

**INTERNATIONAL JOURNAL OF LEGAL AFFAIRS AND
EXPLORATION**

Volume 1| Issue 1

2023

CORPORATE SOCIAL RESPONSIBILITY LEGISLATION IN BANGLADESH

Mohammad Faruk Hossain & Md Adnan Kabir

Assistant Professors, Chittagong Independent University, Bangladesh

ABSTRACT

Corporate social responsibility (CSR) involves the voluntary incorporation of social and environmental concerns into a company's operations and its interactions with various stakeholders. The global landscape has witnessed a surge in CSR practices, especially in the context of the Sustainable Development Goals (SDGs). Nonetheless, CSR implementation varies across nations and industries and is influenced by a blend of legal, cultural, and economic factors. This study delves into the legal landscape of CSR in Bangladesh, a developing country grappling with a fragile economy and a susceptible industrial sector. The investigation in this study scrutinises the legislative framework and regulations pertinent to CSR in Bangladesh. Furthermore, the study conducts an evaluation of the current status and challenges faced by CSR in Bangladesh. It posits that the existing legal framework for CSR in Bangladesh is insufficient and ineffective, failing to encompass critical aspects such as human rights, environmental preservation, stakeholder engagement, and transparency. The study recommends that Bangladesh adopt a more comprehensive and harmonised approach to CSR regulation, aligned with international standards and best practices. It also advocates for CSR to be ingrained in the fundamental business strategy and culture of corporations, moving beyond the perception of a mere philanthropic or remedial endeavour.

KEYWORDS: *Corporate Social Responsibility (CSR), Law, Policy, Compliance, Bangladesh.*

1. INTRODUCTION

Corporate social responsibility (CSR) signifies the commitment of companies to operate ethically, in a socially beneficial way, and with a focus on environmental responsibility (Marrewijk, 2003). Companies that embrace CSR can experience a positive impact on their reputation, customer and employee retention, cost reduction, risk management, and competitive advantage (Sobhan, 2006). CSR can also positively impact society by addressing social and environmental issues, supporting local communities, and contributing to global development goals (Mbare, 2004).

CSR researcher Carroll provides that CSR can be divided into four main types: environmental, ethical, philanthropic, and financial (Carroll 1979). Within Environmental CSR, the primary focus lies in diminishing the adverse environmental effects of business activities by reducing waste, emissions, and resource usage and endorsing renewable energy and eco-conscious products. Ethical CSR places a strong emphasis on maintaining moral integrity in business operations, which encompasses the protection of human rights, labour rights, diversity, and consumer interests while actively avoiding corruption, fraud, and unethical business practices. Philanthropic CSR involves contributions of financial resources, goods, or services to charitable causes and organisations that promote societal well-being, spanning areas such as education, healthcare, poverty alleviation, and disaster relief. Financial CSR involves ensuring the company is profitable and sustainable in the long term while being apparent and answerable to its shareholders and other stakeholders (Carroll, 1999).

Many scholars have studied the concept of CSR from different perspectives and disciplines, such as management (Soderstrom, Soderstrom, and Stewart, 2017), ethics (Fassin and Rossem, 2009), sociology (Timms, 2017), economics (Belu and Manescu, 2013), and law (Rahim, 2013). Some of the topics that scholars have explored include the definition (Carroll, 1999), measurement (Weber, 2008), drivers and barriers (Laudal, 2011), practices (Rahman and Juy, 2016), outcomes (Marín, Rubio, and Maya, 2012), and impacts of CSR (Boulouta and Pitelis, 2014). Scholars have also developed various theories, frameworks, models, and methods to understand and explain CSR (Fernando and Lawrence, 2014). Some of the common approaches are Good-Neighbourliness (Eilbirt and Parket, 1973), Stakeholder theory (Freeman, 1984), CSR Pyramid (Carroll, 1991), Triple-bottom-line (Elkington, 1998), Strategic CSR (Husted and Allen 2007), etc.

Unfortunately, the key question Bowen, the Father of CSR, asked in his book in 1953 is in effect to date, “What responsibilities to society may businessman reasonably be expected to assume? (Bowen, 1953).”

In Bangladesh, CSR is considered a corporate voluntary activity achieved through mere philanthropic donation and charity (Porag 2014). The reason behind such a philanthropic concept of CSR is the religious motivation of providing charity to poor and needy people (Mohammed, 2007). Past contemporary discussion lacks highlighting other aspects of CSR toward a sustainable corporate culture that affect the implementation of what businesses fail to comply with legal and ethical responsibility in many cases (Hossain, Ismail, and Mahdzir, 2021). This study, therefore, aims to explore CSR legislation in Bangladesh and analyse its strengths and weaknesses and whether they can secure CSR in Bangladesh. This qualitative study deploys both primary and secondary data using library research. The study findings may have the potential to pave the way for the development of a sustainable corporate culture in Bangladesh, laying the foundation for a legal framework that supports and promotes CSR initiatives.

2. CORPORATE SOCIAL RESPONSIBILITY IN BANGLADESH

The historical background of CSR in Bangladesh can be traced back to ancient times when charitable deeds and philanthropic activities were common among wealthy and influential people (Rana, 2015). These included donations to the poor, religious institutions, educational establishments, and social causes. However, these acts were mostly motivated by personal or religious beliefs rather than by a sense of social responsibility or accountability (Porag, 2014).

In the colonial period, CSR was largely influenced by British rule and the emergence of modern industries. Some early examples of CSR in Bangladesh were establishing schools, hospitals, libraries, and cultural centres by British companies and entrepreneurs (Salvetti and Nijhof, 2020). However, these initiatives were often limited to a few urban areas and did not address the broader social and environmental problems the majority of the population faced. Moreover, many of the colonial businesses exploited the natural resources and labour force of Bangladesh without regard for their welfare or rights (Bristi, Rajib, and Shoukat, 2020).

