
**The Evaluation of CSR on Banks' performance to promote sustainable
Banking in Bangladesh: A study on Supply chain context.**

A thesis submitted to the BRAC Institute of Development and Governance (BIGD)
In conformity with the requirements for the degree of
Master in Procurement and Supply Management (MPSM).

Submitted by:
Md. Anisur Rahman Patwary
MPSM, 7th Batch
ID- 14282029

Masters in Procurement and Supply Management (MPSM)



BRAC Institute of Governance and Development (BIGD)
BRAC University, Dhaka.



January 2015

**The Evaluation of CSR on Banks' performance to promote sustainable
Banking in Bangladesh: A study on Supply chain context.**

Researcher

Md. Anisur Rahman Patwary

MPSM, 7th Batch

ID- 14282029Batch

Supervisor

Dr. Md. Wahidul Habib

Assistant Professor

Faculty of Business

ASA University Bangladesh

Masters in Procurement and Supply Management (MPSM)



BRAC Institute of Governance and Development (BIGD)

BRAC University, Dhaka.



January 2015

Declaration

I, the undersigned would like to declare that this paper is solely presented for the dissertation works titled as "The Evaluation of CSR on Banks' performance to promote sustainable Banking in Bangladesh: A study on Supply chain context". My polite request is to the honorable supervisor to accept this dissertation work which is the partial fulfillment of the requirement for the degree of "Masters in Procurement and Supply Management (MPSM)". I declare that the work done in this dissertation is unique and it is not used elsewhere. I would like to do more investigations in future with this related topic.



Md. Anisur Rahman Patwary

MPSM, 7th Batch
ID- 14282029

Certificate of Originality by the Supervisor

The dissertation entitled “The Evaluation of CSR on Banks’ performance to promote sustainable Banking in Bangladesh: A study on Supply chain context” has been prepared by Md. Anisur Rahman Patwary, (ID No. 14282029), BRAC Institute of Governance and Development (BIGD), BRAC University and submitted as partial fulfilment of the requirements for Masters in Procurement and Supply Management under my guidance and supervision. The report has been prepared based on original work done by the author. So far as I am aware, he did not submit this report as a required subject of study to this University or to any other institution. The report may be accepted for evaluation.



Dr. Md. Wahidul Habib

Assistant Professor

Faculty of Business

ASA University Bangladesh

Shamoli, Dhaka – 1207.

Acknowledgement

It is an immense pleasure for the author to submit this Research paper entitled “The Evaluation of CSR on Banks’ performance to promote sustainable Banking in Bangladesh: A study on Supply chain context”. First of all, the author acknowledges that all the praises due to the Almighty Allah who has enabled the author to successfully complete this research work.

The author pays deep sense of gratitude and heartily respect to Dr. Md. Wahidul Habib honorable Supervisor for his expert advice, constant encouragement, unending patience and whose supervision made the author best inspiration to complete this research within due period. This help has been invaluable and without it this research would never have been completed.

The researcher would like to articulate his appreciations to Central Procurement Technical Unit (CPTU), IMED, Government of Bangladesh for arranging this course and for providing financial support.

I am very grateful to Mr. Md. Mahfuj, Joint Director, Bangladesh Bank for his valuable suggestions and support for completing the study. I convey my special thanks to all the respondents (interviewees) of different banks to help me by providing valuable data on CSR.

I also like to acknowledge the cooperation of officers and staff of the BRAC Institute of Governance and Development (BIGD), BRAC University. Finally I express my deep gratitude to my family members especially my wife Yasmin Akter co-operation and inspiration to complete the dissertation.

The Author

DEDICATION

*In loving memory of my revered parents, my children - Ayesha Tasnim & Ishrah
Tahsin and my wife-Yasmin Akter,*

Acronyms

Acronyms	Illustrations
ATM	Automated Teller Machine
AWF	Autism Welfare Foundation
BB	Bangladesdh Bank Limited
BCBL	Bangladesh Commerce Bank Limited
BERDO	Blind Education and Rehabilitation Development Organization
BS	British Standard
BSMMU	Bangabandhu Sheikh Mujib Medical University
CIPS	Chartered Institute of Purchasing and Supply
CSL	Corporate Social Leadership
CSR	Corporate Social Responsibility
CWCH	Centre for Women & Child Health
DBBL	Dutch Bangla Bank Limited
DJSI	Dow Jones Sustainability Indexes
DPE	Department of Public Enterprises
EBL	Eastern Bank Limited
ETI	Ethical Trading Initiative

EU	European Union
FBCCI	The Federation of Bangladesh Chambers of Commerce and Industry
HFRMCH	Holy Family Red Crescent Medical College & Hospital
IBBL	Islamic Bank Bangladesh Limited
ILO	International Labour Organisation
ISO	International Standard Organisation
LAHP	Legal Assistance to Helpless Prisoners
MTB	Mutual Trust Bank Ltd.
NBR	National Board of Revenue
NCCBL	National Credit and Commerce Bank Ltd.
OPD	Outdoor Patient Department
RMG	Readymade Garment
SA	Social Accountability
SC	Supply Chain
SCM	Supply Chain Management
SCS	Supply Chain Sustainability
SRO	Statutory Regulatory Order
SRP	Socially Responsible Procurement

Executive Summary

Corporate Social Responsibility (CSR) has become a common issue for the business organizations of the world. It has become an important factor for the companies to do something good for the well being of the societies or surroundings where they belong to. Gradually many factors like supply chain sustainability as well as managing risk, adding value and benefit for stakeholder groups are coming forward concerning with CSR. A banking supply chain includes both the supply side and demand side elements that involves the end to end process of sourcing funds, managing those funds, disbursement of funds to, and collection from, customers. These activities can be conducted directly by the bank or indirectly through its intermediaries or agents. Like all other organizations banks also face cost and other challenges: some are predictable and some unanticipated. So Banks need to develop some strategies to navigate these challenges, like identifies hidden business costs, enhance its' cash supply chain capabilities and improve productivity by uncovering organization's insights that create opportunities for cost reduction, improving efficiency and mitigating risks—all without diminishing value. By thinking of cash as goods, banks can apply proven consumer business (CB) strategies to reduce excess inventory, lower handling and processing costs, improve operating efficiency and optimize the supply chain network of ATMs.

Financial institutions, such as banks, do not produce hazardous chemicals or discharge toxic pollutants into the air, land or water and thus apparently they might be viewed as uninvolved with environmental issues. But through their financing practices they are supporting commercial activity that ultimately degrades the natural environment. Again CSR is not just philanthropy and obeying the laws, rather an attempt to ensure their own sustainability and profitability. In Bangladesh The banking sector has a history of involvement in benevolent activities like donate to different charitable organizations, poor people and religious institutions, city beautification and patronize art & culture.

In this study twenty two private commercial banks have been chosen to find out the relationship between CSR & deposit amount, CSR & loan amount by evaluating last four years data. The study has given an interesting output. The output has shown that the relationship between CSR & deposits fits only 12% where the relationship between CSR & loans fits only 8%. So, it can be said that there is positive relationship between CSR & deposits, CSR & loans but the relationships are not strong enough. Brand trust is another important factor which can be affected by CSR expenses. In case of measuring brand trust, six phases of CSR- Employee Satisfaction, Social Phase, Ethical State, Legal Phase, Economic phase, Brand Trust and Environmental Phase has been used. If the CSR activities have been done properly then there are positive

impacts on these six phases. To measure & compare the relationship between the brand trust & CSR expenses four banks has been chosen. Thirty employees from each bank (total 120) have been chosen randomly to find out their brand trust through questionnaire survey. From the comparison among four banks having the highest & lowest CSR expense in 2013, we can see that in every aspect or phases of CSR DBBL & IBBL have significant value than BCBL & NCCBL. In 2013 DBBL & IBBL have spent the highest amount in CSR where BCBL & NCCBL has spent the lowest. From the study we can see that in every phase there is a strong link between CSR expenses & brand trust or brand reputation. So, it is very much clear that CSR has a great impact on brand trust as well as brand value as the customers and employees believe the brand for its social responsibility nature. So from the study it can be said that as a tool of procurement and supply chain management CSR is quite efficient & successful in creating brand trust and reputation than increasing the amounts of deposits & loans.

