



Corporate Social Responsibility (CSR)

A Wahab FCA



The concept, Corporate Social Responsibility (CSR) has been gaining importance in recent years among the business community of Bangladesh although it came into common use in early seventy's of the last century when multinational corporations came into scene worldwide. The CSR is the deliberate inclusion of public interests into corporate decision making and the honoring of a triple bottom line: People, Planet, Profit. CSR focused business would proactively promote the public interests by encouraging community growth and development of various social issues like Environmental Improvement, Economic Development as well as Social Development. Among the environmental issues, CSR deals with global warming, geological balance, pure water management, carbon emission, city beautification and waste management, sea water level. CSR deals with Agricultural production and processing, crop diversification, employment

generation, education and training of human resources in the Economic Sector. In the same way CSR takes care of investing for women's right issues, extending donations to HIV/AIDS campaign agencies, welfare activities for disabled, donations for public universities, relief activities after natural disaster and calamities, welfare activities for grassroots children and acid victims etc., under its Social Development programme.

Under Community based development approach the CSR is becoming more widely accepted and in this approach corporations work with local communities to better the social life and other aspects of society. For examples, the Shell Foundation set up a project in Flower Valley of South Africa by setting up an early learning centre to help educate the community's children as well as develop new skills for the adults. Often companies participate in the activities for establishing education facilities for adults and for HIV/AIDS

education programs. Most of these projects are located in Africa as the continent suffers badly from HIV/AIDS diseases. There is another approach of CSR in the form of philanthropy including donations and aid given to local organizations and impoverished communities in the developing countries.

The sense of rendering social services by business houses to the members of the community is a good sign for the society to develop itself in the fields, the society needs. This is in addition to the main objective of the business houses to earn profit and in return to share a portion of it along with the members of the society for the improvement of their social standard and improvement of life style.

In the recent years the Govt. of Bangladesh has been encouraging the Business Community to extend their support to the members of the Society in the form of CSR. As a tool of regulatory guidance in this

respect, the Ministry of Finance, Internal Resources Division, Govt. of Bangladesh has recently issued a SRO numbered as 270 AvBb/AvqKi/2010 dated 1st July 2010 with certain directives in respect of the CSR and granting incentives in the form of waiver of tax @ 10% on the amount spent for CSR.

1) Economic field covering the subjects of agricultural production and processing, crop diversification, employment generation, Education and Training for improvement of human resources and the allied matters, such as donations to institutions to set up computer lab and training institute of Information Technology, implementation program of English learning in Non Govt. education institutions having been enlisted for MPO and to boost up the earnings capacity

exchange for the country.
2) Environmental field covering the issues of global warming, Ecological balance, Pure Water Management, setting up Water Supply Institutions, Carbon Emission, Sea Water level, forestry, City Beautification and Waste Management and other allied subjects such as donations to the institutions engaged in providing hygienic drainage and sewerage services in the hill tracts districts, river erosion and char areas.

3) Social Development field covering the issues like Investing for Women's Rights Issues, extending donations to HIV/AIDS campaign Agencies, Welfare activities for disabled and handicapped members of the Society, donations for public universities, relief Activities after natural calamities and disaster

treatment of poor patients who suffer from cancer, kidney, liver, thalasia, eye and cardio diseases etc. and donations to the institutions engaged in the research of subjects connected with liberation war and for the welfare of freedom fighters and to uphold the cause and spirit of the liberation war and for the revival of such feeling.

As per statutory requirement of an organization eligible for the facilities under SRO mentioned earlier, the undertaking shall have to fulfill the following conditions in respect of CSR.

1) That such an undertaking shall have to pay regularly the salary and allowances of its employees including P. F and gratuity and health benefits on the basis of the principle "charity begins at home". In addition, in case of an

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of the members of the Society, donations to Govt. approved educational institutions engaged in the technical and vocational training to the poor and meritorious students and to develop their earning capacity, donations to the institutions engaged in the development of infrastructure for sports and imparting training thereof in the national level and also donations to such institutions engaged in imparting vocational training to skilled and unskilled labour force for its exports abroad to earn valuable foreign

management activities, welfare activities for grassroot children and acid victims and donations for establishment of old homes and shelter centers for the destitute and other matters such as donations to the institutions engaged in the treatment of cancer, leprosy, cataract surgery etc. and donations to the institutions engaged in the field of family planning and birth control and to those NGO's who distribute the materials of family planning and birth control free of cost, donations to the specialized hospitals for free

industrial undertaking it must have a waste treatment plant as per law.

2) The undertaking shall have to pay regularly the govt. dues like Income Tax, VAT and other taxes and duty. In case of an undertaking taking loan from any bank or financial institution, it must have settled the dues regularly.
3) Such an undertaking shall make payment of grant or donation only to such institutions as are, approved by the Govt. for CSR activities.

