

## Review Article

# Corporate Social Responsibility Practices and Executives Perceptions: a Study on Commercial Banks in Bangladesh

<sup>1</sup>Md Solaiman Chowdhury, <sup>1</sup>Syed Muhammad Ali Reza and <sup>2</sup>Md. Mizanur Rahman

<sup>1</sup>Department of Management Studies, University of Rajshahi, Bangladesh

<sup>2</sup>Department of Business Administration, Metropolitan University Sylhet, Bangladesh

**Abstract:** The fundamental objective of this paper is to investigate the executives' perceptions towards Corporate Social Responsibility (CSR) practices in the context of the banking sector in Bangladesh. A simple random sampling technique has been used to select 100 executives from different commercial banks in Bangladesh to collect the data. Among them, 50 respondents filled up the questionnaire correctly and returned; hence, 50 respondents are our sample size. The major finding shows that executives of commercial banks in Bangladesh have a moderate perception of CSR issues. It is not so surprising that's many scholars have many points of view regarding the CSR practices imposed by law, or it can set as voluntary activities. The current study only focuses on top and executive-level managers' perceptions of CSR practices. Therefore, further research is suggested to investigate the impact of CSR practices on bank performance.

**Key words:** Banks, Bangladesh, CSR Practices and Executives Perceptions

## 1. INTRODUCTION

Corporate Social Responsibility (CSR) is one of the most concerning issues among the business communities. It is the most crucial obligation for all the financial organizations to perform, which is also beneficial toward society [11, 13, 18]. In addition, Carroll stated that CSR practices, including social norms and standards, are essential duties by all the organizations [7]. In the previous decade of the 20th century, we can positively notice that the organizations were not involved in charity and traditional philanthropy; rather than their businesses were much more concerned with its business activity and the group conflict [23]. However, Bangladesh has a strong and rich history of social causes because of national development, and some organizations are trying to practices CSR activities. From the early origin of business, few things

had a strong and deep root in business history, such as having surplus wealth and social and environmental issues. Earlier in Bangladesh, there was a minimal record of initiatives of social responsibility. To develop the current circumstances, every organization is participating in social responsibility all around the world. Along with other countries worldwide, Bangladesh believes that the business will not be profitable or sustain if society does not succeed. The best CSR practice has ethical and philosophical dimensions, especially in Bangladesh, where we can notice a vast gap within the section of people over income, standard, and socio-economic status.

In the business ground field, CSR is now one of the most important research subjects. In the recent developing business world, to improve the practice of CSR is expanding economy, and rapid globalization is providing necessary incentives. At the beginning of the 1990s, CSR has achieved

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**Corresponding Author:** Md. Mizanur Rahman, Department of Business Administration, Metropolitan University Sylhet, Bangladesh. Email: [mizanmgt@gmail.com](mailto:mizanmgt@gmail.com)

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its importance toward business persons around the globe. Vogel suggested that the code of conduct regarding their social, environmental, and human rights practices was enhanced or contracted by 1000 corporations [32]. Like the United Nations, many international agencies, World Bank, Organization for Economic Cooperation and Development (OECD), are flourishing CSR activities around the world and toward business organizations. It has not been highly noticeable in practicing CSR in any developing country rather than developed countries that are highly focusing and performing such activities worldwide. The maximum number of studies has been done over the developed countries [32]. In addition, most of the study regarding CSR practice focuses on CSR practices' differences and similarities in such countries. Sriramesh *et al.* have stated how CSR practices and perceived in the Asian region have no similarities because of different cultures, religions, and political and socio-economic conditions [29]. The concept we got that the CSR of developing countries is different from developed countries, Visser proposed a modified model of Carroll's classic CSR pyramid [30]. He theoretically stated that after economic responsibilities, philanthropic responsibilities are given the second priority in the developing countries, and then the priority goes toward the legal and ethical responsibilities. However, in Bangladesh, many studies have been conducted regarding CSR to improve our country's commercial banks' growth and development [22, 23]. As through the government amendments, the public organizations are playing the most crucial role in this portion, and besides, private organizations are taking part in a large range. However, in earlier, the maximum studies focused on the importance and development of CSR in Bangladesh. Less attention has been given to investigate the top-level executives' perceptions of CSR practices in Bangladesh's banking sector. Thus, this paper's fundamental objective is to investigate the executives' perceptions towards Corporate Social Responsibility (CSR) practices in the context of the banking sector in Bangladesh.

### 1.1. Concepts and emergence of CSR

CSR is a concept, and defining CSR in a single sentence is not easy due to different viewpoints [10]. In the point of fact, not taking any single consensus agreement and from the own interests of many groups of researchers, they have proposed several definitions regarding CSR [19]. In recent times, businesses must be more conscious and responsible worldwide regarding economic, social, and environmental aspects regardless of where they are operating their business [24]. From the viewpoint of the industrial revolution, the

matters of socially responsible behavior can be traced back, where Friedman *et al.* also proposed that corporate responsibility is also traceable in their study [12]. They stated that CSR's movement is building the interconnectivity within the business and community in this century from the old tradition. In addition, Carroll also stated that the business community is also aware of the traceability [6]. Kumar *et al.* also stated that higher demand for social responsibilities exists among the businesses' internal and external stakeholders from the start of the Industrial Revolution [15]. Besides, Friedman stated that within the legal boundaries, the core and one of the businesses' fundamental objectives illustrate the free market and making money. For sure, there is lots of people's point of view, which contradicts with Friedman's. According to the perspective, the business has vast responsibilities, and such commitments are narrated in several ideas. Such ideas or concepts have gained huge fame and popularity toward academicians along with the policymakers, regulators, non-governmental organizations, businesses, and the media. He has further stated that business organizations impact the eco-system of the world and living conditions of present and future generations. Therefore, he mentioned as stakeholders, most importantly, biological living beings, eco-system, and future beings. Recently a contemporary study conducted by Ramasamy & Yeung, and the findings showed there is a significant relationship between religiosity and support for CSR activities amongst consumers [27]. Moreover, Visser mentioned that developing countries should focus on these four essential points [31]; these are:

- The economy of developing countries is most swiftly expanding, and they have much more attractive growth in the business market (IMF, 2006)
- In developing countries, social and environmental crises usually can be noticed all around the world (UNDP, 2006)
- It has a huge social and environmental impact in developing countries, both positive and negative, over globalization, economic growth, investments, and business activities.
- Developing countries set a specific CSR agenda, which often face several obstacles compared to the developed countries [9]

### 1.2. Perceptions of CSR activities

Brammer and Millington claimed that the companies which generally construct the CSR program often achieve a positive and satisfactory corporate reputation and profitability [4]. A study by Marshall displayed that the

business organizations that imply social responsibility-driven strategies can achieve a higher profit margin than the organizations that only focus on profit-driven strategy [17]. Moreover, by increasing their goodwill and attaching several social responsibilities activities, business organizations will get a higher competitive advantage [9]. From Acuff, organizations can gain marketing advantages and its targeted and potential customers with being more enriched; through these, the organizations can acquire higher goodwill [1]. Several studies have mentioned that several CSR activities positively impact the company's customer loyalty and brand name [2]. Maignan revealed that nine out of ten customers intend to purchase the product based on an organization's CSR goodwill [16]. It has also been seen that companies that often conduct CSR activities customers support such companies from their interests and spread positive perceptions toward others about the company [8]. Another inspiration could be that the organizations that perform social responsibilities can capture high-quality employees and grab excellent job applicants [13]. The study constructed by Ramus and Steger proposed that when organizations can ensure environmental protection, they can develop innovative ideas regarding developing their organization's ecological policies [28]. Researchers further mentioned that organizations are also involved in social responsibilities to maintain the government's rules and regulations [20]. From a business perspective, imposing new regulations is quite expensive, and it creates a barrier in

flexibility to make decisions. To prevent government intervention and laws, business organizations focus and intend to figure out a new solution for community problems

## 2. METHODOLOGY

### 2.1. Sample and procedure

A highly structured questionnaire was sent using a random sample to 100 managers/executives of different commercial banks in Bangladesh to collect the data. The questionnaire had two parts. The first part covered the demographic sections, while the second part was designed to know CSR perceptions from the executives and managers. Sixteen questions were asked to the managers/executives in relation to the perceptions of CSR. However, out of 100 respondents, 50 respondents filled up the questionnaire and returned. Thus, these 50 respondents are our sample size.

### 2.2. Participants

The details of the respondents are given below in Table 1.

Table 1 shows that the total number of male respondents is forty-five, which is 90% of the total respondents. On the other hand, the total number of female respondents is five, which is 10% of the total respondents. Moreover, we can see from Table 1 that respondents within age 31-40 and 41-50 are 70% of the total number of respondents. Furthermore,

Table 1: Demographic information of the respondents

Parameters	Frequency	Percent
<b>Gender:</b>		
Male	45	90
Female	5	10
<b>Age:</b>		
30 years and below	9	18
31 - 40 years	25	50
41 - 50 years	10	20
51 years and above	6	12
<b>Working Experience:</b>		
Five years and below	12	24
6 - 10 years	18	36
11 - 15 years	9	18
16 - 20 years	8	16
More than 21 years	3	6
<b>Religion:</b>		
Islam	43	86
Buddha	0	0
Hindu	7	14
Christian	0	0
Others	0	0
<b>Business Function:</b>		
Finance/Accounting/Credit Management	25	50
Legal/Internal Audit/Risk Management	6	12
Operations/Dealings	15	30
Corporate Communication	4	8
<b>Professional Qualification:</b>		
Yes	43	86
No	7	14

the number of rest respondents was very few, they were below 30 years of age, which is 18% of the total number of respondents, and some were above 50 years of age, which is 12% of total respondents. The data's age distribution shows the respondent's point of view toward CSR issues, and its implication will be done by the people who are middle-aged from the participant of the questionnaire. We can further see that the majority of 6% of the respondents have more than twenty years of working experience; on the other hand, only 24% of the respondents are above five years of working experience. From the age range within 11-15 years, 18% of total respondents and age range within 16-20 years, 16% of total respondents are presenting almost similar distribution. We can see a positive channel within the number of respondents and working experience. That is because the study sample viewed the upper managers and middle managers who often have huge experience.

Moreover, we can see that maximum (86%) of the respondents were Muslim. The participant from Buddha and Christian religions is 0%, and respondents from the Hindu religion are 14%. Here we showed the distribution of the respondents with religion because the majority population of Bangladesh is Muslim. The respondent from top managers and middle managers from finance/accounting-credit management are 50% and 30%. Incorporate the communication group (which is 8% of total respondents); we can also see almost the same respondents' distribution. Moreover, from the legal/internal audit/risk management group, there is 12% of the total respondents. Based on professional qualification or from that point of view, we can see that there are 86% of respondents who are professionally qualified.

### 2.3. Plan for analysis

In this research, SPSS (22 version) has been used to calculate the collected data. As the fundamental objective of this research is to know the perceptions of managers/executives regarding CSR; thus, only descriptive statistics (frequency) have been adopted. The detailed outputs of descriptive statistics are shown in Table 2.

### 3. RESULTS AND DISCUSSION

From the above results, we can see that some mix of consensus among respondents' statements. Maximum of the respondents believe that banks must be engaged with the social and environmental issues to sustain in the competitive market and to be able to remain as an attractive investment opportunity for the investors. However, there is no positive impact on the cost and the CSR activities. We further observed a higher percentage (Table 2) of disagreement amongst respondents and natural responses on various statements (statements 1, 9, 12, 13, 14) and clearly represented the moderate level of perception regarding CSR issues. It is not so surprising that's many scholars have many points of view regarding show CSR activity imposed by law, or it should be set as voluntary activities.

Most of the top and the executive managers felt that CRS is one of the crucial matters for the policies of the banking sector of Bangladesh. In recent times, almost all companies have CSR policies, and it is no more a new thing for any company. "Such involvement in CSR will gradually increase the investment opportunities for banks." The findings of the study represented that almost all companies are united in terms of performing social responsibility. Such activities are enhanced and promoted by the government of Bangladesh, and by other agencies, such as the Companies Commission of Bangladesh. Moreover, there are lots of research has been

Table 2: Output of descriptive statistics

No.	Statement	Disagree	Undecided	Agree	Mean	Std. Dev.
1	CSR programs help the business organization to avoid many regulations	40	28	32	1.32	0.853
2	Increasing involvement in social responsibility may encourage investment opportunity	4	12	84	2.8	0.495
3	The business should be part of the larger society and respond to social and environmental issues	10	10	80	2.7	0.647
4	Social responsibility and profit maximization are two conflicting goals	30	36	34	2.04	0.807
5	The solution of social problems such as poverty and crime can be profitable for CSR	8	14	78	2.7	0.614
6	Voluntary regulation is not sufficient in social activities	14	14	72	2.58	0.731
7	Business is primarily an economic entity and more socially responsible	10	18	72	2.62	0.667
8	CSR helps to build a favorable image for a business	8	12	80	2.72	0.607
9	CSR offers a cost advantage to the business	40	28	32	2.92	0.853
10	No force to the business to involve in CSR	36	20	44	2.08	0.9
11	Social involvement may affect the business	38	22	40	2.02	0.892
12	CSR brings disadvantages to the business	62	10	28	1.66	0.895
13	CSR practices by government and other non-profit organizations	48	6	46	1.98	0.979
14	Socially responsible corporate produce economic interest of the shareholders	46	14	40	1.94	0.935
15	The renowned business organization should high focus on CSR	32	22	46	2.14	0.881
16	Efficient production of services is no longer the only thing society expects from business	10	8	82	2.72	0.64

held within CSR and organizational success which representing a positive impact and moreover consumer shows a positive effect and prefer to consume the product and services from such companies those are involved with social responsibilities and invest in social activities [21,25, 26].

#### 4. IMPLICATION OF THE RESEARCH

The study's findings suggest that banking organizations must ensure the ethical responsibilities that are highly focused on CSR's policy—not involving in any discrimination toward employees so that it does not harm society such as those who take alcohol and drugs. The study is considered to guide them to the businesses operating their business in the banking sector in Bangladesh to be able to be we aware regarding CSR, which nowadays is regarded as the most concerning issue to practice toward the top and executive-level managers. From the responsibility concept, which is introduced by Carroll, we can generate the concept that businesses that are conducting their operation in the banking sector of Bangladesh much focus on performing the responsibilities toward the local community [5]. The organizations that are much more focused over-performing CSR activities must contribute to education, health, environmental issues, employee's welfare, and consumer's protection. The organization involved in performing social activities is often seen to accomplish several advantages than others, such as having long-run profit, enhancing competitive advantages, and exhilarating their overall goodwill.

#### 5. CONCLUSION

The fundamental objective of this paper was to investigate the executives' perceptions towards Corporate Social Responsibility (CSR) practices in the context of the banking sector in Bangladesh. The major finding shows that executives of commercial banks in Bangladesh have a moderate perception of CSR issues. It is not so surprising that's many scholars have many points of view regarding the CSR practices imposed by law, or it can set as voluntary activities. Jones mentioned that a banking organization's CSR activities play a vital role in the national economic development of a country [14]. Moreover, banks are the organization that only survives for its economic environment, and they have to be much more concerned about their local communities to perform any social responsibilities. To maintain their growth and sustain the business, banking organizations must be concerned regarding the local communities' culture. In 1971 when Bangladesh achieved its

independence, the native people and Indians converted as a multiracial country. The government's diverse culture made the nation renowned toward the whole world by indicating that people can still live in peace and harmony by having such a diverse community. The current study only focuses on top and executive-level managers' perceptions of CSR practice; thus, further research is suggested to investigate the impact of CSR practices on bank performance.

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