Emergence of corporate political activities in the guise of CSR: dispatches from a developing economy

DOI:

[10.1108/AAAJ-07-2019-4087](https://doi.org/10.1108/AAAJ-07-2019-4087)

Document Version

Accepted author manuscript

[Link to publication record in Manchester Research Explorer](#)

Citation for published version (APA):

Siddiqui, J., Mehjabeen, M., & Stapleton, P. (2021). Emergence of corporate political activities in the guise of CSR: dispatches from a developing economy. *Accounting, Auditing and Accountability Journal*, 34(5), 1137-1162. <https://doi.org/10.1108/AAAJ-07-2019-4087>

Published in:

Accounting, Auditing and Accountability Journal

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Emergence of corporate political activities in the guise of CSR: dispatches from a developing economy

Journal:	<i>Accounting, Auditing & Accountability Journal</i>
Manuscript ID	AAAJ-07-2019-4087.R3
Manuscript Type:	Research Paper
Keywords:	Social and environmental reporting, Institutional logics, Corporate political activity, Corporate social reporting

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**EMERGENCE OF CORPORATE POLITICAL ACTIVITIES IN THE GUISE OF
CSR: DISPATCHES FROM A DEVELOPING ECONOMY**

1. Introduction

The objective of this paper is to explore the emergence of corporate political activities (CPA) in Bangladesh. As in many other developing countries, the corporate sector in Bangladesh is characterized by highly concentrated family ownership (Khan *et al*, 2015). The capital market is weak; investors possess limited knowledge regarding investment decisions (Siddiqui, 2010). In this context, existing literature reports a lack of market incentive to engage in corporate social reporting (CSR) (Siddiqui, 2010; Muttakin *et al*, 2018), and so CSR disclosures in Bangladeshi companies tend to be inadequate and unreliable (Belal, 2001; Belal and Owen, 2007; Khan *et.al*, 2013; Momin and Parker, 2013).

However, since 2009, there has been a significant increase in CSR disclosures by banks in Bangladesh (Bangladesh Bank, 2010). Closer scrutiny shows there may be varying reasons behind this activity. For example, some activities reported by commercial banks can be traced to political projects closely linked to the ruling political party and its family members (Uddin *et al*, 2018). Using Weber’s (1947) notion of traditionalism, Uddin *et al.* (2018) conclude that such activities are aimed at demonstrating unconditional loyalty to the state political leadership. Their paper also reports that many commercial banks in Bangladesh have significant political linkage through family owners. Similarly, a number of studies (for example, Siddiqui and Uddin, 2016; Siddiqui *et al*, 2020) also report the presence of a state-business nexus in Bangladesh, where businessmen occupy the majority of seats in parliament. Furthermore, media reports present evidence that family-owners of commercial banks exert significant influence on the government, and have policies formed in their favour (The Daily Star, 2017). Thus, contrary to Uddin *et al*, (2018), it is possible that the political nature of CSR activities of Bangladeshi banks may also be driven by a desire to get close to the political leadership with an intention to maximise their own political or economic agenda, rather than simply displaying loyalty to political masters. On the other hand, there is evidence that some activities appear to be undertaken purely for the benefit of society. For example, the various activities engaged in by commercial banks during natural disasters (The New Age, 2020). Thus overall, there is sufficient anecdotal evidence to suggest there are a variety of reasons for commercial banks

engaging in CSR activities of a political nature. In this context, the paper addresses the following question: how did CPA emerge in the form of CSR in the banking sector in Bangladesh?

In order to address the contextual factors that influence a company's choices to engage with CSR activities, our paper is grounded in the notion of institutional logics (Friedland and Alford, 1991), a key feature of which is the acknowledgement of a logical pluralism, where different logics coexist within an organization. That is, faced with the prospect of having to adopt a new institutional practice, an organization may align the logics of those new practices with the existing logics of the organization. Indeed, prior literature investigating structural embeddedness of CSR programmes within organizations have suggested that such adoption is influenced by the presence of multiple logics within the organizations (Glynn and Raffaelli, 2013; Arena *et al*, 2018). An institutional logics perspective (Thornton and Ocasio, 2011; Maguire *et al*, 2004) also allows the identification of certain mechanisms through which a new logic may replace the existing dominant logic within an organization, hence making it a useful theoretical lens to investigate a change in existing institutional logics within organizations.

Although there has been rising interest in the political aspects of CSR in the general management literature (Schrere and Palazzo, 2007, 2011; Whelan, 2012; Fynas and Stephens, 2015; Muthuri and Gilbert, 2011; Chapple and Moon, 2007; Prechel and Morris, 2010; Walker and Rea, 2014; Lux *et al*, 2011), accounting researchers have paid relatively scant attention to this important contextual factor. Consequently, the dynamics between politics and CSR disclosures have remained relatively under researched (Gu *et al*, 2013) and under-theorized (Uddin *et al*, 2018). Exceptions include several studies in the market-based accounting literature that have studied the impact of CPA on corporate performance (Bonardi, *et al*, 2006; Hillman *et al*, 1999). However, as noted by Adly (2009), the absence of complete institutions in developing countries can drive political engagement by corporations. Also, unlike western countries, where CPA is largely legal, such activities are not legally permissible in many developing countries. Therefore, it is possible that corporations in developing countries may attempt to camouflage CPA in the form of other legitimate activities, such as CSR. Our paper aims to contribute to this small but growing literature on CPA in the context of developing countries.

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Our analysis is based on 21 in-depth interviews with top management and members of the board of directors across the Bangladeshi banking industry as well as policymakers and regulatory bodies. Our findings reveal that the Bangladeshi corporate sector’s approach towards engagement with and disclosure of CSR activities is driven by the existence of multiple logics across different industries. We find the political nature of the CSR activities performed by banks in Bangladesh is primarily dictated by the presence of a dominant market logic within the industry. However, in some cases, such activities are influenced by the existence of multiple logics, such as family and community. Our analysis makes an important contribution to the accounting literature: our study is amongst the first to explore the emergence of CPA, and the role of institutional entrepreneurs in the context of a developing economy. Also, by adopting institutional logics as a theoretical lens for this research, we extend previous studies such as Uddin *et al.* (2018) and Khan *et al.* (2020) to demonstrate that the political nature of CSR disclosures made by banks in Bangladesh is shaped by the presence of multiple logics within organizations.

The paper is divided into several sections. Section 2 provides a brief literature review of the political nature of CSR reporting. This is followed by a section that elaborates the theoretical framework adopted for this study. A following section then discusses the research methods employed. The empirics are presented in two successive sections followed by a discussion section. Finally, the conclusion section summarizes the findings and provides future research directions.

2. Corporate political activity (CPA) versus corporate political social responsibility (PCSR)

Corporations can engage in a variety of political activities, including building business-government relationships, corruption, contributions, and overt lobbying (Baysinger, 1984). In return, firms can benefit from reduced transaction costs and reduced environmental uncertainty (Hillman *et al.*, 1999). They may also be able to manage or influence public policy in their favour (Baines and Viney, 2010). In the context of this research, Lawton *et al.* (2013) notes that the nature of CPA might be different in developing and western countries. In the western context, CPA is largely about firm-level legal engagement with structured political actors,

whereas in developing economies the presence of weak or incomplete institutionalization can lead to informal and possibly corrupt political engagement by corporations (Adly, 2009).

Frynas and Stephens (2015) emphasize the importance of integrating corporate political and CSR literatures because both address corporate interaction with political institutions, non-government actors, and local communities. These authors define political CSR (PCSR) as activities where CSR has ‘an intended or unintended political impact or where intended or unintended political impacts on CSR exist’ (p. 485). Borrowing from Lawton *et al.*’s (2013) depiction of CPA, Frynas and Stephens (2015) argue that corporate attempts to influence governmental policies could include: deliberate attempts by corporations to influence governments to gain firm-specific advantage; the impacts of firms’ reactive strategies with regard to changes in the external political environment; and identifying deliberate corporate strategies in response to environmental concerns, with the aim of influencing future government regulation (Halme, 2002; Ruihua and Bansal, 2003). However, some activities such as lobbying government for assistance in international trade disputes (Baron, 1997) were excluded from Frynas and Stephens’ definition because they are not explicitly related to CSR.

