

Exploring the Linkage Among CSR, Accounting and Factory Performance: A Study Based on Bangladeshi Garments Factory

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— *Review of* —
**Integrative
 Business &
 Economics**
 — *Research* —

ABSTRACT

The study investigates the linkage among CSR, accounting and factory performance by analyzing some factors that would include social accounting, organizational performance, environment accounting, corporate social and environmental disclosure, business ethics and human resource accounting. Therefore, the purpose of this study is to identify the factors that show the linkage among CSR, accounting & factory performance. A closed-minded questionnaire has been used for face-to-face interview to collect data from employees & employers of garments factories. To analyze the data, the study has used correlation matrix, KMO and Bartlett's Test, total variance explained, component matrix, rotated component matrix to measure the suitability of the variables, cross tabulation to measure the association between variables, and Pearson's correlation to tests research hypothesis. Findings show that CSR, accounting and factory performance are positively associated with each other where CSR works as a mediating variable. Accounting linked with CSR in terms of social accounting, organizational performance, environment Accounting, corporate social and environmental disclosure, business ethics and human Resource Accounting. This is the first in-depth research that quantitatively explores the linkage among CSR, accounting and factory performance, garments regulatory authorities in Bangladesh. Accounting regulatory authorities in Bangladesh and other developing countries may find the findings of this paper useful.

Keywords: Accounting, Bangladesh, Garments factory, CSR, Factory performance

1. INTRODUCTION

Over the past decade, trade policy liberalization has fueled Bangladesh's economy, which grew at an average rate of nearly 6% per year. Between 2000 and 2011, the country's GDP increased from \$45 billion to \$106 billion and set to continue growing very fast in the upcoming years. Exports are a major part of Bangladesh's economy, for which the garment sector is of particular importance. In 1995, garments formed 53% of total exports but now account for more than 79%. Many factories, brands, and global retailers outsource their clothing and footwear production to the country, and Bangladesh's garment sector now comprises over 5000 factories and 3.5 million workers, 85% of whom are women. It is thus a major source of employment that spurs exports and economic growth. These economic opportunities allowed many advances in terms of human development and employment generation.

However, because of low literacy rates of workers in Bangladesh's garment sector and frequent antagonism between management and unions, there is concern over workers' awareness of their rights. For this reason, working conditions in the RMG sector often violate

international labor standards, and Codes of Conduct (Quddus, M. and Rashid, S. 2000; Dasgupta S., 2002). Garments workers concerned with long working hours or double (Kumar, 2006) consecutive shifts, personally unsafe work environment, poor working conditions, wage and gender discrimination. Indeed, employers treat the RMG workers as slaves; exploiting workers to increase their profit margins and keep their industry competitive in the face of increasing international competition (Kumar, 2006).

So, employer main goal is profit, because without profit not a single factory can run their business, therefore profit is an important factor. Injuries, fatalities, disablement, and death from fire and building collapses are frequent in the RMG sector (Majumder P, 1998). Therefore Bangladeshi garments factory has faced some question on corporate responsibility. Profit depends on the performance of labor or employee, so labor or employee also an important factor. In this regard what CSR do? CSR works for labor or employee to enhance working performance. Another side, Accounting works for profit (employer) to run the business. Therefore, CSR & Accounting can satisfy both (employer & employee) need & increase overall factory performance.

2. LITERATURE REVIEW

Below provide a summary of previous relevant literature works:

Social accounting has been introduced to organizations concerned with improvements in negative impacts on society, humanity, and (to some extent) the environment thus creating cost information to support corporate social responsibility reporting (Cullen & Whelan 2006; Richmond, Mook & Quarter 2003). In relation to this, social accounting provides companies with a way to measure cost accounting data of social impacts to enhance social internal decision-making as well as preparing costs for social performance disclosures. Companies disclose the social performance of organizations while providing more accurate cost information on significant concerns to stakeholders (Gray 2002; Gray et al. 2001). A study by Professor Stephen Erfle and Michel Frantantuono found that firms that were ranked highest in terms of their record on a variety of social issues had greater financial performance because such practices are capable of enhancing brand value of positive publicity.

