

The Role of Corporate Governance and Corporate Social Responsibility Practices in Organizational Excellence: The Case of Grameen Bank

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Abstract

The aim of this paper is to investigate the concepts of Corporate Governance (CG) and Corporate Social Responsibility (CSR) and to examine how they contribute to excellence in business. In the last decade, a significant number of business organizations, including banks have suffered serious financial crisis and even gone bankrupt. CG and CSR here have become two useful tools in the recent years for the organizations to avoid such crisis. Grameen Bank (GB), a Bangladeshi bank operating in the micro-financial sector has been taken under the investigation through case study to meet the objective of the paper. The bank has experienced a tremendous success and growth over the years even amidst the turbulent financial crisis. The paper intervened to relate the role played by the CG and CSR programs behind these unusual phenomena from a critical point of view.

Keywords

Corporate Governance, Corporate Social Responsibility, Corporate Governance Code, Grameen Bank

1. Introduction

Corporate governance (CG) is the field of study that has grown rapidly in the last decade, particularly since the collapse of Enron in 2001 and some other major collapses in various countries [1]. This paper has been prepared by focusing on the corporate governance and corporate social responsibility (CSR) issue in case of a different breed of banking system. The bank we have been worked on is Grameen Bank that has implemented the Micro-credit idea in Bangladesh. And this paper has been prepared into different segments. Firstly, the paper discussed the theoretical issues related to CG and CSR, Micro-Credit system, Non Government Organizations (NGOs) and Grameen Bank, and CG codes (specially the CG code for Bangladesh). Secondly, methodology,

case and historical background of CG, CSR, Micro-credit, and Grameen Bank have been discussed in the empirical part. Thirdly, it has been analyzed and discussed on research questions. And in concluding this paper, own understanding and view point over the issues have been discussed.

The research questions that authors have tried to answer are: Why Grameen Bank should adopt corporate governance? And is there any adaptation of corporate governance code in the bank's current structure and operations?

1.1. Purpose

The purpose of this paper is to provide answer to its research questions. In order to answer the research questions, the idea of Micro-credit system of Grameen Bank has been deeply analyzed in terms of CG, CSR and CG code.

The paper focused on finding out the reasons for adopting CG in Grameen Bank and the current condition of CG in the Grameen Bank. The other purpose of this paper is to fully understand the CG for NGOs that has been considered as an important issue in the CG code for Bangladesh, even though this has been done due to fulfill the primary purpose of this paper.

1.2. Case

The case study for this paper is based on Grameen Bank. The bank has been chosen because of its unique characteristics as a bank that is highly comparable to the characteristics of an NGO [2]. Grameen Bank has been registered as a bank in Bangladesh Bank in 1983 as a micro-credit provider under special category. Grameen Bank is not considered as conventional bank. In Bangladesh there are mainly four types of institutions involved in micro-finance activities. These are 1) Grameen Bank (GB), a member owned specialized institution, 2) around 1500 Non-Governmental Organizations (NGO) like BRAC, Proshika, ASA, BURO-Tangail, BEES, CODEC, SUS, TMSS, Action-Aid etc., 3) Commercial and Specialized banks like Bangladesh Krishi Bank (BKB), Rajshahi Krishi Unnayan Bank (RAKUB) and 4) Government sponsored micro finance projects/Programs like BRDB, Swanirvar Bangladesh, RD-12 and others which are run through several ministries *viz.*, Ministry of Women & Children Affairs, Ministry of Youth & Sports, Ministry of Social Welfare etc. [3].

Grameen Bank, as a specialized financial institute, has a remarkable influence over the economy of Bangladesh and also influenced international adaptation of its idea. The growth of Grameen Bank over the last couple of years is remarkable and winning Nobel peace prize of 2006 brought it into the focus of many [4]. Along with its achievements came dependency and trust of a large number of populations of its country of operation Bangladesh. So in this paper, we have considered Grameen Bank as an interesting case to discuss CG and CSR.

2. Theoretical Framework

CG can be defined as a "system" by which companies are directed and controlled or it can also be defined as the 'structures and processes' for decision making, accountability, control and behavior at the governing body [5]. CG considered as the method of "find-

ing ways” to ensure effective decision making [5]. But it must be kept in our mind that the fundamental concern of corporate governance is to ensure the conditions whereby a firm’s directors and managers are held accountable, ensure better and effective protection to all stakeholders. The World Bank argues that the framework of corporate governance should be based on four “pillars”—of Responsibility, Accountability, Fairness and Transparency that are known as RAFT [5]. Corporate governance can also be defined as the set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered, or controlled.

CG can be the mechanism that helps an organization to achieve its corporate objectives and monitoring the performance. It concerns with holding the balance between economic and social goals, and between individual and communal goals. As transparency and accountability are the main source of attracting the investors, it tries to encourage both transparency and accountability [1].

Whether implicit or explicit, much of what is discussed in corporate governance has a moral aspect. This can be seen both directly and indirectly in issues such as Corporate Social Responsibility (CSR), reforms to increase transparency and accountability, the prevention of fraud, the discussions of directors’ responsibilities, the rights of shareholders and stakeholders, and ultimately the fundamental questions concerning to whom corporations have obligations and for whose benefit they function. While many of these issues have been identified and discussed elsewhere, the moral aspects of corporate governance convergence have not yet been addressed directly [6].

Making profit and increasing shareholders value should be the main responsibility of a business. In other words, corporate financial responsibility has been the sole bottom line driving force. However, in the last decade, a movement of broader corporate responsibilities including the environment, local communities, working conditions, also ethical practices has got momentum. This driving force is known Corporate Social Responsibility (CSR). Some time CSR is described as corporate “triple bottom line”, the balance between financial, social, and environmental aspects of a corporation. While there is no universal definition of CSR but a lot of scholars given the definition of CSR among them most acceptable definition was given The World Business Council for Sustainable Development. In its publication “Making Good Business Sense” by Lord Holme and Richard Watts, used the following definition. “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” [7].

Though Corporate Social Responsibility (CSR) has become a driving force in many service based business, still there is debate about CSR and its role. Vogel (2005) tried to illustrate it as the market of virtue. He felt that at least no one has proved that CSR has a negative relation with profit. The old style of CSR, Doing Good to Do Good and the new world of CSR is Doing Good to Doing Well [8].

According to Yunus (2007, pg. 15) “CSR” takes two basic forms; one, which might be called “weak CSR”, has the credo: Do no harm to people or the planet (unless that means sacrificing profit). Companies that practice weak CSR are supposed to avoid selling defective goods, dumping factory wastes into rivers or landfills, or bribing gov-

ernment officials. The second form, “strong CSR”, says: “Do well for people and the planet (as long as you can do so without sacrificing profit). Companies that practice strong CSR actively seek out opportunities to benefit others as they do business. For example, they may work to develop green products and practices, provide educational opportunities and health plans for their employees, and support initiatives to bring transparency and fairness to government regulation of business. And we can put Grameen Bank in the second form as it is environmentally and socially concerned.”

Micro-credit is the extension of very small loans (micro loans) to the unemployed, to poor entrepreneurs and to others living in poverty that is not considered bankable. The definition of micro credit that was adopted in Micro credit Summit (2-4 February 1997), is: “Programs extend small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families” [9]. The concept of micro-credit and Grameen Bank is inseparable as the Bank itself constructed based on the micro-credit model.

The Grameen Bank is a unique financial institution in Bangladesh. It was originated to provide small loans exclusively to the poor who possess not more than a half acre of land or assets not exceeding the value of one acre of medium quality cultivable land. It also provides comprehensive investment counseling and close supervision over borrowers’ entrepreneurial activities so that they can make the most productive use of the loans and succeed in their business ventures. Furthermore, Grameen Bank encourages its borrowers to generate savings in order to buy the bank’s shares and also advise them to get rid of century-old social vices and to live in a cleaner and better environment [4].

Grameen Bank started as an experimental project in 1976 and turned into a formal financial institution in 1983 but with only 75 branches in the whole of Bangladesh. As of February, 2010, the Grameen Bank has been operating 2563 branches, covering 81,343 villages, serving 8.04 million members, of whom 97 percent are women. As of this date, the bank has disbursed a cumulative total loan in the amount of US\$ 116.92 million. The bank, since its inception has consistently recorded a 98 percent loan recovery rate [10].

The successful operation of the Grameen Bank in Bangladesh has prompted governmental and non-governmental organizations in many less developed countries as well as the United States and Canada to replicate the Grameen model in their own countries [4].

3. Empirical Study

The methodology followed in preparing this paper is on case analysis. The paper focused on a specialized banking system and the bank that invented it. This part of the paper will provide empirical data, such as historical background of the development of CG and CG code in Bangladesh and current situation of CSR. And also discuss the case Grameen Bank and its historical background.

