

Emergence of Corporate Social Responsibility: Protecting Neo-liberalism?

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Abstract

In this article, Corporate Social Responsibility (CSR) has been examined in the context of 'neo-liberal' thought. Here it is seen that CSR discourse is thoroughly a Western one and does not support the traditional practices of Bangladesh. The capitalist development has been shown here overshadowed by the discourse of globalization. Though the political economy of capitalism has tremendous impact on global economy, politics and society, but most of the countries are not receiving and consuming equal growth and opportunities out of this. In a competitive, globalized world, CSR practices in developing nations seem to be a strategy to tackle the resistance and movements against western-led globalization. With the globalization of capitalism, discrimination is also being globalized as consequences of crude capitalism, which has an extraordinary impact on the emergence of CSR in order to protect the neoliberalism. Again, the West directed 'development' discourse becomes one of the dominant ideas of the present world. This notion also has been reviewed here from historical, neo-liberal, politico-economic and anthropological perspective. Then an argument has been developed that CSR needs to be explored from different perspectives which can add a new value in the discourse of development, neo-liberalism and globalization.

Keywords: Capitalism, CSR, Development, Globalization, Political Economy, Neo-liberalism etc.

1. Introduction

The world transformed into a melting pot because of unprecedented thirst of capital, power and control. Today the same is facing a number of urgent challenges such as global warming and climate change, a rapidly growing population, increased pressure on scarce resources, extreme poverty and the AIDS epidemic. Petras and Veltmeyer (2009) observe that an analysis of

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the dynamics of capitalist development over the last decades has been overshadowed by an all too prevalent 'globalization' discourse. This sense of the word 'neo-liberalism' is widely used in developing countries. However, it is more a phenomenon of the rich Western market democracies, than of poor regions. Neo-liberalism is the name often given to the political-economic restructuring or reform program proposed for developing countries by developed country economists, the International Monetary Fund (IMF) and the World Bank in the last 15-20 years. Neo-liberal reforms are often called 'structural adjustment programs' (SAP), which may include privatization, free markets, de-regulation, austerity (reduction of public spending on services such as education, healthcare and public employment etc.), and comparative advantage with specialized products and services in the global market.

Globalization as a process has tremendous impact on global economy, politics and society. In contrast, most of the countries are not receiving and consuming equal growth and opportunities of globalization which is what 'West' is getting. Therefore, a number of resistance and movements are being observed since quite sometimes in developing nations. It has been argued that capitalism is used to promote disparity among the countries. In the era of globalization, when capitalism is being globalized, discrimination is also being globalized as consequences of crude capitalism. Regester and Larkin (2008) find that globalization has an extraordinary impact on the emergence of corporate social responsibility (CSR).

Lechner and Boli (2004) observe the first tenet of economic globalization, now designed, has a need to integrate and merge all economic activities of all countries within a single, homogenized model of development, i.e. a single centralized system. The second tenet is that primary importance is given to the achievement of even more rapid, and never ending corporate economic growth-hyper growth-fueled by the constant search for access to natural resources, newer and cheaper labor sources and new markets. A third tenet concerns privatization and commodification of as many traditionally and non-commodified nooks and crannies of existence as possible-seeds and genes for example. A fourth important tenet of economic globalization is its strong emphasis on a global conversion to export-oriented production and trade as an economic and social nirvana.

Jones (1999) has drawn attention to the significance of the national socio-cultural environment and the level of national economic development as

important variables influencing our understanding of CSR. The overall objective of the study is to analyze the concept of CSR that has emerged 'in order to protect the neo-liberalism'. However, the specific objective is to unveil the political agenda of the neo-liberal globalization behind CSR in Bangladesh. With these considerations in mind, this article seeks to add to the current literature on CSR in developing countries by investigating the socio-cultural and regulatory framework governing CSR practices in Bangladesh, a developing country of South Asia. The argument focused that how 'development' has been constructed even the globalization is crucial. Incorporating a critical discussion on CSR practice is imperative as it will provide with a critical perspective on CSR implementation. This article aims to answer why Bangladesh is part of politics of neo-liberalism, how CSR has emerged and so on, why CSR has flourished as a discourse, and why these are 'relevant' issues? This also aims to contribute to a more contextually informed analysis of CSR by studying how political-economic institutions influence CSR practices.