Most studies have identified a positive relationship (although not always linear) between CSR activities and organization performance as measured by indicators such as shareholder returns, profit, or marketing impact (Heath and Ni, 2008). CSR is important because it is the foundation for reducing cost and gaining marketing advantage (Heath and Ni, 2008) and is reported to be a political object in Europe and an ethical one in the US (Capron, 2006). The link between CSR and organizational performance has been made in international accounting literature (Hopwood, 2009) via the concept of sustainability, by integrating economic planning with social and environmental considerations.

Several authors' studies show the link between CSR & accounting. Environmental Management Accounting (Ienciu, et al., 2009; Wahyuni, 2009), Social Environmental Accounting (Dascălu, et al., 2010), Corporate Social and Environmental Reporting (Lungu, et al., 2009) or Social Responsibility Accounting (Gordon and Gelardi, 2005) are such examples. Lungu, et al. (2009) integrate the studies on social and environmental reporting in Europe and worldwide and the financial reporting experience in this area, to create a new perspective of reporting (corporate social and environmental reporting). Şendroi et al.

(2006) discuss the potential implementation of the EMA principles in Romanian entities, concluding that such an approach can be beneficial.

The results of different studies measuring the relationship between corporate financial performance and corporate social and environmental disclosure show mixed results. Among these researchers found a positive association between profitability and the extent of corporate social and environmental disclosure (Waddock and Graves, 1997) whereas Cowen et. al (1987) found no association between the variables. Again, the results Belkaoui and Kirkpik (1989) tend to be more intriguing. They showed a significantly pair-wise correlation, yet an insignificant negative regression coefficient for return on assets and corporate social and environmental disclosure. There are researchers that used log of profits and among these researchers, Roberts (1992) has found a positive relationship between profitability level of a company and corporate social and environmental disclosure. However, Patten (1992) fails to find any significant positive relationship between profitability and corporate social and environmental disclosure.

Crane and Matten (2004) refer to CSR as "an increasingly common term in the rhetoric surrounding business ethics" (Crane and Matten 2004, p. 21) and suggest evaluating business ethics' practices according to their potentials to contribute to CSR. Both concepts share descriptive, prescriptive, and normative elements with regard to the role of corporations. Carroll and Buchholtz (1999) hold business ethics to be "concerned with the good and bad or right and wrong behavior that takes places within a business context" (Carroll and Buchholtz 1999, p. 99). In turn, CSR also addresses the question of what is good (and for that matter, bad) within a strategic business context. The concepts thus partly complement each other, and it is, therefore, no surprise that there are efforts to conceptually link the two, e.g. in the form of sustainability ethics (cf. Cairns 2003).

Micah, Ofurun & Ihendinihu (2012) studied the relationship between firms' financial performance and human resource accounting disclosure of companies in Nigeria, using five years financial data and found that the combined effect of firms' financial performance accounted for 75.9% of the variation in human resource accounting disclosure. To measure human value as a part of the goodwill, HRA was introduced in the accounting literature in the 1960s (Flamholtz, 1985). In 1968, Brummet, Flamholtz & Pyle used the term "human resource accounting" for the first time. Research to examine the way in which human resource variables affect the efficiency of firms could be performed in a number of ways including analyzing the association between the different aspect of human resources and firm performance (Boudreau & Ramstad, 1997; Grojer, 1998). Looking at different proposals (Conner, 1991), the resource theory considers human resources in a more explicit way. This theory considers that the competitive position of a firm depends on its specific and not duplicated assets. The most specific (and not duplicated) asset that an enterprise has is with personnel. It takes advantage of their interdependent knowledge. That would explain why some firms are more productive than others. With the same technology, a solid human resource team makes all the difference (Archel, 1995). There are two reasons for including human resources in accounting. First, people are a valuable resource to a firm so long as they perform services that can be quantified. Second, the valuable of a person as a resource depends on how he is employed. So, management style will also influence the human resource value (Ripoll and Labaut, 1994).

3. RESEARCH METHODOLOGY

The study has adopted Bangladeshi garments factory with full-time employees exceeding 240 & annual sales turnover of exceeding \$50 million which extend into 3 divisional cities namely Rajshahi, Khulna and Barisal. The research population consists of two categories responder such as (a) employer & (b) employee of these garments factory which is numerically 146. Total sample numbers includes: 89 employees & 57 employers from these garments factory. The statistical methods for data analysis have included correlation matrix, KMO and Bartlett's Test, Total Variance Explained, Component Matrix, Rotated Component Matrix to measure the suitability of the variables, cross tabulation to measure association between variables & Pearson's correlation to tests research hypothesis.