Although both PCSR and PCA are concerned with corporate engagement with political activities, the two concepts are clearly distinguished. As Scherer *et al.* (2016) point out, businesses not only engage with political activities, sometimes they turn into political institutions themselves. That is, for these authors the political understanding of CSR goes beyond the instrumental view of corporate engagement with politics, as expressed in the CPA literature, where CPA is defined as corporate attempts to shape government policies in a way that is favourable to the firm (Hillman and Hilt, 1999). Such attempts may include activities such as campaigning contributions, direct lobbying, co-option, or even bribing. Thus, CPA literature takes a very instrumental view of the term ‘politics’, meaning political activities of the state. Here, corporations make no attempt to fill any governance vacuum left by the state apparatus. Rather, the intention is to exploit state activities for the corporations’ own benefit. This definition of politics is more akin to our interpretation of the term for the purpose of this research. The notion of politics as used in PCSR literature, on the other hand, focuses on deliberations, collective actions, and a concern for public goods (Scherer *et al.*, 2014). Thus, PCSR is viewed as an attempt by corporations to close governance gaps at national, regional and global levels.

The prevalence of political interests and patronage in corporations is well noted in the wider management literature (Chapple and Moon, 2007; Lux *et al.*, 2011; Muthuri and Gilbert, 2011; Walker and Rea, 2014; Maak *et al.*, 2016). However, this work mainly addresses the political duties and activities of, in particular, multinational corporations (MNCs) (Crane *et al.*, 2008; Hsieh, 2009; Scherer and Palazzo, 2007, 2011). Within the normative tradition of research, researchers find that western MNCs play positive roles in societies (Scherer *et al.*, 2006, 2009), and even that MNCs may step up to fulfill that role as increased globalization leads to a decline in the power of the state (Whelan, 2012). There are not many critical studies conducted on politically motivated CSR except for Whelan (2012), Gu *et al.* (2013) and Siddiqui *et al.* (2020). Whelan (2012) criticizes prior research by arguing it is wrong to equate globalization with diminishing capacities of states and by questioning whether MNCs are capable of oscillating between rational profit-seeking and pro social logics.

Although Uddin *et al.* (2018) refer to the political nature of CSR activities of Bangladeshi banks as ‘political CSR’, the nature of such activities indicate that these are more akin to CPA rather than PCSR. In fact, Uddin *et al.* (2018) use Skippari’s (2005) typology of CPA to explore the nature of political activities performed by banks in Bangladesh, where, as the authors note, corporations are not legally allowed to provide election funding to political parties. Based on an analysis of CSR disclosures made in their annual reports, the paper finds that a significant number of CSR activities can be classified as CPA, mostly due to personal connections between business executives and politicians. Using Weber’s notions of traditionalism, the paper concludes that such activities were used as mechanisms for displaying loyalty to the ‘master’ (p. 409), as warranted in a traditional economy. Within the market-based accounting literature, there is evidence that CPA is positively related to firm performance (Bonardi *et al.*, 2006; Hillman *et al.*, 1999). Cooper *et al.* (2010) observe that donating to a political party helps corporations develop close relationship with politicians, which can have a positive impact on stock prices if the politicians get elected to office. In Bangladesh’s case, Uddin *et al.* (2018) suggest there may not be any direct benefit derived by the corporation from engaging in such political activity, although, the family owners might benefit. This paper views willing participation in CSR activities that actively promote the ruling party’s political agenda as an effort to display loyalty. However, at the same time, media reports present significant evidence of how family-owners of commercial banks in Bangladesh, exert significant influence on the government, and have policies formed in their favour (The Daily Star, 2018). This is possible due to the presence of a significant state-business nexus, as reported in many other studies (for

example, Siddiqui and Uddin, 2016; Siddiqui *et al.*, 2020). As the Bangladeshi legal environment does not allow firms to directly contribute towards election funding of political parties, it is possible that such CPA is conducted in the guise of CSR.

But by way of contrast, there is also evidence that commercial banks engage in various activities that appear to be truly beneficial for society (The New Age, 2020). Thus, it appears that the significant increase in CSR activities in the banking sector in Bangladesh, and the political nature of such practices is an outcome of the presence of multiple factors. In such a context, institutional logics (Thornton *et al.*, 2012) may be a useful lens through which to study emerging organizational practices and practice variations (Ezzamel *et al.*, 2012; Malik and Nicholson, 2020). Especially, attention may be focused on the existence of logical pluralism within organizations. For example, studies have examined how a particular logic is prioritized over others under different circumstances (Safari *et al.*, 2020; Golyagina, 2020; Yee, 2020). In what follows, we elaborate on institutional logics and logical pluralism, especially in the context of CSR research.

3. Institutional logics, institutional entrepreneurs, and logical pluralism in CSR research

The theoretical framing for this paper is based on the notion of institutional logics, conceptualized by Friedland and Alford (1991). Institutional logics have been defined as ‘the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality’ (Thornton and Ocasio 1999, p. 804). Friedland and Alford (1991) identify a number of core institutions of society, namely, the capitalist market, the bureaucratic state, democracy, families, and religion. Each of these institutions has a central logic that dictates the means and ends of individual and organizational behaviour. Building on Friedland and Alford’s (1991) work, Thornton and Ocasio (1999) developed a theoretical model to identify six ‘ideal type’ institutional orders, namely, family, religion, state, market, profession and corporation, each of which has a central logic. The theoretical model compares these six institutional orders across a number of factors, including sources of legitimacy, authority, identity, and basis of attention. A further logical variant, namely community logic, was later introduced by Thornton *et al.* (2012).

Friedland and Alford (1991) point out that while institutions constrain actions, they also provide sources of agency and change. Logics are embedded into the fabric of regulatory structures, organizational forms and social norms. Therefore, the contradictions inherent in the different institutional logics provide individuals, groups, and organizations with cultural resources for transforming individual identities, organizations, and society. Thornton and Ocasio (2012) note that change in institutional logics within the organization is facilitated by a number of mechanisms, such as the presence of institutional entrepreneurs, structural overlap, event sequencing, and the presence of multiple logics. These change mechanisms are very relevant for this study, as we explore the emergence of a new practice. For the purpose of this paper, we focus on two of these mechanisms, namely, institutional entrepreneurship, and multiple logics as these seem most relevant in the context of the current study.

The term ‘institutional entrepreneurship’ was first introduced by DiMaggio (1988) to highlight the change agents within institutions. Institutional entrepreneurship refers to ‘the activities of actors who have interest in particular institutional arrangements and who leverage resources to create new institutions or transform existing ones’ (Maguire *et al*, 2004). The notion of institutional entrepreneurship focuses attention on the manner by which interested actors influence their institutional contexts (Lawrence, 1999), and highlights that some people are better at producing desired outcomes than others (DiMaggio, 1998). Garud and Karnoe (2001) note that to qualify as institutional entrepreneurs, individuals must have the ability to break with existing rules and practices associated with the dominant institutional logic and institutionalise the alternative rules, practices and logics they are proposing. Therefore, institutional entrepreneurship is an intense political process that requires skilled actors who can draw on existing cultural and linguistic materials in order to theorize change that would attract the cooperation of other actors (Greenwood *et al*, 2002; Suddaby and Greenwood, 2005).