Neo-liberalism has affected both the exercise of state power and the conduct of global governance in the contemporary global economy, which works hand in hand in 'Third World' states and many other apparatuses – one that leads to a neo-liberal corporate capitalism in which the paper has been planned. In this article, 'politics of capitalism' is the main argument upon which the discussion will be based; i.e. when 'development' occurs, people are systematically excluded; or for poor people to get a chance, through charity purposes which are last instance politics in nature. The article argues that both local and global structures, such as globalization, corporate power, the regulatory framework, history and politics, have shaped and influenced CSR practices in Bangladesh. The article has been prepared basing on the critical study of secondary literature.

2. Historical Background and Present State of Development

The 'West' directed development discourse was evolved following an address of the United States (US) President Harry S. Truman in the late 1940s. However, the journey started much early for development in the post-colonial countries, which is still continuing. Since the emergence of the term in its current usage after World War II, the concept of development went on to become one of the dominant ideas of the twentieth century, embodying a set of aspirations and techniques aimed at bringing about positive change or progress in Africa, Asia, Latin America and other areas

of the world (Lewis, 2005). Development brings with it a set of confusing, shifting terminologies and has been prone to rapidly changing fashions. The popular demarcation of 'first world' (western capitalist), 'second world' (soviet, eastern block and other socialist areas) and 'third world' (the rest) became common during the Cold War. More recently, the still common distinction between a wealthy developed 'North' and a poor, less developed 'south' has its origins in the UN sponsored Brandtland Commission report in 1980. The policy language of 'basic needs' in the 1970s has shifted to new paradigms of 'sustainable development' in the 1990s, alongside more recent attention to 'building civil society' and 'good governance'.

Since the end of cold war, development policy and aid transfer have come to be dominated by a 'New Policy Agenda', which is driven by the belief of cost effectiveness in reaching the poorest (Robinson, 1994). Lewis (2005) sees the language of development, as well as its practices, has changed over time as the global context has also shifted, indicating a growing sophistication in its understanding of problems of poverty as well as perhaps a lack of confidence in some of the basic assumptions of the 'developers'. Whatever the terminology that is in vogue, the 'development industry' remains a powerful and complex constellation of public and private agencies channeling large amounts of international development assistance, including inter-governmental organizations of the UN, multilateral and bilateral donors such as the World Bank or UKAid/Department for International Development (DFID), and a vast array of non-government organizations (NGOs) ranging from small specialized, grassroots concerns to large transitional organizations such as Oxfam or BRAC.

3. The Concept of 'Political Economy' in Development

The concept of 'political economy' used to be discussed much early in social philosophy. Political economy is often characterized as studying how different types of values are produced, distributed, exchanged and consumed; how power is produced, distributed, exchanged, and used; and finally, how these aspects are related. The concept is originally influenced by Marxist thought on economics, which studied the manner in which the economic base of society determines the super-structure, and consequently influences the cultural and political spaces within society; labor and the international division of labor, ownership, modes of production; and the importance of class structures and struggles.

Conceptually, the approach of political economy is economic and thereby the upper structure of the society (e.g. ideology, language) many times controls the basic structure or economy. But capitalism is not only economic system rather it is more political, which was perfectly identified by Karl Marx. Pre-Karl Marx classical economists such as Smith, Ricardo, Mill initiated discussion on the issue. Afterwards Karl Marx challenged their opinion in the context of historical materialism. He criticized the 'progressive theory' of Hegel and put his logic that class struggle should be explained in the light of hostile relations among labor and capital. Afterwards in 1970s, the Neo-Marxists explained the Marxist concept of political economy in the light of global exchange relations. At the beginning of the decade the concept took a new dimension, when few economists like Raul Prebisch challenged the development theories of 1950s and 1960s. Then the Neo-Marxist intellectuals introduced the concept of political economy for analyzing development and underdevelopment. Accordingly, the 'third world' societies are operated inside the capitalist monopoly that hinders development. With this, the development and underdevelopment are realized through historical perspective.