Questionnaire composed of two parts; demographic profile & factors that show linkage among CSR, Accounting & factory performance. Demographic profile used to get information about respondent's background, gender, age, race, educational level and occupation. A set of closed-minded questionnaire was developed by showing linkage among CSR, Accounting & factory performance. Questionnaire used 5 point summate scaling that starts from point 1 strongly agree to point 5 strongly disagree with point 3 reflecting undecided.

4. DATA ANALYSIS

Table:1-Correlation Matrix

	Social accounting	CSR	Environment Accounting	corporate social and environmental disclosure	Business ethics	Human Resource Accounting
Correlation	1.000	.309	.311	.319	.329	.977
Social accounting		1.000	.980	.986	.971	.299
Organizational performance	.309		1.000	.970	.961	.301
Environment Accounting	.311	.980		1.000	.966	.309
corporate social and environmental disclosure	.319	.986	.970		1.000	.318
Business ethics	.329	.971	.961	.966		1.000
Human Resource Accounting	.977	.299	.301	.309	.318	

A correlation matrix is simply a rectangular array of numbers which gives the correlation coefficients between a single variable and every other variable in the investigation. The correlation coefficient between a variable and itself is always 1; hence the principal diagonal of the correlation matrix has 1s. Table 1 is part of a correlation matrix showing how each of the 6 variables associated with each of the other 5. Note that all correlations are positive (+ .299 or greater) and there is no negative correlation. Relatively high correlations show that two items associated and will probably be grouped together by

the factor analysis. Items with low correlations usually will not have high loadings on the same factor.

Here, all the variables positively (all the correlation are positive) correlated with each other & showing high correlation. In Correlation Matrix, if there are many (Tabachnick & Fidell -2001) values above 0.30 then it bears a good sign; if there are fewer values above 0.30 then it bears a bad sign for analysis. Here, correlation matrix showing good sign (only one values below 0.30) & there for correlation matrix is appropriate for analysis.

Table:1.2- KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.808
Approx. Chi-Square		1847.095
Bartlett's Test of Sphericity	df	15
	Sig.	.000

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy provides an index (between 0 and 1) of some variance among the variables that might be common variance (that might be indicative of underlying or latent common factors). According to Norusis (1994); KMO measure more than 0.50 is satisfactory for factor analysis will valid, a value of 0.70 is considered "reasonable" and a value of 0.80 is considered "great" and values above 0.9 are excellent. Kaiser (1974, cited in Dziuban and Shirkey 1974: 359) had refined the index further and suggested that anything in the .90s was 'marvelous', in the .80s 'meritorious', in the .70s 'middling', in the .60s 'mediocre', in the .50s 'miserable' and below .5 'unacceptable'. Here, in Table 1.2 the initial solution of factor analysis revealed a KMO value of 0.808, which is great according to both (Norusis-1994 & Kaiser -1974) and exceeding the recommended value of 0.6 (Tabachnick and Fidell, 2001; Pallant, 2005).

Bartlett's test is another sign of the strength of the relationship among variables. This tests the null hypothesis that the correlation matrix is an identity matrix. Bartlett Test of Sphericity is significant ($p < 0.05$) supporting the factorability of the correlation matrix. The results of these two tests pointed that the data was appropriate for factor analysis.

Table:1.3- Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.258	70.973	70.973	4.258	70.973	70.973	3.867	64.454	64.454
2	1.636	27.272	98.246	1.636	27.272	98.246	2.028	33.792	98.246
3	.040	.673	98.919						
4	.030	.506	99.425						
5	.023	.380	99.805						
6	.012	.195	100.000						

Extraction Method: Principal Component Analysis.

The Total Variance Explained table shows how the variance is divided by the 6 possible factors. Note that 2 factors have eigenvalues (a measure of explained variance) greater than 1.0, which is a common criterion for a factor to be useful. The 1st factor has an eigenvalue = 4.258. Since this is greater than 1.0, it explains more variance than a single

variable, in fact, 4.258 times as much. The 2nd factor has an eigenvalue = 1.636. It is also greater than 1.0 and therefore explains more variance than a single variable.

