

CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN BANGLADESH: AN ASSESSMENT OF FOUR STATE-OWNED COMMERCIAL BANKS (SoCBS)

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ABSTRACT

Corporate Social Responsibility (CSR) usually noticed as a developed-country sensation. As such, a great figure of literature on social arrangement of organizations has appeared in the perspective of developed states. CSR is an assurance of the organizations to action morally and add to financial progress of the people while improving the worth of the life of the employees and the local public in general. This is a brilliant topic for the organization, all over the world. CSR is essential for the organizations to confirm its sustainability. Though, CSR is a global issue and all organizations practice it to some degree. In this paper the author made a determination to explain CSR and the related matter, and scrutinize the well-being performances of some State-owned Commercial Banks (SoCBs) in Bangladesh. As the central bank of Bangladesh, "Bangladesh Bank" has advised the commercial banks to play an effective role in the well-being of people. Therefore, this paper is an attempt to discover the degree to which the SoCBs in Bangladesh accomplish their CSR activities and to search the level of revelation for CSR in their annual reports. The research has been directed with secondary data collected from the annual reports of the SoCBs of more than a few years. Against this backdrop, this paper debates the situation prevailing practices of CSR in SoCBs. The paper presented here in the threefold continuing review the literature concerning CSR in the context of the contemporary world; inspect the well-being practices and present the data of CSR practices of SoCBs and lastly presents the limitations and recommendations for better CSR practices of SoCBs in Bangladesh.

Key words: CSR, SoCBs, Welfare, Bangladesh.

Introduction

In recent times, Corporate social responsibility (CSR) has created a noteworthy discussion in academic and corporate arenas. This discussion admits the significance of CSR in the first-world, but raises questions about the degree to which organizations functioning in developing countries have CSR commitments. Conventional knowledge suggests that CSR is more pertinent to companies working in the developed countries owing to higher public expectations of communally responsible behavior. In contrast there is similarly a faith that social expectations in the developing countries mostly centered on financial progress; thus referring CSR to be of minor prominence to the people and the organizations (Quazi et al., 2007). CSR is comparatively a new thought in Bangladesh and all the organizations attempt to retain this responsibility together with other responsibilities. The banking sector in Bangladesh has a wonderful history of getting involved themselves in diverse kinds of social events which are properly known as CSR like assistances to diverse groups, state beautification, patronizing cultural events, etc. However, in some current years there is fabulous progress in this envelopment, since in 2008 Bangladesh Bank Guideline advised the Banks to involve in these events in a more organized way (Mahbuba & Farzana, 2013).

The determination of business is to create the opportunity to earn money. Though, the profit purpose is sometimes observed as less than moral as it stresses self-interest. Yet, self-interest is not the equal as selfishness, which stresses one's personal well being at others' expenditure. Self interest is only a concern for monetary return and is essential if society is to be greatly productive and competently deal its assets (Safety & Rights Society, 2014). Profit rewards hard work and invention, inducements that most individuals want because otherwise it would be unreasonable to save and invest rather than consume. Therefore business organizations cannot work effectively without the assistance of the society in which it is situated. Businesses should adopt social responsibilities as they are amongst the few private bodies that have the assets to do this. The business world has certain of the liveliest thinkers in the world and it holds wonderful economic funds (Ahmed, 2012). Therefore, businesses should develop some of their social and economic capital so as to "create the world a good place."

Definition of CSR

CSR is one of business's responsibilities to its stakeholder and also a deliberate involvement by corporation to viable progress (Crane and Matten, 2007). In the era of growing corporate financial gossips CSR has come to be a significant policy for corporations worldwide to develop their image as these events can possibly generate a brand image for corporations and improve good relationships with stakeholders (Yoon et al., 2006).

Carrol (1991) defined corporate social responsibility (CSR) as "an organization's commitment to operate in an economically and environmentally sustainable manner while recognizing the interests of all its stakeholders". The European Union's (EU) Green Paper Promoting a European Framework for Corporate Social Responsibility (2001) defined CSR as "a concept whereby

companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

CSR can be observed as an all-inclusive set of strategies, observations, and programs that are combined into corporate actions, resource chains, and assessment making procedures through the corporation and comprise duties for present and past activities along with sufficient devotion to future effects. CSR efforts differ by segment, by size and by business even by geographical area. The concept of CSR is fairly vast and it contains all the moral performs that rise the corporate productivity and can serve the interest of all stakeholders.

Literature Review

There is a long history in Bangladesh of generous deeds from ancient time. These charitable events incorporated aids to diverse poor people; charitable societies and religious organizations (Alimullah, 2006). Till now, most of the companies in Bangladesh are private and first generation corporations. They are associated with the community improvement effort in the form of donations without taking any certain policy concerning the expenditures or any concrete purpose about fiscal gains in many occasions. Besides, most of the SMEs fall under the informal segment having low administrative arrangement and funds to address the societal and environmental matters.

Azim et al. (2011) revealed corporate social responsibility is not simply moral dilemma that economic organizations face in an atmosphere of immoral corporate exercise. These organizations are as well concerned with the assurance of sustainable progress. A sound-working finance segment in any state can donate directly to a healthy economy. Besides mentioning, that CSR recording of monetary sector in Bangladesh is growing and society is worried about the issue and considerably preserved in the annual report.

Khan et al. (2011) specified in their report that maximum banks in the Bangladesh are not conscious of CSR recording and there is no such study has been taken to give strict result on the matter. They besides presented that the practices of CSR reporting are growing gradually in other zones like Asia, Europe, Latin America and North America.

Trotta et al. (2011) in a theoretical paper; “Banking Reputation and CSR: a stakeholder value approach” pointed out that, CSR is a significant reputation driver, capable to make economic value over a period. The authors identify in their study that there is a connection between CSR and business status.

Alam et al. (2010) revealed that CSR is still a progressing idea that assists business executives to make and put on self-resoluted strategies to greatest encounter the requirements and needs of its stakeholders. Now, it has observed that the peculiar nature of carrying out CSR creates their cross-border managing tough. Attaining constant CSR performances through global operations includes not only the transference of the CSR exercise, but as well the transference of its essential value and significance.

World Bank (2002) pronounced CSR as the businesses’ responsibilities to deliver renewable financial growth through teamwork with personnel, their families, the local public and the humanity in a way that improves their livelihood and accordingly leads to favorable trade and expansion.

Nowadays the Corporate Social Responsibility is a worldwide concern. However, it is a matter of regret that still it is witnessed widely international arena, but in Bangladesh it is lagging behind relating to developed states of the world. Sustainable growth is not possible without the assistance of the business world.

Objectives of the Study

The aims of this paper are to understand the CSR practices of four State-Owned Commercial Banks (SoCBs) in Bangladesh. There are several particular objectives which are also given below:

- To Study the concept of CSR;
- To Study the Major areas of CSR initiatives of SoCBs in Bangladesh.
- To Focus on the Present Status of CSR in SoCBs.
- To evaluate and inspect the role of CSR activities of SoCBs in Bangladesh.

Methodology

Secondary data were the principal base of information for the study. Bangladesh Bank’s publications, Banks’ websites, periodicals, newspapers are utilized as the secondary sources of the study. A number of books and related articles from several journals are also utilized to improve the basic knowledge about the specific matter and numerous international determinations and creativities for increasing and executing CSR principles and guidelines were inspected.

State-owned Commercial Banks (SoCBs) in Bangladesh

The main concern of this paper is to ascertain the participation of SoCBs of Bangladesh in CSR events. For this, in this paper focus has been drawn only upon the CSR of four full fledged SoCBs in Bangladesh. The list of these four banks is given below in Table No: 01

Table 1: State-owned Commercial Banks (SoCBs) in Bangladesh

SL. No.	State-owned Commercial Banks (SoCBs)
1	Sonali Bank Limited (SBL)
2	Janata Bank Limited (JBL)
3	Agrani Bank Limited (ABL)
4	Rupali Bank Limited (RBL)

Background of SoCBs in Bangladesh

Sonali Bank Limited (SBL)

SBL is a state-owned top commercial bank in Bangladesh. It is the prime bank of the state. Under the Bangladesh Banks (Nationalisation) Order, it was established in 1972, through the incorporation and nationalization of the branches of National Bank of Pakistan, Bank of Bhowalpur and Premier Bank branches situated in East Pakistan till the 1971 Bangladesh Liberation War. The bank operates the Project Finance, SME Finance, Corporate Banking, International Trade, Trade Finance, International Trade, Trade Finance, Consumer Credit, Loan Syndication, Foreign Exchange Dealing, Rural and Micro credit, NGO-Linkage Loan, Investment, Money Market Operation, Government Treasury Function, Remittance services and Capital Market Operation (Sonali Bank Limited, n. d.).

Janata Bank Limited (JBL)

JBL is a state owned commercial bank established in 1971 and is providing the necessity of the mass corporate publics. Its head office is located at Motijheel in Dhaka- the capital city of Bangladesh. It is known as the second leading commercial bank in Bangladesh (Janata Bank Limited, n. d.). It was corporatized on 15th November 2007. The bank was born with a fresh idea of decisive banking sub serving the growing and diversified financial needs of planned economic development of the country (Janata Bank Limited, n. d.).

Agrani Bank Limited (ABL)

ABL is a nationalized commercial bank (NCB) of Bangladesh established under the Bangladesh Banks (Nationalisation) Order 1972 by taking over two abandoned Pakistani banks Habib Bank and Commerce Bank on 26 March 1972. The bank has been transformed into a Public Limited Company with 100% possession of the government and started working from 15 November, 2007 as Agrani Bank Limited (ABL) through taking over all assets, liabilities and business of Agrani Bank on the source of Vendors Agreement sign up between the Government and the Agrani Bank. After corporatization, the administration of the bank has been set autonomy to create the bank viable and to run its commercial activities efficiently (Islam, 2014).

Rupali Bank Limited (RBL)

RBL is another commercial bank in Bangladesh. It was established on March 26, 1972 under the Bangladesh Banks (Nationalization) Order 1972 (P.O. No. 26 of 1972) with the amalgamation of three former commercial banks, namely Australasia Bank Ltd., Muslim Commercial Bank Ltd. and Standard Bank Ltd. functioned in the then Pakistan, by means of all their benefits, assets, powers, rights, authorities, privileges, borrowings liabilities and obligations. Till December 13, 1986, Rupali Bank functioned as a nationalized commercial bank. RBL appeared as the biggest Public Limited Banking Company of the state on December 14, 1986 (Rupali Bank Limited, n. d.).

Direct CSR Expenditure by SoCBs

Table 2: Direct CSR Expenditure by SoCBs (Amount in Crore Taka)

Name of Bank	2011	2012	2013	2014
Sonali Bank Limited (SBL)	1.82	2.63	4.91	4.52
Janata Bank Limited (JBL)	5.70	13.76	42.68	13.84
Agrani Bank Limited (ABL)	5.71	10.41	0.72	6.47
Rupali Bank Limited (RBL)	6.13	0.37	5.24	2.33
Total	19.36	27.17	53.55	27.16

Source: Bangladesh Bank, 2015

Table 02 depicts that, from 2011- 2014 the disbursement of SBL is 1.82, 2.63, 4.91 and 4.52 crore taka consecutively. JBL disbursed from 2011- 2014 consecutively 5.70, 13.76, 42.68 and 13.84 crore taka. ABL disbursed from 2011- 2014 consecutively 5.71, 10.41, 0.72 and 6.47 crore taka. The last one of the table RBL from 2011- 2014 disbursed 6.13, 0.37, 5.24 and 2.33 crore taka consecutively.

Table 3: Sector wise CSR Activities of Sonali Bank Limited (SBL)

Category	Year Wise Contribution (In Million Taka)			Total
	2012	2013	2014	
Education	14.8	18.5	18.3	51.6
Healthcare	0.9	5.7	6.8	13.4
Humanitarian and Disaster Management	9.2	24.4	19.0	52.6
Self Employment	-	-	0.2	0.2
Environment	-	0.3	-	0.3
Arts and Culture	0.3	-	-	0.3
Liberation War Related	0.9	-	0.5	1.4
Publication	-	0.1	-	0.1
Miscellaneous	0.3	0.1	0.4	0.8
Total Contribution	26.3	49.1	45.2	120.7

Source: Compilation of Annual Report of SBL

SBL as the principal SoCBs in the state has been playing a significant role in executing societal and charitable programmes to support deprived people of the state. The CSR events of SBL continue to increase thrust and produce honors from diverse segments in Bangladesh (SBL, 2015). Table 3 depicts that in the education sector from 2012-2014, the total disbursement is 51.6 million taka. The disbursement from 2012- 2014 in healthcare, humanitarian and disaster management and self-employment sector are 13.4, 52.6 and 0.2 million consecutively. In environment, arts and culture and liberation war related disbursement from 2012- 2014 are 0.3, 0.3 and 1.4 million taka consecutively. The disbursement from 2012- 2014 in publication sector is 0.1 and miscellaneous sector is 0.8 million taka. From the year 2012- 2014, the total disbursements of different segments of CSR are 26.4, 49.1 and 45.2 million taka respectively.

Table 4: Sector wise CSR Activities of Janata Bank Limited (JBL)

Category	Year Wise Contribution (In Million Taka)			Total
	2012	2013	2014	
Education & Research	24.20	78.30	11.84	114.34
Health & Treatment	35.30	63.90	25.76	124.96
Poverty reduction & rehabilitation	14.40	85.30	11.88	111.58
Combat against natural calamity	0.60	3.90	0.00	4.5
Helping the poor, marginal, agriculturists	5.00	0.00	5.00	10.0
Preservation of history-tradition, culture and sports	18.67	44.50	72.58	135.75
Preservation of environment	0.20	0.60	0.25	1.05
Expansion of technology	14.30	15.00	11.11	40.41
Invention	0.70	0.00	0.00	0.70
Total Contribution	113.37	291.50	138.42	543.29

Source: Compilation of Annual Report of JBL

As a SoCB, JBL has concern to increase of maintainable business outcome viz. gain profit, environmental safety and maintenance and development of the lifestyle of the individuals of the society. JBL trusts that CSR is around how corporations maintain the business procedures to create an inclusive, positive effect on society (JBL, 2014). JBL provides financial support under its various CSR events. Table 4 depicts that in education and research sector from 2012-2014, the total disbursement is 114.34 million Taka. The disbursement from 2012- 2014 in health & treatment, poverty reduction & rehabilitation and combat against natural calamity are 124.96, 111.58 and 4.5 million consecutively. In helping the poor, marginal, agriculturists sector, preservation of history-tradition, culture and sports sector and preservation of environment disbursement from 2012- 2014 are 10.0, 135.75 and 1.05 million taka consecutively. The disbursement from 2012- 2014 in expansion of technology is 40.41 and invention sector is 0.70 million Taka. The total disbursement from 2012-2014 in various sectors is 543.29 million Taka.

Table 5: Sector wise CSR Activities of Agrani Bank Limited (ABL)

Category	Year Wise Contribution (In Million Taka)			Total
	2012	2013	2014	
Education	28.12	14.33	10.44	52.89
Health & Care	8.53	15.40	3.73	27.66
Disaster Relief	1.42	26.22	15.11	42.75
Environment	.70	8.05	8.05	16.8
Sports	2.12	7.69	11.96	21.77
Arts & Culture	4.85	3.91	3.92	12.68
Others	7.57	8.12	11.50	27.19

Total Contribution	53.30	83.72	64.71	201.74
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Source: Compilation of Annual Report of ABL

ABL is dedicated to donating to societal progress through its CSR activities. The ABL's moral standard is not only intended for increase profit, rather its prophecy is to form a society where human respect and rights obtain the maximum attention and assessment. The Bank's slogan is as well to progress the society and its values by means of CSR (ABL, 2015). Table 5 depicts that in education, health & care and disaster relief, the disbursement from 2012-2014 is consecutively 52.89, 27.66 and 42.75 million taka. The disbursement from 2012- 2014 in the environment, sports, arts & culture and other sectors are 16.8, 21.77, 12.68 and 27.19 consecutively. The total contribution of ABL in various sectors from 2012-2014 is 201.74 million taka.

