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A Critical Review on Corporate Social Responsibility (CSR) Initiatives of Commercial Banks: Evidence from Bangladesh

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ABSTRACT

Corporate social responsibility usually refers as CSR, is an initiative to create a link between society and the businesses in the civilization. In Bangladesh CSR still has not become widespread. The commercial banking industry has started practicing CSR. Appropriate use of CSR can play a very important role in the imperishable growth of a country by upsetting every feature of economical activities. This article will analyze the initiatives that have been taken by the several business-oriented banks of Bangladesh in CSR investments. To complete this research data from secondary sources were collected and both quantitative and qualitative data were used. Commercial Banks are participating in corporate social responsibility relevant activities there has not been significant growth in their investment in CSR. CSR activity has high potential economic value for an organization. Through the proper use of CSR, banks can participate to develop the Schooling opportunities, Health sector, social welfare, arts, and traditions of the country. Findings of this research in significant both in theoretically and practically.

Keywords: CSR, CSR disclosures, Commercial bank, banking Sector, and Bangladesh.

INTRODUCTION:

Corporate social responsibility, usually known as CSR, refers to the activities that a company performs to bring positive changes to the specific nation and the entire community (Agudelo *et al.*, 2019). In the western world, corporations have incorporated it into their business model because CSR is also a vital source of value for them. But in the perspective of Bangladesh, CSR has not received as much attention as in the western world by the corporations and very little studies have been done on these valuable issues (Dharand *et al.*, 2022). Proper utilization of CSR can play a significant role for the smooth growth of a country by affecting every aspect of economical activities even in tourism and it can provide a huge competitive advantage to the entire organization (Majumdar & Saini, 2016; Roy *et al.*, 2020). So,

from that point of view this paper tries to analyze the corporate social responsibility relevant activities undertaken by the several commercial banks in the country. Bangladesh has experienced several changes in the banking and financial sectors in the last decade. Mobile banking has been revolutionary change in the last few years and Industry as well as consumers are adopting with the resistance to change (Salam *et al.*, 2021; Rahman *et al.*, 2021). According to Saha, (2019), CSR expenditure and investments on CSR depends on the Bank's operational nature, location, size, range, ownership nature, etc.

The CSR activity has economic value for a company. But still, CSR may not so widespread in the country. The companies that engage in CSR do not view it as an investment rather than expenditure.

Though, CSR is a strategic business investment (Burchell, 2020). In this paper, we will understand how the commercially operated banks of the country are engaging in CSR. Consumers' satisfaction towards an organization or industry depends on several factors and CSR can be an influential factor for the banking sector to retain customer value (Dey *et al.*, 2019; Dey *et al.*, 2021). A number of exploratory researches have been organized on various aspects of CSR and none of this is beyond limitations (Bari *et al.*, 2021; Khan, 2010).

So, it is important to find the current trends of CSR in Bangladeshi banking sector and how the commercial banks are spending their fund of CSR and how thus initiatives impacts on our society and economy. The intention of this review is to check how much the banks spend in CSR relevant activities and in which sector the fund is being used.

Literature review

According to Masud, (2012), the link between social wellbeing and economic development was linked through CSR. The aim of CSR when it was coined in 1960 was to generate a system through which corporations would utilize their resources in a manner which was socially responsible (Nave and Ferreira, 2019). The ultimate goal of corporations is maximizing the wealth of the shareholders. The concept behind CSR is that companies would pursue this goal through ethical means (Brin and Nehme, 2019).

Even, during Covid-19 pandemic situation, when people were in crisis, consumers' were supported by the banking industry through CSR in several countries (Talbot *et al.*, 2022; Salam *et al.*, 2022). But in Bangladesh CSR is still voluntary. The Companies Act 1994 does not specify corporations how to conduct CSR relevant activities (GoB, 1994). But still the banking segment of this country is practicing CSR in their business operation. According to Belal (2001), Arab Bangladesh Bank Limited is practicing CSR strategy to bring into line its business goals and strategies with the requirements of its shareholders. These needs are societal and economical in nature. AB Bank Foundation has gifted the Rajnagar Kari-gori & Banijjo College in Bhairab, Kishoregonj with Computers, UPS, Printers, and Tables. Also, it has financed BDT 3.87 crore to the indigenous individuals of this country to alleviate them from poverty. They have also financed BDT 6.63 crore to develop the use of Solar-Panels in Sylhet (Halabi and Samy,

