Abstract

Corporate Social responsibility (CSR) is growing phenomenon in the corporate world today and has become a buzzword. The authors believe that the employees and the customers are the two key stakeholders of a company. This paper makes an attempt to peep into the CSR culture and practice of Commercial Bank of Bangladesh and seeks to unfold the level of awareness of CSR among the employees and the perceptions of the employee and customers toward CSR activities undertaken by the Commercial Bank of Bangladesh. The study has covered primary data. Chi-Square (X2) Test have been performed to test the statistical significance of the parameters at 5 % level of significance. This study revealed that one third of employees and half of customers have across the term CSR before this study. 65.9 % of employees and 63.6 % of customer understand CSR as Peripheral development works, engaging in environmental protection, giving charity/Donations. As high as 62.7 % of employees and 60 % of Customer believe that main motive of CSR expenditure is the responsibility and right things to do, as an obligation. Most interesting things are that one forth of executive and half of non-executive employees of the commercial Bank of Bangladesh never involved in CSR activities. Fifty percent of the customers are never engagement in developments activities by commercial Bank of Bangladesh. Future research may be conducted on stakeholder’s perception of CSR in Bangladesh, a comparative or cross-national CSR practices and relationship between CSR and financial decision making in the corporate sector.

Keywords: Corporate Social Responsibility (CSR), Employees, Customers, Commercial Banks.
Introduction:

The concept of Corporate Social Responsibility (CSR) and its significance has drawn the attention of the corporate leaders of the world (Jamali & Mishrak, 2007). It is a much discussed topic among the industry and academic circle today; and literature has grown in size over the last 30 years or so (Gray, 2001). Many corporations encourage employees to write about their community services in the annual evaluation report and also expect potential employees to be active in the annual evaluation report and also expect potential employees to be active in the community and to show leadership (Tripathy & Rath, 2011). In Bangladesh, CSR is not just viewed as an opportunity to build a corporate image and character, but also to demonstrate the human face of businesses.

The importance of CSR has become an important issue for banks to address ahead of corporate scandals in the beginning of the century, which have had resulted in a side in the level of trust that they used to enjoy (Bdour, Ellisha, & Lin, 2010). Commercial Bank usually involve in peripheral development i.e. Education, Health, Environment, Culture and Heritage, Sports, Disaster management and others (Ahmed, 2013).

Corporate social responsibility is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. Corporate social responsibility is represented by the contributions undertaken by companies to society through its business activities and its social investment. This is also to connect the Concept of sustainable development to the company’s level. The system of providing information may vary from company to company, country to country (Azim et al. 2011) but the common media of providing information is financial statement.

Literature Review of the Study:

The Concept of Corporate Social Responsibility

Bowen (1953) has been acknowledged as the first scholar to have written a manuscript on the topic of corporate responsibilities (Carroll, 1979; Wartick and Cochran, 1985). Bowen (1953) claimed that businesses have the obligation to “pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (p. 6). CSR as a concept means being ethical towards stakeholders, i.e., not harming or hurting any stakeholder (Carroll, 1979; Sethi, 1979; Waddock, 2004; Wood, 1991 and Jones, 2005). CSR has a dominant goal to better the condition of various stakeholders (Steiner, 1972; Sethi, 1979; Riordan et al., 1997; Fukukawa & Moon, 2004; and Waddock, 2004). The notion of CSR being a social obligation was first advocated by Carroll (1979, in Maignan and Ferrell, 2004). Carroll’s (1999) CSR pyramid, one of the best-known CSR models, presents company’s social obligations as comprising economic, legal, ethical and philanthropic responsibilities. Corporate social responsibility refers to the "obligations that companies have to integrate environmental and social parameters into their modus operandi and long-term development policies" (Swaen & Chumpitaz, 2008, p. 7; Persais, 2002). As Corporate Social Responsibility (CSR) generally refers to the social and environmental consciousness of the firm, CSR has been identified as a macro-level activity that has macro level consequences (Oritzzy, Schmidt, & Rynes, 2003).

CSR is a concept whereby organizations consider the interest of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and environment in all aspect of their operations. In CSR organizations voluntarily taking further steps to improve the quality of life for employees and families as well as for local community and society at large.

Corporate Social Responsibility in Banking Industry:

CSR in the banking industry can be defined by resorting to the stakeholder theory initially developed by Freeman (1984) and Pe’rez et al. (2013). This author defines stakeholders as those groups or individuals who can affect or are affected by the achievement of the organization objectives or are those actors with a direct or indirect interest in the company. Scholars frequently classify stakeholders as external and internal, voluntary and involuntary or primary and secondary targets (Turker, 2009). Positive impacts of CSR initiatives have also been noted in the banking context. For example, Lemke (1987) reports that a Massachusetts bank was successful in promoting new accounts (138 accounts worth $11 million) by assisting endangered animal species with donations made to the World Wildlife Fund. Initiated by Bangladesh Bank (BB) in 2008, the CSR
mainstreaming campaign in Bangladesh's financial sector has enthused all banks and financial institutions into a broad range of direct and indirect CSR engagements including humanitarian relief and disaster response; widening of advancement opportunities for disadvantaged population segments with support in areas of healthcare, education and training; 'greening' initiatives arresting environmental degradation, and so forth. Bangladesh Bank guidance circular issued in June 2008 for mainstreaming CSR practices in the financial sector in Bangladesh.

The relationship of CSR with Consumer:

Consumer perception of CSR to the ability of the consumer to "differentiate between corporate economic responsibilities on the one hand and corporate legal, ethical, and philanthropic responsibilities on the other hand" (Maignan, 2001, p. 65)

Among academic inquiries, interesting findings were brought about by Brown and Dacin (1997) who demonstrated in an experiment that negative corporate responsibility associations can have a detrimental effect on overall product evaluation, whereas positive associations can enhance product evaluations. Brown and Dacin (1997) used two activities to induce corporate social responsibility associations: corporate giving and community involvement. The success or failure of a business organization largely depends on how consumers evaluate the responsiveness of business organization. For example, a study by Walker research found that 88 percent of U.S. consumers are more likely to buy from a company that is socially responsible (Smith, 1996).

The relationship of CSR with Employees:

While significant numbers of researchers have considered the positive impact of CSR on customers, very little attention has been given specifically to perspective of employees and the impact of CSR on employees. Many firms seek to ensure that their employees feel attached to their organization in order to ensure a low turnover rate. Toward this end, a good corporate social responsibility (CSR) reputation can generate positive attention from both current and prospective employees (Turban & Greening, 1996). Employee perception of CSR activities was operationalized as the degree of employee perception of the company's supporting activities of a social cause. This study clarified the concept of CSR activities as a second-order construct composed of philanthropic, ethical, and environmental activities. Among the three sub-dimensions of employee perception of CSR activities, (Lee, Park & Lee, 2013). If the organization can create a positive image through extensive CSR activities, employee's evaluation about organization will be more constructive. It will create a positive feeling in employee's mind about organization and ultimately lead to low absenteeism, low turnover and high job satisfaction. Employee perception of CSR activities plays an important role in both increasing loyalty and decreasing turnover rate internally. Hence, this study focuses on employee perceptions of CSR activities, providing additional insights to enhance greater understanding of the impact CSR tactics may have on employees. (Lee, Park & Lee, 2013). Melynyre & Ruzevicius (2008), in a study have examined the relationship between CSR and HRM and the situation of Lithuanian companies- how employees are willing to engage in the CSR activities. They observed that CSR provides HR with opportunities; it provides a further opportunity to contribute to business success and employee satisfaction and performance. It also provides additional opportunities to go contribute to community wellbeing. Konana (2006) stated that many corporations in the US allow employees to write about their community service as part of their annual evaluation report. Most corporations in the US expect potential employees to be active in the community and to show leadership. Interviewing processes emphasize community work. The benefits are in terms of building a positive image, encouraging social involvement of employees, which in turn develops a sense of loyalty to the organization. It helps to bond employees as a term and with the organization, which in turn, helps in creating a dedicated workforce who are proud of their employer, it helps them to operate in a friendly manner while adding to their brand value, image and reputation; increased ability to attract and retain employees.

CSR Practice in Bangladesh

Although a relatively new concept in Bangladeshi corporate culture, awareness about corporate social reporting has rapidly increased. All companies need to consider their CSR for two basic reasons. First, there is intensifying pressure from the stakeholders group to do so. Any
A company that does not develop and promote its CSR policy to all its stakeholders will face increasing threats to its reputation. Second, because it makes a sound business sense, enhances reputation, brings in new business, and improves stakeholder return (Kabir, 2003). The government of Bangladesh has not imposed or proposed requirements for disclosure of social and environmental performance. No provisions regarding CSR exist in the Companies Act 1994 (Government of Bangladesh, 1994). Until recently, neither is there a separate Bangladesh Accounting Standard (BAS) regarding social and environmental reporting (International Accounting Standards Committee Foundation [IASCF], 2003). However, since January 1, 2005, Presentation of Financial Statements Bangladesh Accounting Standard 1 (BAS 1) encourages companies listed on the Stock Exchange of Bangladesh to publish additional statements on their nonfinancial activities. Therefore, in Bangladesh, CSR is still voluntary with the exception of disclosure of expenditures on energy usage required under the Companies Act of 1994 and the Securities and Exchange Rules of 1987 that require that the total amount spent on energy be shown as a separate expenditure in the notes to the financial statements (Belal et al., 2001).

Objective of the Study:

a. The level of awareness of term CSR among the employees and customers of Commercial Bank in Bangladesh.

b. What do the employees and customers mean by the term CSR?

c. To what extent the employees and customers are aware of Bank's involvement in CSR?

d. Perception of employees and customers on the motive behind spending on CSR by the commercial Bank Bangladesh.

e. Perceptions of employees regarding involvement of employees in the CSR activities by Commercial Bank Bangladesh.

f. Perceptions of the customers on engagement in development activities by Commercial Bank of Bangladesh.

Methodology of the Study:

Data Collection Technique:

This study is based on the primary data where total numbers of respondents are 495, out of which 220 respondents are the employees and rest 275 are the customers belonging to Commercial Bank of Bangladesh. The opinions and views of the employees and customers, regarding CSR activities were elicited by the questionnaire through personal communication. Data were collected from respondents based on convenience sampling method. The different respondents were given different questionnaires designed for them. This present study is based on a survey that was conducted in different locations of Bangladesh from December 2013 to May 2014.

Data Processing and Analyzing Technique:

SPSS 17.0 and Excel have been used to process and analyze the data. To ascertain whether the awareness/views/opinion of the employees and the customer significantly differ or not, Chi-Square ($X^2$) Test has been done. Chi-Square ($X^2$) Test have been performed to test the statistical significance of the parameters at 5 % level of significance. Decision rule for assessing if the test is significant (for $\alpha = .05$):  

If $p \leq .05$, the test is significant,  
if $p \geq .05$ the test is not significant.

Findings of the study:

Awareness of the term CSR among the respondents:

H$_0$: There is no significant difference in awareness of the term CSR between the employees and the customers.

H$_1$: There is significant difference in awareness of the term CSR between the employees and the customers.
There is significant difference in awareness of the term CSR between the employees and the customers of commercial bank of Bangladesh. \( x^2 (1, N = 495) = 27.690, p = .000 \). Employees were more aware in CSR activities of Commercial Bank of Bangladesh than its customers (70% to 47.3%).

Table 2 reveals that 70% of employees and 47% of respondent customer have across the term CSR before this study. About 26.8% in employee and 43% of customers have not have come across the term CSR. This indicates that awareness of the term CSR is more among the employees of FSIBL as compared to the customer of commercial Bank of Bangladesh. It is also alarming to note that to note that 3.2% of the employees and 9.8% of customer are ignorant about the concept when the company has been nurturing CSR.

Meaning of CSR as understood by the Respondents:

H_0: There is no significant difference in understanding of the term CSR between the employee and the customer.

H_1: There is significant difference in understanding of the term CSR between the employees and the customer.
The activities are perceived as CSR activities by the respondents. Only 4.1% of the employees and 8.7% customer say CSR is - (A): Welfare measures for employees. Only 0.9% of the employees and 4% of customer view CSR as - (B): Obligation to the Government. Only 0.9% of the employees and 1.1% of customer believe it to be - (C): Obligation to shareholders. Among the respondents 6.4% of employees and 5.8% of customer understand it as - (D): producing quality products, operating ethically and morally. As high as 65.9% of employees and 63.6% of customer understand it as - (E): Peripheral development works, engaging in environmental protection, giving charity/Donations. Only 5.5% of FSIBL employees and 3.6% customer understand it as ABCDE. About 16.4% of employees and 13.1% of customer view it to be - some combinations of A, B, C, D and E. Thus, CSR is popularly believed to be peripheral development works, engaging in environmental protection, and giving charity/donations.

### Awareness about Commercial Bank of Bangladesh Involvement in CSR among the Respondents:

H_0: There is no significance difference in awareness about Commercial Bank of Bangladesh involvement in CSR between the employees and the customers.

H_1: There is significant difference in awareness about Commercial Bank of Bangladesh involvement in CSR between the employees and the customers.

There is significant difference in awareness about Commercial Bank of Bangladesh involvement in CSR between the employees and the customer. χ²(1, N=495) = 87.740, p = .000.

Analysis shows that 30.0% of employees and 11.6% of customer say that they are fully aware of Commercial Bank’s involvement in CSR activities. About 24.1% employees and 5.8% of customer are highly aware, 39.1% of employees and 53.5% of customers are aware to some extent; 5.5% in employees and 18.9% of customers are aware about it a little bit. Only 1.4% of employees and 6.3% of customers are ignorant about Commercial Bank’s involvement in CSR activities.
Motive behind spending on CSR:

H$_0$: There is no significant difference in views regarding motive behind spending on CSR between the employees and the customers.

H$_1$: There is significant difference in views regarding motive behind spending on CSR between the employees and the customers.

Involvement of employees in the CSR activities between the executives and non-executives

Participation of employees in CSR activities of a company is crucial in extension of CSR of the company which leads to development of empathy among employees and makes them proud of their company for contributing to society.

H$_0$: There is no significant difference in views regarding involvement of employees in the CSR activities between the executives and non-executive.

H$_1$: There is significant difference in views regarding involvement of employees in the CSR activities between the executives and non-executive.
Engagement of Customer in Developmental Activities if Commercial Bank of Bangladesh:

Engagement of customers in CSR activities provides opportunities to the company to demonstrate its care and concern for them and makes them aware of CSR. In order to explore this aspect, the customers of different division were asked to express their opinion on it.

H₀: There is no significant difference in opinion of the customers on engagement in development activities by Commercial Bank of Bangladesh.

H₁: There is significant difference in opinion of the customers on engagement in development activities by Commercial Bank of Bangladesh.

There is significant difference in opinion of the customers on engagement in development activities by Commercial Bank of Bangladesh. \( x^2 \) (1, N= 275) = 53.975, p = .000.

Table shows to what extent the employees are involved in social causes of commercial Bank. About 12.5 % are very active; 19.6 % are active; 28.6% are occasionally 16.1% says that rarely they involved in social causes among the executive. On the other hand, about 3.7% are very active; 5.6% are active; 7.4% are occasionally; 37.0% says that rarely they involved in social causes among the non-executive. But most interesting things is that 23.2% of executive and 46.3% of non-executive never involved in CSR activities of Commercial Bank of Bangladesh.

### Table

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<th>Respondents * Options Crosstabulation</th>
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### Chi-Square Tests

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<td>Pearson Chi-Square</td>
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<tr>
<td>Likelihood Ratio</td>
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<td>Linear-by-Linear Association</td>
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<td>N of Valid Cases</td>
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CONCLUSION:

The study takes the researchers to believe that even though the Bangladeshi Commercial Banks are involved in CSR, the awareness of CSR among the employees and the customers remain to be at a low level and CSR is perceived in a narrow horizon of peripheral development work, measures for environment protection, giving charity/donations, etc. The majority of employees and customers perception about motive behind spending on CSR is the responsibility and right things to do, as an obligation of Commercial Banks. Involvement of employees in the CSR activities between the executives and non-executives is not satisfactory rather it has been observed that all most one fourth of executive and half of non-executive never involved in CSR activities of Commercial Banks. On the other hand half of the customers opined that no such engagement take place. Awareness about CSR is not only important for the employees and the customer but also emerging concern for all the stakeholders.

Recommendations

Management must seek to involve their employees in the planning, design and implementation of CSR programs, making them participants rather than onlookers to make corporate social responsibility (CSR) initiatives more effective and fruitful. Investing in corporate social responsibility can create a better public image and goodwill for the company which further will become instrumental in attracting customers, efficient personnel and investors. By linking CSR activities with increased customer value, or developing new sources of customer value, companies can gain a competitive advantage.

Directions for Future Studies

The findings of this report can thus help researchers in further studies regarding topics such as stakeholder’s perception of CSR in Bangladesh, a comparative study between foreign and local companies in Bangladesh and relationship between CSR and financial decision making in the corporate sector.
References:


