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Corporate sustainability disclosure practices of selected banks: A trend analysis approach

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Sustainability is a global concern at the present time. It urges corporate bodies to get involved in sustainability disclosure activities. Many companies in the developed countries disclose social and environmental issues, but developing countries are lagging behind in such disclosure. Recent studies showed that banking companies in Bangladesh disclosed more social and environmental information compared with other public listed companies. However, no prior study addressed the trend of corporate sustainability disclosure (CSD) practices of banks in Bangladesh. The study purposively selected two case banks to analyze the trend of CSD practices that would help extrapolate or predict the future disclosure practices. A number of equation models were applied to observe the nature and trend of CSD practices. The study applied content analysis techniques to gather data for trend analysis. It considered sustainability information disclosed in the annual reports by the case banks from 2000 to 2009. The study revealed that most of the trend lines were linear in shape. There was a positive correlation in disclosure practices between the two banks during last 10 years. The study revealed that organizational heterogeneity could significantly reduce practice variations due to the common principles and initiatives.

Key words: Sustainability disclosure, trend analysis, banks, institutional theory, Bangladesh.

INTRODUCTION

Sustainability is a universal concern. The global society today is achieving neither ecological nor social sustainability (Porritt, 2007). Environmental pollution, inequity, injustice, and poverty are encountered by millions of people across the world (Unerman, Bebbington and O'Dwyer, 2007). Corporate bodies are still concentrating on maximizing wealth rather than taking the notion of sustainability into account. Industrial pollution is still a threat to sustainable development in many developing countries such as Bangladesh (Sobhani, Amran and Zainuddin, 2009a; Belal and Cooper, 2011).

Corporate sustainability disclosure (CSD) is gradually being increased in developed countries, but it is lagging in developing countries. The level of social and

environmental disclosure in developing countries, including emerging nations such as Malaysia, Singapore and China, is very poor (Amran, 2006; Said et al., 2008; Sobhani et al., 2009a; Belal and Cooper, 2011). The mean level of disclosure of top companies among seven Asian countries that were studied (India, South Korea, Thailand, Singapore, Malaysia, Indonesia, and the Philippines) showed a score of 41 percent, which is less than half of the score for the UK (98%) and Japan (96%) (Chambers, Moon and Sullivan, 2003). It is evident that most of the social responsibility information in the developing countries is still undisclosed.

Similar to other developing nations, Bangladesh lags far behind in CSD practices. Authors including Belal (1999, 2001), Imam (2000), Belal and Owen (2007), Islam and Deegan (2008), and Sobhani et al. (2009a, 2009b) contributed in Social Environmental Accounting (SEA) research in Bangladesh. These authors provided a partial focus on the disclosure of sustainability issues in

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the arena of garments and textile, chemical, cement, and pharmaceutical industries in Bangladesh. There is no in-depth research in the field of social and environmental disclosure of banks in Bangladesh. Globally, banks are highly ignored and neglected (Haniffa and Hudaib, 2004) in SEA research, even though the role of banks in sustainable socioeconomic development is globally recognized (UNEP-FI, 2006). As stated by Douglas, Doris, and Johnson (2004), financial institutions such as banks can play a “catalytic role” in changing the corporate behaviour of other industries towards sustainability management and disclosure.

The reasons behind the selection of banks for this study in the context of Bangladesh are as follows: (i) there is an overall gap in the research concerning banking companies and their CSD practices in the context of Bangladesh (Sobhani et al. 2008; Sobhani et al., 2009a; 2009b); (ii) banking is the largest sector in the capital market of Bangladesh, where the total number of banks and financial institutions scheduled by the central bank of Bangladesh is 67 (Sobhani, 2010); (iii) the banking industry of the country attracted global attention during the last few years. The winning of the Nobel Prize by the Grameen Bank in 2006, along with its founder Prof. Dr. Muhammad Yunus for the sustainable contributions in poverty alleviation, is an apt example in this regard. Again, in respect of CSR practices, one local bank received the ‘Asian CSR Award’ in 2005; (iv) Islamic banks are mostly successful in Bangladesh and play a significant role in the sustainable development of the country (Sarker, 2000; Wahab, 2006; Raquib, 2007); and finally (v) a growing trend of disclosure practices of social and environmental information has emerged in the banking industry of Bangladesh (Sobhani et al., 2009a; Sobhani, 2010). Banks are the most dominant service industry globally that can contribute towards social and environmental sustainability. According to Sobhani et al. (2009a), though none of the companies has a standalone sustainability report, banking companies are found to disclose more social and environmental information compared with the listed companies in Bangladesh. Though this study showed a hint on the recent practices of sustainability disclosure, it did not focus on the overall trend of CSD practices of the banking industries in Bangladesh. Trend analysis can help extrapolate or predict the future practice of sustainability issues that is crucial for sustainable development of Bangladesh (Sobhani, 2010).

