that bureaucrats are appointed as a reward in return of a favour they did for the companies when they were in government service. Being asked what motivate them to be independent directors of these companies, one of them said that nothing motivates him – the company was under him when he was in the Ministry of Commerce. So, when they offered him the position, he accepted it. I have visited the office of an independent director for three days. While visiting the corporate office of the cement manufacturing company, I have observed that the independent director, who is a former bureaucrat, has a separate office room, similar to the ones for the regular executives, and had meetings and negotiations with different government agencies, including the Ministry of Energy and Mineral Resources, and Home Ministry. It seemed that this independent director was working for the company just as a dedicated executive, rather than as an independent director. This is contrary to the notion that an independent director is independent of the day to day operations, the management, the owners, and also contrary to the purpose of having a non-executive independent director (Chowdhury, 2015).

(d) Lack of incentives for independent directors

The interviewees believed that there is a lack of incentives for qualified people to be independent directors since it is not easy to work independently in many cases. The financial incentives are also not sufficient to attract qualified persons to devote a lot of their time and effort, beyond the mainstream activities in their parental organisations. They said that although the remuneration is based on the number of meetings, the chairman of the audit committee, who is an independent director, has to spend too much time to ensure regulatory compliance. In the case of non-financial companies, the remuneration amount is decided by the company, but in the case of financial companies, the maximum fee per meeting is fixed by the central bank. Interviewees opined that considering the work to be done by an independent director of a bank and a financial institution, such amount is not enough to be an incentive for many of the deserving independent directors. An interviewee said, “This is mostly a kind of unpaid work. So, why will someone allocate time and

⁶³ They were also independent directors and interviewees.

resources for this unpaid job?” (CSR Expert3) At least ten interviewees, including independent directors, regulators, and CSOs, expressed similar views.

Except a few, to my understanding, independent directors are not contributing. ... even the qualified independent director may not be committed to contributing due to poor incentive. (REG3)

(B) Improper appointment process, family control and dominance of owner directors

(a) Improper appointment process

The effectiveness of having independent directors largely depends on the selection process, which is not proper and transparent. Interviewees opined that the qualifications set by the BSEC make it very easy to hire someone ordinary and simply comply with the requirement, as a regulator said: “The criteria are good but based on the criteria in this poor country, you will find a million people” (REG5). Moreover, the criteria for independent directors are not followed properly. Essentially, companies do not want to have independent directors. “Had there been no regulatory requirements, I think no company would have any independent directors” (CORP3). The owners may think of the independent director as a nuisance (disturbance) and hence, look for someone submissive. That is why the role of independent directors is grossly ornamental.

Sometimes, the sponsor directors think that independent directors could be a nuisance. So, better we keep someone who aligns with our lines. So, in Bangladesh, in most cases, independent directors fail to perform their duties. (NGO/CSO4)

Questioning the appointment process, a corporate interviewee said: “Some of the employees of one company of a group are also made independent directors of another company. I would not name the companies, but there are” (CORP1). Others also question the appointment process.

These independent members are not chosen by the BSEC or the central bank⁶⁴, they are chosen by their boards, and mostly they take reliable people, their friends who don't ask nasty questions. ... So those kinds of accountabilities are not ensured. (REG1)

(b) Family control and dominance of owner directors

An independent director is supposed to bring in an independent perspective. Regrettably, sometimes independent directors are chosen by the family owners. Some interviewees opined that

⁶⁴ However, in the case of banks, the appointment of independent directors must be approved by the central bank.

the listed companies in Bangladesh are still family businesses and the super-rich owners are so powerful that they can do as they wish. An interviewee said: “In the family businesses, they exert a lot of power. ... So, they would take the independent directors in that way, so that they would listen to them” (TA4)

The diversity of the board is expected to improve decision quality and SER. However, in the context of Bangladesh, the inclusion of independent directors doesn't necessarily increase CSR disclosures. The independent directors have less power and less interest in the business. They may suggest something, but whether their views are considered or not depends on the attitude of the board. Only 20% of the directors are independent in Bangladesh. Therefore, the decisions (including SER) are ultimately dominated and made by the 80% owner directors. An interviewee said: “Independent directors can at best raise their voice, but they do not have that power to prevent that from occurring” (ACA5).

There are many irregularities and irresponsible practices in the Bangladeshi corporates. We asked the interviewees why the independent directors do not report those issues to the regulators. They answered that independent directors are in the minority and reporting to the regulators requires too much documentation and effort, and, at the same time, inviting troubles and making them enemies of the influential people. They do not have too much incentive to do that.

There are good independent directors and corrupt independent directors. Now, if anything is going bad, they are just one or two, they are the minority. To take the trouble of documenting those things and then reporting it to authorities, like Bangladesh Bank or BSEC, requires quite a lot of effort. So why should I, if I am appointed as an independent director, take that trouble without any remuneration, to make all those reports and many people my enemies? There is no incentive. (CSR Expert1)

Being asked about the role of small shareholders in selecting independent directors, interviewees said that sponsor owners not only control the board but also the annual general meetings (AGM) with their hired people, suppressing the talk of the small shareholders. For example, one interviewee said:

In fact, in our country, the way these AGMs are being held, these are also not proper. Sometimes, the sponsor directors hire some external people who don't allow other shareholders to raise any questions. So, this way, they manage the whole game. (ID5)

(C) Lack of support from, and independence of the regulators.

(a) Lack of support from the regulators

The lack of adequate support and incentives from the regulators is also responsible for the poor performance of independent directors regarding SED. Interviewees criticised BSEC for their passive role and failure in overseeing if independent directors are being appointed properly and if they are performing their role duly. An interviewee said: “There are problems with supervision. Our regulators are not probably putting enough energy into it; this is also another regulatory failure” (ID5). The regulators are risk-averse and ignore non-compliance, as a CEO said: “If you ask me, BSEC writes letters only to those who are already compliant. I doubt whether they have the right kind of workforce or intellect to go through and understand the authenticity of various corporate reports” (CEO4). Interviewees also opined that BSEC should offer incentives for firms that do CSR and SED.

The BSEC should provide some incentives for CSR and reporting. We in the Bangladesh Bank have done it but not in BSEC. (REG1)

(b) Lack of independence and effectiveness of the regulators

BSEC requires listed companies to have independent directors, but they do not have any independent non-executive directors, although the Constitution of the country has a provision in this regard (Chowdhury, 2015). Interviewees opined that BSEC cannot work independently because its top executives are appointed based on political considerations and absolute loyalty, and they serve the interest of the appointing authority. “Because they are all partisans; you see, these people are appointed not because they will run these institutions efficiently in the public interest; rather almost all of them are appointed to reward and patronise them” (NGO/CSO2.) Interviewees questioned the capacity and independence of BSEC, pointing to their experience, expertise, composition and actions. The president of a professional accountants’ body contended: “Most of them are academicians. The chairman and most of the members have very little or no experience of practical business” (ACCNT). Questioning the independence and autonomy of BSEC, a former governor of the central bank said: “Yes, it’s only in papers, but in practice, our regulators are pretty weak. We don’t have a strong regulator” (REG1) Another interviewee said: “There are flaws at the core of the system” (REG8).

Unfortunately, regulators are regulated by those who are to be regulated. Questioning the unwillingness of the government in enabling the regulators, a female CEO of an MNC contended: “Who is at the top of the Securities and Exchange Commission? ... Nobody is working independently” (CEO4). Similarly, an independent director said: “The super-rich dominate the regulators. ... So, the regulators do not like to disturb them” (ID1). Emphasising the essence of the political will of the government incapacitating the regulators, an interviewee added: “Everything depends on the willingness of the government. Had the Prime Minister wanted to see an effective BSEC, then she would put right people in the right place” (ACCNT).

An independent director shared his experience, highlighting the incapacity and unwillingness of regulators to exercise their power. According to BB requirements, one cannot be on the board of more than one financial company (banks, NBFI, insurance) at a time. He said that he resigned from a financial company (non-bank) to join a bank, but several people were the sponsor directors and chairmen of more than one financial company, and the regulator did not enforce their power. As he said: “So, the environment is such that even if the regulator tried to do something; they were under pressure by the regime” (ID1).

Female directors and SER

The positive role of female directors

About half of the interviewees opined that female directors exert strong commitment to humanitarian causes. For example, one interviewee said: “Female directors in our company propose to support the victims of natural calamities” (CSR Team4). Another interviewee said:

For CSR and CSR reporting, their role is very strong compared to men. What I have observed in the board, say a cancer patient applied for the help of BDT 20 lakh for medical expense. We agreed that we have some other obligations and we will give BDT 5 lakh. Then suddenly a woman director interfered – no, you have to give sufficient money for his treatment to cure the disease, otherwise don’t give. (BC)

Women possess certain distinct attributes and values, as an interviewee said: “Women are by nature more focused on corporate social responsibility. It’s the human instinct” (REG4). They have the experience of managing diversified responsibilities, namely running the family, looking after children and aged people. With such experience, they can help business and society. “Corporates are as good as families. So, if they can bring those values into the board, it can be socially

responsible” (REG1). Multitasking skills (Evans, 2010) and the abilities of women to manage things with scarce resources can enhance board efficiency, decision, and monitoring quality (Adams & Ferreira, 2009). Women are conscious and bring diversified perspectives. A female CEO said: “I think women are more conscious about all these issues (CSR). From our ICAB Women’s Forum, I will try to persuade BSEC to put at least one female in board leadership” (FD1).

Underscoring the contribution of women towards the betterment of women employees, a regulator said: “If you think broader CSR issues, I have seen that woman directors are more caring of employee-related issues, particularly women employee-related issues, such as maternity leave, work environment, etc.” (REG3). In some cases, we have found that organisations owned by women employ more female employees. Female directors also try to persuade the board to do woman-friendly financing policies. A deputy CEO of a bank said: “Female directors always emphasise on investment in female entrepreneurs. They suggest us to follow the directions of Bangladesh Bank for financing women entrepreneurship” (CSR Team1).

I believe that the situation would be different if strong women could come to the board with their capabilities. There are some women such as Rokia Afzal Rahman, Farzana Choudhury, who are promoting the real cause of the common people, women and children. (TA5)

Almost all the interviewees agreed that women are more collaborative, compliant, committed, hardworking, focused on social and environmental benefits, less corrupt and risk-averse (Byrnes, Miller, & Schafer, 1999), compared to men. All these qualities naturally help women to contribute to both business and justice cases (Seierstad, 2016). Interviewees said: “Women don’t dare to do corruption” (TA2); “Women cannot be that much shameless or corrupt like the man” (ID5). Regarding the environment, “whereas men are more focused on profit, women are more tuned to environmental concerns” (ID1). A female CEO said:

We, the women leaders, are more collaborative; we would like to discuss with others before concluding. ... Women are very committed to their work, and they tend to be compliant and risk-averse. (CEO4)

By contrast, a few interviewees contended that they could not undoubtedly say that women are less corrupt than men because “their participation is low, and women may not have the chance to

do corruption” (CSR Expert1). “We can say whether they are less corrupt or not only when there will be considerable participation of women” (REG8).

The presence of female directors on the board can make a difference and “control the directors’ behaviour” (Pucheta-Martínez, Bel-Oms and Olcina-Sempere, 2018, p.181), by creating an open and relaxed atmosphere and influencing the perception of the male directors. The interviewees opined that the board would be more sensitive in making any decisions on woman issues in the presence of woman directors. “For the presence of women, I think the entire environment of the board will change, and the outcome will be different irrespective of the level of competence, because they may think of possible reactions of the woman (ACA5)”.

Based on the aforesaid normative and cultural cognitive qualities, it is expected that the inclusion of women on the board should positively influence governance, decision quality, and SER.

Some facts about the role of female directors for SER in Bangladesh

We observed that women executives having knowledge and expertise in the area of accounting and sustainability contribute more towards SER than others. For example, one female independent director of an MNC, who is also a corporate CEO and FCA, plays an important role in promoting SER. She introduced sustainability reporting in one company and proposed it in another organisation: “I always look into the CSR issues, if it’s reported or not, maybe because of my background. ... In Shashi Denims, I have introduced CSR reporting” (FD1). We have observed that women working with the development sector and having interactions with people from diverse backgrounds contribute more to CSR and SER. Sharing her experience of promoting SER, a female corporate CEO, who is also the president of a non-profit entity, said:

Like yesterday, we had a meeting at XYZ Bangladesh. I proposed introducing sustainability reporting because we are a social development organisation. Of course, it will be a little expensive for us, but still, it will give more information to our community, donors and development partners about the way we work and our impact on the society. (FD1)

We find that women having financial literacy, knowledge of business, work experience in a formal sector, contribute to SER more. These normative attributes are conducive for employee welfare,

safety and security, sustainability, together with economic performance. A female CEO of an MNC said:

Since I run a business, my approach is to ask more of the business and the risk part of it. It's not only CSR disclosure, but I also look at the sustainability, market share, safety and security, employee motivation, employee retention, things like that. When I am on the board, I always try to contribute; I want to emphasise on both the present and the future. (CEO4)

Case study: Mixed boardroom experience of a female director

We have tried to understand the boardroom experience of female directors regarding several factors, such as CSR, SER, motivations to be a director, participation in the decision-making process, difficulties faced. Some of the key responses of a female director of a state-owned commercial bank in Bangladesh have been presented in Appendix Table 6: "Conversations about SER and boardroom experience of a female director which depict the experience of a typical female director in Bangladesh".

Little or no role of female directors in SER

In contrast to the aforesaid positive relationship, we have found that more than half of the interviewees said that SER does not differ for men or women, and the inclusion of women in the board does not necessarily mean an increased SED. The qualifications and willingness of a director are more important than gender. In response to the question "do you think women do better in terms of CSR and SER?", a female head of CSR said: "Not exactly, it's not male or female, it's the mentality, because, as I see it, my male counterparts have a lot of female species (mentality) in their head; because if they didn't, my SME portfolio would not be as big as it is now. Because they are doing excellent in 'Pratyasha' a product designed for women SMEs" (CSR Team2). A female CSR expert said, "I don't see CSR as a man or woman's job. If you are learned, a knowledgeable person, whether you are male or female, you will understand the philosophy of CSR" (CSR Expert2). Interviewees also said:

The attitude of the board is more important than that of male and female. (ACA2)

But in the end, I will not consider gender as an issue, especially in furnishing CSR reporting. (ID1)

About one-fourth of the interviewees said that there is no such relationship between women and SER, while another one-fourth is unsure of such a relationship. For example, a regulator said: “I am very much sceptical about the role of female directors in promoting CSR reporting; the majority of them are not” (REG7). Till now, the role of female directors has not been very visible, as an academic said: “If I am not wrong, you will not find a single female chairman in the country” (ACA6). The role of the female director is constrained and limited, as a deputy CEO said: “I haven’t seen any significant contribution of the female directors, not only in promoting CSR reporting but also in the core operations of the business” (CORP2). Sharing his experience, an interviewee said: “I don’t think there is any involvement of female directors or independent directors in promoting CSR reporting as I have seen” (CORP2). Underscoring the role of women in promoting social well-being, but not the reporting, a regulator said: “This (SER) is not related to women directors, I think, but gender-related social responsibility might be improved” (REG3). Similarly, a member of a CSR reporting team said: “Female directors have a ‘say’ (role) about where to spend the CSR fund, but about reporting I don’t think they have any say” (CSR Team4).

However, a handful of interviewees were found to be cautious in generalising the relationship. For example, one of them said: “But general comments I must not make. In some cases, you will find some women who have established them as legendary for their business and social role, though the number is not big. Say, for example, Rokia Afzal, who is at a time a businessperson, a social worker and a former Cabinet member” (ACA6). Similarly, a female director contended against the generalisation, saying that “When you say housewife, it’s like they don’t do anything. I find it very objectionable” (TA1).

Enabling factors – why some female directors can promote SER in Bangladesh?

The interviewees strongly emphasised on certain qualities of women, such as independence, expertise, abilities, and willingness to understand corporate strategies (Huse and Solberg, 2006, p.113) and promote SER (Hillman & Dalziel, 2003) in Bangladesh. Most of the interviewees, including the females, opined that women directors having a formal education, vis-à-vis professional expertise and experience, are promoting CSR. Sharing his boardroom experience with female directors, a CEO of a financial company said: “I observed that the woman directors who have got professional expertise, leadership, corporate management knowledge and experience are contributing. But most of them are housewives who never manage more than two people. So, their

exposure is very limited. I am not saying they are good or bad; they simply lack the basic capability to contribute” (CEO3). Similarly, another female CEO said: “A professional lady and an educated lady are not the same. Maybe she is educated, but she does not know how to run a business. If they are professional, their contribution compared to men will be much better. But most often they just come, take fees and go; they don’t talk” (CEO4). A female director, who is also a lawyer, shared her boardroom experience, how she contributes to decision-making with her professional expertise in commercial law and business. She strongly claims that she is on the board because of her qualifications, not because she is a woman.

My role is like any other directors, but if there are any legally specific matters, then they look for my views a bit more. Also, if there are commercially specific matters, they look to me because I have 35-year experience as a commercial lawyer. So, I understand quite a lot of commercial aspects as well. So, I contribute and intervene in all those issues. I don’t think I am on any board because I am a woman. (TA1 FD)

More about the experience and expertise of a female director from her colleague is as follows:

For example, our chairperson⁶⁵, she is a very capable person, she is a very honest, straightforward and a very good administrator. We have been working with her for a long time. We were also in the Cabinet of the then interim caretaker government. She is very committed towards social and environmental issues (NGO/CSO1)

Underscoring the importance of own qualifications, a member of the CSR team said: “It depends on the person. If she is a director because of her quality, she can contribute to quality decision making and affect CSR reporting as well” (REG9). Emphasising the personality of the female directors, a female CEO said: “I did not face any difficulty during my career; it depends on yourself” (FD2). Willingness to act is also very important as the president of a woman chamber said: “Their husbands have given them freedom, opportunity, cars and others, but many of them are not motivated. They are busy with fashion and lifestyle” (TA2).

My observation also supports the above responses. I have found that women who are homemakers and become directors because of their family connections try to avoid being interviewed. Now, 17% of the directors of DSE listed companies are women, but I have faced difficulties in getting access to them to be interviewed. I called a female director six times over the phone but, every

⁶⁵ Chairman of an NGO that works for transparency, accountability and anticorruption.

time, I found her son accepting the call saying that he would talk to her and let me know, but I could not reach her at all. I interviewed another woman director after 15 attempts.

Hindering factors – why the majority-female directors can promote SER in Bangladesh

Sociocultural context

The interviewees opined that the relationship between female directors and SER is mediated by the sociocultural context in Bangladesh, such as the lack of awareness and understanding of CSR and SER, as an interviewee said: “Despite the positive link in literature, it is very difficult to generalise because women in western countries and women in Bangladesh are not the same” (ACA3). They said that Bangladesh is a male-dominated society where women are subservient, and men do not support women in their household work so that they can get involved with the business. The societal outlook does not permit women doing business. The culture is that business is for men, not for women. From the sociocultural perspective, women are treated as ‘baby producing machines’ as a female CEO said: “It’s a male-dominated society. People think that women are baby-producing machines, husbands think that ‘okay, this is my share; I allowed her to go and sit on the board’” (CEO1). Another interviewee said: “Truly our society is not that advanced that women are doing business independently or running the corporation, except a few. So, it is not the reflection of gender equity” (TA5). Moreover, there are various structural barriers. For example, banks require collateral and guarantee from a man when a woman wants to get a bank loan. The following responses offer a broader view of the sociocultural context that incapacitates female directors to play an independent role in business and in promoting SER in Bangladesh: “From their childhood, they got different education. They always think that what is said by the men is their responsibility to follow” (ACA6); “She says what he says” (CEO1); “Gender inequality is everywhere ... definitely because of my physiological difference I understand I will face some kind of bias” (CSR Team2); “They are just filling up wishes of their male counterparts, not driven by their standings” (REG7); “How many men participate in the household work to allow women to work outside?” (TA1); “Our societal outlook, our society does not believe that women should come to the business” (ID5); “Of course, the culture and tradition is that business is for men, not for women” (CSR Expert2); “Also, less importance is given on women, and the capacity and contributions of women are undermined till today ... Equal rights are in the paper, not in action” (REG8); “We have seen that our mother was taking care of the housework and our father is going out ... being a female, I had to take the back seat and

compromise. ... if my family wanted to rebuild, they could have, but then the system would not have let me do” (CSR Team2). There is limited opportunity for the woman to contribute, as an interviewee said: “Definitely women can also contribute if they are given the opportunity” (CORP1)

Historically, women were mainly for housekeeping, and their rate of literacy was very low. Still, there are many barriers for women to work outside and do business. The government is trying to promote women emancipation and entrepreneurship, but the outcome is not up to the mark. People still feel insecure and, in most of the cases, parents do not want their daughters doing business because of the social structure, social outlook (honour society), insecurity, difficulties in mobility (transport system). Women prefer doing the job to doing business, as they have to take care of their family members and are relatively more risk-averse, whereas business requires taking risks, giving too much time and effort, being ubiquitous. However, it is also good to see that things are now gradually improving with access to education and information. The government policies are conducive for female education. Now almost 100% of the girls are going to schools, and they are doing better in education than boys. One female interviewee said that her husband does the household chores and takes care of their kids when she is at work. Now women are entering the police, military, government jobs – everywhere, which was unimaginable before. Similarly, the central bank has asked the banks to disburse a certain portion of their total financing to the woman entrepreneurs. Also, most interviewees think that religion is not a barrier for women to come to business anymore, but the culture is still. “Islam is a fantastic religion; Allah has given us freedom. I don’t see any restrictions from the religion” (CSR Team2). Likewise, another female said: “There are socio-cultural reasons. ... But the level that you are talking about, listed company level or large corporate-level, I don’t think that’s (religion) very much of an issue anymore. It may have a few years ago” (TA1).

Family control, male dominance and lack of corporate culture

Some interviewees considered that to keep control and to comply with regulations, most of the sponsors bring their female family members into the board. A former governor of the central bank said: “Hardly any independent women directors you can see. If four members come from one family, two families can run the whole show, that’s not good” (REG1). Despite being listed with the stock exchange, companies lack corporate culture in Bangladesh – “... culture of corporate is

a question of the mindset that culture has not developed” (CSR Expert1). Excessive family control and absence of true corporate culture are not conducive for SER. Interviewees opined that female directors cannot play an independent role as they are not given the authority to speak. The husband uses his wife to act on his behalf, as a former deputy governor of the central bank said: “They are not so much independent excepting very few” (REG2). Likewise, a female CEO said:

Frankly speaking, I hardly see any woman directors who are contributing that much. I can boldly say that in Bangladesh, the quality of the board women directors is not good because most of them are just like (showpiece) maybe they are not given the authority to speak, and she says whatever he says. So, they have to come out of the box and speak. (CEO1)

The dominance of males is so acute that there are instances where the husband unofficially attends the board meeting, although, in official papers, the women are the directors on the board and sign documents. Also, decisions are made and controlled by the men in some cases, including CSR and SER. If the purpose of the inclusion of the female is only compliance, then they have no independent role as a woman. For example, a CEO said: “Although the women are on the board, sometimes the decisions are taken by the spouse outside the board” (CEO3). Another interviewee said:

In some cases, the lady doesn’t appear in the board meeting, the husband used to come here unofficially, sit in the board, but the documents are signed by the wife. So, CSR activities are the same, no difference for the women on the board. (TA5)

A former bureaucrat is an independent director of two companies. In one company (insurance), there are ten female directors out of 16 directors (62.5%), whereas in another company (cement manufacturing), there is only one female director out of nine directors (11.11%). In response to the question of how do you see the significant presence of women on the board of the insurance company, he replied: “They are all spouses of the sponsors who are also directors in other companies.” In response to the question about the role of female director in promoting SER, he said that “They just come and go, take fees and have some time. They cannot take a hard decision. Many of them don’t talk. Even sometimes their husbands physically attend the (board) meeting”. (ID2). In the same manner, the chairman of a CSR Award Committee said: “Not in our context, because normally female directors are there to retain family control. So, they don’t talk; they’re are just stooges and symbolic” (CSR Expert1).

