

**Corporate Social Responsibility Practices in Banking Sector of
Bangladesh: Its Impact on the Socio-economic Development of Bangladesh**

Thesis submitted as a partial requirement of M.Phil. Degree

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Certificate by the Supervisor

This is to certify that the thesis entitled “*Corporate Social Responsibility Practices in Banking Sector of Bangladesh: Its Impact on the Socio-economic Development of Bangladesh*” has been completed satisfactorily by Md. Emadul Karim (Registration No. 166, Session: 2013-2014) under my supervision for the partial fulfilment of the degree of Master of Philosophy (M.Phil.) in Accounting & Information Systems and can be submitted to the examination committee for evaluation.

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Declaration by the Candidate

This is Md. Emadul Karim (M.Phil. Registration # 166), declaring that this thesis and all of its contents are based on my own research endeavour. Any exception to that is mentioned with proper citation and reference. The secondary information used in the research is also documented with source reference. This is also a declaration that this research work has not been submitted for any other degree or professional qualification except as specified.

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Preface

No research work can be of an individual effort. This statement is also applicable for me too. The preparation of this research paper has helped me learn a lot of things in the context of academic and professional culture. The preparation of this dissertation was not possible without cordial help and assistance from some persons.

The most important contribution to this dissertation is from my honourable supervisor, Professor Dr. Swapan Kumar Bala, FCMA, to whom my cordial gratitude is applicable. This research work would not be successful without the guidelines and direction from him. Beside the directions and guidelines he did his responsibility to motivate and inspire the students in their study.

Contribution from my classmates, friends and other participants in my study is also notable. The assistance from all of them is recognizable. I am expressing my gratitude towards all of them who helped me to conduct this research.

Abstract

Banking Sector is a strong industrial sector in Bangladesh compared to other sectors. The rate of growth and expansion of the banking industry is faster than other industries in the country. In line with the growth and expansion in economic and financial activities, corporate social responsibility is getting more and more attention due to environmental and other reasons. This is a study about the CSR practice of selected five banks in Bangladesh along with a highlight on the social and economic impacts of those CSR activities in the country. For the purpose of the study, financial and nonfinancial information about the banks have been collected from several sources and presented here with different comparisons including bank to bank, year to year information etc. The analyses based on the information about the CSR activities of sample banks have revealed that most of the banks are reluctant in conducting CSR activities unless they can exploit any benefit therefrom. Any direct or indirect benefit may encourage the banks in conducting CSR activities.

As one of the strongest industries in Bangladesh, CSR activities are expected to be performed at a large scale by the banks. As a part of corporate citizenship initiatives, banks and financial sectors should also emphasise different responsibilities to the society. Due to these CSR activities, corporate entities are getting some fiscal and promotional benefits in their business.

The study encompasses five sample banks, viz., *Dutch Bangla Bank Ltd (DBBL)*, *Mercantile Bank Ltd (MBL)*, *Bank Asia Ltd (BAL)*, *Prime Bank Ltd (PBL)* and *Southeast Bank Ltd (SEBL)*. As per the findings on the current CSR practice of the sample banks, *Dutch Bangla Bank Ltd.* has achieved remarkable CSR performance. At the same time, a very poor CSR performance has been achieved by *Southeast Bank Ltd.* and it can be said that SEBL has rarely any interest in conducting CSR by its own initiative. Different motivation by Bangladesh Bank in conducting CSR has been found influential for the banks for their CSR activities. The periodic trend of the current GDP growth of Bangladesh and the growth of the banks' CSR activities are positive. Moreover, the CSR beneficiaries, who require small funding and are usually not in a position to access to formal banking sector, are being directly benefitted from the CSR activities of the banks in their day-to-day livelihood and basic support for health, education, and some other areas.

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Chapter 1: Introduction

1.1 Background of the study

This study focuses on the corporate social responsibility (CSR) practiced in the banking sector in Bangladesh. This research is based on the topic “*Corporate Social Responsibility Practices in Banking Sector of Bangladesh: Its Impact on the Socio-economic Development of Bangladesh*”. Financial activities are an unavoidable matter in the current corporate ruled life. There are always financial activities where people need to exchange money (Porag, 2014). Organization earns money from the society. From this sense the society is the source of the revenue for the organizations. So, the organization has some responsibility towards the society. There are various problems in the society. Organization should come forward to donate or contribute to those problems. If the larger organizations come forward to solve the problems of the society there will be less problems in the society and one day it will be suitable for living and none can say that this society is not properly managed (Brooks, 2003). There are different authorities in different countries that have the responsibility to arrange the society and organizations in a manner where the organizations will come forward to contribute to the society.

Societies are always dominated by powerful peoples. So, the poor are always deprived from facilities in the society. For this reason, rich people and business organization should come forward to help the poor and other

deprived people of the society (Shafiqur, et al., 2010). This is understood by different authorities and for this reason corporate social responsibility in different countries is promoted by the regulatory authorities. Different regulatory authority provides some facilities to the organizations that have different contributions for the corporate social responsibilities in the society (Chris, 1960).

Previous studies on corporate social responsibility (CSR) practices in Bangladesh show that corporate attitudes towards social, ethical and environmental issues (as revealed in disclosures within the annual report) reflect a managerial perspective of stakeholder theory (Yunus, et al., 2015). This was evident from lack of long-term commitment, reluctance to disclose information on crucial issues such as child labour and health and safety in the textile sector and environmental pollution in the tannery sector. A managerial perspective was also apparent from the emphasis placed on the interests of either the government or the other economic stakeholders, such as investors, customers and employees, with whom companies had a direct relationship while ignoring the interests of economically weak social stakeholders such as the local community, environment and the wider society.

CSR reporting strategy was employed by corporations with a view to managing relationships with the economic stakeholders only. Another conclusion from the managerial interviews was that the CSR reporting agenda in Bangladesh appears to be driven by powerful ‘outside’ forces such as parent companies, international buyers and international agencies such as the UN, the OECD and the World Bank (Hassan, 2013). This influencing factor of CSR reporting has not been generally identified in the CSR reporting literature.

Although a developing country, because of global competitiveness and demand, the CSR practices and standards are being gradually implemented in Bangladesh. But there is a long way to go. There are challenges to implement CSR properly in Bangladesh. Ultimately CSR practices should be better practiced in Bangladesh for better and enhanced performance. In the publication “*Good Governance and Market-Based Reforms: A Study of Bangladesh*”, Fara Azmat and Ken Coghill relates Good Governance with CSR by discussing the good governance indicators of regulatory quality, rule of law and control of corruption in the context of Bangladesh and analyses how lack of good governance indicators affects the success and sustainability of reforms and contributes to the lack of business ethics and CSR in

Bangladesh (Shafiqur, et al., 2010). Bangladesh Government declares 10% Tax Rebate for CSR practice.

A research gap exists in the CSR related study of banks in Bangladesh. This research gap also assisted in conducting this study on the CSR practices of some selected banks in Bangladesh. Moreover, the role of Bangladesh Bank and the monitoring process analysis is also a part of this study.

Some commentators have pointed out that only multi-national companies and a few of the leading national companies in Bangladesh have the resources to implement CSR. Some others argue that CSR is primarily a political and strategic agenda pushed by policy makers, NGOs and big business. Furthermore, it is argued that only export-oriented companies whose customers are in Europe or North America need CSR to comply with the ‘Overseas’ CSR requirements of their buyers. This is not a worthwhile debate to pursue rather it is more relevant to pursue; the status of practice of CSR in Bangladesh in a cross section of companies so that effort may be directed towards promoting CSR for better business in Bangladesh to meet global and local needs. In this paper, five banks of Bangladesh have been selected for analysis with an objective of scrutinizing the CSR practices by the banks in the country. The selected banks are *Dutch Bangla Bank Ltd (DBBL)*, *Mercantile Bank Ltd (MBL)*, *Bank Asia Ltd (BAL)*, *Prime Bank Ltd (PBL)* and

Southeast Bank Ltd (SEBL).

1.2 Statement of the problem

The old proverb, “Everybody talks about society, but nobody does anything about it” is not valid in this century. The role of business worldwide and specifically in the developed economies has evolved over the last few decades from classical ‘profit maximizing’ approach to a socially responsible approach, where businesses are not only responsible to its stockholders but also to all of its stakeholders in a broader inclusive sense. One can identify so many reasons for shifting the role of business from classical concept to a responsible business concept, but negative impression of stakeholders on the enterprise would get a higher priority among others. In one hand, enterprises create wealth and job opportunities for the society and on the other hand, they pollute and destroy environment and ecology with devastating impact on human health and biodiversity worldwide. To address the social problems or the problems of the stakeholders, the business community has been following evolved a new approach in their business strategies named CSR through CSR, enterprises are intended to strike a balance between economic and social goals, where resources are used in a rational manner and social needs are being addressed responsibly. CSR can be viewed as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply

chains and decision making processes.

The banks fulfil their responsibilities for current and past actions as well as adequate attention to future impacts. CSR focuses vary by types of business, by size, by sector and even by geographic region. The area of CSR is quite big and it includes all the good practices that expected by increasing the business profitability and can protect interest of all stakeholders. Bangladesh is a developing country. Because of global competitiveness and demand, the CSR practices and standards are being implemented in Bangladesh (Azim et al., 2011). But we are yet to go a long way. However, it is regretful that though internationally it is being practiced widely, Bangladesh is still lagging behind. There are challenges to implement CSR properly in Bangladesh. Ultimately CSR practices are expected to be better practiced in Bangladesh for better and enhanced performance.

Currently in Bangladesh, CSR is a matter of self-interest for the corporate sector (Azim, et al., 2011). The study has taken an attempt to observe the CSR activities and practices of Private Commercial Banks in Bangladesh. Bangladesh Bank is the main regulatory authority of banking sector of the country. Now-a-days Bangladesh Bank is very concern of the matter. Bangladesh Bank has taken initiative to encourage private commercial banks in CSR activities for this NBR issued rules on tax rebate for CSR activities.

The CSR activities has direct and indirect impact over the social context of the country.

The study is an exploratory type of study. A sample of five private commercial banks have been empirically examined in relation to their CSR practices with a special focus on socio-economic development of Bangladesh.

1.3 Objective of the study

This is very necessary to select the objective of the work before starting the work. In line with this statement, this study has a lot of objectives or goal. Some of the objectives of this study are -

- a) To identify the major areas where CSR activities are being performed by private banks in Bangladesh. With the specific SRO, government of Bangladesh has given specific instructions for the CSR activities. But, it is necessary to identify the actual areas of CSR done by the banks and whether the private banks are complying with the instructions of the government.
- b) To find out some reasons behind the contribution of banking sectors in Corporate Social Responsibility (CSR) activities. Banks or financial

- institutions don't do any single activity without any reason. So, there must be some reasons behind the CSR activities by the organizations.
- c) To identify the motivational factors behind the CSR activities of selected private banks of Bangladesh. There are a lot of benefits of the Corporate Social Responsibility activities in the society. Researchers and organizations have found those benefits of CSR and interpreted about their performances.
 - d) To suggest some policy implications towards streamlining the existing guidelines on CSR for any corporate entities in general and for banks in particular. With the existing guidelines of Bangladesh Bank and the Government of Bangladesh, it is necessary to have some policy recommendations on the Bangladesh CSR practices.
 - e) To evaluate the impact of selected banks' CSR expenditures on socio-economic development of the country is another objective of this study.

1.4 Benefits of the study

There will be several benefits from this study. Without proper benefit any research document may not be useful for the stakeholders. So, the benefit of the study should be identified in order to assess the usefulness of the study.

This study is designed in such a way that will help to bring some benefits for the different group of peoples. Some of the benefits of this study are-

- ◆ The analysis of such CSR activities will help the people to be more conscious regarding their contribution and responsibility towards society
- ◆ Banking industry will be able to perceive the benefits of the Corporate Social Responsibility (CSR) activities in the society (Yunus, et al., 2015).
- ◆ The regulatory authorities will find the intentions of the management behind the Corporate Social Responsibility (CSR) activities or initiatives taken by the banking sectors.
- ◆ The general stakeholders will be able to realize the necessity of Corporate Social Responsibility (CSR) activities and monitoring the work of the organizations properly
- ◆ Some other significant benefit of this study includes the suggestion to the banking industry on the ways of doing Corporate Social Responsibility (CSR) activities and take proper advantages from the regulatory authority.
- ◆ This study will provide some information for the current condition of the banking industry in Bangladesh.

1.5 Significance of the study

This study is focused on the Corporate Social Responsibility (CSR) on the growth of the organizations, more specifically the contribution of 5 banks in Bangladesh. This study has a great significance over the stakeholders in the banking sector in Bangladesh. To find the necessity of the Corporate Social Responsibility (CSR) activities of banking sector in Bangladesh and the actual performance of this organization in terms of the benefit of the society is measured in this research. This is necessary to measure the effect of the Corporate Social Responsibility (CSR) on the growth of the organization in banking sector in Bangladesh in order to influence all the entities so that they participate directly in the Corporate Social Responsibility (CSR) activities in the society (Cacioppe, et al., 2008). Some other issues will also bring some benefit in this sector like the tax and non-tax benefit for the stakeholders in different times by the regulatory authority. This study will help to find out the actual benefit of the society by the Corporate Social Responsibility (CSR) activities and the effect of the CSR on the performance of the organization (Joshi, et al. 2001). All of these reasons show the importance of this study. Again, the role of the regulatory body like Bangladesh Bank, Bangladesh Securities and Exchange Commission (BSEC) etc. can also be evaluated based on the performance and role in CSR activities.

1.6 Limitations of the study

Before going through the research and analysis the limitation of the study should be addressed. By knowing the limitations, we can find out the best way to use the research outcomes and get the best benefit from the study. Some of the limitations of this study are as follows:

- a. There was lack of some necessary information in the field of banking sector in Bangladesh. This lack of information created some limitation to draw the final conclusion
- b. There were some bindings of regulation from the authority to reach some confidential information about Corporate Social Responsibility (CSR) activities of the banks. Again, some organizational bindings are also creating hindrance to the proper management
- c. All the necessary research topics were not provided by some banks in term of the CSR activities in their organization due to reputation and image problem
- d. There are plenty of articles and research on Corporate Social Responsibility (CSR) activities of different banks. But the specific case studies are not taken for most of the research. This limits the practical application of the information in terms of the *Dutch Bangla Bank Ltd*

(DBBL), Mercantile Bank Ltd (MBL), Bank Asia Ltd (BAL), Prime Bank Ltd (PBL) and Southeast Bank Ltd (SEBL).