Though the relationships between CSR expense & deposits, CSR expense & loans are not strong enough but by creating the brand trust the banks can bring an overall positive impact on the banks performance. So, the CSR activities should be used in a very much effective way with other important factors so that in near future CSR can have a significant impact on the overall supply chain of a bank in Bangladesh.

List of Contents

	Page
Executive Summary	IX
Chapter – 1 Introduction	
1.1 Introduction -----	1
1.2 Background of the Study-----	2
1.3 Research Question -----	3
1.4 Research Objectives -----	3
1.5 Scope and Limitations of the Study -----	3
1.6 Outline of the Report -----	4
Chapter – 2 Research Methodology	
2.1 Study Approaches and Research Design -----	5
2.2 Data Source -----	5
2.3 Sampling Plan -----	5
2.4 Sampling size -----	6
2.5 Questionnaire Development -----	6
2.6 Data Analysis & Evaluation -----	6
Chapter -3 Literature Review -----	7
Chapter - 4 Theoretical Framework	
4.1 Definitions of the Supply Chain -----	12
4.2 Supply Chain of a financial institution -----	13
4.3 Define Value chain -----	14
4.4 What is Supply Chain Management? -----	14
4.5 Green Supply Chain Management – What is it? -----	15
4.6 Supply Chain Sustainability -----	15
4.6.1 What is supply chain sustainability? -----	15
4.6.2 Why supply chain sustainability is important? -----	16

4.6.3 How supply chain sustainability can be achieved or improved? -----	17
4.6.4 Supply chain sustainability reporting frameworks and guidelines -----	17
4.7 Definition of CSR -----	19
4.8 Corporate Social Responsibility in Financial Institution -----	19
4.9 CSR in the light of CSL -----	20
4.10 Socially Responsible procurement (SRP) -----	21
4.11 Brand Trust & CSR -----	22
4.12 Phases of CSR -----	23

Chapter – 5 Scenario of CSR Activities in Banking sector of Bangladesh

5.1 CSR practices & activities in Bangladesh by Banks -----	25
5.2 Initiative by Central Bank of Bangladesh regarding CSR -----	28
5.3 Salient CSR activities of some selected banks in Bangladesh -----	29
5.4 Why CSR is important in branding for banking in Bangladesh -----	34
5.5 Income Tax Regulation in Bangladesh on CSR -----	34

Chapter – 6 Sustainable Banking through Optimizing Retail Banks (Specially ATM Service) Supply Chain.

6.1 Scenario of ATM and Retail banking services in Bangladesh -----	37
6.2 Trend in technology (ATM) adoption in banking services of Bangladesh -----	38
6.3 Challenges of ATM and Retail banking service in Bangladesh -----	39
6.4 Optimizing ATM as well as retail banking supply chain -----	41
6.4.1 Applying the lessons from CB to retail banking (ATM cash supply chain) ----	42
6.4.2 The rising cost of the cash supply chain -----	43
6.4.3 Source effectively to reduce supplier spend -----	45
6.4.4 Potential savings from outsourcing supply chain activities -----	45
6.4.5 Make operational changes and aim for leading practices -----	46
6.4.6 Logistics strategies in retail banking -----	46

Chapter – 7 Findings and Data Analysis

7.1 Assessment of CSR in Brand Trust -----	47
7.2 Selected Banks for defining CSR & Brand Trust Relationship -----	47

7.3 Data Analysis Process of the customers' response towards CSR phases -----	48
7.3.1 Comparative Performance of Banks in Brand Trust -----	48
7.3.2 Comparative Performance of Banks in Social (Employee) phase with -----	49
7.3.3 Comparative Performance of Banks in Ethical State -----	49
7.3.4 Comparative Performance of Banks in Legal Phase -----	50
7.3.5 Comparative Performance of Banks in Economic Phase -----	51
7.3.6 Comparative Performance of Banks in Environment Phase -----	51
7.4 Relationship between CSR Expenditure & Deposit Amount -----	53
7.4.1 Interpretation of the Result (CSR & Deposits) -----	53
7.5 Relationship between CSR Expenditure & Loan Amount -----	54
7.5.1 Interpretation of the Result (CSR & Loans) -----	54
7.6 Summary of Findings -----	55

Chapter – 8 Conclusion and Recommendation

8.1 Conclusion -----	56
8.2 Recommendation -----	58

References -----	59
-------------------------	----

Appendices

Appendix A Research Questionnaire -----	A1
Appendix B Information Gathered From Survey -----	A4
Appendix C Amount of CSR Expenses, Deposits & Loans -----	A8
Appendix D Residual Output from Regression Analysis -----	A11

List of Figures

	Page
Figure 1 Diagram of a Supply Chain showing upstream and downstream elements.	13
Figure 2 Year Wise Total CSR Expenditure in Bangladesh by Banks.	26
Figure 3 Sectoral shares of CSR expenditure	27
Figure 4 Geographic and Demographic Penetration of Banking Services in Bangladesh	38
Figure 5 Flow of Inventory in Consumer Business and Cash in Retail Banking	42
Figure 6 Cash supply chain network	44
Figure 7 Comparative Analysis of Brand Trust between DBBL & BCBL	52

List of Tables

	Page
Table 1 Trends of Sectoral pattern of CSR expenditure in Bangladesh by banks	27
Table 2 Electronic Banking Service in Bangladesh (% of Bank) from the Year 2007 to 2012	38
Table 3 Planning impact in retail banking for ATM Cash Supply Management	43
Table 4 Supply and Demand Management Strategies.	45
Table 5 Streamlining supply chain processes in retail banking	46
Table 6 (a) Logistics strategies in retail banking	46
Table 6 (b) Direct CSR expenditures by the selected four banks	47
Table 7 Banks Performance in Brand Trust	48
Table 8 Banks in Employee Satisfaction	49
Table 9 Banks in Ethical State	50
Table 10 Banks in Legal phase	50
Table 11 Banks in Economic Phase	51
Table 12 Banks in Environment phase	52
Table 13 CSR Expenditure & Deposits Amount Model	53
Table 14 CSR Expenditure & Loan Amount Model	54

Chapter – 1: Introduction

1.1 Introduction:

In today's world, new behavior and new models often are necessary for business survival. The future belongs to flexible and customer-focused organization. With the increasing of globalization, sustainable development as well as corporate social responsibilities (CSR) as a strategic and supply chain tool has attracted much attention in recent years. The Brundtland Commission, convened by the United Nations in 1983, produced the report 'Our Common Future', which established the widely accepted definition of sustainable development as "Meeting the needs of the present without compromising the ability of future generations to meet their own needs." The definition is supported by the equally widely acknowledged three pillars: *economic, social and environmental development*. Sustainability has since become a generic concept utilized in a variety of domains, to support the worldview that economic, social and environmental issues are fundamentally interlinked and must therefore be considered in unison. Banks hold a unique position in an economic system that can affect production, business and other economic activities through their financing activities and thus may contribute to pollute environment. Sustainable banks do not only improve their own standards but also affect socially responsible behavior of other businesses. Sustainable bank takes triple bottom line approach at the heart of the business model. Sustainable banks integrate this approach by focusing simultaneously on people, planet and prosperity through CSR and Green banking.

Many organizations chose CSR as a tool of competitive advantage. CSR has become an increasingly important issue in business. CSR and branding have a number of linkages, specifically through trust, corporate reputation and consumer attribution. Gurhan-Canli and Fries (2009) developed a corporate social responsibility and brand-related outcomes model. They suggested that both consumer characteristics, such as awareness of CSR programmes and personal judgment and company characteristics such as reputation are factors influencing branding outcomes. Thus, fit between the CSR activities and the company and brand itself also impacts on the way consumers perceive the CSR activities (Barnes, 2011). Beside this continuous technological development, particularly, information technology revolution has forced the banks to introduce the e-banking operation for their sustainable growth in expanded competitive environment. The volume of cross-border trading and other financial activities is increasing geometrically facilitated by technology. E-

banking has made financial transactions and banking process faster and easier. In order to survive in the competitive field commercial banks are looking for better service opportunities to provide their customer. The Automated Teller Machine (ATM) is such type of innovation that can mechanically accept deposits, issue withdrawals, transfer funds between accounts, collect bills, and make small loans.

1.2 Background of the Study

CSR has become a popular practice not only in Bangladesh but also in many countries of the world. Companies worldwide tend to spend significant resources to promote CSR. Yet, there is no conclusive evidence that CSR activities lead to financial benefits to the companies. Being involved in CSR activities throughout the supply chain is becoming a must for companies, especially if they are aiming for good public opinion and want to sustain a well-appreciated brand by gaining brand trust from the customers (Werther & Chandler, 2005). From the publication 'Review of CSR Activities in the Financial Sector 2013' it has been found that most of the banks are providing their funds for mostly on Humanitarian & disaster relief, education in Bangladesh. Prior studies in the context of Bangladesh had concentrated only on social disclosure information reported by Bangladeshi's companies in their corporate annual reports or board composition & corporate structure influenced on CSD practice in Bangladesh but they did not show any assessment of CSR expenditure/Corporate donation on firm's performance on deposits, loans & creating brand trust. Strikingly, no study is done in this regard. The major concentration of this research is to see the impact of CSR expenditure on bank's deposits, loans amount and find out whether any relationship is existed between CSR expenditure & bank's performance deposits, loans amount & brand trust.

ATM is a part of the electronic financial transactions systems. In Bangladesh, different banks are now offering ATM cards to their valued customers. As a tool of sustainable banking, ATM booth as well as e-banking can contribute more flexibility for its customers. And now it is very important for the banking sectors of Bangladesh to notice some matters regarding ATM services like- 'how banks can lower its operating costs, reduce cash inventory and optimize the ATM service as well as retail banks supply chain to overcome existing problems that customers face when use ATM booth which can enhance customer satisfaction as well as contribute in sustainable banking. Besides analyzing CSR issue this paper also tries to highlight the present scenario and some constraints of ATM services and then identify some strategies which can help to optimize the supply chain of ATM banking service.

1.3 Research Question:

Based on the information regarding CSR issues and ATM services as a part of sustainable banking the following questions are formulated:

1. What are the scenarios of CSR activities as well as sustainable banking in Bangladesh?
2. What are the conditions (present scenario and constraints) of ATM services in Bangladesh?
3. How ATM services as well as retail banking can lower operating cost, reduce cash inventory and optimize overall supply chain.
4. Are there any relationship among CSR & deposits, CSR & loan of some selected banks?
5. What relationship exists between Brand image and different phases or categories of CSR?

1.4 Research Objectives

The main goal of this research is to evaluate the CSR practice enhancement as a part of sustainable banking in Bangladesh through generating branding image and reducing cost of ATM services as well as optimizing retail banks supply chain. The detail objectives of this work are as follows-

- 1 Explore the current scenario of CSR activities carry out by the banks of Bangladesh.
- 2 Identify the problems that customers face when use ATM booths in Bangladesh where as ATM service is a part of sustainable banking.
- 3 Explain some effective and efficient strategies to optimize the supply chain of ATM banking services as well as retail banks supply chain.
- 4 Identify the relationship among CSR & deposits, CSR & loan amounts of some selected Banks'.
- 5 To make a comparison among the selected banks in terms of the CSR categories in creating the branding image throughout the supply chain.

1.5 Scope and Limitations of the Study

There are several Banking organizations in Bangladesh both in public and private sector which are practicing CSR activities in their business. In this report researcher consider only selected banks which are described in research methodology part. The banks have many branches situated in different places of the country and researcher considers only those branches which are situated within the area of Dhaka district. Again there are many services in retail banking like- Tele banking,

mobile banking, electronic fund transfer, credit card, debit card, ATM banking service etc. Here researcher only considers ATM banking service and try to find out the way to optimize cash supply chain. Since availability of the data is considered from Customers and officials' feedback and web portal of the selected banks'. Accuracy of the data has certainly depended on how efficiently and correctly the customers and the officials have been providing inputs on CSR issues.

1.6 Outline of the Report

The master's thesis has been structured as follows:

Chapter 1: This chapter provides an introductory discussion which contains the topic area; outline the reasons for the research, objectives, scope and limitations of the study.

Chapter 2: This chapter provides details of the research methodology.

Chapter 3: This chapter deals with an extract of the literature survey carried out by the researcher prior to forming the analysis.

Chapter 4: This chapter has described the theoretical concept of Supply chain management, Sustainability and CSR issues.

Chapter 5: This chapter focused an overview of the CSR activities by the banking sectors in Bangladesh.

Chapter 6: This chapter has explained activities related with optimizing supply chain of ATM banking services.

Chapter 7: This chapter has deal with the findings of the survey arrived at as a result of analyzing the relevant data, identify the relationship between CSR activities and brand trust.

Chapter 8: This chapter has covered up with some recommendations, future research directions and conclusion.

Chapter – 2: Research Methodology

2.1 Study Approaches and Research Design

The paper is based on both the primary and secondary information but exploratory research by nature. The whole research paper is derived from the logical explanation based on the collected data from both primary & secondary in sources. As the paper's objectives is to know, Corporate Social Responsibility as A Marketing Tool: Impact in Deposits, Loans & Brand Trust of Selected Private Commercial Banks, so researcher shows the relationships through developing the survey to fulfill the research objectives. So, data regarding these issues is collected and analyzed in a defined way. To show the relationship among CSR, Deposits & loans secondary data has been collected and to define the relationship between CSR & Brand Trust a survey has been conducted through a questionnaire.

2.2 Data Source

- **Primary Data Sources:**

The primary sources of data are collected from the customers of selected banks.

- **Secondary Data Sources:**

The secondary sources of data are collected from:

- Annual report of the selected banks.
- Bangladesh Bank report on CSR initiatives of the selected banks.
- Different books, journals and Articles.
- Printed document in different websites, newspaper and so on.

2.3 Sampling Plan

There are 57 scheduled banks in Bangladesh where state owned, private commercial, foreign private commercial, specialized banks are present. In this research the private commercial banks are the main focus. To get a clear view four years data of selected 22 banks are presented here to get the relationship among the amount of deposits & loans and CSR expenditure amount. To find out the relationship between CSR expenditure & brand trust 4 of the selected banks has been chosen with the two highest and two lowest amount of CSR expenditure. The report has been

designed based on the study of the branches of Dhaka City where CSR is performed. Then 30 customers are selected randomly from each of these banks.

2.4 Sampling size

Among all these scheduled banks 22 private commercial banks have been selected for this research. Last four years data from the selected banks has been collected from various sources.

As per the cost and time convenience, the total sample size is target to 120 customers for defining the relationship between brand trust & CSR where eligible respondents are the customers of 4 selected commercial banks. Convenience sampling technique has been applied to select the respondents and conduct the survey.

2.5 Questionnaire Development

The data are collected based on 6 categories or phases: Brand Trust, Employee Satisfaction, Social Phase, Ethical State, Legal Phase, Economic phase and Environmental Phase. A Five -point Likert scale has been used to answer the questions under each category of CSR. The survey questions are asked to the respondents to answer each question on a scale of 1 to 5 (Strongly disagree, Disagree, Neutral, Agree and Strongly Agree) where they have to evaluate specific issues (Appendix-A and B). Relevant secondary data are collected from different sources.

2.6 Data Analysis & Evaluation

In order to achieve broader objectives data are gathered from primary & secondary sources. As table & figures are helped to visualize data and information, this study has used these tools. In addition, complex statistical tool such as multiple regression analysis is also administered. The following soft-wares are used for data analysis and overall presentation of the report.

- Microsoft Excel (MS Excel '2007)
- Microsoft word (MS Word '2007)

Chapter -3: Literature Review

CSR has become a popular practice not only in Bangladesh but also in many countries of the world. Companies worldwide tend to spend significant resources to promote CSR. Yet, there is no conclusive evidence that CSR activities lead to financial benefits to the companies. Being involved in CSR activities is becoming a must for companies, especially if they are aiming for good public opinion and want to sustain a well-appreciated brand by gaining brand trust from the customers (Werther & Chandler, 2005).

Huq and Tania (2005) pointed out how the credit card users are satisfied. Islam et al. (2005) find out the satisfaction level of ATM users of HSBC bank. Their study indicates that location, personnel response, quality of currency notes, promptness of card delivery and performance of ATM are positively related to the satisfaction of the customer

Viganò & Nicolai (2006) mentioned that the banking sector has been quite slow in considering the consequences of the issue of sustainability, despite of the fact of their exposure to risk having an intermediary role in the economy. Referring to the relevant literature from 1990 to 2000, banks began addressing the issue of sustainability by considering firstly environmental and then social issues and attempting to incorporate them by established policies for the environment and society. It is possible to recognize that most studies focus on 'banking and the environment' or 'environmental risk' and consequently, in terms of banks' activities, 'environmental risk assessment', 'risk management', 'product developments to create the branding Image' (special funds), 'new markets', 'communication and organization'.

Miyan (2006, p.5) defined that CSR can be viewed as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision making processes throughout the company and include responsibilities for current and past actions as well as adequate attention to future impacts. CSR focuses vary by business, by size, by sector and even by geographic region. The umbrella of CSR is quite big and it includes all the good practices that increase the business profitability and can preserve interest of all stakeholders.

Visser , Mitten & Tolhurst (2007, p122) stated that the concept of corporate social responsibility (CSR) refers to the general belief held by growing numbers of citizens that modern businesses have responsibilities to society that extend beyond their obligations to the stockholders or investors in the firm. The obligation to investors, of course, is to generate profits for the owners and maximize long-term wealth of shareholders. Other societal stakeholders that business would also have some responsibility include consumers, employees, the community at large, government, and the natural environment. The CSR concept applies to all size organizations. More clearly it is said that CSR in general terms is defined as the obligation of the firm to use its resources in ways to benefit society, through committed participation as a member of the community, taking into account the society at large and improving the welfare of society at large independent of direct gains of the company.

” **Hua (2009)** conducted an experiment to investigate how users’ perception about online banking is affected by the perceived ease of use of website and the privacy policy provided by the online banking website. Nyangosi, Arora, Singh (2009) argued that banking through electronic channels has gained increasing popularity in recent years. This system, popularly known as 'e-banking', provides alternatives for faster delivery of banking services to a wide range of customers. The overall result indicates that customers in India and Kenya have developed positive attitudes and they attach much importance to the emergence of e-banking. Wise and Ali (2009) argued that many banks in Bangladesh want to invest in ATMs to reduce branch cost since customers prefer to use them instead of a branch to transact business.

Khan (2010) explained the effect of ATM service quality on customers using five key ATM service quality factors: convenience, efficient operation, security and privacy, reliability and responsiveness. He finds a strong positive relationship between ATM service quality and customers’ satisfaction level.

Chowdhury, Islam, & Tahmida (2010) observed that different commercial banks performed different CSR activities as a part of their social responsibility for the betterment of the disadvantage groups of the society. But now it is more challenging for the banking sector to survive in the economy of Bangladesh because of the double digit of inflation (The Daily Star, 2012). So it’s important for the banks to identify the most profitable phases of the CSR that can enhance their branding image rather investing the capital in all sectors to attract the customers.

Atiur Rahman (2010) in his paper focused on the technology driven, innovative, environment and low cost banking approach; conveying a qualitative change in banking, preparation of monetary policy, application of advanced banking technology, and use of Information and Communication Technology (ICT) to extend financial services to the door step of common people. To ensure access to financial services for all, various initiatives have been taken like trade finance; digitalization of the financial sector; channeling liquidity into productive and supply augmenting investments including agriculture, SMEs, Green Banking and CSR activities; expected to lead to more broad-based inclusive growth and therefore lessen poverty; required for pushing the country on course to the targeted vision of digital Bangladesh by 2021; the year of Golden Jubilee of their independence. Atiur Rahman argued that Bangladesh Bank has achieved a historic milestone in the trade and business arena, departing from conventional banking with the introduction of e-banking recently; a giant stride towards digital Bangladesh.

Mohmed Aminul Islam (2010) showed in his report that Sustainable Banking in light with CSR is also significant issue in recent times. While the banking industry is undergoing computerization, networking and offering of on-line banking is naturally gaining momentum development in this sector.

Corporate Social Responsibility creates a landing place in the minds of the target consumers. It not only caters to the Brand Equity awareness among the consumers but also leads to a positive Brand Image in the minds of the potential consumers. Survival of the company depends upon how responsible company is towards society. More concerned a company is, it is easier for it to create the positive brand image in the minds of the consumer that leads to working towards building brand equity (**Maneet, Sudhir, 2011**). The relationship between brand image and Corporate Social Responsibility is strongest for familiarity, not for favorability. That is, if the company is well known in its community, its Corporate Social Responsibility activities will strengthen its brand image more than they would if the company were less well known (**Maneet, Sudhir, 2011**).

In the book “Sustainable Finance and Banking” (2001), the author Marcel Jeucken has identified four phases action that banks should take for sustainability. They are sequentially defensive banking, preventative banking, offensive banking and sustainable banking. In this model, the bank that has several business divisions is classified as a whole entity. And the first three terms are defined as the stages or attitudes of banking with respect to environmental issues. His study actually pioneers the path of sustainable or socially responsible banking system.

Alice Mani (2011) indicated that as Socially Responsible Corporate Citizens (SRCC), banks have a major role and responsibility in enhancement of governmental efforts towards substantial reduction in carbon emission. Banks can practices and initiatives of Green Banking for sustainable development. The author examined and compared the green lending policies by banks in India in the light of their compliance and commitment to environment protection and environment friendly projects. Sustainable Banking Policy of BASIC Bank Limited, Bangladesh (2011) was go forwarded in response to increasing consciousness over climate change, environmental degradation, need for urgent measures for sustainable development to be addressed by some of the stakeholders in the world. Banking system holds a unique position in an economy that can affect production, business and other economic activities through their procedure for financing activities which would in turn contribute to protect environment/climate from pollution. Moreover, efficiency in energy use, water consumption and waste reduction may significantly contribute for operating cost for many of the large banks of the country.

Suresh Chandra Bihari (2011) elucidated that Sustainable Banking includes promoting corporate social responsibility (CSR). It starts with the aim of protecting the environment where banks consider before financing a project whether it is environment friendly and has any implications for the future. A company will be given a loan only when all the environmental safety standards are followed. Green Banking can be efficiently implemented through the use of technology and policy, he emphasized.

Maneet, Sudhir (2011, p. 683) observed that, according to the research carried by Cone Inc., in 2009, 79% of consumers would switch to a brand associated with a good cause. So it can be easily understood that today an educated customer are more influenced by an organizations CSR activities. In different countries, such as in India, the central government is working on a framework for quantifying the Corporate Social Responsibility initiatives of companies to promote them further. One of the ways to attract companies towards Corporate Social Responsibility work is to develop a system of Corporate Social Responsibility credits, similar to the system of carbon credits which are given to companies for green initiatives. Pharmaceuticals Company Jubilant Organosys Ltd. already runs an anti-tuberculosis programme with the government of Uttar Pradesh. Apart from schools and hospitals that are run by trusts and societies, the government too is exploring to widen the scope of public-private partnerships to build and maintain schools and hospitals in return for a fixed annuity payment. Besides the private sector, the government is also ensuring that the public sector

companies participate actively in Corporate Social Responsibility initiatives. The Department of Public Enterprises (DPE) has prepared guidelines for central public sector enterprises to take up important Corporate Social Responsibility projects to be funded by 2-5 percent of the company's net profits (Maneet, Sudhir, 2011, p. 684).

In 2012, Md. Maruf Ullah in his study on „Green Banking in Bangladesh- a Comparative Analysis“ denoted “As per entity concept banks are responsible corporate citizens. Banks believe that every small 'GREEN' step taken today would go a long way in building a greener future and that each one of them can work towards to better global environment. Overall sustainable banking is really a good way for people to get more awareness about global warming; each businessman will contribute a lot to the environment and make this earth a better place to live. So a significant consideration has been undertaken by the government itself to implement CSR activities which reveals that every organization should concern about this to be in a better position. Thus, these above analysis conducted by various organizations indicate that there is positive relationship exists between CSR and brand image. The more an organization is concerned toward the well being of the society, the more positive image customers have towards that organization.

In Bangladesh, the banking sector has a history of involvement in benevolent activities like donations to different charitable organizations, to poor people and religious institutions, city beautification and patronizing art & culture. Recent engagement indicates that banks are gradually organizing different social involvements in more structured CSR initiative format and awareness about socially and environmentally responsible business and organizational practices is increasing trend among the users of financial services. Various surveys and studies have identified the factors or phases financial performances that are important to consider the CSR expenditure in the banking sector but it been rarely focused actually which phases can create the branding image from the perspective of banking sector in Bangladesh.

Chapter - 4: Theoretical Framework

4.1 Definitions of the Supply Chain:

The CIPS definition of a supply chain is: “The supply chain conceptually covers the entire physical process from ordering and obtaining the raw materials through all process steps until the finished product reaches the end consumer. Most supply chains consist of many separate companies, each linked by virtue of their part in satisfying the specific need of the end consumer.”

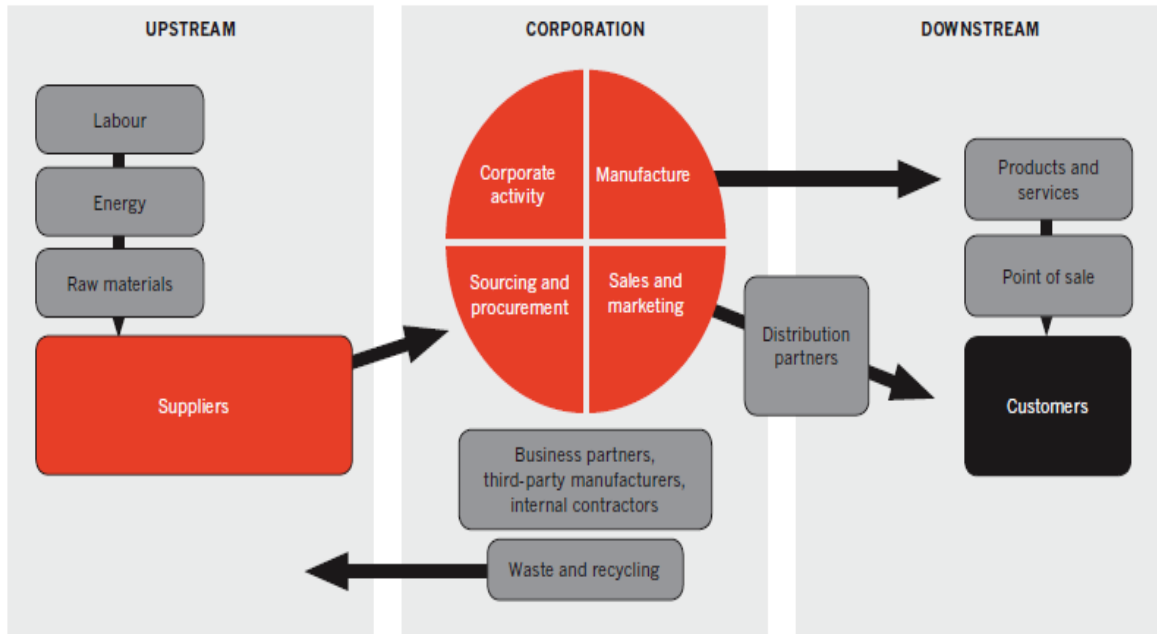
A supply chain is defined as a set of three or more entities (organizations or individuals) directly involved in the upstream and downstream flows in product, services, finances, and/or information from a source to customers. The supply chain may include internal division of the company as well as external suppliers that provide input to a focal company. A supplier for this company has his own set of suppliers that provide input (also called second tier suppliers). Supply chains are essentially a series of linked suppliers and customers until product reached to ultimate customer. So a supply chain is a collective term for all elements included in the sourcing, production and distribution of products and services. Academics have defined supply chains as ‘the integration of key business processes from end-user through original suppliers that provide products, services, and information that add value for customers and other stakeholders’ (Lambert et al. 1998, 2006). This includes the relationships, processes, procedures and strategies used by businesses to provide their customers with their product or service.

A supply chain consists of all parties involved, directly or indirectly, in fulfilling a customer request. The supply chain not only includes the manufacturer and suppliers, but also transporters, warehouses, retailers, and customers themselves. These functions include, but are not limited to, new product development, marketing, operations, distribution, finance, and customer service. The key factor to make the supply chain successful is the managing of integration between all the activities both within and outside the organizational boundaries. In customer oriented business, the demands from the customer have a great impact on the range of services and products provided. This will also affect how the supply chain is designed, set up and measured.

Figure 1 depicts the two key areas, namely the upstream and downstream aspects of the supply chain. The supply chain consists of external elements, both upstream and downstream, and to some

extent the internal operations of an organisation. Obvious upstream elements include supplied goods and services such as raw materials, supplier operations and labour inputs. Downstream elements include points of sale such as retail outlets, product marketing and distribution, use and end-of-life product stewardship considerations. A company's supply chain activities will be guided by internal policies, strategies and other corporate governance mechanisms.

Figure 1: Diagram of a Supply Chain showing upstream and downstream elements.



The organizations that make up the supply chain are “linked” together through physical flows and information flows. Physical flows involve the transformation, movement, and storage of goods and materials. They are the most visible piece of the supply chain. But just as important are information flows. Information flows allow the various supply chain partners to coordinate their long-term plans, and to control the day-to-day flow of goods and material up and down the supply chain.

4.2 Supply Chain of a financial institution:

A banking supply chain includes both the supply side and demand side elements of the overall banking chain that involves the end to end process of sourcing funds, managing those funds, disbursement of funds to, and collection from, customers. These activities can be conducted directly by the bank or indirectly through its intermediaries or agents. Physical distribution of cash involves logistics and delivery mechanisms, and also includes the impacts of operating within a highly regulated industry. The banking supply chain includes balance sheet and risk, channel and distribution, customer, product, analytics, technology, people and process management.

4.3 Define Value chain:

Value chain can be defined as “a tool to disaggregate a business into strategically relevant activities. This enables identification of the source of competitive advantage by performing these activities more cheaply or better than its competitors. Value chain is part of a larger stream of activities carried out by other members of the channel – suppliers, distributors and customers” (Brown (1997) in Walters et al (2000)). The supply and demand chains are integral parts of the value chain, and the latter can be maximised by combining supply chain capabilities with demand chain effectiveness (Walters et al, 2004).

4.4 What is Supply Chain Management?

SCM may be thought of as the management of all activities aimed at satisfying the end consumer; as such it covers almost all activity within the organization. It has been suggested that it incorporates a number of key success factors which include a clear procurement strategy, effective control systems, and development of expertise.

Supply chain management is the active management of supply chain activities to maximize customer value and achieve a sustainable competitive advantage. It represents a conscious effort by the supply chain firms to develop and run supply chains in the most effective & efficient ways possible. Supply chain activities cover everything from product development, sourcing, production, and logistics, as well as the information systems needed to coordinate these activities.

Supply chain management is a business process which affects every business irrespective of size, age, sector or location. Supply chain management has undergone many changes in recent years; in particular in the 1980s there was a recognition that holding inventory was an inefficient use of resources and that supply chain management was one area where buyers, suppliers and internal customers could work closely together to ensure goods and services were delivered as required, of the appropriate quality and at the agreed cost.

A strategic supply chain management is the selection and linking of suppliers and customers through negotiation and agreement to achieve customer satisfaction by providing value added products and services within beneficial and profitable relationships of all parties within the supply chain. And a tactical supply chain management is the continuous planning, developing, controlling, informing and monitoring of actions within and between supply chain links so that an integrated supply process results which meets overall strategic goals.

Supply chains are not linear; rather, any organisation has several supply chains coming into (upstream), going through and going out of (downstream) the organisation. Supply chain management is the management of the whole demand process, starting with the end customers' requirements - be that external customers (e.g. consumers) or internal customers (e.g. end users) - and managing the meeting of their requirements right up to, and in some cases, beyond the supplier of the required goods or services. Few organisations have fully integrated their supply chains; one example of where supply chain management has been successfully implemented is in the automotive sector where Nissan, the car manufacturer, has integrated its upstream supply chains - certainly for its car production if not for its entire business. The supermarket sector is an excellent example of where the supply chains close to the final customer have been managed to the extent that all goods and services required by the organisation are demand-driven, with technology enabling end-customers' requirements to be communicated direct to suppliers.