Two interviewees said only about 10% of the female directors are active and contribute while others are not. A female CEO said: “Maybe, say, 10% of the female directors are active because most of the female directors are from the housewives. So, they don’t know how to contribute to the board” (CEO4). The President of a professional accountants’ body who is also an independent director of a listed company said: “I have hardly seen any female directors who have come to that level. I would say that I have seen about 10% of female directors who have exerted their role with their knowledge and experience like the male. ... Not necessarily (to be CSR friendly)” (ACCNT).

Many interviewees opined that with the increased literacy of girls, women participation has increased in different sectors, including corporate boards. It is expected that having a formal education, women would take the opportunity in positioning themselves in business (Pucheta-Martínez, Bel-Oms, & Olcina-Sempere, 2018). A recent publication of DSE, ‘Women on Boards of Companies Listed on the Dhaka Stock Exchange’, shows that about 79% of the woman directors have at least a bachelor’s degree (41.4% bachelor’s and 37.5% are master’s degree holders). However, the corporate sectors in Bangladesh are yet to reap the benefits of the presence of women because most of the woman directors are directors not by their own choice, rather by choice of their male counterparts. Some interviewees opined that despite having formal education, expertise, experience and opportunity, women directors in most of the cases are not contributing towards CSR because of corrupt family control. The chairman of a CSR Award Committee said: “They are family members. They’re sitting with their parents; they are just there to retain control, corrupt control of their company, ... If the motivation is such, it doesn’t matter whether they are educated or not” (CSR Expert1). However, a female CEO said that people should be cautious in generalising the role of female directors because “Sometimes, we tend to undermine just because they are family members. The second generation is smarter. ... Someone should be aware of the business processes before she is inducted to the board” (CEO4).

We need to work together

A business is like a family. Therefore, people need to work together to achieve their goals. Four female interviewees emphasised on teamwork and working together. Referring to the Bangladeshi garments industry as a success story of both men and women, a CSR expert said: “If you look at the changes that happened in garments sector in Bangladesh, women made it happen, but the men

mobilised it. So, you have to work together; you cannot divide CSR by gender” (CSR Expert2). The president of a woman chamber said: “It is very important to have men and women together. Only women cannot do everything; we need men with us” (TA2).

Other corporate factors and SER

Quantitative studies show that the relationship of SER with a female director in Bangladeshi insurance companies is significantly positive and insignificantly positive in case of family firms (Ullah, Muttakin, & Khan, 2019); whereas such relationship is negative in the non-financial companies (Muttakin, Khan, & Subramaniam, 2015). We tried to explore why these variations exist through fieldwork. An insurance company which has 10 female directors out of 16 directors (62.5%), publishes a considerable amount of CSR disclosures and receives various awards (e.g. SAFA Award, ICAB Award) has also been studied. The CEO and head of an audit committee of that company said that contrary to the female directors being the majority, they do not have any visible role (see female director section). The underlying reasons for the SER of the company are, as the CEO said: “CSR is an ethical practice that comes from within, but CSR reporting requires certain skills and HR who are familiar with the reporting tools and techniques, such as GRI. A very good and responsible company may not have good reporting because of the lack of such skilled personnel. On the other hand, a company which has one or two reporting experts can have better reporting even if the company is not very responsible” (CEO4). The interviewees also opined that companies that belong to a group having people with sustainability reporting expertise have more SED than others. A Deputy CEO of a bank said: “I do not find any remarkable changes in their practice beyond reporting. We, the other commercial banks like EBL, the City Bank, we are also doing the same type of CSR activities, but they are reporting according to GRI, we are not. They want to show up, and as I know, one of them has a professional accountant who has expertise in this area” (CORP2). We have also observed that the corporate offices of the listed companies that belong to the same corporate group are located in the same buildings, their annual general meetings are held on the same day and in the same venue⁶⁶, and the key accounting and reporting

⁶⁶ For example, (a) BEXIMCO Ltd., BEXIMCO Pharmaceuticals Ltd. and BEXIMCO Synthetic Ltd. Corporate Head Offices: 17 Dhanmondi R/A, Road No. 2, Dhaka 1205, Bangladesh; Date and Venue of AGMs: December 22, 2018 in BEXMICO Industrial Park; (b) Square Pharmaceuticals Ltd. and Square Textiles Ltd. Corporate Head Offices: SQUARE Centre 48, Mohakhali C/A Dhaka 1212, Bangladesh; Date and Venue of AGMs: June 30, 2018 in Samson H Chowdhury Centre Dhaka Club Ltd. (c) Apex Foods Limited and Apex Spinning & Knitting Mills Limited Corporate Head Offices: Rupayan Golden Age (5th & 6th Floor), 99, Gulshan Ave, Dhaka 1212, Bangladesh; Date and venue of AGMs: December 12, 2019 in Spectra Convention Center Limited.

people of the companies are the same. Therefore, our fieldwork shows that the SER of listed companies in Bangladesh is mainly related to the key reporting personnel and the corporate group to which a company belongs to.

Given the fragile national governance environment and passive cultural cognitive pressure from the society, corporate leadership and the mindset of top management play a key role in reporting CSR. Interviewees also opined that CSR and SER are not institutionalised in Bangladesh. CSR decisions depend on the person in charge, not on the systems. Therefore, “if the key person has the right motivation, you will find a very good structure of CSR and vice-versa” (ACA5). Underscoring the pivotal role of leadership and appropriate mindset, an interviewee who belongs to two boards and a chamber said: “Being socially responsible is not a question of corporate governance. In Bangladesh, it’s the question of the mindset of the people who own the company and to some extent, the mindset of the top management” (TA1). The head of CSR of a company that adopts UNGC, UNEP FI, and has been publishing stand-alone sustainability reports following GRI since 2012 said:

The entire credit goes to our former CEOs – Mr Salam and Kalam and both of them are very forward-thinking CEOs. They worked in multinational banks. So, they know about global CSR reporting, and they have tried to incorporate those ideologies and standard practices here. (CSR Team2).

Role of professional reporting personnel and top executives

Despite the absence of any regulatory and cultural cognitive pressure for SED, some companies are pioneers in CSR reporting because of the knowledge, experience, expertise, and ambition of one or two top executives. A good number of the interviewees mentioned the name of a person who is a professional accountant and the first Certified Sustainability Reporting Assurer in Bangladesh. He formed a team and introduced the stand-alone CSR report in a company. Then he joined another company and introduced CSR reporting according to GRI G4 there also. Under his leadership, a sustainability reporting team was formed, and they attended training programs on how to prepare sustainability reports, and now they are all certified sustainability reporting specialist. Besides, he is also raising awareness of sustainability reporting by writing in the newspapers and conducting training sessions.

The outlook and understanding of the top executives are very important to start and continue SER. The head of CSR of a company (which is a member of UNGC and widely known for its stand-alone CSR report) said that the new CEO of the company tried to discontinue its CSR reporting, arguing that it is an unproductive effort. But he could not discontinue it at the insistence of the head of CSR. Sharing her experience, she said: “CSR reporting is considered as a misuse of the fund, and it is the first to cut budget allocation and human resources arguing it has no visible outcome, it’s an unproductive department” (CSR Team2).

The dominance of the chairman and key sponsors

Corporate interviewees, including independent directors, CEOs, and female directors, said that CSR is decided by the Chairman, not by the man or the woman. For example, being asked if there are any differences between the roles of males and female in terms of CSR, one female director said: “It is generally decided by the chairman” (FD3). In response to the question whether woman directors advocate for the emancipation of woman employees, she said: “We do not have the power to decide, but when there is an issue, say, for example, promotion, we request the chairman to give priority to the women if there are any women candidates” (FD3). Sharing her frustration about boardroom experience, a female director said: “Many difficulties are there; saying that has no benefit. These have no solutions” (FD3). The CSR policy, spending, and reporting are decided by the chairman, as a senior executive of an MNC known for CSR said: “I would say CSR is driven by our chairman; under him, there is a team. So, whatever initiatives he takes, everyone irrespective of male or female supports” (CORP1).

Legacy and corporate culture

The legacy and corporate culture inherited from the predecessor MNCs are important determinants of SER. Currently, there are only two companies in Bangladesh that are simultaneously members of UNGC and issuing stand-alone sustainability reports following GRI. Notably, the same person is and was the CEO of the two companies. One of the companies was a project of the South Asia Enterprise Development Facility taken over by Bangladeshi sponsors. Another company (which is the first ISO certified company in Bangladesh and a member of UNGC) was a subsidiary of a large MNC. In 1992, the parent company sold it to the Bangladeshi CEO allowing him to pay from the earnings overtime given that he would take care of the interests of the employees and maintain the legacy (quality) of the parent company. An executive director of the company said:

The heritage and corporate culture of the original company have been retained. Mr Anisuzzaman did not pay the full amount at a time; he earned and paid, but they gave one condition that all the employees would be taken care of properly, and the standard will be maintained. FCI is the first company in Bangladesh that adopted ISO 9000: quality management and ISO 14000: environment. Our mission is to improve the quality of lives of people of Bangladesh and ... advancing the possibilities, ... We think it is our responsibility to share our prosperity with society and our stakeholders. (CORP1)

Learning from MNCs

Work experience and learning from MNCs help local executives in spreading SED among the companies in Bangladesh, as the head of CSR of a company said:

So, as I see myself, I have worked with NGOs and MNCs, and whatever knowledge I have gained in terms of sustainable business and reporting is through working with them. I have tried to build the capacity of my team here. We are not an MNC, but we portray ourselves in such a way with our sustainability report people think we are an MNC. (CSR Team2)

Enlightened self-interest and giving back to the society

Given the institutional voids, some companies are trying to do something good both for them and the society at large, as one CSO interviewee said: “We should be a bit cautious in generalising corporates in Bangladesh in terms of CSR and CSR reporting because some companies are trying to fill the gap” (NGO/CSO4). In contrast to the weak national governance, they might report their CSR activities according to the international standard that may give them a lifeline to be looked at from a positive point of view. Interviewees said that companies do SER either as “a matter of responsibility they should have to the society – ‘social contract’ – or for the ‘enlightened self-interest’ because they think the connection with the society through CSR will help their business in the long run” (CSR Expert1). Some good companies might feel responsible for their conscience that “they have taken so much from society, and they should give back to society” (REG1). The following shows that firms do CSR disclosure as a response to normative internal pressure.

Although CSR reporting is voluntary, they do it either they realise that it is good for them in the long-term or they are connected with some global platforms where there is a demand or incentive for it. (NGO/CSO4)

I believe that CSR is something that helps to attain my goals by addressing the goal of society through our products and services responsibly. (CEO1)

Vision To be a CSR leader

In a market economy, companies want to gain public confidence with their market charisma. The interviewees opined that CSR champion companies publish CSR reports following GRI because they want to be CSR leaders. They are recognised and respected as CSR leaders because of their SER. Claiming that their views are counted and respected, the CEO of a financial company known for SER said: “Our regulators are aware of what we are doing. We talked to them and gave presentations about our CSR reporting on many occasions. When they (regulators) prepared guidelines, our people were in the committee ... Our people were also in the committee for national CSR guideline. I am sure that we have a certain influence on them. We are small, but we are regarded as a very respected financial brand in the country” (CEO3).

Personal branding

Interviewees opined that besides the branding and competitive advantage of companies, some of the senior corporate executives do SER to brand themselves. For example, a corporate CEO who has been recognised as one of the top 10 SDG pioneers for woman economic security in 2016 said: “I feel proud when I go somewhere, and people say oh, we follow Sunshine; when people say oh Farhana apa, you are my idol, I follow your footsteps ... getting an endorsement from the UN helps you to move ahead, people respect you. We have engaged ourselves with SDG report in 2016 after I was recognised by Ban Ki-Moon” (CEO1). Another interviewee said: “They try to brand their company. But my experience is that the chief executives of some organisations also try to brand themselves” (TA5). Powerful directors and top management use CSR and SER as a tool for gaining power and legitimacy. Although CSR activities are done by the corporations, “Philanthropic activities (CSR) are practically decided and carried out by the people of the board or the top management. So, we can relate it with their self-reputation along with the corporation” (CSR Expert3).

7.5 Discussion

The study finds that the interactions between the global, country and firm-level governance create an overall governance environment that shapes SER practices in Bangladesh. Companies in Bangladesh adopt SER primarily as an expedient response to meet the expectations and appease the pressures from the international stakeholders. Findings show that global pressures are emanated from both ethical and unethical reasons. The pressures for ensuring labour rights (such as safety,

security and fair-pay of the workers), product quality, and accountability come from the importers because the consumers in developed countries are keen to know how these products are produced. Likewise, the donors and development partners put pressure for accountability because they are accountable to their citizens. Pointing to the unethical pressure for below cost price, interviewees question the morality of the international players that they do not always follow the ethical standard and are not driven by welfare motivations. They keep the goal post moving for business sense, rather than just for social or environmental causes. The international pressure groups such as trade unions and NGOs are often funded by protectionist lobbies in industrialised countries. Thus, part of the pressure comes from the genuine concern for the labourers who produce the goods, but part of the global pressure comes from the trade union lobbies who want to protect their jobs in those countries so that there is no cheap export from developing countries (Chang, 2011). Since export industries (garments) are globally visible, there is more discourse about them both globally and nationally. But there are many formal and informal sectors, not only in Bangladesh but also in other developing countries, having no labour standards at all, but the global players have little or no attention to those sectors. If they were driven by welfare motivation, they would pay attention to all the sectors irrespective of import or export.

Companies that are dependent on the global market or are trying to expand their business outside the border⁶⁷ face coercive pressures for adhering to the globally accepted standards and principles for labour rights, human rights, and environment (Belal and Owen, 2007, 2015; Islam and Deegan, 2008). They must adopt global sustainability standards and communicate the same through SER. Thus, organisational conformance for SER is expedient and instrumental, irrespective of their choice (Lounsbury, 2008; Scott, 2001, 2002; DiMaggio & Powell, 1983). Adoption of global sustainability standards helps firms to showcase themselves decently and negotiate with international investors confidently (Rahaman, Lawrence, & Roper, 2004; Rahaman, 2000). Companies adopt global SER framework for preparing CSR report in an organised and structured manner to be competitive, satisfy and attract foreign buyers and lenders, be endorsed nationally and internationally, exceed the expectations of the regulators, and thereby establish them as a competitive brand and expand their business both at home and abroad. Prudent companies proactively adopt SER to communicate and convince the powerful international economic

⁶⁷ In terms of export, line of credit, listing with the international stock exchange, foreign direct investment.

stakeholders against the risk in the uncertain and complex global market aggravated by weak country governance and poor country-image.

However, SER in Bangladesh is mainly symbolic rather than substantive (decoupling) evidence by the mismatches between the disclosure and the practices. Also, the views of the regulators, CSOs, corporate respondents, and even the views of top management and operational people about SER vary significantly. While the top management people say everything is perfect, the operational level employees say there are mismatches. For example, talking to female workers about maternity leave and baby care can help know the truth. All global practices can be implemented in Bangladesh because of its uniqueness in terms of limited land area and density of population. For example, 'rainwater harvesting' is included in their green office guide, but it is difficult to harvest rainwater in Bangladesh due to lack of space. Thus, the reporting framework needs to be customised according to local needs and capacity. Most of the companies that are issuing CSR reports following GRI are from the financial industry (which is a relatively clean industry) in contrast to only a few from the manufacturing industries despite their significant adverse impact on the environment and society.

The credibility of voluntary SER in Bangladesh can be questioned. SER in Bangladesh lacks stakeholder engagement as evidenced by the views of the corporate interviewees who mentioned their engagement with the powerful stakeholders (namely international buyers, lenders, regulators, advertising and designing agencies who are instrumental to their success and those who are involved with the preparation of the report), with little or no mention of the local customers, community and less powerful vulnerable and marginalised stakeholders (Brown, 2013; Derry, 2012). Some corporate interviewees who do not report their CSR activities following to GRI opined that there is little or no difference between their CSR performance and the companies which issue stand-alone sustainability reports. The findings are consistent with the findings of Belal and Owen (2015), who document that an MNC operating in the tobacco industry in Bangladesh issued its first stand-alone social report, but had to discontinue that after a few years being confronted by the local stakeholders due to the lack of credibility. In most of the cases, the focus of SER is to be benefitted by convincing international buyers and lenders and getting recognitions, accolades, awards and media coverage rather than promoting social justice (Michelon, Rodrigue, & Trevisan, 2019). The publication of stand-alone CSR reports does not necessarily mean that the social and environmental

practices are ingrained at the strategic and operational levels, nor does it ensure transparency and accountability. Thus, in most of the cases, SER in Bangladesh is superficial compliance with external requirements because of the lack of stakeholder engagement and an absence of coercive, normative and cultural-cognitive pressures for SER from within the country. To be effective, the pressures for SER should have come from domestic constituencies.

The overall country governance environment in Bangladesh is not supportive for voice and accountability, transparency and SER because of the guided democracy; politicisation and control over media, civil society organisations, trade unions, regulatory and judiciary systems; nexus between business, politicians and government, corruption and impunity; lack of understanding of and interest in SER on the part of both corporate and noncorporate stakeholders. The underdevelopment of institutions adversely affects the development of SER in Bangladesh, as an interviewee said: “We cannot expect an oasis of good governance and good CSR in an ocean of bad governance” (NGO/CSO4). The lawmakers are the lawbreakers. The unscrupulous nexus between business, politicians and government affects the demand for reforms and development of SER. Because of conflict of interest and power imbalance, this nexus also hinders the development of CSOs and trade unions that could put pressure for CSR and SER in Bangladesh. The weak governance and low level of SED in Bangladesh are worsened by the weak enforcement of laws (Siddiqui, 2010; Uddin & Choudhury, 2008). The law enforcing agencies of the country cannot discharge their bestowed duties independently because of the undue influence and unwillingness of the government. Instead of ensuring justice, some of the law-enforcing agencies and their members have become dependent on some companies by accepting undue benefits, including the undesirable use of the CSR fund. Bangladesh is one of the top corrupt countries in the world, where even the provision of public goods (such as health, education, public administration) involves pervasive corruption (Asadullah & Chakravorty, 2019; Knox, 2009). Almost all the interviewees unanimously agreed that corruption is everywhere in Bangladesh, particularly in the government offices. Unfortunately, the government offices incentivise unfair and immoral practices. Corruption and impunity create an environment where circumventing laws is easier than complying with them. Corruption is engulfing all good initiatives, including CSR and SER. The concept of voluntary disclosure was first introduced in the country by Bangladesh Securities and Exchange Commission (BSEC) with its corporate governance guideline in 2006, which required the listed companies to take some governance measures at the firm-level and disclose those in their annual report on a

comply or explain basis. In 2018, the BSEC attempted to introduce ESG reporting as a part of its corporate governance code but could not do so due to resistance from the powerful businesses.

The print and electronic media influence SER with the coercive, normative and cultural-cognitive pressures. They are playing a critical role in creating awareness of sustainability and SER in Bangladesh by publishing good social and environmental practices and pointing to social and environmental wrongdoings. Despite the squeezing space for voice, accountability, and freedom of expression, some print and electronic media have been showing courage in unveiling the truth and promoting SER in Bangladesh. In a developing country like Bangladesh, the role of the press and media is more effective than regulations in overseeing governance and social and environmental issues. Because once any problems (e.g. environmental pollutions, grabbing the river land, violations of human rights) is highlighted by the media, it comes to the attention of the people, the government and the regulators. As a result, both the government and the businesses feel pressured to act. The press is more effective than the regulatory bodies, as they are too corrupt to take any actions unless there is any civic actions or media reports. Companies consider media reports as urgency and readily respond to them, especially to the negative news about them (Aerts & Cormier, 2009). However, most of the print and electronic media have been politicised and captured by various business groups recently. Corporate-media partnership, media exposure and appreciation play an important role in catalysing SER in Bangladesh. Some media institutions also partner up with corporates in implementing CSR programmes. The print and electronic media play a significant role in overcoming the limitations of the traditional formal SER in Bangladesh, a country where the literacy rate is still low, and people are not interested in the published corporate reports. In addition to the mainstream traditional media, social media (e.g. Facebook, YouTube, Twitter, WhatsApp) play an important role in communicating corporate affairs, especially to the millennials.

NGOs are playing a significant role in educating and making people aware of their rights and responsibilities, as well as impacting the society in terms of education, health, hygiene and nutrition, women empowerment, public innovation, low-cost solutions, poverty alleviation, agriculture, disaster management, adaptation and mitigation of climate risk, through their wide network across the country. Having a wide range of networks, NGOs can easily access to the grassroots and act as an intermediary between the government, corporates and social goals. Some of the NGOs have gained social acceptance for their long-standing trust-worthy contributions. Having unique

expertise, experience and access to the masses, NGOs can play an important role in implementing corporate social and environmental agenda and promote SER. Companies use the particulars and photographs of the activities collaboration with the NGOs in their CSR reports, annual reports, on their website as well as in the print, electronic, and social media. Partnering and collaborating with the established NGOs help companies in reaching the ultimate beneficiaries with their CSR programmes, reporting the same, and attaining tri-partite goals - the goals of businesses, NGOs, and society. Therefore, implementing CSR programmes through an NGO is more effective and beneficial for both the target groups and the companies because of the professional services, ease of access, cost savings, uninterrupted operations and branding. As opposed to the weak country governance, some of the notable environmental NGOs in Bangladesh, namely Bangladesh Poribesh Andolon, Poribesh Bachao Andolon, Bangladesh Environmental Lawyers Association have been playing remarkable roles in putting pressures on both the corporate and government to comply with the environmental laws and conserve the natural environment. For example, some of the environmental NGOs filed writ petitions in the higher court of the country when there were tanneries in Hazaribagh, and in some cases, they got verdicts in their favour. The government and businesses sometimes take some measures in response to the pressures exerted by the environmental NGOs. However, the findings indicate that the role of NGOs in promoting SER in Bangladesh is indirect rather than direct, “NGOs are doing very good in creating awareness about environmental and social impact. But with regards to reporting of CSR, possibly their interest is not that” (ACA6). Civil society organisations had a great role in promoting voluntary CSR type of activities. However, most of the CSOs in Bangladesh have been politicised and divided over time and they cannot play their expected role in ensuring transparency, accountability and social justice. Some of the influential politicians are envious of the name and fame of the members of the CSOs, as such, they do not let the CSOs express their views independently. The overall environment does not encourage CSOs to be involved actively.

SER is not a priority in Bangladesh. Besides the absence of effective regulatory pressure, companies do not face any strong pressures for SER from society at large. Therefore, corporates try to merely comply with the mandatory requirements, and the level of the SED of Bangladeshi companies is low along with the rhetoric, descriptive and positive disclosures (Belal & Cooper, 2011; Sobhani, Amran, & Zainuddin, 2009; Imam, 2000). There are coercive pressures for donations, but not for SER. Like many other developing countries, the dominant form of CSR in Bangladesh is the

philanthropic donations (Ullah, 2013), which is a voluntary giving to charity. The larger portion of the donations in Bangladesh is made in response to the directives and coercive pressures from the government and the ruling party (Uddin, Siddiqui, & Islam, 2018). Firms are bound to respond to satisfy the call of the regime (Dyball, Fong Chua, & Poullaos, 2006; Weber, 1978). They have to donate whether they like it or not as interviewees said, “The sovereign wills, we act. That is the law” (CEO2); “They do not have the liberty to turn down that request. If they turn down, they will invite troubles for them; they will not be able to survive” (ID1). Many businessmen believe that political affiliation and support is a necessary condition for licensing, expansion and survival of business (Zaman, 2011; Uddin, Siddiqui and Islam, 2018, p. 417).