Theoretical perspective

This study applied Neo-institutional Sociology (NIS) to interpret the trend of CSD practices of two selected banks. Prior studies showed that a number of theories were used to explain the phenomena of social and environmental disclosure throughout the world. According to Gray, Kouhy, and Lavers (1995), these theories are

broadly the Decision-usefulness Theory, Economics Theory, and Socio-political Theory. Among these theories, the Stakeholder Theory and Legitimacy Theory are two dominant theories of the political economy theory. Islam and Deegan (2008); Belal and Cooper (2011) used these theories in the context of Bangladesh.

The conceptual framework of Institutional theory is much broader and deeper than the Stakeholder Theory and Legitimacy Theory. As stated by Larrinaga-Gonzalez (2007), the theoretical purview of Neo-institutional Sociology (NIS) grasps the dominant theories, both legitimacy and stakeholder. Consequently, many researchers applied NIS in their studies of sustainable management and reporting. Hoffman (1999), for example, studied the evolution of environmentalism in the US Chemical Industry from 1962 until 1993 and found distinctive periods in terms of the institutionalization of environmental. Sobhani et al. (2009a, 2009b) and Sobhani (2010) found that the theoretical lens of NIS is most suitable in explaining CSD practices in the context of Bangladesh. Therefore, this study applied the NIS in interpreting the trend of CSD practices.

There are three pillars of NIS, which are regulative, normative and cultural-cognitive (Scott, 2008). These pillars correspond with the institutional mechanisms of DiMaggio and Powell (1983). First, the regulative pillar of institutions is based on rule setting, monitoring, recompense and punishment. Second, the normative pillar of NIS focuses on values, norms and tradition that introduce a prescriptive, evaluative and obligatory dimension into social life. Finally, attention to the cultural-cognitive dimension of institutions is the major distinguishing feature of NIS. Cognitive artefacts are the shared beliefs that constitute the nature of social reality and the frames through which meaning is made (Scott, 2008). NIS is very much familiar as the “theory of isomorphism” (DiMaggio and Powell, 1983) that focuses on the mechanisms that make organizations similar in behaviour, practice and performance.

This study explained the isomorphic relationship of CSD practices between two heterogeneous banks.

MATERIALS AND METHODS

Two banks were purposively selected for this research because of their unique contributions for sustainable development. Both of the banks have been awarded for their socioeconomic contributions. “Sun” is the pseudonym for a conventional bank and “Moon” is a pseudonym for an Islamic bank in this study. Content analysis is an instrument used to investigate the published annual reports. This study considered absence or presence of disclosure to document corporate sustainability disclosure practices (see Amran, 2006; Said et al., 2008; Sobhani et al., 2009a; Belal and Cooper, 2011). However, the consideration of this method of measurement used for the study is to be familiar with a signal or the inclination in sustainability reporting in a systematic manner rather than getting records accurate on any issues. Therefore emphasize in this study was placed to explore the quantity of sustainability indicators of selected banks in Bangladesh. Since annual report is the common medium

medium of disclosure for the listed companies (Belal and Owen, 2007; Sobhani et al., 2009a; 2009b), the study considered the annual reports for 2000 to 2009 of the case banks in content analysis. The study used the research instrument for content analysis designed by Sobhani (2010). A number of equation models were employed for trend analysis to see the nature and shape of CSD practices of the case banks measured by the number of sentences in content analysis. The different types of equation models used in this study are as follows:

- i) Linear equation model: $y = a + bx$
- ii) Exponential (growth) model: $y = ae^{bx}$
- iii) Logarithmic model: $y = a + b \ln x$
- iv) Polynomial model (Order 2): $y = a_1 + a_2x + a_3x^2$
- v) Polynomial model (Order 3): $y = a_1 + a_2x + a_3x^2 + a_4x^3$
- vi) Polynomial model (Order 4): $y = a_1 + a_2x + a_3x^2 + a_4x^3 + a_5x^4$
- vii) Polynomial model (Order 5): $y = a_1 + a_2x + a_3x^2 + a_4x^3 + a_5x^4 + a_6x^5$

where; y = amount of disclosure in sentences, x = year of disclosure, a and b are the parameters of linear, exponential, and logarithmic models, a_1, a_2, \dots, a_6 are the parameters of polynomial model of different orders, e = exponential (where table value stands at 2.712) and \ln = natural logarithm.

In addition to the above equation models, moving average techniques were used to observe the pattern or trend of the disclosure practices. The Statistical Package for Social Sciences (SPSS) program was used in this study.

RESULTS

The study revealed that the case banks disclosed the sustainability information in limited and scattered ways in the annual reports over the last 10 years from 2000 to 2009. Social issues are mostly disclosed under the Corporate Social Responsibility (CSR) caption. In addition, human resources development issues were disclosed under the captions either Human Resources Management or Human Resources Development. The disclosure of issues pertaining to human resources is dominant in both case banks. However, neither the Sun nor the Moon was found to disclose human rights issues under any caption or subtitle. Most of the pieces of CSD information were qualitative and descriptive in nature, and carry positive news. For example, the success stories of the banks, corporate contributions to society, and future plans. However, a few negative messages were disclosed in the annual reports under subtitles such as risk and uncertainties, and global economic scenarios.