Other Sides, Factors 3 through 6 have eigenvalues less than 1, and therefore explain less variance than a single variable. The sum of the eigenvalues associated with each factor (component) sums $(4.258 + 1.636 + .040 + .030 + \dots + .012) = 6$. The cumulative % of variance explained by the first two factors is 98.246%. In other words, 98.246% of the common variance shared by the 6 variables can be accounted for by the 2 factors. The 2nd phase of this table suggests the variance explained via the extracted elements earlier than rotation. The cumulative variability defined by those elements in the extracted solution is set 98.246%, & there may be no difference from the preliminary answer. The rightmost segment of this table indicates the variance defined by the extracted elements after rotation. Notices that preliminary answer, unrotated and turned around issue have equal cumulative value.

Table:1.4- Component Matrix

	Component	
	1	2
Social accounting	.531	.841
Organizational performance	.965	-.242
Environment Accounting	.959	-.236
corporate social and environmental disclosure	.964	-.229
Business ethics	.961	-.216
Human Resource Accounting	.521	.847

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

Table:1.5- Rotated Component Matrix

	Component	
	1	2
Social accounting	.165	.980
Organizational performance	.983	.150
Environment Accounting	.976	.153
corporate social and environmental disclosure	.978	.161
Business ethics	.970	.172
Human Resource Accounting	.154	.982

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Looking back at the "Total Variance Explained" table (table-1.3) shows that there were two components with eigenvalues greater than one. As a result, the "Rotated Component Matrix" table (table-1.5) has two components or factors. Looking at the results, we can see that the variables Organizational performance, corporate social and environmental disclosure, Environment Accounting & Business ethics all have values greater than 0.5 for the first

factor. Loading or rotated value close to -1 or 1 indicates that the factor strongly affects the variable. Loading close to zero shows that the factor has a weak effect the variable.

Here, all the factors positively affect the variable & all fit into this first factor. The remaining variables have large values for the second component, indicating that the remaining two variables (Human Resource Accounting & Social accounting) fit into the second factor. From the table we can see that variable social accounting correlates 0.165 with factor 1 & correlate 0.980 with factor 2. Variable Human resource accounting correlate 0.154 with factor 1 & correlate 0.982 with factor 2. Here, the total proportion of the variance in social accounting ($0.165 + 0.980/2 = .5725$), organizational performance ($0.983 + 0.150/2 = .5665$), environment accounting ($0.976 + 0.153/2 = .5645$), corporate social & environmental disclosure ($0.978 + 0.161/2 = .5695$), business ethics ($0.970 + 0.172/2 = .571$) & Human resource accounting ($0.154 + 0.982/2 = .568$) explained by these factors is simply the sum of its squared factor loading.

5. RESULT & DISCUSSION

Table:1.6-Social accounting * Organizational performance Cross tabulation

			Organizational performance					Total
			Strongly agree	Agree	Undecided	Disagree	Strongly disagree	
Social accounting	Strongly agree	Count	9	0	0	0	0	9
		% within Social accounting	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Agree	Count	7	0	0	0	0	7
		% within Social accounting	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Undecided	Count	6	0	0	0	0	6
		% within Social accounting	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Disagree	Count	27	0	0	0	0	27
		% within Social accounting	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Strongly disagree	Count	50	30	4	6	7	97
		% within Social accounting	51.5%	30.9%	4.1%	6.2%	7.2%	100.0%
Total	Count	99	30	4	6	7	146	
	% within Social accounting	67.8%	20.5%	2.7%	4.1%	4.8%	100.0%	

The study has found relevant feedback with the findings of earlier research work (Cullen & Whelan 2006; Richmond, Mook & Quarter 2003, Gray 2002; Gray et al. 2001) which suggest that social accounting reduces negative impacts on society, humanity, and the environment by measuring costs for social performance. Most of them agree that social performance of organizations depends on more accurate cost information. Factories that show social performance create a positive impact on local people who indirectly enhance financial performance.

Regarding organizational performance, the findings of the study are consistent with the findings of earlier research work (Heath and Ni, 2008) which imply that CSR has a

positive relationship with organization performance. They have an emphasis on sustainability to find out the link between CSR and organizational performance (Hopwood, 2009). Therefore, based on these research findings; we can develop the following hypothesis:

H₀ -: There is no association between social accounting & organizational performance to enhance overall factory performance.

H₁ -: There is an association between social accounting & organizational performance to enhance overall factory performance.

Table:1.7-Correlations

		Social accounting	organizational performance
Social accounting	Pearson Correlation	1	.309
	Sig. (2-tailed)		.000
	N	146	146
organizational performance	Pearson Correlation	.309	1
	Sig. (2-tailed)	.000	
	N	146	146

** . Correlation is significant at the 0.01 level (2-tailed).

Table: 1.8-Decisions table

Strength of Association	Value of Pearson's r
None	0.00
Weak association	±.01- .09
Moderate Association	± .10 – .29
Evident of strong association	± .30 – .99
Perfect association, strongest possible	± 1.00

From the Correlations table, we can see that the correlation coefficient (r) equals 0.309, indicating a strong linear association (Decisions table) between social accounting & organizational performance, which is coefficient, is significantly different from 0.

Therefore, we can conclude that social accounting gives more accurate cost information that reduces negative impacts on society, humanity, and environment & sequentially enhances factory performance. In particular, it seems that the more accurate cost information strongly associated with factory performance where CSR works as a complement for both (r = 0.309, p <0.001).

As a result, we can reject null hypothesis by accepting alternative hypothesis that there is an association between social accounting & organizational performance to enhance overall factory performance.

Table:1.9-Environment Accounting * corporate social and environmental disclosure Cross tabulation

			corporate social and environmental disclosure					Total
			Strongly agree	Agree	Undecided	Disagree	Strongly disagree	
Environment Accounting	Strongly agree	Count	99	0	0	0	0	99
		% within Environment Accounting	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
	Agree	Count	0	31	1	0	0	32
		% within Environment Accounting	0.0%	96.9%	3.1%	0.0%	0.0%	100.0%
	Undecided	Count	0	0	2	4	0	6
		% within Environment Accounting	0.0%	0.0%	33.3%	66.7%	0.0%	100.0%
	Disagree	Count	0	0	0	4	0	4
		% within Environment Accounting	0.0%	0.0%	0.0%	100.0%	0.0%	100.0%
	Strongly disagree	Count	0	0	0	3	2	5
		% within Environment Accounting	0.0%	0.0%	0.0%	60.0%	40.0%	100.0%
Total	Count	99	31	3	11	2	146	
	% within Environment Accounting	67.8%	21.2%	2.1%	7.5%	1.4%	100.0%	

The findings of this empirical study are consistent with the findings of earlier research works (Lungu, et al., 2009, Gordon and Gelardi, 2005, Ienciu, et al., 2009; Wahyuni, 2009) which suggest that CSR & accounting has a positive link to report reliable Environment Reporting. Most of the responder agrees that implementation of Environment accounting principle can enhance financial performance (Şendroi et al. 2006).

Findings of corporate social and environmental disclosure are relevant with earlier studies (Waddock and Graves, 1997, Roberts, 1992) which imply that profitability has a positive association with the extent of corporate social and environmental disclosure. High-quality disclosures are focused on community and environment. The smallest volume of disclosures relates to marketplace disclosures. Therefore, corporate social and environmental disclosure largely defines firms' approach to CSR & enhances profitability performance of factory. However, their feedbacks are not consistent with the findings of Patten (1992), Cowen et. Al, (1987) which show that profitability negatively associated with corporate social and environmental disclosure. Therefore, based on these research findings; we can develop the following hypothesis:

H4: There is no association between Environment accounting & corporate social and environmental disclosure to enhance factory performance.

H4: There is an association between Environment accounting & corporate social and environmental disclosure to enhance factory performance.

Table:2-Correlations

		Environment Accounting	corporate social and environmental disclosure
Environment Accounting	Pearson Correlation	1	.970
	Sig. (2-tailed)		.000
	N	146	146
Corporate social and environmental disclosure	Pearson Correlation	.970	1
	Sig. (2-tailed)	.000	
	N	146	146

**. Correlation is significant at the 0.01 level (2-tailed).

Here, Pearson correlation for Environment Accounting and Corporate social and environmental disclosure = 0.970, P-Value = 0.000

In conclusion, we can say that the strength of association between the variables is very strong (decisions table) and that the correlation coefficient is very highly much different from zero ($P < 0.001$). Also, we can say that 94% ($r^2 = 0.9702$) of the variation in Environment Accounting explained by corporate social and environmental disclosure.