Maguire *et al*. (2004) point out that in the absence of clearly established rules in emerging fields (such as CSR activities in Bangladeshi Banks), institutional entrepreneurs occupying legitimate subject positions, particularly formal, senior positions within organizations, have greater potential to pursue their interests. The formal bureaucratic position of an institutional entrepreneur within the organization would allow them access to material resources that can be diverted to pursue new practices. Also, due to the wide legitimacy of the subject position, the institutional entrepreneur would be equally acceptable, for example, to the top management and the employees within an organization, allowing this entrepreneur to bridge the diverse

1 stakeholder groups. Maguire *et al.* (2004) also highlighted the role of theorization in the
2 institutional entrepreneurship process. Two distinct strategies were identified: persuasive
3 argumentation and political negotiation. The process of persuasive argumentation involves
4 collating a range of arguments that could effectively be used to justify the introduction of new
5 practices in a way that would resonate with various stakeholder groups to create broad based
6 support. Political negotiation includes explicit bargaining, negotiations and compromise with
7 stakeholders to ensure that they are supportive, or at least, do not undermine the proposed
8 changes. Maguire *et al.* (2004) observes that at this stage, institutional entrepreneurs make clear
9 to stakeholders the political costs of supporting or not supporting the new practices' (p. 671).

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Dunn and Jones (2010) note that a number of scholars (for example, Scott *et al.*, 2000) have
conceptualised change as a replacement, whereby a dominant logic is abandoned and is
replaced by another. Thornton and Ocasio (2012) point out that the presence of alternative
logics per se is not a driver for institutional change. Rather, logical plurality may be an
antecedent or a consequence of change. Indeed, over the last decade, a number of studies have
reported the existence of logical pluralism within organizations (Amans *et al.*, 2015; Canning
and O'Dwyer, 2016; Carlsson-Wall *et al.*, 2017; Ezzamel *et al.*, 2012), for example, in the
budgeting process (Ezzamel *et al.*, 2012; Amans *et al.*, 2015). Carlsson-Wall *et al.* (2017) report
the presence of various competing logics in an international Swedish football club, where the
organization must manage both a demand for excellence in sport (the sports logic), and a
demand for financial success or stability (the business logic). Also, in a recent paper, Siddiqui
et al. (2019) report that the shifting nature of global governance reforms in cricket regulatory
bodies have been driven by the presence of competing logics, such as imperialism, market
logics and professionalism.

Of especial relevance to this paper, a number of studies have adopted the institutional lens to
understand how CSR strategies are shaped by the presence of multiple institutional logics
within the organization (Arena *et al.*, 2018; Iannou and Serrafaim, 2015; Tan and Wang, 2010).
Within CSR literature, Glynn and Rafaelli (2013) note that organizational adoption of CSR
practices has been guided by the prevalence of two logics: market and community. Arena *et al.*
(2018) note that the market logic assumes managers will likely prioritize economic results over
environmental and social results in the face of multiple demands, and that companies are guided
by 'the business case for CSR' when defining their CSR strategies (p. 347). Hence,
organizations' responses to social and environmental challenges are instrumental and are

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framed around how firms can benefit financially from addressing societal concerns (Carroll and Shabana, 2010; Gao and Bansal, 2013). Within a market logic, corporate engagement with CSR activities is driven by a pursuit for enhanced legitimacy (Oliver 1990) and reputation management (Bebbington *et al.*, 2008). The community logic-based approach to CSR, on the other hand, focuses completely on the contribution of the company to the community it interacts with and influences (Arena *et al.*, 2018). Within this logic, organizations are viewed as more than economic actors because they are members of local, geographically bounded collectives that order activities by ideologies and value systems. Glynn and Raffaelli (2013) note that CSR practices can be based on either type of logic, but organizations will differ in the extent to which they emphasize the rationale for or benefits of CSR practices. In line with the market logic, market-based practices will emphasize the business benefits. Community-based practices, on the other hand, will emphasize the social benefits that can accrue to organizations from CSR activities. In a recent paper, Mahmood and Uddin (2020) adopt the institutional logics perspective to understand the reasons for the presence of and variation in sustainability reporting in the context of Pakistan. The study confirms that emergence of sustainability reporting practices were underpinned by a combination of market, regulatory, professional and community responsibility logics.

For the purpose of this paper, we use institutional logics to identify the underlying reasons for the sudden emergence of CPA in the banking industry in Bangladesh. We explore how different institutional logics shape an organization's approach towards CSR. Given the important role of institutional entrepreneurs in changing the existing logic within their organizations, we expect these actors to articulate their logic in order to produce their desired outcomes. The political patronage prevalent in the banking sector also provides an interesting perspective for the logics prevailing in this sector. These issues are elaborated in the research methods section.

4. Research Methods

4.1. The research site: political patronage in the banking sector in Bangladesh

In 2020, 60 commercial banks operated in Bangladesh, of which 42 were local private commercial banks (PCBs), 9 foreign commercial banks (FCBs) and 9 state-owned banks

(SOBs). For a relatively small economy like Bangladesh, the number of PCBs is quite high compared to neighbouring economies. For example, India, a much larger economy, has only 22 PCBs and Pakistan just 34 PCBs. Economists and members of civil society in Bangladesh have repeatedly raised concerns regarding the government's tendency to allow new banks to operate (The Dhaka Tribune, 2018). As Uddin *et al.* (2018) point out, one of the striking features of the banking sector in Bangladesh is the explicit political linkage of the PCBs. Their paper reports that 23 of the 39 PCBs (at the time of the study) had some kind of connection with the ruling regime or other political parties because their chairmen, sponsor directors, or other influential directors of the board were members of parliament or active members of a political party. In 2018, when three more PCBs were given licenses to operate, the finance minister admitted that permission was granted on 'political grounds' despite the banking sector already being overcrowded (New Age, 2018).

The presence of political patronage and linkage has been repeatedly linked with the existence of significant amounts of non-performing loans (NPL) in the banking sector in Bangladesh (ADB, 2019). In 2019, the banking sector had a NPL ratio of 9.89% - the second highest in Asia (The World Bank, 2019). Although a majority of these NPLs occurred in SOBs, the PCBs also had a significant share of such bad loans (The Financial Express, 2020). In a newspaper interview, a prominent economist in Bangladesh explained that the significant amount of NPLs was due to repeated violation of banks' credit policies and:

'The influence of politicians has helped them to establish new banks without extensive scrutiny and obtain huge amounts of loans' (Professor Wahiduddin Mahmud, as reported in *The Dhaka Tribune*, 2018a)

There is evidence of the influence of banks' political linkage in top-level government policy making. In 2018, the Bangladesh Government (GoB) amended the Banking Companies Act (GoB, 2018) to allow four members of the same family to sit on a bank's board of directors, and to hold their posts for nine consecutive year. Previously, the legislations allowed just two members of the same family to be on the board for six consecutive years. Newspaper reports suggest that the Bangladesh Association of Bankers (BAB), the apex body of PCBs in Bangladesh, actively lobbied the government for this amendment (The Dhaka Tribune, 2018b). Also, in 2015 and 2019, the GoB offered a 'generous' restructuring scheme to large bank loan defaulters, allowing them to obtain further loans and other financial benefits from the banks.

Newspaper reports suggested the presence of political lobbying by bank owners and defaulters (The Daily Star, 2015; 2019a)

There is evidence of political influence in the development of CSR regulations in the banking sector as well. The Bangladesh Companies Act (GoB, 1994) does not require mandatory disclosure of CSR activities for public limited companies. However, in 2008, during the regime of a military-backed, ‘caretaker’ government led by an ex-World Bank executive¹, the Bangladesh Bank (BB) issued a circular relating to the mainstreaming of CSR activities in banking and the financial services sector (Bangladesh Bank, 2008), and offered a 10 % tax rebate on the actual amount spent on CSR activities (GoB, 2008). The circular identified specific economic, environmental and social development qualifying activities leading to a threefold reported increase in CSR spending by listed banks in Bangladesh² between 2009 and 2010 (Mehjabeen, 2018). Uddin *et al.* (2018) note that these expenditures are essentially of a political nature, as they were aimed at glorifying the family of the Prime Minister and were mentioned in the new government’s pre-election manifesto. In 2011, the GoB issued a new directive (GoB, 2011), adding donations to the liberation war museum, to the Father of the Nation memorial and contributions to the Prime Minister’s Education Fund as new areas of CSR activities that would qualify for tax rebates. The inclusion of political items in the list of CSR activities that could qualify for tax exemption could be viewed as a potential invitation for the Bangladeshi corporate sector to get involved in CPA.