4.5 Green Supply Chain Management – What is it?

Green supply refers to the way in which innovations in supply chain management and industrial purchasing may be considered in the context of the environment. Environmental supply chain management consists of the purchasing function's involvement in activities that include reduction, recycling, reuse and the substitution of materials.

4.6 Supply Chain Sustainability

4.6.1 What is supply chain sustainability?

All company operations have an impact on society and the environment in some form. This also applies to the supply chain. Companies have an influence over their supply chains in the form of purchasing power and choice of suppliers as well as through their engagement with customers during marketing and customer feedback processes. It is becoming increasingly recognised that companies should take responsibility beyond their internal operations to take into account both their direct and indirect impacts. Supply chain sustainability should encompass any value, policy or activity that promotes or achieves sustainable outcomes within an organisation's supply chain. More specifically it has been defined as: the strategic, transparent integration and achievement of an organization's social, environmental, and economic goals in the systemic coordination of key inter organizational business processes for improving the long-term economic performance of the individual company and its supply chains.

4.6.2 Why supply chain sustainability is important?

'The objective of supply chain sustainability is to create, protect and grow long-term environmental, social and economic value for all stakeholders involved in bringing products and services to market' (United Nations Global Compact Advisory Group 2010: 5). Supply chain sustainability has three principal benefits. Firstly, it addresses internal business risk, secondly it adds value to the business itself and thirdly it has the potential to benefit stakeholders (both individuals and companies) related to the supply chain. Each of these is outlined below.

Managing risk

Companies have strong incentives to minimise their risk within the upstream and downstream supply chains as part of both good business practice and duty to their shareholders: such as- Proactive identification and reduction of risk within the supply chain can reduce a company's exposure to increased cost and time delays, as well as reputation risks and associated customer backlash (Melnyk et al. 2003).

Adding value

There are cost savings related to gaining efficiencies within a business and this extends to the supply chain. Savings can be made through waste reduction, streamlining business processes and long-term planning such as: Increasing efficiencies in resource and energy use, transportation and waste production, which will reduce overall business expenditure, Taking proactive measures to meet industry standards (such as those set by the Australian Packaging Covenant: 2010), which will lower long-term monitoring and compliance costs.

Benefits for external stakeholder groups

Increased supply chain sustainability not only helps businesses to grow, it also benefits customers and other stakeholders like- Disclosures on supply chain activity assist customers in making more informed decisions on their purchases and the environmental and social impacts of their use, Improving sustainability levels at all stages of the supply chain could potentially lead to improvements in the quality of products, and services, Innovations such as sustainable packaging, and design that facilitate recycling, reduce environmental and economic costs for both suppliers and customers, engaging with supply chains can be an effective means of disseminating knowledge on sustainability and thereby creating wide-ranging sustainability improvements.

4.6.3 How supply chain sustainability can be achieved or improved?

There are numerous ways in which a company can improve sustainability in its upstream and downstream operations. Upstream sustainability may include governance aspects, such as ethical procurement policies, and supplier risk assessments to enablers, such as capacity building for suppliers and monitoring and audit procedures. Downstream sustainability could start with taking extended producer responsibility strategies, such as sustainable packaging, reverse logistics or recycling schemes into consideration.

4.6.4 Supply chain sustainability reporting frameworks and guidelines:

There are a number of different reporting frameworks and guidelines that address elements of both upstream and/or downstream supply chain sustainability. The main frameworks and guidelines are indicated below and a summary of these has been included as an appendix to this document.

- Dow Jones Sustainability Indexes (DJSI)
- Carbon Disclosure Project (CDP), Supply Chain Initiative
- BS 8903: 2010, Principles and Framework for Procuring Sustainably – Guidance
- Ethical Trading Initiative
- International labour standards
- Product certification and labelling schemes like- Ecospecifier Green Tag Certification

Other standards and associated certifications including:

- AA1000 Accountability Principles, Assurance and Stakeholder Engagement Standards
- Social Accountability International's SA 8000:2001
- ISO 14000, Environmental Management Standards and Guidelines
- GHG Protocol Initiative Product and Scope 3 Draft Standards.

SA8000

Social Accountability International's SA 8000 is a global standard for managing human rights in the workplace.

Dow Jones Sustainability Indexes (DJSI)

Launched in 1999, the Dow Jones Sustainability Indexes (DJSI) are global indexes tracking the financial performance of the leading, listed sustainability leadership companies worldwide.

British Standard 8903: 2010 Principles and framework for procuring sustainability

BS 8903 is a British Standard which gives recommendations and guidance on how to adopt and embed sustainable procurement principles and practices across an organisation and its respective supply chains.

Ethical Trading Initiative

The Ethical Trading Initiative (ETI) is an alliance of companies, trade unions and voluntary organisations that work to improve working conditions and promote the labour rights of people in global supply chains. The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice.

The ETI Base Code covers nine key areas, as follows.

1. Employment is freely chosen
2. Working conditions are safe and hygienic
3. Child labor shall not be used
4. Living wages are paid
5. Working hours are not excessive
6. No discrimination is practiced
7. Regular employment is provided
8. No harsh or inhumane treatment is allowed
9. Freedom of association and the right to collective bargaining are respected

International labour Organisation (ILO)

The International Labour Organization (ILO) promotes social justice by supporting an agenda of decent working standards and fairness in the globalised economy. Formed in 1919 as part of the Treaty of Versailles, the organisation has since then maintained and developed a system of international labour standards aimed at achieving this goal. A number of corporations internationally use the ILO standards as a tool to inform the development of their codes of conduct. Subjects covered by labour standards include:

- freedom of association
- collective bargaining
- forced labour
- child labour
- tripartite consultation
- labour administration
- labour inspection
- employment policy
- employment promotion
- vocational guidance and training
- employment security
- wages
- working time
- occupational safety and health
- social security
- maternity protection
- HIV/AIDS
- migrant worker & dock workers
- indigenous and tribal peoples
- social policy
- equality of opportunity and treatment
- other specific categories of workers.

4.7 Definition of CSR:

Corporate social responsibility is a form of corporate self regulation integrated into a business model. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public space. Miyan (2006, p.5) defined that CSR can be viewed as a comprehensive set of policies, practices, and programs that are integrated into business operations, supply chains, and decision making processes throughout the company and include responsibilities for current and past actions as well as adequate attention to future impacts. CSR focuses vary by business, by size, by sector and even by geographic region. The umbrella of CSR is quite big and it includes all the good practices that increase the business profitability and can preserve interest of all stakeholders.

In broad terms, CSR is about corporate behavior, governance and transparency in key social, environmental and business areas. It's about considering the broader impact of company actions on all stakeholders. Corporate Social Responsibility (CSR) is an important concept for purchasing and supply management professionals. Observing CSR principles helps purchasing and supply chain professionals to ensure that the supply chains they manage are socially and ethically responsible. CSR is concerned principally with the identification and management of risk. It is characterized by a collective approach, compliance with best practice and adherence to common standards. It helps to ensure that companies comply with society's expectations. Internationally, CSR is an increasingly important issue that is being specifically and systematically addressed by many companies – large and small. This is why international companies feature most prominently on global sustainability registers, such as the Global 100 Most Sustainable Corporations in the World (www.global100.org)

