

Construction and Application of a Corporate Social Performance Index in the Context of Bangladesh

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ABSTRACT

The main purpose of this study is to develop a comprehensive CSP Index in the context of a developing nation like Bangladesh and to present the preliminary rating findings. In constructing the CSP index data were collected from a sample comprising of 152 firms listed in Dhaka Stock Exchange (DSE) through a structured questionnaire. The findings of the study led to the development of a comprehensive CSP Index comprising of six elements. In addition, the preliminary findings indicate that, corporate social performances of the listed companies in Bangladesh are quite low in all of the elements except corporate governance. Finally, this study emphasized the importance of enacting policy guidelines to encourage and enhance the capacity of the firms to be more socially responsible.

Keywords: Corporate Social Performance, AIMH CSP Index, Dhaka Stock Exchange

INTRODUCTION

Corporate Social Performance (CSP) measures the commitment and responsiveness of a firm towards the society and environment. It reflects the social responsibility initiatives of a firm. Currently CSP is highly emphasized as investors include long term sustainability of the firm in their investment decision making process, by examining corporate social performance in addition to profitability. The reason for stressing CSP by investors lies in the fact that, lack of social and

environmental responsibility of the firms would invite public criticism, negative customer reaction and more stringent regulations which ultimately would reduce the value of their investment by reducing the value of the firm (Thompson & Cowton, 2004). Thus, also, to the firm's perspective CSP is not just philanthropy and obeying the laws anymore, rather is an attempt to ensure their own sustainability (Wanless, 1995).

However, Corporate Social Performance (CSP) as a concept or socially responsible business practices is in its infancy in Bangladesh (Sobhan, 2008; Raihan & Habib, 2007). Most of the firms mistake socially responsible activities as occasional charity and promotional activities, and fail to incorporate these into their routine activities (Rahman, 2009). However, regulators such as Securities Exchange Commission, Bangladesh Bank, are now putting a lot of emphasis on socially and environmentally responsible business practices by following global trend (BB, 2010; Habib, 2010). But they still could not provide a clear cut guideline for firms on how to be socially responsible. In the current context of Bangladesh, there is no comprehensive CSP measurement benchmark which the firms can take as a standard and compare their performances year-on-year and against their competitors (Bose, 2006; Rahman & Muttakin, 2005; Shil & Iqbal, 2005; Belal, 2000). Accordingly, the objective of this study is to develop a comprehensive CSP Index in the context of a developing nation like Bangladesh and to understand the current social responsibility practices of listed companies in Bangladesh.

LITERATURE REVIEW

Corporate Social Performance

Corporate social performance (CSP) requires that a firm's social responsibilities be assessed, the social issues it must address be identified and a response philosophy be chosen (Carroll, 1979). CSP is described as a multidimensional construct comprising initiatives undertaken by a company into four broad domains: the natural environment, the treatment of employees, workplace diversity, and customer, product & other issues (Meijer & Schuyt, 2005). The reasons behind the variations seen in the behaviours of different multidimensional construct of CSP in multiple research is due to the wide varieties in company's CSP related inputs, internal processes and outputs that are used,

which also on its own merit varies across a wide range of industries with significantly different characteristics, histories and performance in different CSP domains (Waddock & Graves, 1997).

Wood (1991) reformulated Wartick and Cochran's (1985) model of CSP and proposed a coherent, integrative framework or template for business research on CSP (Table I).

Table I: The Corporate Social Performance Model

Corporate social responsibility principle

Institutional principle: legitimacy

Organizational principle: public responsibility

Individual principle: managerial discretion

Corporate social responsiveness process

Environmental assessment

Stakeholder management

Issues management

Corporate behaviour outcomes

Social impacts

Social programs

Social policies

Reproduced from Wood's (1991) paper on CSP

Wood's (1991) model is not so dissimilar to the three-dimensional model proposed by Archie Carroll (1979). His conceptual framework proposed that articulating the key aspects of different definitional strands into social issues involved, social responsibility categories and philosophy of responsiveness dimensional would be "useful" for managers and academics. In order to review the CSP of a company, as per the model, a researcher would need to examine how much a company's principles of CSR motivates its actions, how much the company utilises its social responsiveness processes, the extent and nature of the company's policy and program designs used to manage its societal relationships, and the "observable outcomes" or social impacts of the company's actions, programs and policies.