3.1. Corporate Governance in Bangladesh

Concept of Corporate governance is rather new in Bangladesh and its current status is far from adequate. However it is encouraging that in recent years this subject is being

discussed in various forums among the entrepreneurs, corporate managers, regulators and academics. Corporate governance practices are hardly seen in Bangladesh in most of the companies. In fact, Bangladesh has lagged behind its neighbors and the global economy in corporate governance [5]. Various reasons for absence of corporate governance, first of all most companies in Bangladesh are family oriented. The board of directors, dominated by sponsor share holders often from the same family, control decision making process and a common scenario is ineffective annual general meetings (AGMs). The board is often enthusiastically involved in management and arise questions about role of CEO. Usually CEO is un-powered or their role is marginal. If there are any Independent directors a common scenario is he or she can hardly ever act independently or play his role as an effective advocate for minority share holders or as a useful deterrent to irregular practices. Same thing can be seen in case of share holder. Their activity is still a far cry.

Lack of auditor independence frequently gets in the way of transparent financial disclosures. In many of the companies, there is hardly any accountability structure of the management to the board or share holders. Also absence of any structured government mechanism. Moreover, companies hold the old age tradition not to disclose information. Also company's vision is negative towards corporate governance. The current system in Bangladesh does not provide sufficient legal, institutional and economic motivation for stakeholders to encourage and enforce corporate governance practices; hence failure in most of the constituents of corporate governance is witness in Bangladesh. There is no central authority to enforce even minimum practice of corporate governance. According to Mamtaz Uddin Ahmed and Mohammad Abu Yusuf in their research study "Corporate Governance: Bangladesh Perspective", Poor bankruptcy laws, no push from the international investor community, limited or no disclosure regarding related party transactions, weak regulatory system, general meeting scenario, lack of shareholder active participations are some of the reasons behind not to implement corporate governance in Bangladesh [5]. There is a short description of the various enterprise in Bangladesh: If we look on financial enterprises, in spite of having majority of bank in private and foreign ownership, still the sector witnessed decreasing profitability, increasing non-performing assets, provision and capital shortfalls, eroded credit discipline, rampant corruption patronized by political quarters, low recovery rate, inferior asset quality, managerial weaknesses, excessive interference from government and owners, weak regulatory and supervisory role etc. [5]. Internal control system along with accounting and audit qualities are believed to have been substandard [5]. Many of the problems have been finalized to lack of sound corporate governance among the banks.

The reports by the Banking Reform Commission (1999) and BEI (2003) raises serious concerns on the banking sector and criticize the quality of governance that prevails in the banking sector in Bangladesh. State Owned Enterprises in Bangladesh are besieged with same problems common to State Owned Enterprises throughout the world. Matter is more compounded by the vagueness in statutory reporting, non-existence of stakeholder pressure, nonexistence of peer pressure, political patronage [5]. Nearly six years have passed since introduction of the guidelines. But till now its compliance is not mandatory. It is still on comply or explain basis. That being the legal po-

sition, SEC cannot take any effective step to enforce its implementation on reluctant companies. Perhaps it is time to assess whether compliance should be made mandatory.

3.2. Corporate Governance Code for Bangladesh

The code of CG for Bangladesh has been developed by a committee appointed by government. This code examined three fundamental questions regarding codes of CG, these questions are first, what is the function of a Code of Corporate Governance? Second, how can such a Code are implemented? Third, what is to be gained from the implementation of a Code of Corporate Governance? [11].

The obvious function of a Code of Corporate Governance for Bangladesh is to improve the general quality of corporate governance practices [11]. Clear definition of best practices of CG and guidelines can be adopted by the organizations to improve CG. In the combined code of corporate governance the purpose also stated as it is in the code of CG for Bangladesh. The Code of CG guides the organizations to start raising the quality and level of CG, and in some cases it specified the expectation based on the requirements by Bangladeshi law. The code of CG provides guideline to small organization too, and as it is not a rigid set of rules, smaller organizations can slowly progress towards the goal of best practice by adopting it.

The code of CG for Bangladesh prescribes the principles, procedures and process through which better CG practices may gradually be introduced, and so the code of CG has organized into principles and guidelines. Organizations can start with the acknowledgement of the principles of CG into their own practices and then comply fully with the guidelines provided in the code for implementation. The code of CG for Bangladesh has been developed to improve CG through increasing the overall accountability and performance in private and also the NGO and State Owned Enterprise (SOE) sectors. And it has clearly stated that the organizations that are involved in micro-credit should be considered the corporate governance guidelines for the NGOs [11].