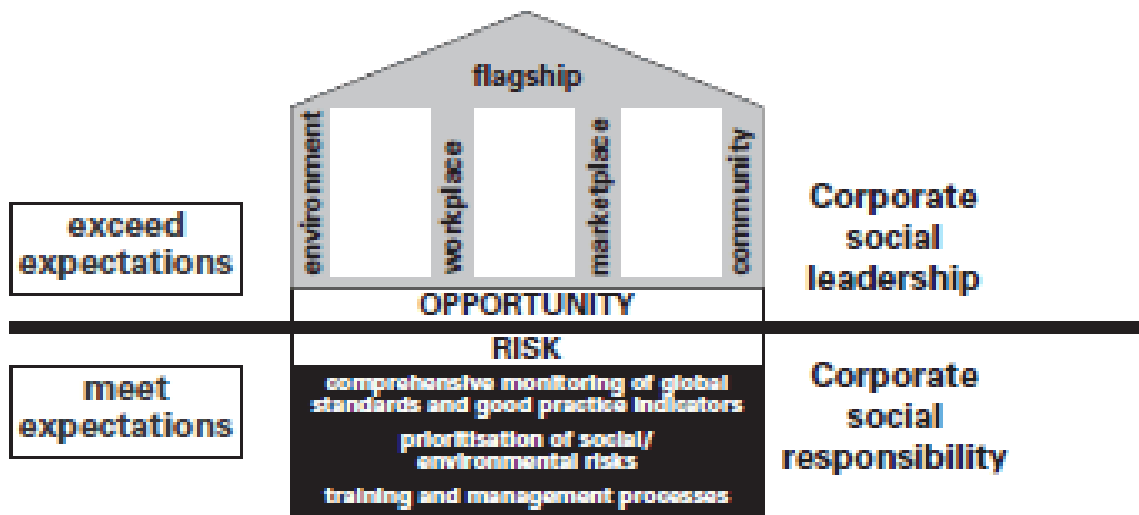
4.8 Corporate Social Responsibility in Financial Institution:

Financial institutions, such as banks, do not produce hazardous chemicals or discharge toxic pollutants into the air, land or water and thus apparently they might be viewed as uninvolved with environmental issues (Cowton and Thompson, 2000). But through their financing practices they are supporting commercial activity that ultimately degrades the natural environment (Smith, 1993). They act as facilitators by supplying the fund to support the production process which ultimately causes environmental degradation (Sarokin and Schulkin, 1991). Thus banks should admit the responsibility of indirect involvement in environmental damages and recognize their environmental responsibility, which is a part of their CSR, to strike a balance between economic and social goals to encourage

the efficient use of resources. It is not just philanthropy and obeying the laws, rather an attempt to ensure their own sustainability and profitability (Wanless, 1995). Banks also encourage their client businesses to expand or initiate CSR engagements, offering them support with know-how and incentives, perhaps by way of favored customer treatment and feasible rebates on profit rate and fees on banking services. Moreover, the CSR activities of banks are integrated towards the efforts of accelerating poverty eradication with inclusive, environmentally sustainable economic and social development, opening up fair advancement opportunities for all in the country. The entire product mix (deposit and investment product) of some banks is oriented towards CSR and sustained financial inclusivity. Some of these banks have diversified products addressing the needs of the community. The essential aspects of the CSR strategy of those banks are to increase opportunities for the deprived and the disadvantaged. CSR programmes of banking businesses can bridge the market failures and market gaps that limit the access of the poor to the services necessary for their wellbeing.

4.9 CSR in the light of CSL

Corporate Social Leadership (CSL) is an attitude, not a process. Its very nature is defined by innovation and creativity – going beyond codes of practice and challenging the conventional way of doing things. It is not therefore something that can be codified. There are no tools or processes that can be imported into an organization to automatically deliver CSL. Companies need to spread understanding of the concept, create the right climate for new ideas and embed the attitudinal shift. Three steps will help prepare the ground for CSL: 1) Inspire relevant colleagues and managers about the concept and possibilities of CSL, 2) Remove barriers to implementation, 3) Provide reward and recognition. CSL is by no means a replacement for CSR, and the implementation of CSL should not be seen to take care of the company's CSR practices. Remember the analogy of the house: CSR represents the foundations. In contrast to CSL, CSR does lend itself to tools and processes, which may help ensure all aspects of a company's impact on the environment and society, are understood and managed appropriately. Companies looking for real cut-through and significant reputation enhancement must engage in activity that exceeds society's expectations. This is corporate social leadership (CSL).



Source: Chartered Institute of Purchasing and Supply (CIPS) web site

Leadership without CSR is like building a house with no foundations: it might look impressive, but it's not going to stand the test of time. But CSR without leadership is like building solid foundations, and then no house: no one will see the benefits. CSL is concerned principally with maximizing opportunities. It is characterized by a competitive approach: innovation, creativity and the forging of a distinctive reputation. CSL can help companies keep or win market leadership, as by definition, it will set them apart from the crowd.

4.10 Socially Responsible procurement (SRP):

CSR practices relate to procurement, sometimes called "Socially Responsible Procurement" (SRP) - how best to achieve good social and environmental performance in the supply chain. A slightly newer concept to Bangladesh, many of our own organisations (of various sizes) are beginning to realise the importance of addressing key CSR issues. However, this means that business leaders face tough decisions, including how to balance the interests of shareholders, and their expectations of high returns, with CSR practices (and their focus on the broader good of the community). The CSR credentials of companies are being assessed by the media, regulators, the community, customers and shareholders, as well as by socially responsible investors considering their options. Business leaders are increasingly being expected to ensure that their companies behave as 'good corporate citizens', not only at home, but in their dealings internationally.

In the supply chain context, procurement professionals must take SRP into account, along with other corporate considerations, such as 'value for money' and low cost sourcing, as well as consumer expectations of low prices. SRP is a potential opportunity for companies to work with their

suppliers, for example, to "...identify new energy sources, new power sources for vehicles and an increasing emphasis on minimal environmental footprints," and to ensure that they move forward with more confidence in potentially risky areas such as low-cost off-shore sourcing (which raises key SRP issues such as bonded labour, child labour and corruption). However, addressing SRP is not just about reputation, regulation, risk or opportunity. SRP is important and valuable for its own sake. While Enron is an example of a major collapse in corporate governance, many CSR issues and risks actually emanate from the supply chain: child labour issues, sweatshop accusations and poor management practices. Therefore, in order to comply with CSR more generally, the external supply chain needs to be addressed. That's where SRP comes in. The following elements of CSR are some of the most relevant to the various stakeholders involved in the supply chain, namely: employees, customers, supplier, the community, the environment, staff, customers and shareholders. They therefore make up most of the elements of SRP.

4.11 Brand Trust & CSR

Branding can be used for customers to identify a product or service, making the introduction of new products into the market easier, whilst building brand equity, or the value a company can leverage off the brand. More importantly whilst branding makes it easier for consumers to identify products, it also makes it easier to develop brand loyalty (Pride et al., 2006, p.209). Although brand loyalty will vary depending on the item and consumer, brand trust is a major component to loyalty; consumers have faith in the product or service they are purchasing. Brand Trust can be used by a company for the following reasons- 1) Development of Brand Equity, 2) Creation of Competitive Advantage, 3) Increase of the value of a company.

CSR, specifically the building of corporate reputation, has several connections with brand trust. Consumers develop trust in organizations with strong reputations, which can deliver the promises on their products. However, each stakeholder will develop trust in a different way to different CSR activities and policies. The most important aspect is trust could result in the success or failure of a socially responsible organization. Where the social reputation of a company is developed enough to evoke trust, this can influence consumer choices and thus help develop a competitive advantage. Investment in social reputation and CSR initiatives should be combined with product lines that have good fit to appeal to a variety of stakeholders. Trust is depleted when consumers become suspicious about corporate activities. CSR activities provide a good impact on consumers. So, CSR helps the company to increase brand trust easily.

4.12 Phases of CSR

This study uses an adaptation of Turker's (2009) CSR scale. Turker's (2009) scale covers legal, economic, environmental, employee and ethical components. Six important phases of CSR are given below-

- | | | |
|-----------------|--------------------------|------------------------|
| 1. Social Phase | 2. Employee Satisfaction | 3. Phase Ethical Phase |
| 4. Legal Phase | 5. Economic Phase | 6.Environment Phase |

Social phases of CSR

Among the three dimensions of corporate social responsibilities, social responsibility is getting more attention than it has previously it has. Many organizations are becoming increasingly active in addressing social concerns and their management takes action that will contribute to the well-fare & interests of society as well as of the organization. The following aspects have been found to be key the social aspects of CSR for an organization: 1) Responsibility towards Customers, 2) Accountability towards Employees, 3) Accountability towards the Community.

