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**HEADQUARTERS**  
Suite 5B, 4<sup>th</sup> Floor, Ataturk Tower  
22, Kemal Ataturk Avenue  
Banani C/A, Dhaka-1213

**DHAKA: HEADQUARTERS | MOTIJHEEL | SCBA  
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### Contact Us:

TEL: (+8809)678662666  
Email: info@rahmansc.com  
Web: [www.rahmansc.com](http://www.rahmansc.com)

## ARTICLE:

### The Curious Case of Internal CSR\*\*

**Abdur Rahman Junaid\***

The concept of Corporate Social Responsibility ("CSR") is hardly a concept; unbeknownst, from Bangladesh's context with the Central Bank of Bangladesh issuing its first policy guidelines for CSR activities of banks and financial institutions by the end of 2014 and bringing about subsequent changes through various circulars/notifications over the years, most recently being the updated CSR Policy Guidelines for 2022 issued by its Sustainable Finance Department in 09.01.2022 which came into force with immediate effect.

#### CSR in Bangladesh

Bangladesh, in contrast with its neighboring counterpart (India) who had formally introduced CSR (vide amendments) under its Companies Act 2013 and CSR Rules of 2014, is yet to have a fixed legislative framework for companies / organizations to mandate, regulate, and ensure CSR activities including its eligibility, registration and monitoring of the same. While in the recent past there had been some encouraging interest on administrative levels, to bring about CSR activities under binding legislation, however nothing concrete has come to fruition till date, as all existing CSR policies and guidelines have only been formulated sector-wise, for e.g. the Banking sector providing income tax exemption facility against CSR related activities, even going in so far as allocating a fixed minimum percentage of such CSR funds with the primary focus on education and health or the guideline on CSR for Bangladesh's telecom operators courtesy of the Ministry of Posts, Telecommunication, and Information Technology.

#### CSR in Review

On an academic level; peer-reviewed literatures and research in connection to CSR and its related activities are vast and ever expanding especially in light of current world affairs with no fixed concrete 'definition of concept' etched in any legislative stone, and therefore still remains to be a matter of debate. (Peloza, 2009,) Nevertheless there is harmonious agreement in the fact that all CSR activities entail responsible business practices resulting in the beneficial impact on society, environment, and (also importantly) stakeholders of the company. (European Commission, 2011)

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(+8809)678662666  
(+8802) 222262821

[www.rahmansc.com](http://www.rahmansc.com)



The definition of CSR activities in relation to 'stakeholder's interest' was elaborated by Herman Aguinis who opined that CSR activities include 'context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance' (Aguinis, 2011, 855). From Bangladesh's perspective, this 'triple bottom line' approach involving a balance of economic, environmental, and social imperatives, also forms an integral part of the regulatory framework of the present CSR regime as per the new 2022 policy guidelines.

This effect of CSR activities on "stakeholders' interest" was evidently subcategorized into two segments, namely for both 'external' and 'internal' interest of an organization, with the former relating to the effects of CSR activities on the surrounding society, the environment etc. and the latter, internally within the company itself. (Macassa *et al.*, 2017). Holme and Watts reinforces this concept of internal CSR in defining CSR activities by highlighting the importance of businesses to continue behaving ethically and responsibly not only by contributing to the socio-economic development of the external society but also improving the quality of life of the present personnel (workforce) within the company and their respective families, thereby also contributing to the development of the internal society and community at large. (Holme and Watts, 2001)

### Internal CSR

Internal CSR relates to the business entity's own workforces, covering 'practices and strategies' solely for the improvement of its health and safety, human rights, training, equality of opportunities in business, work-life balance etc. (Özbilgin *et al.*, 2010) Such 'practices and strategies' have shown to have a direct impact on employees well-being through job satisfaction indicators, leading to the level of productivity and rightful expectation of said employees from their respective company.

Studies indicate that employees expect their companies to demonstrate internal socially responsible behavior by ensuring (employee) recognition, advancement opportunities, awards, rewards, personal development opportunities, work-life balance, empowerment, involvement within the organization, retirement benefits etc. Whilst other studies have also included a safe working environment, financial incentives in light of increasing job commitment, for ensuring a socially responsible positive relationship internally within a company or organization. (Yousaf *et al.*, 2016)

### Conclusion

The natural nexus between the practices of internal CSR resulting in high employee morale, job satisfaction, in turn yielding high employee retention, reinforced by trust, commitment and loyalty towards said companies is well documented and researched across various literatures and peer reviewed journals. Research clearly indicates that reputed companies, who would spend considerable time and resources towards achieving this particular goal, would evidently be rewarded by their employees trust and support (Sims, 2009) and above all, by adopting such internal CSR strategies, advances their own company's brand image as well.

### Abdur Rahman Junaid

Advocate, Senior Associate & Deputy Head (Int. Dept.),  
Rahman's Chambers (Motijheel)  
Dhaka

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