Chapter 2: Literature Review

2.1 Corporate Social Responsibility

There are different types of organisations in the society. All the organizations have different objectives including earning money, maximizing the profit and some other non-monetary objectives. Organization earns money from the society. From this sense the society is the source of revenue for the organizations. So, the organization has some responsibility towards the society. There are various problems in the society. Organization should come forward to donate or contribute to those problems. If the larger organizations come forward to solve the problems of the society there will be less problems in this society and one day it will be suitable for living and no one can say that this society is not properly managed.

Corporate social responsibility (CSR) is the activity of the organizations which are not done for any direct benefit of the organization; rather the benefit or the welfare of any specific group of the society or the environment or any other parts (Brooks, 2003). In the present days, corporate social responsibility (CSR) has become a major issue in the corporate arena as there is acute discrimination in the society between the rich and the poor (Gitman & McDaniel, 2008). Rich people are becoming richer and poor are becoming poorer. This capitalistic form of the economy has not ensured any liability of the rich portion of the society to the poor section (Chowdhury, 2012). So, the

poor section of the society is getting poorer day by day due to the ignorance of the rich section and the lack of facilities by the society to them (Imam, 2000). For this reason, different government organizations has made it mandatory or consider this as a good activity in the corporate world to help the poor, or to help the ignored section or to work for the environment protection, or to help the meritorious students or such kind of benevolent activities (Griffin, 2010).

Different examples of corporate social responsibility includes the donation of Microsoft Corporation to Bill & Melinda Gates Foundation in different times, donation by the Tata Group to the Harvard Business School, donation of Domino's Pizza to talent hunt competition etc. (Adam & Shavit, 2008). All of the corporate social responsibility is not done by the organizations only for benevolent purposes. There are some purposes which are not benevolent in nature and the organizational benefit for taxation and other purpose are considered by the management of the organization (Shafiqur, et al., 2010). Sometimes, the regulatory authority announces different kinds of benefits for the organizations about the corporate social responsibility (CSR) in the industry. This benefit includes the tax and non-tax benefit by the authorities.

2.2 Focus on social reporting

Social reporting is considered as a part of the corporate social responsibility reporting or sustainability reporting in any industry. The practice of social reporting and sustainability reporting is not yet at a satisfactory level, but with the regulatory requirements and increasing awareness of the corporate bodies, especially banks, the social reporting is found in a better position than previous years in Bangladesh. However, the social reporting in Bangladesh mainly focuses on the CSR activities and sustainability issues taken by the organizations (Porag, 2014). Most of the social reporting by the banks in Bangladesh focuses on education, health donations, environmental donations, sports, cultural programs etc. All these issues are focused by the social reporting. Moreover, banks often focus on their participation and sponsorships in different sporting and cultural events. Education and health focuses on the scholarship programs and initiative regarding any hospital run by trusts and funds. Sometimes, donations to educational institutions and hospitals are also considered by the social reporting (Yunus, et al., 2015). However, any kind of corporate social responsibility activities done by the banks regardless of their amount is included in the social reporting of the banks. Alam S.M.S, et. al (2010) in a paper entitled “Corporate Social Responsibility of Multi-National Corporations in Bangladesh: A Case study on Grameenphone” pointed out

that CSR is still an evolving concept that enables corporate executives to create and apply self-determined policies to the best meet the needs and demands of its stakeholders (Shafiqur, et al., 2010). The peculiar nature of CSR practices makes their cross-border management difficult. Achieving consistent CSR practices across global operations involves not only the transfer of the CSR practice, but also the transfer of its underlying value and meaning (Alam, et al., 2010).

Mass media in the country often plays an important role in promoting CSR activities. For example, A discussion on “*creating opportunity of respectful work for deprived young by CSR*” was arranged by *The Daily Prothom Alo* and *Save The Children* jointly which was published in 23.03.2015 in the newspaper in page 15. The Daily Prothom Alo is also playing a positive role in expanding and promoting CSR activities by the banks and other business institutions.

The role of business worldwide and specifically in the developed economies has evolved over the last few decades from classical “profit maximizing” approach to a social responsibility approach, where businesses are not only responsible to its stockholders but also to all of its stakeholders in a broader inclusive sense. Because of global competitiveness and demand, the CSR

practices and standards are being implemented in Bangladesh (Imam, 2000). Imam (2000) pointed out that CSR is still an evolving concept that enables corporate executives to create and apply self-determined policies to best meet the needs and demands of its stakeholders.

2.3 Social Performance

Social performances by the corporate bodies are not considered satisfactory. The theory that shapes the objective of business includes the corporate social responsibility. But, in Bangladesh, the practice of CSR is relatively low as most of the businesses thrive for survival, profitability and growth only. Banks, have a relatively higher participation in the CSR activities, but there are still a long way to go for the satisfactory level of performance (Cacioppe, et al., 2008). Though CSR is a relatively new concept in Bangladeshi corporate culture, awareness of corporate social reporting has rapidly increased. All companies need to consider their CSR for two basic reasons. Firstly, there is intensifying pressure from stakeholders to do so (Belal, 2001 cited Azim 2011). Any company that does not develop and promote its CSR policy to all stakeholders will face increasing threats to its reputation. Secondly, because it makes sound business sense, CSR enhances the reputation of an organization, brings in new business and improves

stakeholder return (Kabir, 2003 cited Azim 2011). The social performance of the banking sector is increasing time to time with the pressure and motivation of Bangladesh bank which is analyzed in the findings section. Among 57 banks in Bangladesh, several banks are participating at a moderate level of social activities and few banks have been performing largely where some of the banks are still reluctant to participate in social activities (Yunus, et al., 2015). Different social activities are participated by different banks, including the selected banks in this paper.

Azim et al. (2011) in a study named “Corporate Social Disclosure in Bangladesh: A Study of the Financial Sector”, Corporate social responsibility is not the only ethical dilemma that financial institutions face in an atmosphere of corrupt corporate practice. These institutions are also concerned with commitment for sustainable development. A well-functioning finance sector in any country can contribute directly to a healthy economy. This sector plays an important role in a country’s economic development. The literature recognizes that CSR practices differ from country to country (Adams, Hill & Roberts, 1998b) and between developed and developing countries (Imam, 2000). Furthermore the nature and patterns of CSR vary between types of industry (MRDI, 2015). Surveys of CSR practices in western countries reveal

that companies place the greatest emphasis on disclosing human resource information such as employee numbers and remuneration, equal opportunities, employee share ownership, disability policies, and employee training (Brooks, 2003). Due to geographical, economic, environmental, political, regulatory, social and cultural differences it would not be appropriate to generalize the results of the studies of developed nations for the developing countries.

This is because the stage of economic development is likely to be an important factor affecting CSR practices. In the context of emerging economies, a few studies have focused on companies in countries such as Malaysia, Thailand and China (specifically, Hong Kong). A study of 100 public companies in Malaysia showed that 66% of companies performed some kind of social reporting (Gitman & McDaniel, 2008). Of these, 64 companies reported human resource issues and 22 companies disclosed community involvement issues.

Literature review is the part of the research which is prepared by considering the relevant publications in the field of research. It means to identify the previous publications and research on this issue which is being analysed by the other famous writers (Harris, 2013). Sometimes there are plenty of

research and analysis on the field if the field is very common or have significant influence on the society or business. But if the field is not very influential or if there are more important issues in the business or other sector, the topic of the research may not be given proper concentration by the writers. So, the topic of the research identifies the relevance or importance of the literature reviews.

In this research, there are some relevant publications which have direct influence over the corporate social responsibility (CSR) activities of different organizations, including the banking sectors. Banking sector is large enough compared to the other industries in Bangladesh (Gadenne, et al., 2009). Considering the effect of the business in the society or the economy there are lot of responsibilities of the larger organization to do different corporate social responsibility (CSR) activities for the betterment of the society.

The literature review identified in this research deals with the cause and effect of the corporate social responsibility (CSR) on the society, their need to develop the society and the result of the benevolent activities on the environment and other selected sectors in the society (Brooks, 2003). From this point, the publication selected in this research is highly related with the topic of the research and helpful to identify the result of the research.

Literature review is to find some relevant journals, publications, report and writings on the same topic (Cacioppe, et al., 2008). The objective of this is to identify the importance of the topic, select the primary needs of the topic, take some information from those reviewed literature, provide supporting to the different assumptions and finally to analyse different theoretical aspects of the topic. This literature review on the topic of this research is based on the topic *“Corporate Social Responsibility Practices in Banking Sector of Bangladesh: Its Impact on the Socio-economic Development of Bangladesh”*. This topic has been discussed by taking some relevant information about 5 private banks. So, there are some publications in the field of CSR in relation to banking sectors. The role of those publications is very significant. Some of the important role of the literature review includes the followings:

1. Taking different information from the publications (Robbins & Judge, 2012)
2. Considering the information from the bank’s publication and the neutral publications in the society
3. Take different relevant theories from the publications so that the theoretical discussion is enriched in this research
4. Analyse different aspects of the CSR activities in the society by the banking sectors

2.4. Relevant literatures critically reviewed

For the research on the “This research is based on the topic “*Corporate Social Responsibility Practices in Banking Sector of Bangladesh: Its Impact on the Socio-economic Development of Bangladesh*” some important and relevant literatures are being selected to analyse the performance and role of banks in CSR activities. Different local and famous foreign writers have written on the banks in CSR activities in Bangladesh (Shafiqur, et al., 2010). Those publications were published at different times. Some of the selected publications about CSR activities and their role are discussed below.

2.5 Relevant theoretical discussion and rationales for Corporate Social Responsibility

Corporate Social Responsibility (CSR) is now discussed in the corporate arena with very importance and the importance is increasing day by day. There are various issues relating to the Corporate Social Responsibility (CSR) in an organization. An organization can't be self-dependent by its own effort (Cacioppe, et al., 2008). The organization has to rely largely on the environment surrounding it. So, it is obvious that the organization must perform its responsibilities toward the society. There are various literatures

and publications on the importance and rationale of Corporate Social Responsibility (CSR) in the corporate world. The authorities controlling the corporate and businesses in different countries also have put emphasis on the Corporate Social Responsibility (CSR) by the organizations (Harris, 2013). Some of the relevant and significant theories and rationales of Corporate Social Responsibility (CSR) are identified in the later part.

Corporate social responsibility was first used as a word in the early 1960s. McWilliams and Siegal's article (2000) published a very resourceful writings about the CSR. The organizations earn a huge amount of money by providing the products and goods (McWilliams & Siegel, 2001). There is no control often about the prices of the products or services of those goods and the organizations charge the price according to their will. So, the negative effect of this phenomenon may fall on the organizations (Harris, 2013). McWilliams and Siegal's found a positive correlation between the financial performance and the nonprofit tasks done by the organizations. Those nonprofit tasks are identified as the corporate social responsibility of the organizations (Turker, 2009). So, the writers have shown their justification about the performance of the corporate social responsibility by the organizations.

Approaches of CSR

There are some common approaches of Corporate Social Responsibility (CSR) in our society. The philanthropic view of human being is the first and foremost approach of CSR. The common human feeling indicates that there must be approaches which will lead people to stand beside the helpless and hopeless. This can be done in various forms. This philanthropic approach of Corporate Social Responsibility (CSR) was identified in the early 1960s when there are different large corporations started to think about the hopeless people in the society (Brooks, 2003). Different types of donations are given by this approach without any structured plan. Due to this lack of planning the organizations often find no output for these donations. But sometimes these types of donations are very much helpful to the poor countries. For example, in the year of 1998 there was a dangerous flood in Bangladesh (McWilliams & Siegel, 2001). In that time different organizations donated a \$2million of money including Toyota Corporation to the government of Bangladesh. This direct donation of Toyota by the government of Japan helped the people of Bangladesh to solve the problem and stood again in their own hand by removing the danger of flood. This donation was given without any policy or plan and the direct donation was inspired by the philanthropic approach of the management.

2.6 Managerial process

In Bangladesh, the practice of CSR doesn't have a long history. With the weak development of the financial and industrial sector, the practice of CSR was not wide spread in quantity. However, the flourish of the financial sector and other industries in last 2 decades has brought the CSR practice in large amount (Management & Resource Development Initiative , 2013-2014). Some of the banks and non-bank institutions are conducting CSR activities in large amount. Some people have different notion towards the Corporate Social Responsibility (CSR) in terms of the way of donating (Cacioppe, et al., 2008). This category believes that there should be proper plan and policy regarding this Corporate Social Responsibility (CSR) in the society. Otherwise they may not be useful and the value may be in vain.

The managerial process of the CSR doesn't have any common structures in Bangladesh. Some of the banks have public relation departments where several proposals or applications are taken regarding any aid. Public relations department analyses the proposals or applications of aid, assistance or sponsorship and thus take decisions whether to participate or not. The proposal is then sent to the CSR committee (if any) for analysis. Sometimes, banks directly send the proposal to the accounts department and the CFO take the final decision (Scholtens, 2009). Sometimes, banks initiate their own

scholarship program, or medical camp program or any other program by their own decision.

There is another approach of CSR which can be identified as the integrated CSR strategy with the business. This means to help the society by the business process without any direct donation. For example, the Standard Chartered bank follows the Dual side printing in many countries to save the green environment. Another example of the integrated CSR policy is the purchase of fair trade tea and coffee by the KPMG. KPMG has official policy of purchasing the fair trade tea due to their commitment to save the environment and society (Turker, 2009).

[Social accountability versus management control](#)

There are different arguments for the Corporate Social Responsibility (CSR) by many famous people. Some of the rationale behind the Corporate Social Responsibility are shown below-

[Business are the parts of the society](#)

The first rationale for Corporate Social Responsibility (CSR) is the social feelings. This feeling is the responsibility of people to be a part of society

(Marcoulides & Heck, 1993). It means that being a part of society people can't avoid their responsibility towards society and hence they have to contribute to the society.

Removing the discrimination

There is acute discrimination in the allotment of the resources. So, the discrimination between the poor and the rich are being increasing day by day. Without removing this discrimination the society can't be developed. So, the Corporate Social Responsibility (CSR) can play a significant role in removal of this discrimination in society.

Community development

Government and people in the society are engaged in Community development in different countries. This community development needs to be funded by the rich people or the large corporations. So, without the contribution of the large corporations this community development is not possible (Robbins & Judge, 2012). For this reason, the large corporations must perform corporate social responsibility.

