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# Corporate Social Responsibility in the Banking Sector of Bangladesh: A Case Study on AB Bank Limited

By Jhumur Deb Roy & Md. Abdul Latif Mahmud

*World University of Bangladesh, Bangladesh*

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# Corporate Social Responsibility in the Banking Sector of Bangladesh: A Case Study on AB Bank Limited

Jhumur Deb Roy<sup>α</sup> & Md. Abdul Latif Mahmud<sup>σ</sup>

**Abstract-** The aim of our article is to scrutinize the practices of corporate social responsibility (CSR) of AB Bank in Bangladesh as well as give some suggestions based on findings. The study found that total CSR expenditure of AB bank has been increasing over the years but the growth rate of total CSR expenditure is seen decreasing trend. The study also found that growth rate of CSR expenditure on education and environment sector decreased in 2013 compared to the previous years. So for the wellbeing of the society CSR expenditure of AB Bank should increase much more. This study further found that the CSR practices of Bangladesh are confined within some selected sectors. Therefore this study suggests some possible areas should be considered for CSR activities. This Study further suggests that a proper guideline by Government regarding CSR contribution, involvement of large corporation in CSR activities and mandating CSR disclosures in the annual report will fulfill the intended goals of the corporate organizations and also ensure a successful and sustainable development of the society.

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## I. INTRODUCTION

Corporate Social Responsibility is an ethical or theory that has an entity, be it an organizational or individual, has an obligation to act, to benefit society at large. CSR involves commitment to contribute to the economic, environmental, and social sustainability of communities through the ongoing engagement of stakeholders, the active participation of communities impacted by company activities and the public reporting of company policies and performance in the economic, environmental and social areas.

The Corporate Social Responsibility of a company is inevitable for many aspects. The corporate social responsibility tells the company how to observe duty to the society well, as well as the employees, exactly how well the company is maintaining social responsibility.

In today's competitive world CSR is very important for an organization. CSR can promote respect for an organization in the marketplace which can result

in higher sales, enhance employee loyalty and attract better personnel to the firm. Also, CSR activities focus on sustainability issues may lower costs and improve efficiencies as well. CSR practice in Bangladesh is a new dimension which is the main focus point of this paper. AB bank Bangladesh Limited is dedicated itself towards the welfare for the society.

Corporate Social Responsibility is a form of corporate self-regulation integrated into a business model. CSR is about the relationship of corporation with society as a whole. The multinational company are working all most every area of society that bring social welfare. Generally, they work in the area of human development, environmental development, urbanization, protection of customer rights, educational sector, and cultural sector, community development etc. In Bangladesh, there are so many banks are available that are performing CSR activities, especially; AB Bank Limited is pioneer of them.

AB Bank is known as one of leading bank of the country since its commencement 28 years ago. It continues to remain updated with the latest products and services, considering consumer and client perspectives. As a part of the commitment to create real value in a changing world, ABBL is determined to hold accountable for the social, environmental and economic impacts of the operations. ABBL mainly focuses their CSR activities on Education, Health, Environment, Disaster management, Art and culture and Socio-Economic Development.

## II. OBJECTIVES OF THE STUDY

- To analyze the CSR activities of AB Bank in Bangladesh.
- To suggest some measures to AB Bank Ltd. to improve CSR activities based on the research findings.

## III. LITERATURES REVIEW

CSR is how companies manage the business processes to produce an overall positive impact on society. The World Business Council for Sustainable Development in its publication "Making Good Business Sense" by Lord Holm and Richard Watts used the following definition. "Corporate Social Responsibility is

*Author α: Senior Lecturer, Department of Business Administration, World University of Bangladesh. e-mail: jhumur.debroy@yahoo.com*

*Author σ: Lecturer, Department of Business Administration, World University of Bangladesh. e-mail: Latif049@gmail.com*

the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large". Philip Kilter and Kevin Lane Keller urge that, "Raising the level of socially responsible marketing calls for a three-pronged attack that relies on proper legal, ethical, and social responsibility behavior."

CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. (Green Paper, 2001) Socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing 'more' into human capital, the environment and in rapport-building with stakeholders. It is relevant in all types of companies and in all sectors of activity, from MSMEs to Multinational Enterprises (MNEs). "A number of companies with good social and environmental records indicate that these activities can result in better performance and can generate more profit and growth. (Green Paper, 2001) Research (Industry week, 15 January 2001) has shown that about one half of the above average performance of socially responsible companies can be attributed to their CSR image while the other half is explained by their performance. Socially responsible companies are expected to deliver above-average financial returns. (Green Paper, 2001) CSR has some internal dimensions such as: human resources management, health and safety at work, adaptation to change and management of environmental impact and natural resources. The external dimensions include local communities, business, partners, suppliers and consumers, human rights and global environmental concerns. Again, CSR may be as simple as sponsoring social service oriented entertainment events. In essence, 'CSR is positive rapport with the society'. In a Bangladesh context, several multinational companies and local companies practice CSR. While the multinationals are influenced by their own ESRB disposition, most of the business concerns in Bangladesh do not rate high in practicing CSR unless being pressured by the foreign buyers in case of export oriented business.

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 (Alimullah, 2006). Wise and Ali (2009) 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. Hackston and Milne (1996) used six categories: environment, energy, human resources, product and safety, community involvement, and other. A technique commonly used in social responsibility research to measure the significance of content is to count the number of words used to describe a particular issue (Hackston and Milne 1996). Wartick and Cochran (1985) depicted the evolution of the corporate social performance model by focusing on three challenges to the concept of corporate social responsibility: economic responsibility, public responsibility, and social responsiveness. It is one of interest in our study to identify whether corporate social responsibility disclosures made in the Bangladesh banking sector focus on economic responsibility, public responsibility or social responsiveness. Further research of a similar nature might be able to find where Bangladesh lies in terms of Cochrane's evolutionary model.

#### IV. METHODOLOGY OF THE STUDY

This paper is based on secondary data which were collected from the various annual reports of AB Bank from 2009 to 2013. Five years data of AB Bank have been presented in an easy and understandable form. Tabular and graphical analyses were done with the collected data to achieve the objectives of the study. Microsoft Office and Microsoft Excel package have been used in tabular and graphical representation of data.

#### V. DATA ANALYSIS AND FINDINGS (CSR EXPENDITURES BY AB BANK)

The banking sector of Bangladesh has a long history of involvement in benevolent activities like donations to different charitable organizations, to poor people and religious institutions, city beautification and patronizing art & culture, etc. Recent trends of these engagement indicates that banks are gradually organizing these involvements in more structured CSR initiative format, in line with BB Guidance in DOS circular no. 01 of 2008. The June 2008 BB Guidance circular suggested that banks could begin reporting their CSR initiatives in a modest way as supplements to usual annual financial reports, eventually to develop into full blown comprehensive reports in GRI format. Information on CSR expenditure available from annual reports of AB bank, compiled together, bring up the following picture of sectorial patterns.

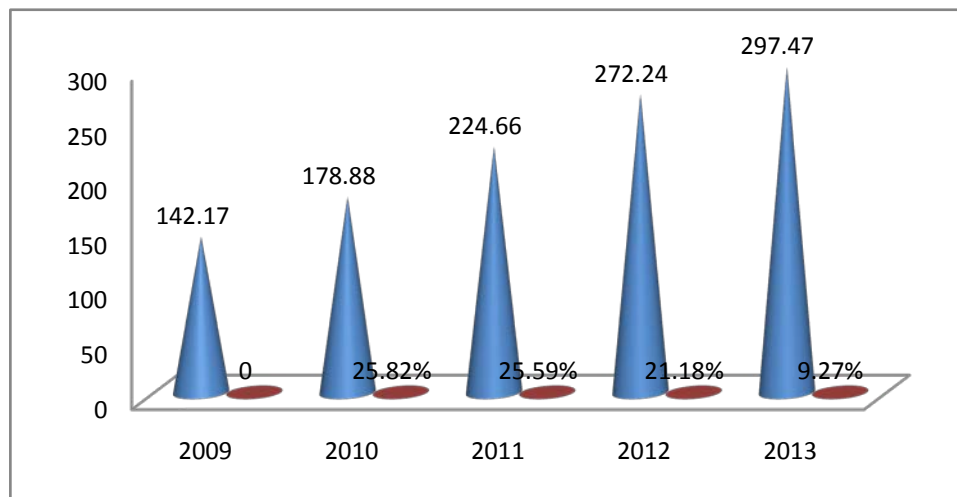
In the year 2007, large concentration in the field of disaster relief, both in participation and expenditure wise, was observed mainly because of the cyclone 'Sidre'. Whereas, in the year 2009, the 'Education' and 'Health' sectors were getting more attention and appeared to be the most popular area for CSR activities as huge investments are being made by several bank in these segments. These shifts point to the

responsiveness of the banking community to the changing need of the society.

*Table 1 : Total CSR Expenditure of AB Bank*

Year	Expenditure (in million)	Growth Rate
2009	142.17	
2010	178.88	25.82%
2011	224.66	25.59%
2012	272.24	21.18%
2013	297.47	9.27%

*Source: Annual report of AB Bank (2009-2013)*



*Source: Annual report of AB Bank (2009-2013)*

*Figure 1 : Total CSR Expenditure of AB Bank*

According to the above figure, it has been observed that ABBL expended their CSR activities which increased year by year. Total CSR expenditure of AB bank limited was 142.17 million, 178.88 million, 224.66 million, 272.24 million and 297.47 million in 2009, 2010, 2011, 2012 and 2013 respectively for educational infrastructure development program, health, environment, art & culture, sports etc.

## VI. SECTORAL CSR EXPENDITURES BY AB BANK

### a) Education

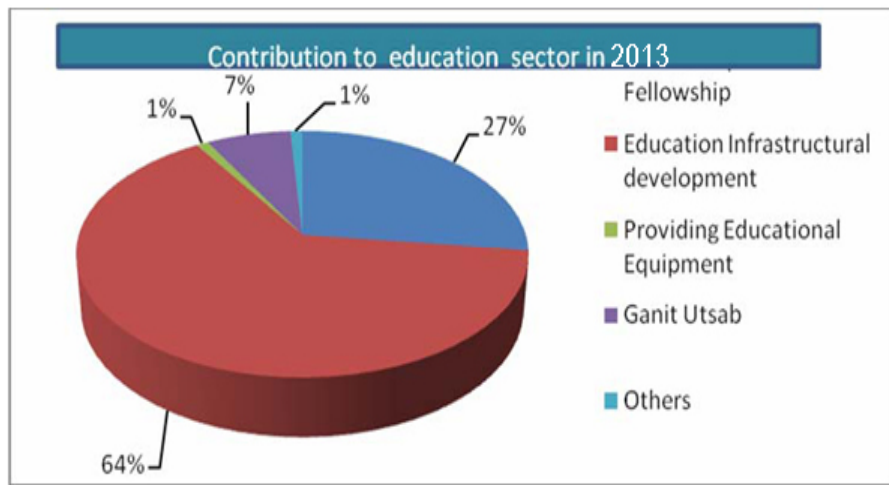
AB Bank has long been practicing CSR in education sector through scholarship for poor and brilliant students, education promotion scheme, education for underprivileged children, donations to educational institution etc.

A donation was given to the 'One degree Initiative' to facilitate learning associations for poor children in April 2011. Since children from poor and unfortunate families lack opportunities in having education and proper recreation in our country, it is

urgent to take proper and adequate initiatives for the development of this less fortunate group. ABBL and One Degree Initiative jointly made an attempt to conduct a learning session consisting of a series of intra and inter-schools quiz competition as well as several recreational events in 11 different schools.

Financial assistance was provided to Department of Applied Chemistry and Chemical Engineering, University of Dhaka for enhancing their modern educational facilities during January 2012.

ABBL always encourages the participation of students in extra-curriculum activities. Therefore, a donation was made to St. Joseph Higher Secondary School for arranging their Annual Science Fair 2011 on February 2013. A donation was also made to Shikkhar Manunnayane Shammilito Pracheshta, a joint endeavor of the major schools and colleges of greater Dhaka for arranging a fair as part of their ongoing education program named 'Education & Cultural Fair 2011' on February 07, 2013.



Source: Annual report of AB Bank (2009-2013)

Figure 2 : CSR Spending of ABBL to Education Sectors (in 2013)

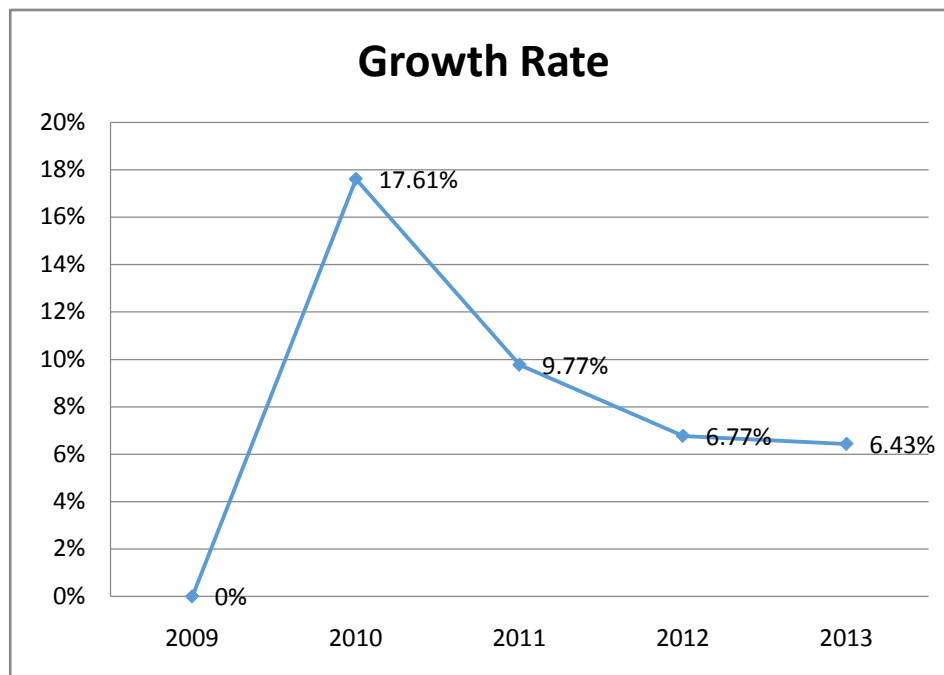
Education is a pre-requisite for the overall development of the country. Keeping this view in mind, AB Bank Limited has been giving priority to the education sector. Awarding scholarship and fellowship to meritorious students, helping development of infrastructural facilities, providing essential educational equipment etc. are some of the aspects included in the program. In 2013 ABBL spends Tk. 50.16 million in education sector. From the diagram we see that ABBL spends 27% amount for scholarship program, 64% for educational infrastructural development program, 1% for providing educational equipment, 7% for Ganit Utsab

and 1% in miscellaneous purpose out of total Tk. 50.16 million in 2013.

Table 2 : CSR spending of ABBL in education

Year	Expenditure (in million)	Growth Rate
2009	34.19	
2010	40.21	17.61%
2011	44.14	9.77%
2012	47.13	6.77%
2013	50.16	6.43%

Source: Annual report of AB Bank (2009-2013)



Source: Annual report of AB Bank (2009-2013)

Figure 3 : CSR spending of ABBL in education



From the above table, it has been observed that ABBL disbursed 34.19 million amount in 2009, 40.21million in 2010, 44.14 million in 2011, 47.13 million in 2012 and 50.16 million for scholarship program, educational infrastructure development program, providing educational equipment Ganit Utsab and in miscellaneous purpose. Though CSR expenditure of ABBL bank is increasing but growth rate is not so good.

#### b) Health

ABBL has always been directly or indirectly involve in projects for improvement in health sector of Bangladesh. As a continuous effort, ABBL made a donation of BDT 15, 00,000 (Taka Fifteen Lac) to BIRDEM Dental Department to install a complete dental unit and implant surgical kit. BIRDEM Dental Department serve people since 1987, on that note, with a social responsibly aspect, this financial support was provided with an objective of better treatment of mass people.

ABBL also made a donation on March 6, 2009 to SIED Trust, a nongovernment organization working in the arena of assisting disable and disadvantaged children. It is worth mentioning that ABBL has been providing financial assistance to SIED Trust for last couple of years on a regular basis with an objective to

provide better health facilities to disabled and underprivileged children.

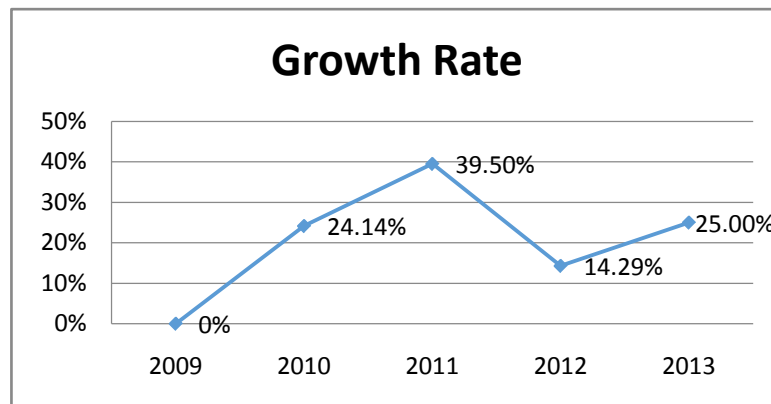
A donation of Taka 25 Lac was also given to Chittagong samitee for establishment of a hospital in Chittagong on December 2010. A donation was also made for Sandhani, a voluntary institute of medical students of Faridpur Medical College Unit for supporting their voluntary activities in January 2011.

A donation was made for "Gono Bishwabidyaly Unit" Samaj Vittik Medical College, Gonoshasthaya Kendra, Savar, on January 2012. The bank also made a donation to "Khulna Surgical & Medical Hospital (Pvt) Ltd. on humanitarian ground on 20<sup>th</sup>, April, 2013 for the treatment of 12 years aged boy Md. Alimun, who was a victim of a road accident.

*Table 3 : CSR spending of ABBL in health*

Year	Expenditure (in million)	Growth Rate
2009	20.21	
2010	25.09	24.14%
2011	35.00	39.50%
2012	40.00	14.29%
2013	50.00	25.00%

*Source: Annual report of AB Bank (2009-2013)*



*Source: Annual report of AB Bank (2009-2013)*

*Figure 4 : CSR spending of ABBL in health*

It has been revealed from the table that ABBL spends 20.21 million amount in 2009, 25.09 million in 2010, 35.00 million in 2011, 40.00 million in 2013 and 50.00 million for the development of the health sector of our country.

#### c) Environment

As a conscious corporate citizen, ABBL is not only promoting environment friendly projects, but also advising its clients to make their projects compliant as regards environmental issues. Consequently, the corporate were ABBL financed – be it large or small – are becoming fully aware of environmental impacts and complying with the bank's requirements. Besides, ABBL

also provided financial support for a number of environmental causes last year.

A donation was made to Bangladesh Poribesh Andolon (BAPA) and Bangladesh Poribesh Network (BEN), who are non-political, non government and voluntary social organizations working in the field related to environment. ABBL, BAPA and BEN jointly arranged a special conference in association with different Universities and environmental organizations on 'Urbanization, Traffic Jam and Environment' in Dhaka on January 8, 2011.

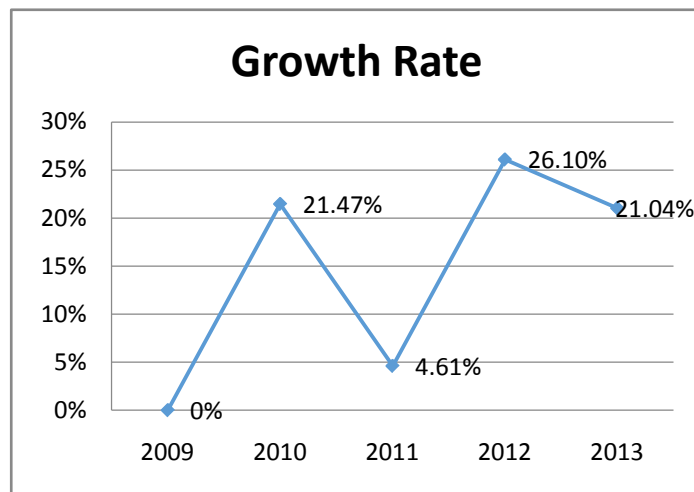
A donation was also provided for to the Department of Soil, Water and Environment, Dhaka

University during June 24-26, 2013 with an objective to enhance their environmental research work.

*Table 4 : CSR spending of ABBL on environment*

Year	Expenditure (in million)	Growth Rate
2009	18.21	
2010	22.12	21.47%
2011	23.14	4.61%
2012	29.18	26.10%
2013	35.32	21.04%

*Source: Annual report of AB Bank (2009-2013)*



*Source: Annual report of AB Bank (2009-2013)*

*Figure 5 : CSR spending of ABBL on environment*

The above figure demonstrates that ABBL spends 18.21 million amount in 2009, 22.12 million in 2010, 23.14 million in 2011, 29.18 million in 2012 and 35.3 million in 2013 for the development of the environment of our country.

#### *d) Art and culture*

Over the years ABBL has been contributing for the development of 'Art & Culture' sector in Bangladesh which includes donating to different cultural institutions, financial assistance to young and budding talents, promoting art & culture in grass-root etc. Accordingly, a donation (Taka Nine Lac) was made for Bangladesh Shishu Academy, Chittagong to construct the main entrance gate, boundary wall and a room adjacent. Almost 2800 students are getting trained on different grounds of arts and aesthetics in this academy. To promote the future artist, ABBL came forward with financial support to this academy as part of Bank's social responsibility.

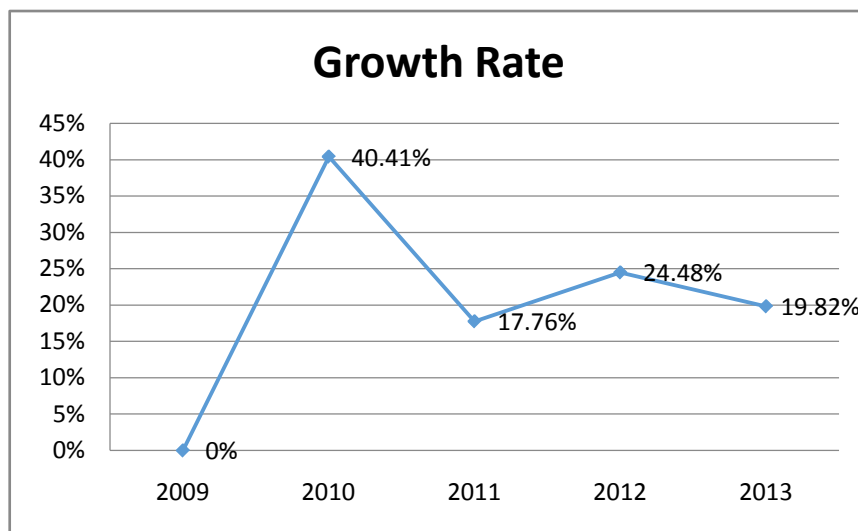
Financial assistance (Taka Seventeen Lac Ninety Five Thousand) was provided to a theater troupe named 'Bangla Theater', as they went to participate in Edinburgh Fringe Festival, held from 1<sup>st</sup> week to August 2011 till the end of the month. They performed a play

"The Distance Near" which was about Shakespeare through the eyes of Rabindranath, whose 150th birth anniversary was being celebrated all over the world at that time. This was a unique opportunity for ABBL to promote our country's art & culture, since it was the first time for a Bangladeshi Theater group to perform a play on an international stage.

*Table 5 : CSR spending of ABBL in Art and Culture*

Year	Expenditure (in million)	Growth Rate(in percentage)
2009	15.12	-
2010	21.23	40.41
2011	25.00	17.76
2012	31.12	24.48
2013	37.29	19.82

*Source: Annual report of AB Bank (2009-2013)*



Source: Annual report of AB Bank (2009-2013)

Figure 6 : Growth rate of CSR spending of ABBL in Art and Culture

The above figure demonstrates that ABBL contributes 15.12 million amount in 2009, 21.23 million in 2010, 25.00 million in 2011 & 31.12 million in 2012 and 37.29 million in 2013 for the development of the 'Art & Culture' sector in Bangladesh which includes donating to different cultural institutions, financial assistance to young and budding talents, promoting art & culture in grass-root etc.

#### e) Sports

ABBL is currently highlighting on youth development and sports. ABBL takes initiatives mostly to grass level so that the talents and skills may come from rural and district level.

Financial assistance (Taka Seventy Five Lac) was provided to organize 5 day ODI series between Bangladesh-Zimbabwe in Zimbabwe, held during 12-21st August, 2011. Over the last 1 decade, our cricket has reached to a respectable height. And ABBL has always been a huge supporter of Bangladesh Cricket. So whenever there is any cricket event, ABBL always

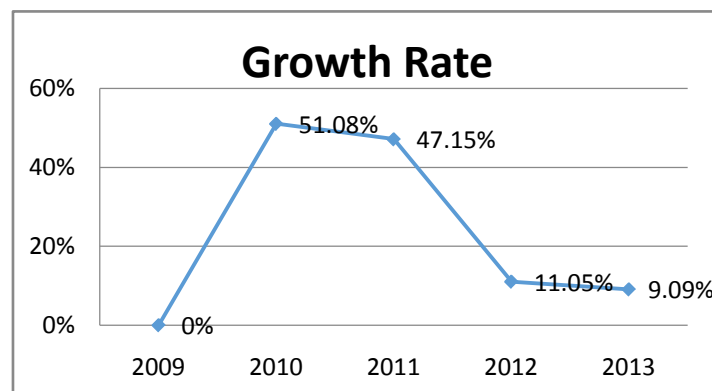
reaches its arms with financial and emotional support. In this connection it is worth mentioning that during the world cup, an amount of taka (83.52 Lac) was spent to promote the image of the Captain of the National Cricket Team of Bangladesh, Mr. Shakib Al Hasan with an objective of promoting the image of the Bangladeshi Cricket team simultaneously.

Again, a donation was also given to organize Bijoy Dibosh Hockey Tournament 2013 held during 10-20 the December, 2013 at Maulana Bhashani Hockey Stadium, Dhaka.

Table 6 : CSR spending of ABBL on Sports

Year	Expenditure (in million)	Growth Rate
2009	33.83	
2010	51.11	51.08%
2011	75.21	47.15%
2012	83.52	11.05%
2013	91.11	9.09%

Source: Annual report of AB Bank (2009-2013)



Source: Annual report of AB Bank (2009-2013)

Figure 7 : CSR spending of ABBL on Sports



It has also been observed from this table that ABBL spends 33.83 million amount in 2009, 51.11 million in 2010, 75.21 million in 2011, 83.52 million in 2012 and 91.11 million in 2013 for the highlighting on youth development and sports. ABBL takes initiatives mostly to grass level so that the talents and skills may come from rural and district level.

## VII. CONCLUSIONS AND RECOMMENDATIONS

Banks always contribute towards the economic development of a country. Compared with other Banks ABBL is also playing leading role in socio-economic development of the country. From this analysis it can be easily said that CSR practices of AB Bank have greater role to bring close relationship between company and society by contributing education, health, sports and culture sectors. Though in Bangladesh most of the people think that all company are focused in their business growth rather than social commitment. By analyzing its performance it is observed that a potential growth might be accelerated through effective implications of some policy. Being an old generation bank it has an advantage compared to newly established bank in the form of wide range of activities. By analyzing all information it can be easily said that the amount contributed by AB Bank for CSR activities is increasing but the growth rate is not good. From the study it is also found that, ABBL contributes mainly in Education, Health, Environment, Disaster Management, Art & Culture, Sports and Socio Economic Development. ABBL is building reputation, brand value, customer loyalty, employee motivation and retention by CSR activities. Total expenditure on CSR activities of AB Bank is gradually increased and thus the bank is committed to the sustainable development of communities but growth rate of CSR expenditure is not good. If most of the companies come forward to contribute to the society like ABBL, it will help to create their social branding as well as helping the society. So it can be said that ABBL is a pioneer in Corporate Social Responsibility because the idea of CSR is vastly expanded by ABBL at first. The expectations of the common people must be reflected in the CSR policy. But from this study it has been found out that the practices of CSR activities mainly are confined within the health and safety, environment and disaster management, education and social awareness building, and sports sectors. This study further suggests some possible areas that corporate bodies may consider to incorporate in their CSR tasks and priorities. This can ensure the overall development of the country. For this reason, the Bangladesh Bank can monitor the CSR adoption and performance of banks and also give some directions to the banks and provide some priority areas for CSR practices.

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