The trend analysis showed that the level of CSD practices of the Sun and the Moon significantly increased for the period 2000 to 2009. In 2001, EcSD in the annual report was only 18 sentences for the Sun and 97 sentences for the Moon. In 2009, the same disclosure stood at 498 sentences for the Sun and 206 sentences for the Moon. The growth of economic disclosure was found 27.67 times for the Sun and 2.12 times for the Moon over the last 10 years. The Sun experienced exponential growth in economic disclosure for the years 2006 and 2008. The study found an associated link of Securities and Exchange Commission (SEC) order behind the sudden growths. However, these matters

required further investigation through managerial interviews of the case banks.

In relation to the social sustainability disclosure (SSD), the Sun disclosed 51 and 622 sentences, while the Moon disclosed 112 and 643 sentences in 2000 and 2009, respectively. The growth of SSD was observed to be about 12.20 times for the Sun and 5.74 times for the Moon over the last 10 years. There was no environmental sustainability disclosure (EnSD) for the case banks in 2000. In 2009, the Sun disclosed 32 sentences and the Moon disclosed 22 sentences of EnSD information, which were lower than the EcSD and SSD information. The findings showed a gradual rise in disclosure practices in all dimensions of CSD over the last 10 years. Now, the trend analysis presented below under the three dimensions of sustainability disclosure, that is, economic, environmental, and social.

Economic Sustainability Disclosure (EcSD)

The trend lines of economic sustainability disclosure showed a gradual rise of EcSD for both case banks over the last 10 years. In comparison, the EcSD of the Sun was lower than that of the Moon up to 2005, but it overtook the Moon from 2006. The trend showed a tremendous growth of EcSD for the Sun for 2008 and 2009 compared with the Moon. The Figure 1 showed that the trend lines of EcSD for the Sun and the Moon are different in shape. The trend line of the Sun showed an exponential curve with the equation $y = 18.286e^{0.3396x}$ and the trend line of the Moon showed a linear equation $y = 13.8x + 68.2$. The parameters of these equations were estimated and, therefore, each proportionate value of "x" (year) would help extrapolate or predict the prospective EcSD practices in a particular "y" (disclosure).

Environmental sustainability disclosure

The environmental dimension of sustainability disclosure was divided into two themes – energy disclosure and disclosure of natural environment. The energy disclosure findings were presented first followed by the disclosure of the natural environment.

Energy disclosure

The trend lines presented a clear view of energy disclosure of the Sun and the Moon for 2000 to 2009. It initially showed no growth and later little growth in energy disclosure for both banks over the last 10 years. Although the energy disclosure of the Sun was zero till 2007, it overtook the Moon in 2009. The Figure 2 showed a slight growth in energy disclosure for the Sun in 2009 compared with that of the Moon. Since the Moon started energy disclosure prior to the Sun, the total energy

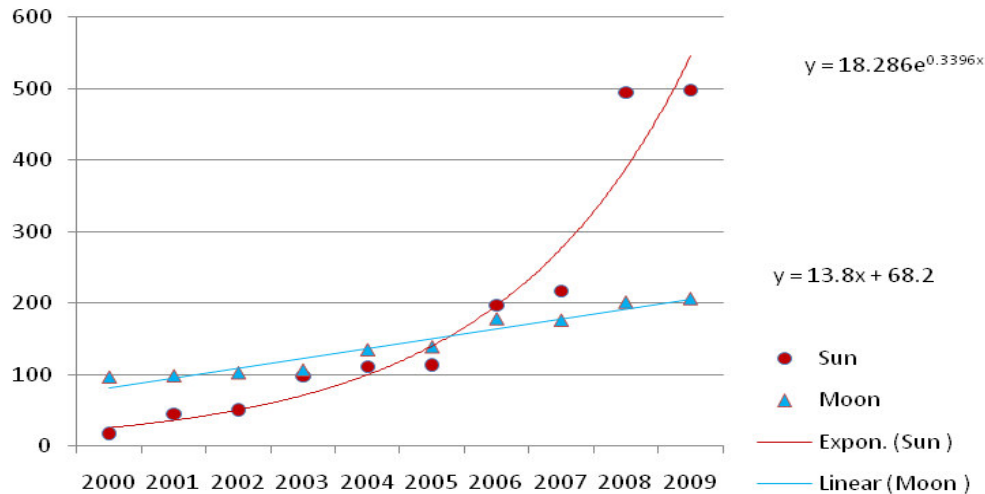


Figure 1. Trend of EcSD disclosures in sentences between 2000 and 2009.