In the post-independence era, CSR in Bangladesh underwent significant changes due to the political, economic, and social transformations that took place in the country. Some factors that influenced CSR in Bangladesh were, for example, the emergence of a democratic system and

civil society, which demanded more accountability and transparency from the government and the private sector (Goswami and Tandon, 2016). Adopting a market-oriented economy and a liberal trade policy opened up new opportunities and challenges for local and foreign businesses (Henisz, Zelner, and Guillén, 2005). The growth of various industrial sectors, especially the readymade garment industry, contributed to the economic development and employment generation of Bangladesh (Belal and Owen, 2007).

In addition to the above concerns, the emergence of a multitude of social and environmental challenges, including issues such as poverty, inequality, human rights violations, labour disputes, corruption, pollution, climate change, and natural disasters, have raised significant risks to the long-term sustainability and prosperity of Bangladesh (Porag, 2014). The increasing pressure and expectations from the international community and stakeholders, such as customers, investors, regulators, NGOs, media, and civil society groups, urged businesses to adopt more responsible and ethical practices (Belal and Roberts, 2010).

As a result, CSR in Bangladesh evolved from a voluntary and philanthropic activity to a more strategic and integral part of business operations (Hossain, 2011; Rahman, 2017). Many companies in Bangladesh started to adopt various CSR initiatives, such as improving their working conditions and labour standards, enhancing their environmental performance and resource efficiency, supporting their local communities and suppliers, engaging with their stakeholders and customers, disclosing their CSR activities and impacts, and complying with the relevant laws and regulations (Belal and Roberts, 2010).

However, CSR practice in Bangladesh is still facing many challenges and weaknesses. Many companies in Bangladesh do not have transparent and accountable management systems, which can lead to corruption, fraud, and unethical practices. Such drawbacks can undermine the credibility and effectiveness of their CSR initiatives (Rahim 2013b). Many workers and consumers in Bangladesh do not have enough awareness or power to demand better working conditions, fair wages, or quality products from companies. It can result in exploitation, discrimination or violation of human rights and limit the pressure and feedback companies receive from their stakeholders to improve their CSR performance (Hossain, 2011). Furthermore, with the exception of the financial sector, there exists no obligatory mandate for companies operating in Bangladesh to include details of their CSR initiatives or expenditures in their annual reports.

This absence of transparency makes it challenging to effectively oversee, assess, or compare the CSR performance among different companies. Consequently, it reduces the accountability and transparency of the companies to their shareholders and other stakeholders (Islam and Huosong, 2016). Most significantly, no legal or regulatory framework specifies how much or how often companies in Bangladesh should spend on CSR activities, which can result in low or inconsistent company investment in CSR initiatives. It is also likely to affect the quality and sustainability of the CSR outcomes and impacts (Rahim, 2013a).

Apart from this, many companies in Bangladesh do not have a clear or comprehensive definition of CSR or its benefits. They view CSR as a philanthropic or charitable activity rather than a strategic or integral part of their business operations. They lack the knowledge or skills to effectively design, implement, or measure their CSR initiatives (Alam, Hoque, and Hosen, 2010). In order to secure CSR implementation, Bangladesh needs effective initiatives to resolve all the barriers concerning CSR.

3. PUBLIC POLICY OF CORPORATE SOCIAL RESPONSIBILITY APPLIED IN BANGLADESH

The existing CSR policy in Bangladesh lacks clarity and consistency. No specific law or regulation mandates or defines CSR for all sectors or industries (Rahim, 2013a). However, different authorities and stakeholders have introduced some guidelines and initiatives to promote and monitor CSR in Bangladesh. Some of these are as follows:

In 2008, the Bangladesh Bank, serving as the central bank of the country, introduced CSR guidelines for the financial sector, aiming to integrate CSR practices into their operations. These guidelines outline that financial institutions can allocate a portion of their post-tax profits for CSR activities. However, there are specific limitations in place: a maximum of thirty percent of their CSR expenditure can be allocated to the education sector, twenty percent to the health sector, and ten percent to climate risk or disaster management initiatives. The Bangladesh Bank also monitors and reports the CSR performance of the financial sector annually (Miah, Saha, and Karim, 2019).

The National Board of Revenue (NBR), which is the tax authority of the country, offers a conditional ten percent income tax exemption for companies that fulfil their CSR commitments in terms of budgetary allocations.

The NBR also requires companies to disclose their CSR spending in annual tax returns. Nonetheless, there is an absence of a well-defined definition or established criteria for CSR spending in terms of how it should be measured or independently verified in Bangladesh (Nasrullah and Rahim, 2014).

The Dhaka Stock Exchange (DSE), serving as the primary stock exchange in Bangladesh, has introduced a voluntary framework for listed companies, encouraging them to include information about their CSR endeavours and their resultant impacts in their annual reports. This guideline outlines a structured approach for reporting across four fundamental dimensions of CSR: economic, environmental, social, and governance (Azim, Ahmed, and Islam, 2009). However, there is no enforcement or verification mechanism for the guideline or any penalty for non-compliance (Jahan, 2019).

Under this circumstance, Bangladesh requires an effective legal base to secure CSR implementation in all businesses. It should reconsider the need for CSR in establishing long-term sustainability, without which the corporate world will suffer from a competitive business world locally and internationally. In considering the need for CSR in Bangladesh, the following section performs an in-depth analysis of the existing laws on CSR to know whether they can secure CSR implementation in the country toward long-term sustainability.

4. LAWS ON CORPORATE SOCIAL RESPONSIBILITY IN BANGLADESH

In Bangladesh, no specific law regulates CSR for all sectors of the economy (Khatun, 2014; Rahim, 2013a). Within the regulatory framework of CSR in the country, the key legislations often utilised to encourage and foster CSR are the Companies Act of 1994, the Bangladesh Labour Act of 2006, and the Environmental Conservation Act of 1995. The following is an attempt to analyse these relevant laws of Bangladesh to go deep into the concern over CSR.

4.1 The Companies Act, 1994

The Companies Act 1994 (the Act) is the primary legal framework governing the establishment, administration, and dissolution of companies in Bangladesh. Within this comprehensive legislation, there exist several provisions that hold relevance to CSR practices. These provisions underscore the importance of transparency, compliance with legal requirements, and shareholder approval in shaping a company's CSR initiatives.

The Act mandates that every company must maintain accurate and comprehensive books of accounts that provide a genuine and transparent depiction of the company's financial status and transactions. It implicitly suggests that companies are required to disclose both their financial performance and non-financial initiatives, including their CSR efforts, in a manner that is both transparent and accountable (Section 181). This provision emphasises the need for businesses to communicate their CSR activities and impacts clearly.

The Act authorises the Registrar of Joint Stock Companies and Firms (RJSC) to inspect any company's books and documents and report any violations of the Act or other legal requirements (Section 183). In the CSR context, this indicates that companies must conform to all pertinent legal and regulatory requirements related to CSR, encompassing environmental conservation, labour rights, consumer safeguarding, anti-corruption measures, and taxation. This places a substantial responsibility on companies to guarantee complete compliance with laws associated with CSR.

The Act allows companies to make donations for charitable purposes, but only with the approval of shareholders during a general meeting (Section 202). While this provision permits companies to engage in philanthropic or charitable activities as part of their CSR initiatives, it also underscores the magnitude of contemplating the interests and expectations of shareholders. It ensures that CSR decisions align with the broader stakeholder interests and are made transparent and accountable.

The Act explicitly prohibits companies from making political contributions, directly or indirectly, to any political party or for any political purpose (Section 228). This strict prohibition highlights the necessity for companies to abstain from involvement or influence in political affairs or activities that could compromise their integrity or impartiality. It emphasises the significance of upholding ethical corporate governance standards by maintaining a distinct separation between business operations and political activities.

In summary, the Companies Act 1994 in Bangladesh contains provisions that directly affect CSR practices, emphasising transparency in financial reporting, compliance with legal requirements, shareholder approval for philanthropic activities, and the strict prohibition of political contributions. These provisions collectively encourage responsible and ethical CSR practices within the corporate landscape of the country.

4.2 The Labour Act, 2006

The Labour Act 2006 (the Act) serves as the primary legislative framework governing labour relations and employment-related matters in Bangladesh. It encompasses various issues, including working conditions, health and safety, compensation, and trade unions. Within this comprehensive legislation, several provisions are particularly relevant to CSR as they ensure fair and equitable treatment of workers and promote their welfare and safety.

The Act lays the foundation for CSR by mandating that every employer must ensure fair and equitable treatment of workers in all aspects related to employment and service (Section 3). This provision emphasises the importance of treating workers with respect and dignity, aligning with CSR principles that prioritise the well-being of employees. The Act further establishes essential administrative practices for employers, such as issuing appointment letters, maintaining service records, and providing certificates of service (Sections 10, 11, and 31). These provisions contribute to transparency and accountability in employment practices, which are integral aspects of CSR.

The Act emphasises the importance of wage fairness by requiring employers to pay wages for any leave not availed by a worker during a year (Section 14). Ensuring workers receive due compensation is a key element of CSR, promoting economic well-being and job security. Similarly, the Act underscores the employer's responsibility to provide financial support and maintain safe working conditions (Sections 19, 28, 108, and 109). These sections address death benefits, provident funds, and health and safety standards, all of which are critical to the overall welfare and security of workers.

The Act further focuses on the welfare of workers within an establishment, requiring employers to provide facilities like canteens, restrooms, and first aid and even appoint welfare officers and participation committees for larger establishments (Sections 115, 116, and 117). These provisions demonstrate a commitment to the holistic well-being of workers, aligning closely with CSR goals that extend beyond mere compliance. Lastly, the Act mandates the formation of safety committees in larger establishments, promoting collaboration between employers and the workforce to ensure compliance with health and safety regulations (Section 118). This collaborative approach aligns with CSR principles, emphasising stakeholder engagement and mutual trust.

In summary, the Labour Act 2006 contains numerous provisions relevant to CSR, emphasising fair treatment, transparency, wage fairness, worker welfare, and health and safety. These provisions are critical to the legal framework for promoting responsible business practices and worker well-being in Bangladesh.

4.3 The Environmental Conservation Act 1995

The Environment Conservation Act 1995 (the Act) serves as a crucial piece of legislation in Bangladesh, regulating the protection and improvement of the environment and controlling environmental pollution. Within this legislation, several provisions are relevant to Corporate Social Responsibility (CSR) concerning environmental conservation and sustainability.

The Act empowers the government to declare ecologically critical areas and impose restrictions on their use (Section 5). This provision underscores the importance of businesses respecting and protecting natural resources and biodiversity. It implies that companies should avoid activities that could degrade or damage the environment in such designated areas. Such an initiative aligns with CSR principles that prioritise environmental responsibility.

Similarly, the Act prohibits vehicles from emitting harmful smoke or gas into the environment (Section 6). This provision encourages businesses to adopt green practices and technologies to decrease their carbon footprint and greenhouse gas production and improve energy efficiency and conservation. It reflects the growing emphasis on sustainable practices within the CSR landscape.

The Act prohibits the manufacturing, selling, importing, or exporting articles injurious to the environment (Section 6A). This provision places the onus on businesses to safeguard the quality and welfare of their products and services, avoiding the use of harmful substances or materials that could pollute or contaminate the environment. It emphasises the importance of responsible product stewardship within CSR practices.

The Act obligates any person causing injury to the ecosystem to take remedial measures to restore it (Section 7). This provision holds businesses accountable for their environmental impacts, requiring them to take appropriate actions to prevent or mitigate environmental damage. It reflects the notion of corporate accountability within CSR frameworks.

Furthermore, the Act mandates environmental clearance for projects or activities with potential adverse effects on the environment (Section 12). This requirement necessitates businesses to conduct environmental impact assessments and comply with environmental standards and guidelines set by the relevant authority. It highlights the importance of environmental due diligence and regulatory compliance within CSR initiatives.