Measuring Corporate Social Performance

Carroll (2000) remarked that the real challenge is in “developing comprehensive measures of CSP that really address ‘social’ performance”, especially since researchers frequently use “surrogate measures” depending on stakeholders’ opinions and assessments to substitute actual measures, which he says are “so difficult to get”. It may be inferred that the 51 studies that Griffin and Mahon (1997) reviewed used different operational constructs for the measurement of CSP – depending on different definitions of the terms CSR and CSP – making the quest for a single integrative and comprehensive measure of CSP still difficult.

Griffin and Mahon (1997) investigated two perceptual-based – Kinder, Lydenberg, Domini (KLD) index and the Fortune Reputation Survey (FRS) – and, two performance-based – Toxics Release Inventory (TRI) database and corporate philanthropy – data sources in order to “triangulate” towards assessment of CSP. By focusing on a single industry, they were able to show that both the perceptual-based databases, i.e. KLD Index and Fortune Survey, with their obvious differences in operational construct, were apparently “measuring the same things”. No doubt, social issues change and differ with industries (Carroll, 1979), but the dimensions used to measure the complex and multidimensional nature of the CSP construct (Rowley & Berman 2000) through the KLD Index and FRS has been the same for all industry. It may be noted that although KLD Index and FRS uses different kinds of evaluators, both rating systems are based on the judgments of experts.

The KLD Index, for each company, uses an eight dimensions of corporate social performance construct where the first five dimensions – community relations, employee relations, environment, product and treatment of women & minorities – use a 4-point scale measurement (from major strength to major weakness), and the last three dimensions – military contracts, nuclear power and South African involvement – use a dichotomous scale measurement (minor or major weakness) if applicable (Griffin & Mahon, 1997; Waddock & Graves, 1997; Sharfman, 1993). This index/rating scale has been by several CSP-CFP studies since its conception in 1988 (Cox et al., 2004; Johnson & Greening, 1999; Turban & Greening, 1997; Graves & Waddock, 1994).

The FRS, also used by various CSP-CFP studies (Spencer & Taylor, 1987; Wokutch & Spencer, 1987; McGuire et al., 1988), uses eight attributes, namely long-term investment value; wise use of corporate assets; quality of management; quality of products or services; innovativeness; ability to attract, develop, and keep talented people; and community and environmental responsibility (McGuire et al., 1988; Fryxell & Wang, 1994). The reputation index was developed using data collected on selected US firms from 1985 to 1989, although bulk of the analysis was done using data from 1986 (Fryxell & Wang, 1994).

While both KLD index and FRS data – or their recent forms, e.g. FTSE KLD AllShare index (RiskMetrics, 2010) – are frequently used by US based studies, UK based studies (Cox et al., 2004; Balabanis et al. 1998) frequently uses social performance data obtained from Experts in Responsible Investment Solutions (EIRIS) or the New Consumer Group.

The EIRIS data comprises five CSP attributes: environment, employment, community, human rights and supply chain management (Cox et al., 2004). On the other hand, the CSP assessment by the New Consumer Group (NCG) – which was inspired by the US Council on Economic Priorities (CEP) and constructed after discussion with EIRIS and numerous other special interest groups – uses fourteen groups of issues interfacing between corporate and social life (Adams et al., 1991), namely: disclosure of information; employment issues; pay, benefits and conditions; industrial democracy; equal opportunities; community involvement; environment; involvement with other countries; respect for life; political involvement; respect for people; involvement with oppressive regimes; and, military sales.