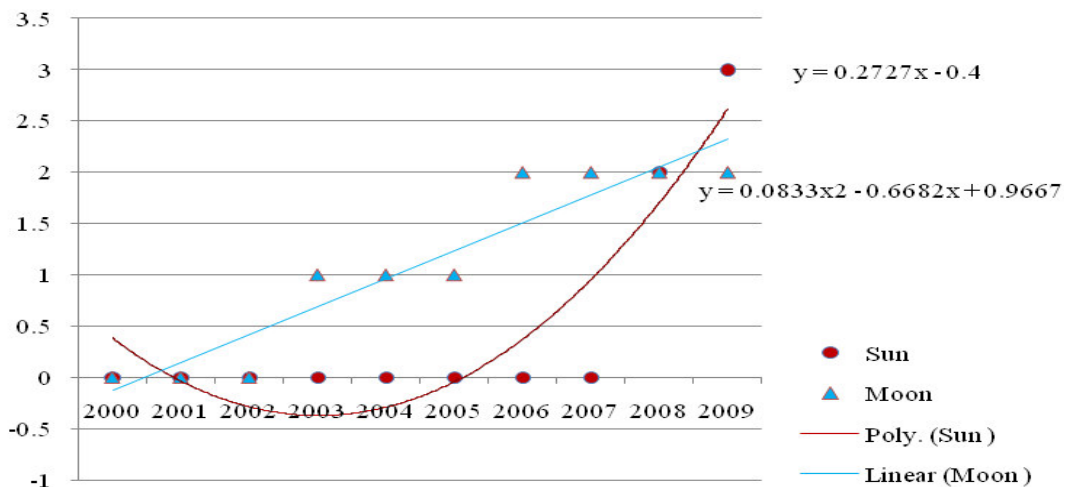


Figure 2. Trend of energy disclosures in sentences between 2000 and 2009.

disclosure of the Moon was higher than that of the Sun during that period.

The trend line of the Sun showed a polynomial curve with the equation

$$y = 0.0833x^2 - 0.6682x + 0.9667$$

and the trend line of the Moon showed a linear equation

$$y = 0.2727x - 0.4.$$

The parameters of these equations showed the estimated values. Therefore, each proportionate value of "x" (year) would help extrapolate or predict the prospective energy practices in a particular "y" (disclosure). Although the trend lines of energy disclosure for the case banks were different in nature and shape, the relationship of such disclosure practices is positively correlated.

Disclosure of natural environment

The trend of disclosure on the natural environment showed initially zero and later a gradual rise for both banks. The environmental disclosure of the Sun was initially zero for two years. The Figure 3 showed a better growth of disclosure for the Sun for all periods compared with the Moon. The environmental disclosure of the Moon was initially zero for three years. The total environmental disclosure of the Sun was clearly higher than that of the Moon over the last 10 years.

Both the trend lines were found to be linear for disclosure practices on the natural environment. The linear equations of the Sun and the Moon are $y = 3.5515x - 5.7333$ and $y = 2.4061x - 4.5333$, respectively. The parameters of these linear equations were estimated through trend analysis. Therefore, each proportionate value of "x" (year) would help extrapolate the prospective disclosure

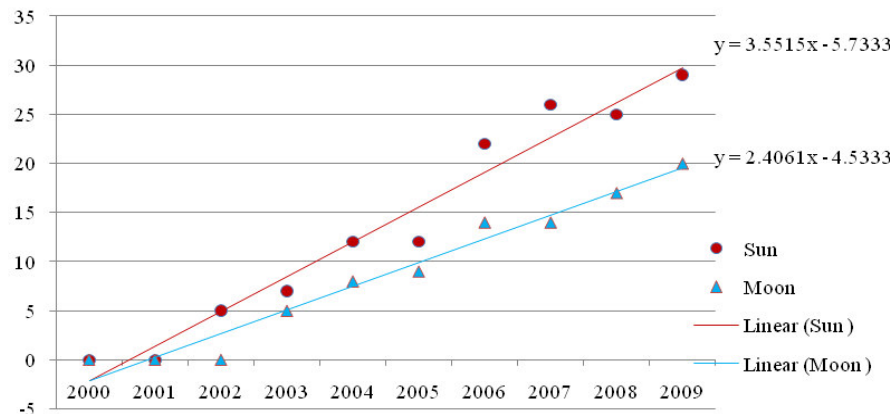


Figure 3. Trend of natural environmental disclosures between 2000 and 2009.

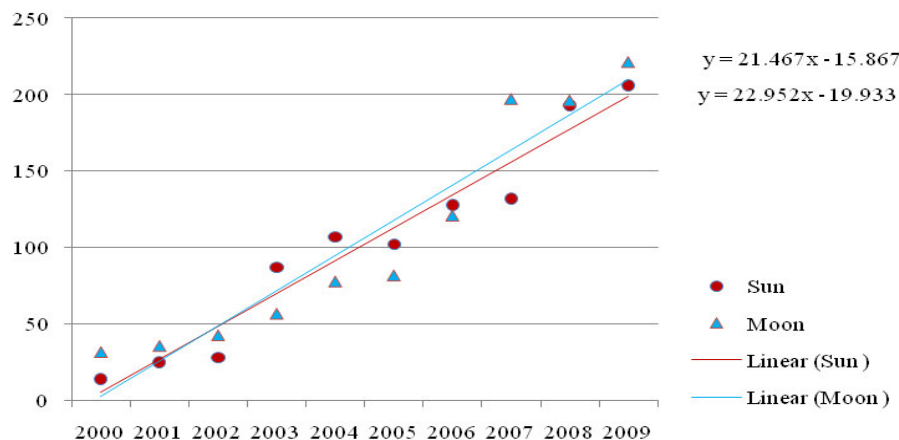


Figure 4. Trend of community disclosures in sentences between 2000 and 2009.

of the natural environment in a particular “y” (disclosure).