These are some of the examples of CSR-related provisions in the Act. However, these provisions are not sufficient or specific enough to address the various aspects and challenges of CSR in Bangladesh. However, while the Environment Conservation Act 1995 contains provisions related to CSR, they are not exhaustive or specific enough to comprehensively address the various facets and challenges of CSR in Bangladesh.

5. DISCUSSION AND FINDINGS

Bangladesh, as a developing nation, grapples with a myriad of challenges, including issues like poverty, inequality, climate change, and human rights violations, among others (Rahman, 2017). CSR has the potential to make a significant impact on tackling these issues and fostering the nation's progress in social, environmental, and economic spheres (Rahman, Rasid, and Basiruddin, 2020). However, closer scrutiny of the CSR legislation in Bangladesh highlights the absence of a well-defined and regulated framework, coupled with a notable deficiency in awareness and understanding of the benefits and procedures associated with CSR among businesses and the populace (Rahim, 2013b).

The Companies Act 1994 serves as a fundamental legal framework governing businesses in Bangladesh, facilitating companies' establishment, management, and dissolution (Khatun, 2014). This framework provides a stable foundation for business growth and development, which can indirectly support CSR activities by enabling companies to operate effectively. The Act introduces essential principles and standards for corporate governance, emphasising transparency, accountability, compliance, and disclosure (Yousuf, n.d.). These principles can significantly contribute to improving the credibility and reputation of companies. They also foster trust and confidence among stakeholders, which is essential for successful CSR initiatives. The Act allows companies flexibility and discretion in developing and executing CSR policies and practices. This flexibility enables businesses to tailor their CSR efforts to their core

competencies, available resources, stakeholder expectations, and local social needs. Such adaptability can lead to more relevant and impactful CSR initiatives (Jenkins, 2001).

Unfortunately, the Act fails to define or provide specific guidance on what CSR means or entails for companies in Bangladesh (Rahim, 2013a). This absence of a clear definition and guidance leaves companies without a standardised framework for identifying, measuring, reporting, or evaluating CSR activities and their impacts. This can result in inconsistency and uncertainty in CSR practices across the business landscape.

Moreover, the Act does not mandate or enforce CSR practices for companies in Bangladesh. It does not impose any obligations or incentives for companies to engage in CSR initiatives or to disclose their CSR performance (Khatun, 2014). The lack of mandated regulations could impede the broad integration of CSR initiatives and diminish their potential for delivering positive societal and environmental benefits.

The Act does not establish mechanisms or institutions for monitoring or auditing CSR compliance or effectiveness. Without proper oversight, there is no way to ensure that companies are fulfilling their CSR commitments, and this can lead to challenges in holding companies accountable for their CSR actions (Yousuf, n.d.). The Act does not address the specific issues and challenges different sectors or industries face concerning CSR in Bangladesh. It does not consider the diverse and dynamic social and environmental contexts and needs of the country. Additionally, it does not align with international CSR standards and best practices, potentially limiting Bangladesh's competitiveness on the global stage (Azim et al., 2009).

While the Companies Act 1994 lays a foundational framework for business operations and includes certain strengths such as corporate governance principles and flexibility in CSR implementation, it suffers from weaknesses like the absence of a CSR definition and guidance, voluntary CSR practices, a lack of monitoring mechanisms, and insensitivity to sectoral and international CSR standards. Addressing these weaknesses may require additional legislation or regulatory measures specifically focused on CSR to promote responsible business practices and meet the evolving expectations of stakeholders.

The Labour Act 2006 is a significant legislation governing labour relations and employment-related matters in Bangladesh (Rahim, 2013a). The Act is a comprehensive legal framework for protecting and promoting Bangladesh workers' rights and interests. By ensuring proper labour standards and safeguards, the Act contributes to enhancing the well-being and productivity of the workforce. It lays down general principles and standards for fair and equitable treatment of workers in all aspects related to employment and service. These principles foster trust, loyalty, and a positive work environment, aligning with CSR goals that prioritise the welfare and dignity of employees (Rahim, 2013a).

The Act allows employers flexibility and discretion in crafting and implementing CSR policies and practices. This flexibility permits businesses to tailor their CSR initiatives according to their core competencies, available resources, stakeholder expectations, and the specific social needs of their operating environment. This adaptability can lead to more relevant and impactful CSR efforts (Haque, 2008).

Undeniably, the Act fails to define or provide specific guidance on what CSR means or entails for employers in Bangladesh. This absence of a clear definition and guidance leaves employers without a standardised framework for identifying, measuring, reporting, or evaluating CSR activities and their impacts. The Act does not mandate or enforce CSR practices for employers in Bangladesh. It does not impose any obligations or incentives for employers to engage in CSR initiatives or to disclose their CSR performance. The deficiency of regulatory mandates could pose a hurdle to the widespread embrace of CSR initiatives, thereby curbing their capacity to generate positive societal and environmental outcomes (Khatun, 2014; Rahim, 2013a).

The Act does not establish mechanisms or institutions for monitoring or auditing CSR compliance or effectiveness. Without proper oversight, there is no way to ensure that employers are fulfilling their CSR commitments, potentially reducing the effectiveness of CSR provisions. The Act does not address the specific issues and challenges different sectors or industries face concerning CSR in Bangladesh. It fails to consider the country's diverse and dynamic social and environmental contexts and needs and to align with international CSR standards and best practices, potentially limiting Bangladesh's competitiveness on the global stage (Rahim, 2012). While the Labour Act 2006 provides a comprehensive framework for labour relations and contains strengths such as fair treatment principles and flexibility in CSR implementation, it falls short in defining and enforcing CSR, monitoring compliance, and addressing sector-specific

issues. Addressing these weaknesses may require supplementary CSR-specific regulations or guidelines to promote responsible business practices and align with evolving CSR expectations.