There is a lack of national efforts and incentives for promoting SER in Bangladesh. Even the CSR Award Committee does not consider CSR reporting as a criterion for the award; instead, they consider the amount of tax payment as the necessary condition for the award. The NBR offers some tax credit for allowable expenditures on CSR, but there is no incentive for CSR reporting. The apex institute of the professional accountants in the country does not consider CSR reporting as a part of their jurisdictions and education. However, it is good to see that GRI has recently entered an MOU with the Institute of Cost and Management Accountants of Bangladesh and Dhaka Stock Exchange. Both stock exchanges of Bangladesh are members of sustainability stock exchanges initiative of the UN. But visible actions are yet to be taken place. The BSEC, Registrar of Joint Stock Companies and trade unions have no visible role in promoting SER in Bangladesh. SER is costly (Belal & Cooper, 2011), and there is a lack of incentives and pressures for SER. The lack of accountability and transparency in the national governmental system also affects SER at the firm-level. The culture and context in Bangladesh are not conducive for SER. About 90% of the people in Bangladesh are Muslims (BBS, 2015, p. 28), and giving donations (Zakat) in silence is an integral part of the religious belief. Therefore, the culture of donating in silence also affects SER in Bangladesh. There is also an absence of normative pressures for SER. For example, there is no national guideline to promote CSR or SER in Bangladesh.

Regarding the firm-level governance, there are mixed relationships between board independence and SER in Bangladesh. Independent directors can play a positive role in promoting SER only when they are independent in appearance and fact, and are aware of SER. Findings suggest that board independence in Bangladesh is largely superficial, and inclusion of the so-called ‘independent

directors' does not necessarily mean an increased SER. Results indicate that the independence of an independent director depends on (i) their mindset, knowledge, experience and expertise; and (ii) the mindset of the owner directors who select the independent directors and with whom the latter work. Unfortunately, independent directors are not or cannot be independent in most of the cases and the underlying reasons for such circumstances are related to three categories: (a) cultural-cognitive barriers, lack of an independent mindset, personal connections with the owner directors, benefit dependency, and lack of incentives; (b) improper appointment process, family control and dominance of owner directors, poor governance and corporate culture; and (c) the lack of support from and independence of the regulators. The cultural-cognitive characteristics that obstruct independent directors in playing an independent role are the high power distance, high uncertainty avoidance, high masculinity, high collectivism and low indulgence (Hofstede, 1984, 2001). Bangladesh belongs to an 'honour culture' (Aslani et al., 2013, 2016), where people try to share less information and act tough, and those having more power and social status make better outcomes (Aslani et al., 2013). Findings support the suspicion about the effectiveness of the western corporate governance model in developing countries (Uddin & Choudhury, 2008; Singh & Zammit, 2006; Singh, 1997, 1999), and explain the reasons for the negative relationship between board independence and SER in developing countries (Alotaibi & Hussainey, 2016; Sundarasan, Je-Yen, & Rajangam, 2016; Barakat, Pérez, & Ariza, 2015; Kiliç, Kuzey, & Uyar, 2015; Giannarakis, 2014b; Haji, 2013).

In contrast to the orthodoxy that board gender diversity promotes governance and SER, the study finds mixed results. The following are the positive roles of women in promoting SER in Bangladesh. Woman directors are sensitive to the society than men (Burgess & Tharenou, 2002); respond immediately in case of humanitarian causes, charitable giving to the community, arts, and cultural activities (Nielsen & Huse, 2010; Ayuso & Argandoña, 2007; Williams, 2003; Wang & Coffey, 1992); try to persuade the board to invest more in the woman entrepreneurship, employee welfare, especially for the woman employee-related issues (Kirsch, 2018), and conserve the environment. They are more collaborative, compliant and risk-averse, and their presence on the board influences the entire environment of the board irrespective of their level of competence, though the study has found very limited instances where woman directors are perceived to influence the motion of the boardroom (Pucheta-Martínez, Bel-Oms and Olcina-Sempere, 2018, p.181). Although there is some evidence of the direct role of woman directors in promoting CSR, their role in SER/CSR

reporting is indirect and limited. The findings suggest that women having financial literacy, knowledge of business, work experience in the formal sectors, knowledge and expertise in the area of sustainability and accounting contribute to SER more than others. Also, women are taken into the business to maintain family control, comply with the requirements of the regulators and meet the expectations of the international buyers as evidenced by interview responses and the concentration of 92% woman directors in only three sectors - of which more than 54% woman directors are in the financial sector followed by garments and textiles (24%) and pharmaceuticals and chemicals (13.9%), or tax management.

However, in most of the cases, woman directors cannot play an independent role because of cultural-cognitive barriers, such as a *male-dominated patriarchal society* (Quisumbing, Kumar, & Behrman, 2018; WEF, 2017; Solotaroff & Pande, 2014; Kabeer, 2000; Amin & Pebley, 1994), *honour culture* (Aslani et al., 2013, 2016), *family-dominated businesses, and lack of necessary expertise and experience of women in business* (Uddin & Choudhury, 2008). Because of these cultural-cognitive characteristics, the presence of women on boards in Bangladesh seems to be symbolic and does not contribute towards promoting SER, as opposed to the views of the critical mass theory (Konrad, Kramer, & Erkut, 2008). The findings show that the male-dominance is so prevalent that in some cases the women are just ‘stooges or token directors’ since decisions are made by their husbands or other male family members, with the husband even attending the board meetings instead of his wife, leaving her to be a director on paper only, to keep family control through symbolic compliance with the regulations, as an interviewee said, “She says what he says” (CEO1).

Unsurprisingly, such little or no role of women in promoting SER is expected and consistent with the socio-cultural context of Bangladesh, as discussed in chapter 2. In Bangladesh, women are deprived of the inheritance of land ownership, and they are often unable to hold or enforce property rights because of social norms and barriers to access to justice (Mair, Marti, & Ventresca, 2012). Husbands, who are the heads of families in Bangladesh still solely own 96% of household-land in rural areas (Quisumbing, Kumar, & Behrman, 2018). In the formal enterprises, Bangladesh still has the world’s smallest shares of female-majority ownership which is only 1.7%, compared to regional

and global averages of 9.6% and 14.5%, respectively⁶⁸. In 2015, Bangladesh ranked 75 out of 77 countries that encourage the development and growth of women-owned enterprises (Terjesen and Lloyd, 2015, p. 11). In addition to the formal structural problem, Bangladesh has a patriarchal society where women are prohibited from getting into business on their own because of the fear of losing honour (Aslani et al., 2013) and the threat of risk. The first resistance faced by the women comes from the family, because of the superiority of male family members and the head of the households, who in most of the cases do not want women to start and own a business although there has been an improvement in the woman participation in the household decision-making process. (Solotaroff & Pande, 2014; Kabeer, 2000; Amin & Pebley, 1994). With regards to the labour force participation, Bangladesh is ranked 124 out of 144 countries. The ratio of wage equality for similar work between female and male is 0.54 in 2017 (WEF, 2017). This can be explained as a social and cultural context in Bangladesh which is still a male-dominated society and women traditionally work as homemakers. Also, women and girls in Bangladesh are required to adhere to certain modesty norms (Camfield, Rashid, & Sultan, 2017) as the immodesty of a woman family member is considered a shame for the whole family (Aslani et al., 2013).

In addition to the formal corporate governance mechanisms, the *internal firm-level factors* play an important role in determining SER in Bangladesh (Adams, 2002). Given the fragile country-level governance and the passive cultural-cognitive pressure from the society, corporate leadership and mindset of top management, enlightened self-interest, giving back to the society, legacy and corporate culture, learning from MNCs, personal branding, key accounting personnel, and the group to which a company belongs to play an important role in promoting SER. Findings show that as SER in Bangladesh is discretionary and the SER decision depends on the person in charge (in most of the cases the chairman) rather than the system. The early adoption of innovative ideas, such as SER comes from internal drivers (ethical obligations and moral values) (DiMaggio & Powell, 1983). If the board and top management think that they want to do good for the organisation, employees and other stakeholders, then CSR starts evolving. Therefore, the intention and willingness of the board and top management for doing good, being good and reporting good play a critical role in discharging their social and environmental responsibility and ensuring transparency and accountability through disclosure. Thus, SER in true sense is management driven.

⁶⁸ <https://www.enterprisesurveys.org/en/data/exploreconomies/2013/bangladesh#gender> (accessed on 14 November 2019)

The findings show that some companies realise that they have to address the labour rights, environment, community, product quality and the like to succeed and survive (Pachauri, 2006). They are voluntarily doing SER following global standards because of their internal motivations and moral obligations to act in a socially responsible manner (Dacin, Goodstein, & Scott, W, 2002; Scott, 2001). Finally, companies that belong to a group having people with sustainability reporting expertise have more SED than others. The study has also observed that the corporate offices of the listed companies that belong to the same corporate group are located in the same buildings, their annual general meetings are held on the same day and in the same venue, and the key accounting and reporting people of the companies are the same. Therefore, the fieldwork shows that the SER of listed companies in Bangladesh is mainly related to the key reporting personnel and the corporate group to which a company belongs to (Li & Belal, 2018).

7.6 Summary

This chapter examines how the global, country and firm-level governance influence SER in Bangladesh, as a case of developing countries, and why. The findings suggest that different levels of governance have different degrees of influence on SER, depending on the firms' dependence on the stakeholders for their growth and survival. Firms having global linkage and dependence on the international stakeholders, were found adopting global sustainability standards and reporting their CSR activities to appease the coercive and normative pressures and expand their business both at home and abroad. The effectiveness of global governance depends on the effectiveness of the country institutional and governance arrangements (Chen & Bouvain, 2009). As the country governance in Bangladesh is weak, SER is not satisfactory despite the adoption of global governance standards for SER. The country governance is common for all the firms, irrespective of their scope of operation (within or outside the border) and dependence on the key stakeholders. Domestic companies that have little or no direct linkage with the rest of the world focus on the country-level requirements. However, companies that have visionary leadership and manpower equipped with sustainability reporting expertise and experience adopt global reporting standards and report their CSR practices despite the fragile country governance environment. SER is voluntary in Bangladesh. Therefore, when we think of the drivers of SER, for the export-dependent or internationally dependent firms, the main driver for SER is the global pressure along with the internal pressure for excellence within the firm. But when we look for the determinants of SER, which include both the drivers and barriers, the key determinant of SER is the country-level

governance. However, there is an overlap between the three levels of governance because many of the global governance initiatives are adopted in the country governance, and country governance affects firm-level governance. Moreover, the macrolevel cultural-cognitive factors of the country develop and shape the cognitive abilities of everyone, including the directors, management, regulators and the masses.

Chapter 8

Conclusion

The study examines the influence of global, country and firm-level governance on social and environmental reporting (SER) in the context of developing countries in general and investigates the underlying reasons for such influence in Bangladesh, as a case of developing countries. The study uses regression analysis techniques to have an overview of the relationship between the three levels of governance and SER in developing countries, and the interview method to unveil the reasons for such relationship by employing the multi-level institutional perspective of Scott (2002) and Whelan and Muthuri (2017). The findings of the quantitative analysis show that all three levels of governance have a significant positive relationship with SER in developing countries, where global governance has the strongest influence followed by the country-level governance and firm-level governance. Also, the study finds a significant positive influence of all three levels of governance on social disclosure, a significant positive influence of the global and country-level governance while an insignificant positive influence of the firm-level governance on environmental disclosure. The insignificant positive influence of firm-level governance on environmental disclosure can be explained as a lack of motivation of firms and an absence of external pressure on them for environmental causes. The study also examines the relationships of twelve individual governance variables under three levels of governance with SER and finds the significant positive influence of UNGC, GRI, voice and accountability, political stability and absence of violence, regulatory quality, female directors on board, board size and the number of board meetings while the significant negative influence of governance effectiveness and the rule of law and an insignificant negative influence of control of corruption and board independence on SER.

By conducting semi-structured interviews (with both corporate and non-corporate interviewees), the study investigates how the global, country and firm-level governance influence SER in Bangladesh and why. The findings of the fieldwork show that SER in Bangladesh is driven by the coercive as well as normative pressures from the global market, followed by the firm-level normative pressure as opposed to little or no cultural cognitive pressures for SER from the country level. Companies in Bangladesh do SER primarily as a desirable response to meet the expectations and appease the tensions from the influential international economic stakeholders. SER, mainly

the issuance of a stand-alone CSR report is considered instrumental in satisfying the foreign buyers and lenders, in being endorsed by national and international organisations, exceeding the expectations of the regulators, and thereby establishing and expanding businesses both at home and abroad. Findings suggest that global pressures are emanated from both ethical and unethical reasons. The international buyers put pressures on the Bangladeshi exporters for ensuring labour rights and product quality. Similarly, the donors and development partners put pressures for transparency and accountability because they are to be accountable to their citizens. However, though they very often ask for governance and ethical practice, the international players (such as trade unions, NGOs) are often funded by the protectionist lobbies in industrialised countries. Thus, they are not always motivated by just the social and environmental concerns or actual welfare, but by the sense of business, and they keep the goal post moving. Thus, part of the global pressure comes from a genuine concern for the labourers who produce the goods, but part of the pressure comes from the trade union lobbies who want to protect their jobs in those countries so that there is no cheap export from developing countries (Chang, 2011). There are more discourses about the export industries globally since they are globally visible. But there are many formal and informal sectors where violation of labour rights is common, but the global players have little or no attention to those sectors. Therefore, the motivation of global players is not always fair.

The findings of the fieldwork suggest that SER in Bangladesh is mainly symbolic, rather than substantive due to the lack of coercive and cultural cognitive pressures from within the country. The overall country governance environment in Bangladesh is not supportive for voice and accountability, transparency and SER because of the guided democracy, politicisation and control over media, civil society organisations, and trade unions; fragile regulatory and judiciary institutions, nexus between business, politicians and government; corruption and impunity; lack of understanding of and interest in SER on the part of both corporate and noncorporate stakeholders. The underdevelopment of institutions adversely affects the development of SER in Bangladesh. The conflict of interest and power imbalance caused by the unscrupulous nexus between business, politicians and government hinders the development of civil society organisations and trade unions that could put pressure for CSR and SER, and thus affects the demand for reforms and development of SER in Bangladesh. The weak enforcement of laws is one of the critical reasons for weak governance and the low level of SER in Bangladesh (Siddiqui, 2010; Uddin & Choudhury, 2008). Corruption is engulfing all the good initiatives, including SER.

Corruption and impunity create an environment where evading laws is easier than complying with them. The print and electronic media are playing a critical role in raising awareness of sustainability and SER in Bangladesh by publishing good social and environmental practices and pointing to the social and ecological wrongdoings.

In a developing country like Bangladesh, the role of print and electronic media is more effective than regulations in overseeing governance, social and environmental issues. Because once the media highlight any problems, they come to the attention of the people, NGOs, government and regulators. The press is more effective than the regulatory bodies since the latter is too corrupt to take any actions unless there is any civic actions or media reports. Companies consider media report as urgency and readily respond to them, particularly the negative news about them (Aerts & Cormier, 2009). However, the print and electronic media are being politicised and captured by various business groups recently. Smart companies are shifting their focus to social media in contrast to the conventional annual corporate report to communicate their CSR activities considering the rate of literacy and the choice of the millennials. Findings suggest that SER is not a priority in Bangladesh - there are political pressures for donations, but not for SER; the CSR Award Committee considers tax payment as one of the criteria for giving the award, but not the SER; the National Board of Revenue offers tax credits for allowable CSR expenditures, but not there are no incentives for CSR reporting; the apex body of the professional accountants in the country does not consider CSR reporting as a part of their jurisdictions and education. The lack of accountability and transparency in the national governmental system also affects the accountability, transparency and SER at the firm-level. The overall governance environment in Bangladesh is not conducive for SER. Besides the weak coercive pressures, there is an absence of normative and cultural cognitive pressure for SER; for example, there are no national guidelines for CSR or SER in Bangladesh.

The fieldwork finds mixed relationships between board independence and SER. Findings show that independent directors can play a decisive role in promoting SER only when they are independent both in appearance and in fact and are aware of the SER. However, findings suggest that board independence in Bangladesh is mostly superficial, and the inclusion of the so-called independent directors does not necessarily mean an increased SER. Consistent with the insignificant negative relationship between board independence and SER documented by the

quantitative analysis, the fieldwork shows that the independent directors have either little or no role in promoting SER in Bangladesh due to the lack independent mindset, knowledge, expertise and awareness of SER, which are aggravated by the benefit-dependency (co-option), family control and patriarchy.

In contrast to the orthodoxy that board gender diversity promotes governance and SER, the fieldwork finds mixed results. Consistent with the results of quantitative analysis, findings of the fieldwork have shown that woman directors are more sensitive to taking immediate action to humanitarian causes, charitable giving to the community, arts, and cultural activities (Nielsen & Huse, 2010; Ayuso & Argandoña, 2007; Williams, 2003; Wang & Coffey, 1992); persuading the board to invest more in the woman entrepreneurship; ensuring employee welfare, especially the woman employee-related issues (Kirsch, 2018), and conserving the natural environment. Although there is some evidence of the direct role of woman directors in promoting CSR, their role in promoting SER/CSR reporting is rather indirect and limited. Findings show that women having financial literacy, business knowledge, work experience in the formal sectors, knowledge and expertise in the area of sustainability and accounting contribute to SER more than others. But in most of the cases, women are brought to the business to keep family control, comply with the regulatory requirements and meet the expectations of the international buyers as evidenced by the concentration of 92% woman directors in only three sectors - 54% are in the financial industry followed by garments and textiles (24%), and pharmaceuticals and chemicals (13.9%).

In contrast to the findings of the quantitative analysis, the fieldwork shows that the female directors have very little or no role in catalysing SER in Bangladesh. Findings predominantly suggest that the inclusion of woman directors does not necessarily mean an increased SER, although there is some limited evidence of the role of women towards female-workers, humanitarian and environmental problems, that may have an indirect effect on SER in some cases. The empirical results indicate that in most of the cases, woman directors cannot play an independent role because of cultural cognitive barriers, such as a male-dominated patriarchal society, honour culture, family business, lack of necessary expertise and experience. In addition to formal corporate governance, the internal firm-level factors significantly affect the SER of companies. The corporate leadership and mindset of the top management, enlightened self-interest, giving back to the society, legacy and corporate culture, learning from the MNCs, personal branding, the key accounting personnel

and the group to which a company belongs to play a crucial role in promoting SER. Despite the enormous pressure from the global level, the SER in Bangladesh has yet to be institutionalised due to the lack of coercive, normative and cultural cognitive pressures from both the country and firm-levels.

The study offers the following *implications* for the policymakers, managers and academicians.

- Different countries have different contexts, problems and capabilities requiring different approaches to address the social and environmental issues. Therefore, instead of adopting a one-size-fits-all global framework in their original form, a tailor-made doable reporting framework should be developed according to the local needs and capabilities.
- A CSR guideline can be a learning tool and a benchmark for SER, help reduce the misunderstanding of SER, and promote better coordination among the stakeholders. Therefore, a national CSR guideline should be developed without any further delay. Though the concept of CSR and CSR reporting is originally voluntary, findings show that there are two contrasting views - companies do not do anything in Bangladesh unless they are bound to do it (mandatory), but even so, many companies do not follow the mandatory laws such as tax and environmental laws. Therefore, making SER mandatory will not work (voluntary). Overall, findings imply that Bangladesh should adopt a ‘*carrot and stick*’ approach in a combination of both voluntary and mandatory requirements to catalyse SER. As the implementation of a CSR policy/guideline requires support from many governmental institutions, a national coordination cell can be formed to coordinate and oversee the enactment, implementation and up-gradation of laws.
- As there is a shortage of genuine independent directors - independent in both appearance and fact, a pool of independent directors with professionals having financial literacy and knowledge of corporate governance and reporting, especially SER, can be formed. A company can appoint a person as an independent director if and only if he or she belongs to the pool, and by doing so, the problems of co-option and benefit dependency can be minimised. Moreover, companies can be encouraged to appoint female directors from the professional and working people and organise training and workshops on CSR and SER for the board of directors. Bangladesh Securities and Exchange Commission (BSEC) has set the criteria of independent directors and required the publicly listed companies to have such directors. However, the BSEC itself does not have any independent directors to

oversee its activities. Findings indicate that the top executives of the BSEC are unlikely to play an independent role as they are appointed from the partisans based on absolute loyalty to the ruling party. Therefore, the BSEC should have some independent directors based on specific criteria.

- In addition to financial reporting, accountants are inseparably involved with voluntary non-financial reporting. Unfortunately, many of the professional accountants in Bangladesh do not consider SER as a tool for ensuring transparency, accountability and social justice. Hence, SER should be included in accounting education, particularly for professional accountants.
- Considering the rate of literacy, choice of and access to information by the lion's share of the stakeholders who are mainly millennials, companies should offer alternative forms of discourses in the print, electronic and social media to communicate their social and environmental activities with the masses beside the traditional corporate reporting.
- The findings suggest that SER in Bangladesh is mainly symbolic. As the level of SER is low, it is time to encourage companies to adopt and familiarise with the reporting frameworks. Once the number of reporting firms and the volume of disclosures reaches to a considerable level, then the question of authenticity may be raised.
- The study offers some evidence of decoupling between SER and actual practice. Future studies can investigate more by capturing the views of the operational level employees and the target beneficiaries rather than managers to explore the realities.

The study makes several methodological, practical and theoretical contributions. From the methodological point of view, while most of the prior quantitative studies are limited to examining the relationship between corporate governance and SER, this study has brought in more complexity and comprehensiveness by extending the scope of the investigation to three levels of governance - global, country and firm-level governance, and segregating CSR disclosure into social disclosure and environmental disclosure. By using an extensive dataset of 45 developing countries from 2007-2016, developing an overall score for each level of governance, examining their relationships with SER, and exploring the underlying reasons for such numerical relationships, the study offers surprising perspectives (de Bakker et al., 2018) and responds to the calls of Roberts and Wallace (2015) and Richardson (2015) for advancing non-mainstream quantitative SEA research by providing convincing, alternative explanations for (non-) disclosure.

The study has made a couple of practical contributions by providing empirical evidence of nature of relationships between the global, country and firm-level governance and SER from the quantitative analysis, and the underlying reasons for such relationships from the fieldwork. The quantitative analysis documents that there are significant positive links between three levels of governance and SER in developing countries, where global governance has the highest influence on SER followed by the country-level governance and firm-level governance supporting the notion that “CSR developments are mainly driven by global developments, but shaped by context-specific factors” (Weyzig, 2006, p. 69). Findings show that in contrast to the global governance and country governance which have significant positive influences on environmental disclosure, the firm-level governance has an insignificant positive influence on environmental disclosure suggesting that firms in developing countries lack internal motivation and external pressure for environmental reporting.