Social sustainability disclosure

The social dimension of corporate sustainability includes five themes of disclosure, which are community disclosure, human resources development disclosure, human rights disclosure, consumer and product responsibility disclosure, and disclosure of governance issues. The findings of the social performance disclosure were presented under each theme.

Community disclosure

The trend line of community disclosure showed an upwards trend for both of the banks over the last 10 years. The disclosure of the Sun was marginally lower in 2005 than 2004. It was an exception to the growth of the Sun. The higher levels of growth of the Sun were visible during the years 2003, 2006 and 2008. The community

disclosure of the Moon was found initially higher during 2000 to 2002, then lower during 2003 to 2006 and again higher during 2007 to 2009 in comparison with the disclosure of Sun. The growth of the Moon in community disclosure was comparatively higher during 2006 and 2007.

Figure 4 shows that the trend lines for the community disclosure practices of the case banks are linear. The linear equations of the Sun and the Moon are $y = 21.467x - 15.867$ and $y = 22.952x - 19.933$, respectively. The parameters of these linear equations were estimated and, therefore, each proportionate value of “x” (year) would help predict the prospective disclosure of community issues in a particular “y” (disclosure).

HRD disclosure

The trend of HRD disclosure for the Sun and the Moon showed an overall rise from 2000 to 2009. The disclosure of the Sun was always lower than the Moon’s disclosure. The disclosure of the Sun was always higher compared

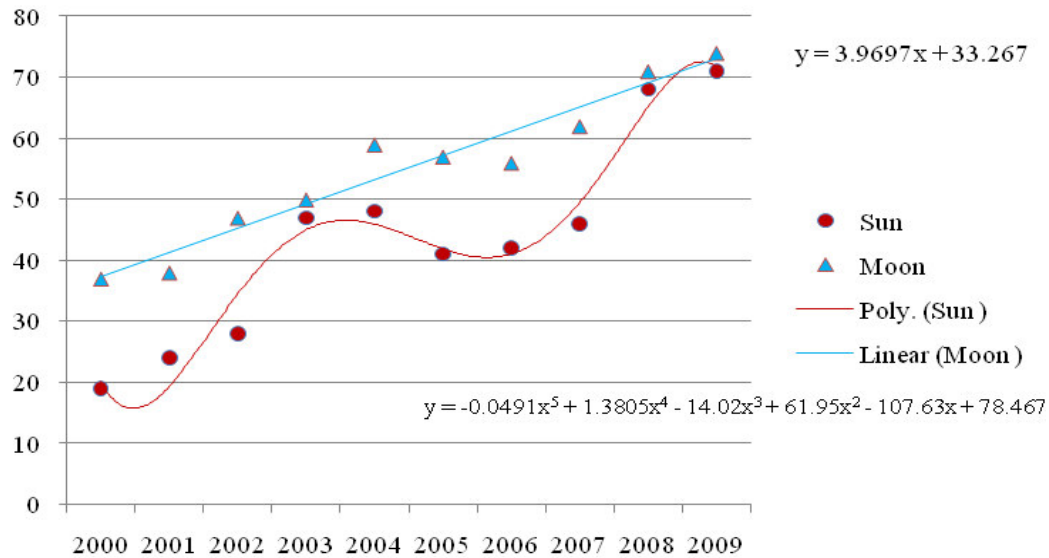


Figure 5. Trend of HRD disclosures in sentences between 2000 and 2009.

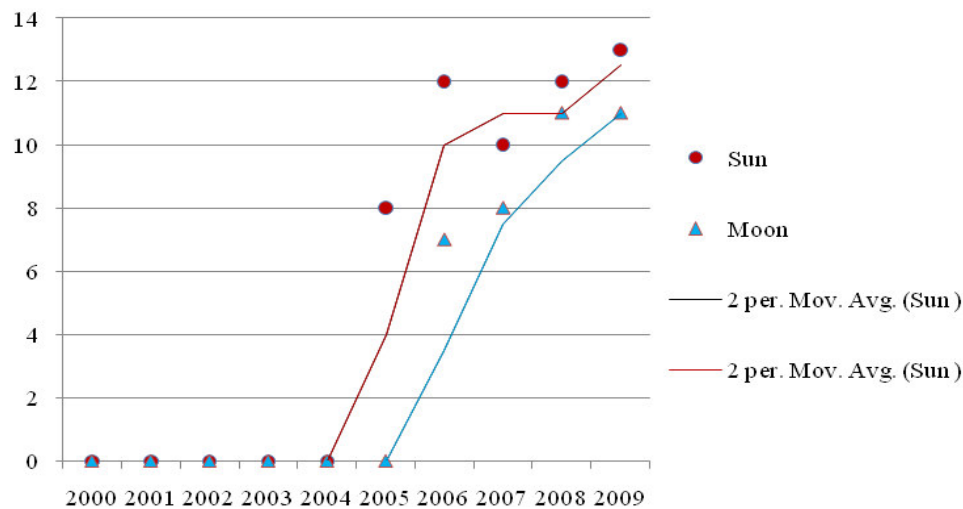


Figure 6. Trend of human rights disclosures in sentences during 2000 to 2009.

to the previous years' except 2005. This was an exception in growth of the Sun's HRD disclosure over the last 10 years. The HRD disclosure of the Moon was always higher than that of the Sun. Figure 5 showed a discontinued upper trend for the Moon as it encountered downward slopes in 2005 and 2006. This showed high growth for the Moon in the years 2004 and 2008 over the last 10 years.