In a similar vein, the Environmental Conservation Act 1995 provides a foundational legal framework for protecting and enhancing the environment and mitigating pollution in Bangladesh. By advancing environmental sustainability, this framework actively contributes to improving the well-being and overall quality of life for both individuals and the entire nation. It establishes general principles and standards for environmental conservation, management, and governance. These provisions create awareness and understanding of environmental issues and challenges among businesses and other stakeholders, aligning with CSR goals that emphasise environmental responsibility (Rahim, 2013a).

The Act allows flexibility and discretion for businesses to design and implement their CSR policies and practices based on their competencies, resources, stakeholder expectations, and social needs. This flexibility promotes innovation and adaptability in CSR initiatives (Islam, 2000). However, the Act does not provide a clear definition or specific guidance on what CSR means or entails for businesses in Bangladesh. This absence of a standardised framework hinders the identification, measurement, reporting, or evaluation of CSR activities and impacts, leading to inconsistency in CSR practices. It does not make CSR mandatory or enforceable for businesses in Bangladesh. It lacks obligations or incentives for businesses to engage in CSR initiatives or disclose their CSR performance. The absence of regulatory requirements may limit the widespread adoption of CSR practices (Khatun, 2014).

Moreover, the Act does not establish mechanisms or institutions for monitoring or auditing CSR compliance or effectiveness. The absence of proper oversight raises challenges in ensuring businesses fulfil their CSR commitments, potentially diminishing the effectiveness of CSR provisions (Rahman and Khatun, 2017). Again, it does not address the specific issues and challenges different sectors or industries face concerning CSR in Bangladesh. It does not consider the diverse and dynamic social and environmental contexts and needs of the country. Additionally, it fails to align with international CSR standards and best practices, potentially limiting Bangladesh's competitiveness on the global stage (Miyan 2006).

In conclusion, while the Environment Conservation Act 1995 contains provisions relevant to CSR, it lacks specificity and comprehensiveness in addressing CSR in Bangladesh. Addressing these weaknesses may require additional CSR-specific regulations or guidelines to promote responsible business practices and align with evolving CSR expectations.

6. RECOMMENDATION

CSR is the concept of businesses voluntarily taking responsibility for their social, environmental and economic impacts, which can be seen as promoting good governance, transparency and accountability in the corporate sector (Sharma, 2013). It can also help businesses to prevent or mitigate the risks of corruption, which can harm their reputation, profitability and sustainability (Rana, 2015). In order to promote a sustainable business culture and secure CSR in Bangladesh, the following recommendations are made:

Improving the Companies Act 1994 concerning CSR in Bangladesh is crucial for aligning the legal framework with modern CSR practices and international standards (Khatun, 2014; Miyan, 2006; Rahim, 2013a). One significant improvement would be to amend the Act to incorporate a clear definition and scope of CSR for companies in Bangladesh. To formulate such a definition, it is essential to draw upon globally acknowledged CSR frameworks and principles, including the United Nations Global Compact, ISO 26000, and the standards set forth by the Global Reporting Initiative (GRI). This amendment would guide companies in developing more comprehensive and consistent CSR strategies by providing a standardised understanding of CSR.

Another key enhancement would involve the introduction of a mandatory or voluntary reporting requirement for companies to disclose their CSR initiatives (Belal, 2008). This disclosure should encompass CSR policies, programs, activities, impacts, challenges, and opportunities. Such reporting should be integrated into annual or separate sustainability reports, utilising standardised indicators and reporting formats. This step towards greater transparency and accountability would enable stakeholders to assess a company's CSR performance and encourage continuous improvement in CSR practices.

Establishing a dedicated agency or department under RJSC or a relevant authority is vital to strengthen the oversight of CSR practices. This agency could oversee and regulate CSR activities and performance by companies in Bangladesh. Additionally, it should offer companies training,

guidance, support, recognition, and constructive feedback regarding their CSR initiatives. This initiative would promote adherence to CSR regulations and foster a culture of responsible business conduct (Hossain, 2021).

Sector-specific guidelines or codes of conduct for CSR should be developed for different industries in Bangladesh (Jenkins, 2001). It is imperative to ensure the inclusive engagement of diverse stakeholders, spanning government agencies, civil society organisations, media entities, academic institutions, and international organisations, in the formulation, execution, and assessment of these guidelines or codes. This collaborative approach ensures that CSR practices are tailored to each industry's unique challenges and contexts, addressing sector-specific issues effectively and promoting sustainable development.

The proposed improvements to the Companies Act 1994 would enhance the legal framework for CSR in Bangladesh and promote responsible business practices, transparency, and accountability. By aligning with international CSR standards and involving a wide range of stakeholders, Bangladesh can strengthen its CSR ecosystem and contribute to its socio-economic development and global sustainability goals.

Furthermore, improving the Labour Act 2006 concerning CSR in Bangladesh is imperative to align labour regulations with modern CSR practices and international standards (Rahman and Juy, 2016). Several key measures can be taken to enhance the Act and promote responsible business conduct. Firstly, it is essential to amend the Act to incorporate a clear definition and scope of CSR for employers to develop more comprehensive and consistent CSR strategies by providing a standardised understanding of CSR.

Establishing a dedicated agency or department under the Ministry of Labour and Employment or a relevant authority is crucial to strengthening the oversight of CSR practices (Haque, 2008). This agency could oversee and regulate CSR activities and performance by employers in Bangladesh. Additionally, it should offer training, guidance, support, recognition, and constructive feedback to employers regarding their CSR initiatives. This initiative would promote adherence to CSR regulations and foster a culture of responsible business conduct.

The proposed improvements to the Labour Act 2006 would enhance the legal framework for CSR in Bangladesh and promote responsible business practices, transparency, and accountability. By aligning with international CSR standards and involving a wide range of stakeholders, Bangladesh can strengthen its CSR ecosystem and contribute to its socio-economic development and global sustainability goals.