Since 1860 the Bangladesh government has attempted to regulate NGOs with the most significant step resulting in the creation of the NGO Affairs Bureau and the appointment of the Advisor for NGO Affairs with Ministerial status. The State and its various agencies have from time to time introduced various rules and regulations for the NGOs that have largely been ignored by NGOs later on. And the reason of ignorance was due to their complexity and lack of capacity to enforce. However, national and international corporate scandals made experts quick to point out that responsible governance is unavoidable in the health of any organization. By being involved in a system of checks and balances with management, boards can protect stakeholders' investments and interests by ensuring that sound decisions are made that advance the primary objectives of the organization in an accountable and legally responsible manner [11].

Clearly, in both the public and the private sectors, good governance is considered a norm for a responsible and accountable organization [11]. And less emphasis was made on the governance of NGOs to ensure a transparent and accountable sector. Although the Boards of NGOs are by law vested with the same responsibility of overseeing the

organization's performance as the boards of any corporate organization, most NGO boards fall short of this duty in several ways [11]. Moreover, there is a lack of sufficient acknowledgement that the principles of good governance apply to NGOs and that the sector should perhaps be subjected to higher standards of governance if their claim to being the bedrock of transparent and accountable civil society is to be upheld [11].

The code of corporate governance (2004) for Bangladesh states that “there is no doubt that prevention and proactive approaches to organizational probity is more favorable than dealing with collapse of NGOs due to the absence of good governance systems”. And so, providing Governance principles for this sector is therefore essential as a means of reducing the potential risk of poor governance within the NGO sector that includes inefficient, inappropriate or improper use of funds [11]. The development of NGO Governance principles will not only help raise the performance standards of the NGO sector but also increase accountability and act as tool for detecting and preventing loopholes and flaws in the current regulations. This in turn will promote the evolution of institutions capable of sustaining performance whilst maintaining greater accountability and transparency based on stronger ethical foundations [11].

3.3. The Grameen Bank

Grameen Bank was founded by Muhammad Yunus who was born in 28th June, 1940 in the village of Bathua, in Hathazari, Chittagong. His father was a successful goldsmith who always encouraged his sons to seek higher education. But his biggest influence was his mother, Sufia Khatun, who always helped any poor that knocked on their door. This inspired him to commit himself to eradication of poverty. In 2006, The Nobel Peace Committee awarded Muhammad Yunus and Grameen Bank with Nobel Prize for their efforts to create economic and social development from below, to break out of poverty. Development from below also serves to advance democracy and human rights [9].

After the liberation war in 1971 East Pakistan became a new nation-Bangladesh. Yunus was working abroad as an assistant professor. In 1972 he went back to his home country with a vision to build a free and prosperous new nation. He joined the Economics Department at Chittagong University. But his dream turned in to a nightmare. There were natural disasters including floods, droughts, cyclones, and monsoons in the early 1970s. And the whole country was suffering from the vicious destruction from the War of Liberation. And finally the terrible famine in 1974-75, thousands were dying.

In 1974, Professor Muhammad Yunus, professor of Chittagong University, led his students on a field trip to a poor village. They interviewed a woman named Sufiya who made bamboo stools, like many other she also relied on the local money lender for the money she need to buy the bamboo for her stools. On a condition that she would sell her stools to the money lender and he will decide the price. Through this unfair arrangement, she was left with a penny profit margin. Yunus with one of his students made a list of the victims of that money lending business. He found there were 42 victims who borrowed a total amount of 856 TAKA—at the time than \$27 (U.S) [9].

Realizing that there must be something terribly wrong with the economics he was teaching, Yunus took matters into his own hands and gave those twenty seven dollars from his own pocket to free the victims out of the clutches of those money lenders. He

found that it was possible with this tiny amount not only to help them survive, but he also he should do something to create the spark of personal initiative and enterprise necessary to pull themselves out of poverty [9].

But he found that in conventional banking the rules were strict. And the banks disagreed to give loans to the poor because poor people doesn't have any credit history, no collateral they can't even fall out necessary paper work. The conventional banks only lend money to the people who already had money. Yunus couldn't convince the bankers. So he tried it in a different way. He took the loan himself and lends it to the poor. And the result was very positive. The poor people paid back their loans, on time every time.