4.2. Data collection

This research employs semi-structured interviews with the Governor and ex-governors of the central bank, and members and former members of the Board of Directors of commercial banks, allowing participants to articulate their organizations’ approach to CSR reporting practices. The interviews were also intended to understand if there was political interference, which in turn influenced the decision by managers to disclose CSR information. Interviews were also conducted with senior government officials and policymakers including an ex-

¹ During 2007-2009, Bangladesh was ruled by a military-backed caretaker government comprised mostly of members of civil society

² In Bangladesh, Company Law does not require companies to disclose annual CSR expenditure. However, in 2009, the Central Bank of Bangladesh started publishing an annual review of CSR expenditure by banks in Bangladesh. The first of these reports came out in 2010.

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3 finance minister, critics and civil society, the CSR Centre, and the corporate governance wing
4 of International Financial Corporation (IFC), a sister concern of the World Bank.
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8 Initially, a pilot study involving a total of 7 interviews was undertaken to test whether the
9 questions in the interview protocol could result in responses of pertinence to the research
10 objectives (King, 1994; Yeo *et al*, 2014). The translated and transcribed pilot interviews were
11 used to modify the scope of the initial interview guide/protocol, and to revise the questions
12 addressed in the formal interviews. A total of nineteen interviews (listed in table 1 with codes
13 to ensure anonymity) were conducted between July-September 2015, with additional
14 interviews conducted in April-May 2016 and in July 2019. A further two interviews were
15 conducted in July 2020 via an online platform.
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27 Interviews lasted between 30 minutes and one-and-half hours and took place at the
28 interviewees' place of business. Interviews comprised both basic and probe questions (King
29 and Horrocks, 2010; Roulston, 2010; Shank, 2002) to elicit further explanations, examples, and
30 more detail (Kvale and Brinkmann, 2009; Silverman and Marvasti, 2008; Simons, 2009).
31 Interviews were generally conducted by one of the authors, who is a native speaker, in Bengali
32 (the native language of Bangladesh). All interviews were tape recorded, except two where the
33 interviewees did not agree to tape recording. In these two cases notes were taken with the
34 consent of interviewees. The taped interviews were transcribed, translated and reviewed.
35 Following the method reported by O'Dwyer (2004), recorded interviews were listened to
36 directly and the translation and transcription were carefully scrutinized against the tape
37 recordings and amendments made where necessary.
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48 **4.3. Data analysis**

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51 All interview transcripts and the notes from the two interviews that were not recorded were
52 examined several times to form a deeper understanding of the issues and to focus on one of the
53 relevant aspects. As discussed in the theoretical framework section, in recent times, a number
54 of authors have examined the existence of logical pluralism in the structural embeddedness of
55 CSR practices within organizations (Glynn and Rafaelli, 2013; Arena *et al*, 2018). In order to
56 understand how different institutional orders influence the CSR practices in organizations, this
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paper employs the notion of ideal types identified by Thornton (2004). Within the CSR literature, Arena *et al.* (2018) builds on Thornton’s (2004) work to provide manifestation of ideal types for CSR strategies. However, for the purpose of our research, we modify Arena *et al.*’s (2018) framework. Whereas Arena *et al.* (2018) identify the ideal types for four institutional orders, namely, market, community, state and profession, for the purpose of this paper, we use two of these institutional orders, namely, market and community, given the emphasis of these two orders in CSR practices in organizations (Glynn and Rafaelli, 2013), as well as our reading of the interviews. Instead, considering the emphasis placed by Uddin *et al.*’s (2018) study on the impact of traditionalism on CSR practices in Bangladesh, we add the ideal types for the order of family for our analysis. The ideal type of CSR strategy for family is identified by combining Thornton’s (2004) framing with Kim and Chung’s (2017) work on the ideal types for family governance in Taiwan.

<Table 2 around here>

Table 2 presents the ideal types of CSR strategy for three institutional orders, namely, market, community and family that we believe to have a significant impact in CSR activities in banks in Bangladesh. As intended by Thornton (2004), the identification of such ideal types provides us with a systematic tool to interpret the cultural meanings of the empirical data. In addition, we use Maguire *et al.*’s (2004) work to investigate the role of institutional entrepreneurs in installing a new institutional practice in the form of CSR activities. We found the notions of subject position, persuasive argumentation, and political negotiation to be useful in analyzing the role of institutional entrepreneurs in the context of CSR practices in the banking sector.

Although Uddin *et al.* (2018) attribute the political nature the CSR activities and disclosures by Bangladeshi banks to traditionalism only, our analysis of the interviews suggests the presence of logical pluralism in their approach to CSR. Especially, our analysis suggests that although the BB’s approach towards CSR regulations was primarily driven by the logic of community, the PCB’s response was driven by the presence of multiple logics of market, family, and community. These are now discussed in the following sections.

5. Bangladesh Bank’s approach towards CSR regulations: driven by the logic of community

Most interview participants from the banking industry identified the Bangladesh Bank (2008) circular as the main impetus for the sudden rise in CSR expenditure in the banking sector. When asked about the motivations for issuing the order, an ex-Governor of the BB, who was in charge when the circular was issued, said the presence of a military-backed government made it easier for the central bank to push forward with these reforms:

‘If I remember correctly, at that time, there was a lot of noise regarding Bangladesh’s participation in the UN’s (United Nation’s) climate finance programmes- there were different donor agencies interested in introducing regulatory changes to introduce sustainable financing-the policy was developed in-house, possibly through the assistance of external consultants’ (SUA, Former Governor, Bangladesh Bank)

The Finance Minister from the same military-backed government also cited pressures exerted by international donor agencies for the introduction of tax relief for CSR expenditure. However, initially there was a maximum cap for such CSR expenditure, which was later removed by the political government. With hindsight, the respondent thought that the move was potentially counterproductive, as corporations appeared to use CSR as a ‘bribe’ (MAI, former Finance Advisor (minister) to the caretaker government, 2007-2009).

Interviews with top management personnel in Bangladeshi PCBs suggest that the real impetus for CSR activities came in 2009, when the new government appointed DAR (a pseudo-name), a prominent University Professor known for his socialist views, to the position of Governor of Bangladesh Bank. As an economist, DAR engaged in first-hand research to find the causes of and the means to remedy poverty (The Financial Express, 2009)³. On many occasions, he publicly referred to his modest background, and emphasized the need to help others-

My life has been blessed with the support of the common people. At one time, I went door to door in my village asking for their help. The villagers collected donations for me in a bazaar (local market), allowing me to pay my school tuition fees. Later on in life, I was able to open a school and a college in my area. Whenever I can, with whatever I can, I help whoever needs my help, however, that 150 Taka that was collected for me in the bazaar – I still haven’t been able to repay that debt. And if I spent my entire life towards it, I still won’t be able to repay that debt (The Daily Sun, 2015).