In spite of the social accountabilities, management control and the view often prohibit the flow of CSR. Sometimes, management of banks doesn't consider

the demand of CSR from the society and they randomly thrive for the profit only (Chris, 1960). Moreover, cost cutting policies taken by different banks also reduce the scope of CSR in organizations. Sometimes, the motivation from the Bangladesh Bank and other tax benefits offered by the income tax authorities, banks show interest for the CSR. But, sometimes, the initiative of the banks are not implemented due to the management reluctance. Most of the bank management go only for CSR only when they find it profitable for them. Yet, some banks has tremendous performance in CSR activities that includes the country's largest scholarship program by DBBL, sponsorship in world cup cricket or Dhaka city beatification by IBBL, Dhaka Bank Ltd, Trust bank foundation etc. (Dutch Bangla Bank Ltd, 2014)

Role of Bangladesh Bank in promoting CSR in the country

Bangladesh Bank (BB) has adopted several remedial measures to bridge the gaps in financial inclusion like-

1. 6 percent interest subsidy for banks against their concessional lending to pulse/spice growers, corn/oil seed harvesters, salt cultivators etc. paid by BB on behalf of GoB.
2. A special refinance scheme for sharecroppers has been continued in 2011, which BB undertook in agricultural credit program in 2010. Under this refinance scheme BB has been refinanced Taka 2.66 billion

to more than 1.40 lac share croppers up to 2011 (Management & Resource Development Initiative , 2013-2014).

3. For promoting small and medium scale industrial enterprises under some special schemes and programs, BB has some own as well as donor financed SME refinance lines for banks.
4. Banks have access to another BB refinance lines against their lending for agro processing projects.
5. Under BB refinance line for financing solar energy, bio-gas plant, ETP and Hybrid Hoffman Kiln (HHK) in brick field, banks had received Taka 25 crore refinance and in the meantime, they disbursed around Tk. 50.70 crore of their own (Bangladesh Bank, 2015)

2.7 Contemporary standing of issues clarified

This literature review identifies only the present condition of the CSR activities in the society, their effects in business performance and the role of private banks in the CSR activities. The issue identified in this research is only an academic point of view and the rationale, benefits and problems of CSR are being identified in the research.

2.8 Focus on Practice

The common human feeling indicates that there must be approaches which will lead people to stand beside the helpless and hopeless. This can be done in various forms. This philanthropic approach of Corporate Social Responsibility (CSR) was identified in the early 1960s when there are different large corporations started to think about the hopeless people in the society (Brooks, 2003). The practice of CSR is not of a long story, it started in a large scale several years ago.

In earlier researches CSR activities of different companies have been revealed in different forms. For example, Imam (2000) has shown two categories of CSR for Islamic financial institutions- mandatory & recommended and on the basis of his prescribed guideline. Porag (2014) explored 100% participations of the sample banks in mandatory CSR but voluntary CSR varies significantly. This study differs from the earlier studies in the sense that its categories CSR activities into six major sectors namely a) Education b) Health c) Environment d) Culture & Heritage e) Social welfare and f) Sports. It also emphasizes on the CSR related disclosures of the banks in Bangladesh through a unweight Disclosure Index (Porag, 2014). It explored the highest CSR expenditure of the sample banks in Education sector and it is about 26.72% of the total

allocation while the Health sector has got the second priority with 20.49 % (Yunus, et al., 2015).

2.9 Summary of the literature review

This literature review is totally focused on the CSR performances of private banks, especially 5 selected banks. So, the publication relating to the five banks and their CSR activities are discussed in this literature review part. Different initiatives by *Dutch Bangla Bank Ltd (DBBL)*, *Mercantile Bank Ltd (MBL)*, *Bank Asia Ltd (BAL)*, *Prime Bank Ltd (PBL)* and *Southeast Bank Ltd (SEBL)* in different times, their strategy of CSR and the perception of people has been attempted to identify it this literature review. Most of the literatures are published in different journals and analysed by the researchers. Besides, the publications, some definitions, theories, approaches and benefits are also summarized in this part of literature review.

Chapter 3: Research Design

3.1 Methodological Approach

Along with qualitative and quantitative approach, one new method is suggested by Lee (2010) named Mixed Approach (Zikmund, et al., 2013). According to Imam (2000) qualitative research enables adequate flexibility for the researcher, so that the researcher can investigate the depths of the problem, and investigate and gain an insider perspective. The researchers' role is deemed important and the researcher must be free of bias, and possess analytical capability to enable analysing of problems from a broader/deeper perspective. On the other hand, the quantitative approach usually comprises of information gathered through the use of surveys and questionnaires and it was predetermined alternative answers (Collis & Hussy, 2005).

The phases of corporate social responsibility practices are identified in this sort of approach, and entails namely statistical reality (Gadenne, et al., 2009). Hence it helps answer questions such as: *What can be the most prominent of sectors of performing CSR activities?* Whereas qualitative research helps answer the choices respondents make prior to their ultimate action.

In aspect of this research, a combination of both quantitative and qualitative research methods has been deemed appropriate as it seeks to determine whether “deterministic factors’ of respondents’ point of view on CSR practices that ultimately influences the sales performance of banks and

respondents' perception regarding the quality of products offered by the banks. Most of the data acquired is descriptive in nature, but it has still been possible to measure the case spread.

This study has mainly used quantitative approach. But for taking real life empirical impact of CSR activities, this study has also used qualitative approach through collecting qualitative text data from CSR beneficiaries.

3.2 Data Collection Methods & Instruments

For the use of the research, the researcher has spent ample time scrutinizing the corporate social responsibility practices taken by banks in Bangladesh and analysing the sales performance of them through the use of questionnaires and surveys (Robbins & Judge, 2012). This has enabled the research methods to be able to depict the true relationship between these two variables, through focus group decisions and understandings.

Survey Method & Questionnaire

According to Kotler & Keller (2006), survey researches help reveal information on people's knowledge, beliefs, preferences, level of satisfaction as well as providing a means to measuring the magnitude within the general population. Thus for this particular research, such a method can be deemed appropriate in demarcating the CSR activities that affect the sales performance by the banks. In this paper a survey is conducted over the beneficiaries of each

of the selected five banks; *Dutch Bangla Bank Ltd (DBBL)*, *Mercantile Bank Ltd (MBL)*, *Bank Asia Ltd (BAL)*, *Prime Bank Ltd (PBL)* and *Southeast Bank Ltd*.

Questionnaires

Questionnaires help to gather demographic and geographic data. Question can be of two types: closed and open-ended. Regardless of type, demographic data makes allowance for informed decisions to be taken regarding samples to be used in the latter parts/stages of a research; since geographic variables of people tend to influence perception participants/respondents were chosen such that their geographic were similar so that answers obtained were not affected by the variables.

Observation

Different media (radio), television, and print advertisements can be utilized in case of conducting corporate social responsibility (Kotter, 2000). And it has been observed to scrutinize and comprehend the different ways of corporate social responsibility practices conducted banks, and the extent of localization or standardization apparent in their activities. Findings have been linked and compared to literature as deemed relevant.

Case Study

The case-study strategy is very helpful to have a thorough overview of any topic and it also links the theory with the real-life-context and the overall phenomenon (Collis & Hussy, 2005). In this case, the study reveals the connection of corporate social responsibility with the sales performance of banks. It tells the significance of corporate social responsibility into the performance of any business and its relationship with the profitability.

3.3 Research Sampling

Sampling frame is the most representative portion of the entire population and sample is usually drawn from this part by judging its significance (Quazi, et al., 2014). The already filled questionnaires help to select the most prominent portion of the population and the samples as well. But to get actual information, first condition is to prepare a structured and relevant questionnaire so that it can fetch the logical and probable information to represent the population.

Selection of appropriate sample size depends upon two factors: Random (probability) Sampling & Non-random (non-probability) Sampling. According to probability, sampling enables each segment of a population an equal chance for being selected, whilst the latter enables selecting a sample

size based on something other than random sampling (such as convenience and personal judgment).

Under the class of non-probability sampling, there are two sampling techniques: Judgment sampling and convenience sampling (Zikmund, et al., 2013). It is very common that not everyone wanted to actively participate in the surveys but there was a condition to the people that they had to be chosen to provide relevant information. In this study, the non-random sampling is used to determine the sample size. The sample size consisted of five respondents who are the beneficiaries of the CSR activities of five different banks. Larger sample sizes could have enabled more accurate representation and grounds for evaluation. There are thousands of beneficiaries of the CSR activities of banks, from there selecting five sample doesn't represent any significant value (Marcoulides & Heck, 1993). So, this sample is not any representative value for the CSR study of the bank, but represent the opinion of the beneficiaries only.

3.4 Reliability & Validity of Research

In a research study, validity is defined as how one can measure the instrument used and why this instrument has been chosen in this study (Turker, 2009). In addition, validity is also concerned with the examination of scaling

knowledge, skills or any particular characteristic that was ought to be tested. On the other hand, reliability is something based on which researchers draw a conclusion. Reliability comes when a researcher recreates other's study and generates different and unique outcome. Reliability reduces the likelihood of errors and biasness during the study as it ensures the originality of the information. Reliability is achieved when any instrument can gather information to the extent that provides factual outcome with consistency and it is also free from any fictitious element (Quazi, et al., 2014). To attain complete reliability, the selection of sample size is very crucial. So under this study, a significant amount of sample size has been taken to conduct the study (total 5 respondents). Furthermore, by presenting the same standardized questions, carefully worded after piloting, to all respondents it makes possible a highly reliable response (Turker, 2009).

Chapter 4: Findings of the Study

4.1 Introduction

To achieve the aim of this paper, it is necessary to conduct some study and research. The main objective of this paper is to find out the relationship between the corporate social responsibility and the sales performance of the banking sectors. Five banks are taken as the key organization of this industry. This relationship between these 2 factors can be identified if the responses of some employees are taken and the performance data from different years is collected and analyzed.

Various research technique and methods are available to use in this case, but due to the data type and the objective of the research this is not possible to use statistical approach of research. Most of the analyses are done by some comparison basis.

The banking sector in Bangladesh is one of the largest sectors with the presence of large number of commercial banks. The number of banks in all now stands at 49 in Bangladesh. Out of the 49 banks, four are Nationalized Commercial Banks (NCBs), 28 local private commercial banks, 12 foreign banks and the rest five are Development Financial Institutions (DFIs). Sonali Bank is the largest among the NCBs while Pubali is leading in the private ones. Among the 12 foreign banks, Standard Chartered has become the largest in the country. Besides the scheduled banks, Samabai (Cooperative) Bank,

Ansar-VDP Bank, Karmasansthan (Employment) Bank and Grameen bank are functioning in the financial sector. The number of total branches of all scheduled banks is 6,038 as of June 2000. Of the branches, 39.95 per cent (2,412) are located in the urban areas and 60.05 per cent (3,626) in the rural areas. Of the branches NCBs hold 3,616, private commercial banks 1,214, foreign banks 31 and specialized banks 1,177. Bangladesh Bank (BB) regulates and supervises the activities of all banks (Shafiqur, et al., 2010). The BB is now carrying out a reform program to ensure quality services by the banks.

4.2 Major areas of banks' CSR activities in Bangladesh

The government of Bangladesh has shaped the practice of CSR in the country. All the business organizations and other participants in the CSR field are recommended to follow this instruction under SRO No. 270-Ain/2010. Under the SRO No. 270-Ain/2010, issued 01.07.2010 from the Government of Bangladesh, has specified 22 areas of CSR activities for enjoying 10% tax rebate. The areas includes (1) Donation to organizations engaged in clean water management (2) Donations to organization engaged in afforestation; (3) Donations to organization engaged in beautifications of cities; (4) Donations to organization engaged in waste management; (5) Donations for redressing the hardships caused by natural calamities such as cyclone, earthquake, tidal

wave and flood challenged through Government organizations; (6) Donations to organizations engaged in establishment and management and management of old persons homes; (7) Donations to organizations engaged in the welfare of mentally or physically handicapped; (8) Donations to educational institutions run for the purpose of education of rootless children; (9) Donations to organizations engaged in projects on accommodation for the slum dwellers; (10) Donations to social organizations engaged in publicity of movements relating to women's rights and anti-dowry practices; (11) Donations to organizations engaged in feeding and clothing and sheltering and rehabilitation of orphan/rootless children; (12) Donations to organizations engaged in research on independence war, regaining and expansion of the consciousness of the independence war and the act of honorable living of the freedom fighters; (13) Donations to organizations engaged in health some situation in Chittagong Hill Tracts, char areas and areas surrounding breaking up of bank of river; (14) Grants to organizations engaged in treating cleft lips, cataract, cancer, and leprosy; (15) Grants to organizations engaged in treating acid victims; (16) Donations to hospitals engaged in providing free medical treatment to poor patients and specialized for developing the quality of treatment, such as cancer, liver, kidney, thalassemia, eye and cardio; (17) Donations to organizations distributing freely at the level of use of birth -

control products with a view to solving the population problem and to conduct camps for voluntary sterilization; (18) Grants to Public Universities; (19) Expenditure incurred through educational institutions recognized by Government for providing technical and vocational education for meritorious poor students; (20) Money invested in establishing lab for providing training on computer or information technology and in establishing infrastructure or in purchasing educational materials for implementing English education in public /private educational institutions (under Monthly Pay Order or MPO); (21) Donations to organizations engaged in providing technical and vocational training to unskilled or semi-skilled labor for export of human resources; and (22) Donations to organizations involved with infrastructure of sports and provision of training at national level.

Few empirical studies are available on the CSR practice in Bangladesh (Azim et al. 2011). Chowdhury and Chowdhury (1996) commented in their study that some leading companies in Bangladesh voluntarily provide some information about social matters. Moreover, the importance of corresponding (whatever a social responsibility they have performed) social responsibility performance had not been recognized by the concerned management of sample companies (Hassan, 2013). They also found that CSR mainly confined to employees' welfare, contribution to government, operational activities and

business expansion rather than community development, human resource development, and environment. Imam (2000) indicated that there was a low level of CSR reporting in Bangladesh. Again, Imam (2000) concluded that social reporting practices were absent in Bangladesh. Early studies provide a largely descriptive account of corporate social disclosure in developing countries like Bangladesh. Hassan (2013) concluded that Bangladeshi companies are reporting a quantity of disclosures on human resource even though this kind of disclosure is not mandatory from any regulatory authority. CSR disclosures in Bangladesh are voluntary in nature and largely qualitative (Turker, 2009). They also mentioned that the disclosure of social information made by listed companies in their corporate annual reports in Bangladesh is very disappointing (p.10). Hassan (2013) conclude, nevertheless, that the nature and extent of disclosure were usually poor, and consciousness of social responsibility is still lagging as compared to that of developed countries. Hassan (2013) revealed that the selected banking companies did some CSR reporting on a voluntary basis and user groups favoured CSR reporting and would like to see more disclosure. Most of the previous studies consider single period of time .By adopting a longitudinal approach covering several years and studying the same companies over that period, this research hopes to provide more explanations and a clearer view about the trend of disclosure

practice employed by banking companies. Moreover, previous studies indicated that there was a low level of CSR reporting in Bangladesh. There is an implicit aspiration from different stakeholders group that corporate houses should spend on societal well-being and they like to look into such information in companies' financial statements. The above contradictory information provides motivation for further longitudinal study. Thus, the researcher has motivated to confirm whether there are any improvements in CSR reporting status of the listed Banking companies in Bangladesh.