The numerous studies attempting to measure CSP in various ways are not beyond criticism (Aurpperle et al. 1985). Landmark studies (Ullmann, 1985; McGuire et al., 1988; Preston & O'Bannon, 1997; Griffin & Mahon, 1997; Waddock & Graves, 1997; Roman et al., 1999; McWilliams & Siegel, 2001; Orlitzky et al., 2003) using different measures of CSP were found to be either inconclusive or contradictory (Marom, 2006). Meta-analyses of previous articles where CSP data were used indicates that there are factors that may offer rationale to the inconclusive or contradictory outcomes, given that the studies have involved multiple industries using multiple ratings and measurement tools (Griffin & Mahon, 1997; Orlitzky et al., 2003).

The major criticism of the KLD index is that it assigns equal weight to all the attributes. This may be problematic as some areas of CSP might be more important than others (Graves & Waddock, 1994). The two UK-based indexes mentioned earlier follow a similar construct to KLD index, hence may be assumed to have similar drawbacks. The FRS concentrates more on reputation and financial performance than CSP, hence the use of this index had been put into doubt since the 1990s (Szwajkowski & Figlewicz, 1999; Graves & Waddock, 1994; Fryxell & Wang, 1994).

Corporate social performance reveals the impact of a corporation's activities (economic functions and other actions) over society to contribute a quality of life (Imam, 2000). But researchers were unable to find any integrative and comprehensive operational construct of CSP applicable for Bangladesh. Studies reviewed by the authors in the context of Bangladesh focused mainly on two issues related to CSP; none was found that attempted a model-driven CSP construct. The first set of studies focused only on examining corporate social disclosure or reporting practices (Belal, 2001; Imam, 2000) determines that the companies are socially conscious to discharge their social obligations for the well being and also are in under pressure from stakeholders to report to them in accordance to protect their interests; which used either an "average number of lines" method or an "accounting for Corporate Social Performance" method. The second set of studies were mainly focused on corporate environmental reporting (Bosc, 2006; Rahman & Muttakin, 2005; Shil & Iqbal, 2005; Belal, 2000), assumes that the company's strategy for continued financial success is not contrary to the environment with a green image (Belal, 1997) rather than corporate social performance. There are different acts to regulate different institutional activities such as Companies Act, 1994, the Banking Companies Act, 1991 (for banking institutions), the Insurance Act, 1938 (for insurance companies), the Income Tax Ordinance, 1984 (for all companies and public enterprises), the Securities and Exchange Ordinance, 1969, and the Securities and Exchange Rules, 1987 (for all public limited companies), and various orders creating the public sector corporations and other governmental bodies (Imam, 2000; GOB, 1995) but no other such act is available that provide evidence that how should a company act is responsible towards society by considering this limitation of the existing CSP measures, a modest attempt is taken to construct CSP index that is suitable for the Bangladeshi context.

CONSTRUCTING CORPORATE SOCIAL PERFORMANCE INDEX

Dimensions of CSP

Using a 5-point staple scale (from major weakness to major strength), the authors first constructed an integrative and comprehensive perceptual based operational construct to measure CSP in the context of Bangladesh with six dimensions, viz., disclosure, ethical values, workplace, corporate governance, environment, and community (Table II). Unlike other popular rating indexes, the operational construct of CSP in this research does not include dimensions such as *involvement with oppressive regimes, military sales, or nuclear power*, since the authors believe that they do not apply to the context of Bangladesh.

