



Corporate Social Responsibility Practices in Bank: A Case of Bangladesh

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Abstract: The purpose of this article is to examine the influence of corporate social responsibility practices of Dutch-Bangla Bank Limited (DBBL), Bangladesh and to know the client's knowledge, feedback, awareness and eagerness towards the CSR activities while choosing a bank. This study also investigates the level of present and expected CSR contribution of this bank. A cross-sectional survey design was used for the study featuring a self-administered questionnaire and data were collected from 100 clients at South Surma branch. Data were analyzed using SPSS and the findings revealed that CSR activities played an important role for clients to choose a bank. Most of the clients were aware of CSR program and they had positive reaction to CSR practices of DBBL. Clients also suggested to expand CSR practices and they were willing to contribute for social activities financially. The results show the policy implications for business community, citizen, customers, investors, managers and other stakeholders.

Keywords: *Corporate Social Responsibility (CSR), Client's Knowledge, Feedback, Awareness, Dutch-Bangla Bank Limited*

Introduction: Corporate Social Responsibility (CSR) is a social duty of corporate organizations to the society. Today CSR is not a charity. CSR is an idea that managers should recognize as the responsibilities of themselves for the society [1]. Borogonovi [2] stated that different companies presented the meaning of CSR differently. Some companies termed CSR as the issues of the society while other termed as the issues of environment. But there is no specific way of defining the term CSR. McWilliams & Seigal [3] focused on the significance of CSR where it acts as a strategy for image enhancing instruments of the corporate house. This study also presented that organizations can sell its goods and services through CSR campaign that increases the consumer loyalty and revenue. Furthermore, it indicated that awareness can be created by providing information to clients about CSR activities through advertising. Brammer, Jackson & Matten [4] indicated that CSR activities are not only charitable issues but also it is an obligation for the society and business.

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Carroll [5] illustrated that CSR contains all the financial, moral, juristic and benevolent demands that are needed by the society in any moment. Bowen [6] shows that CSR includes two elementary values that embrace the basic ideas for constructing the thoughts: First, society is run at the satisfaction by the businesses and second, moral representative is emerged by the business within society [6, 1]. Sparkes & Cowton [7] stated that CSR becomes the necessity of the contemporary business organizations because of growing and maturing the moral investment for the society. It is about how companies take responsibility for the citizen of the society as well as country. The business community developed an innovative way in the strategy of their business called CSR to focus on the social problems of the stakeholders to make equity between financial and communal targets by using the resources in a logical ways where social needs are addressed responsibly. CSR is concerned with formulating procedures, practices and courses which are coordinated with corporate house, procurement management, and decision making approaches of the organizations. It also indicates the responsibilities for current and past actions that create the impact on future business and the society. The differences of CSR activities are shaped by the business, size, sector as well as geographic area. It increases the profitability of business and brings the positive impact on the interest of all stakeholders. Our foremost interest is to work on this field because CSR emerged as necessity of the modern business organizations because of enhancing and maturing the tendency of social responsibility investment [19]. Furthermore, CSR became the center of organizations of UK due to the expansion of ethical consumerism [20]. Most of the studies related to CSR have been conducted in western context; very few researchers have been focusing on the eastern context especially developing countries like Bangladesh.

Therefore, the first objective of this study is to investigate the influence of CSR practices of Dutch-Bangla Bank Limited on clients while choosing a bank. The second objective is to know the client's knowledge, feedback, awareness and eagerness towards the CSR activities and the final objective is to explore the level of present and expected CSR contribution of DBBL. This study is structured as follows first, literature review, second, CSR activities of Dutch-Bangla Bank Limited, third, methodology, fourth, data analysis , fifth discussion and finally conclusions.

Literature Review

The study of Baker [8] showed that the trend of CSR has changed from last few years that affected both the society and business. Mohanty [9] presented that today, companies use CSR activities as a medium of earning profit where companies invests in the area of child labor, ground water, food, education, employment etc. but none thinks about the food need of deprived people. Furthermore, it also indicated that earning of profit is a normal issue of business organization but CSR is out of normal and legislative duty of the organizations. There is a strong relationship between the purchasing decisions of consumer with the ethical behavior of the organization. New consumers expect a great donation for the society from the businesses. The survey of Walker [10] presents that almost fifty percent consumers are indented to buy from business organizations that have well image in society and six out of ten are wishing to deny the bad reputed organization. Brown and Dacin [11] showed that product or services of the organizations are negatively evaluated by the consumers that have the negative image of CSR activity. Again the positive image of CSR improves the valuation of product. So CSR helps to shape the perception of the consumer to create the loyalty for the organization as well as purchase decision. A survey of Creyer and Ross [12] focused on that purchase decisions of consumer are influenced by the corporate responsibility issues. Dawkins [13] described that more information about the CSR program inspire the consumers to buy then product of ethical organization. Purchase decisions of 74% people are influenced by having more information about ethical behavior