- 4) Such an undertaking shall comply with the regulations under the labour law of the country and shall discourage the employment of child labour.
- 5) Such an undertaking approved for CSR facilities shall not charge the related amount spent for the CSR purposes in its Manufacturing, Trading and Profit and Loss Account.
- 6) The undertaking claiming Tax Holiday shall have to obtain a clearance certificate for the relevant income year from the Directorate of Environment.
- 7) The concerned undertaking claiming the CSR facilities under the Income Tax Law shall have to maintain necessary books and records for CSR activities and shall submit necessary evidence in support of the amount actually spent, to the concerned DCT; and
- 8) The undertaking rendering the CSR services shall have to obtain an Income Tax Rebate Certificate from the National Board of Revenue on the basis of its work plan for the tax rebate under the CSR scheme in recognition of its approval for CSR.

Because of this incentive granted to the organizations for CSR services there is response in a big way from large number of undertakings which is evidenced by the sign boards with slogans of addressing the different social issues as well as beautification of the roads and establishments at cities and at different locations of the country. But there is still scope of broadening the scope of operations of the concept by attracting more business houses in



the net work of CSR as a part of the total development of the entire nation.

To attain this objective an attempt should be made more seriously in this respect and the organization should first manage its affairs on the basis of the principle "charity begins at home" by providing the welfare services to its own employees in the form of paying salaries, provident fund, and gratuity and health facilities regularly.

As per demand of the business community for a long time, the Govt. has allowed this incentive for CSR services by allowing rebate of tax at 10% of the amount spent for the services so rendered. The business community should take advantage of it but necessary cautions should be taken so that nobody can misuse the facilities offered by the Govt. To ensure its proper use the accounts should be audited regularly. For this purpose social accounting, auditing and reporting by every corporate organization should be ensured as the social accounts, a concept describing the communication of social and environmental effects of a company's economic actions to particular interest groups within society and to society at large, is an important element of CSR.

There are criticisms and concerns related to the CSR. The proponents of the CSR debate on the concerns linked to the CSR. This include CSR's relationship to the fundamental purpose, nature of business and questionable motives for engaging in CSR as are likely to involve in insincerity and hypocrisy. Some critics say that through CSR activities the big companies like British America Tobacco, The petroleum giant B. P. which are well known for its high profile advertising campaign on environment aspects (of its operations) and McDonald to distract the public opinion from ethical questions posed by their core operations. They argue that some corporations engage themselves in CSR activities for enjoying commercial benefit by raising their reputation with public as well as the govt. They suggest that the corporations which exist solely to maximize their profit are unable to deliver services to the society as a whole. The recent incident of oil spills of B. P. in the Mexico gulf is an example of disasters causing damage to the environment which will take a long time to recover. However, the good effects of the CSR program always outweigh its drawbacks. In a developing economy like ours we now need more and more participation and co-operation of the corporate

body in the social development sector of the country than any time before. Through CSR, the said organizations can render better services to the society in the improvement of the programs involved in the economic, environment and social development field of the country. In return, the business community should get some tax benefit as allowed for the activities under the CSR net work duly regulated by the Govt.

In a meeting organized by Management and Resource Development Institute (MRDI) in association with Manusher Jonno Foundation (MJF) with the business community of Chittagong the speakers stressed on the need for developing a culture in the country to encourage business to be more socially responsible. They have appreciated the Govt. move to allow 10% tax rebate on the amount spent for CSR. In another meeting held in Khulna towards middle of December 2010 under the sponsorship of same group it was the opinion of the speakers

and the analyst of the meeting that the country can institutionalize corporate social responsibility (CSR) interventions to deal with malnutrition, education, health, employment and poverty.

In the meeting Rokia Afzal Rahman, former caretaker govt. adviser and the president of Bangladesh Employers' Federation said that CSR is coming out of the purview of the doing social good and is fast becoming a business necessity. She emphasized upon policy support and incentive from the govt. to encourage corporate sector to be more active in CSR. Syed Md. Aminul Karim, member of the NBR, present in the meeting referred to the revised Statutory Regulatory Order (SRO) on CSR and hoped it will facilitate and encourage the business community to come up with more CSR activities. In the course of his deliberation, Mr. Hasibur Rahman, Executive Director of MRDI said CSR is recognized globally as a strong process for the corporate entities to serve community needs. According to

them proper utilization of the CSR fund can be a key factor in eliminating poverty. In this connection some of the learned speakers has sought a working definition of C.S.R in the context of Bangladesh pointing to the necessity to differentiate among CSR, philanthropy and charity. However, these noble services to the society in whatever form it may come are getting focus gradually. It is the expectation of the members of the society that business persons should come forward and widen the periphery of activities under their corporate social responsibility with a view to boosting up education and having pollution free environment and to alleviate poverty in the country for the betterment of the entire nation and it should be treated as a war declared against poverty, illiteracy, Malnutrition and pollution of all kinds.

The Author is a Member of ICAB & Senior Partner, A Wahab & Co. Chartered Accountants

