Corporate Social Reporting Practice: Evidence from Listed Companies in Bangladesh

Mohammed Azim
University of South Australia

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Abstract

This paper presents an empirical investigation into the corporate social reporting (CSR) practices of listed companies from Bangladesh, where CSR is still a matter of voluntary disclosure. Analysis of annual reports published in 2007 reveals that only 15.45 per cent of listed companies made such disclosures. This paper presents an extensive survey of the contents, form, nature and extent of CSR practices of listed companies. Analysis over a wide range of industries reveals that companies in the Banking and Energy sectors secure the highest rank in terms of CSR; three quarters of all disclosures are generalized qualitative statements without any attempt at attestation; more than half of the disclosures are located in the Director’s report; and the mean amount of disclosures was less than half a page.

Keywords

Corporate Social Reporting, Dhaka Stock Exchange, sustainability, stakeholders.

1. Introduction

This exploratory study investigates the extent of CSR by companies listed on the stock exchange in Bangladesh. The reasons for selecting Bangladesh is to build our knowledge of CSR practice in South East Asian. Previous researchers which explore the presence of corporate social disclosures are mostly based on developed countries (Adams et al., 1998a and 1998b; Ernst and Ernst, 1978; Gray et al., 2001, 1995a and 1995b; Guthrie and Parker, 1990; Mathews, 1993; Roberts, 1992). Little attention is given to the practices of developing countries. However, because of cheap labor, developing countries, especially Bangladesh, become targets for global investors. But before making investment decisions investors are concerned with social and environmental disclosures by companies and willing to boycott companies who do not have a social and environmental policy. By disclosing information on social and environmental issues companies can improve the image and obtain a competitive advantage.

The concept of CSR is relatively new in Bangladesh. In recent years there is an increasing expectation from various agencies for companies to act responsibly and be accountable for the impacts they have on the social, political and ecological environments in which they operate. There is evidence that many companies in Bangladesh start using CSR in their annual reports (Belal, 2000). However, there is need for an in-depth study of the quality vs. quantity aspect of such reporting. A study of Bangladesh could make a significant contribution to the CSR literature in the context of developing countries (Belal, 2001).

There are previous studies in Bangladesh in the area of corporate social reporting. However, those studies failed to a conclusion which is applicable to all the listed companies. For example, Imam (2000) takes a sample of 40 listed companies (out of 207 listed companies in years 1996–1997), this represents 19.30% of companies; Hossain (2006) samples of 150 companies for the year 2002–2003; and Belal (2000) samples of 30 companies (from both private and public sector) – so conclusions reached in these studies may not be a representation of the listed companies of the Dhaka Stock Exchange (DSE). This study includes all the listed companies in Bangladesh for the financial year end 2007.
There is greater demand from shareholders and stakeholders for corporate accountability. In response to this demand some countries, Canada for example, introduced formal and informal social and environmental reporting Acts and Codes. For example, *Canadian Environmental Protection Act, Canada Labour Code*. However, no regulatory or legislative requirements for corporate social disclosure exist in Bangladesh. In the absence of formal, or informal requirements, there is increasing pressure from shareholders and stakeholders for companies to comply with international social accounting standards and codes.

Practicing social responsibility costs money. Likewise, failing to report social responsibility also has costs—in terms of fines, increased regulation, negative publicity, public disfavor, or loss of customers (Deegan and Rankin, 1996). In the absence of legislative requirements, voluntary disclosure demonstrates a commitment to society (Mathews, 1995). Although not all benefits can be quantified in monetary terms (Evans, 2003), companies that report social responsibility and account for social and environment impacts may gain specific benefits by—attracting and retaining talented people (Adams, 2002; Simms, 2002); having better internal control and decision-making systems; producing cost-savings and continuously improving products and services (Adams, 2002). By disclosing information on social and environmental issues, companies can minimize the risk of powerful consumer boycotts (Adams, 2002); communicate with the community and stakeholders (Anand, 2002) and construct a competitive advantage (King, 2002).

The main objectives of this paper are to identify corporate social reporting practices in Bangladesh and analyze the type and extent of such reporting in annual reports. As mentioned, there is an opportunity to invest in Bangladesh because of its cheap labor. However, socially responsible investment involves investors who have their own personal values and social concerns when making investment decisions. Investors use their value to choose companies which do more corporate social disclosure. Therefore, it is important to know the CSR practices of companies in Bangladesh.