The primary target of CSR efforts for the most businesses is underprivileged children of the society, mainly in the form of financial assistance towards medical treatment. IDLC sponsored 10 specially-challenged children of SEID Trust (SEID Trust- a nongovernmental voluntary development organization working for social inclusion and promoting rights of underprivileged children with disabilities including intellectual and multiple disabilities as well as autism since 2003) and also sponsored Shishu Bikash Chhaya (a residential centre providing better education and healthcare facilities to underprivileged children) providing them the benefits of better education and healthcare facilities. IDLC has been contributing to SEID Trust for more than 6 years (Harris, 2013). Summit Power also sponsored an amount of Tk. 13, 43,750/-

to SEID Trust for supporting this deprived part of the community. Similarly Apex Tannery Ltd donated 0.5 million to Jalalabad Association for scholarships to the meritorious students. BRAC Bank donated Prothom Alo Adanya Medhabi, Biochemistry Olympiad. Beximco Pharma offered financial assistance to the children of their employees. In the year 2011, Singer also arranged Employment to the Underprivileged children of UCEP (Underprivileged Children's Education Program- is providing technical training on different trades. On completion of this training the trainees are absorbed in different organizations) (Porag, 2014).

The discussions on CSR practices in Bangladesh in its modern global terms, is relatively new. In general, it is true that in Bangladesh, the status of labour rights practices, environmental management and transparency in corporate governance is not satisfactory, largely due to poor enforcement of existing laws and inadequate pressure from civil society and interest groups like Consumer Forums. Globally, as CSR practices are gradually being integrated into international business practices and hence is becoming one of the determining factors for market accesses, it is becoming equally instrumental for local acceptability. A focus on CSR in Bangladesh would be useful, not only for improving corporate governance, labour rights, work place safety, fair treatment of workers, community development and environment

management, but also for industrialization and ensuring global market access. By now, many CSR dimensions are practiced in Bangladesh (Shafiqur, et al., 2010).

Some of the sectors where the major CSR activities are conducted by the banks in Bangladesh are shown below –

Education

Education is the most prioritized sector of CSR in Bangladesh by the banks and other institutions. In 2011, total expenditure in education by the banks was 612 million TK which was 27.99% of the total CSR activities. That reached 1508 million in 2014 that is 29.54% of the total CSR expenditures. For example, Dutch-Bangla Bank, under its social cause program, has been awarding the scholarships to the meritorious students in need of financial aid studying at different levels of education since its beginning. Around 90% of the scholarships have been given to the rural students and 50% to the female students (Dutch Bangla Bank Ltd, 2014).

Health

Health is second prioritized field of CSR for the banks. In 2011, total expenditure in health by the banks was 520.42 million TK which was 23.78% of the total CSR activities. It reached 1383 million TK in 2014 that is 27.10%

of the total CSR expenditures (Bangladesh Bank, 2015). Different banks including the sample banks in this study participate in the health related CSR programs through their foundation and charity trusts. For example, Prime Bank Foundation (PBF) is a staunch believer of empowerment rather than aid. Prime Bank Ltd participates in several health related activities and campaigns through this foundation.

Humanitarian and disaster relief

Banks also participate in Humanitarian and disaster relief activities through their CSR as Bangladesh is a poor and natural calamity attacked country. All the banks in Bangladesh incurred 188 million TK in Humanitarian and disaster relief activities in 2011 that reached 949.47 million TK in 2014.

Sports

Sports is another popular field of CSR in Bangladesh. Cricket and football are popular sports in the country and hence banks participate in sports events as sponsors and motivators. In 2011, total expenditure in sports by the banks was 359.07 million TK which was 16.41% of the total CSR.

Arts & Culture

Bangladesh has a long history of arts and culture. As a result, banks participate in arts & cultural events as a sponsors. In 2011, total expenditure in arts and culture by the banks was 171.51 million TK which was 7.84% of the total CSR activities. That reached 407.11 million TK in 2014 that is 7.97% of the total CSR expenditures.

Environment

Pollution, environment and greenhouse effect are commonly uttered words in today's world. Awareness about environment is also found in Bangladesh as well. All the banks in Bangladesh incurred 138.07 million TK in Humanitarian and disaster relief activities in 2011 that reached 164.55 million TK in 2014 (Bangladesh Bank, 2015).

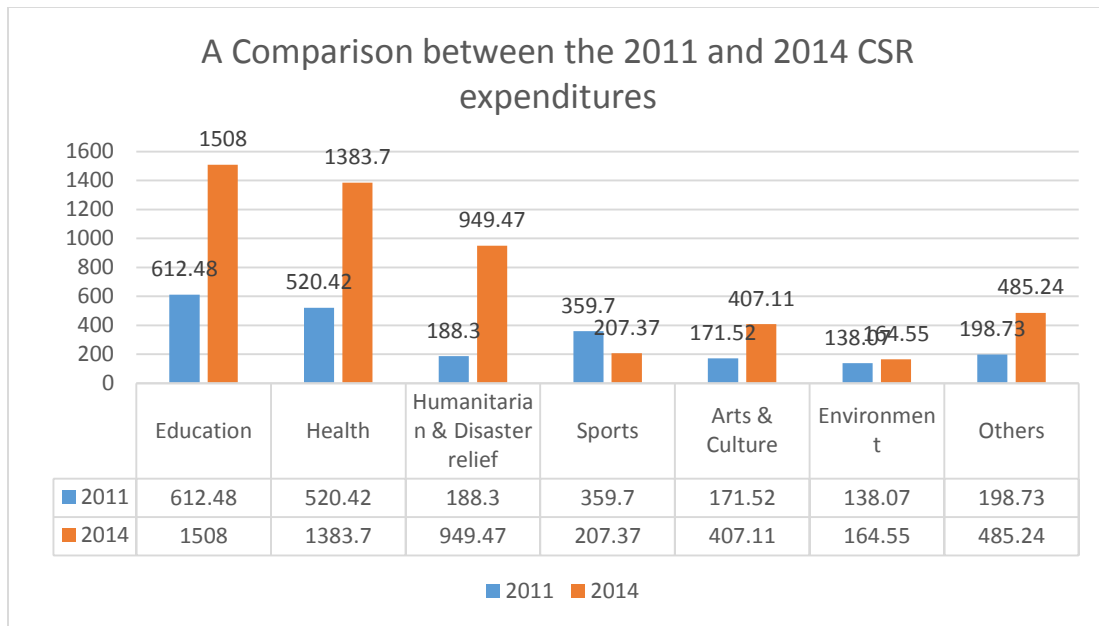


Figure: A Comparison between the 2011 and 2014 CSR expenditures by Banks

Others

Some other miscellaneous CSR activities are included in the other categories. In 2011, there was 198.73 million of others expenditures in CSR by the banks. That reached 485.24 million TK in 2014 that is 27.10% of the total CSR expenditures. This criteria includes promoting of social awareness, women and gender promotion, etc.

Though CSR is a relatively new concept in Bangladeshi corporate culture, awareness of corporate social reporting has rapidly increased. All companies

need to consider their CSR for two basic reasons. Firstly, there is intensifying pressure from stakeholders to do so (Azim, et al., 2011). Any company that does not develop and promote its CSR policy to all stakeholders will face increasing threats to its reputation. Secondly, because it makes sound business sense, CSR enhances the reputation of an organization, brings in new business and improves stakeholder return (Kabir, 2003 cited Azim 2011).

A yearly representation of the CSR funds by banks is shown below in million TK

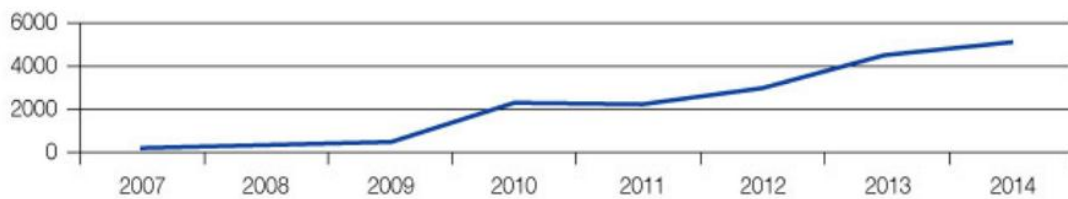


Figure: Yearly Progress in CSR funds in million TK (MRDI, 2015, p. 15)

Priority of the fields of CSR varies from bank to bank. Different bank prioritizes different sectors for the CSR activities. Social development, needs of the area, branding & goodwill, Regulatory Compulsion and Location of a board member/ influential person are some of the common characteristics of the CSR activities by banks. A priority table is shown below with the sectors of CSR by banks are shown below –

Particular	Priority -	Priority -	Priority -	Priority -	Priority -
	1	2	3	4	5
Social development	11	2	0	0	0
needs of the area	1	4	1	1	
branding & goodwill	2	1	2	1	1
Regulatory Compulsion	0	2	3	0	
Location of a board member/ influential person	0	0	0	1	1

4.3 Comparative analysis of sector-wise CSR initiatives by

Sample Banks

The selected banks have conducted several corporate social responsibility activities in the country. Some of the CSR initiative taken by these banks are shown below –

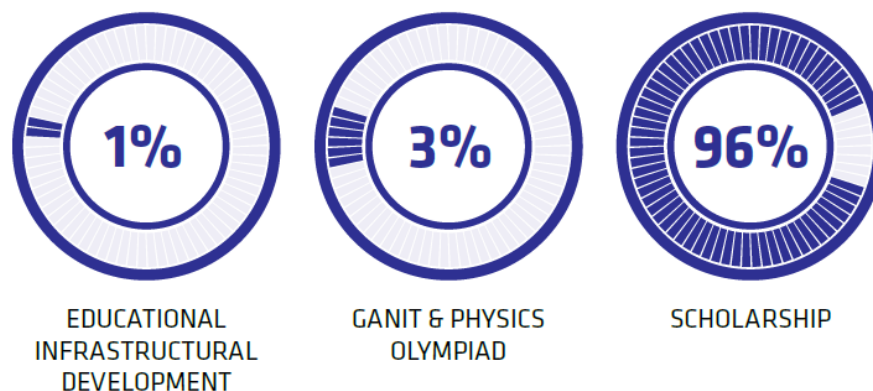
[The largest private scholarship program by Dutch Bangla Bank Ltd](#)

Dutch-Bangla Bank, under its social cause program, has been awarding the scholarships to the meritorious students in need of financial aid studying at

different levels of education since its beginning. DBBL awards new scholarships every year along with renewal of existing awardees.

The Bank has given scholarships to the deserving students from huge applications following a set of criteria such as the applicant's academic results, financial capability, physical conditions etc. Around 90% of the scholarships have been given to the rural students and 50% to the female students.

CONTRIBUTION TO EDUCATION SECTOR IN 2014



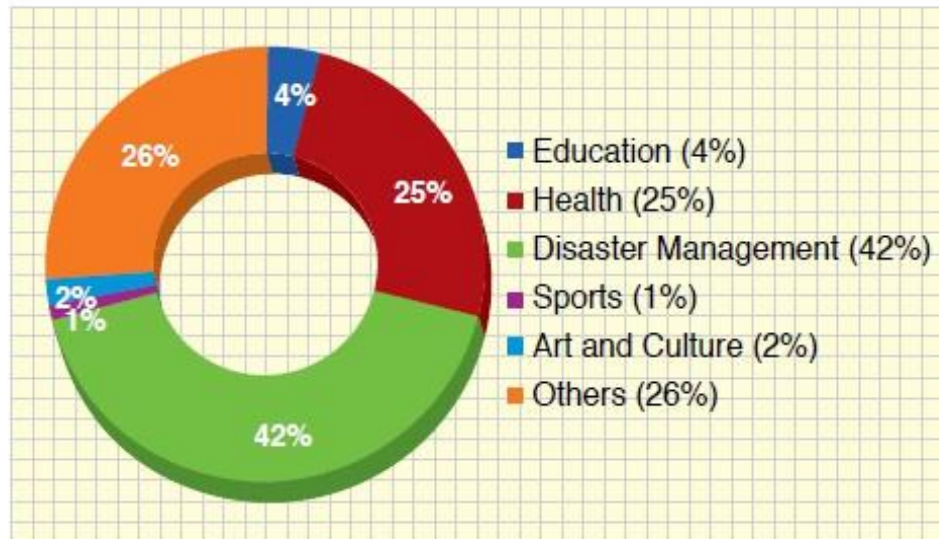
Graph: Contribution in the educations sector by DBBL (Dutch Bangla Bank Ltd, 2014)

Sustainability contribution of Bank Asia

Sustainability Reporting Award 2014 (SRA 14) awarded for Most Impressive Report 2013 by NCSR (National Centre for Sustainability Reporting) Jakarta, Indonesia for Sustainability Report 2013 of Bank Asia. Bank Asia spent Tk. 239.84 million in 2014 in CSR activities, and it was almost 80% higher than the previous year (Bank Asia, 2014). The Bank has extended full-fledged financial support for construction of a nine-storied 'Nursing Student Hostel' at Bangabandhu Sheikh Mujib Medical University (BSMMU) having project cost of Tk. 104 million to mitigate acute accommodation problem of graduate nursing students and also construction of Outdoor Patient Department (OPD) building having project cost of Tk. 50 million for Holy Family Red Crescent Medical College & Hospital in the capital city Dhaka (Bank Asia, 2014).

Contribution of Mercantile Bank in disaster management and health sector

CSR is indeed a fundamental part of the long term business and sustainable growth and success, and it plays an important role in promoting values both locally and internationally. Through different projects we presume to contribute to the community, but our main focus is to help millions of underprivileged children and poor people in Bangladesh.



Contribution of Mercantile Bank in CSR (Mercantile Bank, 2014)

The Bank promotes CSR activities, apart from its own fund, through Mercantile Bank Foundation, which acts as a helping hand to the distressed people of the country (Mercantile Bank, 2014). Investment in CSR programs is always supported and encouraged by the Board of Directors. Through “CSR Desk”, the Management reports to the Board and Regulatory Bodies on CSR activities. The funding policy has focused on five major areas: Community outreach, Health & Medical research, Education, Arts & Culture, and Development of Sports.