of companies. In another survey of MORI [14] showed that ethical considerations strongly influences the people to buy a product or service (cited in [13]). It also revealed that the 38% of respondents think CSR is very important of a firm when they purchase. The study of Dawkins [13] presented that the awareness among the people about CSR practices is very small where 30% people who are ethically, environmentally or socially responsible can name a company and only 37% people are able to name a particular company who are concerned with the CSR activities or help society or the community. Jones (1997) cited in [15] presented that CSR activity attracts new customers where 76% consider the interest of the community to switch the brands.

Corporate Social Responsibility (CSR) activities of Dutch-Bangla Bank Limited: In the global corporate arena, CSR is an obligation that an organization has to be concerned with social or environmental issues by which it enhances and protects the social context. DBBL believes that only profit earning is not the prime focus for the business organization. There are many things to be done for the society. There must be a harmonious bond between society and corporate goals. From the beginning of DBBL it was concerned with different social activities that increased its image and growth of the business. In this context, the board of directors took an endeavor to perform the corporate social responsibility in a broader perspective and kept 5.00 percent of Banks profit after charging loan loss provision to Dutch-Bangla Bank Foundation (DBBF). CSR Program is carried on by DBBF. The aim of DBBL is to pursue its activities in social context that helped it to get the enthusiasm and support of people. DBBF is focusing on the social issues being active where needed most. The Foundation focuses on the different communal and philanthropic activities in the area of education, health, conservation of nature, creation of social awareness, rehabilitation of distressed people to reduce the human sufferings. Furthermore, it carries on various socio-cultural and sports activities. DBBL is the first Bangladeshi-European joint venture bank in Bangladesh that promotes the social activities and lessen the threatening factors for the development of the structure of the society. DBBL is practicing the professional activities for assisting the individuals, families, groups, organizations and other stakeholders of the society to increase the social context for its smooth functioning and attaining the goal of it. DBBF was established on 3rd June, 2001 to perform the charitable works and rehabilitate distressed people of the society. The key role players of DBBF are founder chairman, CEO, directors, head of accounts, deputy managing director (admin), secretary and three other members. DBBL received the Asian CSR Award-2005 for its contribution and again nominated for the Asian CSR Awards -2006.

Methodology: A cross-sectional survey design was used for the study featuring a self-administrated questionnaire. The quantitative research design was selected and the survey instrument for the study was questionnaire for its suitable process to collect information from the enormous numbers of respondents [16]. DBBL was selected for this study because of its involvement with sufficient number of social activities. DBBL has opened its 187th Branch at South Surma of Sylhet District on August 04, 2019. Only the permanent clients of that branch who were engaged for more than ten months (until July 2020) were selected for this study. Because, they have a better knowledge about CSR practices of the bank. A non-probability convenience sampling was used to draw the sample of 100 from the population of 134 due to time and resource constraints by not using chance selection procedures but the judgement of the researcher [18].

Descriptive data analysis was conducted by the Statistical Package for the Social Sciences (SPSS) software. In the present study, the questionnaire was adopted from the previous studies on CSR where responses were elicited using the Five-Point Likert Scale (strongly disagree = 1 to strongly agree = 5). It comprises four sections. Section A includes the questionnaire for collecting the information

regarding the demographic profile of the respondents. Section B contains the question regarding influence of CSR practices, while section C incorporates client’s knowledge, feedback, awareness and eagerness towards the CSR activities, and finally, section D includes the level of present and expected CSR contribution.

Data Analysis

Demographic Part: The demographic analysis comprised age, marital status, education and income. In terms of age, a large number of respondents which comprised 75% were at the age range 31-35 years old while the remaining 13.9% 36-40 years old, 8.3% of respondents were 41-45 years old and 2.8% were 46-50 years old. By studying the marital status, a large number of respondents 80.6% were married, 11.1% single, 5.6% widowed and 2.8% respondents were divorce. In terms of education, approximately 61.1% of the respondents completed their higher secondary school, the rest of the 30.6% bachelors, 6.9% secondary school and 1.4% completed their masters. Lastly, about 29.2% earned monthly income up to TK 40000 while the remaining earned monthly income less than TK 40000.