The paper is organized as follows: Section 2 discusses the literature on corporate social reporting. Section 3 discusses regulatory environment and disclosure rules in Bangladesh. Section 4 describes the data and research design. The results are presented in Section 5 and concluding remarks are provided in Section 6.

2. Literature Review

In the last twenty years, there has been a radical change in the relationship between business and society. Key drivers of this change can be summarized as: the increased globalization of trade, the rise in strategic importance of stakeholder relationships; and the growth of corporate image management. The relationship between companies, society, and organizations has moved from paternalistic philanthropy to a re-examination of the roles, rights, and responsibilities of business. Valor (2005) tracked the origin of CSR to Bowen’s 1953 book *Social Responsibilities of Businessmen*. Today, CSR is defined in terms of the responsiveness of businesses to stakeholders’ legal, ethical, social, and environmental expectations.

Gray et al. (1987, p. IX), defined CSR as:

…. the process of communicating the social and environmental effects of organizations’ economic actions to particular interest groups within society and to society at large. As such, it involves extending the accountability of organizations (particularly companies), beyond the traditional role of providing a financial account to the owners of capital, in particular, shareholders. Such an extension is predicated upon the assumption that companies have wider responsibilities than simply to make money for their shareholders.

Corporate social disclosures have been studied for more than half a century. Theories ranging from *agency theory* to *stakeholder theory* have been used to support the reasoning of such disclosures. Mathews (1995) classifies the arguments under three categories: 1) social disclosures have a positive impact on the performance of the organization, 2) the disclosure may legitimate the organization’s behaviour by influencing other stakeholders, and 3) voluntary disclosure signifies the recognition of the organization’s accountability to society.
In 1973, the US National Association of Accountants established a committee to identify major areas of social disclosure. The committee identified: community involvement, human resources, physical resources and environmental contribution, product and service contributions – as the area of social disclosure (Keller cited in Raman, 2006). In one of the earliest studies of social reporting practices, Ernst and Ernst (1978) performed a content analysis of the annual reports of Fortune 500 companies. The areas of social responsibility identified by Ernst and Ernst (1978) were environment, equal opportunity, personnel, community involvement, and products.

Since the 1980s, corporate social responsibility attracted considerable academic research (Deegan, 2002; Gray, 2002; Mathews, 1995). Research on voluntary disclosure has attempted to examine the nature and patterns of CSR (Buhr and Freedman, 2001) and investigates the determinants of CSR such as size, profit, and industry affiliation (Cormier and Magnan, 2003). The literature recognizes that CSR practices differ across countries (Adams et al., 1998b) and between developed and developing countries (Imam, 2000). Further, the nature and patterns of CSR vary between industry sectors (Gray et al., 2001). Surveys of CSR practices in western developed countries reveal that companies place the greatest emphasis on the disclosure of human resources (Gray et al., 2001) such as employee numbers and remuneration, equal opportunities, employee share ownership, disability policies, and employee training. Little disclosure exists in sensitive areas such as trade union activities, pay awards, redundancy schemes, and costs (Adams et al., 1998). Moreover, the vast majority of disclosures are qualitative in nature.

In a study of 150 companies in the US, UK and Australia Guthrie and Parker (1990) found that 85% of US, 98% of UK, and 56% of Australian companies made some social disclosures in their annual reports. This study indicated that more than 40% of these companies reported human resource issues, 31% reported community involvement, 13% reported environmental activities, and 7% reported energy and product related issues. It also revealed the average number of pages that organizations in these countries allotted for social disclosures. Companies in the US used 1.26 pages while 0.89 and .70 pages were used in the UK and Australia respectively. Large-scale studies of annual and corporate responsibility reports of the top-100 companies in 16 countries and the top 250 Fortune 500 companies highlight an increase in the trend of social reporting over the last 13 years (KPMG, 2005).