The trend line of the Sun showed a five order polynomial curve with the equation $y = -0.0491x^5 + 1.3805x^4 - 14.02x^3 + 61.95x^2 - 107.63x + 78.467$. In contrast, the trend line of the Moon showed a linear equation $y = 3.9697x + 33.267$. The parameters of these equations were estimated above and, therefore, each proportionate

value of "x" (year) would help extrapolate the prospective disclosure of human resources development in a particular "y" (disclosure). The trend lines of HRD disclosure of the case banks were found to be different in shape.

Human rights disclosure

The human rights theme was the most ignored theme under the social dimension over the last 10 years. In the case of the Sun, it had no disclosure on human rights issues from 2000 to 2004. Human rights disclosure started with 8 sentences in 2005. The trend of the Sun showed a rise in human rights disclosure except for 2007.

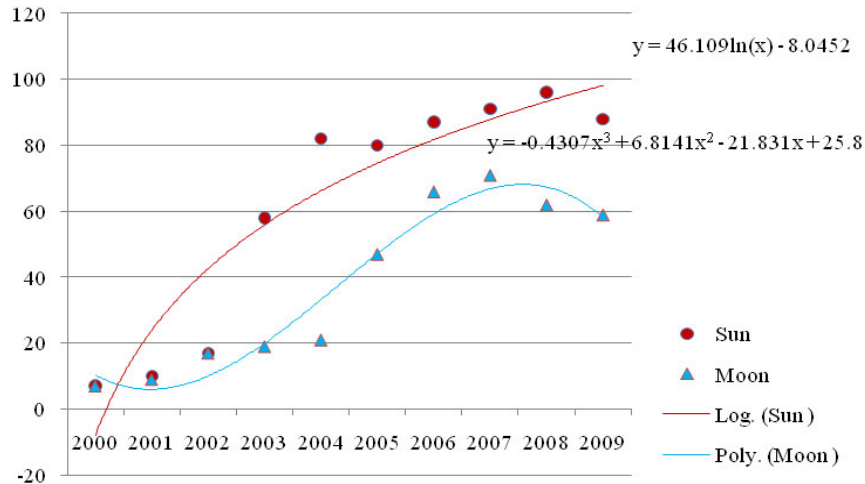


Figure 7. Product responsibility disclosures in sentences between 2000 and 2009.

The Figure 6 showed that there was no disclosure of human rights issues for the Moon during 2000 to 2005. However, the trend of such disclosure for the Moon showed a growth during 2006 to 2008. The disclosure for 2009 was the same as 2008. The comparative views showed that the total human rights disclosure of the Sun is higher than that of the Moon over the last 10 years. The trend lines of the case banks showed a good similarity in rising disclosure practices under the two periods moving average technique.

Product responsibility disclosure

The trend of product responsibility disclosure for the Sun and the Moon looked similar during 2000 to 2002. The upward trend of the Sun was found visible in the years 2001 to 2004 and 2006 to 2008, whereas the curve showed a downward trend for the years 2005 and 2009. In the case of the Moon, the upward trend was visible for the years 2001 to 2007, while the curve showed a downward trend during 2008 to 2009. The curve of the Sun showed high growth compared to the Moon for the last 10 years. In Figure 7, the trend line of the Sun showed a logarithmic curve with the equation $y = 46.109\ln(x) - 8.0452$ and the trend line of the Moon showed a polynomial curve with the equation $y = -0.4307x^3 + 6.8141x^2 - 21.831x + 25.8$. The parameters of these equations were estimated above and, therefore, each proportionate value of "x" (year) would help extrapolate the prospective disclosure of product issues in a particular "y" (disclosure). Again the trend lines of product responsibility disclosure of the banks were found to be different in shape here.

Disclosure of governance issues

The trend of governance issues of the case banks

showed a continuous growth over the last 10 years. The Sun showed better growth in the years 2003 and 2006; Moon showed high growth in the years 2003, 2006, 2007 and 2008. The Moon always showed higher growth compared to the Sun except for the year 2006

By the Figure 8, the trend lines of the case banks in such disclosure showed linear equations, which are $y = 28.909x - 8.4$ and $y = 30.915x - 36.533$, respectively. The parameters of these linear equations were estimated values and, therefore, each proportionate value of "x" (year) would help extrapolate the prospective disclosure of governance issues in a particular "y" (disclosure).

Table 1 showed that the trend lines for CSD practices between the two case banks were found to be different in shape. Although there are differences among the trends (e.g. exponential, pronominal and logarithmic equations), the majority of the trend lines showed linear equations.