³ <https://web.archive.org/web/20090906012307/http://www.thefinancialexpress-bd.com/2009/04/30/65249.html>

DAR's belief appears to be consistent with the logic of community, introduced by Thornton *et al.* (2012) as a new institutional order. These authors observed that local community had a significant impact on organizational behavior in a variety of instances. For example, in their study on cooperative associations, Scheinberg *et al.* (2008) report that promises by members of a community to cover each-other's losses helped the financially insecure and vulnerable social groups to be economically independent. According to the community logic, institutions would be defined by a common boundary of shared commitment to community values and ideology and derive their legitimacy through 'belief in trust and reciprocity' (Thornton *et al.*, 2012, p. 73). During the interview, DAR repeatedly emphasized this need for reciprocity:

Bangladesh used to be a feudal society- the Jaminders (landlords) used to collect rent, but they also made schools or hospitals in the local community. The neo-tycoons of Bangladesh are not generous. They are getting all sorts of support from the society. Banks survive on other's deposits. This is coming from the society. So, the banks should be doing something for the society. (DAR, Former Governor, BB)

This is consistent with Arena *et al.*'s (2018) depiction of ideal types for the order of community, that focus on CSR engagement with local actors and collaborative activities in the community. The ex-governor also went on to cite a number of examples where family-controlled banks and other large corporate houses engaged in various CSR related activities following his encouragement:

Even in family- controlled firms, if they have the right motivations, they can do it. They can care about the society (DAR, Former Governor, BB).

It is interesting to note that although DAR was not a member of the ruling political party, he is widely believed to be a keen sympathizer, having written several books on the party and its leaders⁴. When questioned about the political nature of CSR by commercial banks, as identified by Uddin *et al.* (2018), he frankly admitted that he instructed the banks to do so, as he believed these were good projects. In fact, even loss-making banks were asked to donate money for these projects:

⁴ Although an economist, DAR published two books on Sheikh Mujibur Rahman', the father of the Prime Minister, titled 'Bangladesh's liberation war and the role of Sheikh Mujibur Rahman', and 'Bangabandhu Shohojpath). A detailed list of DAR's non-academic publications is available here: <http://www.usshamunnaybd.org/books-authored-by-dr-DAR-rahman/>

Sometimes, we involved the banks in Big Ticket CSR. For example, for the Liberation War Museum project (a political project named in the ruling party's election manifesto), we involved the banks to raise Taka 300 million- all banks participated. Even if the banks did not make profit, we encouraged them to contribute to the Liberation War Museum project. Today, they don't have profit, but they will have. That is a very good project (DAR, Former Governor, BB).

An ex-Governor of the central bank, who worked with DAR, also mentioned his instrumental role in including political projects in the extended list of CSR activities qualifying for a tax rebate, as issued by the Bangladesh government in 2011:

As far as I can recall, the Governor issued a circular so that the Liberation War Museum can raise money from the commercial banks. We made it easier (AMK, former deputy-governor, BB).

Overall, DAR appeared to be well-positioned to play the role of institutional entrepreneur. As the governor of the central bank, he held a bureaucratic subject position, having access to political and regulatory resources to support his self-interest (Maguire *et al.*, 2004). Thornton and Ocasio (2007) observe that institutional entrepreneurs apply various mechanisms, including rhetorical strategies (Suddaby and Greenwood, 2005) to manipulate material and symbolic resources. Maguire *et al.* (2004) also highlight the importance of an institutional entrepreneur to engage in persuasive argumentation, as well as political negotiation. DAR mentioned having repeated discussions regarding the importance of mainstreaming CSR with bank owners at different events. However, he admitted that he was able to get the message across quickly as he had the 'blessing of the political leadership'. Also, he emphasized the need for persuasion, because imposing CSR regulations would have had a counterproductive impact:

As senior regulators, we can motivate others. Regulators can play a role, particularly in the regulatory meeting, they can. However, I do not want to force them- this is why we are only issuing softer regulations in the form of guidance notes (DAR, Former Governor, BB).

As Governor of BB between 2009-2016, DAR actively promoted CSR activities in the banking sector through several quasi-regulatory initiatives in a bid to institutionalize the new practice (Maguire *et al.*, 2004). In 2014, the BB issued commercial banks with guidance about CSR expenditure allocation (Bangladesh Bank, 2014). The guidelines require commercial banks to spend at least 2.5% of their net profit on CSR activities, and dictate exactly how CSR should be allocated across various sectors. The move was described as part of the 'Bangladesh Bank

Governor's (DAR) efforts since 2009 to get financial institutions to contribute to the wider society that they operate in' (The Daily Star, 2014). DAR also introduced a Bangladesh Bank annual publication summarizing the CSR initiatives of each commercial bank, hence making the banks more accountable in line with the order of the community (Arena *et al.*, 2018).

6. The political nature of CSR activities: existence of logical pluralism in the banking sector

The interview evidence presented above suggests that although DAR had some inclination towards a political party and was willing to use his position to encourage banks to contribute to the ruling party's political agenda, he was originally driven by the community logic that banks should give something back to society. However, as reported by Uddin *et al.* (2018), many of these post-2009 CSR engagements in the banking sector can be classified as CPA. In what follows, we explore the motivations for PCBs in Bangladesh to engage in CSR activities post-2009 and investigate the reasons for the emergence of political CSR. We use the notion of ideal types, as mentioned in section 4, to identify the existence of institutional logics driving PCBs' engagement with CSR activities. Our analysis reveals that the PCBs approach towards CSR was driven by the existence of multiple logics of market, family, and community.

6.1. The market logic for the rise of CPA

Although DAR's initiative to mainstream CSR activities in banks appeared to be driven by his own personal ethos towards community development, interviews with bank officials suggest that such a community logic did not essentially transpire within the industry. Rather, a number of respondents suggested that the PCBs were worried about the consequences of not following the governor's advice. A senior executive of a PCB admitted that in Bangladesh's context, the 'steer' of the BB governor was sufficient for the PCBs to engage in any activities as instructed;

'You have to understand that the consequences of not following the governor's advice in Bangladesh's context. Every single bank has governance and operational weaknesses, and being in the bad books of the governor may result in further scrutiny from the Bangladesh Bank' (DKB, CFO of a commercial bank)

This was echoed by a former governor of the BB who was succeeded by DAR:

Every organization has some weaknesses; to minimize the threat they give in according to the government pressure. Again, they think that since we are doing good things, let's get close to the power and be visible so that they get additional benefits (SUA, former Governor, BB)

A respondent also pointed out that in hierarchical Bangladeshi society guidance from the governor is presumed to be an 'order'. This respondent identified the lack of consultation as a prime reason for the banks' failure to engage with the community logic:

I do not recall any consultation (before the Bangladesh Bank 2014 guidelines). I know that the Governor was interested in community development and wanted the banks to participate. However, if there were some communications, we could have suggested ways of such engagement. Rather, we received this circular from the central bank that from now on, we have to spend 2.5% on CSR' (DKB, CFO, commercial bank)

This is consistent with Maguire *et al.*'s (2004) depiction of 'political negotiation', where the institutional entrepreneur, in an effort to introduce new institutional practices, warns the stakeholders of the consequences of non-compliance, although in Bangladesh's context, DAR did not literally need to spell out such costs.

Interviews with multiple respondents from commercial banks revealed that these banks had limited ownership of DAR's vision based on a community logic. Rather, they strategically used the Bangladesh Bank guidelines (2014) to engage in CSR activities that were consistent with their own prevailing institutional logics. We identified a number of items in the annual reports of banks that could be identified as CPA. For example, several banks made CSR disclosures regarding a one off donation to the 'Lakho Konthe Sonar Bangla' -a state-sponsored world-record attempt for the highest number of people singing the national anthem together in a single venue (The Daily Star 2014a). A number of respondents confirmed that banks used the opportunity to donate to the project to demonstrate their loyalty to the Prime Minister (PM) by publishing pictures of the chief executives handing over cheques to the PM for this purpose⁵:

"The huge money spent by big companies to government's programs for patronage. For example, National Anthem song, 'Lakho Konthe gaan'. All companies jumped off to give money to celebrate this, as this would give us the chance to demonstrate to the market that we are close to the ruling regime." (ExAD1)

The benefits of participating in CPA via political donations is well-researched in the market based accounting literature, with Cooper *et al.* (2010) observing that this helps corporations