The basis of analysis of political economy of Marx is class relations. On the other hand, this basis of the Neo-Marxists is exchange relations. In both the cases, there exist the explanations for exploitation of class and surplus, which only highlight the capitalist tendency. On contrary, at the beginning of 1980s, the anthropologists started analyzing capitalism through explaining political economy in cultural and ideological perspective (Akhter, 2011). In classical political economy, capital and labor is the central issue of physiocrat economists. The concept of political economy occupied an important place in analyzing the classical economy by Adam Smith. He wanted to understand political economy basing on land, labor, entrepreneurship and organization (Smith, 2003). In anthropological perspective, on the other hand, explanation of capitalism only through labor and capital is not enough; it is important to explain how a specific culture is suppressed by capitalism. The anthropological approach of political economy coordinates the history of any particular community through traditional fieldwork. This approach aims to explain capitalism through symbol, culture and rituals. Through the influence of political sociology, anthropology expands in various genre of political economy (Ortner, 1984). Unfortunately the political economy of Bangladesh, by and large, is hostile to the interest of the poor. It has been a class divided society comprising of

elites who accumulate most of the resources of the country with very little distribution to the poor.

Political economy theory places an emphasis on the interrelationships between socio-political and economic forces in society and recognizes the effects of accounting reports on the distribution of income, power and wealth (Cooper and Sherer, 1984). From political economy theory perspective, accounting systems, of which CSR is part, act to 'create, distribute and mystify power relations' (Buhr, 1998 p. 165). As Tinker (1980) has argued that:

"Political economy relies on the social relations of production: an analysis of the division of power between interest groups in the society and the institutional processes through which interests may be advanced" (p. 148).

4. Anthropology of Development

Development is a buzzword now-a-days, which has a political as well as cultural meaning, where anthropology of development is a dominant discourse (Gardner and Lewis, 1996). Anthropological perspective can contribute positively to development policy and practice. It can trickle down the benefit of development to human face by ensuring community participation and enhancing the use of local knowledge. From the beginning, the development concept has been used in two ways; firstly, development has been seen as social transformation in broader perspective in the 19th century; and secondly, it has been used as economic development since the mid 20th century. Though development means positive change or progress, but so far it has been used as economic development or achieving growth. The existing concept is that the underdeveloped countries will remove hunger, poverty, unemployment, less-productivity etc. by achieving economic growth and will be able to ensure the overall welfare of the people. But development is not only to increase national or per capita income; with this the question of overall welfare of people is also involved. In recent years, there has been considerable rethinking of the whole concept of development, including a growing awareness of its gender, cultural and environmental dimensions, and the impact of globalization.

Under this background, both academicians and development activists alike are turning towards culture in an attempt to go beyond the current malaise in development thinking and practice. Worsley (1984) first introduced

culture as the 'missing concept' in development thinking; and Verhelst (1990) identified culture as the 'forgotten dimension' in development practice. Many of the underdeveloped countries of Asia, Africa and Latin America today were not as such in the past. But those countries gradually became underdeveloped following the Western economic development model. Their prescriptions could not ensure expected development rather created under-development. Their dictated model has created many complicated social, economic and environmental crisis in non-Western countries, which demands to think about alternative development discourse. In fact, the concept of 'underdeveloped' was created and expanded to legalize development and thereby expanded as an influential discourse. Development economics needs to be reconstructed basing on the reality and experience. For this two aspects are important. Firstly, the role of Western statesmen and politicians, who aimed to rule the colonial countries indirectly in the post-colonial period in the name of transferring the technology or strategy for making development in those countries. Secondly, various models and theories developed by economists especially development economists, which reflect invariably the concepts of those powerful and influential people.