The fieldwork contributes to both governance and SER literature by offering evidence that only a handful of companies are publishing stand-alone sustainability reports, mainly due to the ‘business case’ and global coercive as well as normative pressures exerted by the dominant economic stakeholders. Additionally, there are many instances of decoupling in contrast to the token conformance (Duarte & Imbun, 2016; Momin, 2013; Slack, 2012; Owen, Swift, & Hunt, 2001). The fieldwork also offers evidence that the country’s cultural cognitive factors such as ‘honour culture’, ‘patriarchal society’, ‘masculinity’, ‘uncertainty avoidance’, ‘collectivism’, ‘family firm’, ‘business-politicians-government nexus’, ‘corruption and impunity’ adversely affect SER in Bangladesh. The absence of transparency and accountability in the state-level also affects transparency, accountability, and SER at the firm-level in Bangladesh. Among the country governance variables, the print and electronic media along with the NGOs are relatively more effective in ensuring transparency and accountability because once any irregularities are raised by the media or NGOs, it compels the law enforcing agencies and the judiciary to take some measures, at least to some extent. Companies readily respond to the media news, and some smart companies have shifted their focus from the traditional annual corporate reporting to the unconventional emerging social media reporting such as YouTube, Facebook.

Regarding firm-level governance, the field study confirms that the inclusion of the independent directors does not necessarily mean an increased SER because the so-called independent directors

lack an independent mindset, knowledge and expertise. They cannot play an independent role because of benefit dependency (co-option), family control, cultural cognitive barriers such as patriarchy and honour culture. The study responds to the call of previous studies for further research by unveiling the underlying reasons and offering evidence for a significant negative relationship between board gender diversity and SER in Bangladesh (Muttakin, Khan, & Subramaniam, 2015) and an insignificant positive relationship in family firms in Bangladesh (Ullah, Muttakin, & Khan, 2019). The study also contributes to the governance literature that suspects and cautions about the effectiveness of the Western governance models in traditional settings (Siddiqui, 2010; Uddin & Choudhury, 2008; Singh & Zammit, 2006; Singh, 1997, 1999) by providing evidence of superficial corporate governance in developing countries. More importantly, this study offers evidence that the SER in Bangladesh is determined more by the internal organisational factors such as the mindset of top management, corporate legacy and culture, learning from the MNCs, personal branding and the group to which a company belongs to than the formal corporate governance.

Finally, the study contributes to the institutional theory with evidence that SER is determined by the constellations of all three levels of governance (global, country and firm) and all three forms of pressures (coercive, normative and cultural cognitive), with varying degrees depending on the relative strength of the agents that create the pressures, and the exposure and dependence of the firms on the agents. Moreover, the study contributes to the institutional theory by providing the nuances that some companies realise their responsibility in sustaining society and try to fill the institutional voids by undertaking various CSR initiatives in developing countries, where the government services are ineffective, and report the same.

The findings of the study are subject to several limitations. Although the quantitative analysis provides an overview of the relationships, it does not answer to the question of how the dynamics and interplay between the global, country and firm-level governance create an overall governance environment and affect SER in developing countries and why. The context of each country, even each company, can be different, causing differences in SER. Knowing the underlying reasons for such differences is critically important to promote SER in developing countries. Therefore, the field study attempts to overcome this limitation of the quantitative analysis. The quantitative study uses the third party provided social and environmental disclosure and governance databases. The data

for 2016 is less compared to that of other years. Moreover, data were dominated by the BRICS countries, especially China, which solely consists of about 49% firm-year observations, whereas some developing countries have only a few observations. The study examines the hypothesised relationships by excluding China, and the results are found robust. Although the interview method helps in answering how and why questions, interview responses can be biased because of the ability, willingness, potential risk of the interviewees, cultural, political or organisational factors and the problem of reflexivity (Easterby-Smith, Thorpe, & Lowe, 1991). Therefore, the results based on the interview responses should be interpreted and considered with the caution of potential biases and inaccuracies. Transcribing and translating the interviews and coding of the transcripts involve extensive work and require skilled hands. Out of 49 interviews, 43 were conducted in English and six were conducted in Bengali. As the author has fluency in both English and Bengali, he translated and transcribed the interview himself. Also, having the knowledge and experience of similar research (Miles, Huberman, & Saldana, 1994), the author could overcome the difficulties of this study. The fieldwork has been conducted in Bangladesh as one of the 45 developing countries included in the quantitative analysis, and as Muttakin, Khan and Subramaniam (2015) document that there are significant negative relationships of CSR reporting with both female directors of listed companies in Bangladesh and having the author's access to the interviewees. Future studies can investigate how various governance variables in other developing countries influence SER and why. Although the study employs institutional perspectives to explain the relationship of SER with three levels of governance, the findings of the quantitative analysis are interpreted from the global, country and firm-level governance only due to the limitation of data while the findings of the fieldwork are interpreted both from the three levels of governance and three forms of pressures of the institutional theory.

REFERENCES

- Abdalla, Y. A., Siti-Nabiha, A. K. & Shahbudin, A. (2013). Examining the Regulatory Frameworks for the Oil and Gas Industry in Sudan. *Journal of Environmental Assessment Policy and Management*, 15(01), 1350006–23.
- Abdullah, S. N., Mohamad, R. & Mokhtar, Z. (2011). Board Independence, Ownership and CSR of Malaysian Large Firms. *Corporate Ownership & Control*, 8(2), 467–483.
- de Abreu, M. C. S., de Castro, F., de Soares, F. & da Silva Filho, J. (2012). A Comparative Understanding of Corporate Social Responsibility of Textile Firms in Brazil and China. *Journal of Cleaner Production*, 20(1), 119–126.
- Acker, J. (2004). Gender, Capitalism and Globalization. *Critical Sociology*, 30(1), 17–41.
- Adams, C. A. (2002). Internal Organisational Factors Influencing Corporate Social and Ethical Reporting: Beyond Current Theorising. *Accounting, Auditing & Accountability Journal*, 15(2), 223–250.
- Adams, C. A. (2004). The Ethical, Social and Environmental Reporting-Performance Portrayal Gap. *Accounting, Auditing & Accountability Journal*, 17(5), 731–757.
- Adams, C. A., Coutts, A. & Harte, G. (1995). Corporate Equal Opportunities (Non-) Disclosure. *The British Accounting Review*, 27(2), 87–108.
- Adams, C. A., Hill, W.-Y. & Roberts, C. B. (1998). Corporate Social Reporting Practices in Western Europe: Legitimizing Corporate Behaviour? *The British Accounting Review*, 30(1), 1–21.
- Adams, R. B. & Ferreira, D. (2009). Women in the Boardroom and Their Impact on Governance and Performance. *Journal of Financial Economics*, 94(2), 291–309.
- ADB. (2019). *Asian Development Outlook Update: Fostering Growth and Inclusion in Asia's Cities*. Retrieved November 15, 2019, from <https://www.adb.org/publications/asian-development-outlook-2019-update>.
- Aerts, W. & Cormier, D. (2009). Media Legitimacy and Corporate Environmental Communication. *Accounting, Organizations and Society*, 34(1), 1–27.
- Agrawal, A. & Knoeber, C. R. (1996). Firm Performance and Mechanisms to Control Agency Problems between Managers and Shareholders. *The Journal of Financial and Quantitative Analysis*, 31(3), 377–397.
- Aguilera, R. V. & Cuervo-Cazurra, A. (2004). Codes of Good Governance Worldwide: What Is the Trigger? *Organization Studies*, 25(3), 415–443.
- Agyei-Mensah, B. K. (2017). The Relationship between Corporate Governance, Corruption and Forward-Looking Information Disclosure: A Comparative Study. *Corporate Governance: The International Journal of Business in Society*, 17(2), 284–304.
- Akhtaruddin, M., Hossain, M. A., Hossain, M. & Yao, L. (2009). Corporate Governance and Voluntary Disclosure in Corporate Annual Reports of Malaysian Listed Firms. *Journal of Applied Management Accounting Research*, 7(1), 1.
- Alnajjar, F. K. (2000). Determinants of Social Responsibility Disclosures of U.S. Fortune 500 Firms: An Application of Content Analysis, in *Advances in Environmental Accounting & Management*, (pp. 163–200).
- Alotaibi, K. O. & Hussainey, K. (2016). Determinants of CSR Disclosure Quantity and Quality: Evidence from Non-Financial Listed Firms in Saudi Arabia. *International Journal of Disclosure and Governance*, 13(4), 364–393.
- Amaeshi, K., Adegbite, E., Ogbechie, C., Idemudia, U., Kan, K. A. S., Issa, M. & Anakwue, O. I. J. (2016). Corporate Social Responsibility in SMEs: A Shift from Philanthropy to Institutional Works?

- Journal of Business Ethics*, 138(2), 385–400.
- Amaeshi, K., Adegbite, E. & Rajwani, T. (2016). Corporate Social Responsibility in Challenging and Non-Enabling Institutional Contexts: Do Institutional Voids Matter? *Journal of Business Ethics*, 134(1), 135–153.
- Amaladoss, M. X. & Manohar, H. L. (2013). Communicating Corporate Social Responsibility - A Case of CSR Communication in Emerging Economies. *Corporate Social Responsibility and Environmental Management*, 20(2), 65–80.
- Amin, S. & Pebley, A. R. (1994). Gender Inequality within Households: The Impact of a Women's Development Programme in 36 Bangladeshi Villages. *The Bangladesh development studies*, 22(2–3), 121–154.
- Amos, G. J. (2018). Researching Corporate Social Responsibility in Developing-Countries Context: A Systematic Review of the Literature. *International Journal of Law and Management*, 60(2), 284–310.
- Andrew, J. & Cortese, C. (2013). Free Market Environmentalism and the Neoliberal Project: The Case of the Climate Disclosure Standards Board. *Critical Perspectives on Accounting*, 24(6), 397–409.
- Annisette, M., Cooper, C. & Gendron, Y. (2017). After 25 Years, How Should We Proceed? *Critical Perspectives on Accounting*, 100(43), 1–4.
- Archel, P., Husillos, J., Larrinaga, C. & Spence, C. (2009). Social Disclosure, Legitimacy Theory and the Role of the State. *Accounting, Auditing & Accountability Journal*, 22(8), 1284–1307.
- Asadullah, M. N. & Chakravorty, N. N. T. (2019). Growth, Governance and Corruption in Bangladesh: A Re-Assessment. *Third World Quarterly*, 1–23.
- Aslani, S., Ramirez-Marin, J., Semnani-Azad, Z., Brett, J. M. & Tinsley, C. (2013). Dignity, Face, and Honor Cultures: Implications for Negotiation and Conflict Management, in Olekalns, M. and Adair, W. L. (Eds.), *Handbook of research on negotiation*, (pp. 249–282).
- Aslani, S., Ramirez-Marin, J., Brett, J., Yao, J., Semnani-Azad, Z., Zhang, Z., Tinsley, C., Weingart, L. & Adair, W. (2016). Dignity, Face, and Honor Cultures: A Study of Negotiation Strategy and Outcomes in Three Cultures. *Journal of Organizational Behavior*, 37(8), 1178–1201.
- Ayuso, S. & Argandoña, A. (2007). *Responsible Corporate Governance: Towards a Stakeholder Board of Directors*. Madrid.
- Azizi, S. & Jamali, D. (2016). CSR in Afghanistan: A Global CSR Agenda in Areas of Limited Statehood. *South Asian Journal of Global Business Research*, 5(2), 165–189.
- Azmat, F. & Coghill, K. (2005). Good Governance and Market-Based Reforms: A Study of Bangladesh. *International Review of Administrative Sciences*, 71(4), 625–638.
- Azom, M. R., Mahmud, K., Yahya, S. M., Sontu, A. & Himon, S. B. (2012). Environmental Impact Assessment of Tanneries: A Case Study of Hazaribag in Bangladesh. *International Journal of Environmental Science and Development*, 3(2), 152.
- Bajaj, V. (2012). Fatal Fire in Bangladesh Highlights the Dangers Facing Garment Workers. *New York Times*, 25, 5. Retrieved from <https://www.nytimes.com/2012/11/26/world/asia/bangladesh-fire-kills-more-than-100-and-injures-many.html#:~:text=Fatal Fire in Bangladesh Highlights the Dangers Facing Garment Workers,-An army officer&text=MUMBAI%2C India — More than 100, industrial tragedi>
- de Bakker, F. G. A., Crane, A., Henriques, I. & Husted, B. W. (2018). What Makes For an Exemplary Contribution? Introducing the Business & Society Best Article Award. *Business & Society*, 57(7), 1291–1300.
- Baldersheim, H., Jamil, I. & Aminuzzaman, S. (2001). Electoral Participation in Bangladesh: Explaining

- Regional Variations. *COMMONWEALTH & COMPARATIVE POLITICS*, 39(2), 51–72.
- Baldini, M., Maso, L. D., Liberatore, G., Mazzi, F. & Terzani, S. (2018). Role of Country - and Firm-Level Determinants in Environmental, Social, and Governance Disclosure. *Journal of Business Ethics*, 150(1), 79–98.
- Ball, A. & Craig, R. (2010). Using Neo-Institutionalism to Advance Social and Environmental Accounting. *Critical Perspectives on Accounting*, 21(4), 283–293.
- Barakat, F. S. Q. Q., Pérez, M. V. L. & Ariza, L. R. (2015). Corporate Social Responsibility Disclosure (CSR) Determinants of Listed Companies in Palestine (PXE) and Jordan (ASE). *Review of Managerial Science*, 9(4), 681–702.
- Barrena Martínez, J., López Fernández, M. & Romero Fernández, P. M. (2016). Corporate Social Responsibility: Evolution through Institutional and Stakeholder Perspectives. *European Journal of Management and Business Economics*, 15(1), 8–14.
- Bazeley, P. & Jackson, K. (2013). *Qualitative Data Analysis with NVivo*. (K. Jackson, Ed.). London: SAGE Publications Ltd.
- BBS. (2015). *Population Monograph of Bangladesh Age-Sex Composition of Bangladesh Population*. Dhaka: Bangladesh Bureau of Statistics (BBS). Retrieved December 28, 2018, from http://203.112.218.65:8008/WebTestApplication/userfiles/Image/PopMonographs/Volume-9_Age-Sex.pdf
- Bear, S., Rahman, N. & Post, C. (2010). The Impact of Board Diversity and Gender Composition on Corporate Social Responsibility and Firm Reputation. *Journal of Business Ethics*, 97(2), 207–221.
- Beckman, T., Colwell, A. & Cunningham, P. H. (2009). The Emergence of Corporate Social Responsibility in Chile: The Importance of Authenticity and Social Networks. *Journal of Business Ethics*, 86(2), 191.
- Beddewela, E. & Fairbrass, J. (2016). Seeking Legitimacy Through CSR: Institutional Pressures and Corporate Responses of Multinationals in Sri Lanka. *Journal of Business Ethics*, 136(3), 503–522.
- Beddewela, E. & Herzig, C. (2013). Corporate Social Reporting by MNCs' Subsidiaries in Sri Lanka. *Accounting Forum*, 37(2), 135–149.
- Belal, A. & Owen, D. L. (2015). The Rise and Fall of Stand-Alone Social Reporting in a Multinational Subsidiary in Bangladesh. *Accounting, Auditing & Accountability Journal*, 28(7), 1160–1192.
- Belal, A. R. (1999). Corporate Social Reporting in Bangladesh. *Social and Environmental Accountability Journal*, 19(1), 8–12.
- Belal, A. R. (2000). Environmental Reporting in Developing Countries: Empirical Evidence from Bangladesh. *Eco-Management and Auditing*, 7(3), 114–121.
- Belal, A. R. (2001). A Study of Corporate Social Disclosures in Bangladesh. *Managerial Auditing Journal*, 16(5), 274–289.
- Belal, A. R. (2004). The Prospects for Corporate Social Reporting (CSR) in Bangladesh (Doctoral Dissertation, The University of Sheffield).
- Belal, A. R. (2008). *Corporate Social Responsibility Reporting in Developing Countries The Case of Bangladesh*. London: Routledge.
- Belal, A. R. & Roberts, R. W. (2010). Stakeholders' Perceptions of Corporate Social Reporting in Bangladesh. *Journal of Business Ethics*, 97(2), 311–324.
- Belal, A. R. & Cooper, S. (2011). The Absence of Corporate Social Responsibility Reporting in Bangladesh. *Critical Perspectives on Accounting*, 22(7), 654–667.
- Belal, A. R., Cooper, S. M. & Khan, N. A. (2015). Corporate Environmental Responsibility and

- Accountability: What Chance in Vulnerable Bangladesh? *Critical Perspectives on Accounting*, 33, 44–58.
- Belal, A. R., Cooper, S. M. & Roberts, R. W. (2013). Vulnerable and Exploitable: The Need for Organisational Accountability and Transparency in Emerging and Less Developed Economies. *Accounting Forum*, 37(2), 81–91.
- Belal, A. R. & Owen, D. L. (2007). The Views of Corporate Managers on the Current State of, and Future Prospects for, Social Reporting in Bangladesh. *Accounting, Auditing & Accountability Journal*, 20(3), 472–494.
- Berger, P. L. & Luckmann, T. (1991). *The Social Construction of Reality: A Treatise in the Sociology of Knowledge*. Penguin Uk.
- Bernardi, R. A., Bean, D. F. & Weippert, K. M. (2002). Signaling Gender Diversity through Annual Report Pictures: A Research Note on Image Management. *Accounting, Auditing & Accountability Journal*, 15(4), 609–616.
- Berthelot, S., Cormier, D. & Magnan, M. (2003). Environmental Disclosure Research: Review and Synthesis. *Journal of Accounting Literature*, 22(1), 1–44.
- van Beurden, P. & Gössling, T. (2008). The Worth of Values – A Literature Review on the Relation Between Corporate Social and Financial Performance. *Journal of Business Ethics*, 82(2), 407–424.
- Bhattacharyya, A. (2015). Corporate Social and Environmental Responsibility in an Emerging Economy: Through the Lens of Legitimacy Theory. *Australasian Accounting, Business and Finance Journal*, 9(2), 79–92.
- Biggart, N. W. (1991). Explaining Asian Economic Organization: Toward a Weberian Institutional Perspective. *Theory and Society*, 20(2), 199–232.
- Blaikie, P., Cannon, T., Davis, I. & Wisner, B. (1994). *At Risk: Natural Hazards, People's Vulnerability and Disasters*. London: Routledge.
- Boulouta, I. (2013). Hidden Connections: The Link between Board Gender Diversity and Corporate Social Performance. *Journal of business ethics*, 113(2), 185–197.
- Bourdieu, P. (1977). *Outline of a Theory of Practice*. Cambridge university press.
- Bowen, A., Cochrane, S. & Fankhauser, S. (2012). Climate Change, Adaptation and Economic Growth. *Climatic change*, 113(2), 95–106.
- Brown, E. (2013). Vulnerability and the Basis of Business Ethics: From Fiduciary Duties to Professionalism. *Journal of Business Ethics*, 113(3), 489–504. Retrieved from <https://doi.org/10.1007/s10551-012-1318-2>
- Brown, J. A., Clark, C. & Buono, A. F. (2018). The United Nations Global Compact: Engaging Implicit and Explicit CSR for Global Governance. *Journal of Business Ethics*, 147(4), 721–734.
- Bryman, A. (2003). *Research Methods and Organization Studies*. Routledge.
- Buchanan, D., Boddy, D. & McCalman, J. (2013). Getting in, Getting on, Getting out, and Getting Back, in: *Doing Research in Organizations (RLE: Organizations)*, (pp. 63–77). Routledge.
- Buckley, J. W., Buckley, M. & Chiang, H. (1976). *Research Methodology & Business Decisions* (N. A. of Accountants and S. of I. A. of Canada, Eds.). New York: New York: NAA, c1976.
- Buono, A. F. (2014). Setting the Stage: Facilitating Global Partnerships for a Better World. *SAM Advanced Management Journal*, 79(4), 4–7.
- Burgess, R. G. (2002). *In the Field: An Introduction to Field Research*. Routledge.
- Burgess, Z. & Tharenou, P. (2002). Women Board Directors: Characteristics of the Few. *Journal of*

- Business Ethics*, 37(1), 39–49.
- Busse, M. & Gröning, S. (2009). Does Foreign Aid Improve Governance? *Economics Letters*, 104(2), 76–78.
- Byrnes, J. P., Miller, D. C. & Schafer, W. D. (1999). Gender Differences in Risk Taking: A Meta-Analysis. *Psychological Bulletin*, 125(3), 367–383.
- Cadbury Committee. (1992). *Report of the Committee on the Financial Aspects of Corporate Governance*. London, UK.
- Camaj, L. (2013). The Media’s Role in Fighting Corruption: Media Effects on Governmental Accountability. *The International Journal of Press/Politics*, 18(1), 21–42.
- Camfield, L., Rashid, S. F. & Sultan, M. (2017). *Exploring Bangladeshi Adolescents’ Gendered Experiences and Perspectives*.
- Campbell, J. L. (2007). Why Would Corporations Behave in Socially Responsible Ways? An Institutional Theory of Corporate Social Responsibility. *Academy of Management Review*, 32(3), 946–967.
- Carver, A. (2018). Open and Secret Regulations and Their Implication for Foreign Investment, in: *Management Issues in China: Volume 2*, (pp. 11–29).
- Chan, M. C., Watson, J. & Woodliff, D. (2014). Corporate Governance Quality and CSR Disclosures. *Journal of Business Ethics*, 125(1), 59–73.
- Chang, H.-J. (2011). *23 Things They Don’t Tell You about Capitalism*. London: Penguin.
- Chang, Y. K., Oh, W. Y., Park, J. H. & Jang, M. G. (2017). Exploring the Relationship Between Board Characteristics and CSR: Empirical Evidence from Korea. *Journal of Business Ethics*, 140(2), 225–242.
- Chant, S. & Sweetman, C. (2012). Fixing Women or Fixing the World? ‘Smart Economics’, Efficiency Approaches, and Gender Equality in Development. *Gender & Development*, 20(3), 517–519.
- Chen, C. J. P. & Jaggi, B. (2000). Association between Independent Non-Executive Directors, Family Control and Financial Disclosures in Hong Kong. *Journal of Accounting and Public Policy*, 19(4–5), 285–310.
- Chen, J. C., Patten, D. M. & Roberts, R. W. (2008). Corporate Charitable Contributions: A Corporate Social Performance or Legitimacy Strategy? *Journal of Business Ethics*, 82, 131–144.
- Chen, J. C. & Roberts, R. W. (2010). Toward a More Coherent Understanding of the Organization–Society Relationship: A Theoretical Consideration for Social and Environmental Accounting Research. *Journal of business ethics*, 97(4), 651–665.
- Chen, S. & Bouvain, P. (2009). Is Corporate Responsibility Converging? A Comparison of Corporate Responsibility Reporting in the USA, UK, Australia and Germany. *Journal of Business Ethics*, 87(Supplement 1), 299–317.
- Cheng, B., Ioannou, I. & Serafeim, G. (2014). Corporate Social Responsibility and Access to Finance. *Strategic Management Journal*, 35(1), 1–23.
- Chowdhury, D. (2015). *Knowledge and Competitiveness in Elite Institutions in Bangladesh: Implications for Governance*. Dhaka: University Grants Commission of Bangladesh.
- Chua, W. F. & Poullaos, C. (1993). Rethinking the Profession-State Dynamic: The Case of the Victorian Charter Attempt, 1885–1906. *Accounting, Organizations and Society*, 18(7–8), 691–728.
- Chua, W. F. & Poullaos, C. (1998). The Dynamics of “Closure” amidst the Construction of Market, Profession, Empire and Nationhood: An Historical Analysis of an Australian Accounting Association, 1886–1903. *Accounting, Organizations and Society*, 23(2), 155–187.