Segments	BDT in Million
Education	1.90
Health	13.50
Disaster Management	22.40
Sports	0.60
Art & Culture	0.80
Others	13.80
Total	53.00

Contribution of Mercantile Bank in CSR in 2014 (Mercantile Bank, 2014)

Diversified CSR activities of Prime Bank

Corporate Social Responsibility (CSR) is a long-term approach to business that addresses the needs of communities, people and their employers. CSR provides frameworks for successful enterprises and there are harmonious with their surroundings. CSR also provides an opportunity to generate honest, authentic good news stories that a business and its community can be proud of (Prime Bank Ltd, 2014). We believe that CSR must be sustainable and be a fundamental part of our business regardless of changing fortunes. Through health and education programs we help the Foundation connect with local communities in a way that no one else can. Prime Bank Foundation (PBF) is

a staunch believer of empowerment rather than aid. That is why the foundation has undertaken a variety of projects in education, health and other sectors of the country with the objective of removing access barriers which the marginalized sectors of the society face. Some of the contributions of Prime Bank includes Education Support Program (ESP), Prime Bank English Medium School (PBEMS), Prime Bank Nursing Institute (PBNI), Prime Bank Eye Hospital (PBEH), Prime Bank Cricket Club (PBCC) etc. (Prime Bank Ltd, 2014).

Contribution of Southeast Bank

Southeast bank has been contributing in the CSR activities for a long time. Southeast Bank wants to inspire the individuals and organizations who are actively working to preserve environment. With that end in view, the Board of Directors of the Bank in its 395th meeting held on March 14, 2012 decided to give Green Awards to institutions and Women

Entrepreneurs for really making significant contribution to the preservation of environment. The award was named, '*Southeast Bank- Financial Express – Policy Research Institute Green Award*'. Accordingly, a Green Award Trust has been created comprising the following personalities as trustees (Southeast Bank, 2014).

Performance of selected banks

The practice of CSR has been significantly found in the last decades. Before that, the weak industrialization and slow growth of the financial sector showed weak performance in the CSR activities. As a result, the banking sector has notable position in conducting CSR activities than other industries.

The selected 5 banks have conducted several CSR activities due to the corporate governance code and the regulations of Bangladesh Bank. However, some of the CSR activities of the selected banks are shown below –

Bank Asia

Bank Asia is always aware of its Corporate Social Responsibility (CSR) with an aim to ensure the bank as a socially responsible corporate entity contributing towards quality of life of the society at large without compromising our ecological conditions.

Bank Asia (Taka in Crore)				
	2011	2012	2013	2014
Education	15.95	18.44	30.74	13.44
Health	1.43	5.77	72.58	90.27
Disaster Management	0.69	21.55	21.14	11.13
Environment	1.06	1.22	0.74	0.115
Sports	0.05	1.22	3.61	5.2
Art & Culture	0.51	0.46	1.57	16.12
Others	6.41	20.79	2.57	103.54
Total	26.1	69.45	132.95	239.815

Such contribution from Bank Asia is found as a part of the increasing CSR consciousness by the bank management.

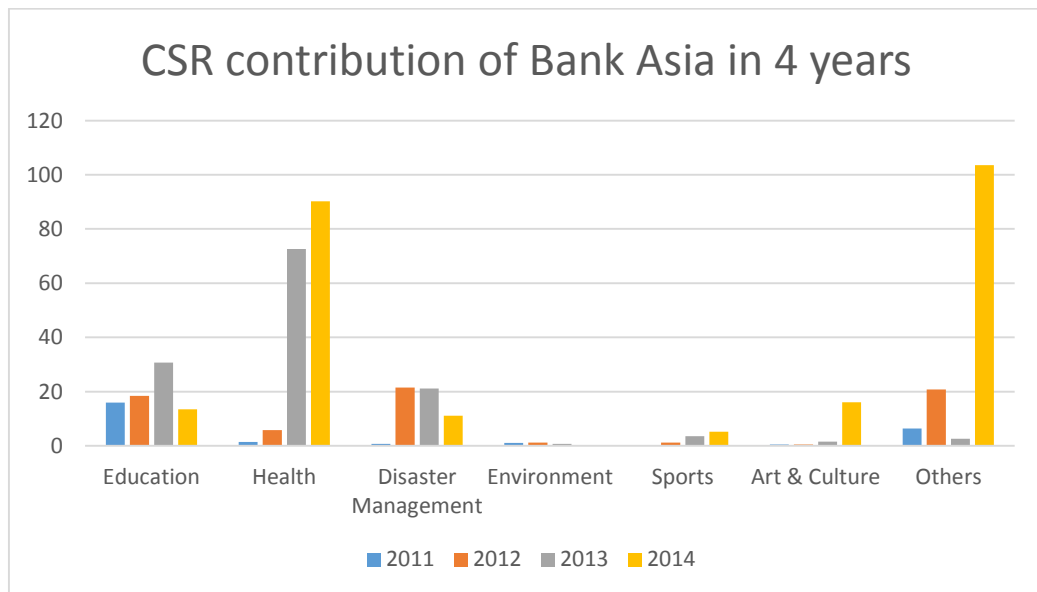
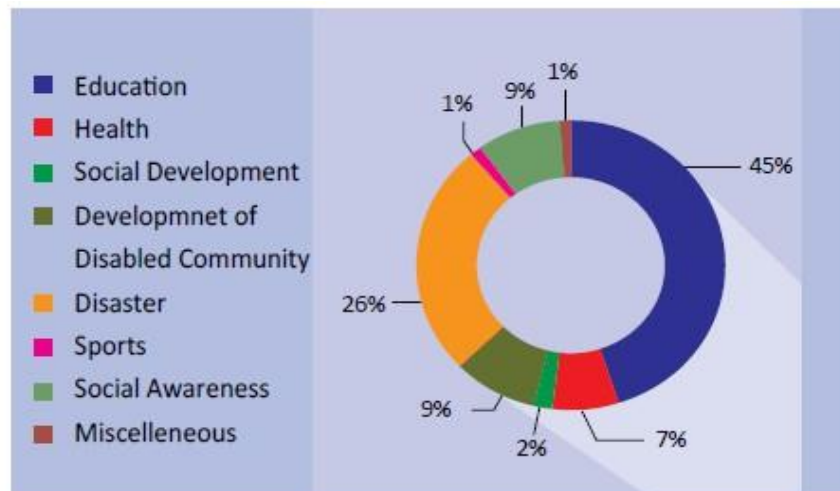


Figure: Contribution of Bank Asia in 4 years

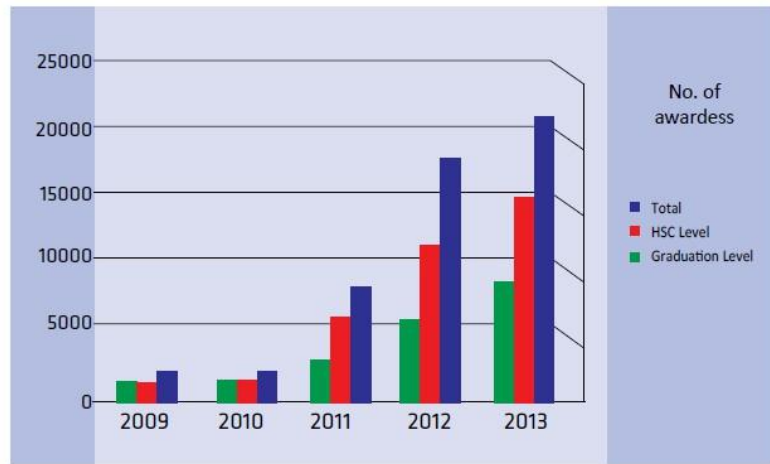
Dutch Bangla Bank Ltd

Dutch-Bangla Bank does not only eye for an objective of making profit but also simultaneously trying to do something for the wellbeing of the distressed humanity through various altruistic activities. Considering the valuable philanthropic and humanitarian activities rendered by DBBL, it has been decided to create much more scopes for extending its helping hands in the coming days.



Contribution of DBBL in different sectors in 2013 (Dutch Bangla Bank Ltd, 2013, p. 200)

Dutch Bangla Bank Ltd has introduced the country's largest private scholarship program for students. Under that scholarship program, DBBL provided 1020 million Taka to 30,000 of students. This scholarship program is also running this year and students from HSC & graduation are getting benefits from this program.



Status of scholarship in different levels for last 5 years (Dutch Bangla Bank Ltd, 2013, p. 201)

DBBL is considered as the pioneer in the social cause program in the country with its largest scholarship program and other social contributions. Since inception, DBBL tried to enrich economic and social indicators of society by way of supporting education, reducing poverty, giving standard healthcare service, proper nutrition, and ensuring environment friendly society for the present and future generations.

Mercantile Bank Ltd

Mercantile Bank also has notable contributions in the CSR activities along with a clear disclosure systems. It discloses its sufficient information in its annual reports about the social cause programs and health and disaster management activities. Information about the CSR of Mercantile Bank is shown from the last 6 years.

Mercantile (Taka in Crore)						
	2009	2010	2011	2012	2013	2014
Education	2.7	7.19	11.8	13.8	14	1.9
Health	9.75	13.15	14.1	26.8	8.4	13.5
Disaster Management	6.69	11.87	9.2	17.5	28.4	22.4
Environment						
Sports	0.93	7.88	1.9	2.4	5.8	0.6
Art & Culture		14.42	4.8	1.8	0.2	0.8
Others	12.35	11.4	7.6	23.6	26.3	23.8
Total	32.42	65.91	49.4	85.9	83.1	53

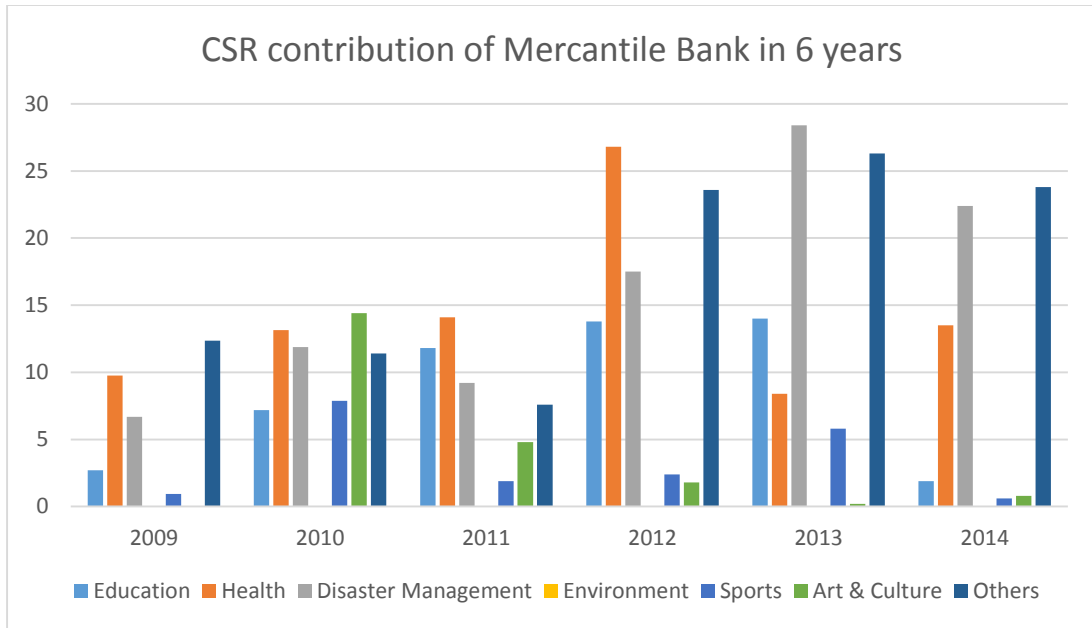
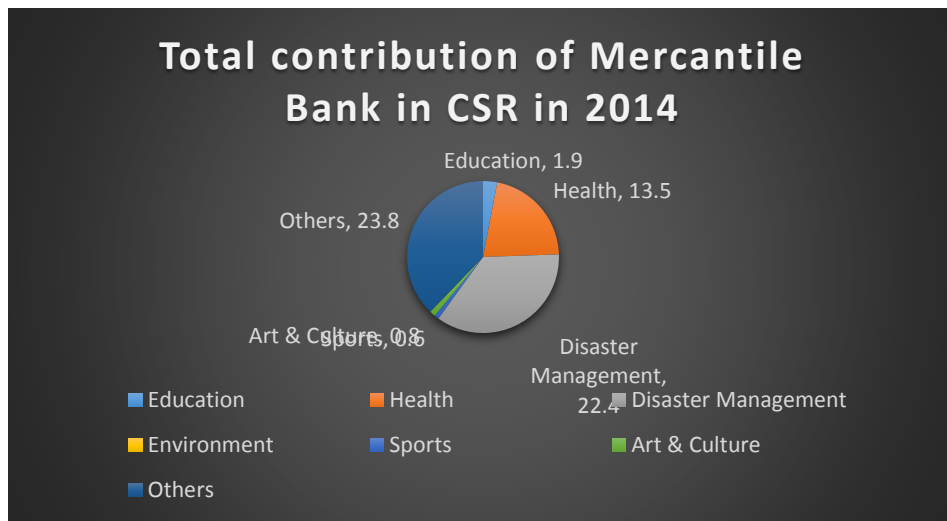


Figure: CSR contribution of Mercantile Bank in 6 years (Mercantile Bank, 2014)



Total contribution of Mercantile Bank in CSR in 2014

Prime Bank Ltd

PBL also has a larger scholarship program across the country. It provides education, health, and environmental benefit for its stakeholders. This unique Education Support Program of PBL was launched in 2007 to remove the access barriers faced by many deserving yet destitute students. 2014 marks the 8th year of the program where another 401 underprivileged but without education, an entire nation can become paralyzed. Education is an essential component for human development and empowerment; this is the core belief behind Prime Bank Foundation's (PBF) Education Support Program (ESP). This English medium school provides quality English education at a minimum cost as well as a holistic syllabus which equips the students to tackle and comprehend the world. The school's popularity and demand has led to the existence of a total of two branches in Dhaka city. Considering the dire need of a large number of qualified nurses, PBNI began its journey in affiliation with a leading nursing institute of Philippines. The modern equipment's, IT facilities and qualified teachers all follow international standards which prepare the students to pursue a noble career. The institute aims not only to increase employment but also to contribute to the health sector of the country. Ophthalmic health is often ignored, but is integral for overall wellbeing. PBEH has a highly trained team of consultants and staff, and international

standard equipment's and operation theatres to provide excellent eye-care services at a minimum cost.

PBEH also carries out screening camps, and free eye camps throughout the country, especially in remote areas to reach out to eye patients. The hospital has also adopted several awareness-raising campaigns to promote health-seeking behavior. The PBCC is a platform for young athletes to gain professional experience through the game as well as from the seasoned players who are also part of the team. PBCC provides excellent logistical support, a professional and systematic approach and best practices and all these set it apart and highlights its exceptional standards. Along with the ongoing projects, Prime Bank Foundation is actively involved in countless activities which are undertaken to support emergency needs of the country. Due to the contribution of Prime Bank in education, it got recognition from the Faculty of Business Studies, University of Dhaka that PBL published in its annual report.