⁵ <https://dhakabankltd.com/dhaka-bank-limited-handed-over-a-cheque-for-lakho-kontha-sonar-bangla-fund/>

form an association with the political regime of the country, and helps in maximizing stock returns. Due to the absence of a legal opportunity to directly contribute to political parties, corporations in Bangladesh appear to have used such CSR activities strategically to please powerful stakeholder groups - an ideal type for the market order, as identified by Thornton (2004). Interview evidence also indicates that the normative intent of DAR in promoting CSR activities in the banking sector was exploited by some banking companies to create a favorable impression and increase the visibility of the company to the government. Similarly, many banks distributed winter clothes in Gopalganj, the Prime Minister's electoral constituency located in southern Bangladesh, where the weather is normally warm. While interviewing the deputy director and executive director of the central bank, both mentioned:

“Apparently, only the people of Gopalganj (the hometown and the constitutional area of the Prime Minister) feel cold since most of the blankets and warm clothes tend to go there. (ExD1)”

In an interview with the press, a former deputy governor of the BB described these types of participation as efforts by PCBs to influence government policies:

‘the owners of private banks give money to the government for various purposes, particularly for relief work during natural calamities. As a result, the owners of the banks have been able to exert pressure on the government to make the changes.’ (Ex-deputy governor of BB, as reported in The Daily Star, 2017)

This is akin to Hillman and Hilt's (1999) definition of CPA, and is an ideal type for the market order.

There is further evidence of PCBs' efforts to strategically prioritize powerful stakeholder groups. Our analysis of the annual reports also reveals that companies made regular donations to two specific projects related to social inclusion and promotion of the rights of underprivileged children with autism. Notably, CSR contributions to autism were the highest in 2012, just after the daughter of the PM was appointed as the Chairman of the National Advisory Committee of Autism in 2011. The other recurring CSR activity in the annual reports of the organizations relates to contributions made to 'digital Bangladesh'. This project, explicitly mentioned in the election manifesto of the ruling party, is currently led by the PM's son. When asked about the motivations of organizations that engage in and report such activities, one respondent clearly stated, *“what else, impressing the PM!” (MD4).*

We also found evidence that some politically appointed directors actually use the CSR guidelines of the Bangladesh Bank to maximize their own benefit. A director of a state-owned bank, a political nominee of the government, indicated that he distributed the bank's CSR money to poor freedom fighters in his own constituency, another election pledge of the ruling party:

"Me as a director distributed CSR money in my constituency, to the freedom fighters⁶ there. I have participated in the election. I went to each freedom fighter's house and gave them money. I called them to my house and gave them money. I have taken pictures of all these. There are 600 pictures in Facebook. I also videotaped them" (ID2)

The list of the beneficiaries was published in the annual report of the bank. When asked specifically why he chose to conduct CSR activities in his constituency, he said,

"This is my area. I have to visit my village anyway. So, if I do CSR here, everybody knows me and I know everybody. This is a win-win situation. I help the poor people of my constituency and in return they will vote for me". (ID2)

A number of respondents noted the crucial role of the BAB in 'forcing' banks to participate in certain CSR activities. CSR disclosures in annual reports show that the Chairman of BAB was present on all occasions when funds were donated to the PM or BB Governor. Some respondents even claimed that in order to impress the PM and governor for his own personal benefit, the Chairman of BAB provides directives and guidelines for CSR in all sorts of crisis:

BAB every moment comes (gives letters) and say give money... Come on...this is the shareholder's money, you have no right to take this money and give it to whomever without concerning the shareholder or without explaining to me how this benefits the shareholders" (MD5)

Although the interviewees refused to comment on the exact motivation of the BAB in pursuing banks to engage in political CSR activities, media reports suggest that the organization has a strong influence on government policies. As mentioned before, in 2018, when the government passed a law allowing four members of a family to be directors of a bank, newspapers termed this a 'controversial bill, pursued by Bangladesh Association of Banks, an organization of the private bank owners since 2016' (New Age, 2018a).

⁶ 'Freedom fighters' are members of the public who are widely respected for their participation in Bangladesh's liberation war in 1971.

The PCBs' attitude towards engagement with CSR activities was neatly summarized by a CFO of a major commercial bank, who mentioned that the PCBs used the CSR regulations of the BB as a way to engage with CPA in order to maximize their self-interest:

'We have always provided 'chanda' (donations) to political parties, but there was no need to disclose these. However, since the Bangladesh Bank regulatory initiatives, the banks are having to spend a certain amount on CSR anyway. This gives us the scope to bring those donations in the guise of CSR activities, report them and gain tax exemptions' (DKB, CFO of a commercial bank)

This perhaps explains the rise in political CSR disclosure practices in Bangladesh. Although banks have been making donations to political parties in Bangladesh for a long time, this has always been in a rather covert form, as the legal environment in Bangladesh does not permit such donations. However, the tax exemptions for participation in some CSR activities that could be classified as political, led commercial banks to disclose these activities to claim the tax rebates. This seems to have led to the significant increase in political CSR in Bangladesh post-2009.

Overall, it appears that although the Bangladesh Bank's CSR regulatory guidelines were prompted by DAR's efforts to install the community logic within the banking sector, it did not transpire with PCBs. Rather, the PCBs used the regulatory interventions as a tool to engage in CPA to maximize their own interests, and to influence government policies in their own favour. Thus, for the PCBs, the order of the market appeared to be the dominant logic for engagement with CSR. Nevertheless, consistent with Thornton (2004), we also found the existence of other logics shaping some PCBs approach towards CSR. These are now discussed.

6.2. The family logic for CPA

Uddin *et al.* (2018) provided several examples of CSR disclosures where banks in Bangladesh made contributions in support of the ruling party's agenda and leaders' personal projects in the guise of CSR activities. That paper viewed such contributions as an attempt by corporations to bolster the ruling party's position in the wider society, and attributed this to Weber's (1947) notion of traditionalism. Weber (1947) identifies personal loyalty, obedience, obligations to a personal chief and being subject to a superior as key elements in maintaining a traditional society and its economic activities. These elements are similar to Thornton's depiction of ideal

types for the order of family, where accountability and legitimacy is drawn from demonstrating unconditional loyalty towards the family.

Although our analysis suggests that the order of the market was the dominant logic for PCBs' participation in political activities in the guise of CSR, we also found several examples where banks participated in such activities in order to demonstrate unconditional loyalty to the ruling political regime. For example, Janata Bank Limited, actually published a book as part of its CSR reporting to commemorate the 'lakho konthe sonar bangla' event. The interviewee indicated that although the organization had an approved budget of Taka 1 million⁷ for CSR activities, he had led initiatives to increase the budget to Tk 43 million, allowing the bank to participate in such events. It is worth mentioning that the Chairman of the Janata Bank is a nominee of the Prime Minister, essentially belonging to the 'political club', akin to an extended family. Thus, the interviewee would derive his legitimacy by demonstrating loyalty to the PM rather than through compliance with formal regulations, as the market logic would advocate. When asked about potential audit objections to this matter, the respondent laughed off such a possibility, mentioning that the auditors are fully aware of his political connections, and would not dare to raise any objection, given the political nature of the project. Similarly, another director of a commercial bank, who is also an active member of the ruling political party, commented that he was collecting money from corporations so that he could contribute to the PM's vision for a digital Bangladesh:

You know, I took donations from other companies and distributed in my village. I have given overhead projectors, laptops and computers to 35 schools. Those companies have given the money as CSR. This is how we can fulfill the dream of "Digital Bangladesh" (ID2)

We also found that several organizations, while not being politically connected, report CSR activities, which involve community work in the constituency of the political leaders of the ruling party. Interview evidence reveals that in many cases organizations accept these requests willingly due to their personal relationships with the political leader. One deputy-managing director of a large local corporate commented:

That day a member of the Parliament called me and said "Bhai, I am going to my constituency, will you be able to give 500 winter blankets for the villagers?" Well, then he said, you can give it to me, or you can directly give it through your branches. I gave

⁷ Taka (Tk) is the Bangladeshi currency. As of February 1, 2020, 1 GBP= Tk 110.

it and I did not think it as a pressure. It is ok. He is a minister; he is visiting his village and wanted some blankets from me. I would distribute the blankets anyway” (DMD2).