- Clarkson, M. B. E. (1995). A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance. *The Academy of Management Review*, 20(1), 92–117.
- Cohen, D. & Nisbett, R. E. (1997). Field Experiments Examining the Culture of Honor: The Role of Institutions in Perpetuating Norms about Violence. *Personality and Social Psychology Bulletin*, 23(11), 1188–1199.
- Contrafatto, M. (2014). The Institutionalization of Social and Environmental Reporting: An Italian Narrative. *Accounting, Organizations and Society*, 39(6), 414–432.
- Cooper, D. J. & Sherer, M. J. (1984). The Value of Corporate Accounting Reports: Arguments for a Political Economy of Accounting. *Accounting, Organizations and Society*, 9(3–4), 207–232.
- Corbetta, P. (2003). *Social Research: Theory, Methods and Techniques*. London: Sage Publications Limited.
- Council of Europe. (1998). *Gender Mainstreaming - Conceptual Framework, Methodology and Presentation of Good Practices*. Strasbourg, France. Retrieved January 5, 2019, from <https://www.unhcr.org/3c160b06a.pdf>
- Crisóstomo, V. L., Prudêncio, P. de A. & Forte, H. C. (2017). An Analysis of the Adherence to GRI for Disclosing Information on Social Action and Sustainability Concerns, in: Belal, A. R. and Cooper, S. (Eds.), *Advances in Environmental Accounting & Management: Social and Environmental Accounting in Brazil*, (pp. 69–103).
- Cuervo-Cazurra, A. (2012). Extending Theory by Analyzing Developing Country Multinational Companies: Solving the Goldilocks Debate. *Global Strategy Journal*, 2(3), 153–167.
- Çule, M. & Fulton, M. E. (2012). Corporate Governance and Subjective Well-Being. *Applied Economics Letters*, 20, 364–367.
- d’Andrade, R. G. (1982). Cultural Meaning Systems, in: Adams, R. M., Smelser, N. J. ., and Treiman, D. J. (Eds.), *Behavioral and Social Science Research: A National Resource*, (pp. 197–236). Washington, DC: National Academy Press.
- Dacin, M. T. (1997). Isomorphism in Context: The Power and Prescription of Institutional Norms. *Academy of management journal*, 40(1), 46–81.
- Dacin, M. T. & Dacin, P. A. (2008). Traditions as Institutionalized Practice: Implications for Deinstitutionalization, in: Greenwood, R., Oliver, C., Sahlin, K., and Suddaby, R. (Eds.), *The sage handbook of organizational institutionalism*, (pp. 327–352). London: Sage.
- Dacin, M. T., Goodstein, J. & Scott, W, R. (2002). Institutional Theory and Institutional Change: Introduction to the Special Research Forum. *Academy of management journal*, 45(1), 45–56.
- Dawkins, C. & Ngunjiri, F. W. (2008). Corporate Social Responsibility Reporting in South Africa: A Descriptive and Comparative Analysis. *The Journal of Business Communication*, 45(3), 286–307.
- Deegan, C. (2002). Introduction: The Legitimising Effect of Social and Environmental Disclosures – a Theoretical Foundation. *Accounting, Auditing & Accountability Journal*, 15(3), 282–311.
- Deegan, C. (2014). *Financial Accounting Theory*. McGraw-Hill Education (Australia).
- Deegan, C. (2017). Twenty Five Years of Social and Environmental Accounting Research within Critical Perspectives of Accounting: Hits, Misses and Ways Forward. *Critical Perspectives on Accounting*, 43, 65–87.
- Deegan, C. & Gordon, B. (1996). A Study of the Environmental Disclosure Practices of Australian Corporations. *Accounting and Business Research*, 26(3), 187–199.
- Deegan, C. & Rankin, M. (1996). Do Australian Companies Report Environmental News Objectively? An Analysis of Environmental Disclosures by Firms Prosecuted Successfully by the Environmental

- Protection Authority. *Accounting, auditing & accountability journal*, 9(2), 50–67.
- Deegan, C. & Rankin, M. (1997). The Materiality of Environmental Information to Users of Annual Reports. *Accounting, Auditing & Accountability Journal*, 10(4), 562–583.
- Deegan, C., Rankin, M. & Tobin, J. (2002). An Examination of the Corporate Social and Environmental Disclosures of BHP from 1983-1997: A Test of Legitimacy Theory. *Accounting, Auditing & Accountability Journal*, 15(3), 312–343.
- Denscombe, M. (2014). *The Good Research Guide: For Small-Scale Social Research Projects*. McGraw-Hill Education (UK).
- Derry, R. (2012). Reclaiming Marginalized Stakeholders. *Journal of Business Ethics*, 111(2), 253–264.
- Deschênes, S., Rojas, M., Boubacar, H., Prud'homme, B. & Ouedraogo, A. (2015). The Impact of Board Traits on the Social Performance of Canadian Firms. *Corporate Governance: The international journal of business in society*, 15(3), 293–305.
- Detomasi, D. A. (2007). The Multinational Corporation and Global Governance: Modelling Global Public Policy Networks. *Journal of business ethics*, 71(3), 321–334.
- Dieleman, M. & Boddewyn, J. J. (2012). Using Organization Structure to Buffer Political Ties in Emerging Markets: A Case Study. *Organization Studies*, 33(1), 71–95.
- DiMaggio, P. J. & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American sociological review*, 48(2), 147–160.
- Doh, J. P. & Guay, T. R. (2006). Corporate Social Responsibility, Public Policy, and NGO Activism in Europe and the United States: An Institutional-Stakeholder Perspective. *Journal of Management Studies*, 43(1), 47–73.
- Doh, J., Rodrigues, S., Saka-Helmhout, A. & Makhija, M. (2017). International Business Responses to Institutional Voids. *Journal of International Business Studies*, 48(3), 293–307.
- Donaldson, T. & Preston, L. E. (1995). The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *Source: The Academy of Management Review*, 20(1), 65–91.
- Dowling, J. & Pfeffer, J. (1975). Organizational Legitimacy: Social Values and Organizational Behavior. *The Pacific Sociological Review*, 18(1), 122–136.
- Duarte, F. D. P. & Imbun, B. Y. (2016). Food Security in Papua New Guinea: The Need to Go beyond 'Business Case CSR'. *Social Responsibility Journal*, 12(3), 523–534.
- Dunn, P. & Sainty, B. (2009). The Relationship among Board of Director Characteristics, Corporate Social Performance and Corporate Financial Performance. *International Journal of Managerial Finance*, 5(4), 407–423.
- van Duuren, E., Plantinga, A. & Scholtens, B. (2016). ESG Integration and the Investment Management Process: Fundamental Investing Reinvented. *Journal of Business Ethics*, 138(3), 525–533.
- Dyball, M. C. & Valcarcel, L. J. (1999). The “Rational” and “Traditional”: The Regulation of Accounting in the Philippines. *Accounting, Auditing & Accountability Journal*, 12(3), 303–328.
- Dyball, M., Fong Chua, W. & Poullaos, C. (2006). Mediating between Colonizer and Colonized in the American Empire: Accounting for Government Moneys in the Philippines. *Accounting, Auditing & Accountability Journal*, 19(1), 47–81.
- Easterby-Smith, M., Thorpe, R. & Lowe, A. (1991). *Management Research: An Introduction*, 1991.
- Eccles, R. G., Serafeim, G. & Krzus, M. P. (2011). Market Interest in Nonfinancial Information. *Journal of Applied Corporate Finance*, 23(4), 113–127.
- Eisenstein, H. (2005). A Dangerous Liaison? Feminism and Corporate Globalization. *Science & Society*,

- 69(3), 487–518.
- Elo, S. & Kyngas, H. (2008). The Qualitative Content Analysis Process. *Journal of advanced nursing*, 62(1), 107–115.
- Eng, L. L. & Mak, Y. T. (2003). Corporate Governance and Voluntary Disclosure. *Journal of Accounting and Public Policy*, 22(4), 325–345.
- Ertuna, B. & Tukel, A. (2010). Traditional versus International Influences: CSR Disclosures in Turkey. *European J. of International Management*, 4(3), 273.
- Evans, D. (2010). Aspiring to Leadership ... a Woman's World? An Example of Developments in France. *Cross Cultural Management: An International Journal*, 17(4), 347–367.
- Faizal, F. & Rajagopalan, S. (2005). *Women, Security, South Asia: A Clearing in the Thicket*. New Delhi: SAGE Publications India.
- Fama, E. F. & Jensen, M. C. (1983). Separation of Ownership and Control. *The Journal of Law & Economics*, 26(2), 301–325.
- Fares, J., Gauri, V., Jimenez, E. Y., Lundberg, M. K. A., McKenzie, D., Murthi, M., Ridao-Cano, C. & Sinha, N. (2006). *World Development Report 2007: Development and the next Generation*. The World Bank.
- Farooque, O. Al, Zijl, T. Van, Dunstan, K. & Karim, A. K. M. W. (2007). Corporate Governance in Bangladesh: Link between Ownership and Financial Performance. *Corporate governance: An international review*, 15(6), 1453–1468.
- Fassin, Y., De Colle, S. & Freeman, R. E. (2017). Intra-stakeholder Alliances in Plant-closing Decisions: A Stakeholder Theory Approach. *Business Ethics: A European Review*, 26(2), 97–111.
- Fich, E. M. & Shivdasani, A. (2006). Are Busy Boards Effective Monitors? *The Journal of finance*, 61(2), 689–724.
- Flanagan, W. & Whiteman, G. (2007). 'AIDS Is Not a Business': A Study in Global Corporate Responsibility - Securing Access to Low-Cost HIV Medications. *Journal of Business Ethics*, 73(1), 65–75.
- Flick, U. (2009). *An Introduction to Qualitative Research*. London: Sage Publications Limited.
- Freeman, R. E. (1997). A Stakeholder Theory of the Modern Corporation, in: Beauchamp, T. L. . and Norman, E. B. (Eds.), *Perspectives in Business Ethics* Sie, (pp. 38–48).
- Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L. & De Colle, S. (2010). *Stakeholder Theory: The State of the Art*.
- Fuenfschilling, L. & Truffer, B. (2014). The Structuration of Socio-Technical Regimes-Conceptual Foundations from Institutional Theory. *Research Policy*, 43(4), 772–791.
- Gao, S. S., Heravi, S. & Xiao, J. Z. (2005). Determinants of Corporate Social and Environmental Reporting in Hong Kong: A Research Note, in: *Accounting Forum*, (pp. 233–242).
- Gao, Y. (2011). CSR in an Emerging Country: A Content Analysis of CSR Reports of Listed Companies. *Baltic Journal of Management*, 6(2), 263–291.
- Gatti, L., Vishwanath, B., Seele, P. & Cottier, B. (2019). Are We Moving beyond Voluntary CSR? Exploring Theoretical and Managerial Implications of Mandatory CSR Resulting from the New Indian Companies Act. *Journal of Business Ethics*, 160(4), 961–972.
- Ghazali, N. A. M. (2007). Ownership Structure and Corporate Social Responsibility Disclosure: Some Malaysian Evidence. *Corporate Governance: The international journal of business in society*, 7(3), 251–266.

- Ghoul, S. El, Guedhami, O. & Kim, Y. (2017). Country-Level Institutions, Firm Value, and the Role of Corporate Social Responsibility Initiatives. *Journal of International Business Studies*, 48(3), 360–385. Retrieved January 1, 2019, from www.jibs.net
- Giannarakis, G. (2014a). The Determinants Influencing the Extent of CSR Disclosure. *International Journal of Law and Management*, 56(5), 393–416.
- Giannarakis, G. (2014b). Corporate Governance and Financial Characteristic Effects on the Extent of Corporate Social Responsibility Disclosure. *Social Responsibility Journal*, 10(4), 569–590. Retrieved from <http://www.emeraldinsight.com/doi/10.1108/SRJ-02-2013-0008>
- Giannarakis, G., Koteos, G. & Sariannidis, N. (2014). Financial, Governance and Environmental Determinants of Corporate Social Responsible Disclosure. *Management Decision*, 52(10), 1928–1951.
- Gibbins, M., Richardson, A. & Waterhouse, J. (1990). The Management of Corporate Financial Disclosure: Opportunism, Ritualism, Policies, and Processes. *Journal of Accounting Research*, 28(1), 121–143.
- Giddens, A. (1984). *The Constitution of Society: Outline of the Theory of Structuration*. Univ of California Press.
- GOB. (2018). *Bangladesh Economic Review*. Government of Bangladesh, Dhaka, Bangladesh. Retrieved November 16, 2019, from <https://mof.gov.bd/site/page/44e399b3-d378-41aa-86ff-8c4277eb0990/Bangladesh-Economic-Review>
- Govindan, K., Kannan, D. & Shankar, K. M. (2014). Evaluating the Drivers of Corporate Social Responsibility in the Mining Industry with Multi-Criteria Approach: A Multi-Stakeholder Perspective. *Journal of Cleaner Production*, 84(1), 214–232.
- Gray, R. (2010). Is Accounting for Sustainability Actually Accounting for Sustainability...and How Would We Know? An Exploration of Narratives of Organisations and the Planet. *Accounting, Organizations and Society*, 35(1), 47–62.
- Gray, R., Owen, D. & Adams, C. (1996). *Accounting & Accountability: Changes and Challenges in Corporate Social and Environmental Reporting*. Prentice Hall.
- Gray, R., Owen, D. & Adams, C. (2009). Some Theories for Social Accounting?: A Review Essay and a Tentative Pedagogic Categorisation of Theorisations around Social Accounting, in: *Sustainability, environmental performance and disclosures*, (pp. 1–54).
- Gruber, V. & Schlegelmilch, B. B. (2015). MNEs' Regional Headquarters and Their CSR Agenda in the African Context. *International Marketing Review*, 32(5), 576–602.
- Gul, F. A. & Leung, S. (2004). Board Leadership, Outside Directors' Expertise and Voluntary Corporate Disclosures. *Journal of Accounting and Public Policy*, 23(5), 351–379.
- Gupta, S. & Goldar, B. (2005). Do Stock Markets Penalize Environment-Unfriendly Behaviour? Evidence from India. *Ecological Economics*, 52(1), 81–95. Retrieved December 29, 2018, from <http://linkinghub.elsevier.com/retrieve/pii/S0921800904002897>
- Guthrie, J. & Parker, L. D. (1989). Corporate Social Reporting: A Rebuttal of Legitimacy Theory. *Accounting and Business Research*, 19(76), 343–352.
- Guthrie, J., Parker, L. D. & .Parker, L. . (1990). Corporate Social Disclosure Practice: A Comparative International Analysis. *Advances in public interest accounting*, 3, 159–175.
- Hackston, D. & Milne, M. J. (1996). Some Determinants of Social and Environmental Disclosures in New Zealand Companies. *Accounting, Auditing & Accountability Journal*, 9(1), 77–108.
- Hafsi, T. & Turgut, G. (2013). Boardroom Diversity and Its Effect on Social Performance: Conceptualization and Empirical Evidence. *Journal of business ethics*, 112(3), 463–479.

- Haji, A. A. (2013). Corporate Social Responsibility Disclosures over Time: Evidence from Malaysia. *Managerial Auditing Journal*, 28(7), 647–676.
- Halme, M., Roome, N., & Dobers, P. (2009). Corporate Responsibility: Reflections on Context and Consequences. *Scandinavian Journal of Management*, 25(1), 1–9.
- Hamilton, G. G. & Biggart, N. W. (1988). Market, Culture, and Authority: A Comparative Analysis of Management and Organization in the Far East. *American Journal of Sociology*, 94, S52–S94.
- Haniffa, R. M. & Cooke, T. E. (2005). The Impact of Culture and Governance on Corporate Social Reporting. *Journal of Accounting and Public Policy*, 24(5), 391–430.
- Hanlon, G. (2008). Rethinking Corporate Social Responsibility and the Role of the Firm – on the Denial of Politics, in: Crane, A., McWilliams, A., Matten, D., Moon, J., and Siegel, D. S. (Eds.), *The Oxford handbook of corporate social responsibility*, (pp. 156–72). Oxford: Oxford University Press.
- Haque, N. (2017). Exploratory Analysis of Fines for Water Pollution in Bangladesh. *Water Resources and Industry*, 18, 1–8.
- Healy, P. M. & Serafeim, G. (2016). *Voluntary, Self-Regulatory and Mandatory Disclosure of Oil and Gas Company Payments to Foreign Governments*.
- Hegde, P., Bloom, R. & Fuglister, J. (1997). Social Financial Reporting in India: A Case. *The International Journal of Accounting*, 32(2), 155–172.
- Hillman, A. J. & Dalziel, T. (2003). Boards of Directors and Firm Performance: Integrating Agency and Resource Dependence Perspectives. *The Academy of Management Review*, 28(3), 383–396.
- Hoffman, A. J. (2001). *From Heresy to Dogma: An Institutional History of Corporate Environmentalism*. California: Stanford University Press.
- Hofstede, G. (1984). *Culture's Consequences: International Differences in Work-Related Values*. Sage Publications.
- Hofstede, G. (2001). *Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations*. Sage publications.
- Hofstede, G., Hofstede, G. J. & Minkov, M. (2005). *Cultures and Organizations: Software of the Mind*. New York: McGraw-hill.
- Holloway, R. (1997). NGOs: Loosing the Moral High Ground-Corruption and Misrepresentation, in: *8th international anti-corruption conference*. Retrieved January 5, 2019, from <http://8iacc.org/papers/holloway.html>
- Holm, J. D. (1987). Botswana: A Paternalistic Democracy. *World Affairs*, 150(1), 21–30.
- Hope, O. K. (2003). Firm-Level Disclosures and the Relative Roles of Culture and Legal Origin. *Journal of International Financial Management and Accounting*, 14(3), 218–248.
- Hopper, T., Lassou, P. & Soobaroyen, T. (2017). Globalisation, Accounting and Developing Countries. *Critical Perspectives on Accounting*, 43, 125–148.
- Hossain, M. M. & Alam, M. (2016). Corporate Social Reporting (CSR) and Stakeholder Accountability in Bangladesh: Perceptions of Less Economically Powerful Stakeholders. *International Journal of Accounting and Information Management*, 24(4), 415–442.
- Hossain, M. M., Hecimovic, A. & Lema, A. C. (2015). Corporate Social and Environmental Responsibility Reporting Practices from an Emerging Mobile Telecommunications Market. *Australian Accounting Review*, 25(4), 389–404.
- Hsieh, H.-F. & Shannon, S. E. (2005). Three Approaches to Qualitative Content Analysis. *Qualitative Health Research*, 15(9), 1277–1288.

- Hu, V. & Scholtens, B. (2014). Corporate Social Responsibility Policies of Commercial Banks in Developing Countries. *Sustainable Development*, 22(4), 276–288.
- Humphrey, C. E. (1987). *Privatization in Bangladesh: Economic Transition in a Poor Country*. Washington, DC: Centre for Privatization, US Agency for International Development.
- Huse, M. & Solberg, A. G. (2006). Gender-related Boardroom Dynamics: How Scandinavian Women Make and Can Make Contributions on Corporate Boards. *Women in Management Review*, 21(2), 113–130.
- Husted, B. W. & Sousa-Filho, J. M. de. (2017). The Impact of Sustainability Governance, Country Stakeholder Orientation, and Country Risk on Environmental, Social, and Governance Performance. *Journal of Cleaner Production*, 155(1), 93–102.
- Husted, B. W. & de Sousa-Filho, J. M. (2019). Board Structure and Environmental, Social, and Governance Disclosure in Latin America. *Journal of Business Research*, 102, 220–227.
- Hutcheson, G. (2011). Ordinary Least-Squares Regression, in: *The Multivariate Social Scientist*, (pp. 56–113). SAGE Publications, Ltd.
- Ibrahim, A. H. & Hanefah, M. M. (2016). Board Diversity and Corporate Social Responsibility in Jordan. *Journal of Financial Reporting and Accounting*, 14(2), 279–298.
- Idemudia, U. (2009). Oil Extraction and Poverty Reduction in the Niger Delta: A Critical Examination of Partnership Initiatives. *Journal of Business Ethics*, 90(S1), 91–116.
- Imam, S. (1999). Environmental Reporting in Bangladesh. *Social and Environmental Accountability Journal*, 19(2), 12–14.
- Imam, S. (2000). Corporate Social Performance Reporting in Bangladesh. *Managerial Auditing Journal*, 15(3), 133–142.
- IMF. (2006). *World Economic Outlook: Financial Systems and Economic Cycles*. Brussels: International Monetary Fund.
- IMF. (2016). *Too Slow for Too Long*. Washington, DC.
- Ioannou, I. & Serafeim, G. *The Consequences of Mandatory Corporate Sustainability Reporting*. Retrieved from https://mba.americaeconomia.com/sites/mba.americaeconomia.com/files/consequences_sustainabilityreporting.pdf
- Ioannou, I. & Serafeim, G. (2012). What Drives Corporate Social Performance? The Role of Nation Level Institutions. *Journal of International Business Studies*, 43(9), 834–864.
- Ioannou, I. & Serafeim, G. (2015). The Impact of Corporate Social Responsibility on Investment Recommendations: Analysts’ Perceptions and Shifting Institutional Logics. *Strategic Management Journal*, 36(7), 1053–1081.
- Islam, M. A. (2009). Social and Environmental Reporting Practices of Organisations Operating in, or Sourcing Products from, a Developing Country: Evidence from Bangladesh. Available at SSRN 2878254.
- Islam, M. A. & Deegan, C. (2008). Motivations for an Organisation within a Developing Country to Report Social Responsibility Information: Evidence from Bangladesh. *Accounting, Auditing & Accountability Journal*, 21(3), 850–874.
- Islam, M. A., Deegan, C. & Gray, R. (2018). Social Compliance Audits and Multinational Corporation Supply Chain: Evidence from a Study of the Rituals of Social Audits. *Accounting and Business Research*, 48(2), 190–224.
- Islam, M. A., Haque, S. & Gilchrist, D. (2017). NFPOs and Their Anti-Corruption Disclosure Practices.

- Public Money & Management*, 37(6), 443–450.
- Islam, M. A. & Mathews, M. R. (2009). Grameen Bank's Social Performance Disclosure: Responding to a Negative Assessment by Wall Street Journal in Late 2001. *Asian review of accounting*, 17(2), 149–162.
- Islam, N. (2000). Protecting Bangladesh's Environment: The Role of the Civil Society. *Journal of Social Studies*, 34–63.
- Ite, U. E. (2005). Poverty Reduction in Resource-Rich Developing Countries: What Have Multinational Corporations Got to Do with It? *Journal of International Development*, 17(7), 913–929.
- Jaggi, B. & Low, P. Y. (2000). Impact of Culture, Market Forces, and Legal System on Financial Disclosures. *The International Journal of Accounting*, 35(4), 495–519.
- Jain, T., Aguilera, R. V & Jamali, D. (2017). Corporate Stakeholder Orientation in an Emerging Country Context: A Longitudinal Cross Industry Analysis. *Journal of Business Ethics*, 143(4), 701–719.
- Jalilian, H., Kirkpatrick, C. & Parker, D. (2007). The Impact of Regulation on Economic Growth in Developing Countries: A Cross-Country Analysis. *World development*, 35(1), 87–103.
- Jamali, D., Safieddine, A. M. & Rabbath, M. (2008). Corporate Governance and Corporate Social Responsibility Synergies and Interrelationships. *Corporate Governance: An International Review*, 16(5), 443–459.
- Jamali, D., Zanhour, M. & Keshishian, T. (2009). Peculiar Strengths and Relational Attributes of SMEs in the Context of CSR. *Journal of Business Ethics*, 87(3), 355–377.
- Javaid Lone, E., Ali, A. & Khan, I. (2016). Corporate Governance and Corporate Social Responsibility Disclosure: Evidence from Pakistan. *Corporate Governance: The international journal of business in society*, 16(5), 785–797.
- Jenkins, R. (2005). Globalization, Corporate Social Responsibility and Poverty. *International affairs*, 81(3), 525–540.
- Jepperson, Ronald, J. (1991). Institutions, Institutional Effects, and Institutionalism, in: Powell, W. W. and DiMaggio, P. J. (Eds.), *The new institutionalism in organizational analysis*, (pp. 143–163). Chicago: University of Chicago Press.
- Jo, H. & Harjoto, M. A. (2011). Corporate Governance and Firm Value: The Impact of Corporate Social Responsibility. *Journal of Business Ethics*, 103(3), 351–383.
- Johnson, R. A. & Greening, D. W. (1999). The Effects of Corporate Governance and Institutional Ownership Types on Corporate. *The Academy of Management Journal*, 42(5), 564–576.
- Judge, W. Q., Douglas, T. J. & Kutan, A. M. (2008). Institutional Antecedents of Corporate Governance Legitimacy. *Journal of Management*, 34(4), 765–785.
- Kabeer, N. (2000). *The Power to Choose: Bangladeshi Women and Labor Market Decisions in London and Dhaka*. London: Verso Press.
- Kamal, Y. & Deegan, C. (2013). Corporate Social and Environment-Related Governance Disclosure Practices in the Textile and Garment Industry: Evidence from a Developing Country. *Australian Accounting Review*, 23(2), 117–134.
- Karam, C. M., Metcalfe, B. D. & Afiouni, F. (2018). Gender and Governance in Developing Economies. *Business Ethics: A European Review*, 27(4), 287–293.
- Kaufmann, D., Kraay, A. & Mastruzzi, M. (2010). *The Worldwide Governance Indicators: Methodology and Analytical Issues*.
- Kaul, I., Conceicao, P., Le Goulven, K. & Mendoza, R. U. (2003). *Providing Global Public Goods: Managing Globalization*. Oxford University Press.