Southeast Bank Ltd

Southeast Bank Limited's CSR activities follow transparent business practices that are based on ethical values, compliance with legal and regulatory requirement and respect for people, communities and the environment. Southeast Bank limited is responsible for the totality of our impact on people and the planet, beyond making profit. Southeast Bank Limited's corporate social responsibility is about addressing the needs of all the stakeholders in a way that advances its business and makes a positive and meaningful contribution to the society. Southeast Bank limited donated BDT 500,000.00 only to Md. Kamrul Ahsan, Asst. Inspector General (AIG), *Police Headquarters, Dhaka* for his cancer treatment. Southeast Bank Limited donated a modern elevator for the Academic Building of Faculty of Business Studies, University of Dhaka. Dr. A A M S Arefin Siddique, honorable Vice Chancellor, University of Dhaka along with Shahid Hossain, Managing Director, Southeast Bank Limited were present in inaugurating the Lift.

4.4 Motivational Factors behind CSR activities

There are a lot of benefits of the Corporate Social Responsibility activities in the society. Researchers and organizations have found those benefits of CSR and interpreted about their performances. Some of the benefits of the Corporate Social Responsibility (CSR) activities are –

Tax Rebate for CSR

One of the major motivations for the CSR in Bangladesh is the tax rebate announced by Bangladesh government. Bangladesh Government declares 10% Tax Rebate for CSR practice. This is the number one motivational factor for the CSR practice in Bangladesh. Such a tax rebate is a great motivation for the banks and other institution (Joshi, et al., 2001). Moreover, the management of the organization often find it beneficial to incur a large amount of expenses on CSR activities rather giving tax on large amount.

The perception of people improves

People have good perception about the organizations performing CSR activities in society. Conducting a large amount of CSR activities have made positive impression about the DBBL. On the other hand, British American Tobacco (BAT) has incurred a large amount of CSR in planting trees across the Bangladesh. For example, people have good perception about the non-profit oriented activities and purchase their products.

Corporate Governance and Rating

Organizations participating in corporate social responsibility get higher rating in terms of corporate governance. Again, it is helpful for getting entrants in foreign market for the banks and other organizations. So, conducting CSR activities helps getting higher rating that indirectly improve the branding of the organization.

A better society

If the organizations participate largely in the corporate social responsibility activities, there will be no poverty, no illiteracy, no malnutrition, and no injustice in the society. So, there will be a better society and this is possible by doing CSR activities largely. Organization have responsibilities to society. Hence, firms should come forward in contributing to the society to build a better society and improve the living standard of the people of Bangladesh. This works as a motivational factor for the people.

Government benefits

There are some government benefits provided to the organizations which participate a significant amount of CSR activities. This includes the nontax benefit, market expansion benefit by government etc. all these benefits also motivate the management of banks and financial institutions towards participating in the CSR activities.

4.5 Performance of CSR in comparison to Net Profit

Most of the banks have not disclosed sufficient information about the growth in CSR activities, though the financial growth is found in the publications. Moreover, due to the absence of total amount of CSR incurred by different banks, it is not possible to identify the growth of the CSR activities in line with the financial growth. For example, Southeast Bank discloses the financial growth in different years but no disclosure is given to the growth in CSR expenditures.

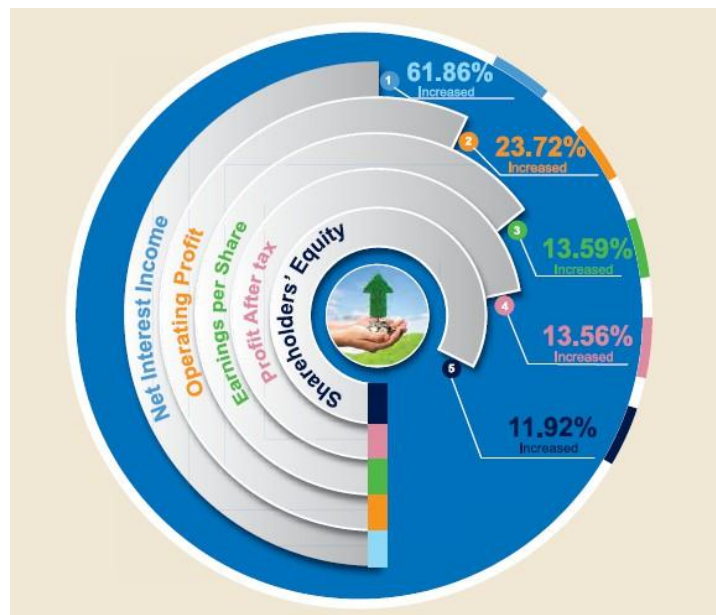


Figure: Growth in financial activities of Southeast Bank (Southeast Bank, 2014, p. 3)

Some annual data are found from the Mercantile Bank and Bank Asia. Both the banks are compared below with their CSR performance data from 2012 to 2014.

Bank Asia

Bank Asia has shown the following growth rate in its annual report for 2012 to 2014 –

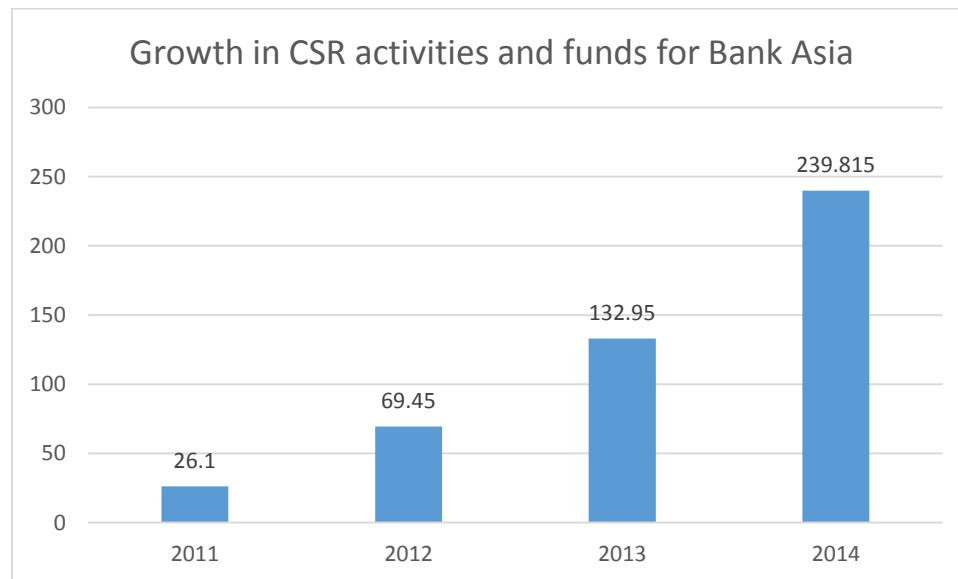


Figure: Growth in CSR activities and funds for Bank Asia (Bank Asia, 2014)

However, a growth comparison between the Net profit and CSR contributions for the Bank Asia in 3 years is shown below that will help understanding the enthusiasm of the bank toward CSR –

Year	2012 (in %)	2013	2014
Growth in Net Profit	10.88 %	7.41 %	5.21 %
Growth in CSR	166.1 %	91.4 %	80.4 %
CSR as a % of Net Profit	0.91%	0.23%	1.33%

This table shows the growth in net profit of the Bank Asia, the growth in CSR activities of the bank and the percentage of the after tax profit in CSR activities.

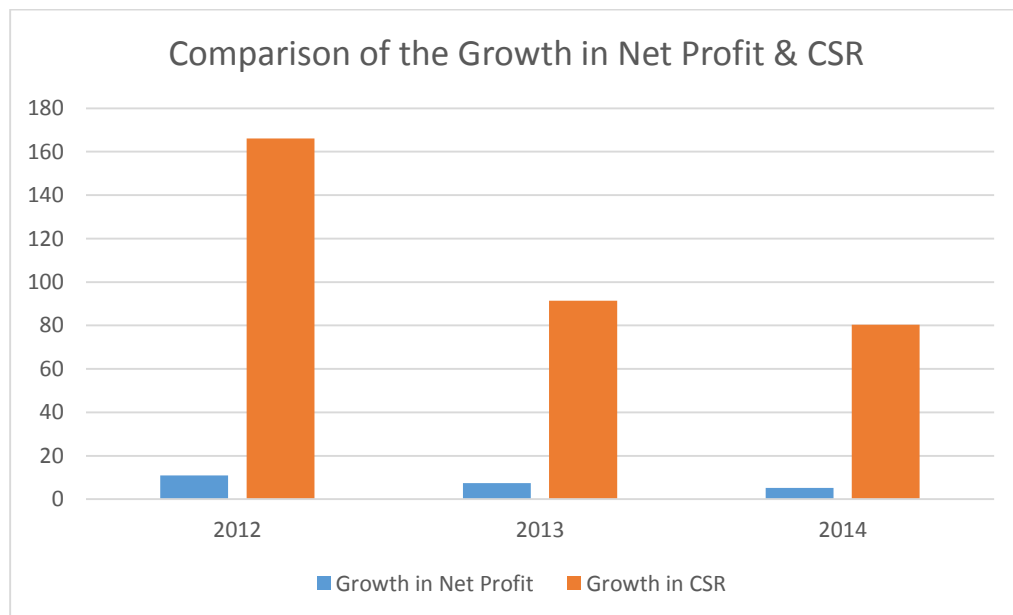


Figure: Comparison of the Growth in Net Profit & CSR

Mercantile Bank

Mercantile Bank disclosed information about its financial growth as well as CSR growth. The CSR contribution of the bank along with the net profit is shown below –

Year	2010	2011	2012	2013	2014
Net Profit After Tax (million TK)	14,253.4	17,341.8	13,814.5	19,787.0	11,885.1
CSR contribution (million TK)	659.1	494	859	831	630
CSR as a % of Net Profit	4.62%	2.84%	6.22%	10.10%	4.73%
Growth of Net Profit (%)	N/A	21.67	-20.34	43.23	-39.93
Growth of CSR (%)	N/A	-25.05	73.89	-3.26	-24.19

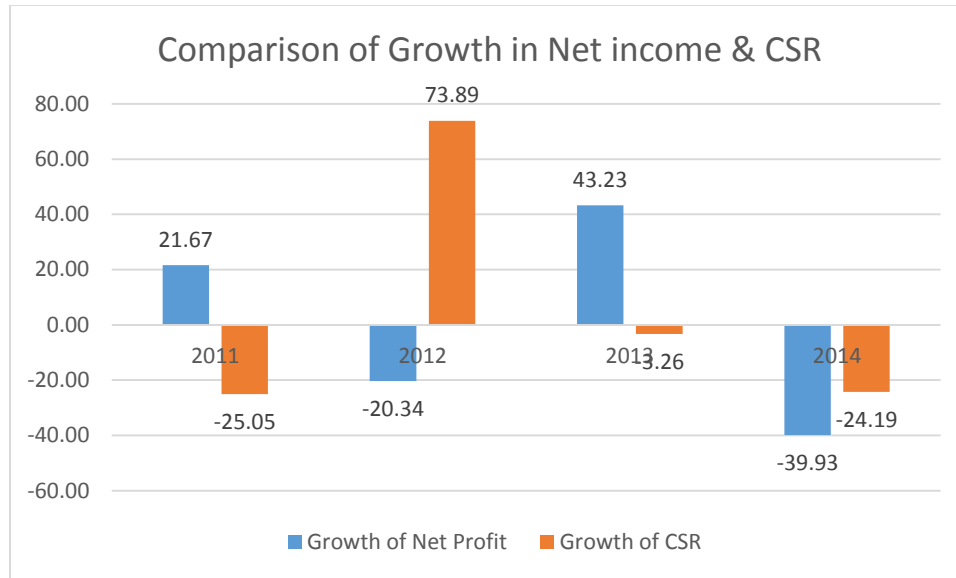


Figure: Comparison of Growth in Net income & CSR of Mercantile Bank in 4 years

4.6 Performance of the competitors

Bangladesh bank regularly monitors the CSR practices of the banks and issue several instructions time to time. With the increased monitoring of Bangladesh Bank, CSR practice is on the rise in the last few years. The total CSR practice by different banks in the country is measured by Bangladesh bank that is reported below –

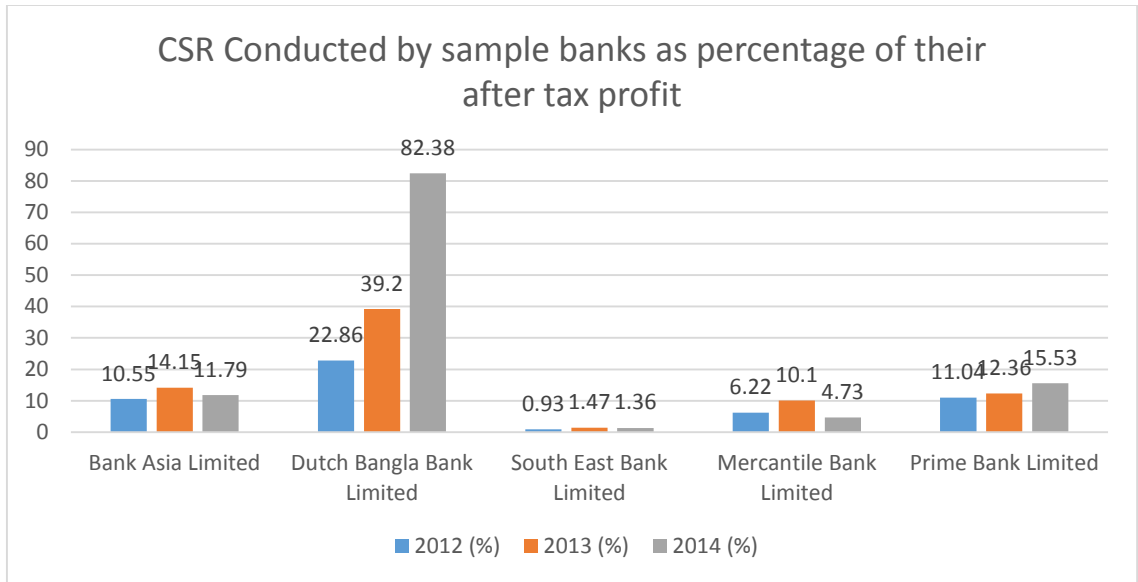
Comparison of the CSR performance of sample banks

The selected five banks *Dutch Bangla Bank Ltd (DBBL)*, *Mercantile Bank Ltd (MBL)*, *Bank Asia Ltd (BAL)*, *Prime Bank Ltd (PBL)* and *Southeast Bank Ltd*

(SEBL) are compared below with their CSR percentage of net profit.

CSR Conducted by sample banks as percentage of their after tax profit			
Bank	2012 (%)	2013 (%)	2014 (%)
Bank Asia Limited	10.55	14.15	11.79
Dutch Bangla Bank Limited	22.86	39.20	82.38
Southeast Bank Limited	0.93	1.47	1.36
Mercantile Bank Limited	6.22	10.10	4.73
Prime Bank Limited	11.04	12.36	15.53
Average	10.32	15.456	23.158

From the list, Dutch Bangla Bank Ltd (DBBL) has been found the highest percentage of expenditures in terms of the CSR as a percentage of net profit after tax. Bank Asia Ltd (BAL) and Prime Bank Ltd (PBL) are also found with a notable percentage on CSR as a percentage of net profit after tax which are higher than 10% in each of the years.



CSR Conducted by sample banks as percentage of their after tax profit

Mercantile Bank Ltd (MBL) has 4% to 10% of expenditures in 2012 to 2014. Only Southeast Bank Ltd (SBL) has notably lower expenditures in the CSR in terms of their net profit after tax.

Trend of sectorial pattern of CSR expenditure reported by banks				
(Million TK)				
Sectors	2011	2012	2013	2014
Education	612.48	983.69	1295.18	1508
Health	520.42	435.43	481.68	1383.7
Humanitarian & Disaster relief	188.3	788.7	1385.83	949.47
Sports	359.7	183.85	384.02	207.37
Arts & Culture	171.52	213.31	124.75	407.11
Environment	138.07	140.23	106.59	164.55
Others	198.73	301.81	693.41	485.24
Total	2189.22	3047.02	4471.46	5105.44

Figure: Trend of sectorial pattern of CSR expenditure reported by banks

(Million TK) (Bangladesh Bank, 2015, p. 10)

Bangladesh bank disclosed a list of the banks having percentage of the net income in their CSR. The list is shown in next page with the information from 2012 to 2014 –

CSR Conducted by different banks as percentage of their after tax profit			
Bank	2012 (%)	2013 (%)	2014 (%)
Sonali Bank Limited	-	2.58	0.92
Rupali Bank Limited	0.28	57.12	5.52
Janata Bank Limited	-	5.64	3.51
Agrani Bank Limited	1.56	0.25	0
Bangladesh Krishi Bank	-	-	-
Bangladesh Development Bank Limited	0.5	1.34	0.83
Rajshahi Krishi Unnayan Bank	-	-	60.27
Basic Bank Limited	4.63	-	0.11
Eastern Bank Limited	0.91	0.23	1.33
Bank Asia Limited	10.55	14.15	11.79
Dutch Bangla Bank Limited	22.86	39.20	82.38
IFIC Bank Limited	9.69	3.57	4.00
Mutual Trust Bank Limited	4.73	6.75	2.27
Jamuna Bank Limited	2.52	5.47	4.50
BRAC Bank Limited	8.18	3.29	2.21
Pubali Bank Limited	1.80	1.62	2.23
Premier Bank Limited	7.99	18.60	6.57

CSR Conducted by different banks as percentage of their after tax profit

Bank	2012 (%)	2013 (%)	2014 (%)
Uttara Bank Limited	1.31	4.32	1.69
Southeast Bank Limited	0.93	1.47	1.36
NCC Bank Limited	1.25	3.48	2.30
National Bank Limited	5.08	7.42	2.15
Trust Bank Limited	71.23	17.98	6.37
Bangladesh Commerce Bank Limited	4.41	13.86	4.91
Mercantile Bank Limited	6.22	10.10	4.73
Dhaka Bank Limited	2.44	1.45	2.92
AB Bank Limited	2.34	3.73	6.43
The City Bank Limited	0.74	4.78	1.44
Prime Bank Limited	11.04	12.36	15.53
One Bank Limited	1.11	3.05	1.63
United Commercial Bank Limited	2.61	0.94	1.31
Standard Bank Limited	0.90	3.18	5.56
Social Islami Bank Limited	3.48	3.75	3.46
First Security Islami Bank Limited	10.61	15.12	17.61
EXIM Bank Limited	18.70	19.47	12.04

CSR Conducted by different banks as percentage of their after tax profit

Bank	2012 (%)	2013 (%)	2014 (%)
Islami Bank Bangladesh Limited	5.63	10.14	10.21
Al-Arafah Islami Bank Limited	1.38	4.11	0.84
Shahjalal Islami Bank Limited	4.39	2.89	-
ICB Islamic Bank Limited	-	-	0.00
Standard Chartered Bank Limited	0.85	1.21	0.62
CITI Bank NA	2.53	2.72	1.65
HSBC	0.65	2.38	2.76
Habib Bank Limited	8.67	-	5.88
Commercial Bank of Ceylon	0.25	0.14	0.11
Woori Bank	0.7	1.15	0.76
Bank AL-Falah Limited	-	-	1.03
National Bank of Pakistan	-	-	-
State Bank of India	0.16	10.49	0.24
Farmers Bank Limited	-	0.00	10.36
Meghna Bank Limited	-	28.49	0
Midland Bank Limited	-	0.00	2.96

CSR Conducted by different banks as percentage of their after tax profit			
Bank	2012 (%)	2013 (%)	2014 (%)
South Bangla Agriculture & Commerce Bank Limited	-	0.54	10.22
Union Bank Limited	-	0.00	-
NRB Bank Limited	-	0.16	0.81
Modhumoti Bank Limited	-	-	-
NRB Global Bank Limited	-	5.29	2.31
N.R.B. Commercial Bank Limited	-	0.00	0.12
Average	6.15	7.42	6.49

Figure: **CSR Conducted by different banks as percentage of their after tax profit** (Bangladesh Bank, 2015, p. 28)

From this list, the banks having highest expenditures in terms of their after tax profit is shown below –

Banks	2012	2013	2014
Rupali Bank	0.28%	57%	5.52%
DBBL	22%	39%	82%
Bank Asia	11%	14%	12%
Trust Bank Ltd	71%	18%	7%
Prime Bank Ltd	11%	12%	16%
Exim Bank Ltd	19%	20%	12%
Average of top 6 banks	22.38%	26.67%	22.42%

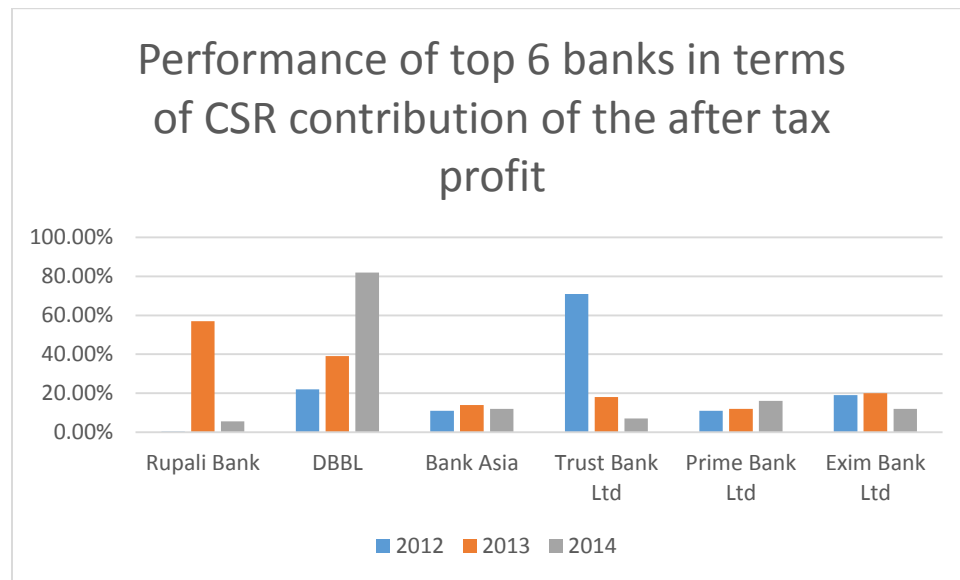


Figure: Performance of top 6 banks in terms of CSR contribution of the after tax profit

From these 6 banks, DBBL, Prime Bank Ltd and the Bank Asia are our selected banks. So, 3 out of the 5 banks have notable amount of CSR expenditures in terms of their after tax profit. On the other hand, mercantile bank and Southeast bank have an average amount of CSR expenditures in the year of 2012, 2013 and 2014.

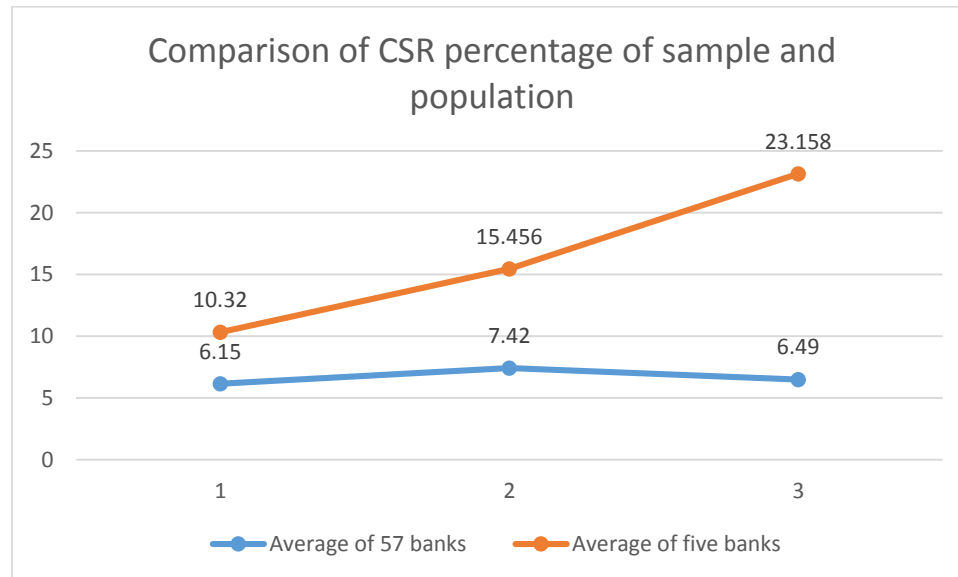
Comparison of the average CSR percentage expenditures

An average of the CSR expenditures as a percentage of the after tax profit can be compared. Hence, the average of the selected five banks are compared below with the average of the all banks in Bangladesh.

Particular	2012 (%)	2013 (%)	2014 (%)
Average percentage of CSR expenditures of the after tax profit of the all 57 banks	6.15	7.42	6.49
Average percentage of CSR expenditures of the after tax profit of selected five banks	10.32	15.456	23.158

From this list, the difference between the all 57 banks and selected five banks

are found. There is a significant difference between the 2 categories. The average of CSR expenditures as a percentage of the after tax profit of all 57 banks are within 6% to 7% in each of the 3 years, 2012, 2013 and 2014.



Comparison of CSR percentage of sample and population

On the other hand, the average of CSR expenditures as a percentage of the after tax profit of selected five banks are within 6% to 7% in each of the 3 years, 2012, 2013 and 2014.

4.7 Comparison of CSR percentage in line with the GDP growth of Bangladesh

The Gross Domestic Product (GDP) in Bangladesh expanded 6.12 percent in 2014 from the previous year. GDP Annual Growth Rate in Bangladesh averaged 5.64 percent from 1994 until 2014, reaching an all-time high of 6.71 percent in 2011 and a record low of 4.08 percent in 1994. GDP Annual Growth Rate in Bangladesh is reported by the Bangladesh Bank. In Bangladesh, services are the biggest sector of the economy and account for 50 percent of total GDP. Within services the most important segments are: wholesale retail and trade (14 percent of total GDP); transport, storage and communication (11 percent) and real estate, renting and business activities (7 percent). Industry accounts for 30 percent of GDP. Within industry, the manufacturing segment represents 18 percent of GDP while construction accounts for 9 percent. The remaining 20 percent is contributed by agriculture and forestry (16 percent), and fishing (4 percent). This page provides - Bangladesh GDP Annual Growth Rate - actual values, historical data, forecast, chart, statistics, economic calendar and news. Bangladesh GDP Annual Growth Rate - actual data, historical chart and calendar of releases - was last updated on March of 2016. A 5 year GDP table is shown below –

Year	GDP
2010	5.57
2011	6.46
2012	6.52
2013	6.01
2014	6.12

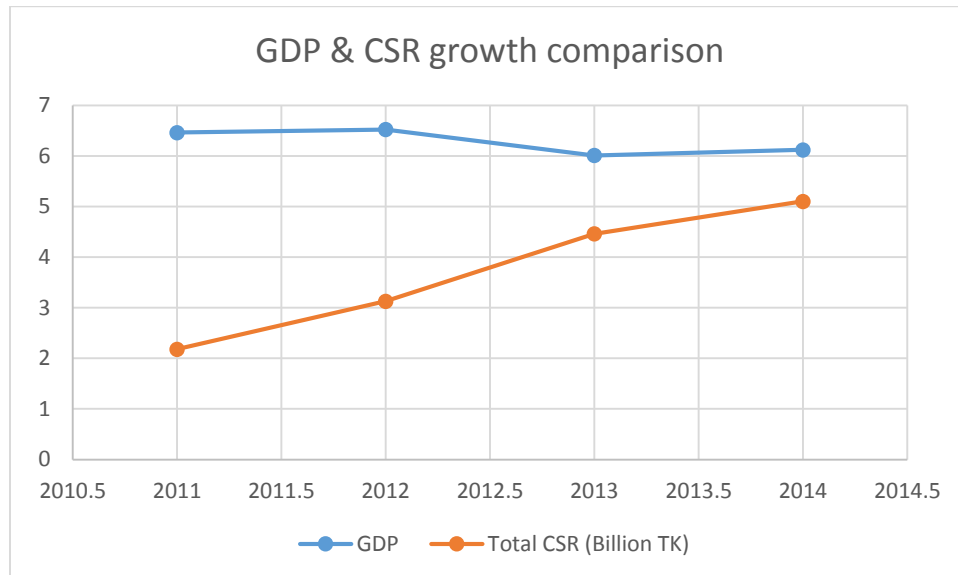
This GDP rate of Bangladesh is below presented with the graphical format –



However, a comparative analysis of the GDP and the total CSR contribution of the banks in Bangladesh is shown below with 4 year data consisting 2011 to 2014.

Year	GDP	Total CSR (In Crore Taka)
2011	6.46	218.8
2012	6.52	313.7
2013	6.01	446.2
2014	6.12	510.6

The above mentioned GDP & CSR growth comparison is shown below with the graphical representation.



4.8 A survey on the beneficiaries of the CSR initiatives by Banks

A study was conducted over the beneficiaries of the CSR activities of the different banks. Different sectors were considered while conducting the study. However, some of the beneficiaries are shown below with their background –

Story of Mohammad Akhtaruzzaman

Being a poor but meritorious student, Mohammad Akhtaruzzaman was in an uncertainty whether to continue his study or not. 21 year old Mohammad Akhtaruzzaman is a student of University of Dhaka is getting a financial support in the form of a scholarship from DBBL. The contribution is given on

a monthly basis (2000 Taka per month and an annual payment of 2500 for reading materials) to continue his study. Akhtaruzzaman shows his gratitude to DBBL and thinks such CSR activities can help the poor and meritorious students.