Table II: Items considered within the six dimensions in the AIMH CSP Index

Disclosure: Which assesses the company's *financial reporting, communication of socially responsible actions, and disclosure on CSR?*

Ethical values: Which assesses the company's *ethical principles, communication of company's ethical values, product, labor and legal compliance?*

Workplace: Which assesses the company's *equal opportunity in employment, caring activities for the family/children, employee participation in unions/society activities, involvement of employees in management, profit sharing and performance bonuses & stock options, handling dismissals, development of human resources, concern for health, safety & working conditions, and preparation for retirement of employees?*

Corporate governance practices: Which assesses the company's *meeting with stakeholders, board meeting, board size and composition, board structure, and audit committee?*

Environment: Which assesses the company's *environmental conservations, recognition of environmental aspect in making investments, environmental management practices, environmental impact caused by its productive activities/services and environmental education?*

Community: Which assesses the company's *relation with the local community, relations with community organizations, charitable donations, philanthropy/social investments monitoring, action strategies in the social area, and recognition & support for volunteer work by employees?*

Rating Scale

In calculating the CSP Index staple scale was used to differentiate between companies having negative, low and high CSP. Staple scales also produce interval data same as Likert, Semantic Differentials (SD) and numerical scales (Cooper & Schindler, 2008). Negative scores were assigned for not meeting the minimum legal requirements of social responsibility. Positive scores were assigned for going beyond the minimum standard. Whereas, high positive scores were awarded for taking highest level of discretionary initiatives to perform social obligation (Table III). In filling the CSP survey instruments knowledge base method is used by considering annual reports for 2008, web sites, regulatory notifications and reports

Table III: Contents of the Corporate Social Performance (CSP) Questionnaire Used in the Survey

CSP Indicators	Minimum Score	Maximum Score
I DISCLOSURE		
Financial Reporting	-5	+5
Communicating socially responsible actions	-5	+5
Disclosure on corporate social responsibility	-5	+5
<i>Total Score in Category 1</i>	<i>-15</i>	<i>+15</i>
II WORKPLACE		
Equal opportunity in employment	-5	+5
Caring activities for the family/children	-5	+5
Employees participation in unions/society activities	-5	+5
Involvement of employees in management	-5	+5
Profit sharing and performance bonuses and stock option	-5	+5
Handling of Dismissals	-5	+5
Development of human resources	-5	+5
Concern for health, safety and working condition	-5	+5
Preparation for retirement of employees	-5	+5
<i>Total Score in Category 2</i>	<i>-45</i>	<i>+45</i>

III ETHICAL VALUES		
Ethical Principles	-5	+5
Communication of the company's ethical values	-5	+5
Product	-5	+5
Labour	-5	+5
Legal Compliance	-5	+5
<i>Total Score in Category 3</i>	-25	+25
IV CORPORATE GOVERNANCE PRACTICES		
Meeting with Stakeholders	-5	+5
Board meeting	-5	+5
Board Size and Composition	-5	+5
Board Structure	-5	+5
Audit Committee	-5	+5
<i>Total Score in Category 4</i>	-25	+25
V ENVIRONMENT		
Environmental Conservation	-5	+5
Recognition of Environmental aspect in making investments	-5	+5
Company's environmental management practices	-5	+5
Environmental impacts caused by its productive activities/services	-5	+5
Environmental Education	-5	+5
<i>Total Score in Category 5</i>	-25	+25
VI COMMUNITY		
Relation with the local community	-5	+5
Relations with Community Organizations	-5	+5
Charitable Donations	-5	+5
Philanthropy/ Social Investments monitoring	-5	+5
Action Strategies in the Social Area	-5	+5
Recognition and Support for Volunteer Work by Employees	-5	+5
<i>Total Score in Category 6</i>	-30	+30
TOTAL SCORE IN ALL SIX CATEGORIES	-165	+165

Sampling and Data

The total population of the study was divided into 18 sectors. Since some of the sectors were too small or too large, we have used disproportionate stratified random sampling as recommended by Sekaran (2000). Accordingly the companies were regrouped into three sectors, viz., service, manufacturing, and others. Description of the industrial classification and sample size is provided, Table IV. This sampling technique helped to reduce bias and better represent all segment of the population. This study covered all the companies listed in Dhaka Stock Exchange. Total population size was 244 and we had randomly selected 152 companies (62%) and distributed the questionnaire. According to DeVanus (1996), a sample size of more than 60% of total population is adequate for a quantitative study.