The reference to the word “*bhai*” (the Bengali word for ‘brother’, is used to depict a close relationship between two individuals) portrays the close, familial relationship between these individuals, indicative of a family logic for such political CSR.

Thus, it appears that in some cases, commercial banks engaged in mainstream political activities not to influence government policies, as the CPA literature would suggest. Rather, the Bangladesh Bank’s CSR guidelines actually allowed the politically motivated executives of these banks to participate in activities that would enhance the image of their political leader.

6.3. The existence of a community logic for CSR

The analysis so far reveals the presence of a dominant market logic, but also the presence of a family logic guiding the approach of PCBs in Bangladesh towards political activities. However, during the course of our interviews, we found some PCB CSR activities that did not appear to be political. Rather, certain relatively rare CSR activities seem to be primarily rooted in the logic of community and appeared to be based on the personal upbringing and social stature of the family owners of these PCBs. For example, we found that one of the PCBs, the Mutual Trust Bank, is heavily engaged with community activities. This bank is owned by a pioneer of the footwear industry in Bangladesh, who is well respected and served in the cabinet of the interim caretaker government primarily due to his apolitical stance⁸. When asked about his motivations for CSR engagement, the chairman of this bank expressed his commitment to society:

I believe in doing good for the people who work for me and the community where I am located. I cannot do everything, so I will do CSR for the locality where I am working. For instance, may be by providing fresh water to the people there, or education for the children of the employees. (Chair, MTB)

⁸ Between 1996 and 2008, the Bangladesh constitution allowed the formation of a caretaker government during the transition from one political government to the other. The cabinet members of the caretaker government did not represent any political party and were largely chosen from civil society.

This PCB also appears to be one of the very few banks in Bangladesh that produce annual sustainability reports detailing the community engagements of the company. This is consistent with the ideal type of the community order, where accountability is demonstrated towards a wider group of stakeholders. The chairman also acknowledged that although the bank has been engaged in such activities for a long time, the Bangladesh Bank guidance on CSR did serve as a further impetus.

The Deputy Managing Director of another PCB mentioned that his bank has been actively engaged in CSR activities for a long time in education and the health sector. The bank provides a number of scholarships to students who are financially challenged. When asked about the motivations for the CSR, the DMD said:

'the board of directors are reputable people in our country and they have been doing business for a long time. So, they now want to do something good for the society' (DMD 1)

This suggests the presence of community logics in some PCBs that are primarily driven by the personal ethos and social reputation of the owners.

7. Discussion

The primary objective of this paper is to explore the emergence of CPA in banks in Bangladesh. As discussed, the high ownership concentration in the Bangladeshi corporate sector meant that prior to 2009 corporations, including banks, had no incentive to engage with CSR activities. Following the Bangladesh Bank's directive in 2009, the CSR disclosures in commercial banks in Bangladesh rose significantly. Uddin *et al.* (2018), however, report that many of such CSR activities were essentially of a political nature, raising questions about the banks' motivations. Interviews with policymakers, regulators, and top management in the banking industry reveal that the sudden increase in CSR disclosures in banks post-2009 followed regulatory interventions, primarily engineered by a new governor of the central bank who was driven by his personal ethos that banks have an obligation to society. However, for PCBs, such engagement appeared to have created an opportunity for maximizing self-interest, and in some cases, demonstrating loyalty to the political leadership.

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Our analysis reveals that these CSR regulatory interventions post-2009 were primarily influenced by a logic of community, based on the personal ethos of the newly appointed governor, DAR. As governor of the central bank, DAR held a legitimate bureaucratic subject position (Maguire *et al*, 2004), that enabled him to gain the necessary political and financial support to promote his own belief in creating a more inclusive and just society. In different meetings with the PCBs’ management, he articulated the need for banks to participate in community development through their CSR activities. DAR also played an instrumental role in pushing regulatory interventions that mandated banks to spend a certain percentage of their profits on specified CSR activities, institutionalizing the emergence of CSR as an institutional practice for the banking sector in Bangladesh. Finally, as the governor of BB, DAR introduced an annual review of CSR activities conducted by the commercial banks, formalizing this new institutional practice. The use of the notion of ‘ideal types’ (Thornton, 2004) helped us identify the influence of institutional logics in the attitude of both Bangladesh Bank and the PCBs towards CSR. Table 3 summarizes the findings of this study in the context of the theoretical framing and methodology as discussed in earlier sections.

<Table 3 around here>

Interviews with top executives of the commercial banks, however, reveal that although DAR’s efforts may have been well-intentioned and rooted firmly in a community logic, many PCBs viewed this as an opportunity to maximize their self-interest by getting close to the ruling political regime, and eventually influencing government policies in their favour. Indeed, a large number of PCBs engaged in CSR that are primarily of a political nature, mainly in order to ‘impress’ the PM, or to maximize the personal political agenda of their owner-directors. Consistent with the definition of CPA, as provided by Hillman and Hilt (1999), our analysis indicates that professional associations, such as BAB played a key role in ensuring that CSR activities and disclosures by its member bodies are aligned with the political agenda of the ruling political party, allowing them to exert influence on government policies. Thus, the PCBs engagement with CPAs was primarily driven by the logic of market, whereby corporations strategically prioritize powerful stakeholders in a bid to maximize their own interest (Arena *et al*, 2018).

Consistent with prior CSR literature, we also find the existence of logical pluralism in the approach of certain PCBs towards CSR. In some cases, however, we find the presence of other social orders, such as family and community dictating the CSR activities of PCBs. Interview

evidence reveals that in some cases, businesses have no personal gain from participating in such initiatives. Rather, the intention is to enhance the image of the ruling political party. Also, in some cases, requests from politicians for political donations in their constituencies in the guise of CSR were not seen negatively by corporate managers, as they considered the politicians to be part of their extended family. Overall, this suggests the presence of a family logic. This is consistent with Uddin *et al.* (2018), who state that Bangladeshi companies engage in CSR activities to primarily demonstrate their allegiance with the ruling political regime. As demonstrated in table 3, this is also akin to Thornton's (2004) depiction of an ideal type for the order of family, where CSR mechanisms are aimed at enhancing the reputation of the ruling political family. In certain cases, we also found some PCBs engaging in CSR activities with an intention to help the local community. It appears that the personal ethos and the reputation of family owners of these banks helped in the installation of a logic of community within these organizations that resulted in such community engagement via CSR.

Our study thus responds to previous calls for further research (for example, Belal and Owen, 2011) exploring the reasons why corporations in Bangladesh would want to engage with voluntary CSR activities. Our results are also consistent with recent studies such as Khan *et al.* (2020) that report that CSR activities in banks in Bangladesh are prompted by a quest to maintain effective relationships with other stakeholders, such as the government and political leaders. However, whereas Khan *et al.* (2020) uses Oliver's (1991) framework to investigate the strategic responses of banks to institutional practices, their study does not explicitly focus on the political nature of such disclosures. Rather, consistent with Uddin *et al.* (2018), the desire to satisfy political leadership is identified by Khan *et al.* (2020) as a major motivation behind CSR disclosures. The adoption of institutional logics as a theoretical lens for the purpose of the present paper allows us to extend these studies by demonstrating how the political nature of CSR practice has been shaped by existing logics within the organizations. Our analysis also lends empirical support to recent studies such as Mahmood and Uddin (2020), who, in an emerging economy context, identify the presence of multiple co-existing logics shaping the emergence of sustainability reporting practices. However, unlike Mahmood and Uddin (2020), we found that the CPA activities of the banking companies were primarily underpinned by a dominant market logic. However, in some cases, the logic of family and community also appeared to shape the nature of CSR disclosures, suggesting the presence of multiple logics within the industry.