- Kelton, A. S. & Yang, Y. (2008). The Impact of Corporate Governance on Internet Financial Reporting. *Journal of Accounting and Public Policy*, 27(1), 62–87.
- Khan, A., Muttakin, M. B., Siddiqui, J., Mohammad, •, Muttakin, B. & Siddiqui, J. (2013). Corporate Governance and Corporate Social Responsibility Disclosures: Evidence from an Emerging Economy. *Journal of Business Ethics*, 114(2), 207–223.
- Khan, H. (2010). The Effect of Corporate Governance Elements on Corporate Social Responsibility (CSR) Reporting. *International Journal of Law and Management*, 52(2), 82–109.
- Khan, Z., Lew, Y. K. & Park, B. II. (2015). Institutional Legitimacy and Norms-Based CSR Marketing Practices: Insights from MNCs Operating in a Developing Economy. *International Marketing Review*, 32(5), 463–491.
- Khanchel, I. (2007). Corporate Governance: Measurement and Determinant Analysis. *Managerial Auditing Journal*, 22(8), 740–760.
- Khanna, T. & Palepu, K. G. (2010). *Winning in Emerging Markets: A Road Map for Strategy and Execution*. Boston: Harvard Business School Press.
- Khavul, S. & Bruton, G. D. (2013). Harnessing Innovation for Change: Sustainability and Poverty in Developing Countries. *Journal of Management Studies*, 50(2), 285–306.
- Kiliç, M., Kuzey, C. & Uyar, A. (2015). The Impact of Ownership and Board Structure on Corporate Social Responsibility (CSR) Reporting in the Turkish Banking Industry. *Corporate Governance (Bingley)*, 15(3), 357–374.
- Kirsch, A. (2018). The Gender Composition of Corporate Boards: A Review and Research Agenda. *The Leadership Quarterly*, 29(2), 346–364.
- Knox, C. (2009). Dealing with Sectoral Corruption in Bangladesh: Developing Citizen Involvement. *Public Administration and Development*, 29(2), 117–132.
- Kokubu, K., Nishitani, K., Kitada, S. & Ando, H. (2019). *Emerging Responsible Management-A New Management Model for Connections [創発型責任経営—新しいつながりの経営モデル]*. Nikkei Publishing Inc.
- Kolk, A. & Lenfant, F. (2010). MNC Reporting on CSR and Conflict in Central Africa. *Journal of Business Ethics*, 93(SUPPL. 2), 241–255.
- Komori, N. (2007). The “Hidden” History of Accounting in Japan: A Historical Examination of the Relationship between Japanese Women and Accounting. *Accounting History*, 12(3), 329–358.
- Komori, N. (2015). Beneath the Globalization Paradox: Towards the Sustainability of Cultural Diversity in Accounting Research. *Critical Perspectives on Accounting*, 26, 141–156.
- Konrad, A. M., Kramer, Vi. & Erkut, S. (2008). Critical Mass: The Impact of Three or More Women on Corporate Boards. *Organizational Dynamics*, 37(2), 145–164.
- KPMG. (2017). *The KPMG Survey of Corporate Responsibility Reporting 2017*. Retrieved December 4, 2019, from www.kpmg.com/crreporting
- Kraay, A. & Tawara, N. (2010). *Can Disaggregated Indicators Identify Governance Reform Priorities?* Washington, DC. Retrieved January 1, 2019, from <http://econ.worldbank.org>.
- Kuasirikun, N. & Sherer, M. (2004). Corporate Social Accounting Disclosure in Thailand. *Accounting, Auditing & Accountability Journal*, 17(4), 629–660.
- Lee, C. K. & Zhang, Y. (2013). The Power of Instability: Unraveling the Microfoundations of Bargained Authoritarianism in China. *American Journal of Sociology*, 118(6), 1475–1508.
- Lee, S.-P. & Chen, H.-J. (2011). Corporate Governance and Firm Value as Determinants of CEO

- Compensation in Taiwan: 2SLS for Panel Data Model. *Management research review*, 34(3), 252–265.
- Letendre, L. (2004). The Dynamics of the Boardroom. *The Academy of Management Executive (1993-2005)*, 18(1), 101–104.
- Li, D., Lin, H. & Yang, Y. W. (2016). Does the Stakeholders–Corporate Social Responsibility (CSR) Relationship Exist in Emerging Countries? Evidence from China. *Social Responsibility Journal*, 12(1), 147–166.
- Li, S., Fetscherin, M., Alon, I., Lattemann, C. & Yeh, K. (2010). Corporate Social Responsibility in Emerging Markets: The Importance of the Governance Environment. *Management International Review*, 50(5), 635–654.
- Li, T. & Belal, A. (2018). Authoritarian State, Global Expansion and Corporate Social Responsibility Reporting: The Narrative of a Chinese State-Owned Enterprise. *Accounting Forum*, 42(2), 199–217.
- Li, Y., Gong, M., Zhang, X.-Y. & Koh, L. (2018). The Impact of Environmental, Social, and Governance Disclosure on Firm Value: The Role of CEO Power. *The British Accounting Review*, 50(1), 60–75. Retrieved January 2, 2019, from <https://doi.org/10.1016/j.bar.2017.09.007>
- Lim, Y. Z., Talha, M., Mohamed, J. & Sallehuddin, A. (2008). Corporate Social Responsibility Disclosure and Corporate Governance in Malaysia. *International Journal of Behavioural Accounting and Finance*, 1(1), 67.
- Ling, T. C. & Sultana, N. (2015). Corporate Social Responsibility: What Motivates Management to Disclose? *Social Responsibility Journal*, 11(3), 513–534.
- Llewellyn, S. (2007). Meeting Responsibilities ‘on the Stage’ and Claiming Rights ‘behind the Scenes’: The Recasting of Companies, in: Carter C, Clegg S, K. and M, Laske S, M. M. (Eds.), *Business ethics as practice*, (pp. 128–149). Cheltenham: Edward Elgar.
- Lopatta, K., Jaeschke, R., Tchikov, M. & Lodhia, S. (2017). Corruption, Corporate Social Responsibility and Financial Constraints: International Firm-level Evidence. *European Management Review*, 14(1), 47–65.
- Lounsbury, M. (2008). Institutional Rationality and Practice Variation: New Directions in the Institutional Analysis of Practice. *Accounting, organizations and society*, 33(4–5), 349–361.
- Luo, X., Wang, H., Raithel, S. & Zheng, Q. (2015). Corporate Social Performance, Analyst Stock Recommendations and Firm Future Returns. *Strategic Management Journal*, 36(1), 123–136.
- Mair, J., Marti, I. & Ventresca, M. J. (2012). Building Inclusive Markets in Rural Bangladesh: How Intermediaries Work Institutional Voids. *Academy of Management Journal*, 55(4), 819–850.
- Majeed, S., Aziz, T., Saleem, S., Majeed, S., Aziz, T. & Saleem, S. (2015). The Effect of Corporate Governance Elements on Corporate Social Responsibility (CSR) Disclosure: An Empirical Evidence from Listed Companies at KSE Pakistan. *International Journal of Financial Studies*, 3(4), 530–556.
- Majumder, M. T. H., Akter, A. & Li, X. (2017). Corporate Governance and Corporate Social Disclosures: A Meta-Analytical Review. *International Journal of Accounting & Information Management*, 25(4), 434–458.
- Mannan, M. (1992). An Anthropology of Power-Structure: The Making of Tribunes and Dictators in Bangladesh. *Journal of South Asian and Middle Eastern Studies*, 16(2), 41–54.
- Mannan, M. (2006). Family Politics and Governance in Bangladesh. *The Daily Star*, 5 (868). Retrieved November 13, 2019, from <http://archive.thedailystar.net/2006/11/06/d611061502116.htm>
- Mannan, M. (2011). Governing Culture of Ruling Elite in Bangladesh. *Seminar: A Journal of Germanic Studies*, 622(June), 42–45.

- Margolis, J. D. & Walsh, J. P. (2003). Misery Loves Companies: Rethinking Social Initiatives by Business. *Administrative science quarterly*, 48(2), 268–305.
- Marshall, B., Cardon, P., Poddar, A. & Fontenot, R. (2013). Does Sample Size Matter in Qualitative Research?: A Review of Qualitative Interviews in IS Research. *Journal of Computer Information Systems*, 54(1), 11–22.
- Marshall, M. N. (1996). Sampling for Qualitative Research. *Family practice*, 13(6), 522–526.
- Martinez, F., O’sullivan, P., Smith, M. & Esposito, M. (2017). Perspectives on the Role of Business in Social Innovation. *Journal of Management Development*, 36(5), 681–695. Retrieved December 29, 2018, from <https://doi.org/10.1108/JMD-10-2016-0212>
- Mason, M. (2010). Sample Size and Saturation in PhD Studies Using Qualitative Interviews. *Forum qualitative Sozialforschung/Forum: qualitative social research*, 11(3).
- Mathews, M. R. (1993). *Socially Responsible Accounting*. London, New York: Chapman & Hall.
- Matten, D. & Crane, A. (2005). Corporate Citizenship: Toward an Extended Theoretical Conceptualization. *Academy of Management review*, 30(1), 166–179.
- Matten, D. & Moon, J. (2008). “Implicit” and “Explicit” CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility. *Academy of management Review*, 33(2), 404–424.
- Matuszak, L. & Róžańska, E. (2017). CSR Disclosure in Polish-Listed Companies in the Light of Directive 2014/95/EU Requirements: Empirical Evidence. *Sustainability*, 9(12), 2304.
- Mayring, P. (2000). Qualitative Content Analysis. *Forum Qualitative Sozialforschung / Forum: Qualitative Social Research*, 1(2).
- Mccarthy, L. (2017). Empowering Women Through Corporate Social Responsibility: A Feminist Foucauldian Critique. *Quarterly*, 27(4), 603–631. Retrieved January 5, 2019, from <https://doi.org/10.1017/beq.2017.28>
- McLane, J. R. (2002). *Land and Local Kingship in Eighteenth-Century Bengal*. Cambridge: Cambridge University Press.
- McWilliams, A. & Siegel, D. (2001). Corporate Social Responsibility: A Theory of the Firm Perspective. *he Academy of Management Review*, 26(1), 117–127.
- Medawar, C. (1976). The Social Audit: A Political View. *Accounting, organizations and society*, 1(4), 389–394.
- Mehra, M. (2006). Turning Point: Corporate Social Responsibility in Emerging Economies. *Journal of Corporate Citizenship*, (24), 20–22.
- Merry, S. E. (2011). Measuring the World: Indicators, Human Rights, and Global Governance. *Current Anthropology*, 52(S3).
- Meyer, J. W. & Rowan, B. (1977). Institutionalized Organizations: Formal Structure as Myth and Ceremony. *American journal of sociology*, 83(2), 340–363.
- Michelon, G. (2011). Sustainability Disclosure and Reputation: A Comparative Study. *Corporate Reputation Review*, 14(2), 79–96. Retrieved January 1, 2019, from www.palgrave-journals.com/crr/
- Michelon, G., Rodrigue, M. & Trevisan, E. (2019). The Marketization of a Social Movement: Activists, Shareholders and CSR Disclosure. *Accounting, Organizations and Society*, in press.
- Miles, M. B., Huberman, A. M. & Saldana, J. (1994). *Qualitative Data Analysis A Methods Sourcebook*. Sage Publications.
- Milne, M. J. & Gray, R. (2013). W(h)ither Ecology? The Triple Bottom Line, the Global Reporting

- Initiative, and Corporate Sustainability Reporting. *Journal of Business Ethics*, 118(1), 13–29.
- Milne, M. J., Tregidga, H. & Walton, S. (2009). Words Not Actions! The Ideological Role of Sustainable Development Reporting. *Accounting, Auditing & Accountability Journal*, 22(8), 1211–1257.
- Mirfazli, E. (2008). Social Responsibility Journal Evaluate Corporate Social Responsibility Disclosure at Annual Report Companies in Multifarious Group of Industry Members of Jakarta Stock Exchange (JSX), Indonesia Article Information. *Social Responsibility Journal*, 4(3), 388–406.
- Miska, C., Witt, M. A. & Stahl, G. K. (2016). Drivers of Global CSR Integration and Local CSR Responsiveness: Evidence from Chinese MNEs. *Business Ethics Quarterly*, 26(3), 317–345.
- Mitchell, R. K., Agle, B. R. & Wood, D. J. (1997). Toward a Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts. *Academy of management review*, 22(4), 853–886.
- Momin, M. A. (2013). Social and Environmental NGOs' Perceptions of Corporate Social Disclosures: The Case of Bangladesh. *Accounting Forum*, 37(2), 150–161.
- Momin, M. A. & Parker, L. D. (2013). Motivations for Corporate Social Responsibility Reporting by MNC Subsidiaries in an Emerging Country: The Case of Bangladesh. *The British Accounting Review*, 45(3), 215–228.
- Moneva, J. M. & Cuellar, B. (2009). The Value Relevance of Financial and Non-Financial Environmental Reporting. *Environmental and Resource Economics*, 44(3), 441–456.
- Money, K. & Schepers, H. (2007). Are CSR and Corporate Governance Converging?: A View from Boardroom Directors and Company Secretaries in FTSE100 Companies in the UK. *Journal of General Management*, 33(2), 1–11.
- Montalbano, P. (2011). Trade Openness and Developing Countries' Vulnerability: Concepts, Misconceptions, and Directions for Research. *World Development*, 39(9), 1489–1502.
- Morales, J. & Sponem, S. (2017). You Too Can Have a Critical Perspective! 25 Years of Critical Perspectives on Accounting. *Critical Perspectives on Accounting*, 43, 149–166.
- Morck, R., Wolfenzon, D. & Yeung, B. (2005). Corporate Governance, Economic Entrenchment, and Growth. *Journal of Economic Literature*, 43(3), 655–720.
- Muller, A. & Kolk, A. (2009). CSR Performance in Emerging Markets Evidence from Mexico. *Journal of Business Ethics*, 85(SUPPL. 2), 325–337.
- Muller, A. & Kolk, A. (2010). Extrinsic and Intrinsic Drivers of Corporate Social Performance: Evidence from Foreign and Domestic Firms in Mexico. *Journal of Management Studies*, 47(1), 1–26.
- Muller, A. & Kolk, A. (2015). Responsible Tax as Corporate Social Responsibility: The Case of Multinational Enterprises and Effective Tax in India. *Business and Society*, 54(4), 435–463.
- Muthuri, J. N. & Gilbert, V. (2011). An Institutional Analysis of Corporate Social Responsibility in Kenya. *Journal of Business Ethics*, 98(3), 467–483.
- Muttakin, M. B. & Khan, A. (2014). Determinants of Corporate Social Disclosure: Empirical Evidence from Bangladesh. *Advances in Accounting*, 30(1), 168–175.
- Muttakin, M. B., Khan, A. & Azim, M. I. (2015). Corporate Social Responsibility Disclosures and Earnings Quality: Are They a Reflection of Managers' Opportunistic Behavior? *Managerial Auditing Journal*, 30(3), 277–298.
- Muttakin, M. B., Khan, A. & Subramaniam, N. (2015). Firm Characteristics, Board Diversity and Corporate Social Responsibility: Evidence from Bangladesh. *Pacific Accounting Review*, 27(3), 353–372.
- Muttakin, M. B., Mihret, D. G. & Khan, A. (2018). Corporate Political Connection and Corporate Social

- Responsibility Disclosures: A Neo-Pluralist Hypothesis and Empirical Evidence. *Accounting, Auditing and Accountability Journal*, 31(2), 725–744.
- Muttakin, M. B. & Subramaniam, N. (2015). Do They Matter for Corporate Social Responsibility Disclosure of Indian Companies? *Sustainability Accounting, Management and Policy Journal*, 6(2), 138–165.
- Mzembe, A. N. & Meaton, J. (2014). Driving Corporate Social Responsibility in the Malawian Mining Industry: A Stakeholder Perspective. *Corporate Social Responsibility and Environmental Management*, 21(4), 189–201.
- Naeem, M. A. & Welford, R. (2009). A Comparative Study of Corporate Social Responsibility in Bangladesh and Pakistan. *Corporate Social Responsibility and Environmental Management*, 16(2), 108–122.
- Nakpodia, F. & Adegbite, E. (2018). Corporate Governance and Elites. *Accounting Forum*, 42(1), 17–31.
- Naser, K., Al-Hussaini, A., Al-Kwari, D. & Nuseibeh, R. (2006). Determinants of Corporate Social Disclosure in Developing Countries: The Case of Qatar. *Advances in International Accounting*, 19, 1–23.
- Neter, J., Wasserman, W. & Kutner, M. H. (1983). *Applied Linear Regression Models*. Homewood, IL: R.D. Irwin.
- Neu, D., Warsame, H. & Pedwell, K. (1998). Managing Public Impressions: Environmental Disclosures in Annual Reports. *Accounting, Organizations and Society*, 23(3), 265–282.
- Newell, P. & George Frynas, J. (2007). Beyond CSR? Business, Poverty and Social Justice: An Introduction. *Third World Quarterly*, 28(4), 669–681.
- Newson, M. & Deegan, C. (2002). Global Expectations and Their Association with Corporate Social Disclosure Practices in Australia, Singapore, and South Korea. *The International Journal of Accounting*, 37(2), 183–213.
- Nielsen, S. & Huse, M. (2010). The Contribution of Women on Boards of Directors: Going beyond the Surface. *Corporate Governance: An International Review*, 18(2), 136–148.
- North, D. C. (1990). *Institutions, Institutional Change, and Economic Performance*. Cambridge University Press.
- Nurhayati, R., Taylor, G., Rusmin, R., Tower, G. & Chatterjee, B. (2016). Factors Determining Social and Environmental Reporting by Indian Textile and Apparel Firms: A Test of Legitimacy Theory. *Social Responsibility Journal*, 12(1), 167–189.
- Nussbaum, M. (2003). Gender and Governance: An Introduction, in: Martha Nussbaum, Amrita Basu, Y. T. & N. G. J. (Ed.), *Essays on Gender and Governance*, (pp. 1–19). Macmillan India. Retrieved January 6, 2019, from https://chicagounbound.uchicago.edu/book_chapters/189
- Nyahunzvi, D. K. (2013). CSR Reporting among Zimbabwe’s Hotel Groups: A Content Analysis. *International Journal of Contemporary Hospitality Management*, 25(4), 595–613.
- O’Dwyer, B. (2004). Qualitative Data Analysis: Illuminating a Process for Transforming a ‘Messy’ but ‘Attractive’ ‘Nuisance’, in: Humphrey, C. and Lee, B. (Eds.), *The Real Life Guide to Accounting Research*, (pp. 391–407). Elsevier.
- OECD. (2012). *Recommendation of the Council on Regulatory Policy and Governance*. Paris, France. Retrieved January 5, 2019, from www.oecd.org/regreform
- Oliver, C. (1992). The Antecedents of Deinstitutionalization. *Organization studies*, 13(4), 563–588.
- Ortas, E., Álvarez, I., Jaussaud, J. & Garayar, A. (2015). The Impact of Institutional and Social Context on Corporate Environmental, Social and Governance Performance of Companies Committed to

- Voluntary Corporate Social Responsibility Initiatives. *Journal of Cleaner Production*, 108, 673–684.
- Ortiz-de-Mandojana, N., Aguilera-Caracuel, J. & Morales-Raya, M. (2016). Corporate Governance and Environmental Sustainability: The Moderating Role of the National Institutional Context. *Corporate Social Responsibility and Environmental Management*, 23(3), 150–164.
- Owen, D. (2008). Chronicles of Wasted Time? A Personal Reflection on the Current State of, and Future Prospects for, Social and Environmental Accounting Research. *Accounting, Auditing & Accountability Journal*, 21(2), 240–267.
- Owen, D. L., Swift, T. & Hunt, K. (2001). Questioning the Role of Stakeholder Engagement in Social and Ethical Accounting, Auditing and Reporting. *Accounting Forum*, 25(3), 264–282.
- Ozdora-Aksak, E. & Atakan-Duman, S. (2016). Gaining Legitimacy through CSR: An Analysis of Turkey's 30 Largest Corporations. *Business Ethics*, 25(3), 238–257.
- Ozkazanc-Pan, B. (2018). CSR as Gendered Neocoloniality in the Global South. *Journal of Business Ethics*, 1–14.
- Pachauri, R. K. (2006). CSR in New Dimensions: It Has Become Imperative for Cos to Understand the Social Milieu in Which They Function. *The Economic Times*. Retrieved from <http://www.teriin.org/opinion/csr-new-dimensions-it-has-become-imperative-cos-understand-social-milieu-which-they>
- Palazzo, G. & Scherer, A. G. (2006). Corporate Legitimacy as Deliberation: A Communicative Framework. *Journal of Business Ethics*, 66(1), 71–88.
- Patten, D. M. (1992). Intra-Industry Environmental Disclosures in Response to the Alaskan Oil Spill: A Note on Legitimacy Theory. *Accounting, Organizations and Society*, 17(5), 471–475.
- Patten, D. M. (2005). The Accuracy of Financial Report Projections of Future Environmental Capital Expenditures: A Research Note. *Accounting, Organizations and Society*, 30(5), 457–468.
- Perez-Batres, L. A., Miller, V. V. & Pisani, M. J. (2010). CSR, Sustainability and the Meaning of Global Reporting for Latin American Corporations. *Journal of Business Ethics*, 91(SUPPL 2), 193–209.
- Petra, S. T. (2005). Do Outside Independent Directors Strengthen Corporate Boards? *Corporate Governance: The international journal of business in society*, 5(1), 55–64.
- Phillips, R. (2003). *Stakeholder Theory and Organizational Ethics*. Berrett-Koehler Publishers.
- Pindado, J., de Queiroz, V. & de la Torre, C. (2015). How Do Country-level Governance Characteristics Impact the Relationship between R & D and Firm Value? *R&D Management*, 45(5), 515–526.
- Pitt-Rivers, J. (1968). *Honor. International Encyclopedia of the Social Sciences*. New York: Macmillan.
- Polit, D. F. & Beck, C. T. (2004). *Nursing Research: Principles and Methods*. Philadelphia ; London : Lippincott Williams & Wilkins: Lippincott Williams & Wilkins.
- Post, C., Rahman, N. & Rubow, E. (2011). Green Governance: Boards of Directors' Composition and Environmental Corporate Social Responsibility. *Business & Society*, 50(1), 189–223. Retrieved January 5, 2019, from <http://bas.sagepub.com>
- Powell, W. W. & DiMaggio, P. J. (1991). *The New Institutionalism in Organizational Analysis*. Chicago: University of Chicago press.
- Preuss, L. & Barkemeyer, R. (2011). CSR Priorities of Emerging Economy Firms: Is Russia a Different Shape of BRIC? *Corporate Governance: The international journal of business in society*, 11(4), 371–385.
- Preuss, L., Barkemeyer, R. & Glavas, A. (2016). Corporate Social Responsibility in Developing Country Multinationals: Identifying Company and Country-Level Influences. *Business Ethics Quarterly*,

26(3), 347–378.

