

Corporate Social Responsibility in Bangladesh: A Study on Janata Bank Limited

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Abstract: The Janata Bank Limited (JBL) is the public sector commercial bank in Bangladesh. The main activities of JBL in the countries are commercial transactions and some general transactions. This Study aims to measure the Corporate Social Responsibility (CSR) practices of Janata Bank Limited and give some suggestions to improve CSR by JBL based on findings. The study found that JBL is playing an important role by contributing to the social, environmental, economic development of the country and its citizens but the contribution amount is insignificant in proportion to their profit amount. The study also found that JBL is giving less importance on contribution toward education and environment in recent years. So the study suggests that JBL should increase their CSR contribution and consider some other sectors for CSR activities. Moreover JBL need to emphasize on education and environment sectors more. This study further suggests that a proper guideline by Government about CSR activities, involvement of large organizations in it, compulsory CSR disclosure in the annual report will help the organizations to achieve their objectives and ensure a sustainable development of the society.

Keywords: Corporate social responsibility (CSR), education and environment, sustainable development.

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I. Introduction

Corporate Social Responsibility (CSR) which is also called “Corporate Citizenship” makes an organization accountable to the society while boosting its own brand. CSR involves commitment to contribute to the economic, environmental, social development of its employees, customers, shareholders and of the country as a whole. Specially it’s considered as a key factor for the progress of a third world country like Bangladesh.

In today’s competitive world, CSR is essential for an organization for many reasons. CSR can bring dignity for the organization which will lead to increased sales, profit, and employee loyalty and will attract efficient people to the organization. So Janata Bank Limited (JBL) has accepted CSR as a tool of continuous development and sustainability.

Janata Bank Limited is one of the leading state-owned commercial bank of Bangladesh. Like some other banks of the country JBL is actively initiating, promoting and maintaining CSR activities, contributing to the betterment of the social life of under privileged people, infra-structure, environment etc. In addition to that, it has started distributing interest free loan to the poor and marginal farmers in the Aila, Sidr, Monga unit areas. This paper scrutinizes the role, contribution and achievement of the JBL through its CSR activities in the Bangladesh society.

II. Objectives Of The Study

1. To understand the concept of Corporate Social Responsibility
2. To find out the extent and kind of CSR practices by JBL
3. To examine current status of prevailing Bangladesh Bank Guidelines and how far these are being implemented by JBL
4. To suggest some measures to JBL to improve CSR activities based on findings
5. To provide information for future research works on Corporate Social Responsibility

III. Literature Review

Corporate Social Responsibility is a company's sense of obligation to handle the social, environmental and economic effect of its business activities responsibly and according to the public expectation. The World Business Council for Sustainable Development in its publication "Making Good Business Sense" by Lord Holm and Recharad Watts used the following definition—"Corporate Social Responsibility is 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".

In today's world where everyone is conscious about environment, each employee and customer prioritize to work for and spend their money with those businesses that focus on corporate social responsibility (CSR). Katie Schmidt said "CSR can positively impact your business by improving your company image, building your brand and motivating you as a business owner". He added, "What the public thinks of your company is critical to its success. By building a positive image that you believe in, you can make a name for your company as being socially conscious."

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 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.

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. A study conducted by Mamun and Ahmed (2009) on the managers' vision on CSR. The study concludes that a paradigm shift has occurred in the business arena as well as in the CSR field. According to these researchers, such a shift is a direct response to the number of pressures created by different stakeholders of the business. They also express that with the pressure emerging from the stakeholders, gives a new shape to the social responsibility, in Bangladesh.

However, many scholarly works on CSR of commercial banks of Bangladesh have been done. But there has been no prior work on CSR performance of JBL individually. So the choice of 'Corporate Social Responsibility in Bangladesh- A study on Janata Bank Limited' has been considered at appropriate and timely manner.

IV. Methodology Of The Study

This Study is based on secondary data which covered a period of 5 years from 2014-2018. The base year of the study is 2014 and concluding year is 2018. Data collected from the annual reports of JBL for the selected years, website of JBL and related BD newspapers. Some related articles from various journals have also been used to develop the basic idea about the selected topic. Five years data of JBL has been presented in smoothly and understandable form. Tabular analyses were performed to attain the objectives of the study. Microsoft Excel and Microsoft Office have been used to represent tabular data.

V. Framework Of CSR Areas

Under the SRO No. 270-Ain/2010, dated 01.07.2010 is given 22 areas of CSR activities for enjoying tax rebate. The areas include (1) Donation to organizations engaged in clean water management; (2) Donations to organizations engaged in afforestation; (3) Donations to organizations engaged in beautifications of cities; (4) Donations to organizations engaged in waste management; (5) Donations for redressing the hardships caused by natural calamities like cyclone, earthquake, tidal wave and flood challenged through Government organizations; (6) Donations to organizations engaged in establishment and management of old persons homes; (7) Donations to organizations engaged in mentally and physically handicapped; (8) Donations to educational institutions run for the purpose of education of rootless children; (9) Donations to organizations engaged in projects on accommodation of slum dwellers; (10) Donations to social organizations engaged in publicity of movements relating to women rights and anti-dowry practices; (11) Donations to organizations engaged in feeding and clothing and sheltering and rehabilitation of orphan/rootless children; (12) Donations to organizations engaged in research on independence war, regaining and expansion of the consciousness of the independence war and the act of honorable living of the freedom fighters; (13) Donations to organizations engaged in health some situations in Chittagong Hill Tracts, char areas and areas surrounding breaking up of bank of the river; (14) Grants to organizations engaged in treating cleft lips, cataract, cancer and leprosy; (15) Grants to the organizations engaged in treatment of acid victims; (16) Donations to hospitals engaged in providing free

medical treatment to poor patients and specialized for developing the quality of treatment such as cancer, liver, kidney, thalassemia, eye and cardio; (17) Donations to organizations distributing birth control products free with a view to solving population problem and to conduct camps for voluntary sterilization; (18) Grants to public universities; (19) Expenditure incurred through educational institutions recognized by Government for providing technical and vocational education for meritorious poor students; (20) Money invested in establishing lab for providing training on computer on information technology and in establishing infrastructure or in purchasing educational materials for implementing English education in public/private educational institutions (under Monthly Pay Order or MPO); (21) Donations to organizations engaged in providing technical and vocational training to unskilled or semi-skilled labor for export of human resources; (22) Donations to organizations involved with infrastructure of sports and provision of training at national level.

VI. Overview of Janata Bank Limited

Janata Bank Limited is the 2nd largest state-owned commercial bank of Bangladesh which was established in 1972 and restructured as a limited company in 2007. Its head office is located at Motijheel in Dhaka-the capital city of Bangladesh. The bank has now 912 branches throughout the country and 4 overseas branches in United Arab Emirates. The bank is named as ‘Janata’ bank because it aims to work for mass people and from its beginning the bank is playing a vital role in socio economic development of the country and its citizens. Besides normal business activities JBL arranges different welfare programs and performs many agency services.

The bank finances small and medium industries, helps in poverty reduction and job creation, encourages entrepreneurship development through many programs. Thus the bank is helping to structure a solid financial ground of the country.

VII. Data Analysis And Findings (CSR By JBL)

There is a long history of benevolent deeds by the banking sector of Bangladesh like city beautification, patronizing art and culture, donations to charitable institutions, to poor people etc. But CSR is getting more attention now-a-days by banks and other organizations.

For mainstreaming CSR in banks and financial institutions in Bangladesh, Bangladesh Bank issued DOS circular no. 01, dated: 01 June, 2008 directing to voluntary engagements in promoting equitable, sustainable development.

The Government has described 22 areas of CSR in schedule-Kha in Bangladesh Gazette published on 01 July, 2010.

Aligning with the above two JBL has formulated its own CSR policy and been practicing CSR accordingly. According to policy, the CSR activities are performed by JBL in the following fields:

1. Education and Research
2. Health and Treatment
3. Poverty reduction and rehabilitation
4. Combat against natural calamity
5. Try to bring the marginal farmers and the poor out of the grip of loan
6. Preservation of history, tradition, culture and sports
7. Preservation of environment
8. Expansion of technology
9. Invention
10. Others

Table 1: Year and Category wise CSR of JBL (BDT in million)

Sl	Category	Year				
		2018	2017	2016	2015	2014
1	Education and Research	.05	0.00	0.00	10.70	11.84
2	Health and Treatment	1.80	0.00	0.00	3.80	25.76
3	Poverty reduction and rehabilitation	0.00	0.00	0.00	0.00	11.88
4	Combat against natural calamity	9.00	6.95	7.90	7.90	0.00
5	Try to bring the marginal farmers and the poor out of the grip of loan	0.00	0.00	0.00	0.00	5.00
6	Preservation of history, tradition, culture and sports	0.00	0.00	0.00	0.00	72.58
7	Preservation of environment	0.00	0.00	0.00	0.00	.25
8	Expansion of technology	0.00	0.00	0.00	0.00	11.11
9	Invention	0.00	0.00	0.00	0.00	0.00
10	Others	2.33	1.08	1.23	0.00	0.00
	Total	13.18	8.03	9.13	22.40	138.42

Source: Annual reports of JBL (2014- 2018)

Table 2: Comparison of year to year CSR of JBL

Year	CSR (BDT in million)
2018	13.18
2017	8.03
2016	9.13
2015	22.40
2014	138.42
Total	191.16
Average	38.232
SD	56.2916
CV	147.24%

Table 1 & 2 show that, from 2014-2018 CSR disbursement of JBL is 138.42, 22.40, 9.13, 8.03, and 13.18 respectively and average, standard deviation, coefficient of variance are 38.232, 56.2916 and 147.24% respectively which indicates that the amount is fluctuating every year, no consistent increment or decrement in the amount. We may find the reason behind it in the following table.

Table 3: Relationship between profit before tax and CSR contribution

Year	Contribution to CSR (in million)	Profit before Tax (in million)	% of Profit
2018	13.18	922.81	1.43%
2017	8.03	4210.05	.19%
2016	9.13	3650.17	.25%
2015	22.40	6560.05	.34%
2014	138.42	5733.05	2.41%

Table 3 depicts the relationship between profit before tax and CSR contribution of JBL. Here we see that profit of the bank is also varying from year to year as well. But whatever the profit amount, every year JBL is contributing an insignificant amount of CSR in proportion to their profit. The bank contributed the highest amount of CSR in the year 2014 with 2.41% which is not that bad and then they curtailed the amount in next three consecutive years. In 2018 they have contributed 1.43% of profit as CSR despite the drastic reduction in their profit amount. Increasing the CSR contribution again is a good sign from the bank.

Apart from that giving concentration to the betterment of poor and marginal people, freedom-fighters and educational institutions in the deprived areas of the country JBL helped a good number of people and institutions from 2014 to 2018. This great initiative by the bank through which they benefited total 1, 03,678 people and institutions of different category that is shown below:

Table 4: Beneficiaries (in person)

Year	Freedom Fighter	Poor & marginal people	Educational Institution	Handicap related Organizations	Various Professional Organization	Miscellaneous	Total
2018	1	30,000	1	0	2	19	30,023
2017	0	26,000	0	0	0	12	26,012
2016	0	25,000	0	0	0	12	25,012
2015	0	21,000	3	0	0	1	21,004
2014	147	992	258	7	98	125	1627
Total	148	1,02,992	262	7	100	169	1,03,678

Source: Annual reports of JBL (2014- 2018)

VIII. Sectorial CSR Expenditures By JBL

1. Education & research

Education is the backbone of a nation. Considering the necessity of education JBL targeted the main allocation in the development of education and research. JBL contributed BDT. 22.59 million from 2014 to 2018 in this category.

2. Health & treatment

JBL sets top priority on health initiatives and provides assistance in purchasing equipment for infrastructure development of government and non-government hospitals. Besides emphasis is given on the treatment of sick, poverty-stricken, freedom fighters and their families as well as famous persons who feel shy to disclose their financial crisis even in time of treatment (JBL 2019). JBL contributed BDT. 31.36 million from 2014 to 2018 in this category.

3. Poverty reduction & rehabilitation

Like all other socially responsible business JBL also believes in giving back to the society where it lives in and works. To do so JBL individually and in co-operation with other private and volunteer organizations provides financial help to reduce poverty. JBL contributed BDT. 11.88 million from 2014 to 2018 in this category.

4. Combat against Natural Calamity

JBL comes forward to help the people affected by various natural calamities like flood, cyclone, earthquake, fire, winter etc. JBL contributed 31.75 million from 2014 to 2018 under above category.

5. Helping the Poor & Marginal Farmers

The number of poor and marginal people is higher in northern area in our country. They often get affected by various natural disasters like monga, aila, sidr. To get out of the poverty they take loan from the Mohajons and NGOs but because of high interest rate they can't get out of vicious cycle of poverty. Considering this JBL brought the people of north belt under the rehabilitation programs. In this case interest of the loans and other expenses will be adjusted from CSR fund to make them self-dependent gradually. JBL contributed BDT 5 million from 2014 to 2018 in this category.

6. Preservation of History, Culture, Tradition and Sports

CSR fund of JBL is being used to establish a developed society by preserving country's history and tradition as well as flourishing culture and sports. Moreover financial help is being provided to celebrate different memorable days of the nation. JBL contributed BDT. 72.58 million from 2014 to 2018 under this category.

7. Preservation of Environment

Preservation of environment is a must for sustainable development of a country. So as a conscious corporate citizen, JBL is advising its clients to make their projects environment friendly. The bank is also providing help in the field of tree plantation, green-belts, sanitation and drinking water etc. JBL contributed BDT .25 million from 2014 to 2018 in this category.

8. Expansion of Technology

The dream of "Digital Bangladesh" can't come true without the expansion of technology. JBL is aware about that and allocating a full set of computers to different government, non-government and not for profit organizations from CSR fund. JBL contributed BDT 11.11 million from 2014 to 2018 in this category.

9. Invention

Not only had the categories cited, JBL is also financially helping any kind of invention project that brings the development of the country in any way.

10. Others

JBL contributed BDT 2.33 million under above category in 2018 to establish a day care center for the children of the employees of JBL and other banks in joint collaboration with other partner banks.

IX. Conclusion And Recommendations

Corporate Social Responsibility (CSR) has been getting more attention over the last few years in Bangladesh and now it is considered as one of the most important part of the business all over the world. The banking sector of Bangladesh has been found practicing CSR activities the most (Mainuddin, 2019). Corporate organizations can flourish themselves and ensure sustainable social development by performing CSR activities.

From this study it can be easily said that CSR practices of JBL are assisting to make a healthy relationship between the bank and society by contributing education, health, sports and cultural sectors. JBL is also benefiting a good number of people and institutions who need nurturing.

There is a conception among the people of Bangladesh that all the companies give more attention to their business growth and profit than social commitment. This study observed that business growth and profit may be boost through proper application of CSR policies and increment in social, environmental activities etc. From the analysis of JBL's CSR practices it is found that the bank is contributing to CSR activities every year from 2008 but the amount is insignificant in proportion to its profit. Especially in recent few years its CSR contribution is very poor. It is also observed that the profit amount of JBL is facing a decreasing trend which may be the reason behind less contribution in CSR. In this situation the study suggests that the bank should

increase their CSR contribution which may help them to gain more reputation and earn good amount of profit again. Good thing is that the CSR allocation has increased in 2018 compared to the previous three years.

JBL contributes mainly on education, health, environment, disaster management, culture, sports and socio economic development. Through discharging social responsibility the banking company is building reputation, brand value, customer loyalty, employee motivation and retention. So all other companies should come forward to benefit the society like JBL, it will help them to create social brand and to develop the country as a whole.

A prescription has given where there are 22 areas of CSR is identified but from this study it is found that the CSR practices are confined within the education, health, disaster management, environment and sports. Some other areas like afforestation, clean water management, old age homes should also get attention for ensure overall development of the country. In this regard Bangladesh Bank can give some directions to the banks and provide some other priority areas for CSR practices.

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