Table IV: Sector-Wise Classification of Companies Listed in Dhaka Stock Exchange and Study Sample

Industrial Sector	Total Numbers	Sample Size	Percentage
Manufacturing	107	74	69%
Service	100	64	64%
Others	37	14	37%
TOTAL	244	152	62%

However, after sending the questionnaires by post with returns envelopes the response rate were very poor. CSP Index found on the returned questionnaires was cross-matched with the knowledge base filling and found the former to be heavily biased towards higher CSP ranking. Accordingly, it was decided to apply knowledge base filling of CSP index for the sample companies. Under this practice companies do not have to complete the survey. Researchers analyze already available public information on each company, e.g., annual report, CSR report, website, regulatory notifications, newspaper articles etc. This practice is also used by KLD and EIRIS survey (RMG, 2010).

FINDINGS

Table V shows the breakdown of industry-wise average Corporate Social Performance in the six categories of indicators highlighted in Table II. The performance outcomes in each category span from meeting only a few requirements to exceeding requirements. The overall CSP in five out of six categories of CSP indicators were quite poor in almost all industries, which indicates that corporate social activities of listed companies in Bangladesh are in general quite inferior compared to expected globally accepted requirements. Almost every industries met either minimum or all the Corporate Governance practice requirements, whereas, almost all industries met only some or few of the Workplace and Community requirements. In the remaining three categories of CSP indicators, all but one industry have on average met some to a few Disclosure, Workplace and Ethical Value requirements.

The Telecommunication industry has out-performed all the other industries by not only meeting all requirements in every category, but, exceeding the Corporate Governance requirements (scoring 23). However, this performance maybe an exception amongst the companies in the Dhaka Stock Exchange, since there is only one listed company in this industry. On the other hand, the poorest average performer amongst all the industries has been Paper & Printing industry, with the lowest category-wise average scores in terms of Disclosure, Workplace, Environmental and Community requirements, which were -7.0, -31.0, -25.0 and -30.0 respectively. The lowest average score in Ethical Value category was by the Engineering industry (-9.3), and in Corporate Governance was by the Service & Real Estate industry (-6.3). The Food & Allied industry shares the lowest average score in the Workplace category with the Paper & Printing industry.

The Banks' CSP shows that they meet minimum disclosure and corporate governance requirement, which may mean that they share minimum information with others and their governance activities barely meet the SEC requirements. Where Banks are performing poorly are in workplace, environment and community requirements. Their average CSP category score was highest in Corporate Governance (4.6) and lowest in Environmental (-12.3) requirements.

Table V: Industry-wise average Corporate Social Performance

												
Bank	2.5	✓	-3.1	×	-1.1	×	4.6	✓	-12.3	×	-7.2	×
Cement	-0.3	×	-16.3	×	-5.0	×	7.0	✓✓	-17.0	×	-23.0	×
Ceramics	-4.5	×	-20.0	×	-7.0	×	4.0	✓	-24.0	×	-28.0	×
Engineering	-5.4	×	-20.0	×	-9.3	×	3.8	✓	-15.3	×	-18.0	×
Financial Institutions	-4.4	×	-15.7	×	-4.3	×	3.9	✓	-12.8	×	-21.2	×
Food and Allied	-7.0	×	-31.0	×	-8.4	×	1.9	✓	-19.3	×	-25.7	×
Fuel and Power	0.3	✓	-4.7	×	1.0	✓	4.7	✓	-3.7	×	-4.5	×
IT	-6.3	×	-25.0	×	-4.0	×	1.0	✓	-21.7	×	-26.7	×
Paper & Printing	-7.0	×	-31.0	×	-9.0	×	1.0	✓	-25.0	×	-30.0	×
Pharmaceutical & Chemical	-0.1	×	-13.1	×	-3.6	×	6.1	✓✓	-9.4	×	-19.5	×
Service & Real Estate	-4.3	×	-21.7	×	-5.7	×	-6.3	×	-16.0	×	-23.3	×
Tannery	-2.5	×	-22.5	×	-7.5	×	-2.0	×	-15.5	×	-15.0	×
Telecommunication	11	✓✓	31.0	✓✓	16.0	✓✓	23.0	✓✓✓	11.0	✓✓	26.0	✓✓
Textile	-4.8	×	-23.5	×	-8.3	×	4.6	✓	-17.2	×	-22.7	×
Tobacco	1.0	✓	-14.3	×	-4.3	×	1.0	✓	-15.0	×	-14.0	×
Miscellaneous	-3.2	×	-21.7	×	-7.2	×	3.0	✓	-15.9	×	-23.8	×