Rezwana Osman

Rezwana Osman, daughter of Mr. Osman is a 21 years old has been suffering from a dangerous disease and badly needed financial aid. She got a lump sum amount from Bank Asia for the treatment of her disease. Rezwana and her father believes that such contribution from bank is a great assistance to the poor and deprived community.

Siddikul Islam is inspired

Siddikul Islam, the son of Mr Golam Mostafa, was frightened about his study due to his poor condition. But, with the financial assistance from Prime Bank, Siddikul got inspiration to continue his study. Currently Siddikul is studying in University of Dhaka in the Department of Biochemistry and Molecular Biology. Siddikul, the 19 year old student is getting a quarterly basis payment from Prime Bank though he thinks that the scholarship amount should be

increased by the banks.

Gobinda Chandra Das

Gobinda, a Student of University of Dhaka is getting a financial support in the form of a scholarship from Mercantile Bank Ltd. The contribution is given on a monthly basis to continue his study. 24 years old Gobinda thinks that there should be more CSR participations for the students as there are many other students who are suffering from monetary problems.

Story of Faizur

A higher secondary level student, Faizur Rahman Himel was suffering from a dangerous disease and was facing threat to continue study. Southeast bank gave him a lump sum amount for treatment of his disease. Faizur and his father believe that such contribution from bank is a great assistance to the poor and deprived community.

Some findings from the responses

From the 5 responders who are the beneficiaries of the CSR programs from

the five banks, some findings can be collected. The questionnaire included 5 questions and one open ended question from which the opinion of the responders can be found. However, some of the findings from the study are shown below –

Category of the CSR

The question was “In which category you are enjoying the benefit?” based on the above study, 3 beneficiaries are from education field and 2 are from health field. The findings are shown below in graphical format –

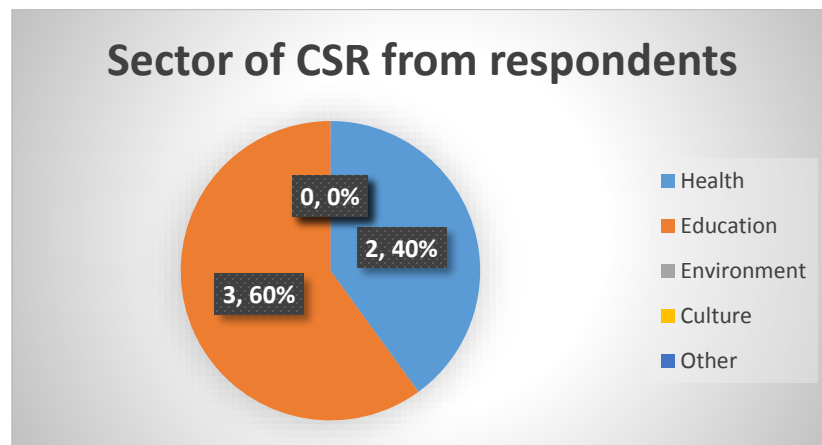


Figure: Sector of CSR from respondents

Basis of payment

The question was “The CSR amount is paid on?” based on the above study, 2

beneficiaries are paid monthly basis, 1 is paid quarterly basis and 2 are paid on lump sum amount. The findings are shown below in graphical format –

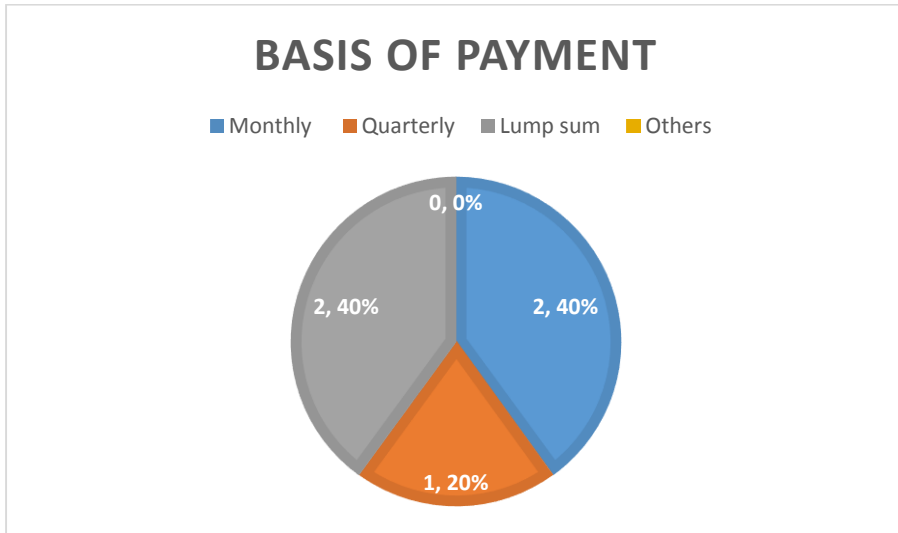


Figure: Basis of payment

Chapter 5: Conclusions and Policy

Implications

5.1 Summary of the findings

Based on the previous discussion and analysis, following findings can be identified –

1. Dutch Bangla bank Ltd has the highest amount of CSR program that

consists of 22% of the profit after tax in 2012 and 39% of the profit after tax in 2013. This bank conducts the country's largest private scholarship program for intermediate and graduate students.

2. Bank Asia also has a standard CSR program with a steady growth rate. Bank Asia spent Tk. 239.84 million in 2014 in CSR activities, which was almost 80% higher than the previous year. Some of its other CSR activities includes the contribution of TK 104 million in constructing a nine-storied 'Nursing Student Hostel' at Bangabandhu Sheikh Mujib Medical University (BSMMU) and Tk. 50 million for Holy Family Red Crescent Medical College & Hospital in the capital city Dhaka (Bank Asia, 2014)
3. Mercantile Bank has remarkable contribution in Disaster management and education. The Bank promotes CSR activities, apart from its own fund, through Mercantile Bank Foundation, which acts as a helping hand to the distressed people of the country. This bank contributed TK 53 million in the year of 2014 in CSR activities. However, mercantile bank follows a good disclosure policy of its CSR activities.

4. Prime Bank Foundation (PBF) is a staunch believer of empowerment rather than aid. Some of the contributions of Prime Bank includes Education Support Program (ESP), Prime Bank English Medium School (PBEMS), Prime Bank Nursing Institute (PBNI), Prime Bank Eye Hospital (PBEH), Prime Bank Cricket Club (PBCC) etc.

5. Southeast Bank also believes in CSR activities though the amount is not significant compared to the profit after tax or annual turnover. One of the remarkable contribution of southeast bank is the donation of a lift to Faculty of Business Studies of the University of Dhaka. The 3 year CSR contribution of Southeast Bank Ltd is 0.93% in 2012, 1.47% in 2013 and 1.36% of the net profit in 2014.

6. From the opinion of some of the beneficiaries of the bank's CSR activities, it is found that the scholarship in education sector should be expanded and widespread as there are numerous students having less opportunity of education due to financial crisis. Especially, in rural areas, there are acute sufferings for students for the lack of financial aid. So, the education scholarship should have focus over the rural students beside the urban areas.

7. Most of the government contributions don't reach to the root level or rural areas. From this perspective, CSR contribution by banks reach to the rural areas and thus contributes directly to the rural people.

5.2 Conclusions

The study about the CSR needs a lot of information about the performance of the banks. With the regulation of Bangladesh Bank, there are some remarkable growth in the CSR practice of the banks, but yet there are some banks who are reluctant to participate in CSR activities. Some support from the central bank has led to the growth in the CSR activities but, the amount is too insignificant for some banks. Collecting of those data and analysing them need a strong concentration in the market. In this paper all of the information are collected from several sources and presented here with different comparison. Most of the comparison are done by using some year by year analysis. After analysis we got that no organization are interested to perform CSR activities without any benefit. The benefit may be direct or indirect. But it is true that, organization performs CSR activities only for some benefit. If there were no benefit most of the CSR activities were not performed. Regardless of the interest or reluctance by the banks, CSR contributions are more useful than other government contributions for the rural people. Again, the growth in the CSR expenditure is in line with the GDP growth of Bangladesh in 2010 to 2014, even in some years, the growth rate of CSR expenditure was faster than the GDP growth rate. Dutch Bangla Bank Ltd, Bank Asia and Prime Bank Ltd has a satisfactory level of performance in CSR

but there are some reluctance found in Southeast bank and Mercantile Bank Ltd regarding the CSR. Moreover, the disclosure of the banks are not properly maintained for CSR related information.

5.3 Policy Implications

Based on the findings of the CSR practice by the banking sector in the country, some of the recommendations are provided below for the policymakers –

1. Bangladesh Bank has strong monitoring over the banks but there can be improved focus on the banking sectors by dividing the banks in several categories. Moreover, there are State Owned Bank, Private Bank etc. which will be helpful for Bangladesh Bank to monitor as per their origin.
2. The disclosure of information relating to CSR can be made mandatory by the Bangladesh Bank. There are some banks found which have no information relating to CSR at all. CSR, sustainability and green banking should be considered as an important issue for the banks in Bangladesh.
3. The benefits from CSR activities can be focused more to the banks to

make the banks interested in CSR activities.

4. There are some banks found which have very insignificant amount of the CSR activities. As there is no process of forcing the bank toward CSR, many of the banks remain silent regarding CSR activities. Hence, there can be a regulatory process of leading the banks toward CSR activities.

5. Banks are enjoying 10% of tax rebates due to CSR activities, but the amount of CSR expenditures are not yet in a satisfactory level. Even, some of the sample banks have a very insignificant amount of CSR activities. Banks should be motivated more with the available facilities for CSR activities and how the CSR activities can play the role in developing the society and country.

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Appendices

Appendix I: CSR conducted by different banks in Bangladesh

Direct CSR Expenditures reported by Banks (Amount in Crore Taka)				
Bank	2011	2012	2013	2014
Sonali Bank Limited	1.82	2.63	4.91	4.52
Rupali Bank Limited	6.13	0.37	5.24	2.33
Janata Bank Limited	5.7	13.76	42.68	13.84
Agrani Bank Limited	5.71	10.41	0.72	-
Bangladesh Krishi Bank	0.01	0.44	0.42	0.45
Bangladesh Development Bank Limited	0.05	0.44	1.35	1.19
Rajshahi Krishi Unnayan Bank	0.11	0.22	0.36	0.44
Basic Bank Limited	3.16	3.28	5.58	3.02
Eastern Bank Limited	1.19	2.1	0.61	2.89
Bank Asia Limited	3.34	9.58	20.72	25.05
Dutch Bangla Bank Limited	34.18	52.77	78.54	181.36
IFIC Bank Limited	1.77	4.31	4.87	5.71

Bank	2011	2012	2013	2014
Mutual Trust Bank Limited	0.29	1.58	3.83	2.18
Jamuna Bank Limited	5.52	2.9	6.63	6.11
BRAC Bank Limited	3.59	3.6	5.48	4.29
Pubali Bank Limited	7.28	3.55	4.52	7.51
Premier Bank Limited	2.2	6.26	10.42	5.78
Uttara Bank Limited	1.41	1.56	6.05	2.35
Southeast Bank Limited	1.51	1.41	4.82	5.16
NCC Bank Limited	0.85	1.74	4.12	3.33
National Bank Limited	3.68	5.36	15.3	5.88
Trust Bank Limited	8.12	13.02	6.64	8.32
Bangladesh Commerce Bank Limited	0.37	0.45	0.24	0.14
Mercantile Bank Limited	4.94	8.59	14.35	7.3
Dhaka Bank Limited	3.63	0.97	2.73	6.28
AB Bank Limited	2.98	3.41	3.57	9.97
The City Bank Limited	0.14	0.57	4.38	3.6
Prime Bank Limited	17.2	29.57	25.72	38.2
One Bank Limited	0.44	1.2	3.46	2.56

Bank	2011	2012	2013	2014
United Commercial Bank Limited	4.65	4.14	2.89	4.86
Standard Bank Limited	1.18	4.21	8.48	4.83
Social Islami Bank Limited	2.45	5.29	5.32	6.51
First Security Islami Bank Limited	8.09	9.04	12.69	11.96
EXIM Bank Limited	18.09	39.9	39.26	32.46
Islami Bank Bangladesh Limited	41.07	39.91	47.64	52.45
Al-Arafah Islami Bank Limited	2.09	3.13	8.41	1.78
Shahjalal Islami Bank Limited	1.07	7.92	4.7	6.96
ICB Islamic Bank Limited	0.06	0.11	0.05	-
Standard Chartered Bank Limited	7.01	6.32	10.12	6.78
CITI Bank NA	1.27	3.19	2.25	1.68
HSBC	3.18	3.76	13.38	16
Habib Bank Limited	0.02	0.22	0.18	0.01
Commercial Bank of Ceylon	0.66	0.15	0.12	0.1
Woori Bank	0.02	0.08	0.25	0.06
Bank AL-Falah Limited	0.28	0.16	0.34	0.22
National Bank of Pakistan	0.04	0.01	0.02	0.03
State Bank of India	0.29	0.09	0.41	0.09

Bank	2011	2012	2013	2014
Farmers Bank Limited	-	0	-	0.4
Meghna Bank Limited	-	0	1	-
Midland Bank Limited	-	0	-	0.11
South Bangla Agriculture & Commerce Bank Limited	-	0	0.1	0.9
Union Bank Limited	-	0	0.05	1.13
NRB Bank Limited	-	0	-	0.12
Modhumoti Bank Limited	-	0	0.01	0.25
NRB Global Bank Limited	-	0	0.14	0.9
N.R.B. Commercial Bank Limited	-	0	0.12	0.2
Total	218.84	313.68	446.19	510.55

Appendix II: Questionnaire for the beneficiaries

Part A

Name of the respondent:

Age of the respondent:

Occupation of the respondent:

Name of the bank from which you are getting benefit as part of their CSR activities:

Part B

Question 1: In which category you are enjoying the benefit?

- Health
- Education
- Monetary benefit
- Others
- None of the above

Question 2: The corporate social responsibility activities done by banks are congenial for the poor and deprived community.

- Strongly agree
- Agree

- Neither agree nor disagree
- Disagree
- Strongly disagree

Question 3: The process of selecting the deprived candidates for the contribution is transparent and fair.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Question 4: The CSR amount is paid on

- Monthly basis
- Quarterly basis
- Yearly basis
- Lump sum amount
- Other basis

Question 5: There is no complexity or uncertainty in getting the payment.

- Strongly agree

- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Question 6: Any opinion regarding the contribution or assistance from the bank in the form of corporate social responsibility: