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October - December 2021

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ICAB publications include, inter alia, a quarterly journal titled 'The Bangladesh Accountant' and ICAB's mouthpiece ICAB Monthly News Bulletin.

In the quarterly journal, articles of ICAB Members, Members from other Accountancy bodies, Academics and Business Leaders from home and abroad are published.

The monthly news bulletin publishes different ICAB events of the month. This bulletin acts as an information hub for the Members to keep up to date about ICAB and its activities in addition to these publications, ICAB also publishes books, monographs, booklets and Students' Study Manuals regularly.

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“If I summarise some of the articles, ‘Microfinance Updated Effect on Borrowers’ Poverty-A Case Study’, there is an interesting revelation in this article that Microfinance has not been the silver bullet as it was considered.”



Dr. Md. Abu Sayed

Khan FCA

Chairman – Editorial Board
Council Member - ICAB

Time goes on and the memories are being stored in human minds. We feel delighted to recall the memorable issues from among the issues. Some are always vivid in our memories. The publication of the October–December 2021 issue of “Bangladesh Accountant” is definitely such a delightful event for us. Together we achieved it brilliantly.

Through we had to miss the July–Sept 21 issue for some valid reasons, the issue full Oct–December 21 however, could compensate the readers greatly.

The issue contains articles of diverse topics like Microfinance, Industrial Policy, Audit Fees, Relationships between Emotional Intelligence and Group Cohesion, Chargeback, and the perspectives to Published Audited Financial Statements of the Private Universities in Bangladesh etc.

If I summarise some of the articles, ‘Microfinance Updated Effect on Borrowers’ Poverty-A Case Study’, there is an interesting revelation in this article that Microfinance has not been the silver bullet as it was considered. However, it is still creating impacts on borrowers’ lives and some programs are really solving extreme poverty.

In the article on “Discreet Industrial Policy for Development and Growth in Under Developed, Least Developed and Developing Countries: Paradigms and Challenges”, the author discussed the growth, development and employment in rapid industrialization supported by strategic and discreet industrial policy.

Again ‘ICAB’s Scheduled Audit Fees, Audit Fees Deviation and the Audit Fees of the Listed Companies in Bangladesh’, the author rightly observed the effects of the audit fees schedule on the audit fees paid to the



auditor taking reference from 135 listed non-financial companies of Bangladesh.

While the article on ‘Unlocking the Relationships between Emotional Intelligence and Group Cohesion in South Asia’ the author makes more revealing story as the connections among the aspects of emotional intelligence and group cohesion in various organizations of Bangladesh.

In the same way, other articles like ‘Chargeback: A Friend Buyers in Bangladesh Needed While Bubble of E-Commerce Blasted’, ‘A Study on the Stakeholders’ Perspectives to Publish the Audited Financial Statements of the Private Universities in Bangladesh’, would be a good read.

To conclude, I congratulate the authors and reviewers of this issue and also all those who are involved in publishing it. I also thank our esteemed readers for their enthusiasm which obviously is the source of inspiration for us at all times.

With best wishes to all.

President's Desk

“We are global professionals. We are encouraging our members to provide us with their experiences & insights in their write ups. This helps us enrich resources, and to inform and influence the policy coming out of government.”



Mahmudul Hasan
Khusru FCA
President-ICAB

As the President of ICAB this is my final deliberation to our respected members and the readers. I appreciate the hard work of the chairman and the members of the Editorial Board who have done one of the most rigorous and intellectual jobs related to reviewing and editing of ICAB's Journal 'The Bangladesh Accountant'. I'm so glad that together we could accomplish many such coveted works, and I hope spontaneity and generosity of such works of our brilliant members and the officials of ICAB would go ahead in coming days.

The COVID-19 has taught us many lessons. The lesson we learnt from the pandemic is the resilience to adapt with the crisis where utilisation of the tools related to digital transformation like videoconferencing, web-based learning or in short fintech will be the order of the day.

Accounting is vital to business success. This profession continues to evolve – driven by ICT. In some ways, it is technological advancements that have pulled accounting from the dark ages and thrust us into the modern age.

Not only is the modern accountant being accurate, thorough, and meticulous, they have to also become integrated business advisors who are equipped to help businesses grow. They can advise on everything from profit growth to saving money, so really focusing on the more important aspects of economic growth for their clients, rather than just number crunching.

When CAs are carrying out their due jobs, ethics and public trust must be in the forefront of them. I do not think these should be compromised.



Behaving ethically often means having to make tough decisions. It often means putting the public interest first, above and beyond any other interests. It is about doing the right thing, and could determine the fate of businesses.

Chartered Accountant needs to drive the organization's ability and innovation which can be termed as mirror in a sense that accounting profession must reflect activity innovatively, responding to the changes through upholding the trust.

We are global professionals. We are encouraging our members to provide us with their experiences & insights in their write ups. This helps us enrich resources, and to inform and influence the policy coming out of government.

Last but not the least, let us all put due emphasis on innovation, research and knowledge sharing in all our activities.

Thank you once again,

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Microfinance Updated Effect on Borrowers' Poverty - A Case Study

Dr. Mohammad Aslam FCA



**The Author is
a Fellow Member of the
Institute of Chartered Accountants
of Bangladesh-ICAB**

Abstract

Poverty is perceived as socio-economic problem in many countries across the world. Microfinance is intended to solve poverty by accelerating financial access to the poor. This small effort has been operationalized dominantly through Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN) as a large microfinance operator in Malaysia. TEKUN has presently serving a huge amount of marginal poor people under the poverty level in this country. On the onset, governments and donor backed microfinance programs presumed its welfare effect on poverty. However, both supportive, adverse and sometimes indifferent effects are visible in separate studies that held microfinance effect doubtful. Thus, this paper is designed to assess the microfinance effect on TEKUN borrowers' poverty at business, household, individual, and security levels with the survey questionnaire. The effect has been measured by regressing (Partial Least Squares) microfinance on borrowers' poverty using the Household Economic Portfolio Model (HEPM). The results show that microfinance has a significant positive effect on TEKUN borrowers' poverty reflected by sixteen different items. Hence, microfinance again appear an efficient and effective instrument as a development tool to alleviate borrowers' poverty.

Keywords

Microfinance, Impact, Poverty, HEPM Model, Partial Least Square, TEKUN.

Introduction

The microfinance effort has been regarded to obtain a momentous in development technique. At the point when the concept matures during the eighties, it is viewed as a trustworthy answer for solving poverty and when it shows due consideration for the welfare of women's lives, the engaging quality of the concept is significantly more reformist. Development agencies along with the government begin to apply this model across the country after proper acknowledgement of the microfinance idea during the mid-seventies. Nobel Laureate Mohammad Yunus has been referenced as the 'Father of Microfinance' due to his splendid contribution to this field of development strategy, (Goldstein, 2011). However, it is contended that different strategies like the delivery of rudimentary facilities and infrastructures might be more successful to reduce poverty than microfinance. It sabotages the wide range of various strategies of the spectrum by giving focus just on microfinance (Bateman & Chang, 2012). Ongoing researches have highlighted the disappointment of microfinance services as a method for development due to high interest, alternative use, over

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indebtedness, etc. (Chhorn, 2020). This work has been centered to complement the existing literature by exploring the effect of microfinance on TEKUN borrowers' poverty through face to face interview using survey questionnaire of 800 respondents conducted in the four randomly selected states of Malaysia namely Selangor, Pahang, Sembilan, and Terengganu. All the more explicitly, it plans to observe if there is any significant positive effect on TEKUN borrowers' poverty at a business, household, individual, and security level. The effect has	been measured by regressing (Partial Least Square) microfinance on borrowers' poverty using the Household Economic Portfolio Model (HEPM). A rising pattern of microfinance directing a small amount of fund to the people leaving beneath the poverty line has been watched dominantly for the last few decades. Still, the appraisals of these sorts of creativities are missing in the existing literatures (Mokhtar, 2011). The usefulness of microfinance in decreasing poverty significantly and expanding the welfare of households stays an open question and current literature gives blended outcomes	(Chhorn, 2020). The rest part of the work will be offered with an overview of microfinance supportive, adverse and indifferent effect on borrowers' poverty including the theoretical framework. Thereafter, it presents the methodology, result, and discussion followed by conclusion and recommendation. Outcome of Microfinance on Poverty Microfinance has been expected to produce favorable longstanding effect on productivity (Chowdhury, 2009). It assumes to be a
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powerful development strategy to break the vicious cycle of poverty. It begins with the aptitude to lift mass people out of poverty, to empower women, to help those on the edge of society. Credit is the fundamental human right (Yunus, 1987). This right may be exercised through the operation of microfinance. Poverty will one day be found only in a museum (Yunus, 2007). Microfinance can make this dream come true.

Supportive Effect

The concept of Yunus helps marginal poor people to fulfill their aspiration which are at the bottom of the ladder. A well-noted work on the effects of microcredit on households was done by Roodman and Morduch (2014). Nonetheless, their work was focused on a field survey in Bangladesh. In

order to determine microfinance effect Pitt and Khandker (1998) apply a quasi-experimental design. They concluded that, especially in the case of lending to women, microfinance increased household spending. Khandker (2005) argued that microfinance benefited highly poor people much better than relatively poor people through applying panel data analysis. In Bangladesh, numerous researchers have explored the impact of microfinance in their respective studies. As an instance, exploring eighteen hundred borrowers in eighty six villages, Khandker (1998) showed positive changes in various variables such as income, consumption, expenditure, savings, wealth accumulation, employment generation, etc. He also enumerated that about five percent of the borrowers

annually get out of poverty by their individual communities. Some other researchers like Hashemi, Schuler, and Riley (1996), Husain (1998) observed a similar form of positive effect on borrowers in Bangladesh attributable to microfinance at the same pace. Many of these scholars claimed that microfinance supported people below the poverty line with comparatively decent lives and brought them at least to poverty reduction, or even out of poverty. The supply or lending side of the system is under the jurisdiction of microfinance. It provides the poor with small credits to start income-generating activities that help them accumulate resources along with increasing standards of living (Littlefield, Morduch, & Hashemi, 2003).

Adverse Effect

Contradictory effect results for microfinance have created enduring doubt in the development strategy. Morduch (1999) along with Pitt and Khandker (1998) found no effect on the amount of borrowers' spending using simple predictors. However, they observed that microfinance decreased consumption uncertainty. Different researches were of the opinion that microfinance did not succeed for its intended purpose but rather, it failed to accomplish its goal in different aspects (Duvendack et al., 2011; Hickel, 2015). All these researchers argued that microfinance often produced more suffering and

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ended up with worse results. A significant explanation was that, instead of engaging in revenue-generating programs, often borrowers diverted their loans to pay for their basic consumptions. This diversion of the loan caused a stalemate in the generations of their income. Therefore, they sunk themselves into further debt as a consequence. In South Africa, for example, ninety-four percent of all microfinance credits had been redirected from the planned purpose of alleviating poverty to some other purpose

(TRT:World, 2017). This generated the condition where borrowers had not been interested with income generation with their initial loan. As a result, to pay off the current debt obligation and so forth, they again needed another debt. With more loans, this plunged them deeper down and made the situation worse. They found themselves wrapped up in a risky debt loop and, in some cases, began committing suicide (Taylor, 2011). Even a significant claim was like that the microfinance

net effect against poverty in the developing world had been observed nearly zero (Hickel, 2015). In his controversial and provocative analysis, Bateman (2010) revealed that microfinance did not really work for intended purpose rather created hype on half-truths and it worked for those people promoting and working for microfinance. In addition, he demonstrated that it really created important blockade to sustainable socio economic development. Hulme (2000) noted that microfinance did not



even scratched the surface of poverty outside Bangladesh.

Mixed Effect

In recent years, finding out microfinance effect for poverty alleviation had been most important arguable subject (Duvendack et al., 2011). Poverty mitigation might persist the microfinance key goal, however, social promotion, emancipation and inclusion could be extended as the domino effect and microfinance needed to be continued instead of tenacious difficulties and mismanagement (Milana & Ashta, 2012). Bhuiya, Khanam, Rahman, and Nghiem (2016) studied borrowers' wellbeing through household income and consumption in their econometric analysis and indicated that increase in the duration of microfinance borrowing was associated with an increase of income and consumption. Pitt, Khandker, and Cartwright (2006) pointed

out the effects of microfinance differ significantly for borrowers gender and women were performing much better than men. Rahman, Luo, and Minjuan (2015) found microfinance good effect for borrowers' increased income, general expenditures and savings and also confirmed that relatively high-income borrowers experienced more benefits and women gained greater access to decision-making. Woller and Parsons (2002) concluded favorable community economic impact through associating microfinance for regional income multiplier. Roodman and Morduch (2014) showed that microfinance decreased poverty with the hope of possibility which not confirmed through randomized controlled trials. After dropping outliers, even the original results on poverty alleviation did not appear. We should be convinced that microfinance might have positive effect for its well design

and target to subset of poor people but not for all poor people and it needed to be complemented rather than replaced with other development tools (Sinclair, 2012). However, many researchers conclude that there is a significant positive effect for some few development indicators whereas it is not true for others development indicators. Through providing small loans to borrowers, De Mel, McKenzie, and Woodruff (2008) measured the increase in profits arising from this exogenous shock to capital stock and found the average real return to capital substantially higher than the market interest rate. Ghalib, Malki, and Imai (2015) revealed that microfinance had positive effect on the borrowers' households for indicators, such as healthcare, clothing, water supply, house quality etc. Imai, Arun, and Annim (2010) examined whether household access to microfinance reduced poverty and found significant positive effect of productive loans on multidimensional welfare indicator despite some limitations arising from potential unobservable important determinants of access to microfinance institutions. Mukherjee (2015) also examined whether the government subsidized microfinance program has been able to expand physical, economic, political and socio-cultural spaces across castes, creeds and religious beliefs and found success in effecting upon physical, economic and political

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components of empowerment, but has failed to expand socio-cultural spaces. Despite the latest crisis within microfinance industry, it continued to expand as a key development tool. Van Rooyen, Stewart, and De Wet (2012) considered financial outcomes including income, savings, expenditure and assets as well as non-financial outcomes including health, nutrition, food security, education, child labor, women's empowerment, housing, job creation, and social cohesion and they found indifferent effect showing that microfinance does harm, as well as good, to the livelihoods of the poor. Some researchers did not agree for the same indicators rather put positive effect on some else indicators (McIntosh, Villaran, & Wydick, 2011). Because of inadequate proof for positive effect, microfinance may be losing credible grounds (Lascelles & Mendelson, 2012).

Model and Variable

The dependent variable in this study is poverty. Poverty has been measured in relative term rather than in absolute term. It is characterized by different poverty variables in conjunction with Household Economic Portfolio Model (HEPM) Model. For instance, business revenue has been considered as the poverty variable in the business level effect measurement of microfinance. After at least one year of microfinance intervention, we measure whether a participant borrower's opinion about business revenue increased or not compared to non-participant borrowers. If a participant borrower agrees more for business revenue increment compared to a non-participant borrower, she is better off towards poverty alleviation. An opinion can be formed that microfinance has a

positive effect on poverty remaining other things constant. The HEPM system becomes operational by considering all perspectives of the borrower's domestic activities. Since all components have been interrelated with each other, HEPM model recommends that microfinance effect assessment should be carried out on all of them simultaneously. Therefore, effect assessment has been studied at microenterprise level, household level and individual level as well. In line with the aforesaid HEPM model, we add one more level for the effect assessment with microfinance intervention. This is the security level, which is further split into borrowers' social security, financial security, food security, and health security.

Study Method

An experiment group (participant borrowers) has been compared with a control group (non-participant borrowers) in this study. The control group is chosen from the TEKUN respondents who applied for the loan but unsuccessful or who desired to be borrowers but not successful for their own constraints. To overcome the selection bias for this study, due effort has been given so that all the respondents are comparable on the same socio-economic background. After one-year of microfinance intervention, the participant borrowers are compared with non-participant borrowers regarding their business activities, household conditions,

personal affairs and security issues. Both the groups have been asked, after one year they receive microfinance loan or otherwise operating without such loan, whether their respective positions in business, household, individual and security level have got any effect. In the survey questionnaire, the borrowers have been given Five Point Likert Scale (1. Strongly disagree, Disagree, Neutral, Agree and Strongly agree). The respondents are requested to score how much they differ from the disagreement to agreement that microfinance creates an effect on business, household, individual and security level in terms of different items selected for this study.

To find out whether there is a significant effect of microfinance on borrowers' poverty at business, household, individual and security level, Partial Least Squares - Structural Equation Modeling (PLS-SEM) is applied in this study. It took four items for each aforesaid level to operationalize the HEPM framework plus four items more for added security level. Measurement model brings empirical measures of the relationships between indicators and constructs and structural model brings the same among constructs. This measures enable us to compare microfinance theory with reality through these models. Alternatively, it would tell how well microfinance theory fits into this study data collected by

questionnaire. PLS-SEM initially focuses on the measurement model and later on structural model. Measurement model evaluates the reliability and validity of the construct measures. To be definite, multivariate measurement involves using multiple items to build a construct. In this study, poverty is the construct or latent variable reflected by sixteen variables such as Business level - Business Revenue, Fixed Asset, Current Asset & Employment, Household level - Household Income, Immovable Property, Movable Property & Expenditure, Individual level - Control, Honor, Capacity & Confidence and Security level - Social, Financial, Food & Health security. Using multiple items to quantify poverty construct is more likely to represent all the diverse features within the concept with precision. Our hypothesis - H1: Microfinance causes significant impact on borrowers' poverty at business, household, individual and security level.

During the year 2019, Data are gathered through survey with questionnaire as appended in this study. For determining sample size, we used G Power which predicted 265 respondents for this research. However, we made the sample size 400 to be on a safer side. Through face to face interview with the questionnaire, borrowers' responses were collected at the time of their weekly meetings mostly. Alternatively, borrowers were

also intercepted at their business, household, training, meetings wherever available. TEKUN got about 557,947 borrowers in July 2019 TEKUN. For this microfinance institute, a questionnaire survey has been conducted in the four randomly selected states namely Selangor, Pahang, Sembilan, and Terengganu. The respondents are selected randomly from the regional areas of selected states for which it has operation and borrowers are accessible. This study has randomly selected 100 respondents from each aforesaid states that make total sample size 400 for each group of participant and non-participant borrowers (100 randomly selected respondents × 4 randomly selected states Total 400 respondents). While selecting participant borrowers from any particular area, non-participant borrowers have also been selected objectively by snowballing them to the best extent possible within same microfinance institute among their nearest relatives, friends, neighbors etc. so that they are comparable in the same socio-economic background.

Result and Discussion

This paragraph discusses microfinance impact on borrowers' poverty at business level (business revenue, fixed asset, current asset and employment), household level (Household Income, Immovable Property, Movable Property and Expenditure), Individual level (Control, Honor, Capacity and Confidence) and Security level

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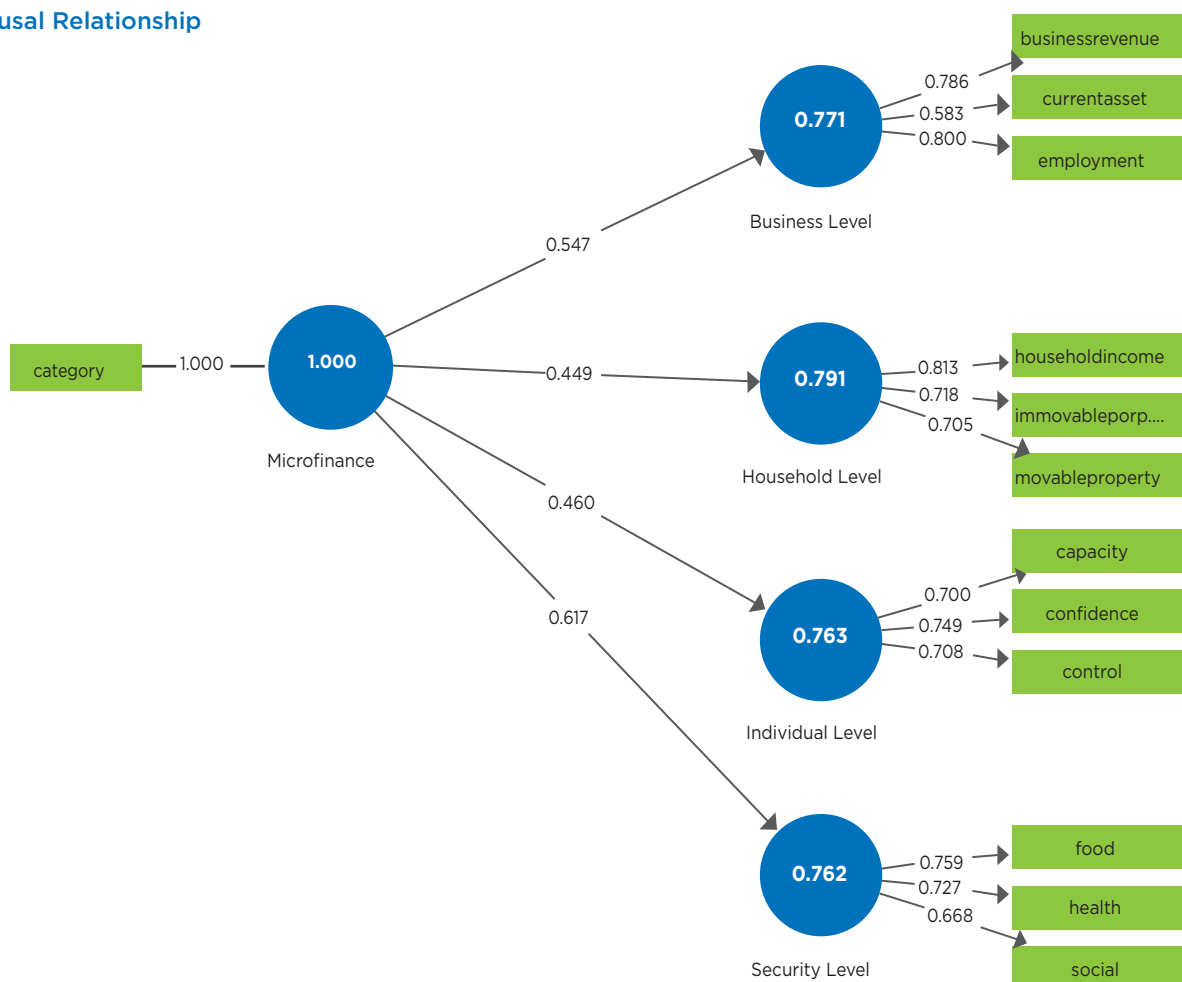
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(Social, Financial, Food and Health). Regression Analysis has been performed using Partial Least Squares (PLS) with Reflective Measurement Model (RMM) taking microfinance as an independent variable and poverty as dependent variable. Poverty is measured through four latent variables reflected by four items at business, household, individual and security levels (Please see Figure - 1).

Some Reference Value for PLS-SEM Modelling in study method, for internal consistency, the acceptable values for Composite Reliability (CR) between 0.70 to 0.90 can be regarded as satisfactory (Hair, Hult, Ringle, & Sarstedt, 2016). For convergent validity, Factors Loadings (FLs) values equal to and greater than 0.40 are acceptable (Hulland, 1999) and Average Variance Extracted (AVE) should be greater than

0.500 (Hair et al., 2016). For discriminant validity, Heterotrait - Monotrait Ratio (HTMT) values should be lower than 0.950 (Gold, Malhotra, & Segars, 2001). In this analysis, CR is between 0.70 to 0.90 confirming satisfactory internal consistency. FLs are above 0.40 and AVEs are greater than 0.500 confirming convergent validity. Fornell-Larcker Criterion, Cross Loadings and HTMT have also met the

Figure-1 : Causal Relationship



threshold levels confirming discriminant validity (Please see Table - 1). All the calculations are done using Smart PLS 3.0. Considering the PLS output results and HEPM Model, we deleted fixed asset at business level, expenditure at household level, honor at individual level and financial security at security level. Items with weaker outer loadings are sometimes retained on the basis of their contribution to content validity (Hair et al., 2016). This HEPM Model has been applied by Dunn and Arbuckle (2001) to evaluate microfinance impact

assessment. It deals with poverty as a content through different aspects at the business, household, individual, and security level and suggest to explore these items for avoiding fungibility.

The estimated path coefficients of microfinance on poverty at business, household, individual and security level are 0.547, 0.449, 0.460 and 0.617, respectively. They are all statistically significant ($P < 0.000$). These individual path coefficients can be interpreted just as the beta coefficient like

the estimated change in the dependent variable for a unit change in the independent variable. This means participant borrowers are estimated to be 0.547, 0.449, 0.460 and 0.617 times better off in poverty at business, household, individual and security level respectively compared to non-participant borrowers. According to the Rule of Thumb recommended by Chin, Marcolin, and Newsted (2003), the Coefficient of Determination (R^2) values more of 0.67, 0.33, and 0.19 consider substantial, moderate, and weak level respectively. The R^2 of

Table - 1 : Measurement Model

Construct	Items	Internal Consistency	Convergent Validity		Discriminant Validity
		Composite Reliability (CR)	Factor Loading (FL)	Average Variance Extracted (AVE)	Heterotrait-Monotrait Ratio (HTMT)
Microfinance		1.000	1.000	1.000	0.688
Business Level	Business Revenue	0.771	0.786	0.533	-
	Fixed Asset		-		
	Current Asset		0.583		
	Employment		0.800		
Household Level	Household Income	0.791	0.813	0.588	0.950
	Immovable Property		0.718		
	Movable Property		0.705		
	Expenditure		-		
Individual Level	Control	0.763	0.708	0.518	0.897
	Honor		-		
	Capacity		0.700		
	Confidence		0.749		
Security Level	Social	0.762	0.668	0.517	0.924
	Financial		-		
	Food		0.759		
	Health		0.727		

Microfinance Updated Effect on Borrowers' Poverty - A Case Study

microfinance on poverty at business, household, individual and security level (0.299, 0.202, 0.211 and 0.381, respectively) can be considered weak to moderate. According to Cohen (1988), f^2 values more of 0.35, 0.15, and 0.02 reflect large, medium, and small effect sizes, respectively. The calculated f^2 (0.426, 0.253, 0.268 and 0.616, respectively) indicate that microfinance has small to large effect in producing the R^2 for poverty. Besides, the predictive relevance of the model has been examined. If the Q^2 value is larger than zero, the model has predictive relevance for a certain endogenous construct (Hair et al., 2016). In this case, the Q^2 value (0.149, 0.106, 0.103 and 0.188, respectively) is more than zero, indicating that the model has sufficient predictive relevance (Please see Table - 2). Considering both measurement and structural model, this can be concluded that microfinance has a significant positive impact on TEKUN borrowers' poverty level. This finding is consistent with Khandker (1998). He found positive evidence for microfinance by different variables like income,

consumption, expenditure, savings, employment, etc. He also concluded that about five percent of the borrowers got rid of poverty by their respective categories per year. Similar nature positive impact on borrowers' poverty was found for microfinance intervention (Hashemi et al., 1996; Husain, 1998).