Remarks of average score

- ×× Met Few Requirements
- × Met Some Requirements
- ✓ Met Minimum Requirements
- ✓✓ Met All Requirements
- ✓✓✓ Exceeded Requirements

Symbols for each CSP Indicator category

- | | |
|---|---|
|  |  |
| Disclosure | Corporate Governance |
|  |  |
| Workplace | Environment |
|  |  |
| Ethical Value | Community |

Rating of the cement company shows that corporate governance has meet the actual requirement, but all other scores make doubt. This may be because just having good or satisfactory corporate governance may not enable the companies in this industry to meet satisfactory levels of environment and community requirements. In addition, their production process is prone to release of untreated pollutant effecting the community and environment. The poorest average score in this industry was in the Community category (-23.0).

Ceramic industry shows that it has only met minimum requirement in corporate governance, whereas other categories show no significant CSP. Like the Cement industry, this industry too has poor track record in terms of meeting environmental and community requirements, with the lowest average score being -28.0 in the Community category.

In the Engineering industry only one category met the minimum requirement, whereas all others met only some requirements. The poorer average scores were in the Workplace (-20.0), Environmental (-15.3) and Community (-18.0) categories.

Although the Financial institutions are the major players in the capital market, their CSP is considerably poor, wherein they only met minimum requirement in corporate governance. They scored significantly low in Community based CSP (-21.2).

The average scores of the food and allied industry indicate that they are one of the worst performing industries on the list. The lowest scoring category is the Workplace (-31.0), also making it the lowest average score within the category amongst all the other industry.

As per the rating, the fuel and power industry was able to perform better compared to most others. This may be because the companies evaluated were able to reach minimum requirements half the categories, but where Workplace, Environment and Community requirements were concerned they were able to meet only some requirements. Their best average score was in Corporate Governance (4.7) and worst in Environment (-3.7) and Community (-4.5) categories.

Besides Corporate Governance requirements where they only scored 1.0, the IT industry has either met only some of the requirements or very few in all other categories. The category with the lowest average score was Community (-26.7).

Getting response from only a single company, the results in this industry does not appear empirically strong, as it may be an exception. However, if these outcomes are generalized, the industry's ratings appear no different from the IT industry, although their average scores are the worst amongst all industries in four out of six categories. The industry performed worst in terms of Environmental (-25.0) and Community (-30.0) categories. It received the lowest average scores received by any industries in not only these categories, but also in Disclosure (-7.0) and Workplace (-31.0) categories. The company evaluated was able to score only 1.0 in the only category (Corporate Governance) they met minimum requirements.

Being an industry where the companies' responsibility is to provide life saving products, the companies average scores were disappointingly low in the Environmental (-9.4) and Community (-19.5) categories, wherein their lowest averaging category was Community. On the other hand, they met on average all Corporate Governance requirements, scoring 6.1, which was highest for the industry in any category.

The Service and Real Estate industry appears to have the worst overall performance in terms of ratings. The industry met some requirements in four and few requirements in two categories. Their lowest scoring average was in Community (-23.3) and best scoring average in Disclosure (-4.3) categories.