Lastly, to guarantee that businesses play an active role in promoting the social and environmental welfare of Bangladesh, it is essential to prioritise the improvement of the Environmental Conservation Act with a specific focus on CSR (Rahman and Khatun 2017). Several key measures can be taken to enhance the existing framework. Firstly, amending the Act to provide a clear definition and scope of CSR for businesses in Bangladesh is crucial. This definition should align with internationally recognised CSR frameworks and principles. A precise and internationally accepted definition will provide businesses with a standardised understanding of CSR, facilitating integration into their operations.

Secondly, it is essential to introduce a mandatory or voluntary reporting requirement for businesses to disclose their CSR policies, programs, activities, impacts, challenges, and opportunities (Jenkins and Yakovleva, 2006). Such reporting should be included in annual or separate sustainability reports and utilise standardised indicators and formats. Reporting requirements encourage transparency and accountability, enabling stakeholders to assess a company's CSR efforts and progress over time.

Establishing a dedicated agency or department under “the Ministry of Environment, Forests, and Climate Change” or another relevant authority is imperative to effectively oversee and regulate CSR practices in Bangladesh (Gray et al., 2001). An organisation with the capability to offer businesses direction, assistance, acknowledgement, and evaluations of their CSR efforts is essential. This entity ought to possess the necessary resources and proficiency to enforce CSR standards and oversee the effectiveness of CSR undertakings. In conclusion, improving the Act concerning CSR in Bangladesh requires a comprehensive approach that includes defining CSR, enhancing reporting requirements, establishing a dedicated regulatory authority, and developing sector-specific guidelines. These measures can encourage businesses to be more active and responsible in contributing to the country's social and environmental development. Furthermore, enhancing CSR practices in Bangladesh requires a multifaceted approach encompassing several

key strategies. Hence, some recommendations for CSR practitioners in Bangladesh to improve their CSR practice and performance are as follows.

Firstly, companies in Bangladesh should prioritise good governance principles and practices (Reaz and Arun, 2006). This involves instilling a corporate culture of transparency, accountability, integrity, fairness, and ethical behaviour. Effective internal control systems are essential to prevent and detect corruption, fraud, or misconduct. Compliance with related laws and regulations and observance of international CSR standards and norms should be integral to a company's governance framework.

To further bolster CSR efforts, companies must strengthen stakeholder engagement. Identifying and actively involving key stakeholders, including workers, consumers, suppliers, investors, regulators, NGOs, media, and civil society groups (Chandler and Werther, 2013). Regular and open communication and consultation with these stakeholders about CSR activities and their impacts are essential. Responsiveness to stakeholder feedback, concerns, and grievances helps build trust and mutual understanding.

Effective reporting and disclosure mechanisms are vital for demonstrating CSR commitment (Sobhan, Hassan, and Fletcher, 2018). Companies should present their CSR activities and impacts in clear, consistent, and comprehensive reports. Employing internationally recognised frameworks and guidelines, such as “the Global Reporting Initiative (GRI), the United Nations Global Compact (UNGC), or the ISO 26000,” ensures credibility and comparability of CSR reporting. Seeking external verification or assurance for these reports enhances their reliability and transparency. Increasing investment and innovation in CSR initiatives is fundamental (Timms, 2017). Allocating sufficient resources and funds that align with core business strategies and objectives is necessary for meaningful CSR impact (Sobhan, 2006). Companies should actively seek opportunities and innovative solutions to address social and environmental challenges affecting their operations and stakeholders. Collaboration with other organisations and partners can leverage expertise and resources for achieving greater CSR outcomes.

Raising awareness and understanding of CSR is essential within and beyond the corporate sphere (Hossain, Bashar, and Noor, 2017). Companies should advance in educating and training employees, managers, directors, and shareholders about CSR concepts and benefits.

Simultaneously, fostering awareness among customers, suppliers, communities, and society at large regarding CSR commitments and contributions is important. Creating a culture of social responsibility both within and outside the organisation can drive positive change and social impact.

In conclusion, an integrated approach involving good governance, stakeholder engagement, transparent reporting, increased investment, and widespread awareness can significantly enhance CSR practices among companies in Bangladesh (Belal and Roberts, 2010; Mausumi and Rahman, 2018). These strategies collectively contribute to sustainable and responsible business conduct that benefits businesses and society.

7. CONCLUSION

CSR can play a pivotal role in propelling Bangladesh towards sustainable development, a nation grappling with a multitude of social and environmental issues. Nonetheless, the existing legal framework governing CSR in Bangladesh is found lacking and ineffective, failing to encompass crucial facets of CSR, including human rights, environmental preservation, stakeholder involvement, and disclosure. The study underscores that Bangladesh's legal structure for CSR is disjointed and incongruous, falling short of mirroring global standards and optimal procedures. Furthermore, it brings to light the deficiencies and frailties in the execution of CSR in Bangladesh, which encompass inadequate compliance, limited transparency, feeble enforcement, and low levels of awareness.

The study suggests that Bangladesh needs to adopt a more comprehensive and coherent approach to CSR regulation, which should be aligned with international standards and best practices. The study further recommends that CSR be integrated into the corporations' core business strategy and culture rather than being treated as a philanthropic or compensatory activity. The paper proposes some policy recommendations for improving the legal regulation and implementation of CSR in Bangladesh by developing a national CSR policy that defines the scope, objectives, principles, and indicators of CSR in Bangladesh.

The study findings firmly establish that CSR serves as both a moral obligation and a strategic avenue for businesses to generate value for both themselves and society. Through the enhancement of the regulatory framework and execution of CSR in Bangladesh, corporations stand to bolster their reputation, competitiveness, innovation, and long-term sustainability.

Furthermore, by wholeheartedly embracing CSR, these corporations can play a pivotal role in advancing the SDGs within Bangladesh.