Conclusion and Recommendation

Microfinance has not been the silver bullet as it is considered once. Some researchers have revealed that many borrowers consume their loans to cover short term crises rather than address long term development which makes microfinance minimal impact. Some programs end up with over-indebtedness. Microfinance loans are expensive and incur high interest to meet the necessary operating costs of fund providers. It is rarely sustainable among the poor at modest interest rates and very rarely reaches the poorest. It also encourages economic inefficiency. Besides, there is a long-standing issue with

exploitive interest rates. Microloan products are not often designed in line with financial education and literacy. Many poor are trapped in deepening cycles of poverty and debt as a consequence. However, microfinance is still creating impacts on borrowers' lives and some programs are really solving extreme poverty. Nowadays, the development world has detached itself from even using the word microfinance rather than focusing on reaching universal financial inclusion. This research contributes by taking a positive position in the academic debate of microfinance impact on borrowers' poverty. With these case study findings, policymakers continue to support microfinance and use it as a tool for poverty alleviation. They also inject more money in the microfinance industry to incorporate more borrowers as if all capable workforce can get loans to materialize their dreams. This study would like to suggest the government and donor agency to continue to support the microfinance industry.

Table - 2 : Structural Model

Hypothesis	Relationship	Beta	S. D	T - Value	Decision	R^2	f^2	Q^2
H ₁ Microfinance →	Business Level	0.547	0.023	24.177***	Sig.	0.299	0.426	0.149
	Household Level	0.449	0.029	15.395***	Sig.	0.202	0.253	0.106
	Individual Level	0.460	0.028	16.563***	Sig.	0.211	0.268	0.103
	Security Level	0.617	0.022	28.249***	Sig.	0.381	0.616	0.188

Note: *** $P < 0.01$.

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Discreet Industrial Policy for Development and Growth in Under Developed, Least Developed and Developing Countries: Paradigms and Challenges

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Introduction

Should we be happy with what we have and remain faineant? Should we be obsequious or trapped with a GDP per capita income of \$ 1,500 to \$3,000? How long will we be maintaining poor standard of living? Shouldn't we look into what's happening in the developed world? Shouldn't we know how do the industrially developed countries reach such an excellent position of development and growth? What's the "secret recipe"? These questions are for the Under Developed Countries (UDCs), Least Developed Countries (LDCs) and Developing Countries (DCs) that are phlegmatic and clave in the back-row of the industrially developed world and mired in crisis for many years. From the analyses of the various reports made by economists, social scholars, accountants and researchers, it's well-grounded that the "secret recipe" for growth, development and employment is rapid industrialization supported by strategic, discreet and pro-active industrial policy.

The world is looping very fast at rapid-fire celerity in terms of science, technology and innovation. Industrially developed economies, by dint of their decenniums of planning, strategies, reforms in productivity and far-sighted industrial policy, reached the pinnacle of development, peace and progress. The UDCs, LDCs and DCs, on the other side,

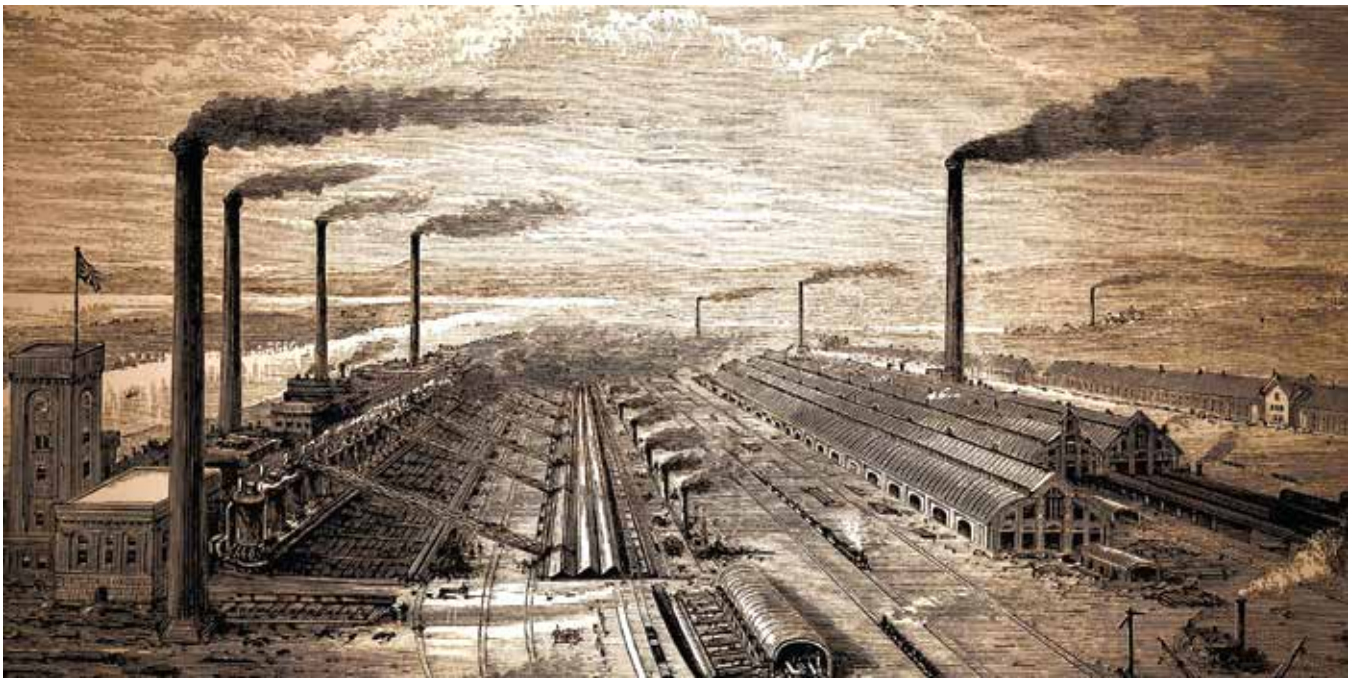
remain stuck and reefed in the trap of numerous problems associated with economic, social, financial and environmental issues. All these issues are emerging from low-productive economy due to wrong, back-dated, temerarious and inchoate industrial policy framed by the governments of those countries.

Industrialization is the key to economic growth and reinforces inclusive and sustainable development. Industrial policy has been capturing attention around the world as a catalyst and a crucial driver of economic development and growth for the last few decenniums. This is especially true in the UDCs, LDCs and DCs, where industrialization still remains in the back-row. A well performing industrial sector plays an important role in poverty alleviation, employment generation, trade promotion, exchange of goods and services, increased per capita income and GDP growth.

Enthusing people out of informal subsistence traditional farming into formal manufacturing and productive jobs and services, improves their productivity by industrialization, makes the agriculture sector more efficient, more viable and raises government revenues through taxation. Economists of the 20th century justly noted that a flourishing industrial sector was central to the development of a modern economy, and in 2010, Cambridge economist Ha-Joon

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Chang observed that development without industrialization is like Shakespeare's Hamlet without the Prince of Denmark. Beyond its direct economic impact, industrial development also presents a number of auxiliary social and environmental benefits. Industrialization has been included in the 2030 Agenda for Sustainable Development Goal 9 (SDG 9) and reiterated its central role in the overall economic, social and environmental development picture of a country. The United Nations Industrial Development Organization (UNIDO) is fully betrothed to contributing to the achievement of the SDGs, while delivering on its mandate to	support member states in accomplishing inclusive and sustainable industrial development (ISID). SDG 9 calls for building resilient infrastructure, promoting sustainable industrialization and fostering technology and innovation. "Industrial development enables environment to tackle inequalities among and within countries either developed or developing, accelerates structural transformation and social mobility, provides new jobs and additional income, and reduces social exclusion" (UNIDO, 2015). Industrialization is professed as the engine to economic growth. Hence, most of the UDCs, LDCs and DCs are eager to industrialize quickly.	Short History of Industrial Revolution Industrial Revolution history tells us that the transformation from an agricultural and handcraft economy to one subjugated by industry and machine manufacturing had been started in Britain in the 18th century. From Britain it spread to other parts of the continents when European countries were wadded far behind. Their bourgeoisie lacked the wealth, power, and opportunities of their British, French, and Belgian counterparts. "In the industrial revolution Britain led the world in advances that enabled mass production: trade exchanges, transportation, factory technology and new skills
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needed for the new industrialised world” says Lucy Powell, a British Politician.

Political conditions in the other nations also stalled industrial expansion. Germany, for example, despite vast resources of coal and iron, didn't begin its industrial expansion until after national unity was achieved in 1870. Germany's industrial production grew so rapidly that by the turn of the century that nation was outproducing Britain in steel and had become the world leader in the chemical industries. The rise of US power in the 19th and 20th centuries also far outdone European efforts. And Japan, too joined the Industrial Revolution with unwonted fruition. The eastern European countries were in the rear end in the 20th century.

“If you go back to 1800, everybody was poor. I mean

everybody. The Industrial Revolution kicked off, and a lot of countries benefited, but by no means everyone” says Bill Gates. The main topographies involved in the Industrial Revolution were scientific, technological, socioeconomic, and cultural. The technological vicissitudes included - the use of new basic materials, viz., iron and steel, the use of new energy sources - coal, petroleum, electricity, steam engine, internal-combustion engine. The invention of new machines as spinning jenny and power loom that helped increase production in the area of spinning and textile with a lesser human energy cost. Evolution of factory reorganization work that entailed increased division of labor and specialization work, extra ordinary development in transportation and communication including the steam locomotive, steamship,

automobile, airplane, telegraph and radio wave had made the Great Industrial Revolution. In addition, the use of underground oil, gas and mineral resources had increased production in industries.

Role of Industrial Policy in Making Industrial Revolution

Industrial policy is a common tool used to shape the composition of national economic activity. Industrial policies are as controversial as they are omnipresent. Industrial policies across South Asia, Middle East, Latin America and Africa are seen as lackluster, often undermined by rent-seeking and predation. On the other hand, Japan, Germany, USA and South Korea made industrial revolution possible by implementing industrial policy.

Most of the UDCs, LDCs and DCs have made the grueling journey from prevalent rural poverty to post-industrial affluence by engaging targeted and selective government industrial policies to modify its economic structure and boost its economic dynamism. Without using some kind of targeted industrial policy it's difficult to face contemporary challenges - from job creation and poverty reduction to participating in the technological, innovative revolution and global value chains, from promoting efficient and clean energy to mitigating climate change and greening the economy.

Discreet Industrial Policy for Development and Growth in Under Developed, Least Developed and Developing Countries: Paradigms and Challenges



The process of structural transformation remains particularly challenging for UDCs, LDCs, DCs and emerging countries. History shows that in all cases of successful catching up, the State Governments have played a dynamic and overweening role in building markets, in nurturing enterprises, in encouraging technological upgrading, in supporting learning processes, the accumulation of capabilities, in removing infrastructural bottlenecks to growth, in reforming agriculture and in providing finance. “The First Industrial Revolution used water and steam power to mechanize production. The Second used electric power to create mass production. The Third used electronics and information technology to automate production” says Klaus Schwab, a German economist.

China's Melodramatic Rise from Agrarian Nation to Industrial Powerhouse

China is an immaculate example of how could Government's industrial policy upend a country from primordial agrarian economy to industrial power house within a short span of 35 years. China's industrial revolution, which started 35 years ago, is perhaps one of the most important economic and geopolitical phenomena since the original Industrial Revolution started 250 years ago. Along the way, China is luminescing new growth across Asia, Latin America, Africa and even the industrial West, thanks to the country's mammoth demand for raw materials, energy, trade and capital flows. China's rapid growth has addled many people, including economists and political leaders. How could

a nation with 1.5 billion people transmute itself relatively suddenly from a vastly impoverished agricultural land into a formidable industrial powerhouse when so many small nations have been unable to do so despite their more benignant social-economic conditions? The simple answer is the implementation China government's expedient industrial policy. Its industrial policy made China the 2nd largest economy in the present industrially advanced world within a short span of time.

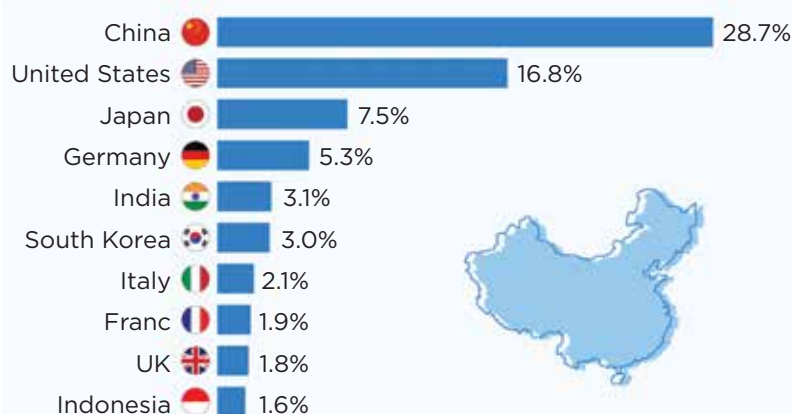
China is the world's manufacturing superpower in 2021. According to data published by the United Nations Statistics Division (May, 2021), China accounted for 28.7 percent of global manufacturing output in 2019. That puts the country more than 10 percentage points ahead of the United States, which used to have the world's largest manufacturing sector until China overtook it in 2010.

President Reagan's Production Policy Made Remarkable Economic Changes in US Economy

Former US President Roland Reagan's economic ideas and policies are well remembered in US economic recovery history. When Mr. Ronald Reagan took the oath of office as America's 40th President on January 20, 1981, the country was undergoing some of squeakiest economic times since the Depression. Taxes and

China Is the World's Manufacturing Superpower

Top 10 countries by share of global manufacturing output in 2019*



* output measured on a value-added basis in current U.S. dollars

Source: United Nations Statistics Division



statista

unemployment rates were very high, interest rates were soaring and the national life-force was low-slung. Bringing America back and to provide employment through productive works, was the new President's topmost priority. He shared his vision in his Inaugural Address:

"This Administration's objective will be a healthy, vigorous, growing economy that provides equal opportunities for all Americans, with no barriers born of bigotry or discrimination. Putting America back to work means putting all Americans back to work. Ending inflation means freeing all

Americans from the terror of runaway living costs. All must share in the productive work of this 'new beginning,' and all must share in the bounty of a revived economy."

His policies of putting all Americans back to work paid off exceedingly. In an axiom, the American dream had been reestablished. The numbers tell the story. Over the eight years of the Reagan Administration had achieved tremendous success due to prescient government productive policy. Few of the achievements are summarized as - 20 million new jobs were created; inflation dropped from 13.5% in 1980 to

4.1% by 1988; unemployment fell from 7.6% to 5.5%; net worth of families earning between \$20,000 and \$50,000 annually grew by 27%; real gross national product rose 26% and the prime interest rate was slashed by more than half, from an unprecedented 21.5% in January 1981 to 10% in August 1988.

Industrial Policy in Perspective to Bangladesh

Bangladesh has recently qualified for a recognized "developing country" by fulfilling the conditions and criteria set forth in this respect. It has 5 years' industrial policy that is up dated, changed and modified every five years. The policy is nicely drafted, expertly articulated covering many areas. Analysis tells that implementation of the policy always remnants in quandary. The policies are flexible, changing and not perpetual. The industrial policy of any country should have direct impact on the productive sectors. Policy should be strategic and dynamic and should not be changed off and on. In the Budget document 2015-16, former Finance Minister of Bangladesh put great importance on the government owned jute mills under Bangladesh Jute Mills Corporation (BJMC). A Memorandum of Understanding was signed with China for Balancing, Modernization, Rehabilitation and Expansion (BMRE) of the state-owned jute mills under BJMC. In the FY

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2020-21, the policy was changed and the government has decided to shut down the 25 state-owned jute mills with the plea that these mills are incurring huge losses. Due to change of industrial policy, 25,000 people have become unemployed.

The garments industry sector has been playing a dominant role in the economy by earning 84% of the country's export earnings and directly employing 4 million people and indirectly 10 million people of the country. This important sector needs government's direct support through the industrial policy. 1% to 5% conditional incentive for an important sector of economy that earn 84% of total export earnings is not adequate to boost up this sector. Globally, China was first, Bangladesh was second and Vietnam was third in export of garments in terms of value and volume up to FY 2019-20. This position has been changed in FY 2020-21.

According to World Trade Organization (WTO) report, Bangladesh's position is third. Vietnam toppled Bangladesh and its position now is second and China remains the first. Only industrial policy support can improve the situation.

In many industrially developed and economically advanced countries, governments help weak but stable industries by providing financial and economic assistance in the forms of subsidy, tax rebate and exemption of tariffs. The Japan government has allocated 23.5 billion yen (\$221 million) in 2020 supplemental budget for the subsidy to encourage companies to disperse their manufacturing sites across ASEAN region. This includes shifting of private investments from China to some other countries.

DW News dated May 20, 2020 reported that the German government announced that it

would support the country's ailing automotive industry with an additional of €3 billion (\$3.56 billion) — bringing Berlin's total financial support for the industry to €5 billion. Steffen Seibert, Merkel's spokesman, said that the aid would bring about "long-term structural change" in the automotive industry. Seibert said that the current stimulus package would also be used to bolster the auto parts makers. He added that out of this package, Germany would pump in €1 billion to extend its subsidy for electric vehicles until 2025. Due to direct government patronage through industrial policy, German automobiles are on the top gear in the international automobile markets for the last few decades.

Indian Budget 2021-22 provides Production Linked Incentive (PLI) Scheme- On April 1, Ministry of Electronics and Information Technology (MeitY) introduced PLI or Production Linked Incentive Scheme, as a



	USD (Crore)		Gross Export	Import of Raw Materials	Net Export
Ready Made Garments Exports	2018 -19	January -March	886.65	308.82	577.83
		April -June	818.19	280.86	537.33
	2019 -20	July -September	805.76	334.92	470.84
		October -December	796.65	320.2	476.45
		January -March	807.97	342.79	465.18
		April -June	384.55	229.09	155.46
	2020 -21	July -September	812.64	284.58	528.06
		October -December	741.92	284.78	457.14
		January -March	798.24	336.66	461.58
	Source: Bangladesh Bank and EPB				

part of the National Policy on Electronics. The scheme will give incentives between 4-6% to the electronic companies, provided that they manufacture mobile phones and other electronic and nanoelectronic components-transistors, diodes, thyristors, resistors, capacitors, micro-electro-mechanical systems in India. It's aimed to attract huge foreign investments in the IT sector and will also encourage the Indian companies to expand their production units and presence in India and in line with the Make in India initiative.

India's Operation Greens Scheme- on 11 November 2020, the Central Government launched Operation Greens Scheme to provide 50 % subsidy to the Himalayan and North-Eastern states for air transportation of 41 notified fruits and vegetables to any place in the country.

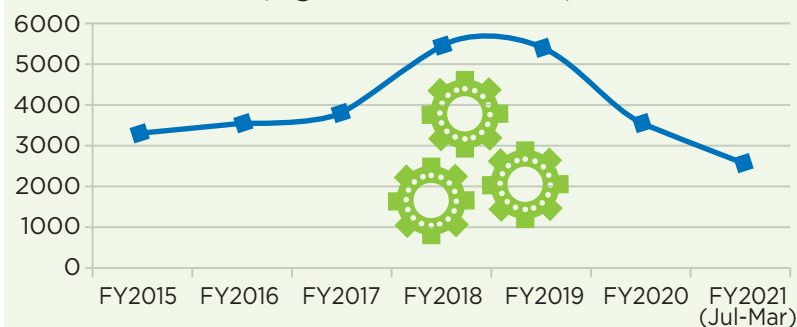
The size of Bangladesh economy has been increased tremendously. The Fiscal Budget parameter of Bangladesh has been increased from Tk 786 crore in FY 1972 to Tk 523,190 crore in FY 2019-20

and Tk 568,000 crore in FY 2020-21. The poor industrial sector, in comparison with the most industrially developed countries, may be transformed to a developed industrial sector through the fiscal, monetary and industrial policies of the country. The Fiscal Budget of the country may provide sufficient funds in the form of industrial subsidy and incentive for establishing new manufacturing industries, for renovation of weak but stable industries, for research and development and development of technology and innovation.



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CAPITAL MACHINERY IMPORT (Figures in million USD)



Source: Bangladesh Bank, NBR

“Bangladesh’s capital machinery imports record remarkable decline. The capital machinery import has declined notably in recent months, reflecting the negative impact the Covid-19 is having on the country’s economy, analysts said. Statistics show the capital machinery import dropped by 13 per cent to \$2.63 billion in the first nine months of this fiscal year (FY) 2020-21. During the same period in FY 2020, according to the Bangladesh Bank (BB) and the National Board of Revenue (NBR) data, the import was recorded at \$3.01 billion, which was lowest in six years” as reported by The Financial Express, dated June 01, 2021. Bangladesh may revise and reduce the import tariffs especially on import of capital-machinery for using in the local manufacturing industries. Lowering import tariffs help import more capital machinery. Higher import of capital machinery represents a boost in investment in industrial sector.

Bangladesh is a country of more than 170 million people. Bangladesh may follow the examples of the above-mentioned pioneering countries in respect of industrial policy. The main task of the industrial policy should be to industrialize the country as quickly as possible, to provide employment, to make the population more productive, earn foreign exchange and to flood the local markets with its own products and not with foreign products.

Conclusion

The failure of UDCs, LDCs and DCs to transmogrify economic growth into jobs, economic development, poverty reduction and enhanced living standards has also contributed to new thinking on the relevance of industrial policies and strategies. Japan, Germany, USA, China, South Korea and India have remained in the top 10 list of industrially and technologically developed countries for many years.

Implementation of ergonomic and appurtenant industrial policies of these countries made it possible to become developed countries. UDCs, LDCs and DCs may learn lessons from these avant-garde countries and adopt in their industrial policies.

It’s noticed that some countries give great emphasis on social welfare policies such as pay more pension allowance, unemployment allowance etc., instead of industrializing the country and creating employment opportunities. This is considered as a short and temporary plan. It doesn’t work in the long run. Greece is an example in this respect that failed to continue the social benefits in the long run. It’s the time for the UDCs, LDCs and DCs to rethink, redefine, redesign and reframe their industrial policies in line with the most advanced and most industrially developed countries.

It’s imperative to provide jobs for the able people and save the forlorn unemployed people who are working in deplorable conditions in oil-rich and other countries as cleaning staff, as guards, as construction workers; people who are dying by drowning in the sea while trying to migrate other countries for jobs. Rapid industrialization will help provide employment opportunities to the millions of unemployed people in their own countries. So, the prosaism of the day of industrially back-rowed countries is “to industrialize the countries at rapid-fire speed” by all means for better today and tomorrow.

Knowledge Based Economy: Agenda of Bangladesh

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**"An investment in knowledge
always pays the best
interest"**

*- Benjamin Franklin
(January 17, 1706 – April 17, 1790), Writer,
scientist, inventor, statesman of the
United States*

The most visible difference between a farmer of Bangladesh and that of US can be identified from the perspective of technological advancement. In US, 75% of farms have access to the internet and 73% have access to a desktop or laptop computer. Some of them avail the support of ultra-modern technology like satellite as their primary method of internet access. These farmers purchase agricultural inputs such as seed, feed, fertilizer, chemicals as well as manage agricultural marketing functions using modern technologies.

A noticeable trend started in the early 20th Century by creating value in the economy from services overriding the dominance of agriculture, industry. Intangible knowledge assets are becoming a significant part of total assets of corporates. Due to globalization, the role of ICT (information and communications technology) is increasing and knowledge on ICT is an influential factor for economic development. Many developed countries are achieving their economic milestones capitalizing the advantage of "knowledge". Such economies are known as "knowledge-based economy". Any economy which applies knowledge based activities i.e.

technical and scientific innovation in producing goods and services is known as knowledge economy. In short, an economy where knowledge is the main driving force in creating growth, employment and wealth. In knowledge-based economy, economic ecosystem including agricultural activities, production of goods and services are predominantly influenced by knowledge i.e. technical and scientific innovation, employees' ability to work, intellectual property.

Corporates like Google, Tesla, Amazon, Microsoft, Facebook, Apple or Samsung have clinched top positions in the list of world's best companies by dint of their continuous research and innovations. Thousands of startups are incorporating in the economies which are based on knowledge. Tomorrow, another "Google" or "Tesla" will born only in those knowledge-based economies from such startups. So, focus on knowledge will accelerate the size of economy in a much faster pace than those which nurture conventional philosophy in their economy.

**Top 10 countries of the world in
Knowledge Economic Index
(Source: Wikipedia):**

Country	KEI	Rank
Denmark	9.58	1
Sweden	9.52	2
Finland	9.37	3
Netherlands	9.32	4
Norway	9.27	5
Canada	9.21	6
Switzerland	9.15	7
United Kingdom	9.09	8
United States	9.08	9
Australia	9.05	10

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Bangladesh has been ranked at 128 among 140 countries by securing 1.28 points.

Pillars of knowledge based economy (source: The World Bank)

Education & Training

Continuous supply of workforce to the economy who are educated and skilled to innovate new technologies and apply them in economic activities. Education system should be framed so as to education and training concentrates into accelerated development through capitalization of innovation, modern technology. As an outcome, human capital which is the most essential component of a knowledge based economy is acquainted with the mindset of rapid expansion of knowledge.

Information Infrastructure

A dynamic information infrastructure covering all modern techniques is required to facilitate the effective communication, dissemination and processing of information. Knowledge in connection with Computerization, big data analysis, automation etc. will be employed in all economic activities of the country.

Economic Incentive & Institutional Regime

A regulatory and economic ecosystem that enables the free flow of knowledge, supports investment in Information and Communications Technology (ICT), and encourages entrepreneurship is central to the knowledge economy. This includes both monetary and policy support from the part of Government.

Innovation Systems

A network of research centers, universities, think tanks, private enterprises and community groups is necessary to harness the opportunities of global knowledge, incorporate and adapt it to local needs, and create new knowledge. Innovation system needs to focus on new inventions (e.g. Internet of things or IoT, Artificial Intelligence or AI) across the globe and open to embrace anything new to create value to its economy.

Importance of knowledge-based economy in Bangladesh: This emerging economy requires strong footprint in innovation to accelerate sustainable social and economic development. Bangladesh has many ambitious development milestones which are achievable if knowledge centric endeavors are in place. Some critical areas of the economy needs knowledge focused practices:

Agriculture

Contribution of agriculture to GDP is 14%. Large population of Bangladesh is in extreme need of food safety. Production, warehousing, marketing of agricultural produces is becoming very expensive in Bangladesh. Population is increasing while cultivable land is shrinking. A recent research reveals that there will be no cultivable land left in Bangladesh in 50 years if the process of taking away farmland for non-farm purposes



(urbanization, industrialization) at the current annual rate continues. Hence, engagement of knowledge in agriculture is inevitable to bring productivity, reduction of cost. Numerous research centers with modern technical-know-how and adequate researchers needs to be established in different sectors (rice, jute, fish, fruits etc.). Moreover, innovations in agro sector to be adopted as a culture.