- Pucheta-Martínez, M. C., Bel-Oms, I. & Olcina-Sempere, G. (2018). The Association between Board Gender Diversity and Financial Reporting Quality, Corporate Performance and Corporate Social Responsibility Disclosure. *Academia Revista Latinoamericana de Administración*, 31(1), 177–194.
- Puxty, A. G., Willmott, H. C., Cooper, D. J. & Lowe, T. (1987). Modes of Regulation in Advanced Capitalism: Locating Accountancy in Four Countries. *Accounting, Organizations and Society*, 12(3), 273–291.
- Qu, S. Q. & Dumay, J. (2011). The Qualitative Research Interview (D. John, Ed.). *Qualitative Research in Accounting & Management*, 8(3), 238–264.
- Quisumbing, A. R., Kumar, N. & Behrman, J. A. (2018). Do Shocks Affect Men’s and Women’s Assets Differently? Evidence from Bangladesh and Uganda. *Development Policy Review*, 36(1), 3–34.
- Rachisan, P. R., Bota-Avram, C. & Grosanu, A. (2017). Investor Protection and Country-Level Governance: Crosscountry Empirical Panel Data Evidence. *Economic Research-Ekonomska Istrazivanja*, 30(1), 806–817.
- Rahaman, A. S. (2000). Senior Management Perceptions of Social and Environmental Reporting in Ghana. *Social and Environmental Accountability Journal*, 20(1), 7–10.
- Rahaman, A. S., Lawrence, S. & Roper, J. (2004). Social and Environmental Reporting at the VRA: Institutionalised Legitimacy or Legitimation Crisis? *Critical Perspectives on Accounting*, 15(1), 35–56.
- Rahim, M. M. (2013). Harnessing SD and CSR within Corporate Self-Regulation of Weak Economies- A Meta-Regulation Approach. *Business and Society Review*, 118(4), 513–537.
- Rahman, N. H. W. A., Zain, M. M. & Al-Haj, N. H. Y. Y. (2011). CSR Disclosures and Its Determinants: Evidence from Malaysian Government Link Companies. *Social Responsibility Journal*, 7(2), 181–201.
- Rahman, S., Haski-Leventhal, D. & Pournader, M. (2016). The Effect of Employee CSR Attitudes on Job Satisfaction and Organizational Commitment: Evidence from the Bangladeshi Banking Industry. *Social Responsibility Journal*, 12(2), 228–246.
- Rao, A. & Kelleher, D. (2005). Is There Life after Gender Mainstreaming? *Gender & Development*, 13(2), 57–69.
- Rao, K. K., Tilt, C. A. & Lester, L. H. (2012). Corporate Governance and Environmental Reporting: An Australian Study. *Corporate Governance: The international journal of business in society*, 12(2), 143–163.
- Rashid, A. & Lodh, S. C. (2008). The Influence of Ownership Structures and Board Practices on Corporate Social Disclosures in Bangladesh, in: Tsamenyi, M. and Uddin, S. (Eds.), *Research in Accounting in Emerging Economies*, (pp. 211–237).
- Rathert, N. (2016). Strategies of Legitimation: MNEs and the Adoption of CSR in Response to Host-Country Institutions. *Journal of International Business Studies*, 47(7), 858–879.
- Rawls, J. (1971). *A Theory of Justice*. Harvard University Press.
- Razak, S. E. A. & Mustapha, M. (2013). Corporate Social Responsibility Disclosures and Board Structure: Evidence from Malaysia. *Jurnal Teknologi*, 64(3), 73–80.
- Reed, A. M. (2002). Corporate Governance Reforms in India. *Journal of Business Ethics*, 37(3), 249–268.
- Reed, D. (2002). Corporate Governance Reforms in Developing Countries. *Source: Journal of Business Ethics*, 37(3), 223–247.
- Rettab, B., Brik, A. Ben & Mellahi, K. (2009). A Study of Management Perceptions of the Impact of

- Corporate Social Responsibility on Organisational Performance in Emerging Economies: The Case of Dubai. *Journal of Business Ethics*, 89(3), 371–390.
- Reverte, C. (2009). Determinants of Corporate Social Responsibility Disclosure Ratings by Spanish Listed Firms. *Journal of Business Ethics*, 88(2), 351–366.
- Richardson, A. J. (2015). Quantitative Research and the Critical Accounting Project. *Critical Perspectives on Accounting*, 32, 67–77.
- Roberts, R. W. (1992). Determinants of Corporate Social Responsibility Disclosure: An Application of Stakeholder Theory. *Accounting Organizations and Society*, 17(6), 595–612. Retrieved from <https://econpapers.repec.org/RePEc:eee:aosoci:v:17:y:1992:i:6:p:595-612>
- Roberts, R. W. & Wallace, D. M. (2015). Sustaining Diversity in Social and Environmental Accounting Research. *Critical Perspectives on Accounting*, 32, 78–87.
- Robertson, D. C. (2009). Corporate Social Responsibility and Different Stages of Economic Development: Singapore, Turkey, and Ethiopia. *Journal of Business Ethics*, 88(4), 617–633.
- Robson, K. & Cooper, D. J. (1990). Understanding the Development of the Accountancy Profession in the United Kingdom, in: Cooper, D. J. and Hopper, T. M. (Eds.), *Critical Accounts*, (pp. 366–390). London: Macmillan Education UK.
- Rodríguez, L. C., Montiel, I. & Ozuna, T. (2014). A Conceptualization of How Firms Engage in Corporate Responsibility Based on Country Risk. *Business & Society*, 53(5), 625–651.
- Rosenau, J. N. (1995). Governance in the Twenty-First Century. *Source: Global Governance*, 1(1), 13–43.
- Rosenau, J. N. (1999). Toward an Ontology for Global Governance, in: *Approaches to Global Governance Theory*. Albany: SUNY Press.
- Said, R., Zainuddin, Y. H. & Haron, H. (2009). The Relationship between Corporate Social Responsibility Disclosure and Corporate Governance Characteristics in Malaysian Public Listed Companies. *Social Responsibility Journal*, 5(2), 212–226.
- Samaha, K., Dahawy, K., Abdel-Meguid, A. & Abdallah, S. (2012). Propensity and Comprehensiveness of Corporate Internet Reporting in Egypt: Do Board Composition and Ownership Structure Matter? *International Journal of Accounting & Information Management*, 20(2), 142–170.
- Sarr, M. & Wick, K. (2010). Resources, Conflict and Development Choices: Public Good Provision in Resource Rich Economies. *Economics of Governance*, 11(2), 183–205.
- Saunders, M., Lewis, P. & Thornhill, A. (2000). *Research Methods for Business Students* (Philip Lewis and Adrian Thornhill, Eds.). Harlow: Harlow : Financial Times Prentice Hall, 2000.
- Scherer, A. G. & Palazzo, G. (2011). The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and Its Implications for the Firm, Governance, and Democracy. *Journal of management studies*, 48(4), 899–931.
- Scherer, A. G., Palazzo, G. & Baumann, D. (2006). Global Rules and Private Actors: Toward a New Role of the Transnational Corporation in Global Governance. *Business Ethics Quarterly*, 16(4), 505–532.
- Scherer, A. G. & Smid, M. (2000). The Downward Spiral and the US Model Business Principles-Why MNEs Should Take Responsibility for the Improvement of World-Wide Social and Environmental Conditions. *Management International Review*, 40(4), 351–371.
- Schreier, M. (2012). *Qualitative Content Analysis in Practice*. London, UK: Sage Publications Ltd. (London [ua]).
- Scott, W. R. (1987). The Adolescence of Institutional Theory. *Administrative science quarterly*, 32(4), 493–511.

- Scott, W. R. (2001). *Institutions and Organizations*. Thousand Oaks, CA: Sage Publications.
- Scott, W. R. (2002). The Changing World of Chinese Enterprise: An Institutional Perspective, in: *The management of enterprises in the People's Republic of China*, (pp. 59–78).
- Scott, W. R. (2008a). *Institutions and Organizations: Ideas and Interests*. Los Angeles: Sage Publications.
- Scott, W. R. (2008b). Approaching Adulthood: The Maturing of Institutional Theory. *Theory and society*, 37(5), 427.
- Scott, W. R. (2014). *Institutions and Organizations: Ideas, Interests, and Identities*. Sage Publications.
- Searle, J. R. (2005). What Is an Institution? *Journal of institutional economics*, 1(1), 1–22.
- Seierstad, C. (2016). Beyond the Business Case: The Need for Both Utility and Justice Rationales for Increasing the Share of Women on Boards. *Corporate Governance: An International Review*, 24(4), 390–405.
- Seifert, B. & Gonenc, H. (2018). The Effects of Country and Firm-Level Governance on Cash Management. *Journal of International Financial Markets, Institutions and Money*, 52, 1–16.
- Sen, A. (1990). More than 100 Million Women Are Missing. *The New York Review of Books*, 37(20), 61–66.
- Serebour Agyemang, O., Fantini, G. & Frimpong, J. (2015). Does Country-Level Governance Enhance Ethical Behaviour of Firms? An African Perspective. *Research on Professional Responsibility and Ethics in Accounting*, 57(6), 586–611.
- Setó-Pamies, D. (2015). The Relationship between Women Directors and Corporate Social Responsibility. *Corporate Social Responsibility and Environmental Management*, 22(6), 334–345.
- Sewell, Jr, W. H. (1992). A Theory of Structure: Duality, Agency, and Transformation. *American journal of sociology*, 98(1), 1–29.
- Shivdasani, A. & Zenner, M. (2004). Best Practices in Corporate Governance: What Two Decades of Research Reveals. *Journal of Applied Corporate Finance*, 16(2-3), 29–41.
- Siddiqui, J. (2010). Development of Corporate Governance Regulations: The Case of an Emerging Economy. *Journal of Business Ethics*, 91(2), 253–274.
- Siddiqui, J. & Uddin, S. (2016). Human Rights Disasters, Corporate Accountability and the State: Lessons Learned from Rana Plaza. *Accounting, Auditing & Accountability Journal*, 29(4), 679–704.
- Sikka, P. & Willmott, H. (1995). Illuminating the State-Profession Relationship: Accountants Acting as Department of Trade and Industry Investigators. *Critical Perspectives on Accounting*, 6(4), 341–369.
- Simnett, R., Vanstraelen, A. & Chua, W. F. (2009). Assurance on Sustainability Reports: An International Comparison. *The accounting review*, 84(3), 937–967.
- Singh, A. (1997). Financial Liberalisation, Stockmarkets and Economic Development. *The Economic Journal*, 107(442), 771–782.
- Singh, A. (1999). Should Africa Promote Stock Market Capitalism? *Journal of International Development*, 11(3), 343–365.
- Singh, A. & Zammit, A. (2006). Corporate Governance, Crony Capitalism and Economic Crises: Should the US Business Model Replace the Asian Way of ‘Doing Business’? *Corporate Governance: An International Review*, 14(4), 220–233.
- Sinkovics, N., Hoque, S. F. & Sinkovics, R. R. (2016). Rana Plaza Collapse Aftermath: Are CSR Compliance and Auditing Pressures Effective? *Accounting, Auditing & Accountability Journal*, 29(4), 617–649.

- Siregar, S. V. & Bachtiar, Y. (2010). Corporate Social Reporting: Empirical Evidence from Indonesia Stock Exchange. *International Journal of Islamic and Middle Eastern Finance and Management*, 3(3), 241–252.
- Slack, K. (2012). Mission Impossible?: Adopting a CSR-Based Business Model for Extractive Industries in Developing Countries. *Resources Policy*, 37(2), 179–184.
- Slawinski, N., Pinkse, J., Busch, T. & Banerjee, S. B. (2017). The Role of Short-Termism and Uncertainty Avoidance in Organizational Inaction on Climate Change: A Multi-Level Framework. *Business & Society*, 56(2), 253–282.
- Sobhan, R. & Ahmed, M. (1980). Public Enterprise in an Intermediate Regime: A Study in the Political Economy of Bangladesh. *Bangladesh Development Studies*, 1, 23–29.
- Sobhani, F. A., Amran, A. & Zainuddin, Y. (2009). Revisiting the Practices of Corporate Social and Environmental Disclosure in Bangladesh. *Corporate Social Responsibility and Environmental Management*, 16(3), 167–183.
- Solotaroff, J. L., Kotikula, A., Lonnberg, T., Ali, S., Pande, R. P. & Jahan, F. (2019). *Voices to Choices: Bangladesh's Journey in Women's Economic Empowerment*. Washington, DC: The World Bank.
- Solotaroff, J. L. & Pande, R. P. (2014). *Violence against Women and Girls: Lessons from South Asia*. Washington, DC: The World Bank.
- Soobaroyen, T. & Ntim, C. G. (2013). Social and Environmental Accounting as Symbolic and Substantive Means of Legitimation: The Case of HIV/AIDS Reporting in South Africa. *Accounting Forum*, 37(2), 92–109.
- Statman, M. (2006). Socially Responsible Indexes. *The Journal of Portfolio Management*, 32(3), 100–109.
- Stigliani, I. & Ravasi, D. (2012). Organizing Thoughts and Connecting Brains: Material Practices and the Transition from Individual to Group-Level Prospective Sensemaking. *Academy of Management journal*, 55(5), 1232–1259.
- Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of management review*, 20(3), 571–610.
- Sufian, M. A. & Zahan, M. (2013). Ownership Structure and Corporate Social Responsibility Disclosure in Bangladesh. *International Journal of Economics and Financial Issues*, 3(4), 901–909.
- Sundarasan, S. D. D., Je-Yen, T. & Rajangam, N. (2016). Board Composition and Corporate Social Responsibility in an Emerging Market. *Corporate Governance: The international journal of business in society*, 16(1), 35–53.
- Supriyono, E., Almasyhari, A. K., Suhardjanto, D. & Rahmawati, S. (2015). The Impact of Corporate Governance on Corporate Social Disclosure: Comparative Study in South East Asia. *International Journal of Monetary Economics and Finance*, 8(2), 143.
- Sutantoputra, A. W. (2009). Social Disclosure Rating System for Assessing Firms' CSR Reports. *Corporate Communications: An International Journal*, 14(1), 34–48.
- Tagesson, T., Blank, V., Broberg, P. & Collin, S. (2009). What Explains the Extent and Content of Social and Environmental Disclosures on Corporate Websites: A Study of Social and Environmental Reporting in Swedish Listed Corporations. *Corporate Social Responsibility and Environmental Management*, 16(6), 352–364.
- Taher, M. (1994). Privatisation in Bangladesh and Its Impact on Industrial Relations. *Indian Journal of Industrial Relations*, 30(1), 1–18.
- Talbot, D. & Boiral, O. (2015). Strategies for Climate Change and Impression Management: A Case Study Among Canada's Large Industrial Emitters. *Journal of Business Ethics*, 132(2), 329–346.

- Teoh, H. & Thong, G. (1984). Another Look at Corporate Social Responsibility and Reporting: An Empirical Study in a Developing Country. *Accounting, Organizations and Society*, 9(2), 189–206.
- Terjesen, S. A. & Lloyd, A. (2015). *The 2015 Female Entrepreneurship Index*.
- Tian, Q., Liu, Y. & Fan, J. (2015). The Effects of External Stakeholder Pressure and Ethical Leadership on Corporate Social Responsibility in China. *Journal of Management and Organization*, 21(4), 388–410.
- Tilt, C. A. (2016). Corporate Social Responsibility Research: The Importance of Context. *International journal of corporate social responsibility*, 1(1), 2.
- Tolbert, P. S. & Zucker, L. G. (1996). The Institutionalization of Institutional Theory, in: Clegg, S., Hardy, C., and Nord, W. (Eds.), *Handbook of organization studies*, (pp. 175–190). London: SAGE.
- Tregidga, H. & Milne, M. J. (2006). From Sustainable Management to Sustainable Development: A Longitudinal Analysis of a Leading New Zealand Environmental Reporter. *Business Strategy and the Environment*, 15(4), 219–241.
- Tregidga, H., Milne, M. & Kearins, K. (2014). (Re) Presenting ‘Sustainable Organizations’. *Accounting, Organizations and Society*, 39(6), 477–494.
- Tregidga, H., Milne, M. & Lehman, G. (2012). Analyzing the Quality, Meaning and Accountability of Organizational Reporting and Communication: Directions for Future Research. *Accounting Forum*, 36(3), 223–230.
- Tsamenyi, M. & Uddin, S. (2008). Introduction to Corporate Governance in Less Developed and Emerging Economies, in: *Corporate governance in less developed and emerging economies*, (pp. 1–11). Emerald Group Publishing Limited.
- Tsang, E. W. K. (1998). A Longitudinal Study of Corporate Social Reporting in Singapore: The Case of the Banking, Food and Beverages and Hotel Industries. *Accounting, Auditing & Accountability Journal*, 11(5), 624–635.
- Uche, C. O., Adegbite, E. & Jones, M. (2016). Institutional Shareholder Activism in Nigeria: An Accountability Perspective. *Accounting Forum*, 40(2), 78–88.
- Uddin, S. & Choudhury, J. (2008). Rationality, Traditionalism and the State of Corporate Governance Mechanisms: Illustrations from a Less-Developed Country. *Accounting, Auditing and Accountability Journal*, 21(7), 1026–1051.
- Uddin, S. & Hopper, T. (2003). Accounting for Privatisation in Bangladesh: Testing World Bank Claims. *Critical perspectives on accounting*, 14, 739–774.
- Uddin, S., Siddiqui, J. & Islam, M. A. (2018). Corporate Social Responsibility Disclosures, Traditionalism and Politics: A Story from a Traditional Setting. *Journal of Business Ethics*, 151(2), 409–428.
- Ukpere, W. I. & Slabbert, A. D. (2009). A Relationship between Current Globalisation, Unemployment, Inequality and Poverty. *International Journal of Social Economics*, 36(1/2), 37–46.
- Ullah, M. S. (2013). Corporate Social Responsibility Practices in the Banking Sector in Bangladesh-An Assessment. *Bank Parikrama*, XXXVIII(3 & 4), 129–152.
- Ullah, M. S. (2014). Green Banking in Bangladesh: Progress, Problems and Prospects. *Prajnan*, 43(1).
- Ullah, M. S. M. S., Muttakin, M. B. M. B. & Khan, A. (2019). Corporate Governance and Corporate Social Responsibility Disclosures in Insurance Companies. *International Journal of Accounting and Information Management*, 27(2), 284–300.
- Ullmann, A. A. (1985). Data in Search of a Theory: A Critical Examination of the Relationships among Social Performance, Social Disclosure, and Economic Performance of US Firms. *Academy of*

- management review*, 10(3), 540–557.
- Uzma, S. H. (2016). Embedding Corporate Governance and Corporate Social Responsibility in Emerging Countries. *International Journal of Law and Management*, 58(3), 299–316.
- de Villiers, C. & Alexander, D. (2014). The Institutionalisation of Corporate Social Responsibility Reporting. *The British Accounting Review*, 46(2), 198–212.
- De Villiers, C. & Marques, A. (2016). Corporate Social Responsibility, Country-Level Predispositions, and the Consequences of Choosing a Level of Disclosure. *Accounting and Business Research*, 46(2), 167–195.
- De Villiers, C. & Van Staden, C. J. (2006). Can Less Environmental Disclosure Have a Legitimising Effect? Evidence from Africa. *Accounting, organizations and society*, 31(8), 763–781.
- Vogel, D. (2008). Private Global Business Regulation. *Annu. Rev. Polit. Sci.*, 11, 261–282.
- Waddock, S. (2008). Building a New Institutional Infrastructure for Corporate Responsibility. *Academy of Management*, 22(3), 87–108.
- Walden, W. D. & Stagliano, A. J. (2003). An Assessment of the Quality of Environmental Disclosure Themes, in: Jaggi, B. and Freedman, M. (Eds.), *Advances in Environmental Accounting & Management*, (pp. 137–165). Bingley.
- Walder, A. G. (1986). *Communist Neo-Traditionalism: Work and Authority in Chinese Industry*. Berkeley: University of California Press.
- Wang, J. & Coffey, B. S. (1992). Board Composition and Corporate Philanthropy. *Journal of Business Ethics*, 11(10), 771–778.
- Webb, E. (2004). An Examination of Socially Responsible Firms' Board Structure. *Journal of Management and Governance*, 8(3), 255–277.
- Weber, M. (1978). *Economy and Society* (G. Roth and C. Wittich, Eds.). University of California Press.
- Weber, R. (1990). *Basic Content Analysis*. London. Retrieved from <https://methods.sagepub.com/book/basic-content-analysis>
- WEF. (2017). *Insight Report The Global Gender Gap Report 2017*. Geneva.
- Weiss, T. G. (2000). Governance, Good Governance and Global Governance: Conceptual and Actual Challenges. *Third World Quarterly*, 21(5), 795–814.
- West, A. (2006). Theorising South Africa's Corporate Governance. *Journal of Business Ethics*, 68(4), 433–448.
- Weyzig, F. (2006). Local and Global Dimensions of Corporate Social Responsibility in Mexico. *Journal of Corporate Citizenship*, 2006(24), 69–81.
- Whelan, G. & Muthuri, J. (2017). Chinese State-Owned Enterprises and Human Rights: The Importance of National and Intra-Organizational Pressures. *Business & Society*, 56(5), 738–781.
- Wieland, J. (2001). The Ethics of Governance. *Business Ethics Quarterly*, 11(1), 73.
- Williams, R. J. (2003). Women on Corporate Boards of Directors and Their Influence on Corporate Philanthropy. *Journal of Business Ethics*, 42(1), 1–10.
- Williams, S. M. (1999). Voluntary Environmental and Social Accounting Disclosure Practices in the Asia-Pacific Region: An International Empirical Test of Political Economy Theory. *The International Journal of Accounting*, 34(2), 209–238.
- Wirth, H., Kulczycka, J., Hausner, J. & Koński, M. (2016). Corporate Social Responsibility: Communication about Social and Environmental Disclosure by Large and Small Copper Mining Companies. *Resources Policy*, 49, 53–60.