DISCUSSION

The study found that the case banks disclosed many items of CSD practices out of 125 items of the research instrument. The disclosure indices gradually increased over the last 10 years. Social issues received priority in disclosure compared with environmental and economic issues. Under the social dimension, the items of human resources were disclosed by the case banks from the very inception of their operations. In 2000, both case banks disclosed the highest amount of disclosure related to the human resources theme. This finding was found consistent with other studies in the field of social and environmental accounting (e.g. Haron et al., 2004; Buhr, 2007; Lewis and Unerman, 1999; Guthrie and Parker, 1989; Hogner 1982). Human resources issues received priority for disclosure in emerging economies such as Malaysia (Haron et al., 2004, 2006; Mohd. at el., 2007; Said et al., 2008). The items continuously disclosed by

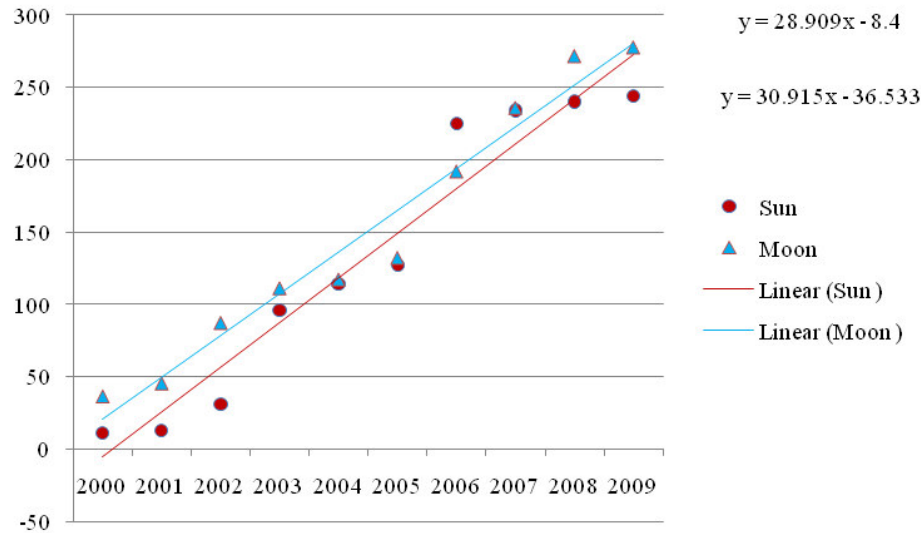


Figure 8. Disclosure of governance issues in sentences between 2000 and 2009.

Table 1. Summary of Trend Analysis Approach

Bank	Theme of CSD	Predicting equation	Type of trend
Sun	Economic	$y = 18.286e^{0.3396x}$	Exponential
Moon	Economic	$y = 13.8x + 68.2$	Linear
Sun	Energy	$y = 0.2727x - 0.4$	Linear
Moon	Energy	$y = 0.0833x^2 - 0.6682x + 0.9667$	Polynomial (Order-2)
Sun	Environment	$y = 3.5515x - 5.7333$	Linear
Moon	Environment	$y = 2.4051x - 4.5333$	Linear
Sun	Community	$y = 21.467x - 15.867$	Linear
Moon	Community	$y = 22.952x - 19.933$	Linear
Sun	HRD	$y = 3.9697x + 33.267$	Linear
Moon	HRD	$y = -0.0491x^5 + 1.3805x^4 - 14.02x^3 + 61.95x^2 - 107.63x + 78.467$	Polynomial (Order-5)
Sun	Human Rights	-	Moving Avg. (2 Per.)
Moon	Human Rights	-	Moving Avg. (2 Per.)
Sun	Customer and Product	$y = 46.1091n(x) - 8.0452$	Logarithmic
Moon	Customer and Product	$y = -0.4307x^3 + 6.8141x^2 - 21.831x + 25.8$	Polynomial (Order-3)
Sun	Governance	$y = 28.909x - 8.4$	Linear
Moon	Governance	$y = 30.915x - 36.533$	Linear

the case banks over the last 10 years were commitment to human resources development, information on HR training, information on retained earnings, state of domestic economy, special health care services for the poor, separate body for CSR activities, sponsoring sports and cultural functions, customer services and facilities, corporate body and so on.

Although the level of disclosure increased over the last 10 years, most of the crucial issues relating to human rights, energy, and environmental themes were not disclosed by the case banks. Energy issues were largely ignored. No items relating to the energy theme were

disclosed by the Sun before 2008. Although the Moon started disclosure in 2003, the amount of disclosure was very poor, that is, only two sentences. Similar to energy, many important issues of human rights and environmental disclosure such as measures to prevent accidents, disclosure concerning child labour, and initiatives to reduce green house gas emissions were never disclosed in the last 10 years.

The energy and human rights issues were completely ignored in the corporate websites and other mediums of disclosure such as newspapers, corporate brochures, magazines and annual reports. Similar findings were also

highlighted by previous researchers for example (Haron et al., 2006) in Malaysian; (Belal and Cooper, 2011; Sobhani et al., 2009a) in Bangladesh. It was clear from the study that there is no significant development in the disclosure of energy, human rights, and natural environmental issues. The reasons behind such nondisclosure of crucial sustainability issues should be investigated through another research.