Though the development economists create and establish development discourse, but the politicians plan and implement development activities following the local political and economic discourses (Escobar, 1995). Each country even each area is different and having separate entity. Their social, cultural, political and economic perspectives are different. For development, those aspects of the concerned people need to be realized. Development cannot be achieved by imposing anything from outside. It has to be achieved by voluntary participation. Any development strategy must be decided by the local people. In fact, there is no universal definition or measurement of development.

Capitalism is a system that is political as well as economic or a system of political economy for short (Scott, 2006), in which the individual's rights to life, liberty and property are protected by law. It claims to be the engine of wealth creation, the champion of democracy and the embodiment of the market economy (Younkins, 2002). Almost all the societies of the world are now under threat for the political economy of capitalism. However, there is a fundamental contradiction between the logic of capitalism and that of sustainable economy. In a capitalist economy there is built-in growth

dynamic. There are three causes of this. Firstly, entrepreneurs are not satisfied with simply earning enough for their livelihood. They want to earn much more. That is why they are prepared to take risks, invest their money, and work hard. Secondly, they do not or cannot consume their whole profit. Nevertheless, they want to make more profit in the following year (greed). That is why they invest the greater part of their profit in expanding the enterprise. Thirdly, there is an external compulsion to grow. Capitalists cannot say 'enough'. If a capitalist does not take advantage of economies of large scale, his/her competitors would do so and push him/her out of business.

The concept of the 'level playing field' is used in capitalism as in sports, but capitalist competition, though regulated, is not designed to unfold between teams that are equal, nor circumstances that must be 'level'. Since capitalism is designed to promote productivity, it can be expected to promote inequalities of income and wealth. In the capitalist world of brutal competition there is a rule: expand or perish. All try to expand, and the net result is that the economy as a whole expands. Neo-liberal movements ultimately changed the world's economies in many ways, but few analysts (Rapley 2004; Cohen and Centeno 2006) argue that the extent to which the world has liberalized may often be overstated. Some of the past changes are clear and unambiguous, e.g. growth in international trade and cross-border capital flows, elimination of trade barriers, cutbacks in public sector employment, the privatization of previously public-owned enterprises; and the transfer of the share of countries' economic wealth to the top economic percentiles of the population. Proponents of neo-liberalism claim that globalization contributes to improve affluences and decrease poverty, while opponents believe it to increase global injustice. Companies willing to expand and improve their access to natural resources as well as cheap labor force are often located in areas where poverty and other social dysfunctions are appreciable. Corruption and unofficial local regulations can force companies into situations where otherwise international laws and regulations would have abjured.

Within the dynamics of capitalism, the most important corporate concern is to generate profits and economic surpluses for shareholders (Friedman, 1970). Since corporations are primarily motivated by profit, the pursuit of higher profits often brings corporation into conflict with social policies (such as those devoted to the provision of housing, transport, healthcare,

and education). It is in this context that the economic imperative driving globalization has been challenged by many researchers on the basis that it has been responsible for weakening governance mechanisms for promoting social and environmental accounting particularly in developing countries (Bakan, 2004; Korten, 2001).

The current phase of globalization started with, on the one hand, the downfall of the socialist movement and labor movement in general, and on the other hand, with the triumph of finance capital and emergence of huge transnational corporations (TNCs) virtually controlling the whole political economy of the world. CSR has attracted a great deal of discussion and debate in the current phase of neoliberal globalization (Raman and Lipschutz, 2010), both as a conceptual framework and as an apparently fresh facet of corporate culture, particularly with regard to business ethics, social and environmental sustainability, and human rights. There are many actors and organizations that influence the CSR agenda. Globally CSR is tied with TNCs and multinational corporations (MNCs) including local NGOs. MNCs have become dominant governance institutions on the planet, with the largest among them reaching into virtually every country of the world and sometimes even exceeding governments in size and power (Korten, 2001). Roy (1997) shows that the corporation has always been a political creation—the state granted the corporation the benefit of limited liability in order to facilitate the accumulation of capital. Early corporations received limited liability initially to pursue the public interest but slowly spread throughout the economy.