REFERENCES

1. Alam, S. M., Shah Md Hoque, and Md Hosen. 2010. "Corporate Social Responsibility (CSR) of MNCs in Bangladesh: A Case Study on Grameenphone Ltd." *Journal of Potuakhali University of Science and Technology*, Forthcoming.
2. Azim, Mohammad I., Shaila Ahmed, and Md Shahidul Islam. 2009. "Corporate Social Reporting Practice: Evidence from Listed Companies in Bangladesh." *Journal of Asia-Pacific Business* 10(2):130–45.
3. Belal, Ataur R., and Robin W. Roberts. 2010. "Stakeholders' Perceptions of Corporate Social Reporting in Bangladesh." *Journal of Business Ethics* 97:311–24.
4. Belal, Ataur Rahman. 2008. *Corporate Social Responsibility Reporting in Developing Countries: The Case of Bangladesh*. London, UK: Ashgate.
5. Belal, Ataur Rahman, and David L. Owen. 2007. "The Views of Corporate Managers on the Current State of, and Future Prospects for, Social Reporting in Bangladesh: An Engagement-based Study." *Accounting, Auditing & Accountability Journal*.
6. Belu, Constantin, and Cristiana Manescu. 2013. "Strategic Corporate Social Responsibility and Economic Performance." *Applied Economics* 45(19):2751–64.
7. Boulouta, Ioanna, and Christos N. Pitelis. 2014. "Who Needs CSR? The Impact of Corporate Social Responsibility on National Competitiveness." *Journal of Business Ethics* 119:349–64.
8. Bowen, Howard R. 1953. *Social Responsibilities of the Businessman*. University of Iowa Press.
9. Bristi, Ummelewara, Monirul Islam Rajib, and Sharmin Shoukat. 2020. "Implementation of Corporate Social Responsibility in the Ready-Made Garment Industry of Bangladesh in Order to Achieve Sustainable Development Goals: A Study on Bangladeshi Garment Manufacturers." *Journal of Textile Science and Technology* 6(4):232–46.
10. Carroll, Archie B. 1979. "A Three-Dimensional Conceptual Model of Corporate Performance." *Academy of Management Review* 4(4):497–505.
11. Carroll, Archie B. 1991. "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders." *Business Horizons* 34:39–48.
12. Carroll, Archie B. 1999. "Corporate Social Responsibility: Evolution of a Definitional Construct." *Business & Society* 38(3):268–95.

13. Chandler, David, and W. B. Werther. 2013. *Strategic Corporate Social Responsibility: Stakeholders, Globalization, And Sustainable Value Creation*. United States of America: SAGE Publications.
14. Eilbirt, Henry, and I. Robert Parket. 1973. "The Practice of Business: The Current Status of Corporate Social Responsibility." *Business Horizons* 16(4):5–14.
15. Elkington, John. 1998. "Partnerships from Cannibals with Forks: The Triple Bottom Line Of 21st-Century Business." *Environmental Quality Management* 8(1):37–51.
16. Fassin, Yves, and Annick Van Rossem. 2009. "Corporate Governance in the Debate on CSR and Ethics: Sensemaking of Social Issues in Management by Authorities and CEOs." *Corporate Governance: An International Review* 17(5):573–93.
17. Fernando, Susith, and Stewart Lawrence. 2014. "A Theoretical Framework for CSR Practices: Integrating Legitimacy Theory, Stakeholder Theory and Institutional Theory." *Journal of Theoretical Accounting Research* 10(1):149–78.
18. Freeman, R. Edward. 1984. *Strategic Management: A Stakeholder Approach*. Boston: Pitman/Ballinger.
19. Goswami, Debika, and Rajesh Tandon. 2016. "Civil Society in Changing India: Emerging Roles, Relationships, and Strategies." Pp. 53–64 in *Eruptions, Initiatives and Evolution in Citizen Activism*.
20. Gray, Rob, Mohammed Javad, David M. Power, and C. Donald Sinclair. 2001. "Social and Environmental Disclosure and Corporate Characteristics: A Research Note and Extension." *Journal of Business Finance and Accounting* 28(3–4):329.
21. Haque, Md. 2008. "Corporate Social Responsibility in Apparel Industry in Bangladesh: A Labour Standard Perspective." BRAC University.
22. Henisz, Witold J., Bennet A. Zelner, and Mauro F. Guillén. 2005. "The Worldwide Diffusion of Market-Oriented Infrastructure Reform, 1977–1999." *American Sociological Review* 70(6):871–97.
23. Hossain, Afzal, Kazi Abul Bashar, and Behzad Noor. 2017. "The Impact of Corporate Social Responsibility (CSR) on National and International Corporations Prevailing in Bangladesh: A Comparison of CSR on the Basis of Carroll's Pyramid." *Journal of Investment and Management* 6(1):6–12.

24. Hossain, Dewan Mahboob. 2011. "Social Responsibility Practices of Business Organizations: Bangladesh Perspective." *Responsible Management in Asia: Perspectives on CSR* 44–64.
25. Hossain, Mohammad Faruk. 2021. "Corporate Social Responsibility (CSR) in Halal Sector in Bangladesh: A Systematic Literature Review." *Systematic Literature Review and Meta-Analysis Journal* 2(3):86–97.
26. Hossain, Mohammad Faruk, Che Thalbi bt Md. Ismail, and Nazli Mahdzir. 2021. "The Impact of Corporate Social Responsibility in Bangladesh Halal Food Industry." *IRASD Journal of Management* 3(1):69–81.
27. Husted, Bryan W., and David B. Allen. 2007. "Strategic Corporate Social Responsibility and Value Creation Among Large Firms: Lessons from The Spanish Experience." *Long-Range Planning* 40(6):594–610.
28. Islam, Md Asiqul, and Xia Huosong. 2016. "Can Corporate Social Responsibility (CSR) Ensure the Sustainable Growth of Ready Made Garments (RMG) Sector in Bangladesh." *World* 3(4).
29. Islam, Nazrul. 2000. "Protecting Bangladesh's Environment: The Role of the Civil Society." *Journal Of Social Studies-Dhaka* 34–63.
30. Jahan, Nishat. 2019. "An Overview on the Corporate Social Responsibility Practices of Listed Companies in Bangladesh."
31. Jenkins, Heledd, and Natalia Yakovleva. 2006. "Corporate Social Responsibility in the Mining Industry: Exploring Trends in Social and Environmental Disclosure." *Journal of Cleaner Production* 271(14):3–4.
32. Jenkins, Rhys. 2001. *Corporate Codes of Conduct: Self-Regulation in A Global Economy, Technology*. Geneva: United Nations Research Institute for Social Development.
33. Khatun, Mst. Momotaz. 2014. "Corporate Social Responsibility in Bangladesh: The Law and Practices." *Journal of Law, Policy and Globalization* 31:10.
34. Laudal, Thomas. 2011. "Drivers and Barriers of CSR and the Size and Internationalisation of Firms." *Social Responsibility Journal* 7(2):234–56.
35. Marín, Longinos, Alicia Rubio, and Salvador Ruiz de Maya. 2012. "Competitiveness as a Strategic Outcome of Corporate Social Responsibility." *Corporate Social Responsibility and Environmental Management* 19(6):364–76.

36. Marrewijk, Marcel Van. 2003. "Concepts and Definitions of CSR and Corporate Sustainability: Between Agency and Communion." *Journal of Business Ethics* 44(2):95–105.
37. Mausumi, Nilima, and Mizanur Rahman. 2018. "Impact of Stakeholder Initiatives: Bangladesh Garment Industry." *SCMS Journal of Indian Management* 15(2):31–41.
38. Mbare, Otieno. 2004. "The Role of Corporate Social Responsibility (CSR) in the New Economy." *EJBO - Electronic Journal of Business Ethics and Organization Studies* 9(1).
39. Miah, Md Tota, Kumar Biswazit Saha, and Rejaul Karim. 2019. "The Role of Private Commercial Bank in Corporate Social Responsibility with Reference to Islami Bank Bangladesh Limited." *Open Access Library Journal* 6(5):1–14.
40. Miyan, M. Aminullah. 2006. "Dynamics of Corporate Social Responsibility-Bangladesh Context." *Journal of AIUB Bangladesh* 3(1):13–32.
41. Mohammed, Jawed A. 2007. "Corporate Social Responsibility in Islam." Auckland University of Technology.
42. Nasrullah, Nakib Muhammad, and Mia Mahmudur Rahim. 2014. "Current Trends in CSR Practices in Private Enterprises in: Comparative Experiences of Bangladesh and Vietnam." Pp. 179–96 in *CSR in Private Enterprises in Developing Countries*. Springer, Cham.
43. Porag, Rumana Sobhan. 2014. *Corporate Social Responsibility in Bangladesh: Practice and Perpetuity*. Safety and Rights Society.
44. Rahim, Mia Mahmudur. 2012. "Legal Regulation of Corporate Social Responsibility: Evidence from Bangladesh." *Common Law World Review* 41(2):97–133.
45. Rahim, Mia Mahmudur. 2013a. "Legal Regulation of Corporate Social Responsibility: A Metal-Regulation Approach of Law for Raising CSR in Weak Economy." Springer.
46. Rahim, Mia Mahmudur. 2013b. "Legal Regulation of Corporate Social Responsibility." *CSR, Sustainability, Ethics & Governance* 978–3. doi: 10.
47. Rahman, Mashiur, Siti Zaleha Abdul Rasid, and Rohaida Basiruddin. 2020. "Corporate Social Responsibility Reporting and Value Relevance of The Banking Sector in Bangladesh." *Journal of Sustainability Science and Management* 15(5):192–214.
48. Rahman, Md. Habibur, and Jesmin Juy. 2016. *CSR Practice in Bangladesh: Exploring Workers' Participations and Benefit*. Bangladesh Institute of Labour Studies - BILS.

49. Rahman, Md Musfiqur, and Naima Khatun. 2017. "A Comparative Analysis of Corporate Governance Guidelines: Bangladesh Perspective." *The Journal of Business Economics and Environmental Studies* 7(2):5–16.
50. Rahman, Shafiqur. 2017. "Role of Government in the Promotion of Corporate Social Responsibility (CSR): The Case of Bangladesh Banking Sector." *Australian Academy of Accounting and Finance Review* 1(1):44–68.
51. Rana, Masud. 2015. "Corporate Social Responsibility (CSR): Opportunities and Challenges of Banking Sector in Bangladesh." *Journal of Finance and Accounting* 3(6):234–46.
52. Reaz, M., and T. Arun. 2006. "Corporate Governance in Developing Economies: Perspective from the Banking Sector in Bangladesh." *Journal of Banking Regulation* 7(1).
53. Salvetti, Nika, and André Nijhof. 2020. "CSR Evolution in the Garment Sector of Bangladesh: The Challenges of Sustainability." *Corporate Social Responsibility in Rising Economies: Fundamentals, Approaches and Case Studies* 91–110.
54. Sharma, Bindu. 2013. *Contextualising CSR in Asia: Corporate Social Responsibility in Asian Economies*. Singapore: Lien Centre for Social Innovation.
55. Sobhan, F. 2006. "CSR: Its Importance for Bangladesh." *The Financial Express*, September 16.
56. Sobhan, Nawreen, Abeer Hassan, and Mary Fletcher. 2018. "Corporate Social Responsibility and Assurance Disclosure Practice: An Investigation of the Top 100 Companies in Bangladesh." *International Journal of Sustainable Economy* 10(3):283–313.
57. Soderstrom, Kelly M., Naomi S. Soderstrom, and Christopher R. Stewart. 2017. "Sustainability/CSR Research in Management Accounting: A Review of the Literature." *Advances in Management Accounting* 28:59–85.
58. Timms, Jill. 2017. "A Sociological Approach to the Problem of Competing CSR Agendas." *Corporate Social Responsibility: Academic Insights and Impacts* 103–18.
59. Weber, Manuela. 2008. "The Business Case for Corporate Social Responsibility: A Company-Level Measurement Approach for CSR." *European Management Journal* 26(4):247–61.
60. Yousuf, Qazi Md. n.d. "Corporate Social Responsibility (CRS) in Bangladesh: Regulation and Practice." University of West London.