The study applied a number of equation models to identify the shape and nature of CSD practices for the case banks over the last 10 years. The trend analysis of the CSD practices was used to estimate the values of the parameters of the equation models. Therefore, each proportionate value of "x" (year) would help extrapolate the prospective CSD practices of the case banks in a particular "y" (disclosure). The application of the equation models in determining the shape and predicting the disclosure practices has not been identified in other studies in the field of SEA research.

NIS is widely known as the "theory of isomorphism" (DiMaggio and Powell, 1983), and focuses on the mechanisms that make organizations similar in behaviour, practice and performance (Scott, 2008). The principle of isomorphism was first applied to organizational studies by human ecologist Amos Hawley, who argued that units that are subjected to the same environmental conditions and that interact frequently acquire a similar form of organization (Hawley, 1968, quoted from Scott, 2008). In relation to the similar trend of CSD practices of the case banks, isomorphic practices were found to exist in the annual reports over the last 10 years. Similarity in the disclosure and nondisclosure of CSD items and in the amount of disclosure confirms the isomorphism in the CSD practices of the case banks. There were many similarities in the locations of disclosure practices. The avenues of disclosure were identical between the two banks. Both the banks disclosed their corporate economic information in the economic contribution report, social information in the Corporate Social Responsibility (CSR) report, human resources information under the HRD heading thereby indicating uniformity in CSD practices.

The CSR and corporate governance reports of the two banks were characterised with similar features. For example, the style of reporting, pictorial presentations on CSR and governance issues were similar. Concerning the level of quality of disclosure, prior studies did not find any bad news in the annual reports and websites of the listed companies (Guthrie and Parker, 1990; Deegan and Gordon, 1996; Belal, 1999; Imam, 2000; Belal, 2001). According to Guthrie and Parker (1990), most of the information disclosed had a positive spin with only rare examples of any negative information being provided. In the case of the Sun and the Moon, only limited negative information was included in the annual reports. This concerned employee turnover, risk management, market threats, and initiative failures. The instances of

simultaneous disclosure of negative information by the case banks indicate isomorphic development in those banks.

Isomorphic practices lead to similar structural development in the organizational field. Scott (2008) found the existence of "structural isomorphism" in the contemporary organizations. Concerning the case banks, a notable similarity exists in the structural development. In addition to the similarity in the contents of disclosure, both of the case banks established a bank foundation in the name of their banks to render sustainability services. In 1991, among others, the Moon introduced the "Bank Foundation" to render welfare services to distressed people, orphanages, and help disaster victims through relief and rehabilitation programmes. It was evident that following the structural development and welfare practices of the Moon, the Sun established a similar bank foundation in the name of the bank in 1997. There was no doubt that the similarity in structural development enhanced the isomorphic competition among the case banks in extending their CSD practices. The study resolved that the disclosure practices of the case banks increased significantly over the last 10 years. In 2000, the total disclosure in the annual report of the Sun and the Moon were 69 and 209 sentences, respectively, and 1,152 and 871, respectively, in 2009.

Isomorphism in NIS, which referred to the similar practices as evident in the Sun and the Moon, remains a lively concept in the domain of organizational studies (Hoque, 2005; White, 2005; Lapsley and Pallot, 2007). Some institutional antagonists including Michael Lounsbury and Ellen T. Crumley have a clear stand against the concept of isomorphism (Lounsbury, 2007, 2008; Lounsbury and Crumley, 2007). According to them, organizations are mostly heterogeneous in nature and organizational heterogeneity causes practice variations that are supported by institutional rationality. However, this study revealed that organizational heterogeneity could significantly reduce practice variations due to the common institutional guidelines, unique agenda for consideration, award mechanism to follow prescribed format, and, above all, global initiatives in standardizing corporate efforts.

In this study, the Moon is an Islamic bank, while the Sun is a conventional bank, which indicated organizational heterogeneity in formation, principles and corporate values. According to the critics of isomorphism in NIS, there must be variations in the CSD practices between the two heterogeneous banks. However, isomorphism in CSD practices has given a different signal against the contemporary thoughts of institutional critics. Notably, the common guidelines of the central bank, common agenda on global sustainability issues, standard reporting guidelines such as GRI, and institutional awards for best CSR and sustainability practices, and competitiveness among the banks are the potential antecedents behind the isomorphic practices of the case banks.

Conclusion

The study revealed that the disclosure level of sustainability issues significantly increased except the issues concerning energy, human rights and natural environment over the last 10 years. Both banks disclosed considerable economic and social items in the annual reports. The relationship of CSD practices between the two banks found to be positively correlated. The study used a number of equation models to ascertain the shape and nature of CSD practices. Although the trend lines showed different equation models, the relationship between the disclosure practices of the two banks was positively correlated. The study revealed that organizational heterogeneity could significantly reduce practice variations due to the common principles and initiatives.

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