- World Bank. (2002). *World Development Indicators Database, April 2002*. Retrieved from <https://data.worldbank.org/>
- World Bank. (2019). *Global Economic Prospects JUNE 2019 Heightened Tensions, Subdued Investment*. Washington, DC. Retrieved November 15, 2019, from <https://www.worldbank.org/en/news/press-release/2019/06/04/global-growth-to-weaken-to-26-in-2019-substantial-risks-seen>
- Wu, J. (2014). The Antecedents of Corporate Social and Environmental Irresponsibility. *Corporate Social Responsibility and Environmental Management*, 21(5), 286–300.
- Yin, J. & Jamali, D. (2016). Strategic Corporate Social Responsibility of Multinational Companies Subsidiaries in Emerging Markets: Evidence from China. *Long Range Planning*, 49(5), 541–558.
- Zahra, S. A. & Stanton, W. W. (1988). The Implications of Board of Directors Composition for Corporate Strategy and Performance. *International journal of management*, 5(2), 229–236.
- Zaman, I. (2011). *Corruption and Anti-Corruption in Bangladesh*. Transparency International Bangladesh, Dhaka.
- Zhang, L. (2012). Board Demographic Diversity, Independence, and Corporate Social Performance. *Corporate Governance: The international journal of business in society*, 12(5), 686–700.
- Zou, J. (2015). Selective Engagement in Corporate Social Responsibility: A Stakeholder Perspective. *Frontiers of Business Research in China*, 9(3), 371–399.
- Zucker, L. G. (1987). Institutional Theories of Organization. *Annual review of sociology*, 13(1), 443–464.
- Zyglidopoulos, S., Williamson, P. & Symeou, P. (2016). The Corporate Social Performance of Developing Country Multinationals. *Business Ethics Quarterly*, 26(3), 379–406.

Appendices

Appendix 1: List of social disclosure items

A. Community

Community Spending

Number of Awards Received

B. Employee

Employee Training Cost

Number of Employees – CSR

Employee Turnover %

% of Employees Unionized

% Women in Management

% Women in the Workforce

% of Minorities in Management

% of Minorities in Workforce

Workforce Accidents – Employees

Lost Time from Accidents

Fatalities – Contractors

Fatalities – Employees

Fatalities – Total

Health and Safety Policy

Equal Opportunity Policy

Human Rights Policy

Training Policy

Employee CSR Training

Fair Remuneration Policy

Employee Average Age

% Disabled in Workforce

Lost Time Incident Rate

Fatalities per 1000 employees

Fatalities – Third Party

Appendix Table 2: List of environmental disclosure items

<i>A. Audit/Verification</i>	Verification Type
	Latest Period End Date CSR
<i>B. Certifications</i>	ISO 14001 Certified Sites
	Number of Sites
	% of Sites Certified
<i>C. Damages</i>	Number of Spills
	Number of Environmental Fines
	Environmental Fines (Amount)
	Number of Spills
<i>D. Emission</i>	Indirect CO2 Emissions
	Direct CO2 Emissions
	Total CO2 Emissions
	CO2 Intensity
	Travel Emissions
	Nitrogen Oxide Emissions
	Sulphur Oxide Emissions
	VOC Emissions
	Carbon Monoxide Emissions
	Methane Emissions
	ODS Emissions
	Particulate Emissions
	Emissions Reduction Initiatives
	GHG Scope 1
	GHG Scope 2
	GHG Scope 3
	Sulphur Oxide Emissions
	Greenhouse Gas Intensity per Sales
	Greenhouse Gas Intensity per EBITDA
	Greenhouse Gas Intensity per Energy Consumption
	Greenhouse Gas Intensity per Employee
	Greenhouse Gas Intensity per Retail Elec Sold
	Travel Related Greenhouse Gas per Employee
	Carbon Dioxide Intensity per EBITDA
	Carbon Dioxide Intensity per Employee
	Carbon Dioxide Intensity per Retail Elec Sold
	Travel Related Carbon Dioxide per Employee
	Total GHG Emissions
	Total Greenhouse Gas / Carbon Dioxide Emission
	Total GHG CO2 Emissions Intensity per Sales
<i>E. Other</i>	Green Building Policy
	Climate Change Policy
	Environmental Quality Management Policy
	Investments in Operational Sustainability
	Environmental Accounting Cost

	Biodiversity Policy
	ESG Disclosure Score
	Environmental Disclosure Score
	Climate Change Opportunities Discussed
	Risks of Climate Change Discussed
<i>F. Product</i>	New Products – Climate Change
<i>G. Resource Consumption</i>	Total Energy Consumption (MWh)
	Renewable Energy Use (MWh)
	Total Water Use
	% Water Recycled
	Discharges to Water
	Paper Consumption
	Fuel Used (Th Litres)
	Raw Materials Used
	% Recycled Materials
	Energy Efficiency Policy
	Sustainable Packaging
	Electricity Used
	Water per Unit of Production
	Energy Intensity per Sales
	Energy Intensity per EBITDA
	Energy Intensity per Employee
	Energy Intensity per MBOE Produced
	Water Intensity per Sales
	Water Intensity per EBITDA
	Water Intensity per Energy Consumption
	Water Intensity per Employee
	Paper Consumption per Employee
	Total Power Generated
	Waste Sent to Landfills
	Fuel Used – Crude Oil/Diesel
	Fuel Used – Coal/Lignite
	Fuel Used – Natural Gas
<i>H. Supply Chain</i>	Environmental Supply Chain Management
	Total Recordable Incident Rate
<i>I. Waste Management</i>	Hazardous Waste
	Total Waste
	Waste Recycled
	Paper Recycled
	Waste Reduction Policy
	Total Water Discharged
	Water Discharge Percent
	Waste Generated per Sales

Appendix 3: Description of variables

Main governance variables

Expected sign	Variable (abbreviation)	Variables (full name)	Description	Source
+	GLOBAL_GOVSCORE	Global governance score	Average of two global governance variables: GRI and UNGC	Bloomberg ESG database
+	COUNTRY_GOVSCORE	Country-level governance score	Average of six country-level governance variables: VA, PV, GE, RQ, RL and CC	Worldwide governance indicators of the World Bank
+	FIRM_GOVSCORE	Firm-level Governance score	Average of four firm-level governance variables: board independence, female on the board, the board size, number of board meetings	Bloomberg ESG database

Global governance variables

+	UNGC	United Nation Global Compact	UNGC dummy variable; equals 1 if the firm is a signatory of UNGC, otherwise 0	Bloomberg ESG database
+	GRI	Global Reporting Initiatives	GRI is a dummy variable; equals 1 if the firm is compliant with GRI requirement, otherwise 0	Bloomberg ESG database

Country-level governance variables

+	VA	Voice and accountability	Perceptions of the extent to which a country's citizens can participate in selecting their government, as well as freedom of expression, freedom of association, and free media.	Worldwide governance indicators of the World Bank
+	PV	Political stability and absence of violence	Perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism.	Worldwide governance indicators of the World Bank
-	GE	Governance effectiveness	Perceptions of the quality of public services, the quality of the civil service, and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.	Worldwide governance indicators of the World Bank

+	RQ	Regulatory quality	Perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.	Worldwide governance indicators of the World Bank
-	RL	Rule of law	Perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.	Worldwide governance indicators of the World Bank
+	CC	Control of corruption	The extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as the 'capture' of the state by elites and private interests.	Worldwide governance indicators of the World Bank
<i>Firm-level governance variables</i>				
+	BIND	Board independence	The proportion of independent board members	Bloomberg ESG database
+	FEMD	Female director on board	The proportion of female board members	Bloomberg ESG database
+	BSIZE	Board size	Number of board members	Bloomberg ESG database
+	BMTG	Board meeting	Number of board meetings	Bloomberg ESG database
<i>Control Variables</i>				
+	ROA	Return on assets	The ratio of earnings before interest and taxes, and total assets	Bloomberg ESG database
+	FSIZE	Firm size	Natural logarithm of total assets	Bloomberg ESG database
+	MTB	Market to book value	Market value of a stock to book value of stock	Bloomberg ESG database
-	LEV	Leverage	The ratio of the book value of total debt and total assets	Bloomberg ESG database
+	GDP	Gross domestic product	Natural logarithm of the gross domestic product (GDP) per capita, at the current price	World Bank website

Appendix 4: Profiles and details of the interviewees

SI #	Position and Organisation	Background and affiliations	Gender	Dates	Length: Minutes	Code*
<i>Corporate Interviewees</i>						
1.	CEO of a listed company (insurance) which is a member of UNGC	UN SDG pioneer for women economic security	Female	24/04/2019	70	CEO1
2.	CEO of a listed company (bank) which is a member of UNGC, issued CSR report following GRI G4 and known for CSR reporting awards	Worked in MNCs; known for sustainability and reporting	Male	14/05/2019	48	CEO2
3.	CEO of a listed company (finance) which is a member of UNGC, issued CSR reports following GRI G4 and known for CSR reporting awards	FCMA	Male	07/05/2019	60	CEO3
4.	CEO of an MNC	Independent director of two other MNCs; member of an NGO	Female	06/05/2019	80	CEO4
5.	CEO of a listed company (insurance) known for reporting awards	-	Female	25/04/2019	70	CEO5
6.	Deputy managing director of a listed company (bank) which is a member of UNGC, issued CSR report following GRI G4 and known for CSR reporting awards	Certified Sustainability Reporting Assurer; FCMA, Head of Sustainability Reporting Team	Male	05/03/2019	40	CSR Team1
7.	Head of CSR of a listed company (finance) which is a member of UNGC, issued CSR reports following GRI G4 and known for CSR reporting awards	Worked at MNCs and NGOs earlier	Female	01/04/2019	120	CSR Team1

8.	Vice president and member of CSR Reporting Team of a company (bank) which is a member of UNGC, issued CSR reports following GRI G4 and known for CSR reporting awards	Certified Sustainability Reporting Specialist	Male	10/03/2019	62	CSR Team1
9.	Member of CSR Reporting Team of a listed company (bank) which is a member of UNGC, issued CSR report following GRI G4 and known for CSR reporting awards	Certified Sustainability Reporting Specialist	Male	10/03/2019	51	CSR Team1
10.	Chairman of a state-owned financial institution, chairman of the executive committee of the largest private bank, vice president of an accounting body	FCA, FCMA, PhD and Professor of Accounting, former director of banks and stock exchange	Male	10/03/2019	45	BC
11.	Independent director	Chair of the audit committee, FCMA, Professor of Finance	Male	30/03/2019	124	ID1
12.	Independent director of two listed companies	Former bureaucrat; audit committee chair	Male	08/05/2019	30	ID2
13.	Independent director of a listed company	Former CEO of a private commercial bank	Male	24/02/2019	43	ID3
14.	Independent director and chair of the Audit Committee of a listed company	Professor of Accounting, FCMA	Male	25/03/2019	47	ID4
15.	Independent director	A listed company, Professor of Banking and Finance	Male	07/04/2019	71	ID5
16.	CEO of a telecom company and independent director of some companies, including MNCs	FCA, chair of an NGO for underprivileged children, member of CSOs advocating	Female	25/03/2019	55	FD1

		transparency and control of corruption and policy based on multi-stakeholder engagement, member of Advisory Board of UNICEF, former president of an accountants' body					
17.	Director of a state-owned bank	CEO of an investment company	Female	19/03/2019	32	FD2	
18.	Director of a state-owned bank	CEO of a private company	Female	18/04/2019	33	FD3	
19.	President of a multilateral trade association and independent director	Director of a few companies; lawyer	Female	02/05/2019	68	TA1	
20.	President of a Women Trade Association	Director of a stock exchange and several companies, former Vice President of FBCCI, known for woman entrepreneurship	Female	27/04/2019	70	TA2	
21.	President of a bilateral trade association	The country representative of a foreign external trade relations organisation	Male	13/05/2019	51	TA3	
22.	General Secretary of a bilateral trade association	CEO (consultant) of a consulting company	Male	12/05/2019	70	TA4	
23.	The executive director of a Bangladeshi MNC which is a member of UNGC and adopted ISO 9000 for the first time in Bangladesh, Member of UNGC	FCA	Male	20/03/2019	48	CORP1	
24.	Deputy managing director of a bank	-	Male	28/02/2019	30	CORP1	
25.	Vice president of a bank	Regularly writes in the newspaper on contemporary issues	Male	28/03/2019	80	CORP3	

26.	Vice president of a trade association	CEO of a company	Male	17/02/2019	46	TA5
<i>Noncorporate Interviewees</i>						
27.	Chair of CSR Award Committee	Former Cabinet member (minister) of the Caretaker Government, Director of Central Bank, chair of the panel of Economist for different Five-Year Plan and Perspective Plan	Male	06/05/2019	60	CSR Expert1
28.	CEO, CSR expert and consultant for reporting	Local network of a UN initiative	Female	20/03/2019	65	CSR Expert2
29.	Academic, CSR expert	Professor, expert, and a post-doctoral fellowship in CSR	Male	11/03/2019	30	CSR Expert3
30.	President of an accounting body	Current and former independent director of a few companies, including MNCs, FCA; worked as a statutory auditor and at MNCs	Male	18/04/2019	65	ACCNT
31.	Former governor of the Central Bank	Known for CSR expertise and initiatives; researcher and development activist	Male	28/04/2019	48	REG1
32.	The former deputy governor of the Central Bank	Social activist, writer and critic	Male	14/03/2019	31	REG2
33.	Commissioner, Securities and Exchange Commission	FCMA, Professor of Accounting	Male	14/03/2019	124	REG3
34.	CEO of the stock exchange	Former CEO of a bank	Male	25/03/2019	30	REG4
35.	CFO of a stock exchange	FCA, worked in MNCs at home and abroad	Male	18/03/2019	62	REG5
36.	General Manager of the Central Bank	Known for CSR expertise	Male	25/03/2019	54	REG6

37.	Director of Securities and Exchange Commission	Expertise in governance	Male	04/03/2019	42	REG7
38.	Deputy general manager (DGM) of a stock exchange	-	Female	31/03/2019	67	REG8
39.	Deputy Director of the Central Bank	Expertise in CSR and green banking	Male	18/03/2019	47	REG9
40.	Member of CSO advocating transparency and control of corruption	A former adviser to the Caretaker Government (minister), Secretary of Government of Bangladesh, independent director, chairperson of a CSO, worked at World Bank and ADB	Male	18/02/2019	51	NGO/C SO1
41.	Vice President of a USA-based international NGO for poverty and hunger; founder secretary of a CSO (think-tank) for good governance	Political analyst, local government and election expert; development worker	Male	09/04/2019	68	NGO/C SO2
42.	Former Secretary of Government of Bangladesh	Bureaucrat and governance researcher	Male	11/04/2019	107	NGO/C SO3
43.	Senior Executive of a CSO (think-tank) for policy based on multi-stakeholder engagement	PhD in structural impediments to Bangladesh's economic growth, expert of Development Policy, international trade and globalisation	Male	07/04/2019	70	NGO/C SO4
44.	Academic	Professor of Accounting	Male	13/02/2019	30	ACA1
45.	Academic	PhD in CSR reporting in banks in Bangladesh	Male	11/02/2019	45	ACA2
46.	Academic	PhD in foreign direct investment, Research corporate governance and family business	Male	18/03/2019	59	ACA3

47.	Academic, governance Expert	FCMA, Professor of Accounting, PhD in CSR and Governance	Male	08/04/2019	56	ACA4
48.	Academic	Professor	Male	24/02/2019	41	ACA5
49.	Academic	Professor of Accounting	Male	24/03/2019	42	ACA6
The total duration of the interview					2838 minutes	
The average duration of the interview (2838 minutes/49)					58 minutes	

**CEO* stands for Chief Executive Office; *CSR Team* stands for a member of CSR team; *BC* stands for Chairman of the Board; *ID* stands for Independent Director; *FD* stands for Female Director; *TA* stands for Trade Association; *CORP* stands for Corporate Interviewee; *CSR Expert* stands for CSR Expert; *ACCNT* stands for Professional Accountant; *REG* stands for Regulator; *NGO/CSO* stands for Non-governmental Organisation/Civil Society Organisation, and *ACA* stands for Academician.

Appendix 5: Case study: Mixed experience of a successful independent director in Bangladesh

This case study shows how effective is the inclusion of independent directors in enhancing corporate governance and corporate social and environmental reporting. This illustrates the diverse ‘rise and fall’ experiences of one of the top-performing independent directors who was selected through an appropriate process (similar to a peer review). Initially, he was disliked by the sponsor directors for his insistence for compliance and was asked to resign. He struggled with all of his capabilities and finally could convince the board that his role is for the betterment of the company, not for his benefit. He has shared some of the dynamics and idiosyncratic status quo. His views indicate that it is very difficult for a typical independent director (ID) to play an independent role.

The responses of the case ID have been outlined in direct speech, in the following order: motivation to be an ID, how he was appointed, difficulties faced, how he overcame the difficulties and survived, support from some of the directors, making positive contributions and getting accepted, other independent directors, how different he is from the typical ID, absence of enforcement by BSEC and Bangladesh Bank, and concluding remarks.

Motivation to be an independent director

I have chosen to be an independent director of a bank because there is a bigger role to play in a bank. Because Bangladesh Bank empowered independent directors by requiring them to have the financial literacy to be made the chairman of the audit committee. The audit committee chairman has been given power in many areas. now they give the annual confidential report (ACR) of the head of the audit. So, under this rule, the owners are bound to do it whether they like it or not. When I was offered this position, I thought this is an opportunity to serve the nation by creating some good examples. So, I enjoy it because I feel I own this bank and accordingly feel if I can do better for this bank.

How he was appointed

In earlier cases, the chairman used to pick up whoever he liked. It was simply an invitation made to known people. But in my case, the earlier chairman sought some advice from someone (expert/peer) who quoted some names and I was one of the chosen. Fortunately, I have been

made the chairman of the audit committee because I have a professional degree. Being a fellow of the Institute of Cost and Management Accountants in addition to my doctorate in Applied Economics, an MBA major in Finance and a Professor in Finance, I qualified according to the regulation that has been mentioned there.

Difficulties faced

I wouldn't like to share that bitter experience. But I will say how I came across that problem. For whatever reason, they rejected me, they didn't want to listen. I argued and tried to convince them, but still, they didn't like me. Because they have a perennial idea that what they believe, it has to be. At the beginning of my tenure, they said: "you can resign". You see the kind of force they applied.

How did you overcome the difficulties and survive?

I said, "if I resign, I will quote this kind of behaviour to BSEC and Bangladesh Bank and then your chairmanship will be in trouble." With that threat, they kept away from that. But over time, they have seen that whatever I had said earlier was happening. Therefore, they started believing – "what he is saying is correct". Later on, I found that many of them on the board were complacent with my job, with my performance, and I managed to get their mindset to be changed. Before they wouldn't like to listen to what I was saying; they said: "who is doing that kind of thing?" Now they are listening; at least I improved their absorption capacity of listening. Now if they take 70 – 80%, that is my achievement. So, I had to change their mind. Over time, whatever the objections I made, I said that "this will impact your performance in future". In the following two years, the same things that I warned about happened. Then they started believing that "this fellow knows things". Now they want to listen. I have improved their perception. I improved their knowledge. Now they listen and they find that whatever I am saying is good for the company. Even now, they don't listen to 10 – 20% of my advice. But I have proved myself, and that's the way I have overcome the challenges.

Support from some of the directors

I got support from some directors who said: "he has no personal interest. He has no benefits whether his suggestions are implemented or not." That kind of support made the others think. It wasn't me saying that, it was the other directors who felt early, who have changed their minds

and convinced others. There are more dynamics which are really different from bank to bank, from industry to industry.

Making positive contributions and getting accepted

After being inducted as an independent director and chairman audit committee, within one and a half years, there was one incident which didn't show good governance of the bank. But since I had more understanding of the laws and regulations of the BSEC and Bangladesh Bank, I forcefully told them "you are violating the law" and the board chairman and others apologised for the behaviour they had with me earlier. And with that struggle, I am surviving and continuing the second term. At this moment, I have been accepted by them as a freelance consultant. They have found that I am working for the institution. It took two years to convince them that I am for the institution, not for any individuals.

What about other independent directors

In some cases, they (other independent directors) may not be able to continue for the second term until and unless they can convince the sponsor directors, as I have convinced them. Elsewhere, they are not continuing for the second term. First thing, I know what I am saying; this is my firm conviction that I am saying what is the reality; I am saying what is going to implicate the firm.

How different are you from the typical independent directors?

I am damn sure. They (previous and current Managing Directors) used to say that I fall in 5% of the total independent directors of the listed companies in the country, who are doing this kind of things. So, it is only 5% whose works are similar to mine. So, you can consider "surely it is different. You can survive the rest of the period and the next period you will be gone." But what am saying I have achieved? The environment was not favourable to me at that time. But I turned it into a favourable One. That means I considered myself as an agent for change. This may not be possible for many of the directors. So, you cannot expect that they will be able to succeed in changing the environment.

Absence of enforcement by BSEC and Bangladesh Bank

Again, regarding the rule of law and the situation of the country, the sponsors are the super-rich. They are politicians or have connections with politicians. They dominate the regulators. The regulators do not like to disturb them. According to the regulation of Bangladesh Bank, a person cannot be a board member in more than one bank, non-bank financial institute, and the insurance company. To join a bank, I resigned from the non-bank financial company. I complied with the regulations. I know some sponsor directors were on the board of a bank and NBFIs or insurance companies simultaneously. But the regulator did not enforce the regulation. The environment is such that even if the regulator tried to do something; they were under pressure by the regime.

Concluding remarks

So far, I consider myself successful. If I had not been liked by them, they would have not reappointed me for the second term.

Appendix 6: SER in Bangladesh: Boardroom experience of a female director

Interviewer: What is your role in promoting CSRD?

Female director (FD): Basically, the reporting of CSR is done by the management;

Interviewer: What about CSR?

FD: It is generally decided by the chairman. However, in case of any emergency or natural calamity, we usually discuss helping the victims.

Interviewer: Could you please share such an experience if you can remember any?

FD: For example, when there was a severe flood in Sylhet, I proposed that we should give loans to the farmers and we should do it right now. And I am thankful to all the members of the board because they all supported it.

Interviewer: Have you observed any difference between the role of men and women for CSR and SED?

FD: Basically, CSR is not a regular agenda of the board and I don't find any difference between men and women. Frankly speaking, it's 'chairman and the management'.

Interviewer: It is said that having women in the top management or boardroom may be encouraging and beneficial for other women. How do you see it from your boardroom experience?

FD: You see, we do not have the power to decide, but when there is an issue, say, for example, promotion, we request the chairman to give priority to the women if there are any women candidates.

Interviewer: How do you see corruption and its influence on CSR disclosure?

FD: I have an objection to corruption. Say, for example, someone has embezzled money and I think that person should not have the job anymore. He should not be excused, because he has breached trust. But I have found that people say he refunded the money; he apologised, etc. I don't support this policy. If the same thing happened in my own company, I would never tolerate it because he has broken my trust. So, he cannot be with me anymore. But it is said that it is not possible to sack someone easily; government job doesn't go easily. So, I do not like this.

Interviewer: Have you protested in such a situation (corruption)?

FD: You see, it is not an individual director's matter. A board consists of about 20 people. So, the decision is made by the majority. My choice or opinion may not be reflected in the board decisions.

Interviewer: Are there any other female directors on the board?

FD: Yes, another two women are there.

Interviewer: Do you get support from the other two female directors?

FD: It's not a man or woman; someone's opinion depends on the types of the agenda.

Interviewer: You are a director of a government bank and the CEO of your own company. How do you see your role in these two companies?

FD: The two organizations are totally different. This business has been developed by me and I have been running it for the last 37 years. I think my voice, my freedom and respect are much more in my company than that in others.

Interviewer: Do you have a chance to talk there?

FD: There is a chance to talk, but how much your opinions are counted, that is a different thing (important). I feel the most interest in my own business. I am happy with the success of my own business.

Interviewer: Could you please tell me how do you see CSR?

FD: Look, if a company does not do its main activities properly, what will you do with CSR? There are many anomalies.

Interviewer: Please tell me more.

FD: Sorry, I don't want to talk about those.

Interviewer: Do you face any difficulties as a member of the board?

FD: Many difficulties are there. Saying that has no benefit. These have no solutions.