In terms of rating, this industry appears to have the second worst overall performance amongst all industries. As expected from this industry, the poorest average score (-15.0) was in the Environmental category. The best average score was -2.5 in Disclosure.

With only one company listed in the DSE in this industry, the generalization of the outcome of this industry may not represent or help change the overall outcome of the population. The scores in all categories have been the best amongst all respondents. The highest score by the company was 23 in Corporate Governance, where it is the only score that exceeded requirements. In all other categories they met all requirements, with the lowest score being 11 in Environmental category.

Although this industry's average scores are not as bad as IT or Printing and Paper industry, their ratings appear to be the same. The lowest score received was -22.7 in Community category and the best is 4.6 in Corporate Governance.

By nature tobacco as a product being injurious to health makes a bad impact on overall impression on these companies. However, there are many scopes this industry may contribute socially to suppress this impression. Even then the average scores do not suggest that their efforts have not been too impressive. The highest average score was 1.0 in Disclosure and the lowest average score was -15.0 in Environmental requirements.

The companies in miscellaneous category of industry include variations such as pen, glass, fabric manufacturers. So, this variation makes it very difficult to generalize the average scores upon the other variety of companies in this category of industry. The highest average score was 3.0 in Corporate Governance and the lowest was -23.8 in Community requirements.

DISCUSSION AND CONCLUSION

By considering the importance of corporate social performance for sustainable development of a country (country's industrial development), there was an urgent need to conduct such a comprehensive study in Bangladesh. This is to help researchers and policymakers with appropriate policy instruments as well as to dispel common myths about institutional investment-corporate social responsibility nexus. The findings of the study can be summarized and concluded as follows:

Corporate social performance varies between sectors, and service sector being the most socially responsible compared to the other sectors. This might be due to the CSR related notifications and guidelines provided by the prime regulator (the central bank) to the financial institutions from time to time (Habib, 2010). Policy measures should be taken to provide similar guidelines to the manufacturing and other sectors by appropriate regulatory authorities. Securities Exchange Commission (SEC) might take the necessary initiatives.

If we breakdown to the individuals elements then we find that all the companies showed their best performance in corporate governance. This might be the result of enacting corporate governance notification by Securities and Exchange Commission (SEC) in 2006. Policy makers should think about similar guidelines incorporating different elements of corporate social performance to guide the companies by focusing on the benchmark practices.

From national to company level, policies can contribute towards a positive relationship between institutional investment and corporate social performance – a “virtuous” nexus. During the filling of the survey instruments, a lack of understanding was found regarding corporate social responsibility and performance amongst the company disclosure practices. Thus, significant investment is required for institutional strengthening and capacity building both at national and company level for developing the knowledge, skill and expertise to understand and disseminate the concept of corporate social responsibility and performance. Already efforts are being made by government, non-government and private organizations in this line. For example, the CSR Centre was established in 2007 by the Bangladesh Enterprise Institute (BEI) to serve as the principle source of information resource and advisory services, and sustained advocacy on CSR (Raihan & Habib, 2007). However, efforts like these do not seem to be sufficient, as can be observed from the findings of this study. In this respect, the policy makers, academicians and researchers have a greater role to play. In addition, Corporate Social Performance Index developed through this study and copyright as AIMH CSP Index (AIMH CSP Index, 2011) will serve as a baseline for conducting future studies.

However, this study is not free from limitations. The sample choice of the study was based only on the companies listed in Dhaka stock exchange. Thus, the results cannot be generalized to all Bangladeshi organizations. The second limitation comes from the multi-industry sample due to the small representation from each industry. Future researcher can take initiative to conduct study on one industry rather than across industries. The study was conducted in Bangladesh only, so the findings of the study might not be generalized to other countries. Follow up work with large sample size is also needed to assess the validity of the results.

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