Therefore, we can reject null hypothesis by accepting alternative hypothesis that there is an association between Environment accounting & corporate social and environmental disclosure to enhance factory performance.

Table:2.1-Business ethics * Human Resource Accounting Cross tabulation

		Human Resource Accounting					Total
		Strongly agree	Agree	Undecided	Disagree	Strongly disagree	
Business ethics	Strongly agree	Count 7	5	9	25	50	96
		% within Business Ethics 7.3%	5.2%	9.4%	26.0%	52.1%	100.0%
	Agree	Count 0	0	0	0	27	27
		% within Business ethics 0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
	Undecided	Count 0	0	0	0	9	9
		% within Business ethics 0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
Disagree	Count 0	0	0	0	5	5	
	% within Business ethics 0.0%	0.0%	0.0%	0.0%	100.0%	100.0%	
Strongly disagree	Count 0	0	0	0	9	9	

	disagree	% within Business ethics	0.0%	0.0%	0.0%	0.0%	100.0%	100.0%
		Count	7	5	9	25	100	146
Total		% within Business Ethics	4.8%	3.4%	6.2%	17.1%	68.5%	100.0%

This empirical study found most of the responder's feedbacks are consistent with the findings of earlier research work (Crane and Matten 2004, p. 21) which imply that business ethics' practices contribute to CSR. They point out that sustainable ethics & CSR both concerned with the good and bad or right and wrong factory behavior (Carroll and Buchholtz 1999, p. 99, cf. Cairns 2003).

Concerning human resource accounting, most of the responder's feedbacks are consistent with the findings of Conner, (1991) which suggest that the competitive position of a factory depends on its specific and not duplicated assets. They suggest that people are a valuable resource to a firm so long as they do services & it depends on how he employed (resource theory).

Therefore, effective management style influences human resource value (Ripoll and Labaut, 1994). They also show that human resources and firm performance positively influence by goodwill (Boudreau & Ramstad, 1997; Grojer, 1998). For this reason, the factory should practice CSR for proper management style & increase goodwill. Therefore, based on these research findings; we can develop the following hypothesis:

H₁: There is no association between business ethics and human resource accounting to enhance factory performance.

H₀: There is an association between business ethics and human resource accounting to enhance factory performance.

Table:2.2-Correlations

		Business ethics	Human Resource Accounting
Business ethics	Pearson Correlation	1	.318
	Sig. (2-tailed)		.000
	N	146	146
Human Resource Accounting	Pearson Correlation	.318	1
	Sig. (2-tailed)	.000	
	N	146	146

** . Correlation is significant at the 0.01 level (2-tailed).

The value of correlation coefficient, $r=0.318$, which implies that a strong positive linear association (decisions table) between the variables, Business Ethics & Human Resource Accounting. Since p-value is less than 0.01; we may reject the null hypothesis at 1% level of significance & conclude that the population correlation coefficient ρ is not equal to 0 that is a linear association between business ethics and human resource accounting. So, we can reject null hypothesis by accepting alternative hypothesis that there is an association between business ethics and human resource accounting to enhance factory performance.

6. CONCLUSION

Social accounting reduces negative impacts of factories by measuring more accurate cost information. It also helps factories to create a positive impact on communities, the environment, and their workers. CSR related investment positively associated with factory performance on sustainability concept. Therefore, the factory should increase sustainability work to improved sustainability reporting.

CSR & accounting has a positive link to report reliable Environment Reporting. Environmental measures reported by factories appear to be driven as much, or more, by a desire to save costs as to reduce manufacturing negative effects. Therefore, implementation of Environment accounting principle can enhance financial performance.

Profitability related with the extent of corporate social and environmental disclosure. It largely defines firms' approach to CSR that improve the financial performance of factory. However, ethical responsibility significantly influences by CSR. Business ethics practices contribute to CSR & monitor factory behavior.

The competitive position of a factory depends on its specific and not duplicated assets. People are a valuable resource to a firm so long as they do services & it depends on how he employed. Human resources and firm performance positively influence by goodwill. The factory should practice CSR for proper management style & increase goodwill.

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