

Corporate helping hand

ZAHURUL ALAM

THE role of the private sector in the global economy has increased over the years. In Bangladesh, the private sector's involvement in the economy has steadily increased over the last two decades. According to some estimates, the sector accounted for more than 99% of the exports, 93% of the employment, and 75%, 73% and 89% of the investment, fixed assets and value added, respectively, in 2004, against 26%, 71%, 29%, 66% and 44% respectively in 1980. The situation has not changed radically since then.

These figures highlight the necessity of the role that the private sector should play in conducting socially responsible business as an integral part of its corporate social responsibility. The simple logic is that, with the enormous share in the economy, a sector's passive role in worker and social welfare would not allow the country's major development indicators attain the expected level to compete in the global arena.

More importantly, the sector with overwhelming share of employment, income generation and investment should proceed with ethical business and strive to make a positive contribution to the society. Integrated in the business, the obligation of corporate social responsibility (CSR) is the pathway to attaining a sustainable positive impact of business on society through socially responsible business.

Although CSR as a concept came into being in the 1980s, with the recognition of business's social and environmental responsibilities, it can be traced back to the 1800s as part of business model. At least three similar initiatives by Sir Titus Salt (1853), Joseph Rowntree (1879), and Lever Brothers (1888) serve as examples of CSR. Today, the CSR issue combines a set of

well-recognised principles that govern the manner a business should maintain in dealing with the stakeholders.

CSR has been defined by contemporary social scientists, business communities and international agencies in various ways. The UK government defines CSR as "the business contribution to sustainable development goals (CSR.gov.uk)."

CSR needs to address in a sustained manner and in a complete form some very specific responsibilities of the business on nature and natural resources and with employees and the community.

Others define CSR as the "acknowledgement by companies that they should be accountable not only for their financial performance, but also for the impact of their activities on society and/or the environment." Such "acknowledgement" must be translated into action. Some definitions place corporate citizenship and corporate governance synonymous to CSR, which is debatable.

Some definitions are misleading, as they ignore the compliance factor

essential for CSR implementation. The European Commission's Green Paper of 2001 defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Commission Green Paper 2001, Promoting a European Framework for Corporate Social

predominantly in the developing ones, CSR remains as a philanthropic gesture. Bangladesh is no exception. Ideally, corporate social responsibility should be a package of compulsory activities of the business that would ensure its complete compliance to ethical business defined by domestic or international rules and standards, and would benefit all

and develop further those resources in their own interest and from ethical and human rights points of view.

In fact, for CSR to be useful for the society and instrumental in protecting the rights of the consumers and also in order for that to be helpful in conducting business in an ethical manner, it should certainly be perceived as an obligatory package of activities of the business. The companies should follow triple-bottom-line (TBL or 3BL) approach in CSR implementation and performance reporting, which implies that the business should provide utmost importance to stakeholder interests rather than acting solely as a profit making machine.

In implementing the TBL concept the level playing ground in business may be destroyed if TBL is not followed by the whole business community in a uniform manner. For keeping the business free, fair and competitive, it is essential that TBL be practiced by all companies. Here lies the responsibility of the governments, international agencies and the society through social monitoring (if any) to make CSR an obligation for all businesses.

Corporate social responsibility is firmly linked to human rights in general. Any human rights violation in business represents violation of CSR principles. For businesses, Amnesty International (AI) has suggested human rights principles that ask businesses to introduce human rights policy and procedures to examine HR impact of operations, prevent employee abuse, monitor compliance, independent verification of compliance reports, etc. "The business community has a moral and legal responsibility to use its influence to promote human rights within society," says AI.

In addition, AI's Human Rights

Principles for Business, published in 1998, underline that the silence of business interest in the face of injustice is not neutral, meaning that business has a great responsibility in combating injustice even if it goes against the business interest.

However, the seven principles that the AI suggested: security, community engagement, discrimination, freedom from slavery, health and safety, freedom of association and fair working conditions issues, do not cover the minimum wage rate enforcement, which is especially relevant for the developing economies.

The private sector is invariably a consumer dependent sector. In an ideal free market, consumer satisfaction acts as the vital factor for the sustainable business of a private sector entity. Consumer satisfaction in turn is dependent on the highest quality of products or services that the private sector can offer at minimum costs. While the above is the fundamental law of economics, it is no less important to take into account the demand of the consumers related to ethical business.

The modern world's consumer expectations may not fully be confined within the limits of sheer exchange of products and payments. Social, humanitarian, legal, ethical and rights-based considerations play an important role in consumer choice in the market nowadays. The implication is that highest quality products at lowest prices may not be the only choice of many consumers, unless they are satisfied with the production process and the social and rights-based approaches of the producers.

Zahurul Alam, Ph. D is President, Governance and Rights Centre (GRC). E-mail: zalam111@yahoo.com



PHOTOSINDIA

Responsibility, COM (2001) 366 Final. The concept of voluntarism in CSR is also ubiquitous in ILO definition that sees CSR as "a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law." A responsibility cannot be explained in terms of voluntarism. Rather, responsibility is a duty to be performed; and any non-compliance with that needs to be blamed.

In most, if not all, countries, and

stakeholders: employees, consumers and the general people at large.

CSR needs to address in a sustained manner and in a complete form some very specific responsibilities of the business on nature and natural resources and with employees and the community, since the benefits that the companies generate for themselves come via exploitation and use of the natural and human resources. It should, therefore, be their prime responsibility to preserve

A mariner's nightmare

MOHAMMAD ALI

NOT a single day passes by when a seafarer does not think of piracy at sea. It is a nightmare for all mariners, who live on the sea. No mariner, however strong he is, can deny that he is not scared of the scourge of piracy at sea.

It was another win for the bare-foot buccaneers of Somalia. They collected a \$5.5 million ransom payment for a German-owned chemical tanker. Then, a day later, they hijacked another European cargo vessel, adding its eight crew members to their growing hoard of hostages. The Somali piracy crisis is appalling, and "outpacing" the international efforts to solve it.

This latest haul of ocean plunder is fresh evidence that the world's navies are facing failure in their massive campaign to defeat the Somali pirates. Despite continuous efforts by the world powerful naval forces, the pirates appear to be more dangerous than ever before.

All eyes of the world are now on the waters off Somalia, where the pirates are so daring that they jump on board a super-tanker a hundred feet high in no time. These pirates have novel methods of operating, backed by the latest technology and modern heavy weaponry. The Somali pirates are recklessly daring and undeterred, even by death.

Moreover, the Somali buccaneers are roaming over a much bigger territory and causing greater damage. The average ransom payment to the Somalis has doubled to \$5 million. They are holding their hostages for up to 120 daystimes as long as in the past. Recently, they even used a hijacked vessel to attack a naval warship that was escorting supplies for African peacekeepers

The large amounts of money they receive allows them to use better vessels and more sophisticated equipment. All of this seems now to have become accepted big business. It is estimated that each ship taken will result in a release ransom of between \$3 million and \$5 mil-

lion. It is estimated that Somali pirates made some hundred million dollars last year. The pirates are supported by shadowy financiers, who are rarely caught.

A recent study found that Somali attacks had increased dramatically in the past three years from 40 attacks in 2007 to a reported 218 attacks last year. The number of hostages seized by the pirates rose fivefold in the same period, reaching 867 hostages last year, and the total amount of ransoms increased from \$3 million in 2007 to about \$74 million last year.

The pirates are often surprisingly low-tech. They bump across the waves of the oceans in small boats, climbing barefoot as they scale up the walls of ships, and their weapons are often so old that they are rusty. But they are increasingly violent and ruthless, not hesitating to fire their automatic weapons and rocket-propelled grenades. And they have successfully dodged the anti-piracy fleet, putting their speedboats onto larger "mother vessels" or hijacked vessels so that they can travel far away from the naval convoy fleet before launching their attacks.

Ship owners are planning and responding with a dizzying array of defensive tactics: sonic beams, laser pointers, water cannons, rolls of

razor wire, barred windows, lubricant foam to make stairways dangerous, teams of guards with sniper rifles, and "safe rooms" with reinforced steel walls to protect the crew if the pirates climb aboard. But none of this is working, and desperate governments are looking at new options.

In an effort to crush the pirates, a fleet of about 40 warships from 30 countries is patrolling the waters near Somalia. The anti-piracy flotilla is the largest naval armada the world has ever seen in recent times. There have been numerous attempts to combat piracy off the coast of Somalia, yet it is escalating and spreading as far as 2,000 kilometres from their base in Somalia. They have launched attacks as far south as the Mozambican channel, as far north as the Red Sea, and as far east as the Maldives and the southern coast of India. Recently, M.V. Jahan Moni (a Bangladesh owned bulk carrier) was hijacked near Lakshadweep, which is on the Indian Ocean near the Indian coast.

"This is a vast area, and the navies cannot realistically cover it," Captain Pottengal Mukundan, director of the International Maritime Bureau, said in a recent report. The bureau is urging vessels to stay at least 600 nautical miles away from Somalia's coastline even

though that distance might be insufficient to protect themselves.

Nobody knows what to do with the pirates. Hundreds of them are simply disarmed and released on being captured. Shipping companies continue to pay ransom, because they know that a refusal to pay could endanger the lives of the hostages crews along with damaging their commercial interests.

In desperation, many ship owners are thinking of employing mercenaries and private security armies on board. But the legal status of these mercenaries is unclear, and their existence could lead to controversial actions such as gun-running and executions at sea.

"A return to privateering indicates that the Somali buccaneers have overwhelmed the naval armada," Ms. Osiro (a researcher) says.

From what we have seen, the preventive measures the world bodies have taken would seem to have been chosen to provide cosmetic solutions to this terrible crisis. A permanent, and the only obvious lasting solution, would be "stabilise Somalia" and to have a "stable, democratic government in power" there.

Captain Mohammad Ali is a Master Mariner, MNI and Marine Surveyor living in Toronto.

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IMAGE SOURCE

Reporting on corruption: A view from the INGO sector

THE recent household survey of corruption conducted by Transparency International Bangladesh (TIB) has evoked debate in different corners of the society, most publicly in the newspapers and on television. This debate is important, and as respected INGOs we have a contribution to add to this.

Our organisations were established to help those in poverty, those with small voices and little power. For decades we have recognised that globally, one of the greatest challenges facing those in poverty is corruption, and to overcome this challenge we need to understand the scale of the problem.

From our view, the TIB report provides some useful data. Although it reports that the NGO sector is the least corrupt of those surveyed, it is not complimentary about the sector, reporting that of those who utilised the services of the many hundreds of NGOs and INGOs active in Bangladesh, some 7.2% of respondents reported some level of corruption when interacting with NGOs. This included any form of abuse of power for personal gain by NGO workers, including the paying of bribes, negligence of duty, nepotism, embezzlement of money or assets, deception or different types of harassment by corrupt NGO staff.

In cases where bribes were paid to corrupt NGO workers, the average bribe paid was Tk.549. TIB estimate this as a total of Tk.42.2 crore (£4.2m) paid in bribes to corrupt NGO workers by households, mainly to those working for micro-credit agencies. This will come as terrible news to any committed NGO worker. While the majority of us work to reduce poverty and help those affected by disasters, a minority of staff within our sector are taking this huge sum from the pockets of those in need and putting it into their own. This undermines the commitment and hard work of all of us.

Rather than deny this problem, we take it as a wake-up call. We are accountable to our donors, the government and the communities we work with, and we have extensive systems to account for and verify that every taka we spend is spent appropriately. Every project we deliver is approved first by the government and our donors, and we audit all our spending and publish our annual reports so anyone interested can see where the money entrusted to us goes. Yet it is clearly not yet enough.

The TIB report is therefore useful for us, and in response to it we undertake to redouble our efforts to tackle corruption in our organisations and in our partners. We request that members of the public who have experienced corruption while dealing with our organisations report it to us so we can investigate and take action, and we ask our partners and others in the sector to do the same. By expressing solidarity and respect with the government initiative and leadership for developing a corruption-free country we hereby take a vow that we will keep our organisations, funding and activities free of corruption.

Gareth Price-Jones, Khairul Islam, AKM Musha, Farah Kabir, Palash Das, Nicola Momentè, Javed Ameer, Hasina Inam, Helena Jillard, NripenBaldya and Anwar Hossain Shikder. The writers are the Country Directors of Oxfam, Water Aid, Concern Worldwide, Action Aid, Christian Aid, AIDA, Islamic Relief, DanChurch Aid, Solidarities International, Oasis International and Plan International.