A large number of NGOs have actually been co-opted by their participation in CSR auditing agencies and many others by providing substantial funding for CSR research and campaign. The result has been that these NGOs are actually doing everything to justify CSR, and with mild criticism seeking to maintain a neutral image. While the corporate world is increasingly seen to be articulating its regard for social responsibility, critics continue to see this more as a myth than a reality. They point out that corporate capital is, in the final analysis, interested in accumulation alone. CSR has become a dominant paradigm for imagining a resolution to the social problem of global free market inequalities, failures and excesses. The regulation or 'civilization' of capitalism through CSR is, however, a contested process between actors of varying power and influence. Although it is well recognized that CSR is a concept in need of a sound theoretical framework,

but Laughton (2005) observes the ideologies and political bases from which ethical capitalism is contested are often overlooked.

In defining CSR, 'neoliberal' writers tend to see it fundamentally as the adoption of a set of voluntary policies, codes or guidelines, initiated and driven by the corporation. Amongst those who consider CSR from a neoliberal perspective there is heated debate about whether it constitutes a legitimate activity for a corporation to be engaged in. The neoliberal discourse around CSR generally shares the view articulated by Milton Friedman in the *New York Times* on September 13, 1970:

"... there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."

The 'political economy' approaches take a far more critical stance around CSR on several issues. All 'schools' of thought in these debates of course possess normative views about the role of business in general and corporations in particular in society. However, radical political economy analyses more openly articulate a very different set of assumptions about the existence and abuse of corporate power in global, national and local economies. Global corporations are seen as possessing enormous power which is often wielded ruthlessly in their own self interest and frequently at the expense of society and the environment. Global restructuring during the 1980s and the rise of neo-liberalism led to a significant shift away from state intervention in both developed and developing countries. This trend was reflected in national policies towards TNCs through a dramatic shift away from regulation of their activities to 'intense competition to attract foreign direct investment' (Jenkins 2005: 527).

CSR is basically the perspective of capital in general and TNCs in particular. It is an offshoot of neo-liberalism, an ideology which propagates that generally the market is in itself capable of self regulation and of curing the imbalances of the economy, and that state regulations are generally the cause of economic and social problems because they hamper the capacity of the markets for effective self-adjustment. From a political economy perspective, contemporary CSR can be regarded as being driven by changes in the institutional structures in the era of contemporary economic

globalization, such as, for instance, the deregulation and technological advances that escalated in the 1980's and 1990's. It has been argued that contemporary economic globalization has produced substantial changes in the structure of societies which has created significant challenges with regard to the nature and form of CSR practices (Held and McGrew, 2002) particularly in developing countries (Hoogvelt, 2001).

5. CSR in Neo-liberalism

CSR has attracted a great deal of discussion and debate in the current phase of neoliberal globalization (Raman and Lipschutz, 2010), both as a conceptual framework and as an apparently fresh facet of corporate culture, particularly with regard to business ethics, social and environmental sustainability, and human rights. The very notion of CSR and its incorporation into development discourse are discussed in the current subsection. While the corporate world is increasingly seen to be articulating its regard for social responsibility, critics continue to see this more as a myth than a reality. They point out that corporate capital is, in the final analysis, interested in accumulation alone. CSR has become a dominant paradigm for imagining a resolution to the social problem of global free market inequalities, failures and excesses. The regulation or 'civilization' of capitalism through CSR is, however, a contested process between actors of varying power and influence. Although it is well recognized that CSR is a concept in need of a sound theoretical framework, but Laughton (2005) sees the ideologies and political bases from which ethical capitalism is contested are often overlooked.