Table 6: Sector wise CSR Activities of Rupali Bank Limited (RBL)

Category	Year Wise Contribution (In Million Taka)			Total
	2012	2013	2014	
Individual assistance in various sector	-	-	1.40	1.40
Income Generating Activities in Agriculture	-	-	.10	.10
Education & Research	2.00	10.72	4.02	16.74
Health, Medicare and Population Management	2.18	2.97	.80	5.95
Freedom Fighter, their allies and disabled	2.90	1.57	-	4.47
Poverty reduction & rehabilitation	.67	1.94	.15	2.76
Arts & Culture	.77	2.80	10.20	13.77
Natural disaster	2.50	6.49	6.53	15.52
Socio-economic development	3.18	4.17	-	7.35
Environment	.80	1.20	.50	2.5
Others	.30	.50	7.09	7.89
Total Contribution	15.29	32.18	30.78	78.45

Source: Compilation of Annual Report of RBL

CSR activities of RBL actually intended at answering to the enormous unmet request of the people. It inclines to corporate activities more devoted to social requirements and national needs through legitimate and viable manner (RBL, 2014). Table 6 reveals that, in individual assistance in various sectors is 1.40 million taka from 2012- 2014. The disbursement from 2012- 2014 in income generating activities in agriculture, education & research and health, medicare and population management sectors are consecutively .10, 16.74 and 5.95 million taka. In freedom fighter, their allies and disabled, poverty reduction & rehabilitation, arts & culture and natural disaster 4.47, 2.76, 13.77 and 15.52 million taka consecutively from 2012- 2014. The disbursement in Socio-economic development, Environment and Others sector are 7.35, 2.5 and 7.89 million taka from 2012- 2014 consecutively. The total disbursement of CSR in 2012 is 15.29 million taka, 32.18 million taka in 2013 and total disbursement in 2014 is 30.78 million taka.

Findings

- The SoCBs has involvement in CSR activities.
- Participation of the banks in different areas of CSR activities is limited.
- The SoCBs contributes mainly in education, health & care disaster relief and arts and culture.
- The environment and sports get little concern of CSR.
- Expansion of technology still does not provide good concern to all SoCBs.
- The status of invention function is also not favorable.

Recommendations

- Highest emphasis should be given to the education sector. Because, it is the backbone of a nation.
- Special initiatives should be taken for women empowerment.
- Bangladesh is doing well in sports in recent times. It needs to boost more through CSR activities.
- Environment is a growing concern all over the world. So, it is needed to give special concern.
- Expansion of technology needed provides good concern.
- Invention function is also needed to provide favorable attention.

Conclusion

Bangladesh, as a third world state has lots of complications. The government frequently discovers themselves helpless while it approaches to the solution of these difficulties. As corporate possessors of this state are measured as a part of the wealthy unit of the society and they can donate more profoundly in the direction of of the improvement of the society. CSR has become a standard of generally legitimate corporate effort and the acceptance of it is rising gradually. By CSR events, business groups can do societal and charitable events for fostering justifiable and supportable social progress. After the study it is crystal clear that

our banks are conscious about CSR activities and their donations are growing over the year. However the involvement is not satisfactory for a state like Bangladesh, where around a lot of CSR parts are which essential more charities from the business segments. Government and Bangladesh Bank should shape a more appropriate standard to increase the CSR support by SoCBs. Though SoCBs are still lagging behind in CSR contribution, yet if all the SoCBs give appropriate consideration to this vital issue and add to CSR events it will play a noteworthy role in moderating of social responsibilities.

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