2009). Now a day's organizations are heading towards technology and such way CSR database could be more efficient for its effective use (Salam *et al.*, 2020). Sarker, (2012), BRAC Bank has donated a significant amount of money from CSR fund to the Liberation War Museum with a view to promoting the local art and traditions of this country. The Bengal Gallery is a prominent organization in Bangladesh that promotes the art and local traditions of the country. According to Das, Dixon, and Michael (2015), to develop Bangla literature Brac Bank has launched the Sahitya Puroshkar in Partnership with Samakal. According to Probha, (2019), DBBL has been promoting education through its CSR by offering scholarships to brilliant students. Since 2011 the organization has vowed to promote education by offering BDT 102 crore scholarships annually. In their first phase they had given scholarships to 3021 students. According to Sarker *et al.* (2020), HSBC a foreign commercial bank that is operating in Bangladesh has engaged in CSR to promote its image in Bangladesh. In 2018 and 2019 the organization has contributed BDT 1.21 crore and BDT 0.74 crore in the healthcare industry respectively. With a view to promoting the education sector, this Bank has contributed BDT 1.3 Crore and BDT 1.08 Crore in the year 2018 and 2019 respectively (HSBC Bank Bangladesh, 2022).

METHODOLOGY:

For this research it is mandatory to ensure the data consistency, reliability and validity. There are two basic sources were used for this study. First one is published journals and articles. Both qualitative research and quantitative articles were reviewed and thus are extremely transparent and data were validated as well as reliable. Second source is different secondary data that were published by the regulatory authority and research organizations. Thus are highly reliable and acceptable. Narrative analysis and frame work based investigation were used in this research to depict the actual scenario of the CSR relevant activities of the banking industry in Bangladesh. For conducting this research and collecting the data secondary research approach was applied. The data used in this article was found on journals, research papers, etc. Also, the mixed method of research was applied where the researcher has used both qualitative information and quantitative data. For conducting the research a structured format (**Fig. 1**) were used. This were ensures the quality outcome.

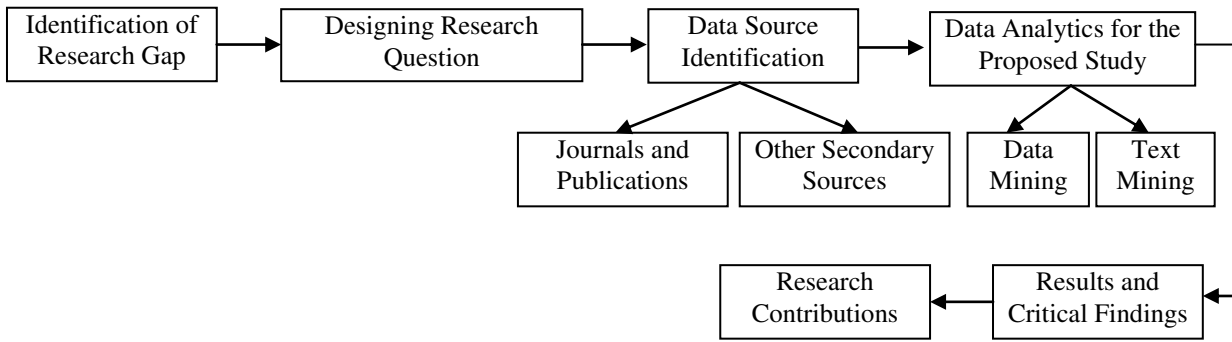


Fig. 1: Research framework and Path.

RESULTS:

After reviewing fifteen relevant articles on several aspects and features of CSR concepts and data were accumulated by the researcher. Then compared with the secondary data, these analyses were prepared by the researcher. Hence, we found the DBBL spends BDT 138 million in the educational sector, followed by an investment of BDT 79.5 million in the health-care industry (Dutch-Bangla Bank Limited, 2022). In disaster management, they contributed a total of BDT 201.8 million. Social development and environmental beautification accounted for BDT 272.2 million (Dutch-Bangla Bank Limited, 2022). So, their total contribution is 691.5 million. Fig. 2 shows the percentage of CSR of DBBL spend per sector. Fig. 3 shows the sector-based CSR expenditure amount in Bangladesh. It denotes overall expenditure in the succeeding half of the year has been amplified.