Bryane (2003) writes that within the literature focusing on CSR's role in development, three 'schools of practice' appear to be emerging: the neo-liberal school (focused on self-regulation by industry according to the risks and rewards of CSR activity), the state-led school (focused on national and international regulation and cooperation) and the 'third way' school (focused on the role of for profit and not-for-profit organizations). Yet each of these schools of practice may be critiqued using theories applicable to the broader field of development. Namely, the neo-liberal school fails to address the resource misallocations caused by CSR. The state-led school fails to address the underlying politics behind government encouraged CSR. The 'third way' school fails to address the self-interest involved in CSR.

Neo-liberalism works hand in hand in 'Third World' states and many other apparatuses, which is an economic policy agenda that began in Chile in 1973. Its inauguration consisted of a US-organized coup against a democratically elected socialist president and the installment of a bloody military dictatorship notorious for systematic torture. The predecessor of the neoliberal model is the economic liberalism of the 18th and 19th centuries and its notion of 'free trade'. According to Harvey (2005), 'neo-liberalism' is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. The term is typically used by opponents of the policy and rarely by supporters.

In academia, neoliberal theory became a dominant discourse when the Nobel Prize in economics was awarded to Hayek in 1974 and Friedman in 1976 for their work on neoliberalism. Based on Hayek's political and economic discourse, Thatcher (1979-90) and Reagan (1981-88) formulated policies on 'free' trade and established the 'open' market during 1980s. With the support of the US President, Ronald Reagan, and British Prime Minister Margaret Thatcher, the neoliberal policy agenda took over in the English-speaking world. Then Australian Prime Minister Malcolm Fraser (1975-83) and the Canadian Prime Minister Brian Mulroney (1984-93) endorsed their campaign through public policies and programs. Thatcher, Reagan and Pinochet in Chile took their neoliberal views from Hayek and Friedman, and used them to make the strong state to 'roll back' state interferences and combine free market mechanisms. China formulated a neoliberal policy in 1978 under the leadership of Premier Deng Xiaoping (1978-92), whereas India and Sweden partially moved towards neo-liberalism in the 1980s and in the early 1990s respectively (Harvey, 2005).

Neo-liberalism and war are two sides of the same coin. Free trade, piracy and war are still 'an inseparable three' – today may be more so than ever. War is not only 'good for the economy', but is indeed its driving force and can be understood as the 'continuation of economy with other means' (Henderson, 1997). War and economy have become almost indistinguishable. Wars about resources – especially oil and water – have

already begun (Klare, 2001). The Gulf Wars are the most obvious examples. In neo-liberalism or market economy, importance is given on economic growth. But it has failed to reduce poverty or ensure social protection for the poor, instead increased concentration of wealth and disparity in society. It has failed to uphold any vision of the society. Therefore, hard economics, day by day, is losing way to softer versions. Culture and ethnicity have dominated recent world events and this trend is likely to continue. Focusing purely on economic growth for countries or profits for companies will, of course, be uppermost, but the softer undercurrents of change, such as CSR, are given more importance.

In today's complex environment, the corporations understand and respond rapidly to shifting public values, rising expectations, demands for public consultation and increasingly intrusive news media. Over the past two decades, the pressure upon business to become accountable and perform a social and environmental role has increased dramatically. Incidents such as the Union Carbide accident in Bhopal, India in 1984 and the Chernobyl Nuclear Power Station disaster in the Ukraine in 1986 helped put corporate responsibility for environmental hazards on the international agenda. Western industrialized governments responded to such incidents and established legal and regulatory frameworks for corporate accountability.

Although strong governments may be able to challenge corporate conduct and deal with externalities and business consequences, the ability of governments in developing countries to address the adverse socio-economic and environmental impact of contemporary capitalism has remained constrained (Harvey, 2006; Sikka, 2010). Even though governments in developing countries may be willing to introduce new laws to promote public accountability, transparency and corporate disclosure, stabilization clauses and investment guarantees often constrain a government's ability to enact and implement laws to protect its citizens (Cotula, 2008).