Descriptive Analysis: Descriptive analysis was used to find out the mean and standard deviation of each variable. There are four ways to categorize the percentage of the mean score, which are very high, high, medium and low (Table 1) according to Cohen [17]. The mean score analysis showed the perception and behavior of the respondent towards the CSR.

Table 1. The mean categories

Group Code	Group Code	Category
1	1.00-2.33	Low
2	2.34-3.67	Medium
3	3.68-5.00	High
4	5.00-6.33	Very High

Table 2. Mean and standard deviation of each variable

	Mean	Standard deviation
CSR activities play an important role for clients while choosing a bank	3.853	0.985
DBBL is providing valuable services for the country	4.29	0.715
Client’s feedback about CSR program of DBBL	4.08	0.939
CSR program acts as a reputation enhancing instrument for DBBL	4.18	0.744
Financial contribution of Clients to DBBL	1.64	0.482
The current level of CSR contribution of DBBL	1.36	0.482

CSR activities play an important role for clients while choosing a bank

Table 3. CSR activities play an important role for clients while choosing a bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unimportant	17	17.0	17.0	17.0
	Neutral	7	7.0	7.0	24.0
	Important	52	52.0	52.0	76.0
	Very Important	24	24.0	24.0	100.0

Total	100	100.0	100.0	
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The mean score and standard deviation were 3.853 and 0.985 respectively revealed that CSR activities played an important role for clients while choosing a bank (Table 2) and 76% people thought that it was important (Table 3) for them to choose an organization that was engaged in CSR activities.

Client's awareness about the CSR program of Dutch-Bangla Bank Limited

Table 4. Client's awareness about the CSR program

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagree	4	4.0	4.0	4.0
Neutral	3	3.0	3.0	7.0
Agree	53	53.0	53.0	60.0
Strongly Agree	40	40.0	40.0	100.0
Total	100	100.0	100.0	

In this case the mean score 4.29 and standard deviation 0.715 indicated that DBBL was providing valuable services for the country (Table 2). 53% clients were agreed and 40% clients were strongly agreed that they were aware of the CSR program of DBBL in accordance with table 4.

Client's feedback about the CSR program of Dutch-Bangla Bank Limited

Table 5. Client's feedback about the CSR program

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	1	1.0	1.0	1.0
Disagree	7	7.0	7.0	8.0
Neutral	13	13.0	13.0	21.0
Agree	41	41.0	41.0	62.0
Strongly Agree	38	38.0	38.0	100.0
Total	100	100.0	100.0	

The mean score 4.08 and standard deviation 0.939 showed that people felt proud of being the client of DBBL as the bank playing a significant role in CSR program (Table 2). 41% clients were agreed while 38 % clients were strongly agreed with this statement according to the findings of table 5. The

CSR activities made the clients proud as their organization engaged in CSR activities as well as it enhanced the close relationship between the organization and clients.

CSR program acts as a reputation enhancing instrument for DBBL

Table 6. CSR program acts as a reputation enhancing instrument for DBBL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	4	4.0	4.0	4.0
	Neutral	8	8.0	8.0	12.0
	Agree	54	54.0	54.0	66.0
	Strongly Agree	34	34.0	34.0	100.0
	Total	100	100.0	100.0	

The mean score 4.18 and standard deviation 0.744 disclosed that CSR activities increased the number of clients of DBBL (Table 2). 54% clients were agreed and 34% clients were strongly agreed that CSR practices acted as reputation enhancing instrument for of DBBL which influenced people to be the client of this organization mentioned in table 6. Therefore, most of the clients have knowledge about the CSR program which works as a social capital for DBBL.

Client’s eagerness to be a part of DBBL bank’s CSR program by contributing financially

Table 7. Client’s eagerness to be a part of DBBL’s CSR program

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	36	36.0	36.0	36.0
	Yes	64	64.0	64.0	100.0
	Total	100	100.0	100.0	

Most of the clients (64%) were willing to contribute to DBBL financially when they were asked in this regard in accordance with table 7. It also found by the calculated mean and standard deviation score 1.64 and 0.482 respectively (Table 2) that client’s financial contributions to DBBF was low. Since most of the clients were interested to contribute financially, the authorities should take suitable steps for their clients so that the bank can continue its CSR activities broadly.