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3 **8. Concluding remarks**
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7 The primary objective of this study is to explore the emergence of CPA in the form of CSR in
8 the Bangladeshi banking sector. Our analysis is based on 21 semi-structured interviews with
9 top executives of commercial banks, major policymakers, such as Governors and ex-governors
10 of the central bank, an ex-minister for finance, and representatives of civil society. We find that
11 in general, commercial banks in Bangladesh have a significant political linkage, allowing them
12 to exert influence on government policies. The presence of high ownership concentration and
13 a weak capital market meant that banks traditionally had no incentive to participate in CSR
14 activities. However, the policy intervention made by the GoB in 2009 worked as a major game
15 changer for the corporate sector to participate in CSR activities. This policy intervention
16 coincided with the appointment of a new governor who was sincere and serious about making
17 commercial banks contribute to the greater social cause. Subsequently, the central bank played
18 a major role in encouraging commercial banks to engage with CSR activities. The use of
19 institutional logics as a framework of analysis helps us identify the role of the governor of the
20 central bank as an institutional entrepreneur (DiMaggio, 1981). Using Maguire *et al.*'s (2004)
21 framework, we find that as the governor of the central bank, DAR used his bureaucratic subject
22 position to engage in persuasive argumentation and political negotiations that eventually led to
23 the emergence of CSR activities as a new institutional practice in the banking sector in
24 Bangladesh.

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40 Interviews with respondents, however, reveal that although DAR's approach towards
41 introduction of CSR activities in banks was driven by a logic of community, the attitude of
42 commercial banks towards this new practice was shaped by the existing logics within
43 respective organizations. Thus, many banks actually saw this initiative as an opportunity to
44 maximize their self-interest, giving rise to CPA in the banking sector in Bangladesh. Consistent
45 with prior literature (Arena *et al*, 2018), we find that the banking sector's approach towards
46 CSR activities was influenced by the presence of logical pluralism of market, family and
47 community. Our finding has important implications for policymakers in developing countries,
48 as it demonstrates how well-intentioned policies formulated at the top can sometimes be
49 exploited and abused by actors within an industry who may sometimes view such regulatory
50 interventions as an opportunity to pursue their own goals, especially where the context involves
51 the absence of complete institutions.

We contribute to the accounting and management literature on the political nature of CSR. Within accounting academia, our study is amongst the first to explore the emergence of CPA, and the role of institutional entrepreneurs in the context of a developing economy. Bebbington *et al.* (2008) note that within the accounting literature, many authors have used legitimacy theory as an explanatory framework for CSR disclosure. However, a number of studies (O'Dwyer 2003; Parker, 2005) have hinted about the possibilities of more diverse explanations of CSR engagement and disclosure, taking into account the complexities of the external and internal factors that affect such activities. Contrary to Uddin *et al.* (2018), our study suggests that the approach of the Bangladeshi corporate sector towards CSR activities is not driven only by the family logic (or the notions of traditionalism, as argued by Uddin *et al.*, 2018). Rather, the corporate sector's approach towards CSR engagement and disclosure is driven by multiple logics. The adoption of an alternative theoretical framework, therefore, allow us to extend Uddin *et al.* (2018)'s study by providing evidence of the presence of logical pluralism across the banking industry in the manner it engages with CSR activities and disclosures, and by explaining the underlying motivations for political CSR in Bangladesh. Also, although previous studies (Glynn and Rafaelli, 2013) acknowledge the role of logical pluralism in the manner CSR practices are embedded within organizational structures, they identified market and community logics as the primary driver for the adoption of CSR practices. In our case, we find that CSR practices in Bangladesh emphasized the presence of a dominant market logic, along with, family and community logics. By also focusing on the central bank's approach towards CSR regulation, we contribute to the CSR literature that is primarily concerned with the firm's response to regulatory interventions.

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Table 1: List of interviewees

Serial	Interviewee Designation	Category	Code
1.	Former Governor, Central Bank	<i>Policy Maker</i>	SUA
2.	CFO	<i>Commercial Bank</i>	DKB
3.	Former Governor, Central Bank	<i>Policy Maker</i>	DAR
4.	Former Deputy Governor, Central Bank	<i>Policy Maker</i>	AMK
5.	Executive Director, Central Bank	<i>Regulator</i>	EXD 1
6.	Deputy Director, Central Bank	<i>Regulator</i>	DD 1
7.	Independent Director	<i>Commercial Bank</i>	ID 1
8.	Independent Director	<i>Commercial Bank</i>	ID 2
9.	Nominated Director	<i>State owned Commercial Bank</i>	ND
10.	Managing Director	<i>Commercial Bank</i>	MD 1
9.	Managing Director	<i>Commercial Bank</i>	MD 2
10.	Managing Director	<i>Commercial Bank</i>	MD 3
11.	Managing Director	<i>Commercial Bank</i>	MD 4
12.	Managing Director	<i>Commercial Bank</i>	MD 5
13.	Chairman	<i>Commercial Bank</i>	CH 1
14.	Chairman	<i>Commercial Bank</i>	CH 2
15.	Former Finance Advisor to the Caretaker Government	<i>Policy Maker/ Civil Society</i>	MAI
16.	Former Advisor to the Caretaker Government	<i>Policy Maker/Civil Society</i>	AAK
17.	Corporate Governance Analyst	<i>IFC</i>	CGIFC 1
18.	Corporate Governance Analyst	<i>IFC</i>	CGIFC 2
19.	Deputy Managing Director	<i>Commercial Bank</i>	DMD 1
20.	Deputy Managing Director	<i>Commercial Bank</i>	DMD 2
21.	State Minister, Ministry of Finance and Planning	<i>State Bodies</i>	SM

Table 2: Ideal types for CSR strategy for banks in Bangladesh (adopted from Thornton, 2004; Arena *et al.*, 2018; Kim and Chung, 2017)

Approach	Market	Community	Family
<i>Balancing and relationships between CSR objectives</i>	Profit maximization and instrumental approach	No prioritization- focus on the impact on (local) communities	Maintain family reputation and inherit family tradition
<i>System boundaries</i>	set by the company's operations and its reference market	Geographical boundaries and/or common activities and beliefs	Significant overlap between the family and their corporations
<i>Stakeholders' engagement</i>	Selected stakeholders (in particular the powerful ones) with the aim of furthering the goals of the organization	Interested communities (without differentiation between legitimate/no legitimate, powerful/non-powerful)	Weak shareholder rights and protection
<i>Collaborations and alliances</i>	Strategically selected collaborations and alliances	Collaborations and alliances with actors involved in the community	Family as firm
<i>Accountability and reporting</i>	Legitimacy and reputation management	Monitoring of issues that are relevant to the community	Unconditional loyalty

Table 3: Commercial banks' approach towards CSR

Approach	Bangladesh Bank	Commercial banks		
	Community logic	Market logic	Family logic	Community logic
<i>Balancing and relationships between CSR objectives</i>	Acknowledgement of support of the common people	Maximization of the company's profit through demonstrating allegiance with political leadership, or personal (for example, political) benefits of the directors	Maintain/enhance reputation of the family and political leadership	Focus on community development
<i>Stakeholders' engagement</i>	Banks should do something for the society	Prioritization of powerful group of stakeholders (ruling political regime)	Only with political leadership	Community engagement
<i>Collaborations and alliances</i>	Collaborations with corporations outside the banking industry	Collaborations through BAB to exert influence on government policies	Collaborations with political parties by helping them attain the leader's vision	Collaborations across different activities, such as education, health
<i>Accountability and reporting</i>	Publication of annual report on CSR initiatives	CSR reporting aimed at demonstrating proximity to political leadership	CSR activities and reporting aimed at demonstrating loyalty	Production of sustainability reports to demonstrate social accountability