6. Critique of Neo-liberalism led Development

Globalization has been theorized as a 'crisis in the sovereignty of the nation state' with rapid movement of finance capital that lies outside the control of the state (Appadurai, 2001:4). The world economic scene is one of extreme and worsening inequality, with a few experiencing great and increasing wealth while more than one billion people suffer intense deprivation and poverty (Trainer, 2009). The opponents of neo-liberalism argue on many

issues such as globalization and liberalization subvert nations' ability for self-determination, exploitation, negative economic consequences which produce inequality, and increase in corporate power. As Wunderlich and Warrier (2007) find, globalization has been perceived historically that originated primarily from the economic and political domination of the US, spreading modernity and consumerist values to distant local cultures. But in the name of globalization, hybridity has been created both in local and global context of present world. The new transitional elites are the driving force behind this global economy, who control any decision making at global context and play prime role for implementing the neo-liberal and hegemonic agenda by controlling their monopoly power. Accordingly the elites earn more wealth and capture the public resources in the name of privatization, and thereby the role of state are reduced in exchange of empowering this group with more independence.

Harvey (2005) writes that resources have been concentrated not only to one percent people from the top, rather to the first ten percent of that one percent people, where neo-liberal economic programs are implemented. Thereby in this economic system the provision is such that elites become richer in every action. For example, the gross domestic product (GDP) of the poorest 48 nations (i.e. a quarter of the world's countries) is less than the combined wealth of the world's three richest people.

Social development funding and social security for the people can never be a charity or business. These are the rights of the people and the responsibilities of the state. They should never be left to be determined by market forces. As has been seen in many countries in Asia, corporations are constantly pressuring governments to reduce corporate tax rates even in times when they are reaping windfall profits and the general population is forced to absorb higher prices including sharply higher prices of basic necessities. As such, the tax burden of the poor and low income earners rises greatly in proportion to their disposable income. The rapid growth of the corporate may be so dangerous that merger between the state and corporate power even might be turned into fascism.

7. Discussion

Bangladesh has introduced neoliberal policies since the 1970s. Military regimes, since the dramatic political changes in 1975, accelerated the process. A succession of military rulers made rigorous changes in policy-

making in various sectors. The International Financial Institutions (IFIs), and the economic and political interests of the ruling civil-military elites, worked together to consolidate power and adopt neoliberal policy in various sectors. Moreover, the democratic regimes, since the 1990s, have continued to implement neoliberal policies with support from the IFIs. Following Bangladesh's full adoption of the neo-liberal policy symbolized by structural adjustment or economic reforms since the 1980s, the corporate sector has witnessed massive growth both in form and content (Nuruzzaman, 2004 and Haque, 2008).

Again, the overall purpose of development is to promote social progress. In the specific case of Bangladesh, it is to reduce poverty, unemployment, diseases, and other social ills. However, capitalism in Bangladesh is characterized by corporate land grabbing and dispossession of people. The ruling class in Bangladesh is increasingly accumulating more and more property by grabbing common resources like land, river, forests etc. In Bangladesh global corporate bodies are interested more in natural resources under the soil or water. The MNCs or global oil companies who are already occupying the onshore gas resources in Bangladesh are now trying to take control of Bay of Bengal. Global capital has been trying to grab coal mines in Bangladesh, and to ensure highest profit they are pushing for open pit, which is threatening dispossession of millions of people, destroying water resources, fertile land, ecology and biodiversity.