Bank is now contributing 5% of its dividend to DBBF. Is it sufficient?

Table 8. CSR contribution of DBBL

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No	64	64.0	64.0	64.0
Yes	36	36.0	36.0	100.0
Total	100	100.0	100.0	

According to the analysis, table 8 presented 64% portion of the clients believed that 5% contribution of DBBL’s annual dividend was not adequate for the CSR activities because, this amount of contribution for the CSR program was low and the mean score was 1.36 (Table 2). Most of the respondents suggested to increase the present rate of donations and the provable donation for CSR activities should be increased by more than 9% (Figure 1).

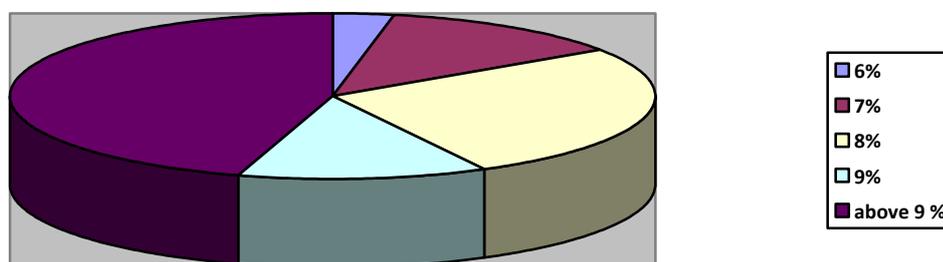


Fig. 1: Expected CSR contribution for DBBL

Discussion: The CSR activities are well informed by the clients of DBBL who are engaged with the bank for long time which indicates that the current practices of CSR activities are closely watched and evaluated by them. Moreover, in this study it is seen that different people have expressed their opinion from different point of views. Most of the clients know the CSR program and they expressed their

concern that CSR activities encouraged them to be the clients of bank. The findings of Creyer and Ross [12] is also similar to this study. They focused on that purchase decisions of consumer are influenced by the corporate responsibility issues. DBBL is involved with sufficient number of social activities and provides valuable services for the country. Thus the perception of the clients about CSR activities of DBBL is positive. Furthermore, the clients feel proud to be a part of the bank. They have argued that DBBL is involved with noteworthy social activities and playing a significant role in CSR program. They are satisfied with current banking services and they think that CSR program acts as an image enhancing instruments for the DBBL which is similar to the findings of McWilliams & Seigal [3]. They studied about image enhancing instruments of companies and revealed that CSR can be used for enhancing a company's image. Carroll [5] illustrated that CSR contains all the financial, moral, juristic and benevolent demands that are needed by the society in any moment. According to this, clients are willing to contribute money for social activities if the bank expands and continues its CSR program massively for the sufficient number of distressed people in more systematic ways. Therefore, most of the clients suggested to increase the CSR activities of the bank.

Conclusion and Limitations: The study explores the influence of CSR practices on clients of DBBL while choosing a bank and their knowledge, feedback, awareness and eagerness towards the CSR activities. DBBL is key role player in Bangladesh in terms of doing the CSR program. It has a systematic flow of running this activity that shape the perception of clients of it and able to gain the trust and faith of people in general. CSR is one of the reasons of retaining the customers hugely. The clients of this bank are more aware of this program. They think that CSR is important issue to choose a bank. They also think that the area of CSR activity should be expanded by contributing more. The CSR practice bonds a good relationship with the all stakeholders of the society by adopting the new approaches in this regard. This study proposes the policy implications for the manager, customers, business community, citizen, investors, regulatory bodies and different stakeholders. The bank may be familiar with different social activities of other organizations to find out the feasible areas in which it may contribute financially through the CSR program. It includes river erosion, poor children and women education, awareness program of family planning, modern mobile hospital facilities in rural areas, awareness program about natural disaster, sanitation, traffic and poverty reduction, human right, loan disbursements at lower interest to the potential entrepreneurs, assistances to helpless and old aged people etc. Theoretically this study can contribute to the field of CSR for researchers, academicians and other scholars about how to boost knowledge in this regard. This study has few limitations. First, this paper only focused on CSR Practices of Dutch- Bangla Bank Limited in the context of Bangladesh. Second, it was a cross sectional study of limited time and conducted only on the clients of DBBL from one setting. The future studies should focus on the multi level and longitudinal analysis. Researchers may conduct their research on other organization in order to enhance the consistency of the research results.

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