But Yunus failed to convince the Banks to disburse loan for the poor. Finally he decided to establish a separate bank for the poor people which would give loans without collateral, without requiring a credit history, without any legal instruments. He started it as a project in 1976 and finally in 1983 it was transformed into a formal bank under a special law passed for its creation [9]. Today Grameen Bank gives loans to over eight million poor people, 97 percent of whom are women. With 2568 branches, it works in 81,394 villages. Total staff is now 23,144. Since opened, the bank has given out loans totaling the equivalent of \$6 billion (US) [12].

The repayment rate is currently 99.06 percent. Grameen Bank routinely makes a profit, just as any well-managed bank should do. Total revenue generated by Grameen Bank in 2014 was Tk 29.023 billion (US \$ 362.79 million). Total expenditure was Tk 28.587 billion (US \$ 357.34 million). Grameen Bank made a profit of Tk 436.00 million (US \$ 5.45 million) in 2014 [13].

Grameen bank has declared 30% cash dividend for the year 2014. This is the highest cash dividend declared by any bank in Bangladesh in 2014. Highest record of dividend declared by Grameen Bank was in 2006. It was 100% [13].

Financially, it is self-reliant and has been profitable every year of its existence except 1983, 1991, and 1992. And according to Grameen Bank's internal survey, 64 percent of its borrowers who have been with the bank for five years or more have crossed the poverty line [9]. Grameen Bank now has 18 companies in the Grameen network. They are all independent companies, registered under Companies Act of Bangladesh. Since then, Yunus and his bank have won the Nobel Peace Prize and micro-credit has spread as an idea around the world [9].

GB does not express any specific mission or vision for their organization. From their organizational values and the operational activities, it seems like they are after one mission mostly, which can be stated as "Fighting the poverty through business" and some key visions can include social development through poverty elimination, woman empowerment and creation of self employment opportunities.

The Grameen Bank Project (Grameen means "rural" or "village" in Bangla language) came into operation with the following 5 objectives. These are still counted as the key objectives for the organization today.

- Extend banking facilities to poor men and women;
- Eliminate the exploitation of the poor by money lenders;
- Create opportunities for self-employment for the vast multitude of unemployed people in rural Bangladesh;

- Bring the disadvantaged, mostly the women from the poorest households, within the fold of an organizational format which they can understand and manage by themselves; and
- Reverse the age-old vicious circle of “low income, low saving & low investment”, into virtuous circle of “low income, injection of credit, investment, more income, more savings, more investment, more income” [10].

4. Analysis

The Grameen Bank is officially registered as a bank under the Bangladesh Bank Ordinance (1983) but conceptually it is a non-governmental organization [2]. Therefore, in analysis, authors treat it as such. The code of CG for Bangladesh has stated particular governance policy for financial organizations and also stated that organization that are involved with micro financing (micro-credit) should follow the corporate governance guidelines for NGOs [11].

Corporate Governance (CG) has been motivated by the interest of the investors for more transparent and accountable information that could reduce the risk of investing. And, in doing so, countries around the world developed CG codes in order to provide general guidelines for organizations to follow. CG codes have been developed and issued from stock exchanges, committees appointed by government, institutional investors, or associations (institutes) of directors and managers with the support of governments and international organizations, or professional bodies representing directors or company secretaries or academics [14].

In a general view CG codes are taken as guidelines that should be adopted and implemented in business organizations with investment opportunities. But for sure, CG codes are similarly important for any kind of organizations for a transparent and accountable management. In case of Bangladesh, this issue has brought out into a different phase. The code of CG for Bangladesh has a separate governance guidelines for NGOs [11].

NGOs are considered as civil society organizations. And should therefore represent the views of the civil society in their services and provide public disclosures of their organizational mission, management, financing, programs and impact [11]. A proper Governance processes and arrangements are therefore essential in ensuring and considerable image of NGOs. The term Governance from the NGO perspective assumes that NGOs participate in the definition, protection and promotion of public interest [11].

According to the Code of CG for Bangladesh, in effect, the NGO Governance Principles seek to promote the following:

- 1) Development of viable internal governance for organizational effectiveness, beyond financial and managerial accountability;
- 2) Structures and processes to define organizational mission/goals;
- 3) Structure and effectiveness of organizational management and programs;
- 4) Ensuring financial sustainability and appropriate use of funds;
- 5) Compliance with legal and administrative regulations;
- 6) Public disclosure of organizational mission management, financing, programs, and impact.

The code of CG for Bangladesh provided clear principles and guidelines on the mission and vision, the board, the role of stakeholders, human resources, conflict of interest, financial and non-financial disclosures, and fund-raising policy. Each of the sections is headed by a single Principle and is followed by a number of supporting guidelines.