There exists a positive relationship between CSR activities of corporate and their enhanced competitiveness, at least if a long-term perspective is considered. Business undertakes CSR not necessarily out of a need to act benevolently but more for survival in a globally competitive and legally complex modern environment (Moeti, 2000:1). As a result, CSR cannot be easily understood in isolation but must be considered in relation to the dynamics of a society as a whole. In order to understand CSR practices in a developing country, such as Bangladesh, it is necessary to adopt an appropriate methodological framework which takes into account the social, political and economic contexts in which business organizations conduct their activities (Banerjee, 2007). The fate of capitalism itself has become the great up-spoken question, as the economy of capitalism collapses one after another in the face of global financial instability. The current financial crisis makes it very clear that the existing system is not really working. This is the right time to undo things and build them in a new way. What is needed then,

therefore, is a new type of support, i.e. CSR. However, a more explicit issue of Bangladeshi CSR activities, charity, donations and the like – all indicate a 'development gift' that never addresses the major inequalities in the society.

From the discourse of the theoretical framework of political economy perspective that underlined this study, it is clear that an examination of the social welfare conditions of the people in a given society is fundamental to understanding the nature of development strategy conceived by government and the character of the state institutions put in place to implement the strategy within a social milieu. The article has examined the socio-political and economic environment of Bangladesh by considering the institutional structures which may have shaped the nature and scale of CSR practices. It showed that socio-political and economic environment of Bangladesh has been shaped by both global and local institutional structures. In particular, CSR practices in Bangladesh have been significantly influenced by global structures such as the mobility of capital and by globalization and liberalization policies. This study finds that the Bangladesh government is dependent on corporate activities, particularly foreign direct investment (FDI), for economic growth, for the creation of employment, and for increasing government revenues, and that this dependency has shaped the legal and regulatory frameworks as well as CSR practices. MNC activities have become dominant in the economy of Bangladesh, and these have had a significant influence on the institutional structures and laws of Bangladesh, and consequently on CSR practices. Despite the enactment of various regulations in the name of promoting corporate governance and public accountability, the enforcement of laws and regulations remains marginal in Bangladesh with regards to CSR. In fact, the enabling environment which would promote corporate disclosure, transparency and accountability in Bangladesh remains just a dream.

8. Conclusion

CSR is basically the perspective of capital in general and TNCs in particular. It is an offshoot of neo-liberalism, which propagates that generally the market in itself is capable of self regulating and curing the imbalances of the economy and that state regulations are generally the cause of every problem because they hamper the capacity of the markets for self-regulation. CSR is a new notion but not necessarily as altogether alien concept, which represents the new millennium challenge and a truly

paradigmatic shift for business corporations. The contemporary nature of CSR carries the perception of the highly developed Western industrialized countries. CSR is nothing, but an extension of development model relating to the global capitalism. As the aim of capitalism is to maximize profit, so business interests get first priority to the corporations. Again, there are many reasons for which companies engage in CSR practices especially for self-interest, business strategy, marketing campaigns, and also for tax exemption in the form of rebate on the amount of money spent on CSR.

Neo-liberal globalization as a process of decentralization, deregulation and capital accumulation, creates adverse effects on the working poor. It has indeed reproduced poverty and created greater polarization and social exclusion. Despite some seemingly beneficial proponents such as growth, freedom and flexibility, it has rather turned into a vicious cycle. Wider wage differentials, exploitation of women and children, appalling working conditions and de-agrarianization are the vestiges of neoliberal globalization process that has created unprecedented informalization of labor force. The SAP prescribed by the rich states of the world system thus contributed to the rollback of the frontiers of the states with respect to efficient allocation of resources and people wellbeing. Thereby it is increasingly becoming evident now that the process of neoliberal globalization has led to marginalization and informalization of the proletarians through integrating, mobilizing and recombining labor (by subjecting them to competition) into the global economy.

With rapid economic globalization this Western notion CSR is also encroaching upon the developing countries' corporate sector and even their national economy though the discourse of CSR does not support the traditional practices of developing countries. CSR status in Bangladesh is mixed; where CSR agenda is taken, or rather borrowed, from a utilitarian approach. It is defined rather narrowly as comprising practices that are legal obligations, a means of protecting the company from adverse publicity or perhaps a means of promoting brand image. The Western CSR notion fall far short, and quiet naturally so, of addressing the indigenous context of a developing country such as Bangladesh.

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