It would be inappropriate to generalize the results of studies of developed nations to newly developed countries because the stage of economic development is likely to be an important factor affecting CSR practices. In the context of emerging economies, a few studies have focused on companies in countries such as Malaysia, Singapore, and Hong Kong. For example, a study of 100 public companies in Malaysia showed that 66% of the companies made some kind of social reporting (Kin, 1990). Of these, 64 companies reported human resource issues and 22 companies disclosed community involvement issues. A similar study in Hong Kong revealed that 6% companies disclosed social activities with an emphasis on staff development and community relations (Lynn, 1992). The number of pages dedicated to such disclosures ranged from 0.25 to 3 pages. Ng (2000) found that 9% of the 200 HK listed companies reported environmental information in published accounts. However, no company disclosed financial data concerning environmental performance. Disclosures appeared in the directors’ report or the chairman’s statement. Such disclosures were general statements indicating company support for environmental protection and describing projects to reduce pollution and save energy and resources.

To summarize, while there are multiple theoretical reasons for the extent of reporting social responsibility, empirical evidence remains inconclusive regarding reporting social responsibility by the companies. Among Asian countries, Japan has made significant contribution towards CSR. However, other South East Asian countries such as India, Pakistan, and China have a small number of companies that report corporate social practices.

Nevertheless, there is a change in the way companies report CSR practices. From initially using a section in the annual report, companies are moving to stand-alone reports (KPMG, 2005). In last five years, institutions such as the Global Reporting Initiative (GRI) have elaborated guidelines for preparing social or sustainability reports. Many companies use this guideline as a framework to build their social reports (Raman, 2006).
As expectations for disclosure of information on environmental and social performance have grown, so have demands that companies provide information in a standardized way that allow readers to compare company performance. A number of broadly recognized standards are particularly relevant to CSR including the GRI Sustainability Reporting Guidelines, Accountability Assurance Standard 1000 & 1000S, and the ISO 14001 Series. The GRI Guidelines focus on issues that should be reported (Maitland 2002a,b); AAS 1000 & 1000S focus on the processes of reporting and auditing. A focus on processes, and, in particular, the involvement of stakeholders through a robust process of dialogue, is likely to result in a company properly discharging accountability rather than simply complying with a list of disclosure items (Adams, 2004).

3. CSR practice in Bangladesh

Until 1947 Bangladesh was a part of Indian sub-continent under British rule before being part of Pakistan (Bangladesh was known as East Pakistan). After a bloody struggle for liberation from Pakistan in 1971, Bangladesh was established as a parliamentary democracy. The country was ruled by the military rule for many years, but a democratically elected government was re-established in 1991. Bangladesh has experienced steady annual economic growth at a rate of approximately 5% over the past decade. Manufacturing of ready-made garments provides employment for over 2 million people, many of them women, and generates nearly 75% of the export earnings of the country (USAid, 2007). Cultural life of Bangladesh is characterised by the existence of strong family values, powerful elite groups, and widespread corruption (Belal, 2001).

Although a relatively new concept in Bangladeshi corporate culture, awareness about corporate social reporting has rapidly increased. The government of Bangladesh has not imposed or proposed requirements for disclosure of social and environmental performance. No provisions regarding CSR exist in the Companies Act 1994 (GoB, 1994). Neither there is a separate International Accounting Standard (IAS) regarding social and environmental reporting (IASCF, 2003). However, since October 1997 IAS 1, Presentation of Financial Statements, is mandatory in Bangladesh. IAS 1 encourages companies listed on the Stock Exchange of Bangladesh to publish additional statements outside financial statements; if management believes they will assist users in making economic decisions. Therefore, in Bangladesh, CSR is still voluntary. Disclosure of expenditure on energy usage is the only mandatory environmental disclosure required. The Companies Act of 1994 and Securities and Exchange Rules of 1987 require that the total amount spent on energy be shown as a separate expenditure in the notes to the financial statements (Belal, 2000). Nevertheless, companies are encouraged to obtain ISO 14001 certification.

Using annual reports of 40 listed companies of DSE, Imam found that “most of the listed companies in Bangladesh did not provide any information regarding the environment, human resources, community, and consumers in 1996-97. Though some progressive companies disclosed some information, that information was not at all adequate in discharging social responsibilities. All the information provided by these companies was qualitative in nature and disclosure level was very poor” (Imam, 2000, p. 140).

Also using annual reports, of 107 non-financial companies, for the financial year 2002–2003, Hossain et al., showed that “an average 8.33% of Bangladeshi companies disclose social and environmental information in their corporate annual report” (Hossain et al., 2006, p. 10). Likewise, Belal concluded that “it is encouraging to note that a developing country such as Bangladesh is making efforts to experiment with this new area of corporate reporting” (Belal, 2000, p.120). Comparing the findings of Imam and Hossain it appears that there may be an increase in the reporting of CRS by the listed companies in Bangladesh.

4. Methodology and data collection

To analyze the extent of social responsibility reporting by Bangladesh companies, annual reports used as a primary sources document. Annual reports, in general, are considered appropriate documents for studying social disclosures as they are common and popular means of communication to stakeholders and command credibility (Guthrie and Parker, 1990; Singh and Ahuja, 1983; Adam et al., 2004; Gray
et al., 1995a, 1995b; Raman, 2006). Guthrie and Parker (1990), Gray et al. (1996), Deegan and Rankin (1997) and many researchers studied corporate social disclosure practices using annual reports as a key source of information. Separate corporate social disclosure reports by public listed limited companies published between 1 July 2006 and 30 June 2007 were also reviewed. Taking 2006 as the target year, 263 companies were listed on the Dhaka Stock Exchange (DSE). The unavailability of 17 reports reduced this number to 246. This represents 93.53% of listed companies. There were only two companies (Bank Asia and British American Tobacco Bangladesh Company Ltd.), that had separate stand-alone CSR reports.

The population was divided into two categories: (1) companies that include a statement on corporate social performance in the annual reports, and (2) companies that did not.

According to the findings, 38 companies or 15.45% of companies made disclosures relating to corporate social performance. Therefore, 208 companies or 84.55% of companies made no information available in their annual report. These 38 reporting companies were systematically analyzed using the technique of content analysis. This technique is defined ‘as a method of copying the text (or content) of a piece of written into various categories on the basis of selection criteria’ (Krippendorf, 1980, p. 21). This technique has been used in other studies (Guthrie and Parker, 1990; Raman, 2006). Content analysis employs a three-step process (Raman, 2006). First, an appropriate document is chosen. For this study, Director’s report, Chairman’s report, and separate sustainability reports were chosen.

The second step is to determine the unit for measuring contents. Different researchers use different units of measure. For example, Zeghal and Ahmed (1990) used the number of words, Hackston and Milne (1996) the number of sentences, and Gray et al., (1995b) the number of pages. Indeed there has been considerable debate about these different measures (Gray et al., 1995; Milne and Adler, 1999; Unerman, 2000). For example, in the case of pages, some researchers do not consider font size, line spacing, and page margins. Others argue that words would have no meaning unless they are part of a sentence (see Raman, 2006). Raman (2006) argues that pages are a preferable measure since they can be easily counted and involve less judgment. Thus, in this study the unit of measure is number of pages.

The third step of content analysis involves identification of themes or categories into which blocks of content can be classified. The earlier work of Ernst and Ernst (1978), Guthrie and Parker (1990), and Gray et al., (1995a) is used to categories information into four dimensions: Theme, Form, Amount and Location. Theme was based on categories such as environment, energy, human resources, products, community involvement, and miscellaneous. The form of disclosure includes quantified data, either monetary or non-monetary, and qualitative or declarative data. Amount measures the proportion of pages devoted to social responsibility issues. Location refers to a choice between management reviews, a separate social disclosures section, parts of other sections of the annual reports, or a separate booklet.

The listed companies in DSE are classified into 15 different industry segments. The relevant annual reports from DSE are examine to identify the type and extent of disclosures in relation to corporate social performance.

5. Empirical Findings of the Study

The findings from annual reports are shown in Table 1 below.

Industry-wise analyses revealed two industries, Banking and Energy, ranked highest in terms of the percentage of companies making corporate social disclosures (47.37% and 33.33% respectively). Companies in Ceramic, Engineering, IT, Jute, Paper and Printing Services, Real Estate, and Textiles - made no corporate social disclosures.
A corporate social responsibility worksheet was constructed with the headings of Environment, Energy, Fair business practices, Human resources, Community involvement, Products and Miscellaneous. The lack of a widely accepted definition of ‘social responsibility’, or agreement of what constitutes a socially responsible corporate activity, does set a limitation on this exercise and allows for the possibility of multiple interpretations. Probably the most well-known studies in this area are by Ernst and Ernst (1978); Guthrie and Parker (1990), and Gray et al., (1995a). The Ernst and Ernst’s analysis of annual reports of Fortune 500 companies revealed specific indicators of different categories social involvement. Attempting to reduce the degree of subjectivity and bias, Ernst and Ernst (1978) claimed, “If anything, the amount of disclosure reported in the survey is understated because of the selective approach employed in identifying and categorizing disclosures and the possibility of human error”. Table 2 below analyse the theme of CSR presented in social responsibility worksheet.

Table 1: CSR by the listed companies in 2006 -2007

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of companies listed with the DSE</th>
<th>Companies making CSR disclosures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of companies</td>
<td>Number of companies</td>
</tr>
<tr>
<td>Bank*</td>
<td>38</td>
<td>18</td>
</tr>
<tr>
<td>Cement</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Ceramic sector</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Engineering*</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td>Food and allied</td>
<td>35</td>
<td>1</td>
</tr>
<tr>
<td>Fuel and power*</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Insurance*</td>
<td>28</td>
<td>2</td>
</tr>
<tr>
<td>IT sector</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Jute</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous*</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Paper and printing</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Pharmaceuticals and chemicals*</td>
<td>24</td>
<td>8</td>
</tr>
<tr>
<td>Services and real estate</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Tannery</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Textile*</td>
<td>38</td>
<td>0</td>
</tr>
</tbody>
</table>

For the purpose of this study, a corporate social responsibility worksheet was constructed with the headings of Environment, Energy, Fair business practices, Human resources, Community involvement, Products and Miscellaneous. The lack of a widely accepted definition of ‘social responsibility’, or agreement of what constitutes a socially responsible corporate activity, does set a limitation on this exercise and allows for the possibility of multiple interpretations. Probably the most well-known studies in this area are by Ernst and Ernst between (1978); Guthrie and Parker (1990), and Gray et al., (1995a). The Ernst and Ernst’s analysis of annual reports of Fortune 500 companies revealed specific indicators of different categories social involvement. Attempting to reduce the degree of subjectivity and bias, Ernst and Ernst (1978) claimed, “If anything, the amount of disclosure reported in the survey is understated because of the selective approach employed in identifying and categorizing disclosures and the possibility of human error”. Table 2 below analyse the theme of CSR presented in social responsibility worksheet.

Table 2: Theme of corporate social disclosures

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of companies disclosing</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Environment</td>
<td></td>
</tr>
<tr>
<td>1. Pollution control</td>
<td>3</td>
</tr>
<tr>
<td>2. Prevention or repair of environmental damage</td>
<td>22</td>
</tr>
<tr>
<td>3. Conservation of natural resources</td>
<td></td>
</tr>
<tr>
<td>B. Energy</td>
<td></td>
</tr>
<tr>
<td>4. Conservation</td>
<td></td>
</tr>
<tr>
<td>5. Energy efficiency of products</td>
<td>2</td>
</tr>
<tr>
<td>6. Other energy related disclosures</td>
<td></td>
</tr>
<tr>
<td>C. Fair business practices</td>
<td></td>
</tr>
<tr>
<td>7. Employment of minorities</td>
<td></td>
</tr>
</tbody>
</table>
8. Advancement of minorities
9. Employment of women
10. Advancement of women
11. Employment of other special interested group
12. Support for minority business
13. Socially responsible practices abroad
14. Other statements on fair business practices

D Human resources
15. Employee health and safety
16. Employee training
17. Other human resource disclosure

E Community involvement
18. Community activities
19. Health related activities
20. Education and the arts
21. Other community activity disclosures

F Product Safety
22. Safety
23. Reducing pollution from product use
24. Other product related disclosure

G Other social responsibility disclosures
25. Other disclosures
26. Additional information

In Table 2, the top two themes of corporate social responsibility disclosure in annual reports are: (i) community involvement and (ii) human resources. Environment is a distant third. Most information disclosed in annual reports relates to employees and their interests. Interestingly, a number of banks devoted considerable space to community involvement activities such as tree plantation, city beautification, scholarships, health care, sponsoring sports tournaments, art competitions, and concerts. Although employees feature prominently, environmental factors were included as were photographs of social activities.

Table 3: Form of corporate social responsibility disclosures

<table>
<thead>
<tr>
<th>Quantification categories</th>
<th>No. of companies preparing CSR</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both monetary and non-monetary qualification</td>
<td>3</td>
<td>7.89</td>
</tr>
<tr>
<td>Monetary qualification</td>
<td>2</td>
<td>5.26</td>
</tr>
<tr>
<td>Non-monetary quantification</td>
<td>4</td>
<td>10.53</td>
</tr>
<tr>
<td>Qualitative (declarative)</td>
<td>29</td>
<td>76.32</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 3 outlines the results of the degree of quantification. Content analysis revealed that 76.32% of disclosures were generalized qualitative statements without supporting evidence. 10.50% of companies used non-monetary quantification. Of reports that contained monetary or non-monetary quantification, 7.89% made some disclosure, and 5.26% gave only monetary disclosures.
The location of disclosures are shown in Table 4. Alternative formats include a separate report, a section of the annual report, and separate headings in various reports (e.g., Chairman’s report, Director’s report). As per Table 4, the most popular place for locating social responsibility disclosures are the Director’s report (57.89%), 18.42% used a specific section of the annual report, and 13.16% used the Chairman’s Report. Only two companies (Bank Asia and British American Tobacco Bangladesh Company Ltd.) issued separate booklets.

Table 5: Number of pages devoted to corporate social responsibility disclosures

<table>
<thead>
<tr>
<th>Pages devoted</th>
<th>No. of companies reporting</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.01 – 0.25</td>
<td>25</td>
<td>65.79</td>
</tr>
<tr>
<td>0.26 – 0.50</td>
<td>5</td>
<td>13.16</td>
</tr>
<tr>
<td>0.51 – 0.75</td>
<td>2</td>
<td>5.26</td>
</tr>
<tr>
<td>0.76 – 1.00</td>
<td>1</td>
<td>2.63</td>
</tr>
<tr>
<td>More than 1</td>
<td>5</td>
<td>13.00</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

In Table 5, the mean amount of disclosure was 0.37 pages, with 65.79% of companies disclosing less than 0.25 pages, and 13.16% disclosing more than one. Given standard paper sizes, the measure of ‘pages’ attributed to a particular form of disclosure can be expected to remain reasonably constant among observers.

6. Conclusion

In conclusion, most corporate social disclosures in Bangladesh are qualitative in nature. Three quarters of disclosures are generalized qualitative statements without any attempt at attestation; more than half of CSR is located in the Director’s report; and the mean amount of disclosures is less than half a page. Listed companies in Bangladesh emphasize the disclosure of human resources factors, i.e., employee numbers, equal opportunities, and employee training. Industry-wide analysis reveals that companies in the Banking and Energy sectors rank highest in terms of disclosures. At a national level there is a high level of disclosure in both sectors. However, it is not clear why the Ceramic; Engineering, IT, Jute, Paper and Printing, Service, Real Estate, and Textile industries do not disclose social and environmental information. This situation calls for further research to discover the causes of such variation.

There is a pressure from the user group to publish CSR which makes the recent world-wide increase of disclosures of corporate social responsibility reporting. However, such reporting is voluntary in Bangladesh. If we compare the previous studies with our study we find an increase in disclosure in the
last four years from 8.33% to 15.45%. When we compare this information we also need to understand that the number of companies increased. However, the number of Bangladeshi listed companies disclosing CRS is significantly lower than Malaysian and Singapore companies but higher than Hong Kong.

Problems associated with reporting social and environmental activities include a lack of provisions in the Companies Act 1994, an absence of a separate IAS, a lack of awareness and expertise, resource constraints, and a lack of motivation. For long-term sustainability, policy-makers and standard-setters should consider: the inclusion of provisions for such reporting in the Companies Act of Bangladesh; developing an accounting standard and reporting framework; and building awareness and expertise.

Further study can be done in the Banking and Energy sectors to find out why there is such high level of disclosure in these areas; what is the motivation behind such voluntary disclosures. Again, why there is no social and environmental disclosure in Ceramic, Engineering, IT, Jute, Paper and Printing, Service, Real Estate, and Textile industries. Further research can be done in this area.

References