Ready-made Garments

84% of total export income is generated from RMG. This industry is largely dependent on skilled and semi-skilled workforce. According to the Asian Productivity Organization (APO) 2020 data, the average garment labor productivity is lower in Bangladesh than all its competing countries except Cambodia. The data show that Bangladesh's per-worker annual

productivity level is \$10,400 while for Vietnam it is \$12,700, India \$15,800, and China \$23,800. If Bangladesh cannot bring improvement in productivity, it will never be able to increase its market share beating the price of peer countries. Conventional production processes are becoming invalid due to Fourth Industrial revolution (4IR). Hence, introduction of AI, IoT, robotic technology, automation etc. will be vital changes in RMG industry.

Pharmaceutical

Bangladesh is expected to enjoy patent waiver facility till 2034 under the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement which will allow pharmaceutical companies to produce so-called generics or non-branded medicines provided the patents of which have already expired.

Currently, 97% of country demand of medicines are produced locally. On top of that, Bangladesh's pharmaceutical export revenue was USD 136 million (FY 2019-20). Though Bangladesh is engaging its best endeavor to get such waiver facility for indefinite period, it should start investing in research and development activities in Pharmaceutical industry. This will help Bangladesh to keep an alternate plan if this waiver period is not extended. Hence, integrated plan to innovate new products in pharma industry is extremely important.

Good Governance in Public Sector

It's pity that Bangladesh is one of the top corrupt countries in the world. According to Corruption Perceptions Index (CPI) 2020, Bangladesh has scored 26 out of 100, the same as in 2019 demonstrating no citable improvement. Counting from the bottom, Bangladesh has been ranked 12th, two steps lower than the 14th in 2019. Though Government is working hard to reduce corruption and bring accountability, transparency in Government administration, the situation is improving at very slow pace. The traditional workflow in Government system is mostly human driven which triggers the opportunity of corruption, unnecessary bureaucracy, wastage of public money. Again, bureaucracy is creating hindrances on the way of new investments. In the ease of

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doing business index published by the World Bank, Bangladesh ranked 168th out of 190 in 2020. Bangladesh Government needs to replace manual processes with technology backed knowledge to combat corruption and sluggish bureaucracy. The existing work processes in Government offices should be revisited and robust systems to be introduced with the help of technology including AI, IoT, machine learning etc.

Critical Setbacks in Bangladesh Economy

Bangladesh needs to take practical initiatives to transform agrarian economy to knowledge-based economy. Knowledge thriving Education should get top priority. Innovation is the underlying

foundation of knowledge based economy. The education system in Bangladesh from kindergarten to University level has been designed so as to student bags certificates and get a job. Its undoubtedly true that, it can increase the number of graduates in a country while sustainable development of the economy remains far-fetched. Such workforce can merely be an orthodox employee, cannot think “out of the box” and as a result, cannot be a supporting force to foster a knowledge-based economy. Education system should develop favorable environment in acquiring knowledge and developing skills to create new products and services through innovation of new ideas, techniques. Students’ mindset should be developed to innovate new ideas by including

modern topics like AI, IoT, big data, machine learnings, cryptocurrency in the curriculum. It's true that infrastructure for research and innovation functions are very negligible in Bangladesh. To pave a way for new innovations, the culture of research needs to be promoted. Enormous amount of budget in this area is required.

Adequate opportunities are also essential to apply the research findings in manufacturing facilities, corporates. Bangladesh may not be able to build research and innovation hub like Silicon Valley (US), Silicon Wadi (Israel), Hong Kong-Shenzhen Innovation and Technology Park (China) or Pangyo Techno Valley (Korea) overnight while the process needs to be kicked-off to tap the economic opportunities.

The importance of investment in knowledge is acknowledged by all stakeholders of the economy. In order to connect the dots among different vested groups, Government needs to formulate a long-term integrated plan. A certain percentage of GDP should be allocated for this purpose and its productivity needs to be monitored and measured. Developed countries are moving faster towards innovation while Bangladesh being an emerging developed economy cannot play the role of a spectator.

ICAB's Scheduled Audit Fees, Audit Fees Deviation and the Audit Fees of the Listed Companies in Bangladesh

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Abstract

The Institute of Chartered Accountants of Bangladesh (ICAB) has formulated a fee schedule for a reasonable level of audit fees to provide quality audit with the utmost professional care. The primary objective of the study is to calculate the ICAB's scheduled audit fees, audit fees deviation, and find the effects of the audit fees schedule on the audit fees paid to the auditors. The study has used 135 non-financial listed companies in Bangladesh for the period between 2013 to 2018. The study has calculated the audit fees as per the ICAB's schedule, audit fees deviation, and conducted regression analysis to find the relations between the audit fees paid and audit fees as per the schedule. The study has found that the non-compliance of the guidelines issued by the professional regulatory body is common by the company's governance systems. As a result, Bangladeshi listed companies' audit fees are much lower than that of the ICAB's scheduled audit fees to conduct a quality audit. The study contributes to the literature of audit fees and audit quality practices in the Bangladeshi context, where the audit fees payment depends upon the corporate ownership characteristics. The study findings will help practitioners, regulators, and policy makers find the causes of non-compliance and take corrective actions to maintain the audit quality.

Keywords

ICAB, Audit Fees Schedule, Audit Fees, Audit Fees Deviation.

Introduction

The aims of the study are to calculate the ICAB's scheduled audit fees, audit fees deviation, and find the effects of the audit fees schedule on the audit fees paid to the auditors of the listed companies in Bangladesh. The study also finds the influence of client's incentives, i.e., the board and audit committees, ownership structure, and audit firm's characteristics on the ICAB's audit fees schedule obligation and the audit fees deviation. To provide a reasonable assurance in the financial statements, auditors need to provide an appropriate level of effort in the audit process to increase the quality of audited financial statements. Generally, audit fees are determined based on the market competition in a regulated audit market. But Bangladeshi audit markets are not highly regulated and the board of directors or audit committee is opportunist to select a low-quality audit firm and pay a low fee (Karim & Ziji, 2013).

Corporate governance practices by the business organization in Bangladesh are quite absent (Rashid, 2011). Therefore, Bangladesh Securities and Exchange Commission (BSEC) has formulated a code of corporate governance in 2012.

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While the regulators are trying to adopt many international corporate governance best practices for institutional legitimacy, the weak institutional enforcement regime, along with the absence of an effective check and balance, pose serious challenges to the firm-level good corporate governance practices in Bangladesh (Rashid, 2011). Khan et al. (2016) conclude in their study by stating that the corporate governance model adopted by Bangladesh is mainly Western-style, which requires board independence and the separation of chairman of the board and the chief executive officer.

Information on audit quality may also be inferred from auditor-client contracting features, such as audit fees. Therefore, audit fees are used to proxy for audit quality because

they are expected to measure the auditor's effort level as an input to the audit process that is intuitively related to audit quality (Jung et al., 2016, p. 255). Most of the board and audit committee or the owners are efficient to conduct a bargaining with the auditors or they are opportunist to select an auditor at a low fee which ultimately decrease the audit quality. Hence, the study focused on the effects of ICAB's audit fees schedule on the audit fees paid to the auditors, and finds the influence of client incentives i.e. board and audit committees, ownership structure and audit firms characteristics on the obligation of ICAB's audit fees schedule and audit fees deviation.

The study intensifies the existing audit literature of emerging economy where audit quality is a burning issue due to the regulatory and market

demand. Prior studies examine factors affecting audit fees and audit quality, and use abnormal audit fees and their effects on the audit quality (Jung et al., 2016). However, the audit fees paid to the auditor in Bangladesh are so low to provide a quality audit service to their clients. Therefore, the present study provides further evidence to the regulators to find the deviation and gap between the implementation of the ICAB's audit fees schedule by the corporate governance components and audit firm characteristics.

The following sections of the study are presented as follows: Section 2 discusses the audit service market and regulation in Bangladesh. Section 3 presents the review of literature and hypotheses development. Section 4 outlines research design and sample selection. Section 5 presents the result analysis, and section 6 discussion of the results and conclusion.

Audit Service Market and Regulation in Bangladesh

The auditing profession in Bangladesh has been started since 1973 by the Bangladesh Chartered Accountants Order (World Bank, 2015, p. 10). Recently Bangladesh Government has passed the Financial Reporting Act 2015 to oversee the audit and accounting profession, the performance of auditors and the audit firms. Before the



establishment of the Financial Reporting Council (FRC), ICAB was the sole regulator of the audit and accounting profession. The ICAB reported that 1,616 chartered accountants are registered at ICAB; among those 1,170 are fellow members, and 446 are associate members (ICAB, 2018). According to the list of ICAB members and firms of 2018-19, only 367 members are in practice through their 154 registered audit firms.

Unlike some other South Asian countries, most of the Big 4 accounting firms do not work directly (using their company name) in Bangladesh (Muttakin et al., 2017, p. 430). However, to enhance the capital market's reputation, Bangladesh attracted the international Big 4 audit firms to operate through a local audit firm (Kabir et al., 2011, p. 162). Rahman Rahman Huq, A Qasem & Co., and Nurul Faruk Hasan & Co. are the three Big 4 full member audit firms of KPMG International, Ernst &

Young Global, and Deloitte Touche Tohmatsu respectively currently providing audit services in Bangladesh (Humayun Kabir et al., 2011; Earnings & Young, 2015; Deloitte, 2018). The other Big 4 firm Pricewaterhouse Coopers (PwC) has a country office, which provides only tax, advisory and consultancy services to its clients in Bangladesh. Hence, local audit firm Hoda Vasi Chowdhury & Co. has been working as a preferred audit firm of PwC for providing audit service to their client.

ICAB has issued an audit fees schedule in the year 2016 for the audit firms to determine the minimum audit fees. The purposes of the guidelines are to enhance the services provided by the audit firm and the quality of the audit. On the other hand, to increase the audit quality, BSEC formed a panel of 40 audit firms in 2016 to audit the financial statements of the listed companies and others who submitted IPO (initial

public offering) proposals (BSEC, 2016). The audit firm must have a minimum of two partners along with the non-compliance of the CA firm, to be eligible for BSEC panel auditors. Bangladesh bank also has a panel of audit firms eligible for the audit of the listed and non-listed banks and financial institutions.

Literature Review and Hypothesis Development

Audit fees as a part of agency cost, shareholders, can bear high audit costs for the quality audit. Sometimes the board also wants to provide a better quality audit. The role of auditors is to reduce the costs of the agency on the basis of information asymmetry and conflicting interests between the two parties. Agency theory indicates that boards with a stronger monitoring emphasis will require better quality auditing, resulting in increased audit effort by the auditor and, in turn, higher fees (Zaman et al., 2011, p. 170). The extent of agency conflicts will affect the selection of auditors of an organization and the degree of audit effort (i.e., audit fees). Overall, the key argument of the study was that auditor efforts and thus audit fees increase as the extent of agency conflict rises (Hope et al., 2012). This view is based on the agency's cost control theme of auditing through efficient monitoring and signaling. In order to reach a higher degree of assurance, the organization must continue to incur monitoring costs, i.e., audit

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fees, until the opportunity benefits of monitoring meet the marginal gain of additional assurance (Karim & Van Zijl, 2013, p. 244).

Due to the diverse ownership structure of the financial sector firms it pay significantly higher audit fees in Bangladesh (Karim & Hasan, 2012). Saifuddin & Mohasin (2016) found that the audit fee paid to a company's auditor is significantly influenced by auditor size, client size, and client complexity. However in the audit service market in Bangladesh client size and their multinational affiliations have a significant positive effect on audit fees (Karim & Hasan, 2012).

Chowdhury (2018) conducted a study after fixing the minimum audit fee by the ICAB, which tried to solve the debate of audit fee payment by the companies and the quality of

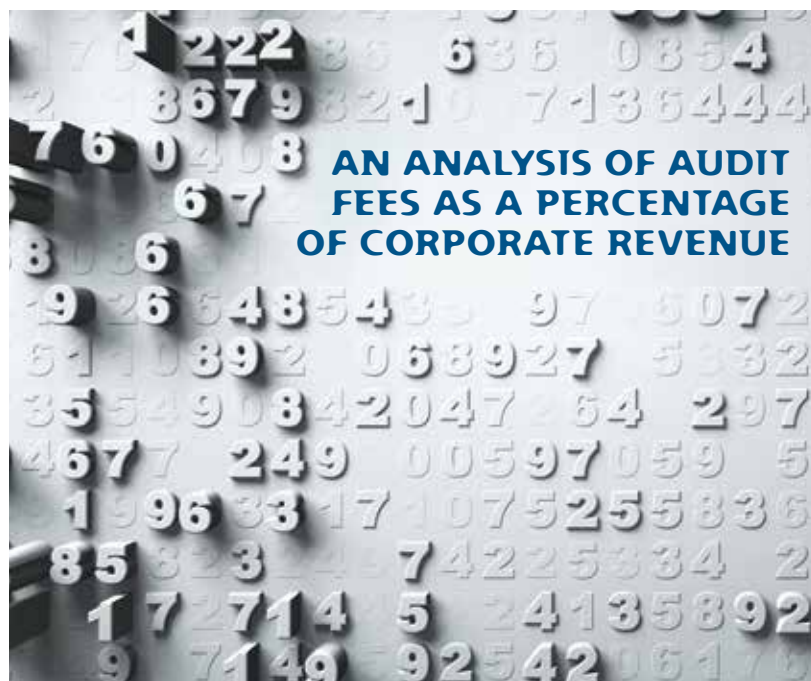
audit. The study also revealed that the ICAB could compel the payment of proper audit fees to the auditors and the company's board. Hence, the board of a company's audit committee can play vital roles in increasing audit fees for high-quality audits. The study found a variation between the actual fees payment by the companies and the ICAB scheduled audit fee (Chowdhury, 2018).

Pham et al. (2017) found that payment of high audit fees to the auditor is negatively related to audit quality. The study also concluded that higher audit fees paid to the auditor decrease their independence. Another study conducted by Rahmina & Agoes (2014) using a questionnaire survey, where auditors working in a public accountant firm were the respondents. The study found that audit fees and auditor independence influence the audit quality.

Zaman et al. (2011) found that the characteristics of the board of directors of a company have a significant and positive influence on audit committee expertise and audit fees. The results also exposed that effective audit committees undertake more monitoring, which results in wider audit scope and higher audit fees. Ghafran & O'Sullivan (2017) argued that audit fee payment to the auditor measures the auditors' level of effort for a quality audit and the audit committee influence to increase the amount of audit fee paid to the external auditor.

Specialist auditors may have a higher probability of discovering misstatements than that of the non-specialist auditors may do (Francis, 2004). In Bangladesh, Big 4 affiliated local audit firms provide audit service in the local market (Muttakin et al., 2017). The affiliated audit firm has charged a higher average audit fees from their clients than that of the other unaffiliated audit firms; and the audit quality of the affiliated audit firms is high (Karim, 2010). Big 4 audit firms get larger amounts of audit fees in Bangladesh. But, none of the Big 4 audit firms in Bangladesh earn audit fee premium, which indicates less quality audit service of Big 4 affiliated firms in emerging markets (Siddiqui et al., 2013).

The ICAB's audit fees schedule influenced the audit fees paid to the audit firm, but there are others factors that influence on



the ICAB's scheduled. Therefore, the study tried to find the factor that influencing the ICAB's schedule audit fees determination and audit fees deviation. To finds, the effects of ICAB's scheduled audit fees on the audit fee paid to the audit firm the study developed and tested the following hypothesis:

Hypothesis: ICAB's scheduled audit fees have a positive and significant influence on the audit fee payment by the listed companies in Bangladesh.

Research Design

Research Model

To test of the research hypothesis of the effects of ICAB's audit fees schedule on the audit fees payment, the

study has used the regression analysis. Furthermore, the study also analyzed the factors that influence the ICAB's audit fees schedule obligation and the audit fees deviation. Therefore, formulated the following research models:

Audit Fees Determination

Audit fees payment depends upon both of the auditor's side and of client incentives. The supply of high quality audit (audit fees) depends on client incentives i.e. the board size, board independence, audit committee members, audit committee independence, and the pattern of the shareholders. To determine the effects of ICAB's audit fees schedule on actual audit fees payment by the listed companies in

Bangladesh the study has tested the research hypotheses using the following OLS regression model:

$$AFee = \beta_0 + \beta_1 ICABFee + \beta_2 BSize + \beta_3 BInd + \beta_4 ACMem + \beta_5 ACInd + \beta_6 FrSp + \beta_7 SpSH + \beta_8 InSH + \beta_9 Big4 + \beta_{10} APar + \beta_{11} ROA + \epsilon \dots (1)$$

Measures of ICAB's Audit Fees Schedule

ICAB's fees schedule has been constructed for the specific types of clients following the audit effort's nature and scope. The schedule will help determine the minimum audit fees based on variables such as gross turnover, gross assets, number of branches, loans and advances (for banks and non-banking financial institutions), gross premium (for insurance companies), etc. As per the fees schedule, listed non-financial company's audit fees are determined based on the higher gross assets or gross turnover, and the minimum audit fee is Tk. 3,50,000.

The fee schedule should be followed by the chartered accountants in practice or firms of such chartered accountants when conducting audit and other professional services in Bangladesh. The audit fees received by the auditor's will not be lower than the previous year's audit fees; otherwise, they will be considered as undercutting. If an auditor accepts any appointment at a fee below the scheduled audit fees, the associated audit working paper files may be

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subject to scrutiny and disciplinary action (Fees Schedule, 2016, p. 15). Therefore, the study has developed the following research model to find the factors that influence the ICAB's scheduled audit fees:

$$\text{ICABFee} = \beta_0 + \beta_1 \text{ BSize} + \beta_2 \text{ BInd} + \beta_3 \text{ ACmem} + \beta_4 \text{ ACInd} + \beta_5 \text{ FrSp} + \beta_6 \text{ SpSH} + \beta_7 \text{ InSH} + \beta_8 \text{ Big4} + \beta_9 \text{ APart} + \beta_{10} \text{ ROA} + \epsilon \dots (2)$$

Audit Fees Deviation

For mitigating the agency problems between the agent and the principal, the BSEC's code of Corporate Governance directs to appoint independent board members and audit committee to monitor the audit and financial reporting matter. The committee's overseeing and monitoring functions through audit committee meetings are more likely to exercise a positive influence on audit function and its quality (Zaman et al., 2011, p. 171). Hence, the audit committee suggests the selection of quality audit and appropriate audit fees as inputs to achieve higher quality audit (DeFond & Zhang, 2014, p. 278). The audit committee's proper monitoring helps to reduce the audit fees deviation from ICAB's audit fees and actual audit fees payment to the auditor. Hence, the study includes audit committee composition as a control variable to find its influence on the audit committee independence on the audit fees paid to the auditor and developed the following research model.

$$\text{FDev} = \beta_0 + \beta_1 \text{ BSize} + \beta_2 \text{ BInd} + \beta_3 \text{ ACmem} + \beta_4 \text{ ACInd} + \beta_5 \text{ FrSp} + \beta_6 \text{ SpSH} + \beta_7 \text{ InSH} + \beta_8 \text{ Big4} + \beta_9 \text{ APart} + \beta_{10} \text{ ROA} + \epsilon \dots (3)$$

Variable Definition

Dependent Variable

AFee = Total audit fee payment to the audit firm by the listed company;

ICAB Fee = ICAB's scheduled audit fees calculated as per the guidelines;

FDev = Audit fees deviation between actual audit fees and ICAB's scheduled audit fees;

Independent Variables

ACMem = The number of audit committee members from the board;

ACInd = Audit committee independence (% of independent directors of the board in the audit committee);

BSize = Total number of board member;

BInd = Total number of independent director in the board;

FrSP = Foreign sponsor director in Board (1 if foreign sponsor director in the board of a company; otherwise 0);

SpSH = Sponsor Shareholders %;

InSH = Institutional shareholding percentage of ownership;

Big4 = Selection of Big 4 audit firm (1 if company selects Big 4; otherwise 0);

APart = The number of audit partners of the audit firm;

ROA = Return on assets;

ε = Error term.

Sample Selection

The study has selected 135 non-financial Bangladeshi listed companies during the period of 2013-2018. Since the financial sector company's nature of business activities, financial disclosure requirements, regulations, and audit procedures are different, so it has been excluded from the study (Khan et al., 2011, p. 128; Akhtaruddin & Haron, 2010). The study has selected companies as a sample, if its industries contain at least 5 companies. Finally, 810 firm years observation that annual reports were available has been taken for the analysis.

Result Analysis

Result analysis section presents the audit fees calculation using the ICAB's audit fees schedule and the audit fees deviation from the actual audit fees payment by the listed

companies in Bangladesh. To analyze the effects of ICAB's audit fees schedule on the audit fees payment, the study presents the descriptive statistics of the variables, correlation analysis, and the regression analysis. The section also presents the factors that influence the ICAB's audit fees schedule obligation and the audit fees deviation.

Calculation of the ICAB's Scheduled Audit Fees and Audit Fees Deviation

ICAB's Scheduled Audit Fees Calculation

Table 1 presents the ICAB's scheduled audit fees of the selected listed manufacturing companies. Hence, the results present 810 firm-year observations, where 801 observations found the actual audit fees are below the average of the ICAB's scheduled audit fees. The results reveal that only nine firm-years paid above the

ICAB's scheduled audit fees. In the first range of the audit fees schedule, the companies are required to pay the minimum amount of audit fees Tk. 3,50,000. However, in the Table102 firm-year observations paid below the scheduled, where the average audit fees amount of Tk. 75,766 that represents only 22% of the ICAB's scheduled audit fees. Eventually, only two firm-year observations in the first range paid more than the minimum audit fees.

In the second range of the audit fees schedule, the Table contains highest 249 observations, where 248 observations paid only 30% of the scheduled audit fees and only one observation paid above the scheduled fees. In the third and fourth range, total 337 observations paid audit fees below the ICAB's scheduled audit fees. However, five firm-year observations paid above the ICAB's scheduled

audit fees. Lastly, 114 firm years belongs the highest audit fees range. However, the observations paid only 16% of the ICAB's scheduled audit fees.

Industry-wise Audit Fees, ICAB's Scheduled Audit Fees, and Audit Fees Deviation

Figure 1 presents a comparison of the actual audit fees, ICAB's scheduled audit fees, and audit fees deviation of the selected companies during the study period 2013 to 2018. The comparison shows that the ceramic industry's average audit fee is highest among the non-financial listed companies and this industry's audit fees deviation is the lowest -96%. The fuel and power industry paid the second-highest amount of average audit fees, but this industry's audit fees deviation is the highest -539%. Though the other industries' audit fees vary, yet there are also audit fees deviations from the ICAB's scheduled audit fees.

Table 1: ICAB's Scheduled Audit Fees

SL. No.	Gross Assets or Gross Turn -over, whichever is higher	Total Observations	Average ICAB's fee	Average actual fee	Deviation (TK.)	Actual fee % on ICAB's fee
1	Amount not exceeding Tk. 50 crore	102	350,000	75,766	-274,234	22%
		2	350,000	402,000	52,000	115%
2	Amount exceeding Tk. 50 crore to Tk. 250	248	510,500	158,450	-352,050	30%
		1	635,000	995,000	360,000	157%
3	Amount exceeding Tk. 250 crore to Tk. 500 crore	156	891,000	250,260	-640,740	28%
		2	905,000	1,125,000	220,000	124%
4	Amount exceeding Tk. 500 crore to Tk. 1,500	181	1,303,000	459,600	-843,400	35%
		4	1,357,250	1,421,500	64,250	105%
5	Amount exceeding Tk. 1,500 crore	114	3,930,000	620,890	-3,309,110	16%
Total		810				

Source: Constructed by the researcher .

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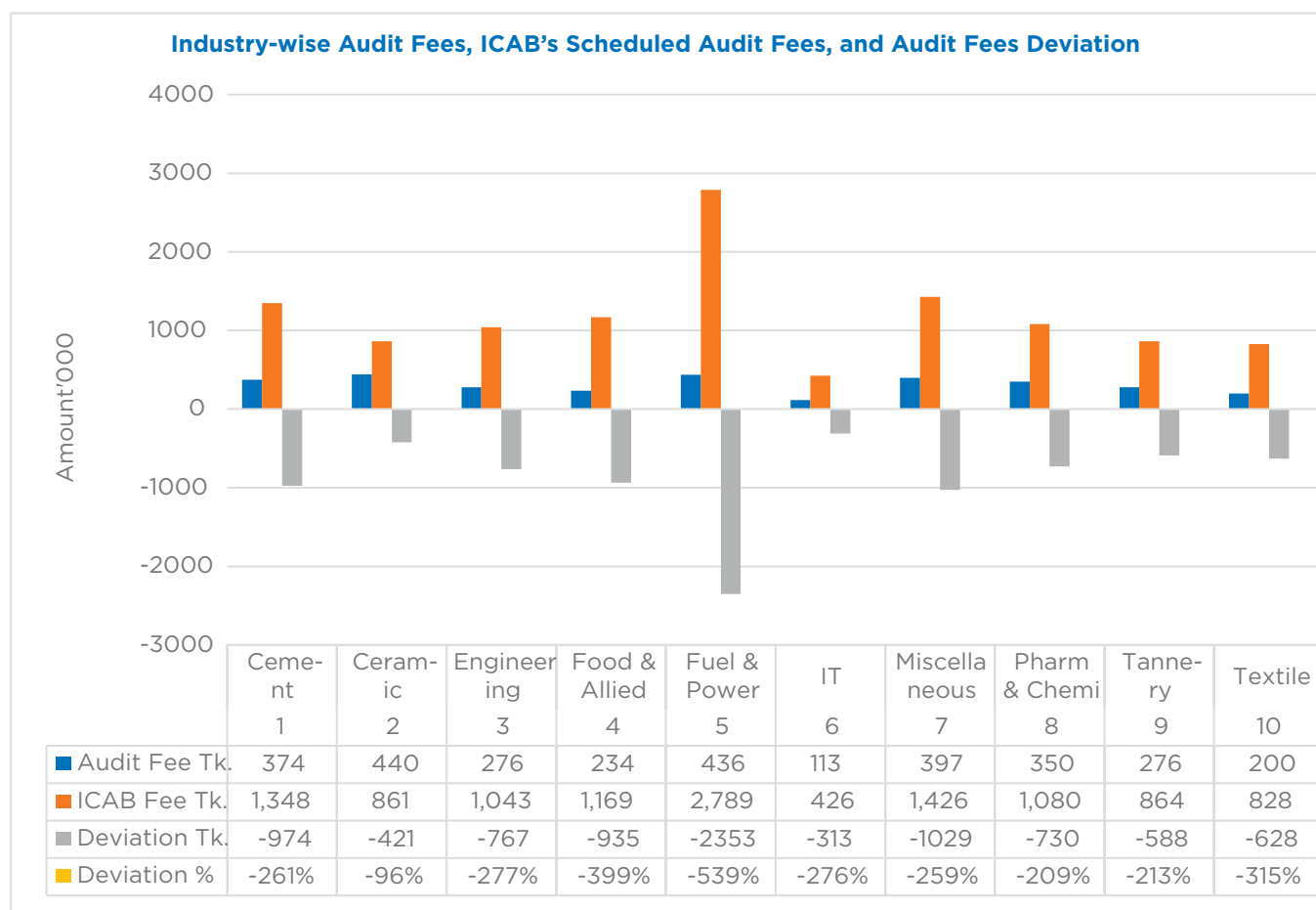


Figure 1: Sector-wise audit fees payment, ICAB's scheduled audit fees, and audit fees deviation (constructed by the researcher).