Grameen Bank, as a micro-credit provider, is supposed to adopt the stated principle of the code and follow the guidelines in implementing the codes into the very structure of the bank. Since its beginning Grameen Bank has grown rapidly over the years. And dealing with the society for the society makes it more liable for maintaining the core importance that includes professionalism, accountability, integrity and responsibility. Proper governance principles and guidelines (code) can be the best way of maintaining this core importance. Adaptation of the governance code can make its members (shareholders) more confidence on its operation. And it should be mentioned that the Grameen Bank is known as the bank for the poor, where poor people seeks more security to the least saving they could make.

In analyzing the adaptation of CG code by the Grameen Bank, the data that are mostly used its most recent annual report. The Grameen Bank does not express any specific mission or vision for their organization, even though the code stated for a specific and clear definition of it. But from Grameen Bank's organizational values and the operational activities, it seems like they are after one mission mostly, which can be stated as "Fighting the poverty through business" and some key visions can include social development through poverty elimination, woman empowerment and creation of self employment opportunities.

The board structure shows the similarities with the governance code. The board is consisting of expertise and also independent members selected from the general members or considered as the shareholders of Grameen bank. The role of the board also similar to the guidelines provided in the code, but the general body to supervise the board is not clear. But, as mentioned earlier the stakeholder representation has been clarified in the board structure [13]. The organization structure of Grameen bank also shows its human resources. They have clear policies of how to recruit and what would be the responsibility for the staff. Dealing with conflict wasn't clarified in the bank's policy. Even though a clear guideline has been provided on how to deal with the field conflict regarding repayment or defaulter, guidelines weren't clear for possible conflicts related to its integrity, accountability, and fairness.

As the Code of CG for Bangladesh (2004) stated under the financial and non-financial disclosure, "NGOs being voluntary organizations, providing services for the good of the public and having donated funds as their major source of income for their operations, shall have sound financial management and compliance with applicable laws to ensure accountable, transparent and legitimate use of their resources. The NGOs shall demonstrate their openness to the public by providing their key stakeholders and the public with information about their mission, program, activities and finances". The Grameen Bank is fully adopting the principle and the guidelines. The annual report and audit report proves its intention to be accountable and fair to its members.

And as for the fund raising policy, Grameen Bank clear defines its operation de-

scribing how it will raise fund and how that fund will be disbursed. The annual report and also monthly report discloses its financial activities and current fund situation. The members are the prime borrowers of the bank, and the practiced model of depositing and borrowing makes it possible for the members to look after their own funds [13].

Besides the proper governance policy, Grameen bank also carries on its CSR policy. As a social organization it runs project for social development. Programs such as, loans for beggars, housing for poor, scholarships for the poor children, telephone ladies, etc. shows the social contribution of the Grameen bank. Grameen bank also provide donation during natural disasters and carries out charitable activities along with its core activities.

Grameen Bank, micro-credit bank, has shown incredible growth in not only its organizational size but also in its funds too. Along with the growth came responsibility and following most of the principles and guidelines of the governance code indicates its intention to be a sustainable organization. And sustainability can make it possible to achieve its goal.

5. Conclusions

Corporate governance is the set of processes, policies, and laws, by which a corporation is directed, administered or controlled; it also ensures the relationships among the stakeholders (including the shareholders and other stakeholders) and the goals for which the corporation is governed. The importance of adopting corporate governance has been a concern due to the major corporate collapses in various countries. And this collapses occurred due to the lack of internal control, integrity and honesty among directors, independence of directors, stewardship, and dominance of individual. Corporate governance helps to ensure the ways to reduce these lacks, and also sets up appropriate monitoring system to ensure that the corporation runs to ensure the interests of the stakeholders.

The reason for developing the code of CG for Bangladesh lies on the benefit that may be resulted from implementing the code. Implementation of the code of CG will strengthen CG that will benefit individual organization along with investors, and the nation as a whole. And the increase of investment will help improve the sector and economy towards a sustainable development.

The Grameen Bank's core activities can be considered as social development work. The goal of alleviation of poverty made the bank adopt programs that help the society. And along with this the bank also carries out the interest of its stakeholders. We can expect that the governance principles will guide Grameen bank and NGO practitioners, the donors and other stakeholders in the sector towards improved governance structure and serve as a model of proper corporate governance structure. And Grameen bank can be the first to be the model. As the adaptation of governance code is a time long process, further study can be conducted in order to find out the outcome of adaptation.

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