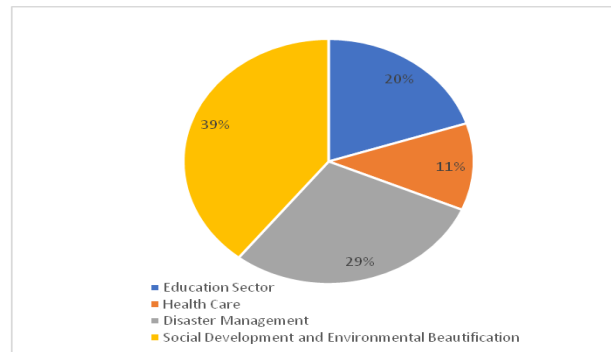


Fig. 2: Percentage of CSR of DBBL Per Sector.

Comparatively, disbursement of funds in disaster management, cultural activities, infrastructure, and other sectors has decreased. Though the expenditure in the education and wellbeing sector has increased. Compared to the first world we must increase our expenditure on CSR for the people and country as well.

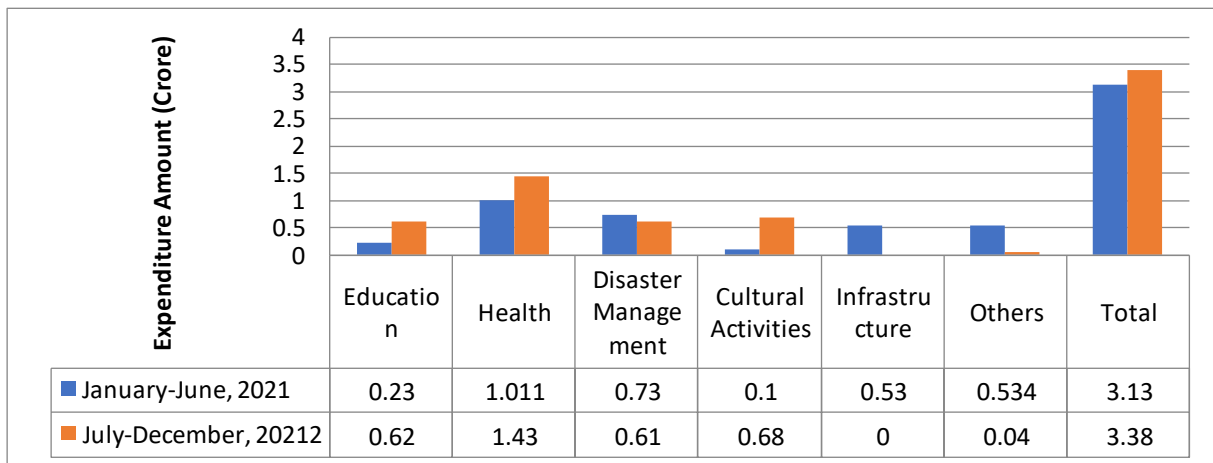


Fig. 3: Sector based CSR expenditure amount (Source: Bangladesh Bank Reportz).

CONCLUSION:

Bangladesh has a glorious history and success in the banking sector. Over the decades’, consumers are gaining sustainable trust in banking systems. The commercial operated banks in Bangladesh are actively

engaging in CSR relevant activities. The field in which they are employing their CSR initiatives are education, health care, social welfare, art, and traditions. Even though these commercial banks are participating in CSR activities there has not been

significant growth in their investment in CSR. In some cases, it has also decreased. So, the commercial banks need to ramp up their initiatives regarding corporate social responsibility. This fact-finding research is very important for its practical and theoretical implications. Learners from various aspects, bankers, managers, and regulating authorities will be beneficiary from this finding. CSR stakeholders and opportunity seekers will be beneficiary from this study. However, future research opportunity includes industry from relevant sectors like insurance and financial institutions.

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CONFLICT OF INTEREST:

We are declaring no single potential conflict of interest. All three authors worked as a team to complete this research.

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