Year-wise Audit Fees and Audit Fees Deviation

Figure 2 presents the year-wise audit fees payment and the deviation. After the implementation of the audit fees schedule in 2016, listed companies' audit fees have increased gradually. Therefore, the audit fees deviations have decreased. Though, the audit fees deviation percentage have

decreased, yet the amount of audit fee deviation from the ICAB's scheduled audit fees has not decreased over time. Hence, the results reveal that the listed companies are not completely following the ICAB's audit fees schedule.

Descriptive Statistics

Table 2 provides descriptive statistics of the dependent

variables, independent variables, and control variables used in the study period 2013-2018. The statistics describe the sample of the study are: mean, minimum, maximum, standard deviation, skewness, and kurtosis. Audit fees payment of the 810 observations in the study period from 2013 to 2018 is Tk. 3,02,450 in which, minimum and maximum audit fees are Tk. 12,000 and Tk. 22,42,000

Table 2: Descriptive Statistics

	Mean	Minimum	Maximum	Std. Deviation	Skewness	Kurtosis
AFee '000	302.45	12.00	2242.00	308.59	1.86	3.66
ICABFee	1187.14	350.00	7139.03	1301.30	3.24	11.14
FDev	-885.14	-6603.99	411.86	1194.61	-3.50	12.57
BSize	7.15	3.00	12.00	1.89	0.54	-0.28
Blnd	1.75	0.00	3.00	0.65	-0.21	0.06
ACMem	3.18	2.00	4.00	0.48	0.43	0.38
ACInd	1.21	0.00	2.00	0.46	0.65	0.14
FrSP	0.11	0.00	1.00	0.31	2.48	4.16
SpSH	46.14	1.05	100.00	20.08	0.24	-0.10
InSH	14.88	0.00	76.57	11.40	0.64	0.56
Big4	0.18	0.00	1.00	0.38	1.70	0.89
Partner	4.62	1.00	10.00	1.94	0.87	0.57
ROA	4.09	-204.1	65.5	15.21	-0.64	1.32
Sample size (n)	810					

Source: Computed by the researcher. Amount are in thousand BDT

respectively. Average ICAB's scheduled audit fees and audit fees deviation from actual fees are 1187.14 and -885.14, respectively.

In the observations, the average board size is 7.15, and the average independent director in the board is 1.75. On the other hand, the average audit committee member of the board is 3.18, and the independent board member in the audit committee is 1.24. Foreign sponsor director presence in the board is 11% of sample observations. Sponsor shareholders contain 46.15%, and institutional shareholders contain 14.88% of the total shares of the sample company. Big 4 auditors are selected by the 18% of sample companies. The average audit firms' partner is 4.62, and the average return on assets is 4.09%.

The presented descriptive analysis shows high values of some of the variables skewness and kurtosis measurement. Data is considered to be normal for linear regression if the standard skewness is within ± 1.96 and standard kurtosis is ± 3 (Rahman & Ali, 2006). To remove the inconsistency of the study variable, researchers used different transformation methods of the highly skewed data for its normality.

Correlation Analysis

Table 3 presents Pearson correlation matrix of the variables use in the regression model. Where, the audit fee is positively correlated with the study variables except for the institutional shareholders. Hence, ICAB's scheduled audit fees, board size, board independence, audit committee

member, audit committee independence, foreign sponsor director, sponsor shareholders, Big 4 audit firm, audit partner, and ROA are significantly correlated with the audit fee payment at the 0.01 level of significance. The results show that correlations among other key variables are also statistically significant, whereas the correlations are not too high to flag multicollinearity issues.

The variance inflation factor (VIF) and tolerance value are presented to check for multicollinearity among the study variables. The regression results present in Table 5 shows that the highest VIF 1.67 of the variable sponsor shareholders (SpSH) and tolerance 0.85 of the variable return on assets (ROA). The results found that none of the variables' VIF values exceeds the rules of thumb 10 or

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Table 3: Correlation Matrix (Pearson Correlations)

	AFee	ICABFee	BSize	BInd	ACMem	ACInd	SpSH	SpSH	InSH	Big4	Partner
ICABFee	.62**										
BSize	.13**	.24**									
BInd	.11**	.07*	.45**								
ACMem	.18**	.15**	.36**	.29**							
ACInd	.15**	.09*	.15**	.43**	.37**						
FrSP	.31**	.16**	.10**	.20**	.31**	.23**					
SpSH	.29**	.30**	.33**	.09**	.20**	.03	.26**				
InSH	-.00	.06	.11**	-.02	-.01	.03	-.02	-.32**			
Big4	.45**	.39**	.23**	.10**	.23**	.05	.42**	.41**	-.04		
Partner	.41**	.32**	.14**	-.07	.09**	-.00	.15**	.27**	.02	.32**	
ROA	.12**	.04	.09*	.07*	.00	-.04	.28**	.18**	-.12**	.28**	.12**

** . *. Correlation is significant at the 0.01 and 0.05 levels respectively.

Source: Computed by the researcher.

tolerance values of each of the variables are less than 0.10. So, the tested results indicate that the variables faced no multicollinearity problem (Gujarati, 2003, p. 362).

Regression Analysis

Table 4 presents the regression results of the effects of ICAB's

audit fees schedule and other explanatory variables on audit fees paid to the auditors. In the audit fees model p-value is significant at 0.05 level of significance. The R² value of the model is 0.498, which explains the model at 49.80% of the factors influencing the audit fees payment. ICAB's audit fees schedule ($\beta = 0.748$ and $p <$

0.01) is positive and significant at 0.01 level in the model which suggests that the increase of audit fees calculated by the ICAB schedule increases the probability of high audit fees paid to the auditors. Since, the estimated coefficient is significant, the study results support the assumption, which leads to accepting the study

Table 4: Regression Results (Audit Fees)

	B	t	Sig.	Collinearity Statistics	
				Tolerance	VIF
(Constant)	-0.44	-1.39	0.16		
ICABFee	0.75	16.86	0.00**	0.76	1.32
BSize	-0.06	-3.54	0.00**	0.59	1.67
BInd	0.10	2.24	0.03*	0.63	1.58
ACMem	0.05	0.84	0.40	0.71	1.40
ACInd	0.12	1.96	0.05*	0.72	1.39
FrSP	0.34	3.67	0.00**	0.69	1.44
SpSH	0.00	1.00	0.32	0.61	1.62
InSH	-0.00	-0.16	0.87	0.80	1.24
Big4	0.34	4.22	0.00**	0.61	1.62
Partner	0.10	7.37	0.00**	0.82	1.22
ROA	0.01	0.55	0.58	0.85	1.17
F	71.87				
Sig.	0.00				
R Square	0.49				
Sample size (n)	810				

Source: Computed by the researcher.

Hypothesis.

Among the corporate governance variables, board size is negatively significant to influence the audit fees determination. However, board independence is positive and significantly influences to increase the probability of high audit fees payment. The study finds that audit committee members are not significant, but audit committee independence is positive and significantly influences the increase in the audit fees payment. Though, the foreign sponsor director is positive and significantly influence to increase the audit fees payment, but the sponsor shareholders and institutional shareholders are not significantly influenced to increase the audit fees payment.

From the auditors' side, Big 4 audit firm, and audit partners are positive and significantly

influenced to increase the probability of high audit fees paid to the auditor. Hence, the results reveal that audit firm's characteristics demand high audit fees to provide higher audit efforts to their audit clients. But, ROA does not significantly influence the increase in the audit fees payment.

Additional Analysis

The regression results of the Tale 4 reveals that ICAB's schedule audit fees significantly influences audit fees payments. In addition to that, the study analyzed the factors that has influenced to oblige the ICAB's audit fees schedule and also analyzed the factors that influence to decrease the audit fees deviation of a company. Therefore, the results of the additional analysis are presented in the following:

Influence of Corporate Governance on ICAB's Audit Fees Schedule

The results of the influence of the corporate governance on ICAB's scheduled audit fees presents in Table 5. The results reveal that, though board size and audit committee independence are positively related to ICAB's audit fees schedule, but board independence and audit committee member are negatively related.

The foreign sponsor director is negatively related to ICAB's audit fees schedule, whereas the sponsor shareholders and institutional shareholders are positively and significantly related to ICAB's audit fees schedule, which influences the increase in the audit fees payment. On the other hand, Big 4 audit firms and the audit partner of an audit firm are

Table 5: Regression Results (ICAB's Scheduled Audit Fees Determination and Audit Fees Deviation)

	Reg: ICAB's audit fees schedule			Reg: Audit fees deviation		
	B	t	Sig.	B	t	Sig.
(Constant)	5.84	38.67	0.00**	358.95	1.16	0.24
BSize	0.03	2.35	0.02*	-144.50	-5.43	0.00**
BInd	-0.00	-0.12	0.99	184.00	2.43	0.02*
ACMem	-0.02	-0.44	0.65	54.27	0.56	0.57
ACInd	0.08	1.63	0.10	-56.85	-0.57	0.56
FrSP	-0.03	-0.53	0.59	123.32	0.82	0.41
SpSH	0.00	3.95	0.00**	-6.17	-2.51	.012**
InSH	0.00	2.88	0.00**	-7.41	-1.95	0.05*
Big4	0.46	7.47	0.00**	-449.18	-3.56	0.00**
Partner	0.06	5.61	0.00**	-75.49	-3.46	0.00**
ROA	-0.04	-2.37	0.02*	127.98	3.71	0.00**
F	25.58			13.81		
Sig.	0.00			0.00		
R Square	0.24			0.15		
Sample size (n)	810			810		

Source: Computed by the researcher.

ICAB's Scheduled Audit Fees, Audit Fees Deviation and the Audit Fees of the Listed Companies in Bangladesh

positive and significantly related to ICAB's audit fees schedule that influences the increase in the audit fees paid to the auditor. However, ROA is negative and significantly influences the increase in the audit fees schedule.

Audit Fees Deviation

The involvement of the study variables on the audit fees deviation between actual audit fees and scheduled audit fees are presented in Table 5. Hence, the results are similar to the previous section finding the association between corporate governance and ICAB's scheduled audit fees. The results reveal that board size, audit committee independence, sponsor shareholders, and institutional shareholders are negatively related to audit fees deviation, which suggests that the corporate governance variables support an increase to pay high audit fees to the auditor. But, board independence, audit committee members, and foreign sponsor directors are positively related and do not support decreasing audit fee deviation. On the other hand, Big 4 audit firms and audit firms' partners have negatively related to audit fees deviation, which influences to increase the audit fees payment to the auditor. However, ROA is not supported to decrease the audit fees deviation.

Discussion and Conclusion

The results of the study has found that only nine

observations follow the ICAB's audit fees schedule to pay the audit fees to the audit firms. Though the results indicate that the average audit fees are increasing gradually, but the matter of concern is that the sample companies are paid only 25% of the ICAB's scheduled audit fees. Hence, the study has analyzed the effects of ICAB's audit fees schedule on audit fees in Bangladesh. The fees scheduled are calculated based on the higher of the total assets or revenue of a company. So, the study results support the previous study findings that a company's total assets or revenue is positively related to an increase in the audit fee(Khan et al., 2011, p. 129). The results reveal that the increase of the number of board members decreases the audit fees, but the board member wants to comply with the ICAB's fees schedule and influence to decrease the audit fees deviation. Independent directors in the board, audit committee members and independent directors in the audit committee suggest increasing audit fees, but inversely associated with the audit fees schedule and audit fee deviation, and do not agree to comply with the regulation.

Foreign sponsor directors also support fee increases but non-compliance with audit fees schedule. Sponsor shareholders influence to comply with the regulation. However, institutional shareholders are negatively related to audit fees, but it influences the regulation

and playing a role in decreasing the audit fees deviation. Big 4 audit firms and audit firm partners consistently influence to increase audit fees and comply with the regulation issued by the ICAB(Khan et al., 2011, p. 129).

Hence, the client incentives of board and audit committee's roles are not consistent and do not support the agency theory to decrease agency cost through increasing audit fees to monitor the agent's activities perfectly. This may be the bargaining power of the board or the high competition among the audit firms to get a client, which ultimately decreases the audit fees in the audit input process and decreases the audit quality(Jung et al., 2016). But, the nature of ownership of a company and audit firm characteristics are consistent with the theory to influence audit fees.

The findings of the study have a number of implications for the regulators and professional accountants in Bangladesh. Government regulators should restrict both the client incentives and audit firms to follow the ICAB's fees scheduled to get the minimum audit fees. CAB can bound its registered audit firms to engage with the client at the ICAB's scheduled audit fees. The corporate governance guidelines should be reviewed for the effectiveness of the board and audit committee on the monitoring role of auditors through increasing audit fees.

The study has a number of limitations. First, the study has used only the effects of ICAB's fees scheduled audit fees paid to the audit, and tried to find the determinants of ICAB's fees scheduled and audit fees deviation. Second, the study has selected only non-financial listed companies, but the audit fees payment status of financial companies may find different results and be compared in future research. Third, the study has consider the period up to 2018, therefore future study may be extended the period in this area and context.

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Unlocking the Relationships Between Emotional Intelligence and Group Cohesion in South Asia

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Abstract

Emotional intelligence may be a powerful motivator of group cohesion in an organization as emotional intelligence could foster group performance through extending group cohesion (Zhang et al., 2020). Present examination strives to recognize the associations among the dimensions of emotional intelligence and group cohesion. The purposive sampling technique was embraced to obtain data from respondents performing in different organizations like merchandising, manufacturing, financial, services, and others in Bangladesh through survey questionnaires. We employed an Emotional Quotient Index (EQ Index: Rahim et al., 2002) and a Group Cohesiveness Scale (Buchanan, 1998) for assessing representatives' emotional intelligence and group cohesion respectively. Finally, 412 usable reactions were recognized which were subsequently investigated through descriptive statistics, Pearson correlation, and regression analysis. The outcomes uncovered that each dimension of emotional intelligence was positively linked to group cohesion (self-awareness ($r=.57$, $p<.001$) (moderate correlation), self-regulation ($r=.70$, $p<.001$) (strong correlation), motivation ($r=.67$, $p<.001$) (strong correlation), empathy ($r=.68$, $p<.001$) (strong correlation), and social skills ($r=.64$, $p<.001$) (strong correlation). Regression analysis additionally unveiled

that all parts of emotional intelligence explained 52% of variances in group cohesiveness. These exclusive findings will stimulate researchers, business experts, and employees of different organizations to install emotional intelligence to encourage group cohesion among group members, thereby, contributing to superior group performance in the work environment. The constraint of our investigation was the usage of the purposive sampling technique rather than random sampling. Besides, future research directions are talked about in this exploration.

Keywords

Emotional Intelligence; Self-awareness; Self-regulation; Motivation; Empathy; Social Skills; Group Cohesion

Prelude

Would you like to build cohesive groups in your organization? Worldwide, as the industry shifts to emphasize group work instead of individual endeavors, building a cohesive group is a vital task for managers (Black, Kim, Rhee, Wang, & Sakchutchawan, 2018). Specifically, highly cohesive group members tend to achieve excellent financial performance as they burned through much energy to make an outstanding contribution to the group tasks. Emotional intelligence (EI) is often considered as the foundation for building a cohesive group rather than the

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only factor that determines whether a group is effective (Druskat & Wolff, 2001; Bughao & Baltar, 2021). Additionally, EI would help in figuring out the reason why a few groups operate successfully whilst others fail (Wolff, Druskat, Koman, & Messer, 2006; Bughao & Baltar, 2021). Accordingly, organizations are presently thirsty for finding ways of building cohesive groups by influencing the emotions of colleagues and group members with EI. Henceforth, research on the impact of EI on group cohesion has been highlighted.

Emotional intelligence (EI) is a rich subject that appears in the

space of psychology, and presumably the most modern type of knowledge in the area of organizational behavior (Biswas & Rahman, 2017; Biswas, 2018; Lubbadah, 2020; Biswas & Rahman, 2021). EI is identified with various non-cognitive skills or competencies that may influence an individual's ability (Goleman, 1998; Bhattacharjee & Rahman, 2016; Biswas, 2018). Emotionally smart members can drive group cohesion through mutual support and coordination with each other. Group Cohesion (GC) is how much individuals from a group recognize and support each other in the workspace (Robbins & Judge, 2019). Few

researchers claimed that even though EI impacts GC (Beam, 2012; Zhang et al., 2020), each dimension of EI: self-awareness (SA), self-regulation (SR), motivation (MO), empathy (EM), and social skills (SS) might play significant roles in different degrees in enhancing group cohesion (Jani & Deepti, 2015; Black et al., 2018; Bughao & Baltar, 2021).

Around the world, many scholars in the EI domain have guaranteed the liaison between EI and GC at work, but there are constraints and gaps. This prompted us to explore the connections between these variables specifically for the





working environment in Bangladesh. As an additional contribution, the current examination focuses on how each sub-dimensions of EI affect GC. To inspect the influence, we explicitly incorporate five antecedents (SA, SR, MO, EM, and SS) of EI and laid out the subsequent research title:

“Unlocking the Relationships between Emotional Intelligence and Group Cohesion in South Asia”

Research Purposes

The prime objective of our examination is to unveil the connections among the aspects of EI and GC in various organizations in Bangladesh. To track down the aforesaid relationship, we set out the accompanying research goals:

1. To reveal the association between SA and GC perceived by the respondents.

2. To unearth the link between SR and GC perceived by the respondents.

3. To identify the connection between MO and GC perceived by the respondents.

4. To examine the relationship between EM and GC perceived by the respondents.

5. To determine the liaison between SS and GC perceived by the respondents.

Literature Review

Emotional Intelligence

In the past few decades, EI has attracted the attention of scholars and has turned into an

elegant research subject (Coetzee & Harry, 2014; Rahman, Uddin, & Rahman, 2016; Giao, Vuong, Huan, Tushar, & Quan, 2020). In recent days, more and more investigations have been conducted on EI's untapped treasures to determine its antecedents and impact on business-related outcomes (Suifan, Abdallah, & Sweis, 2015; Noureen, Ahmad, & Chaudhry, 2020). Peter Salovey and John Mayer (1990) proposed the term EI and explained 'EI' as “a form of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them, and to use this information to guide one's thinking and action” (p. 189). Goleman (1995) described EI as the basis for achieving hierarchical goals. He added: when employees feel great at their workplace, they will perform at their best (Goleman, Boyatzis, & McKee, 2002). EI empowers individuals to viably oversee connections, construct networks and rapport (Goleman, 1998; Kim, 2010; Kim et al., 2014). As revealed by Avery (2004, p. 92) “although the basic idea behind EI is not new, there is much controversy and disagreement as to exactly what EI is”.

Dimensions of EI

For this research, we embraced Goleman's mixed model which contains five sub-dimensions of EI (Rahim et al., 2002; Rahman, 2018; Biswas & Rahman, 2021):

Figure 1 : Dimensions of EI



Source: Goleman, 1995

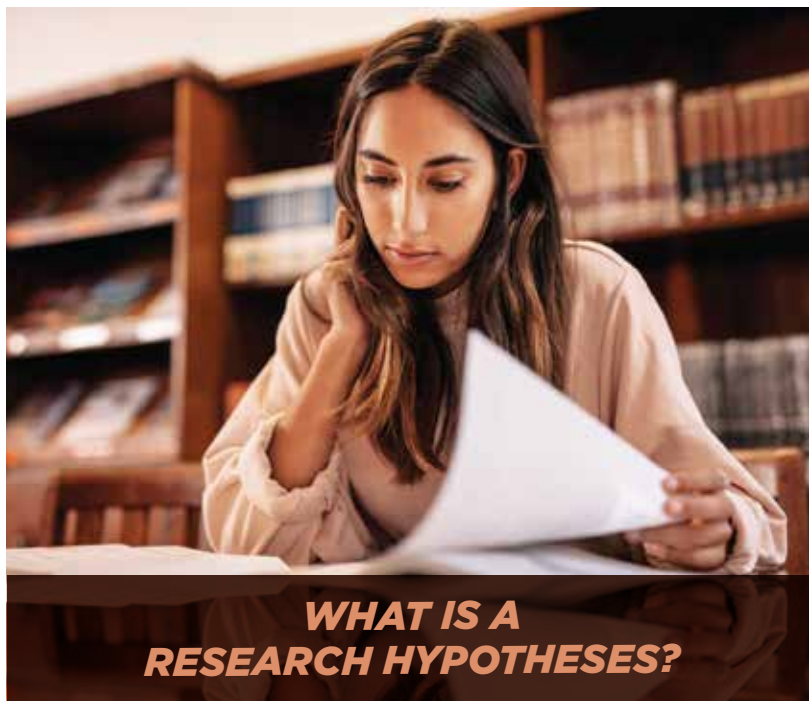
a. Self-awareness: Knowing one’s emotions, self-worth, limitations, and understanding their impact on performance.	people as well as supporting their concerns.
b. Self-regulation: Controlling one’s distressful feelings and emotions to remain positive under pressure.	e. Social Skills: It is essential for cultivating human relationships, negotiating and solving disputes, encouraging public consciousness, and establishing a cooperative work environment.
c. Motivation: Person’s strong drive, desire, expectations, or confidence to attain challenging objectives.	Group Cohesion Group cohesion (GC) is depicted as the attractiveness of group members to the group and the desire of members to remain in the group (Hogg & Hains, 1996; Black et al., 2018). At this point, when they trust one another, search for shared
d. Empathy: Understanding and managing the desire, needs, emotions of other	

destinations, and work together to accomplish these common targets, the group will cohesive (Robbins & Judge, 2019). As shown by Hogg (1993) there are different components of GC like ethnocentrism, normative conduct, liking, trust within the group, and mutual respect. As per Evans and Dion (2012) cohesive groups perform better than non-cohesive groups by about 18 percent (Black et al., 2018). Plenty of assessments have uncovered that GC considers more to achieve the corporate target, expand functions and satisfaction within the group (Smith et al., 1994; Tekleab, Quigley, & Tesluk, 2009; Black et al., 2018). On the other hand, few studies investigations have cautioned about the adverse consequences of GC. For example, Berkowitz (1954) reported that when the group goal clashed with the authoritative goals, strong GC harm the organizational performance. Besides, Wise (2013) observed that too little or too much GC minimizes group functioning.

Development of
Research Hypotheses

Emotional Intelligence and
Group Cohesion

There is ample evidence demonstrating that EI is a key driver of GC. Emotionally stable group members produce GC, as well as excellent performance (Rapisarda, 2002) as the level of GC of group members, relies upon their EI (Prati, Douglas, Ferris, Ammeter, & Buckley, 2003;



WHAT IS A RESEARCH HYPOTHESES?

Bughao & Baltar, 2021). Beam (2012) studied the associations between EI and GC and tracked down a positive connection between them. Black et al. (2018) researched to explore the impact of EI on the cohesiveness of the group. They assembled data on 146 students from American universities and reported that when group members showed greater EI, the GC was highest among them. Zhang et al. (2020) analyzed the unique mediating components that connect the EI of group leaders with group performance. They assembled data from 64 group leaders from 194 group members. Their research results showed that group leaders' EI can improve group performance by advancing GC.

Relationship among the dimensions of EI and GC

Few theoretical keystones guide hypotheses focusing on the connections among the five dimensions of EI and GC. Black et al. (2018) recommended that the individual with SA, SR trait will succeed well and bring greater GC, harmony, and satisfaction in a group. Many researchers claimed that MO and EM traits are closely related to EI and these traits are necessary for GC (Miville, Carlozzi, Gushue, Schara, & Ueda, 2006). Similarly, Group members' EI is closely related to the SS required for the groupwork (Salovey & Mayer, 1990; Goleman, 1998; Goleman et al., 2002; Sjoberg, 2001; Black et al., 2018). Jani and Deepti

(2015) revealed that EI and its' dimensions (SA, SR, MO, EM, and SS) work as prime factors for influencing GC and found positive connection exist amongst the aspects of EI with GC. Bughao and Baltar (2021) inspected the impact of EI on GC and found a significant association with emotion being a strongly correlated element of EI. They also ascertained that GC was significantly related to each dimension of EI: SA, SR, MO, EM, and SS. Henceforth, by taking lead from these contributions it can be assumed that all these components of EI (SA, SR, MO, EM, and SS) would entice a significant connection with GC. Therefore, the underlying hypotheses are drawn:

Hypothesis 1: There is a positive relationship between SA and GC perceived by the respondents.

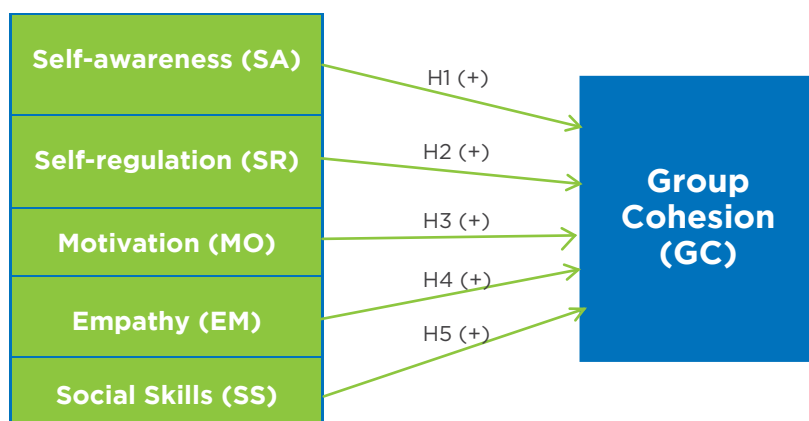
Hypothesis 2: There is a positive relationship between SR and GC perceived by the respondents.

Hypothesis 3: There is a negative relationship between MO and GC perceived by the respondents.

Hypothesis 4: There is a positive relationship between EM and GC perceived by the respondents.

Hypothesis 5: There is a positive relationship between SS and GC perceived by the respondents.

Figure 2 : Research Model



Authors' contribution, 2021

Our research model demonstrates the impact of EI and its five key parts: SA, SR, MO, EM, SS) as independent variables and outcomes of respondents like GC was as the dependent variable.

Research Methodology

The current inquiry is exploratory research where quantitative strategies were applied to accumulate data from the participants. The authors embraced positivism philosophy as it deals with a large number of samples and quantitative procedures.

Research Question

The prime research question of our research is:

What is the impact of EI on GC perceived by the employees in different organizations of Bangladesh?

Research Hypotheses

In this survey, the underlying hypotheses have been formulated:

a) SA and GC

***Hypothesis 1:** There is a positive relationship between SA and GC perceived by the respondents.*

b) SR and GC

***Hypothesis 2:** There is a positive relationship between SR and GC perceived by the respondents.*

c) MO and GC

***Hypothesis 3:** There is a negative relationship between MO and GC perceived by the respondents.*

d) EM and GC

***Hypothesis 4:** There is a positive relationship between EM and GC perceived by the respondents.*

e) SS and GC

***Hypothesis 5:** There is a positive relationship between SS and GC perceived by the respondents.*

Participants and Sample Size

The target respondents of our examination incorporate the residents of Bangladesh working in different organizations (manufacturing, merchandising, financial, services, and others) at the upper, middle, and lower management levels in the Chattogram region. As mentioned by Saunders, Lewis, and Thornhill (2012) if the extent of the general population is at least 100000 or more, then with a 95% certainty level, and a 5% error margin, the sample size of an examination ought to be at least 383. In our inquiry, we recognized about 412 (81%) available responses out of 510 respondents of which 19% were female and 81% were male.

Survey Instruments

EI

A complete 40-item instrument acquired from the EQ Index designed by Rahim et al. (2002) was employed to examine the parts of EI like SA, SR, MO, EM, and SS advised by Goleman (1998a). An example from this scale was: "My supervisor keeps his or her anger in check."

GC

GC was evaluated with a 7-item scale acquired from a modified version by Dobbins and Zaccaro



(1986) of the Group Cohesiveness Scale, which was developed by Buchanan (1998). The participants were approached to provide their reactions on a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree). An example from this scale is: "My colleague enjoyed belonging to his group because he thinks he could be friends with many of its members".

Data Collection Procedure

We prepared printed questionnaires and distributed them to 600 representatives performing in various organizations at different levels to obtain raw data from them. We adopted the purposive sampling method to assemble inputs because this strategy might be the suitable choice because in some cases, the

target audience may not be approached (Cooper & Schindler, 2011). We visited the participants' office and welcomed them to take part in our survey after obtaining permission from their superiors. We received 510 responses but rejected 98 reactions due to a lack of responses. At last, we acknowledged 412 (80.78%) usable reactions for our inspection. Later, we entered the primary data into the SPSS Statistics 23.0 to test all hypotheses.

Reliability and Validity

We calculated Cronbach's alpha for this examination since it is a broadly used strategy for checking the reliability of different instruments (Hair, Anderson, Tatham, & Black, 2003; Biswas & Rahman, 2021). The satisfactory value must be higher than 0.60 for the scale to be reliable (Malhotra, 2002; Cronbach, 1951; Rahman, 2018; Biswas & Rahman, 2021). The Cronbach's alpha coefficients' outcomes for SA, SR, MO, EM, SS, an GC are 0.82, 0.83, 0.85, 0.82, 0.79, and 0.89. So, both tools are reliable for gathering data. Furthermore, we guaranteed the criterion validity and translated the tools into Bangla and afterward compared them with the original version to assure their validity (Kaur, Sambasivan, and Kumar, 2013; Uddin, Rahman, & Howlader, 2017). Through broad investigations in various nations including Bangladesh, the validity of the tools was secured (Rahim et al., 2002; 2006; Uddin et al., 2017; Biswas & Rahman, 2021).

Table 1 : Survey Responses

Questionnaire sent	Responses received	Response rate	Suitable responses
600	510	80.78	412

Source: Author's contribution, 2021

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Results

Table 2 exhibits the frequency distributions for demographic variables:

Table-2 presented that a large portion of the participants (49%) were between 31-40 years. There were 12% top-level employees, 78% middle-level employees, and 10% lower-level

employees. Most of the respondents 87.4% (n=310) had finished master's degrees and 12% (n=42) had finished graduate degrees. In terms of organizational units, 38% belonged to services, 24% to manufacturing, 12.4% to merchandising, 23% to finance, and 2.2% to other industries. The values of mean and standard deviation (SD) (Table 3) were

steady with the previous investigations (Rahim et al., 2002; 2006; Rahman, 2018; Biswas, 2018; Biswas & Rahman, 2021).

A review of the above Table-3 displays that there are significant associations among the sub-dimension of EI and GC: a) SA ($r=.57$, $p<.001$) (moderate correlation), b) SR ($r=.70$,

Table 2 : Frequency Distributions for Socio-demographic Variables

Demographic variables		Frequency	Percent
Experience (in Year)	1-4	248	60.2
	5-10	97	23.5
	11-14	40	9.7
	15-20	12	2.9
	21-25	8	1.9
	26-30	7	1.7
Age (In Year)	21-30	153	37.1
	31-40	203	49.3
	41-50	40	9.7
	51-60	16	3.9
Organization	Manufacturing	98	23.8
	Merchandising	51	12.4
	Financial	97	23.5
	Service	18	38.1
	Others	9	2.2
Education	Bachelor	42	11.8
	Master	310	87.4
Gender	Male	334	81.1
	Female	78	18.9
Position	Top	49	11.9
	Middle	322	78.2
	Low	41	10.0

Note. n = 412. Source: Authors' contribution, 2021

Table 3 : Means (M), Standard Deviations (SD), and Correlations of Variables

Variables	M	SD	A	Correlations					
				1	2	3	4	5	6
1. SA	4.10	0.57	0.82	1					
2. SR	4.25	0.61	0.83	0.76**	1				
3. MO	4.36	0.62	0.85	0.68**	0.89**	1			
4. EM	4.39	0.60	0.82	0.67**	0.87**	0.89**	1		
5. SS	4.20	0.57	0.79	0.68**	0.82**	0.82**	0.80**	1	
6. GC	4.36	0.39	0.91	0.57**	0.70**	0.67**	0.68**	0.64**	1

Source: Author's contribution, 2021

(Note: n= 412; Correlation is significant at the 0.01 level (2-tailed); EI= Emotional intelligence, SA= Self-awareness, SR= Self-regulation, Mo= Motivation, EM= Empathy, SS= Social skill, GC= Group Cohesion)

p<.001) (strong correlation), c) MO ($r = .67$, $p < .001$), (strong correlation), d) EM ($r = .68$, $p < .001$) (strong correlation), e) SS ($r = .64$, $p < .001$) (strong correlation). The magnitude of the affiliation is strong for SR, MO, EM, and SS and moderate for SA (Evans, 1996). The direction of the relationship is positive which means that EI and GC are positively associated suggesting that greater EI is connected with greater GC. The outcomes rely upon $n = 412$ cases. Since this is steady with the sample size of the present study, subsequently in our data there are no missing values. In conclusion, the outcomes indicate that all parts of EI might be indispensable in advancing group cohesiveness among representatives at work. The outcomes of linear regression analysis with respect to the dimensions of EI with GC are shown in Table-4:

From Table-6.3, the value of the R^2 is 0.52 concerning EI and GC, which demonstrates a strong effect size according to Evans (1996). Subsequently, one might say that 52% of changes in the

GC are explained by the key parts of EI (SA, SR, MO, EM, and SS). From Table 6.3, it is seen that the values of the unstandardized B coefficients are positive numbers for EI (SA, SR, MO, and EM), inferring that higher EI is associated with higher GC. The beta coefficient implies how strongly the parts of EI (independent variables) are linked with GC (dependent variable). The standardized beta values for the parts of EI i.e., SA, SR, MO, EM, and SS are 0.08, 0.29, 0.06, 0.20, and 0.13 respectively, implying that if the value of the aspects of EI increases, GC value will likewise increase. The t-test affirms that among the five indicators just SR ($\beta = 0.29$, $t = 3.13$, $p < .01$), EM ($\beta = 0.20$, $t = 2.44$, $p < .01$), and SS ($\beta = 0.13$, $t = 2.11$, $p < .01$) are critical for developing GC. Consequently, SA and MO are not significant indicators for explaining the GC. From the value of F, we can say that the model can significantly anticipate the GC. Along these lines, it is clear that EI and its' sub-dimensions could be fundamental factors for foreseeing GC.

Discussions

The impact of EI (counting each of the dimensions of EI) on GC perceived by the respondents in various organizations of Bangladesh was analyzed in this survey. The first research objective of this examination was to comprehend the connection between SA and GC perceived by the informants. To address the research objective, the first hypothesis was:

Hypothesis 1: There is a positive relationship between SA and GC perceived by the respondents.

The findings of this examination showed that SA and GC were significantly related ($r = .57$, $p < .001$). Likewise, regression analysis affirmed that SA shared a positive (moderate) link with GC ($\beta = 0.08$, $t = 1.41$, $p < .01$). Accordingly, the speculation was approved. Consequently, it tends to be inferred that SA was strongly identified with GC. Henceforth, the quantitative outcomes of this assessment proved that SA is one of the critical elements to expand GC (Black et al., 2018; Bughao &

Table 4 : Summary of Regression Analysis in respect to the components of EI with GC

Predictor Variables	Unstandardized Coefficients		Value of t-statistic	Standardized Coefficients (Beta)	Value of R^2	Value of F-statistic (ANOVA)
	B	Std. Error				
SA	.06	.04	1.41	.08	.52	86.55**
SR	.31	.07	3.13**	.29		
MO	.06	.07	0.647	.06		
EM	.20	.06	2.44**	.20		
SS	.14	.05	2.11**	.13		

Source: Authors' contribution, 2021. ** Correlation is significant at the 0.01 level; N = 412; SA = Self-awareness, SR = Self-regulation, MO = Motivation, EM = Empathy, and SS = Social skills.

Baltar, 2021).

The second objective of this assessment was to unearth the link between SR and GC perceived by the participants. Therefore, the subsequent speculation was:

Hypothesis 2: There is a positive connection between SR and GC perceived by the respondents.

Consistent with hypothesis 1, a positive correlation (strong) was found between independent SR and GC ($r = 0.70$, $p < 0.01$) perceived by the respondents. Subsequently, the hypothesis was confirmed that SR and PR imparted a significant and positive correlation ($r = .67$, $p < .001$) (strong correlation). Henceforth, the speculation was acknowledged. Furthermore, the regression test uncovered that independent SR was significantly linked with GC ($\beta = 0.29$, $t = 3.13$, $p < .01$). This positive link is steady with the outcomes of numerous research (Black et al., 2018; Bughao & Baltar, 2021). Thus, the focal topic of the investigation is that SR is a basic factor for advancing higher levels of GC.

The third objective of this assessment was to recognize the connection between SR and GC perceived by the executives. Consequently, the accompanying hypothesis was formulated:

Hypothesis 3: There is a positive liaison between MO and GC perceived by the respondents. Quantitative examinations

unveiled that, MO shared a critical and positive relation (strong) with GC ($r = 0.67$, $p < .01$). Consequently, this speculation was recognized. Likewise, regression analysis uncovered a positive link between MO and GC ($\beta = 0.12$, $t = 1.18$, $p < .01$). Thus, one might say that MO may be an essential factor in stimulating the GC among group members as motivated members perform high-quality tasks (Miville et al., 2006; Black et al., 2018; Bughao & Baltar, 2021).

The fourth objective of this assessment was to check out the connection between EM and GC perceived by the executives. Thus, the fourth speculation was:

Hypothesis 4: There is a positive relationship between EM and GC perceived by the informants. Quantitative findings of our investigation disclosed that there was a strong positive link between independent EM and dependent GC ($r = 0.68$, $p < .01$). Consequently, the speculation was accepted. Additionally, regression analysis demonstrated a significant positive connection between EM and GC ($\beta = 0.20$, $t = 2.44$, $p < .01$). Subsequently, this review supported the claim that EM tends to build up group members' cohesiveness (Miville et al., 2006; Bughao & Baltar, 2021).

The final objective of our inquiry was to detect the link between SS and GC perceived by the respondents. Subsequently, the

last hypothesis was:

Hypothesis 5: There is a positive association between SS and GC perceived by the informants.

The outcomes of the present inquiry uncovered that a significant association exists between SS and GC ($r = .64$, $p < .01$) (strong correlation). Also, regression analysis exhibited that SS imparted a strong and significant association with GC ($\beta = 0.13$, $t = 2.11$, $p < .01$). Regression analysis likewise displayed that EI and its dimensions (SA, SR, MO, EM, and SS) explained 52% of changes in the GC which denotes a strong effect size (Evans, 1996). Thusly, one might say that the claim that each dimension of SS enhances GC inside the group was supported (Sjoberg, 2001; Black et al., 2018; Bughao & Baltar, 2021).

This quantitative outcome of this exploration was similar to the earlier findings that EI and its' dimensions are the most important traits in stimulating high GC among group members inside the workplace (Miville et al., 2006; Beam, 2012; Jani & Deepti, 2015; Black et al., 2018; Zhang et al., 2020; Bughao & Baltar, 2021). Thusly, the central themes of the findings are that emotionally intelligent members in a group are experts at managing the emotions of their group members or colleagues by handling their negative emotions. This, consequently, may promptly flourish GC among them. Notwithstanding, the outcomes of the regression analysis, showed that among

the five aspects of EI, only SR, EM, and SS are significant predictors and SA and MO are not significant predictors for promoting the GC. This may be a direct result of the fact that few group leaders neglect to comprehend their group members' emotions or recognize their endeavors at work. Subsequently, group leaders need to give rewards or appreciate group members' contributions simply by saying "Good Job" or "Thank You".

Implications

The current research demonstrated the benefits of the aspects of EI to the group members' cohesiveness. From theoretical insight, a superior understanding of this study will establish a standard for the connection among the aspects of EI to GC, thereby upgrading current knowledge. The indispensable theoretical implication is the utilization of different tools to assess the respondents' perceptions. The authors prove the research framework through hypothetical development, that is, the aspects of EI can expand the GC among group members at work. The strength of this investigation is that the knowledge learned from this investigation provides clear direction to the group leaders to learn EI traits (SA, SR, MO, EM, and SS) which will, thusly, contribute to superior group performance. Present exploration will be especially useful for pioneers to understand what behaviors to

encourage group members, how to oversee them in a group. EI can likewise be utilized to direct organizations in enrolling qualified employees (Fulmer, 1997). Moreover, a significant administrative implication of this inquiry is that the professionals of any organization may utilize these findings in recruiting individuals with EI traits so that they can regulate emotions of their own and other group members by effectively taking care of their offensive conduct. Further, the survey results showed socio-segment attributes of workers working at various organizations that will satisfy the essential of leading investigations for South Asian culture, because the present inquiry is featured toward a developing country like Bangladesh.

Limitation

The primary constraint was the adoption of the purposive sampling procedure to aggregate data rather than random sampling, which might hinder the generality of the survey. Samples were collected from various industries, like manufacturing, merchandising, financial, and services. Ninety-seven respondents were from the financial sector; subsequently, the responses were less convincing. Likewise, we had to confine the size of the sample (n=412) to eliminate sample disorder from the number of people. Additionally, samples were assembled from chosen organizations in

Bangladesh. Subsequently, the consequences of this review can't be stretched out to the other organizational setting. As a result, the statistical results of this exploration can't be applied to the whole populace. Further after, mediating/moderating variables which might convey complete knowledge of EI and GC, were not considered in the study. Finally, the positivist paradigm (which is debatable) continued in this survey, expecting that the exploration endeavors in a worth-free way (Saunders et al., 2012).

Directions for Future Research

Future inspections ought to adapt random sampling as opposed to purposive sampling to broaden the exploration results. Focusing on some chosen organizations rather than whole industries can be another promising future study that can map out the whole picture of the country. Further inquiry should be planned to survey the influence of mediating variables to explore the link among the parts of EI and GC in organizations. Also, it is prescribed to evaluate the connection among them moderated by socio-segment variables. Advanced inferential strategies like structural equation modeling or multiple regression should be utilized in later investigations.

Conclusions

The current study proves that emotionally steady workers can

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stimulate high GC to others, thereby bringing the maximum potential for superior group performance in any organization. The quantitative outcomes lead to many numerous conclusions. At first, the findings of the exploration affirmed that in different organizations, higher EI is associated with higher GC. Next, the estimation scales had a satisfactory level of internal consistency. Besides, the in-depth inspection revealed that all dimensions of EI imparted positive liaison with GC. Again, the regression test reported that out of the five aspects of EI, SA and MO were not vital factors for anticipating GC. With this knowledge, top management should train group members to attain these skills, which can stimulate building cohesive groups and thusly innate their capacity to deliver extraordinary performance in order to achieve the corporate goal in organizations.

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Chargeback: A Friend Buyers in Bangladesh Needed While Bubble of E-Commerce Blasted

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Introduction

Right now, the world is going through a hard situation due to the dispersion of Novel Covid-19 for which Economies have slowed down and an increase in redundancy has been observed world-wide. In this time the business model of Ecommerce Sites of Bangladesh which included Deep Discounting Method and Cashback offers had been able to entice a large pool of customers who engaged in Ecommerce to uphold existence. Regrettably, the Ecommerce Sites had not been able to keep their promises which had increased the sufferings of the consumers. The purpose of this article is to focus on the Ecommerce in Bangladesh and how the consumers could have protected themselves when the promises made to them were not kept.

E-commerce in Bangladesh

According to A. Bloomenthal (2021), E-commerce is the buying and selling of goods and services over the internet. E-commerce can be a substitute for brick-and-mortar stores, though some businesses choose to maintain both. Almost anything can be purchased through e-commerce today. There are 4 (four) types of E-commerce:

1. BUSINESS TO BUSINESS
2. BUSINESS TO CUSTOMER
3. CUSTOMER TO CUSTOMER
4. BUSINESS TO GOVERNMENT

In Bangladesh, the expansion of E-commerce started somewhere in 2012 after Bangladesh Bank had approved online payment and also the



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booming of Internet Business played important role.

Population of Bangladesh were under the coverage of Internet while in 2016 the percentage increased to 18.02% (Statista.com, 2021). In the last decade, the number of Internet User has increased by almost 6 (six) folds which can be credited to the introduction of WiMax internet in Bangladesh. According to Datareportal (2021), in the month of January 2021, the percentage of internet penetration stood at a peak of 28.8%.

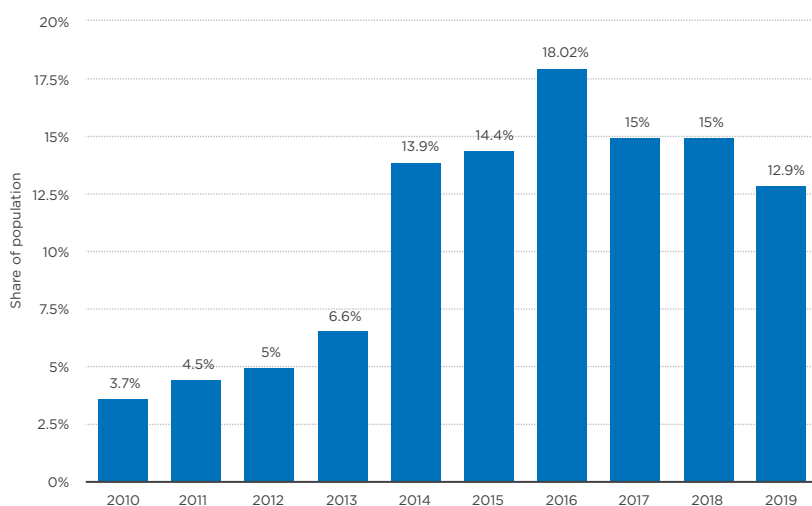
In the early years of the decade 2010-2020, companies like ajkerdeal, rokomari, akhoni (now bagdoom) etc. started their operation. The concept of online marketplace was introduced in 2012/13 by akhoni and ajkerdeal. In between 2013-2016, incredible improvement was observed in the delivery industry as E-commerce like

Hungrynaki, Chaldal and Sheba.XYZ flowered.

The true revolution in the E-commerce industry came in the year 2019, when the much-hyped company of Now-a-days, Evaly was formed. Before the introduction of Evaly, Daraz had 68% share of voice (J. Bhattacharjee, 2021). Through various discounts, cashback campaigns, voucher offers, gift cards, etc., the company has been able to attract customers as well as sellers to its platform quite well. For an instance, cashback offer ranged from 10% to 150% of the payment made to procure a product and/or service from Evaly which then can be used to partially procure other products and/or services under certain guidelines. While the users had to pay certain amount for the 2nd purchase, they were entitled to further cashback offers. As a result, the cost of the new purchases also decreased for the customers

which created a beautiful mindset about Evaly among the customers. Evaly had also adopted the deep discount method where they incurred loss from their own pocket to attract customers to build a Brand Value. According to Similarweb (2021), Evaly had a visitor of 13,700,000 in the month of June 2021 whereas Daraz had a visitor of 6,850,000 which is largely attributable to the business model adopted by the Evaly. Soon, new e-commerce websites were introduced which used the same business model of Evaly such as Aleshamart, E-orange, Dhamaka and others.

Due to the spread of Novel COVID-19, Bangladesh as well as practically the entirety of the nations on the planet was confronted a lockdown situation just like above. Economies were dialing back; individuals were losing their employment and countless lower-pay individuals were going into outrageous destitution circumstances. In Bangladesh, due to the deep discounting business method adopted by few E-commerce company the consumers were being able to procure goods and/or services at a much cheaper rate and the whole process being contactless, an un-parallel expansion was observed in E-commerce Industry's Business. According to Bangladesh Bank's Statistics Department (2021), the size of E-commerce Transaction was Tk. 262 Crore in the month of December 2019 whereas in the month of June 2021 it reached



Tk. 1,277.4 Crore which is almost 5 (five) times.

Unfortunately, as the Ecommerce Companies had very limited Shareholders' Capital, they perhaps were not prepared for the unusual increase in the number of transactions. According to many reports published in the newspapers, some of the Ecommerce companies started to delay in delivering products which created a panic among the customers. When the waiting period reached over 4-5 months, customers started to complain to different authorities and it resulted in multiple investigations about the operation procedure of the Ecommerce companies. As the companies offered huge

discounts along-with cashback offers and incurred loss for gaining Brand Value, there were significant irregularities observed by the authorities. According to a report in the Daily Star (2021), Bangladesh Bank recommends audit into nine errant e-commerce firms. What would be the future of the E-commerce Industry would largely depend on the outcome of these audits. The Government of Bangladesh also introduced "Digital Commerce Operation Guidelines 2021" on 4th July 2021. Some of the key points of the guidelines are:

- Products presented online to the buyers should have a clear description for the consumer so that buyers can have a realistic understanding of what they

are buying. Also, Terms and Conditions regarding return of Products or refund of price should be clearly mentioned

- Ecommerce should make payment to the sellers within 10 (Ten) days of receiving payment from customers
- After receiving full payment of a product, Ecommerce should hand over the product to Delivery within 48 (forty-eight) hours and the customer should receive the product within 5-10 days based on location.
- Any complaint raised by Customer should be solved within 72 (seventy-two) hours.

**Bangladesh Bank
Statistics Department
e-Banking and e-Commerce Statistics Unit**

ATM, POS, CRM and e-Commerce Transaction Statistics by Cards

(Amount in Tk. Crore)

Period	ATM Transaction		POS Transaction		CRM Transaction		e-Commerce Transaction		Total Transaction	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
June'21	19065044	18059.4	3100072	1723.3	4080437	2928.0	2481942	1277.4	28727495	23988.2
May'21	20477311	19182.4	3928967	1638.0	3922611	2541.8	2476194	1183.6	30805083	24545.8
April'21	17940470	17082.8	2477814	1356.8	3455322	2756.2	2407586	911.2	26281192	22107.0
March'21	20302885	19238.9	3390811	1742.2	3619355	2325.6	2482008	854.8	29795059	24161.5
February'21	17818591	16077.1	2966501	1503.8	2912663	1649.8	2036858	663.4	25734613	19894.2
January'21	18610598	16646.8	3143956	1567.6	2874735	1902.0	2197053	660.4	26826342	20776.7
December'20	18929786	16903.3	3075281	1565.1	2647199	1606.7	2074862	597.5	26727128	20672.6
November'20	17894206	15881.4	2975392	1472.6	2098633	1167.1	2059207	530.6	25027438	19051.7
October'20	17549432	15328.8	2907691	1452.7	1513448	885.8	1877069	543.1	23847640	18210.5
September'20	16270909	14246.6	2600217	1349.6	994075	676.1	1835998	406.0	21701199	16678.4
August'20	14866665	12832.2	2245388	1183.3	499684	456.1	1921028	488.9	19532765	14960.6
July'20	18826876	17340.9	2327444	1413.4	404405	296.2	2011013	640.4	23569738	19690.9
June'20	13495280	12065.8	1482696	930.6	255947	169.5	1543961	491.4	16777884	13657.4
May'20	13174069	11426.4	1363935	715.6	153274	136.4	1371834	449.5	16063112	12727.9
April'20	9467412	8187.2	1085181	454.8	105606	91.2	1143680	254.4	11801879	8987.6
March'20	17616603	14662.3	2608256	1438.1	314254	244.6	1193173	224.0	21732286	16569.0
February'20	17823279	14327.5	2802727	1508.6	325535	246.6	1172904	247.1	22124445	16329.9
January'20	18399937	14829.9	2947038	1666.6	337115	255.3	1419712	269.3	23103802	17021.0
December'19	18357279	14703.9	3016787	1657.6	311815	242.8	1539268	262.1	23225149	16866.4

Chargeback:

**A Friend Buyers in Bangladesh Needed While
Bubble of E-Commerce Blasted**



- If Ecommerce fails to provide product, then the refund of the amount paid by the customer should be performed within 10 (ten) days and through same system.

The enforcement of these guidelines would definitely ease some discomfort and agony of the customers. Nevertheless, these guidelines will only be applicable for purchases made after 04th of July 2021 and a majority of the customers of Ecommerce are still living a life full of anxiety and depression as they are neither getting their ordered products nor getting refund. Chargeback feature of Credit Cards, which is potentially obscure to a significant number of the customers, could had been a life savior or guardian angel, if utilized properly.

What is a Credit Card?

A Credit Card is a card that permits a person to acquire Credit to pay for Goods and services with the guarantee that s/he will reimburse the card supplier what s/he owe sometime not too far off, ordinarily with premium added. In general Credit Cards are given by a bank, financial institution, or other sort of credit loan specialist and normally show up through the post as plastic cards that fit perfectly in your

wallet or handbag. Progressively individuals hold them in 'Digital wallets' permitting them to be utilized through their cell phone for purchases.

How a Credit Card Works?

In order to make a payment through Credit Card, a user has to swipe or insert his/her credit card in the merchant's card reader. The merchant then inputs the details of the transaction. Then the card reader transmits the information to a network called Card Association's network (Visa, MasterCard, Discover, Amex, etc.). The Card Association then checks with the Card Issuing Bank's record for the user to identify whether s/he has sufficient balance for the payment. Based on the checking an approval or denial is issued. If approved, the transaction will process, and the Card Association network will facilitate the transfer of funds from the card issuing bank to the merchant's depository bank account. Once the transaction is complete the merchant will keep a copy of the transaction after it has been signed by the credit card user. Some machines

Your Terminal



**Your Credit Card
Processor**



**Cardholder's Bank
(Issuing Bank)**



Credit Card Transaction Authorization Process



facilitate input of Personal Identification Number (PIN) after the transaction detail has been inputted in the machine for immediate verification of authorization. At the end of the billing cycle, the user receives a bill for the purchases made during the period netting off, if any, payment made in the same period. Generally, the user gets a credit period of further 15-20 days for making the payments without any additional charges.

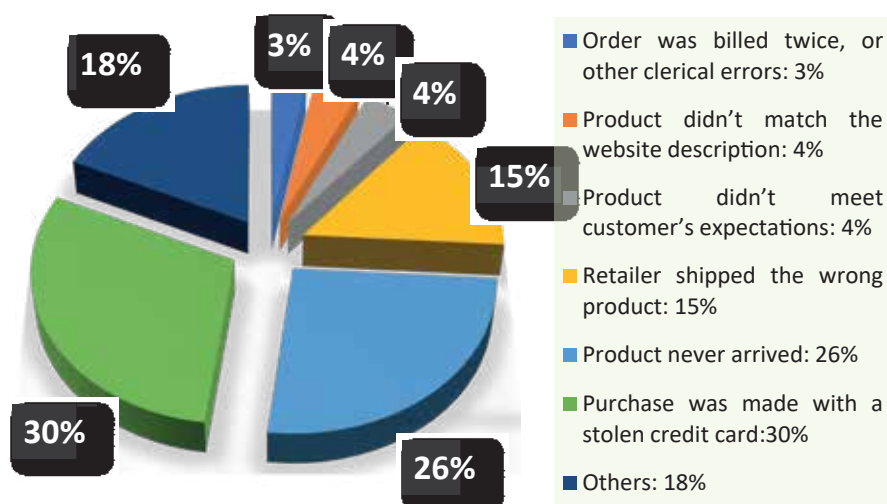
Some of the Benefits of Using a Credit Card are Followings:

- **Crisis Buy:** Credit Cards can be especially valuable in the event that someone needs to make a sudden purchase for emergency services and s/he will not have the cash until payday.
- **Spread the expense of a purchase:** Some credit cards offer users to spread the payment of a purchase equally over few months

without any additional interests. This can permit a person to make a costly purchase forthright and afterward spread the expense of reimbursement throughout the next months.

- **Protection on payments:** Based on location, Credit Cards offer monetary security on purchases made under certain guidelines. There are laws that expect the credit card supplier to take responsibility in the event that anything turns out badly with purchase. For instance, this could incorporate if the provider of the Services and/or products goes busts and products and/or services aren't provided.
- **Earning rewards:** Some Credit Cards permit users to accumulate reward points with each purchase based on certain guidelines of Credit Card Provider. The user can use the reward points to purchase services and/or goods.

A study by Clear Sale shows the most common reasons given for customers to file a Dispute



Chargeback:

A Friend Buyers in Bangladesh Needed While Bubble of E-Commerce Blasted

Dispute Feature of Cards

For a credit card or debit card, a dispute is a situation in which a customer questions the validity of a transaction that was registered to the card. Customers dispute charges for a variety of reasons:

- **Unauthorized Charges/ usages:** Unauthorized credit card charges/usages include any type of charge to Credit Card for which Users didn't give permission. This primarily occur when information of credit card has been stolen.
- **Excessive charges:** Excessive credit card charges includes charges such as Excise Duties being either charged twice or charged higher than expected based on the usage of the credit card.
- **Billing errors:** Billing errors include Math Errors,

Refunds that didn't lead to a credit on statement, Erroneous last payment dates and etc.

- **Wrong Product/Service:** Product or service didn't match with the description and/or expectation of the customer.
- **Failure by the merchant to deliver merchandise:** Merchant not providing products and/or services at all even after receiving full payment.

In order to solve the above issues, a Credit Card Holder has an option to initiate Chargeback procedure.

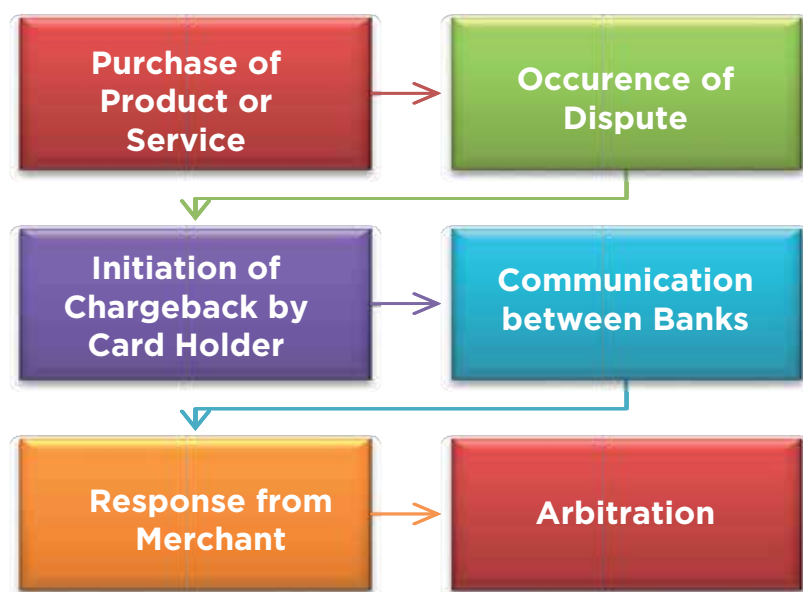
Chargeback

A chargeback is a charge that is returned to a payment card after a customer successfully disputes an item on their account statement or transactions report. A

chargeback can be considered a refund since it returns specified funds taken from an account through a prior purchase. Zeroed in on charges that have been completely processed and settled, chargebacks can regularly require a few days for full settlement as it requires electronic interactions among various parties. A chargeback, or a reversal of a charge because of a dispute, can shield customers not only from mistakes and misrepresentation, but also from low quality/missing items and services which perhaps many credit card users of Bangladesh are not aware of. Otherwise, the "Ecommerce" sites in question may not have been able to delay the deliveries for such a long period of times as multiple chargebacks would have already revealed their true scenario. The process of Chargeback is shown below:

- **Purchase of Product or Service:** For a chargeback to take place, there must be a purchase made by the Credit Card Holder for procuring any goods and/or services using their credit card.
- **Occurrence of Dispute:** Any of the reason of dispute such as excess charge, inferior quality of product or service or even product and/or service not being delivered occurs which deprives the Credit Card User.
- **Initiation of Chargeback:** Upon the occurrence of any dispute, Credit Card Holder





needs to contact with the Credit Card Issuing Company to Initiate a Chargeback procedure.

- **Communication between Banks:** The Issuing Bank then contacts the Bank (Known as payment acquiring bank of the initial transaction) of the Merchant
- **Response from Merchant:** The acquiring bank then informs the Merchant about the initiation of a chargeback process and asks the merchant to respond within a fixed period of time. The merchant is required to show a proof of delivery of product and/or service to refute the claim of Chargeback. If the merchant fails to show proof, then it needs to accept the

chargeback claim. The acquiring Bank informs the Credit Card Providing bank about the stand of the merchant along with proper documentation. If the merchant had accepted the chargeback claim then the amount is refunded to the Credit Card Holder's account.

- **Arbitration:** When the parties involved—the banks, cardholder, or the merchant—are unable to resolve a dispute on their own, a representative of the card scheme is asked to intervene and make a judgement.

In order to protect the consumers, when a merchant dispute a chargeback, merchants have to show the proof of delivery of Products and/or services. For this

purpose, a merchant should always keep detailed records of sales along with proof of delivery. A user of credit card typically gets 120 days from the date of purchase to initiate a chargeback claim for which a merchant should at least maintain data of sales for 4-6 months. Once a chargeback has been accepted due to the faults of the merchant, the merchant would still have the opportunity to correct the faults, for an example: in case of non-delivery of product or services, the merchant can deliver the product or service. Upon correction of fault, the merchant can provide the proof of delivery, if any amount was refunded to the credit card holder can be claimed back.

Regularly, the easiest approach to determine a charging debate is straightforwardly with the merchant being referred to. In the event that an item didn't show up, reaching the organization a user ordered it from is generally expected the best initial step. This road will probably result in either a discount or a replacement item quicker than documenting a chargeback would.

Related to Chargeback claims, a merchant should be aware of Chargeback Fraud (otherwise called 'Friendly Fraud') where a shopper accepts their privileges as a cardholder, and initiates a chargeback for a genuine buy. Essentially, it's a purchaser needing something in vain! Friendly Frauds can take place

Chargeback:

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for different reasons which includes:

- Customers are not willing to wait for a lengthy delivery period
- Encountering "purchaser's regret"
- Forgetting a purchase, and not perceiving where it came from when it later shows up on their financial record
- Finding – and not having any desire to pay for – a buy made by a relative
- Being uninformed (or possibly guaranteeing an ignorance of) a repetitive charging cycle or month to month membership

At present, the customers of Ecommerce websites of Bangladesh are now being faced with non-delivery of products and/or services as not only the demands of customers have increased significantly but also due to business policies such as deep discounts, cashbacks and other offers. In many cases, the Ecommerce sites in question are neither giving customers a specific date for delivery nor providing refunds in time. In order to protect their (Consumers) rights, in case of payments to Ecommerce sites were made through credit cards, the consumers could have initiated chargeback procedures. Even if the Ecommerce Sites tried to use "Friendly Fraud" as an excuse, unavailability of Delivery of Proof would have ultimately resulted in a refund for the price

paid for the Goods and/or services. However, there is no trend of increase of chargeback in Bangladesh being observed which suggests unawareness of consumers regarding chargeback procedures for non-delivery of products and/or services.

Conclusion

In an ecosphere which is being traumatized by the pandemic situation caused by the spreading of Novel COVID-19, the customers of the Ecommerce sites of Bangladesh have been really wounded due to the catastrophic failure of keeping commitments by the Ecommerce Companies. Even though the Government of Bangladesh has already taken necessary steps to address the situation, the customers who have already fallen in the trap have their hands tied up. In such situation, the benefits of initiating chargeback claim against the credit card payments made to such merchants would have helped at least those grief-stricken customers in getting refund of the payments.

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A Study on the Stakeholders' Perspectives to Publish the Audited Financial Statements of the Private Universities in Bangladesh

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Abstract

This study examines the stakeholders' perspectives on the need to publish audited financial statements by the private universities of Bangladesh. Out of the major private universities in Bangladesh, the authors have found only audited financial statements of Brac University is publicly available on the university's website. This ignited the question why other private universities are not taking similar steps or whether the stakeholders actually seek the information. A survey study has been conducted on 100 participants from 20 different private universities in Bangladesh representing the different stake holding groups. The questionnaire used for the survey study has been developed by the authors and uses Likert Scale Statements to collect data from the participants. The conducted survey study provides evidence that universities by providing access to the relevant financial and non-financial data and the audited financial statements, can empower them. Such practice is also expected to enhance the transparency and accountability within the private universities and strengthen the relationship with the stakeholders. The survey findings are consistent with relevant literatures and financial malpractices of various private universities in Bangladesh reported in the leading national dailies.

Keywords

Contractability, Private Universities, Transparency, Financial Disclosure Practices.

Introduction

Currently, there are 107 private universities authorized by the University Grants Commission of Bangladesh to operate in Bangladesh. What makes these private universities different from the other private organizations operating in Bangladesh is that the private universities are run by the board of trustees and the members of trustees are not allowed to take financial considerations from the universities in form of salaries or profit-sharing. However, there have been concerns regarding the utilization of the funds by the concerned authorities and administrations of the universities which are affecting the relationship of the university authorities and the key stakeholders. University Grants Commission (UGC), the regulatory body of the universities in Bangladesh, has mandated the private universities to submit their audited financial statements to the ministry of education and UGC by December 31st of the following income year as per the Private University Act 2010 to ensure fair and transparent financial practices. However, these reports are not made publicly available in most cases. Hence, the key stakeholders like the students and other fund providers are not in a position to

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be aware of the financial and non-financial affairs of the universities. This is creating a shady environment, which some university authorities and administrations are even trying to take advantage of, ultimately tarnishing the reputation of the universities and hindering their growth.

Making the set of audited financial statements of the private universities accessible could empower the stakeholders by giving them the rightful access to information and voice the stakeholders' opinion as suitable (Lennox and Pittman, 2011). The stakeholders have the right to access this relevant, reliable, and accurate information to make their appropriate decisions (Spitzeck and Hansen, 2010). For example, a prospective student and his guardian can decide whether to choose a particular university based on the tuition fees collected by the university and what portion of such fees are spent for the cause of the students. There are universities like Brac University who are already voluntarily

disclosing their audited financial statements publicly in the annual report. Again, some key stake holding groups like members of the board of trustees, members of the audit committee and staffs in the management of the university have access to the audited financial statements of the university. This is creating an information asymmetry and uneven power concentration which can be easily mitigated with measures like public disclosure of the annual reports.

On the other hand, there are associated costs of making an audited financial statement available to the public on behalf of the authorities of these institutions (Loughran, M., 2010). Hence, we intended to study whether the social benefits of making the audited financial statements of the private universities available to the stakeholders is more than the associated costs and how such practices can contribute to better transparency and a higher level of accountability at the private universities in Bangladesh. Particularly, we

wanted to study the perspectives of the stakeholders on the reporting practices of the financial and non-financial information of the universities and find ways to improve. Based on the evidence and in light of the arguments of previous researchers in the field of financial transparency and accountability, after establishing the stakeholders rights and needs to access the set of audited financial statements and relevant non-financial information in their decision-making, we have put forward our proposal to make the university authorities publicly disclose the annual reports and the audited financial statements that can lead to flourishing of the private universities in Bangladesh and contribute to their sustainable development through an improved relationship with the stakeholders.

Literature Review

Establishment of the Private Universities in Bangladesh

Alam et al. (2007) have described that the social demand for higher education increased which could not be met by the then-existing public institution by the early 1980s. They added that the state was unable to establish new institutions and considered the opportunity of non-state universities which has finally concretized the proposals as a parliamentary act in 1992. Further, they added that the government approved in the

same year the proposal of establishing the first private university in Bangladesh. As per University Grant Commission (UGC), North South University is the first private university in the country established in 1992.

The Current State of Private Universities in Bangladesh

The Daily Star has published a report in 2020 where it claimed that 105 universities are approved across the country and 97 of them are carrying out their academic activities. They also have added that more than one lakh students are enrolled in private universities each year.

Huda and others (2010) have asserted that the growth of students in private universities is

six times higher than that of public universities in Bangladesh. They added that private universities should improve their standings through retaining and maintaining credibility and viability, designing an improved liberal arts curriculum, emphasizing scholarly and research activities, and maintaining student's quality at the highest.

Rouf and others (2015) have found that only a few universities are providing quality education and the rest are not at all concerned about quality. They added that most of the universities are dependent on part-time faculty, poor infrastructures, lack of service rules etc. They also have added that students are not satisfied

with the campus, library and lab facilities provided by most of the university, although few universities try to provide standard classroom and library facilities.

Applicable Rules and Regulations for the Financial Disclosure of the Private Universities in Bangladesh

As per Private University Act 2010, every private university should record and maintain its annual income and expense account as per the commission provided form. These accounts of each financial year should be audited by an external audit firm registered with Bangladesh Bank and audited reports should be submitted to Education Ministry and



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Commission within 31st December of the following financial year. The Government and Commission can take any decision based on the audited financial reports and universities are bound to obey these rules and regulations.

The university authorities are to follow the Reporting Form PUFR-III, B as prescribed by the University Grant Commission (UGC) of Bangladesh. It is to be noted that though there are regulations that mandate the university authorities to submit their financial reports to the regulators, there are no mandatory obligations on the part of the university authorities to disclose the financial statements publicly.

Stakeholders Theory

Savage et al. (1991) have stated in their study that those who have interests in the organization's actions and who have the power to influence it are the stakeholders of the organisation which may include

individuals, groups and any other organisation. They further added that from an integrative assumption, the consensus is required from the plurality of the key stakeholders for an effective strategy of an organisation about what it should be and how it should be done.

Chapleo and Simms (2010) have found that for effective management, the evaluation of stakeholders, relative importance of stakeholders and key priorities can be beneficial at any point in time. They also stated that government policies have the greatest influences on the stakeholder management of a university. They have also found the increasing importance of communicating with parents and students who are mostly driven by tuition fees policy set by the government. Similarly, they have emphasised communicating with local business and employers to link with government policies which place greater importance on funding higher education of these organisations.

Previous Studies in the Field of Financial Disclosure Practices

The study of Gordon et al. (2002) has found that the extent of disclosures was associated with the public/private status and the size of the institution. High tuition fees rate and the low dependency on tuition revenue and opposing of public accounting state of auditors have also be found to be associated with non-financial performance disclosed information. They added that institutions of large size, high visibility and audited by the state, disclose much more information and some of these may adopt corporate-style report for the betterment of promoting their interests.

Parker (2013) has found comprehensive evidence on the cost and strategies of operating efficiency that is facilitated by the accelerated pervasive accounting systems of universities financial performance. He added that primary strategies of research and teaching are measured and focused based on their fund generation. He further added that the focus of accountability is increasing and demanded by the government and other external fund providers as well as accountability has become more internal oriented for being accountable to upward positions of internal hierarchy.

According to Gallego and others (2009), hardly there exists any research about the



financial information disclosures of universities. They have addressed that the internet is used on behalf of public bodies to improve the relationships with the stakeholders through disclosing the information of finance, teaching activities and researches. The researchers have also observed that information about strategic information and social responsibilities are less disclosed and the lack of transparency is also revealed in the study as responsible parties hardly reveal annual account and disclosures of financial information.

Saraite-Sariene et al. (2020) have found that universities are left behind in meeting the increasing demand of disclosure for broader accountability and legitimacy and competition in

excellence drives higher education organizations to display their results both in financial and non-financial terms to engage stakeholders. They added that financial reporting is gradually been adopted by the larger and private universities, which are leading in Google Scholar Citations. It has also been found that private universities are committed to using the advantages of websites for spreading key financial information and improving legitimacy. They also have added that stakeholders demand and react more to financial transparency and universities also prefer disclosing financial information for improving their accountability.

There has been a gap in the study relating to financial and

non-financial reporting practices of the private universities in Bangladesh and how such reporting practices affect the relationship of the stakeholders and the university authorities. This has been the focal point of our study.

Research Objective

The purpose of the study is to find whether making the audited financial statements publicly available will be beneficial to the stakeholders and whether the stakeholders actually seek the information that are incorporated in the audited financial statements and the annual report of the universities.

Before making the claim that the private university authorities and administration should

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publicly disclose their set of audited financial statements in the form of annual report, the need of such information from the key stakeholders' end needs to be established. That is, we need to find out whether the stakeholders are actually interested in the financial and non-financial affairs of the universities. If the stakeholders actively do not seek such information, do not believe that having access to such information could empower them, helping them to take informed decisions, then the current reluctance of the university authorities and the administration to provide the financial and non-financial information can be explained easily. Again, it is also important to assess the quality of information being disseminated by the university that are currently voluntarily disclosing their annual report publicly. From the literature review, it is evident that there have been very few studies focusing on the financial and non-financial disclosure practices of private universities, particularly, we could not find any paper in context of South Asia.

Along with establishing the needs of the stakeholders to access the set of financial statements in the form of an annual statement along with the relevant non-financial information, we have highlighted the financial disclosure practices of Brac University, which is currently voluntarily publishing their annual statements on their

official website. The reported financial malpractices of a few well-established private universities that we could find on the leading national dailies have also been discussed. This provides a base for qualitative arguments how publishing annual report along with the set of audited financial statements could help the university authorities and administrations ensure transparency and accountability.

Methodology

The study follows a positivist research philosophy. Our role has been that of the analysis so that the observations made are not influenced by our personal bias and values. Furthermore, based on the observation's conclusions have been made following the inductive approach. A survey study has been conducted following the random sampling process to

select the survey respondents to reduce the biases in the study. Further details on this have been explained in the following part.

Study Population and Sample

The focal area of the study is the financial disclosure practices of private universities in Bangladesh. To compare the financial practices of the universities the practices followed by Brac University has been compared against 19 other private universities in Bangladesh. Among these universities, only the audited financial statements of Brac University are publicly available on their website. A survey has been conducted on 100 individuals representing the different stakeholders of these universities. The distribution of the individuals has been provided below:

Representatives of the stakeholders' groups in the sample

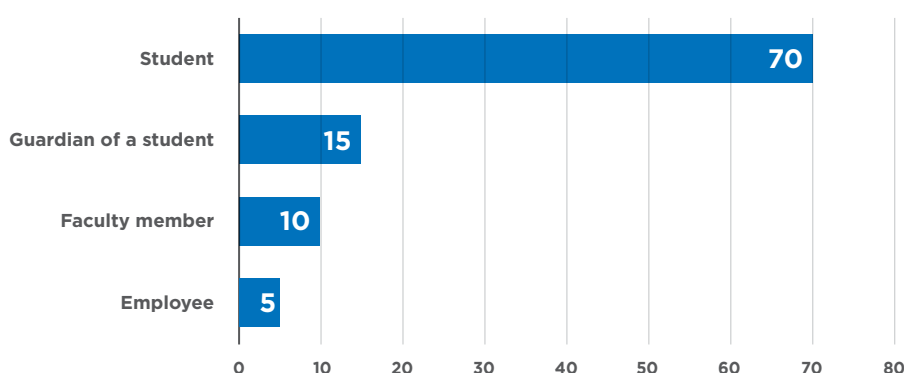


Figure 1: Distribution of the samples across the different stakeholder groups of the private universities in Bangladesh.

Furthermore, the following table shows the number of survey participants from each university. The survey participants comprised 20 different universities across the three major cities in Bangladesh, Dhaka, Chittagong and Narayanganj.

Construction of the Survey Questionnaire and Collection of Data

The research questionnaire has been prepared to focus on establishing the need for audited financial information for the stakeholders of the private

universities in Bangladesh. Questions also included the information about the key benefits they expect to realize by accessing relevant, reliable and accurate financial and nonfinancial information presented in the audited financial statements of the private universities in Bangladesh.

Distribution of the Samples Across the Different Private Universities in Bangladesh

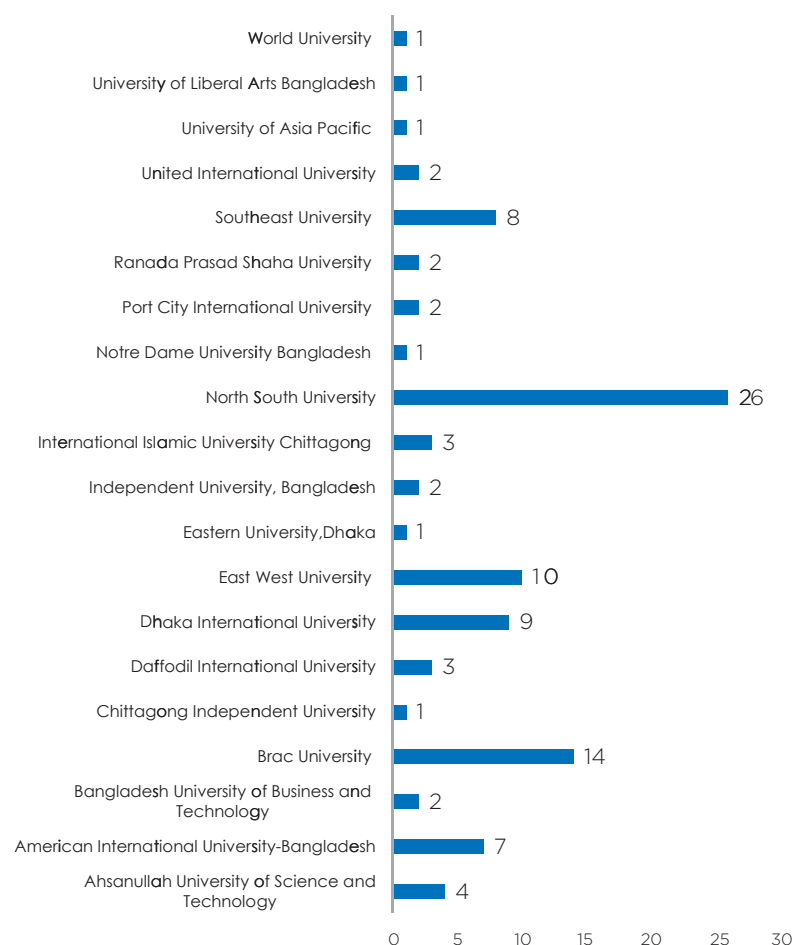


Figure 2: Distribution of the samples across the different private universities in Bangladesh.

Questionnaire Design: As the relevant literature in this field has been very limited and no survey study could be found particularly designed to assess the needs of the stakeholders to access the set of audited financial statements, the questionnaire had to be designed from the scratch. For this, we have selected the questions based on the preliminary insights we got during our conversations with the key stake holding groups (students of the private universities, faculty members, employees working in the management, audit practitioners and others). The questionnaire included 10 questions divided into 3 sections. The first section included the first 3 questions. Question 1 and 2 (presented in Fig 1 and Fig. 2) are related to identifying the respondent's position in stake holding groups and the university they currently have a keen interest in (i.e., student of Brac University or a faculty member of East West University). Question 3 has been asked to identify whether the survey participants could access the audited financial statements

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of their universities when they searched for it and divide the respondents into two groups. Group-1 who could access the audited financial statements responded in affirmative and Group-2 who could not access the financial statements responded negatively. Section 2, Question 4 and 5 (Likert scale statements) have been asked to the Group-1 (stakeholders who could access the audited financial statement) were asked whether they were satisfied with the level of the financial and non-financial information communicated through the financial statements and the ease of accessibility and assess their satisfaction level. This is also relevant as some stakeholders (management employees of the universities, members in the trustee board, members of the internal audit committee and others) might have access to the set of audited financial statements

through all other stake holding group might not have access in general. Respondents of Group-2 did not have access to section 2 as it was considered to be irrelevant to them. In section 3, the remaining questions (Question 6, 7, 8, 9 & 10) have been asked to respondents of both Group 1 and Group 2, to assess their interest in the financial and non-financial information disclosed by the universities and how they could utilize their expected information in their decision makings (these are also Likert scale statements). Respondents were provided with the information that Brac University publishes their audited annual report on their website and hence, they were asked to compare the governance of Brac University with their respective university and then provide an opinion and future expectations.

The 5-point Likert Scale has been used to collect the data on the respondents' perceptions and expectations. This is one of the most common type of survey methods and the respondents are quite familiar with the measuring scale. Research has showed evidence that 5-point Likert Scale is appropriate to measure opinions, perceptions and behavior.

Data Analysis and Tools for the Survey

The response has been transferred to excel for analysis. The key analyses performed include descriptive statistics, frequency distribution and, bar charts and pie charts. The decisions have been made based on the modal values (most frequent responses) as we are using the Likert's Scale statements. As we have used Likert Scale statements in the questionnaire, conclusions have been drawn based on the modal values (Wu and Leung, 2017).

Data Analysis

Study sample and Demographic profile:

Figure 1 and figure 2 show the demographic profile of the survey respondents. From the figures, it can be seen that the majority of the stakeholder's groups have some sort of representation in the study sample. Along with this, the presence of representatives of 20 different universities, across 3 major cities, has helped make the study more comprehensive.

Descriptive Statistics

In the following section, a detailed analysis of the survey response has been performed and presented accordingly.

When asked whether the participants could access the audited financial statements of the concerned university, only 34% of the responses were positive while 66% of the responses were negative. From

this, it can be inferred that the stakeholders are not used to making decisions based on the financial statements of the universities. The respondents who answered in affirmative (Group 1) were then asked the following three questions which were not asked to respondents who answered in negative (Group 2). This is to be noted that not all the survey respondents included in Group 1 are from BRAC University. A

small number of survey respondents comprising the faculty members, staff members of the administration had the access to the audited financial statements by the virtue of their authority (working in the finance and administration department, serving in the audit committee, serving as the treasurer, serving in the board of trustees and various other roles).

Of the survey participants, Group 1 (34) who could access the financial statements of the concerned university, when asked whether they could access all the necessary financial information as well as non-financial information relevant to their decision making 26% of the respondents strongly agreed, 26% agree, 29% maintained a neutral position, 15% disagreed and 3% strongly disagreed. As mentioned in the methodology part, this question was accessible to the respondents of Group- 1 only (34 of the survey respondents who were interested in the financial statements of their concerned university).

When asked whether they are satisfied with the level of disclosures of financial as well as non-financial information on the annual report of your concerned university/ies, 18% of the respondents strongly agreed, 32% agree, 29% maintained a neutral position, 15% disagreed and 6% strongly disagreed. The participants who were interested in the financial statements of the universities

Q3 Could you access the audited financial statements of your university when you tried to search for it?



Figure 3: Response to the question on whether the participants could access the audited financial statements of the concerned university.

Q4 Could you access the audited financial statements of your university when you tried to search for it?

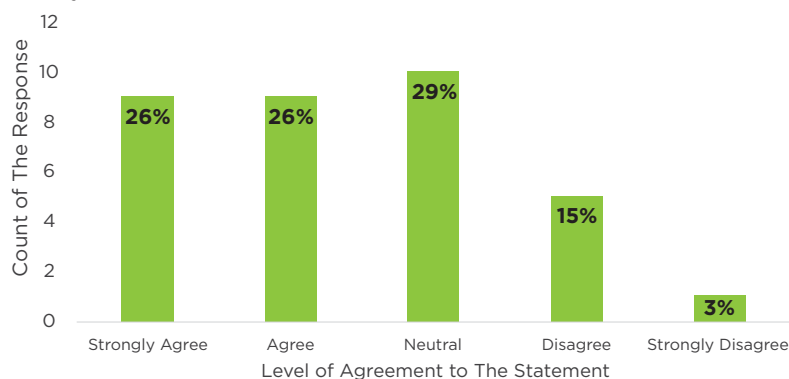


Figure 4: Response to the question on whether they could access all the necessary financial information as well as non-financial information relevant to their decision making

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Q5 . Could you access the audited financial statements of your university when you tried to search for it?

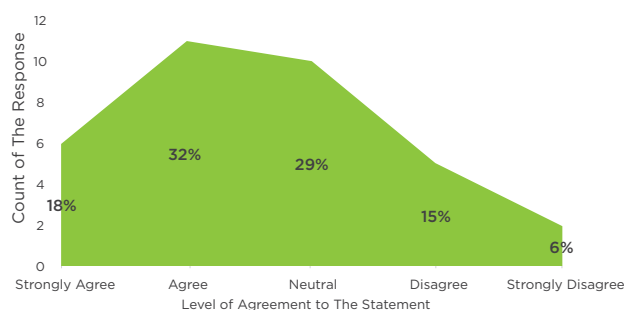


Figure 5: Response to the question on whether they could access all the necessary financial information as well as non-financial information relevant to their decision making

Q6 . The Factor with the highest impact on decision making if users have (Group 1) / (Group 2) access to the audited financial statements of the concerned university

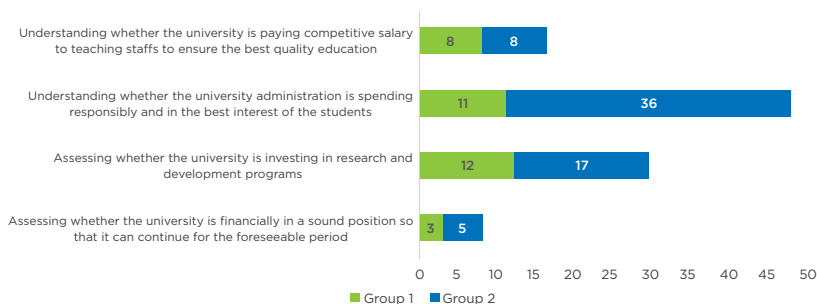


Figure 6: Response to participants when they were asked to choose an option from four given options relating to the factor's impact on their decision making if they could access the audited financial statements of the concerned university

Q7 . Do you believe that the authorities of the private universities have an obligation to provide you with all the necessary financial information as well as non financial information through their publication of the annual reports?

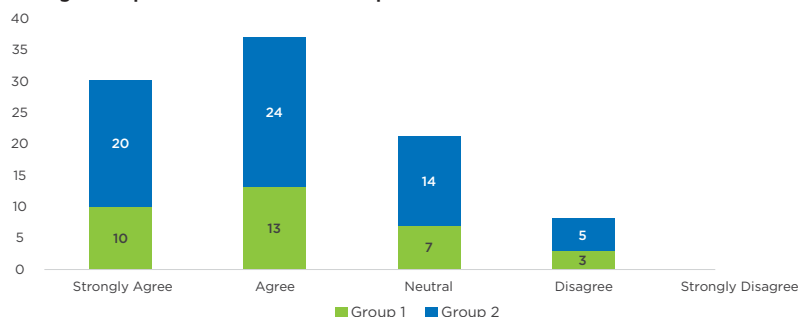


Figure 7: Response of the participants when asked whether they believe that the authorities of the private universities should provide relevant financial and non-financial information through publication of their annual report

and could access them had a positive attitude with the level of disclosure of information on the annual report of the concerned university. As mentioned in the methodology part, this question was accessible to the respondents of Group-1 only (34 of the survey respondents who were interested in the financial statements of their concerned university).

The survey participants were asked to choose an option from four given options relating to the factor's impact on their decision making if they could access the audited financial statements of the concerned university. 47% of the respondents selected the option "understanding whether the university administration is spending responsibly and to the best interest of the students", 29% selected the option "assessing whether the university is investing in research and development programs", 8% selected the option "assessing whether the university is financially in a sound position to continue for the foreseeable future" and finally, 16% selected the option "understanding whether the university is paying competitive salary to teaching staffs to ensure the best quality education", as the key factor that will have the most impact on their decision making.

When asked whether they believe that the authorities of the private universities should provide relevant financial and

Q7. Do you agree to the statement that disclosure of the financial statements by the concerned authority of the private universities and making these financial statements accessible to all the intended users could enhance the accountability at these institutions?

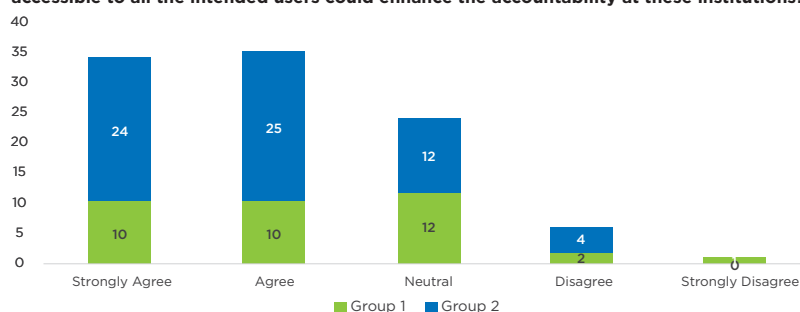


Figure 8: Response of the participants when asked whether they agree to the statement that disclosure of the financial statements by the concerned authority of the private universities and making these financial statements accessible to all the intended users could enhance the accountability at these institutions

Q9. Do you agree to the statement that transparency at the private universities could be encouraged by regular publication of the financial statements and making them accessible to all the intended users?

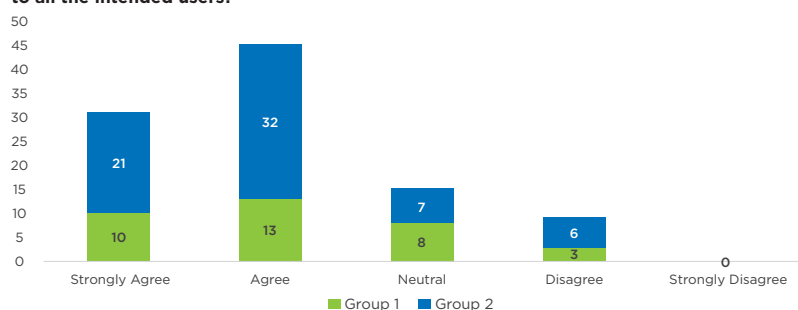


Figure 9: Response of the participants when asked whether they agree to the statement that transparency at the private universities could be encouraged by regular publication of the financial statements and making them accessible to all the intended users

Q10. Do you agree to the statement that the private universities that publish their audited financial statements are better governed than the universities that do not publish their audited financial statements on their website?

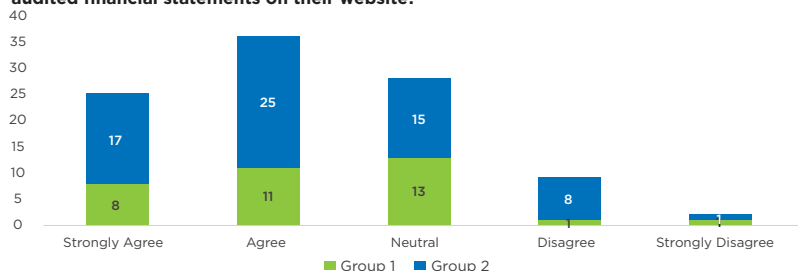


Figure 10: Response of the participants when asked whether they agree to the statement the private universities that publish their audited financial statements are better governed than the universities that do not publish their audited financial statements on their website

non-financial information through publication of their annual report, 30% of the respondents strongly agreed, 37% agree, 21% maintained a neutral position, 8% disagreed and 4% strongly disagreed.

When asked whether they agree to the statement that disclosure of the financial statements by the concerned authority of the private universities and making these financial statements accessible to all the intended users could enhance the accountability at these institutions, 34% of the respondents strongly agreed, 35% agree, 24% maintained a neutral position, 6% disagreed and 1% strongly disagreed.

When asked whether they agree to the statement that transparency at the private universities could be encouraged by regular publication of the financial statements and making them accessible to all the intended users, 31% of the respondents strongly agreed, 45% agree, 15% maintained a neutral position, 9% disagreed and 0% strongly disagreed.

When asked whether they agree to the statement the private universities that publish their audited financial statements are better governed than the universities that do not publish their audited financial statements on their website, 25% of the respondents strongly agreed, 35% agree, 28% maintained a neutral position, 10% disagreed and 2% strongly disagreed.

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Highlights of the Annual Report from Brac University

On the website of Brac University, the annual reports of the university are available from the year 2005 onwards. By accessing the website, anyone can download the financial statements and use the information for their decision making. The contents of the annual report include a message from the Chairperson, Trustees, Vice-Chancellor, report on their governance, the profile of Brac University, key events from the particular year, brief descriptions of their schools, institutions and centers, key resources and services, different committees serving the university and the auditor's report along with the audited financial statements of the university according to Reporting Form-PUFR-III B as prescribed by the University Grant Commission (UGC) of Bangladesh.

The annual report encompasses almost all the major areas in which stakeholders are interested. It contains both financial and non-financial information. The availability of the previous years' annual report ensures that users can compare the financial statements with prior years and take their decisions accordingly. During the study, no report could be found on the financial irregularities of Brac University.

Financial irregularities of some of the private universities in Bangladesh reported in the national newspapers:

The financial irregularities at some of the most renowned private universities have been highlighted in the newspapers from time to time. In fact, in 2019, the Ministry of Education asked the University Grant Commission (UGC) to launch an investigation against the financial irregularities of the private universities in Bangladesh in response to the allegation that some of the trustees of the private universities were involved in embezzlement of university funds (Salman, 2019).

As commented by the Executive Director of Transparency International Bangladesh (TIB) Dr Iftekharuzzaman, "the private university sector is facing the governance challenges due to lack of transparency, accountability in its operation; ineffective monitoring by the government agencies and lack coordination among these."- (TIB recommends 16 measures for the governance of Private Universities - Transparency International Bangladesh (TIB), 2016).

In 2019, the UGC probe committee found that the members of the trustee board of North South University and the administration exercised their power to get undue benefits by resorting to illegal means. The report was submitted to the Ministry of Education (Salman, 2019). UGC also found irregularities in the same university in 2012 and 2016. However, no known steps were taken by the regulators against the university.

Findings

As stated in the earlier parts of the study, the key objective has been studying the reporting of financial and non-financial information of the private universities in Bangladesh and how the stakeholders' can be benefitted by providing them with easy access to relevant decision-making that will help them to make informed decisions. The key findings of the study can be summarized as:

- There is a need for financial and non-financial information about the performance of the private universities in Bangladesh from the stakeholders' end. Based on the relevant, reliable, and accurate information provided in the audited financial statements of the universities, they can be empowered in their decision making. That is the key stakeholders want to know about the financial and the non-financial information that can affect their decision-making such as management of the university funds, investing in the development of research and development programs, investing in the teaching and supporting staffs, trying to build resources to serve the students at the highest level and various others.
- The university authority that is currently publicly disclosing their audited finances perceived to be better governed by the

stakeholders of that university. The stakeholders have a positive attitude towards the level of disclosure of information on the annual report of such universities. Similarly, the stakeholders also express their strong confidence that the university authorities that publicly disclose their audited financial statements are better governed than other universities. This is clear evidence to the fact that other university authorities that are not currently disseminating publicly their annual report and the audited financial statements can follow the footsteps to regularly publish the annual report on their website and other public media so that every key stakeholder can access this information which will ultimately lead towards a relationship with higher trust and accountability.

- The stakeholders believe that the university authorities should provide them with relevant, reliable and accurate financial and non-financial information. Hence, the university authorities should publicly disclose their financial statements.
- After analyzing the survey data and theoretical discussion, it can be strongly opined those stakeholders can be empowered by providing them access to the audited financial statements. This can help the university

authority to be more responsible in their operations and enhance the transparency and accountability at these institutions.

It needs to be understood that the private university authorities, the regulatory bodies, students, teachers, parents and guardians of the students are all part of an ecosystem. Hence, the transparency and accountability among each party is extremely important for the flourishing of this sector (Ben-David and Zloczower, 1962). They can all be benefitted from enhancing accountability and a higher level of transparency. Hence, from analyzing the data and summarizing the findings it can be said that if the reporting practices of the financial and non-financial information of the private universities can be improved (i.e., mandatory publication of the annual report of the university along with the audited financial statements), it will be beneficial for everyone.

Concluding Statement

Previously, researchers have opined that private universities in Bangladesh are yet to deliver on their promise (Ashraf, Ibrahim and Joarder, 2009). Various stakeholders have expressed their doubts about the educational service provided by the private universities, their fund management policies, shady financial practices, non-compliance with the regulations among various other

aspects. Despite these circumstances, a few of the private universities have been seen to compete hand in hand against some of the best public universities in Bangladesh in terms of developing their students and contributing to the field of knowledge creation (Akareem and Hossain, 2012). For example, Universities like North South University, Brac University, American International University Bangladesh, Ahsanullah University of Science and Technology have repeatedly been ranked in the QS ranking.

However, their successes are undermined and reputations have been seen to be tarnished from time to time due to matters related to shady financial practices. This creates doubts among the stake holding groups and the universities which negatively affects their relationship. Hence, in this study the focus was on finding effective measures that can empower the stakeholders of the private universities, providing them with more and easier access to information that can ultimately lead towards higher accountability and better transparency and finding solutions that can minimize the doubts. In light of the study, it can be concluded that compelling the university authorities to disclose their audited financial statements publicly in form of the publication of the annual report can be the right step towards that direction.

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Agent Banking: A Big Concern Nowadays with Unconscious Deposit Holders

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It has been almost 7 years since Agent Banking Service was started in Bangladesh. Yet many people are confused about this banking service. Primary questions in the mind of general people regarding agent banking are:

- If a person deposits money with the agent, will the agent run away with this money?
- Is the customer's account safe with the agent? If the agent steals deposited money from the account of customer!!
- Again, if the agent severs ties with the bank then where can the deposited money be found! Will it be available at all?

**Let's Discuss Today
About Above Questions
that Initially Comes to
Everyone's Mind**

Suppose Mr. Karim has taken the agency of Bangla Bank to provide banking services in Nayanmoni village. Raja Mia, a resident of this village, went to Mr. Karim's agent point with BDT 20,000 and asked him to deposit his money in Bangla Bank. The question is, in which basis Raja Mia will give money to Mr. Karim? If Mr. Karim does not return this money later!

**Let's See How Such a Big
Risk has been Reduced in
the Agent Banking
System**

Reduction of Deposit Risk

through Confirmation SMS and system generated deposit slip:

1. At the time of taking agency, Bangla Bank has opened a management account or mother account of Mr. Karim (agent) and has taken the fingerprints of two or three of his nominated customer service officers (CSO) including Mr. Karim (agent) who will provide agent banking services with his management account.
2. If Raja Mia (Customer) goes to Mr. Karim's agent point and applies for opening an account, the persons mentioned in point 1 will immediately apply to the agent banking system with Raja Mia's fingerprint, mobile number and other information. Then the officials of Bangla Bank's head office will see the information of Raja Mia and activate his newly applied account.

It should be kept in mind that Bangla Bank has taken the fingerprints of both Agent (Mr. Karim) and Customer (Mr. Raja Mia) into its system.

3. According to the rules of agent banking, if an agent does not have enough deposit balance in his/her mother account, he/she will not be able to accept cash from any customer. Agent banking's computer system will not allow that. This means that in order to deposit BDT 20,000 from Raja Mia (customer), Mr.

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Karim (agent) has to have at least BDT 20,000 in his mother account balance.

4. Mr. Karim (Agent) or one of his CSOs can receive money from Raja Mia and deposit to the system of Bangla Bank (Web base) through their user ID and password. Therefore, to complete this depositing process Bangla Bank's agent banking software will automatically transfer BDT 20,000 from the account of Mr. Karim (Agent) to the account of Raja Mia (Customer). Immediately, a system generated confirmation SMS alert will be sent to the predetermined mobile number of Raja Mia (Customer). In addition to this, automatic deposit slip will also be generated in Agent Point's computer.

This means that the risk of depositing customer's money is reduced!

Now, a great concern is, if an agent or CSO fraudulently withdraw money from the account of customer!!! Let's see how such risk has been reduced in the system of agent banking:

Reduction of Withdrawal Risk Through Biometrics of Customer

5. No one can withdraw money from the account of customer without punching the pre-stored fingerprint of the customer. This is how the agent banking system has been developed. This means that if Raja Mia (customer) goes to the agent point of Mr. Karim to withdraw BDT 5,000 from his account, then

agent or CSO has to login to the Bangla Bank system (web base) and they can arrange to withdraw money from customer's account by the customer's fingerprint. Here, Agent must have enough cash balance to complete the transaction. In this process, agent banking software will transfer deposit balance from the customer's account to the agent's account. Immediately, a system generated confirmation SMS alert will be sent to the predetermined mobile number of Raja Mia (Customer). In addition to this, automatic withdraw slip will also be generated in Agent Point's computer. This means that the risk of customer withdrawal is also eliminated.

Another issue is, if the agent severs ties with the bank then where can the deposited money be found! Will it be available at all?

No Risk of Customer in Case of Severing Ties of Agent with Bank

6. All the information of customer will be recorded only on the server of Bangla Bank so that even if Mr. Karim of Nayan Moni village leaves the agency of Bangla Bank, Raja Mia (the customer) will not have any problem because the customer can get all agent banking services from any agent point or branches of Bangla Bank at any time.

I'm not saying the risk is over. Because only the customer can take the responsibility of reducing the total risk which is called customer awareness.

7. Let's Check out how the Issue of Customer Awareness will Eliminate the Risk of Agent Banking at All

- a. At the time of opening new account, Raja Mia (customer) will make sure that the account has been opened with his mobile number and fingerprint. No one else's mobile number or fingerprint was given there.
- b. Raja Mia himself (customer) will make sure that the deposit and withdrawal SMS with amount arrives in his mobile after every transaction otherwise he should call the pre-determined customer service number of Bangla Bank to know the current balance of his account and the amount of recent deposit.

On the above discussion we can see that risk of agent banking services can be eliminated by

the awareness of the customer/s.

8. As the agent banking is serving mostly in the rural area and dealing with illiterate unaware customer, it is not possible to reduce 100% risk of this system. However, if any bank selects agents and CSO with sound ethical consideration and maintain following condition strictly, customer of such bank will be safer comparatively:

Strict Guideline for Agent and CSO can be Announced by the Bank

In case of deviation from the following instructions by the agent / CSO, immediate legal action can be taken by canceling the agency ship.

- a. During opening of the customer ID, only the customer's own mobile number and fingerprints should be entered in the system.
- b. Not even in a single case, delay in depositing money from the customer or

entering data on the system should be allowed and written deposit slip cannot be issued, of course the system generated deposit slip must be provided immediately on deposit receive from customer/s.

- c. Personal transactions cannot be made without banking transactions with the customer.
- d. Upon receipt of the utility bill (electricity and others) from the customer, the system must generate a slip by providing the correct mobile number of the customer.
- e. The money withdrawn by the customer must be paid to the customer immediately.
- f. No extra money can be taken from the customer except the prescribed amount by the bank's system. It is also to be noted that no money can be accepted from the customer by showing the temptation of sanctioning loan. This kind of action will lead to legal prosecution against the Agent and/CSO.



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g. Adequate balance must be maintained in the Agent Mother's account for receipt of deposit from the customer and sufficient cash must be kept in hand for immediate payment to the customer.

h. All customer awareness signboards and posters must be displayed in a visible place of outlet.

Guidelines may be varying for different banks based on the services length

9. Collaborative Steps may be taken for ensuring better governance of Agent Banking System as well as awareness of the deposit holders

a. Central authority can arrange agent banking awareness fund from licensed banks for various promotional activities like TVC, campaign, announcement, newspaper advertisement etc.

b. A central research body can be formed to identify the weakness of agent banking system and relevant resolving idea/s.

c. Periodical IT Audit to deter potential IT fraud

10. Agent banking, a revolution in Financial Inclusion in Bangladesh

Almost 50% banks of Bangladesh (i.e. 28 number of banks) have taken agent banking license from central bank. Out of which 27 banks have started their operation. Within a short time, more than 11 million accounts were opened in this system of which almost 46% accounts belong to the female account holders. This is a green signal for gender equality in the developing country like Bangladesh. Basically, rural areas of the country were loaded with NGO based high interest loan but recently the

trend is changing, agent banking system is distributing bank loans in those areas with low interest rate which is definitely a positive side of economy. Agent banking system plays a decent role to distribute SME and Agricultural loan around this unprivileged segments of the country. Hence, rural people can solve liquidity crisis in working capital management with low cost. Moreover, a good number of employment is ensured in the under privileged area. Another important segment of the country is Inward remittance. Economy of Bangladesh is heavily dependent on remittance from wage earners employed in other countries. Family members of those wage earners had to withdraw inward remittance far from their residence before agent banking in Bangladesh. Presently, they can withdraw inward remittance from their door step. Agent banking system in the country is getting popular rapidly also for convenient remittance service.

Central Bank of Bangladesh has introduced agent banking system in the country through issuing a guideline in 2013. The main purpose is to provide a safe alternate delivery channel of banking services to the under-privileged, under-served population who generally live in geographically remote location that are beyond the reach of the traditional banking networks. Banks can deliver a variety of banking services including savings, loans, remittances, and various payment services (such



as utility bills, taxes, government transfer benefits) to the customers through an agent. This model is thus, gaining popularity as a cost-effective delivery channel as well as a convenient way of providing banking services going proximate to the mass people who would otherwise have remained unbanked due to distant location. With a view to facilitate full-fledged agent banking, Central Bank has issued a comprehensive Prudential Guidelines for Agent banking Operation in Bangladesh in 2017 covering approval process, permissible activities, responsibilities of both banks and agents, AML/CFT requirements, supervision and monitoring mechanism, customer protection mechanism, business continuity plan etc. A rapid acceptability of this banking system in Bangladesh may be defined in the snapshot of Table-1.

Scenario of Agent Banking in Bangladesh in the Context of Financial Inclusion

a. Agent Outlet in Geographical Context

Up to March 2021, 87.19% of the country's agent banking outlets

Type	Outlet	Percentage
Urban	2,103	13%
Rural	14,318	87%

are located in the rural areas. Previously good Banking services were locked around urban area or all-out in the highly crowded upazila of the country. From the regulatory perspective, the main objective of introducing agent banking is to bring geographically unreached mass people under the umbrella of formal financial services. Agent banking outlets are placed in the rural markets, union digital center, post Offices or other crowded places in the rural area. Hence this wide coverage of agent banking in rural areas provides positive indication of upholding the agenda of promoting financial inclusion.

Table-1: Brief Overview of Agent Banking Activities in Bangladesh

PARTICULARS	MARCH 2021
BANKS WITH AGENT BANKING LICENSE	28 NOS.
BANKS IN OPERATION	27 NOS.
NUMBER OF AGENTS	12,345 NOS.
NUMBER OF OUTLETS	16,421 NOS.
NUMBER OF ACCOUNTS	11,022,646 NOS.
NUMBER OF FEMALE ACCOUNTS	5,074,739 NOS.
NUMBER OF RURAL ACCOUNTS	9,557,403 NOS.
AMOUNT OF DEPOSIT	BDT 178,223.85 MLN
AMOUNT OF LOAN DISBURSED	BDT 25,010.051 MLN
AMOUNT OF INWARD REMITTANCE	BDT 583,990.94 MLN

Source: Bangladesh Bank

Chart 1: Agent Outlet in Geographical Context

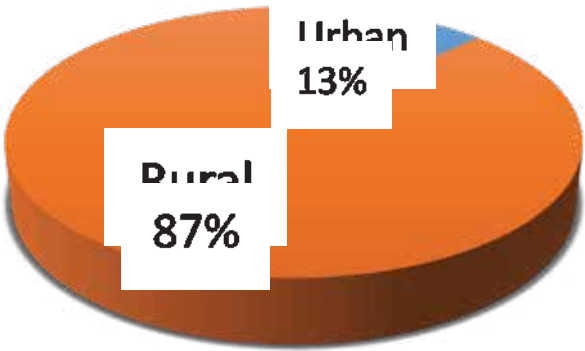
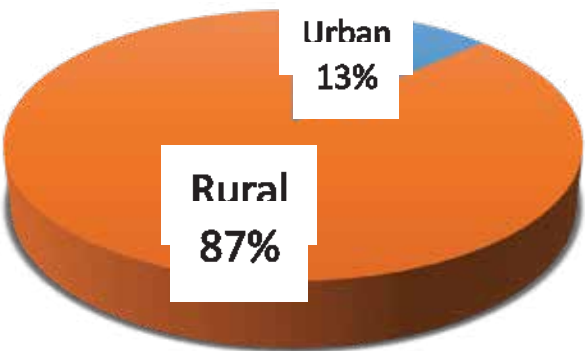


Chart 2: Number of Accounts in Geographical Context



b. Number of Accounts in Geographical Context

Type	Nos of account	Percentage
Urban	1,465,243	13%
Rural	9,557,403	87%

Bangladesh is a developing country, its most of the rural areas are still struggling to get the touch of country's modern facilities. One of the good policies of Bangladesh was to spread agent banking all over the country, which assures decentralized banking service towards untapped areas of the country. Proper agent banking services like distribution of surplus deposit through banking loans will ensure circulation of economic activities in the rural areas. Up to march 2021, almost 87% (i.e. 9.5 mln) of total accounts of agent banking opened in the rural areas. Therefore, a good indication shows to improve rural convenient economic life and employment.

Practices of Corporate Social and Environmental Reporting in the Textile Industry: Evidence from Bangladesh

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Abstract

Social and environmental issues are buzzwords in the current world. The developed as well as the developing countries in the world are watchful about social and environmental issues. The harmful effects of social and environmental contaminations limit no boundary. As social and environmental disclosure arrangements have been developed over decades, the climate of Corporate Social and Environmental Reporting (CSER) is developing. CSER is no longer an international obligation but a domestic demand. This study is aimed to examine the practices of CSER of the textile industry in Bangladesh. This study is based on secondary data. Data were collected from the annual reports of 34 (thirty four) listed companies in the textile sector out of 51 (fifty one) under Dhaka Stock Exchange (DSE) Ltd. which were selected on the basis of the stratified random sampling technique. The study covered a period of 5 years (2015-20). Content analysis was used to provide an evaluation of the social and environmental disclosures. The study revealed that the social indicators of GRI guidelines were greater complied rather than that of environmental indicators. The study also showed that the extent and frequency of CSER disclosures were very low and unsatisfactory. It was clear that CSER practices in the selected industry had been far-off from satisfactory, and therefore poor in actual sense of the term.

Therefore, the government and other regulatory bodies should formulate and implement mandatory guidelines for the improvement of CSER reporting in the textile industry of Bangladesh.

Key words

Corporate Social and Environmental Reporting (CSER), Corporate Sustainability, Global Reporting Initiative (GRI), Content Analysis, Textile Industry.

Introduction

Corporate Social and Environmental Reporting (CSER) conveyed a firm with more accurate picture of their expenses regarding their products and process, and the decision makers could make their decision more precisely based on reliable information. By attaining the CSER a firm could achieve sustainable profit over the life cycle of a product or service (Hsu, 2018). Most developed countries had focused their activities based on social and environmental issues, but Bangladesh lagged behind causing disadvantages for the country. The prime reason to damage the society and environment was industrial emissions. Bangladesh was a developing country, and its industrialization was on-going progress. It was the high time to take serious measure to save society and environment by adopting CSER. Bangladesh received continues order from thousands of international

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brands; Bangladesh had already shown a conscious behavior towards the world community for compensating environmental issues from those buyers (Crinis, 2019). There was a lack of prior studies focusing on the relationship between environmental consciousness in Bangladesh and involvement of international buyers to resolve social and environmental issues. Based on this gap, this study tried to point out the present status of CSER in the context of Bangladesh.

CSER reporting is mostly voluntary, but there are some countries with regulations making disclosures on CSER mandatory. Regarding the non-financial reporting regulations, governments and stock exchanges played an important role in promoting it.

They were responsible for issuing relevant legislation and standards concerning the mandatory disclosures on CSR issues (Noronha, et al. 2012). In Europe, there are already some regulations regarding the CSR disclosures in countries like Sweden, Norway, Finland, Denmark, Germany, France, United Kingdom, and Switzerland (Marimon, et al. 2012; Roca and Searcy, 2012; and Rowe, 2006). But, Bangladeshi companies were very little concerned with the environmental costs quantification and information disclosure. In addition, geographically Bangladesh is vulnerable because of its susceptibility to the impact of climate change. Practices for the treatment of environmental costs and benefits in the financial statements were not

yet developed (Ali, et al. 2010; Islam and Deegan, 2008; Bose, 2006; Bala and Yusuf, 2003; and Rahman and Muttakin, 2005). The time has come and companies doing business in Bangladesh have to be serious and careful about the impact of their activities on society and environment and they must disclose social and environmental related costs and benefits in their annual reports. As a result, this is the right time for Bangladeshi companies to give emphasis on the social and environmental issues for the next generations survive.

Objectives of the Study

The general objective of the study is to examine the existing practices of Corporate Social and Environmental Reporting (CSER) of the textile industry in Bangladesh. The specific objectives are as follows:

- i) To present a thought about CSER.
- ii) To implement the concept of Global Reporting Initiative (GRI).
- iii) To enlarge the scope of research on CSER to the context of Bangladesh.
- iv) To propose some suggestions for policy making.

Review of Related Literature

Neu et al. (1998) analyzed environmental disclosures that

were included in the annual report of Canadian public companies on the mineral extraction, forestry, oil and gas, and chemical industries from 1982 to 1991. The study addressed three concerns: the impact of external pressure on environmental disclosure in the annual report including the extent and type of strategies used in the disclosure; environmental and social manifestations; and the association between environmental disclosure and actual performance. Hughes et al. (2001) demonstrated the research on 51 manufacturing companies in the United States focusing on environmental disclosure. They used content analysis to analyze annual report. They found that there were differences in disclosure between firms rated good, mixed or poor in their environmental performance. And this was the poor performer who made the most publications, and most of these releases were published in MD & A (Management's Discussion and Analysis - Essential Publications of Publicly Traded Companies under the United

States Securities and Exchange Commission). The result of the study was that public awareness about the environment was always high.

Brammer and Pavelin (2004) examined the patterns in voluntary social disclosures made by a sample of large UK companies. The study focused upon three key issues: interaction between a firm's disclosure decisions; links to the nature of a firm's activities; and links to the firm characteristics of size, media exposure, and social performance. The findings indicated that there was a positive correlation between participation in one form of voluntary social disclosure and participation in others. It was evident that firm's disclosure strategy was influenced by the nature of firm's activities and that participation was positively related to firm's size, media visibility and social performance. Cecil (2008) documented and reviewed the state of corporate social responsibility (CSR) reporting in the United States. The findings suggested that there was a growing trend in U.S. companies

issuing stand-alone CSR reports, however, there were very few reports that were audited or assured in the United States. There was a fifteen-year growth trend in voluntary CSR reporting in the United States. While in 1991 only two companies issued CSR reports, this number grew to 154 ten years later in 2001. Five years after that, in 2006, there were 230 companies that issued CSR reports in the United States. The compound annual growth rate (CAGR) of CSR reporting from 1991 through 2006 was 37%.

Dedman et al. (2008) conducted the empirical study using a sample of companies from the biotechnology/pharmaceutical sectors of high Research & Development (R&D), UK. It was found that there was considerably more 'good news' voluntary declarations than 'bad news' declarations. The findings indicated that these firms were more expected to declare late than beginning stage developments. It was also found that the system of disclosures and the market's response to them differed between larger,



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influential firms and their smaller counterparts. Chauhan and Amit (2014) analyzed the impact of attitudes toward corporate social responsibility spending. The variables used in this study were firm size, firm profitability, firm leverage and firm sales. The population was the BSE 30 Index of Indian companies in the year 2007-2012. The study found that firm characteristics such as firm size and firm sales had a positive effect and firm profit had a negative effect on corporate liability expenditure. But, it was showed that firm profit had no effect on corporate social responsibility expenditure.

Jain et al. (2015) evaluated Corporate Social Responsibility Reporting (CSR) with the six major banks from Japan, China, Australia and India during the period 2007-2013. Bank CSR disclosure developed in these four countries over the seven

years. Australian banks were found to contain the best scores and Indian banks displayed maximum up-gradation. In spite of the lacking of lawmaking requirements or CSR standards, this study found that CSR reporting continued to improve in quality and quantity in the region on a merely voluntary basis. They also argued that Asia-Pacific governments needed not to mandate bank CSR reporting standards as the banks improved their CSR reporting consistently over the seven years despite the Global Financial Crisis (GFC).

Methodology of the Study

This study was based on only secondary data. Secondary data were collected from the annual reports of 5 years (from 2015-16 to 2019-20). By using Anderson (1996) formula, the study identified 34 (thirty four) out of 51 (fifty one) listed textile

companies as the sample from the Dhaka Stock Exchange (DSE) Ltd. in Bangladesh using stratified random sampling technique. Content analysis was used to provide an evaluation of the social and environmental disclosures from the annual reports of the selected textile companies for 5 years i. e., from 2015-16 to 2019-20. CSE disclosure was measured by CSE disclosure index (CSEDI) which referred to global report initiatives (GRI) indicators (Naser and Hassan, 2013; Das et al., 2015; and Tan et al., 2016), which used content analysis to measure the variety of CSEDI. CSEDI formula was expressed mathematically as follows:

$$UI_x = \frac{\sum X_j CSEDI_j}{nx}$$

Where,

UI_x :Un-weighted index scored by the company

CSEDI_j :Corporate Social Responsibility Disclosure Index companies j.

nx :Maximum number of items anticipated to be disclosed by a company

The study formulated checklist by considering Bangladesh perspective which were supportive of finding out existing image of CSER of the textile industry in Bangladesh. Areas of checklist (as the basis of GRI indicators) were given as follows:

Table 1: Areas of Checklist

Sl. No.	Categories of Social indicators	Number of items	Sl. No.	Categories of environmental indicators	Number of items
i.	Labor practices and decent work	14	i.	Environment	5
ii.	Human rights performance	9	ii.	Material	2
iii.	Society performance	8	iii.	Energy	5
iv.	Product responsibility performance	9	iv.	Water	3
A	Sub-Total	40	v.	Biodiversity	5
			vi.	Emissions, effluents and waste	10
			vii.	Products and services	3
			viii.	Transport	1
			ix.	Others	1
			B	Sub-Total	35
				Total (A+B)	75

Analysis and Findings of the Study

Content analysis was used to present the current practices of CSER disclosures of the textile industry. It was presented into the following 4 (four) sub-sections:

i. Number of companies disclosing each CSER disclosures item per year;

ii. CSER disclosures by company (number of CSER practices);

iii. CSER disclosures by category (number of CSER practices);

iv. CSER disclosures in percentages over the periods.

Table 2: Number of Companies Disclosing Each Corporate Social and Environmental Disclosures Index (CSEDI) Item per Year (Maximum = 34)

Disclosures Item Index	2015-16	2016-17	2017-18	2018-19	2019-20	Total
LP1	4	5	6	8	10	32
LP2	6	7	8	10	13	43
LP3	7	7	10	11	13	46
LP4	7	7	8	9	12	42
LP5	5	5	6	8	8	31
LP6	4	4	5	7	8	27
LP7	6	6	8	10	14	42
LP8	4	5	7	7	7	29
LP9	5	6	9	9	11	37
LP10	6	6	7	10	12	40
LP11	4	5	8	8	8	31
LP12	6	6	8	7	8	34
LP13	5	5	6	10	14	39
LP14	4	4	6	7	7	26
Total Labor practices and decent work	73	78	102	121	145	499
HR15	5	5	7	8	8	31
HR16	5	5	7	7	8	30
HR17	6	6	8	7	7	32
HR18	5	5	7	9	11	35
HR19	6	6	8	8	10	36
HR20	7	8	10	10	13	46
HR21	6	7	10	11	13	45
HR22	7	9	11	9	12	46
HR23	6	6	10	10	10	38
Total Human rights	53	51	87	79	92	339

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SP24	3	3	3	5	6	20	
SP25	3	3	4	6	7	23	
SP26	3	3	4	4	4	18	
SP27	3	3	4	4	5	19	
SP28	3	3	3	5	6	20	
SP29	3	3	4	4	5	19	
SP30	3	3	4	7	7	24	
SP31	3	3	4	6	8	24	
Total Society performance	24	24	30	41	48	161	
PS32	5	5	8	8	10	33	
PS33	6	6	8	10	13	41	
PS34	6	6	9	11	13	42	
PS35	7	7	9	9	12	42	
PS36	6	8	10	8	8	38	
PS37	6	6	8	7	8	33	
PS38	5	5	8	10	14	40	
PS39	6	6	8	7	7	32	
PS40	6	7	9	9	11	40	
Total Product responsibility performance	53	56	77	79	96	341	
ENV41	10	10	14	14	16	64	
ENV42	10	11	14	14	16	65	
ENV43	10	11	14	15	17	67	
ENV44	10	11	14	15	17	67	
ENV45	11	11	14	15	17	67	
Total Environment	51	54	70	73	83	315	
M46	5	5	5	8	8	31	
M47	4	5	5	7	8	29	
Total Material	9	10	10	15	16	60	
EY48	4	4	4	8	8	28	
EY49	6	6	6	7	7	32	
EY50	4	4	4	9	11	32	
EY51	5	5	5	8	8	31	
EY52	4	3	5	7	8	27	
Total Energy	23	22	24	39	42	150	
W53	3	4	4	7	7	25	
W54	4	4	4	9	11	32	
W55	5	5	5	9	9	33	
Total Water	12	13	13	25	27	90	
B56	5	5	5	8	10	33	
B57	3	4	4	10	13	34	
B58	3	3	4	11	13	34	
B59	4	5	5	9	12	35	
B60	4	5	5	10	10	34	
Total Biodiversity	19	22	23	48	58	170	
EEW61	4	4	6	8	8	28	
EEW 62	3	3	5	7	8	24	
EEW 63	3	4	6	10	14	35	
EEW 64	4	4	5	7	7	26	
EEW 65	3	4	6	9	11	31	
EEW 66	5	5	7	8	10	33	
EEW 67	4	4	6	10	13	35	
EEW 68	5	5	7	11	13	40	
EEW 69	2	2	5	9	12	27	
EEW 70	3	4	5	8	8	27	
Total Emissions, effluents and waste	36	39	58	87	104	306	
P&S71	3	3	3	7	7	23	
P&S72	4	4	4	9	11	32	
P&S73	5	5	5	9	10	34	
Total Products and services	12	12	12	25	28	89	
TR74	5	5	5	8	10	33	
Total Transport	5	5	5	8	10	33	
O75	5	5	5	7	7	29	
Others	5	5	5	7	7	29	
Total	375	391	507	647	756	2582	

Source: Compiled by the Researcher, 2021.

The result revealed that the social indicators (labor practices and decent work, Human rights and product responsibility) and environmental indicators (environment; and emissions, effluents and waste) were greater complied rather than other environmental indicators (material, energy and water, biodiversity, etc.) of GRI guidelines. Again, number of companies disclosing each CSED item per year from 2015-16 to 2019-20 was increasing in pattern and the growth rate was very low and pessimistic i.e., about 25% to 30% in recent years.

Table 3: CSER Disclosures by Companies (Number of CSER Practices)

Sl. No.	Name of the company	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1.	Al-Haj Textile Mills Limited	11	12	15	19	22	79
2.	Apex Spinning & Knitting Mills Limited	13	13	18	22	25	91
3.	Argon Denims Limited	9	10	13	17	20	69
4.	CMC Kamal Textile Mills Ltd.	32	33	40	44	47	196
5.	C & A Textiles Limited	11	13	16	20	23	83
6.	The Dacca Dyeing & Manufacturing Co. Ltd.	19	20	25	29	32	125
7.	Delta Spinners Ltd.	15	16	19	25	28	103
8.	Desh Garmants Ltd.	13	14	19	23	26	95
9.	Dragon Sweater and Spinning Limited	15	17	23	27	30	112
10.	Dulamia Cotton Spinning Mills Ltd.	10	10	15	19	22	76
11.	Envoy Textiles Limited	26	27	32	36	39	160
12.	Evince Textiles Limited	16	17	20	24	27	104
13.	Far East Knitting & Dyeing Industries Limited	12	13	16	20	23	84
14.	Generation Next Fashions Limited	11	16	21	27	30	105
15.	Hamid Fabrics Limited	18	18	21	25	28	110
16.	H. R. Textile Ltd.	13	14	19	23	26	95
17.	Maksons Spinning Mills Limited	12	13	16	20	23	84
18.	Malek Spinning Mills Ltd.	16	17	20	24	27	104
19.	Matin Spinning Mills Ltd.	13	14	19	23	26	95
20.	Metro Spinning Ltd.	12	13	16	20	23	84
21.	Modern Dyeing & Screen Printing Ltd.	18	18	24	27	32	119
22.	Pacific Denims Limited	17	18	22	26	30	113
23.	Prime Textile Spinning Mills Limited	15	17	23	27	30	112
24.	Paramount Textile Limited	32	33	38	42	52	197
25.	Rahim Textile Mills Ltd.	13	14	15	20	22	84
26.	Regent Textile Mills Limited	15	15	19	23	26	98
27.	R.N. Spinning Mills Limited	11	12	15	19	22	79
28.	Saiham Textile Mills Ltd.	12	13	16	20	23	84
29.	Shasha Denims Limited	10	11	15	19	22	77
30.	Shepherd Industries Limited	13	14	19	23	26	95
31.	Sonargaon Textiles Ltd.	16	17	20	24	27	104
32.	Square Textile Ltd.	28	32	37	41	50	188
33.	Tallu Spinning Mills Ltd.	11	12	15	19	19	76
34.	Tung Hai Knitting & Dyeing Limited	18	20	23	27	27	115
	Total	375	391	507	647	756	2582

Source: Compiled by the Researcher, 2021.

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The result found that CMC Kamal Textile Mills Ltd., Envoy Textiles Limited, Paramount Textile Limited and Square Textile Ltd. followed the highest (160 - 197) items of compliance of GRI guidelines. On the other hand, Argon Denims Limited, Dulamia Cotton Spinning Mills Ltd., Shasha Denims Limited and Tallu Spinning Mills Ltd. followed the lowest (69 - 77) items of compliance of GRI guidelines. The average number of CSER disclosures by the selected company was 120 - 137 items of compliance of GRI guidelines. So, it was concluded that the extent and frequency of CSER disclosures were not satisfactory.

Table 5: CSER Disclosures by Categories (Number of CSER Practices)

Sl. No.	Name of the Category	2015-16	2016-17	2017-18	2018-19	2019-20	Total
1.	Labor practices and decent work	73	78	102	121	145	499
2.	Human rights	53	51	78	79	92	339
3.	Society performance	24	24	30	41	48	161
4.	Product responsibility performance	53	56	77	79	96	341
5.	Environment	51	54	70	73	83	315
6.	Material	9	10	10	15	16	60
7.	Energy	23	22	24	39	42	150
8.	Water	12	13	13	25	27	90
9.	Biodiversity	19	22	23	48	58	170
10.	Emissions, effluents and waste	36	39	58	87	104	306
11.	Products and services	12	12	12	25	28	89
12.	Transport	5	5	5	8	10	33
13.	Others	5	5	5	7	7	29
	Total	375	391	507	647	756	2582

Source: Compiled by the Researcher, 2021.

The result showed that in the total number of CSER disclosures by categories, the social indicators (labor practices and decent work, human rights, society performance and product responsibility) and environmental indicators (environment; and emissions, effluents and waste) were greater complied rather than other environmental indicators (material, energy and water, biodiversity, etc.) of GRI guidelines.

Table 6: CSER Disclosures in Percentage Form over the Periods

Year	Annual Reports Examined	Total amount of Possible Disclosures	Total Disclosures Found	% of Disclosures
2015-16	34	2550	375	14.71%
2016-17	34	2550	391	15.33%
2017-18	34	2550	507	19.88%
2018-19	34	2550	647	25.37%
2019-20	34	2550	756	29.65%
Total	175	12750	2582	20.25%

Source: Compiled by the Researcher, 2021.

The result found that corporate social and environmental disclosures in percentage form over the periods of annual reports were also increasing in trends from 2015-16 to 2019-20. The growth rate was 20.25% on an average which was very low and not satisfactory.



Conclusion and Recommendations

In most of the countries in the world, corporate social and environmental reporting (CSER) is an emerging and dynamic field that can be considered work in progress. As a result, it is important to remember that the different streams of work that have greater or lesser emphasis on internal or external reporting, or private or external costs, are not mutually exclusive. Indeed, CSER can also be closely linked to other corporate social and environmental management initiatives. But, in Bangladesh, corporate social and environmental reporting can be considered at the infant stage. It is a common practice in the first world countries to account for and report social and environmental cost into the traditional accounting system.

However, companies of Bangladesh still lag behind when it comes to adoption of corporate social and environmental reporting into their traditional accounting system.

The current study is conducted to evaluate the prevailing practices of corporate social and environmental reporting (CSER) in the textile industry in Bangladesh. Using content analysis, the study has found that the extent and frequency of CSER disclosures are very low and unsatisfactory. It is encouraging to note that a developing country such as Bangladesh is making efforts to experiment with this new area of corporate reporting. There is room for improvements in corporate social and environmental reporting (CSER). Government and other

regulatory bodies should formulate and implement mandatory guidelines regarding CSER reporting in Bangladesh in order to improve the CSER reporting in the selected industry. Comprehensive studies are necessary to draw valid conclusions about the underlying trends and techniques of CSER reporting in Bangladesh which may be considered worth-while and needs urgent attention of future research avenues.

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GLOBAL RECOGNITION OF ICAB



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Recognition of ICAB membership by ICAEW

Membership Scheme of The Institute of Chartered Accountants of England and Wales (ICAEW) allows the members of ICAB to apply for ICAEW membership based on their experiences.

Eligibility criteria of this membership scheme are a series of questions which assess ICAB Member's experience, achievements, skills and expertise. Each application must be supported by an eligible sponsor. Applicants need to complete an Examination of Experience.

Details of ICAEW Membership Scheme is available at <http://www.icaew.com/membership/becoming-a-member/members-of-other-bodies/campaigns/pathways-to-membership>.

ICAB signed its first Memorandum of Understanding (MoU) with the Institute of Chartered Accountants in England and Wales (ICAEW) in 2009. Since then, ICAB has been working with ICAEW as the learning and professional development partner, and also recognized as an approved tuition provider of ICAEW.

As per MoU, ICAB Members can be the members of ICAEW after successful completion of 04 papers out of 15. These members have the opportunity to apply for UK Practising Certificate (PC) subject to meeting the standard ICAEW PC requirement.

Recognition of ICAB Membership by CIPFA, UK

Members of the Institute of Chartered Accountants of Bangladesh (ICAB) are eligible to apply for membership of the Chartered Institute of Public Finance and Accountancy (CIPFA), a globally recognised membership body for the public sector.

An MoU between ICAB and CIPFA, UK was signed on 28 January 2017. Under this MoU, an ICAB member can also become a members of CIPFA subject to fulfillment of certain criteria.

An ICAB Member with good standing having five or more years post-qualification public sector experience are eligible for Full Membership of CIPFA as Chartered Public Finance Accountant (CIPFA) and the members having fewer than five years post-qualification public sector experience are eligible as Affiliate member of CIPFA (CIPFA Affiliat).

ICAB members having CIPFA Affiliate membership, or having no working experience in public sector can gain CIPFA status with the successful completion of exams of only two papers i.e. Public Sector Financial Reporting and Strategic Public Finance.

Membership Pathways Agreement (MPA) with CPA Australia

The Institute of Chartered Accountants of Bangladesh (ICAB) has recently signed a Membership Pathways Agreement (MPA) with CPA Australia, one of the largest accounting bodies around the world. Through this agreement, ICAB members can be the members of CPA Australia just after passing 04 papers (i.e. 1. Ethics and Governance, 2. Financial Reporting, 3. Global Strategy & Leadership and 4. Strategic Management Accounting) out of their 12 papers. This MPA has been in effect since 20 July 2018.

Membership through Chartered Accountants Australia & New Zealand (CA ANZ) International Pathway Program (IPP)

The Institute of Chartered Accountants of Bangladesh (ICAB) signed an MoU with the Chartered Accountants Australia & New Zealand (CA ANZ). Under this, ICAB members living in Australia or New Zealand having five years post qualification experience at anywhere will be eligible to be member of CA ANZ after successful completion of CA ANZ International Pathway Program (IPP).

There will be no requirement of passing CA ANZ general route examinations by eligible ICAB members as their International Pathway Program (IPP) workshop through case studies would examine the contemporary Australasian business, accounting and finance environment relevant for members of ICAB. On the other hand, CA ANZ members can also be members of ICAB subject to having Bangladeshi citizenship and other requirements as prescribed by ICAB Bye-laws.

Membership of the International Valuation Standards Council (IVSC)

Efforts are underway for ICAB to Become a member of the International Valuation Standards Council (IVSC). This would create an opportunity for the members of ICAB to involve in the valuation process of local and foreign investment in Bangladesh.

This would allow Chartered Accountants to put up their highly essential services and play positive roles in attracting foreign investment. With regard to this, ICAB has already conducted a Members Conference. More so, a virtual meeting with the CEO of IVSC was held on 8 June 2021 where the IVSC proposed ICAB to become member of IVSC on pro-rata basis.

Other Memberships

ICAB is an active member of International Federation of Accountants (IFAC), Confederation of Asian and Pacific Accountants (CAPA) and South Asian Federation of Accountants (SAFA). ICAB is also an associate member of Chartered Accountants Worldwide (CAW).