Employee Satisfaction Phase of CSR

Incorporating employees into the organizational strategy, with CSR efforts, could be an effective way for employees to maintain connection and identification with their firm (Kim, Moonkyu, Lee & Kim, 2010).In some cases it has been found that the employees are happy in those workplaces where the workplaces contributing to the CSR. Potential employees are more likely to view companies participating in CSR activities positively, because of perceived diversity and positive environment within the organization. The study also implies that Employees are more likely to pursue and accept jobs in firms that have involvement in CSR. So, employee satisfaction can be influenced by CSR activities so it is another important aspect of CSR.

Ethical phases of CSR

Ethical decision making is an important part of CSR. Agatiello (2009) states ethics is made up of role, responsibilities and interactions between people. However, the foundations of each of these principles are different depending on the practice and the person (Frederiksen, 2010). It has been suggested that CSR decisions can be divided into two groups, from an ethical and moral basis or from a business orientation. Ethical decisions are now valued as major responsibilities for corporations and these corporations have a duty to environmental conservation. The creation of an organizational identity that supports ethical decision making can help mould a culture that supports

CSR activities by highlighting sustainability, environment, ethics and transparency. Businesses fundamentally engage in CSR activities and communication to avoid negative impacts rather than proactively wanting to help society. The reactive response directly influences corporate reputation and brand building.

Legal phases of CSR

This phase is very much important factor of CSR. It implies that the company is socially responsible in the case of legal issues also. Legally conscious companies do CSR by paying taxes regularly, participating in a healthy competition, maintains rules & regulations properly. It has a positive impact on both the stakeholder & stockholders. It has a strong brand image also.

Environmental phases of CSR

Environmental concern and sustainable development is a key pillar of the corporate social responsibility. Organization in their regular business operation can harm environment in many ways like-Overuse of natural resources, Non-renewable resources of energy, Pollution, wastage, Degeneration of biodiversity, Climate change, Deforestation etc. So, Organization which takes initiative to care the environment and produce environmental friendly products for their consumer, it is seen that ultimately they able to mitigate other types of risk, material loss & improve a public image which also help them to attract them customer and it also increased their business.

Economic phases of CSR

The economic aspects of CSR are not same as financial issues of the organization but we often consider they are same. Economic responsibility is indicates that companies are involve for the development of economy by

Contribution through taxes- Companies pays tax as a certain percentage of their regular earning. Taxes play an important role for creation and distribution of wealth between community and business.

Avoiding Actions that Damage Brand Trust- Different Corporations are earned trust by performing CSR activities and it could be damaged by involving harmful activities such as - Bribery and dishonesty, Tax avoidance.

Chapter – 5: Scenario of CSR Activities in Banking sector of Bangladesh

5.1 CSR practices & activities in Bangladesh by Banks

Bangladesh is a developing country with modest resources and a huge population living here. Therefore, living standards are increasing concerns in Bangladesh. Moreover, due to increased industrialization and growing foreign investment there are some adverse impacts on the environment. Foreign investors may not consider investing in Bangladesh companies that are not socially and ethically responsible. But many sectors like manufacturing, service sector, banking sector etc doing their best in the CSR activities in Bangladesh. Chowdhury (2010) mentioned that different commercial banks performed different CSR activities as a part of their social responsibility for the betterment of the disadvantage groups of the society.

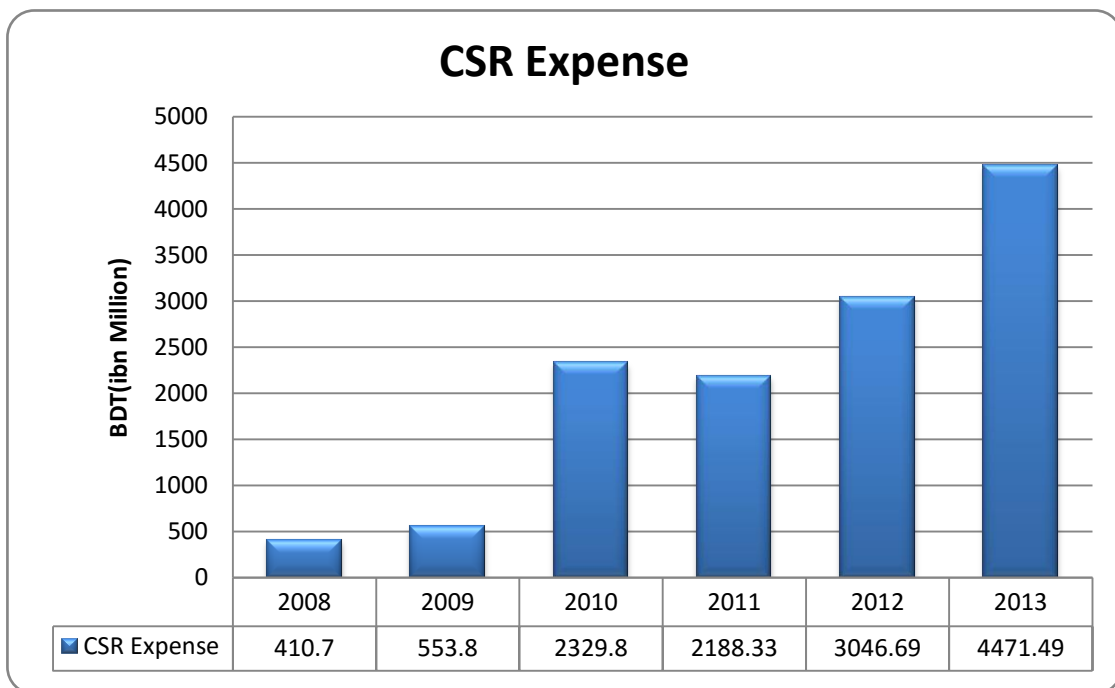
In recent times, conceptual framework and practices of CSR have broadened in multi-dimensional arenas in Bangladesh. Along with the spending for the community, practices of sustainable banking and financing in environmental friendly projects are accepted as major CSR activities. Besides, providing opportunities for opening bank accounts for the poor, workers of garment factories and small traders and so forth are considered as CSR activities. Even financial literacy/education and financial inclusivity programmes are also acknowledged as the CSR engagements. And these terms are used interchangeably now-a-days. In this way, the responsibility of business has been approaching 'socially responsible' motion focusing businesses' accountability towards all stakeholders in a broad and inclusive manner. Banks in Bangladesh are maintaining generally caring and safe working environment. Community engagements of banking sector's CSR programmes focus both on emergency humanitarian and disaster relief, as extended hands to helpless segment in terms of healthcare, education and training

CSR activities of some banks in Bangladesh are very comprehensive and in-depth in as much as they respond to issues like environmental impact assessment in project financing decisions, and gender issues in workforce composition and internal working environment. These Banks also encourage their client businesses to expand or initiate CSR engagements, offering them support with know-how and incentives, perhaps by way of favored customer treatment and feasible rebates on profit rate and fees on banking services. Moreover, the CSR activities of banks are integrated

towards the efforts of accelerating poverty eradication with inclusive, environmentally sustainable economic and social development, opening up fair advancement opportunities for all in the country.

Banks have deepened and broadened CSR activities substantially in recent times. In 2013, CSR expenditure of banks totalled at BDT 4.47 billion reflecting more than 45 per cent growth over 2012. Besides, some banks are running their own non-profit hospitals and diagnostic centres. Banks are also focusing on more gender-sensitive recruitment and implementing maternity leave for 6 months. Some banks are also focusing on disability-sensitive employment by placing bright but physically challenged people at various operational areas within the banks.

Figure 2: Year Wise Total CSR Expenditure in Bangladesh by Banks.



Source: Review of CSR Activities of Financial Sectors -2013

From Figure 2 it is quite obvious that the expenses of CSR are increasing day by day. All the banks contribute a lot in the case of education, donation, sport, health and so on. Organizations are now considering CSR as a marketing tool. All the bank branding themselves as a reliable & safety source of service. Wide growth has been noticed in agricultural sector through landmark changes in the sector. The banks are doing these activities through branding the awareness of the people.

Table 1: Trends of sectoral pattern of CSR expenditure in Bangladesh by banks.

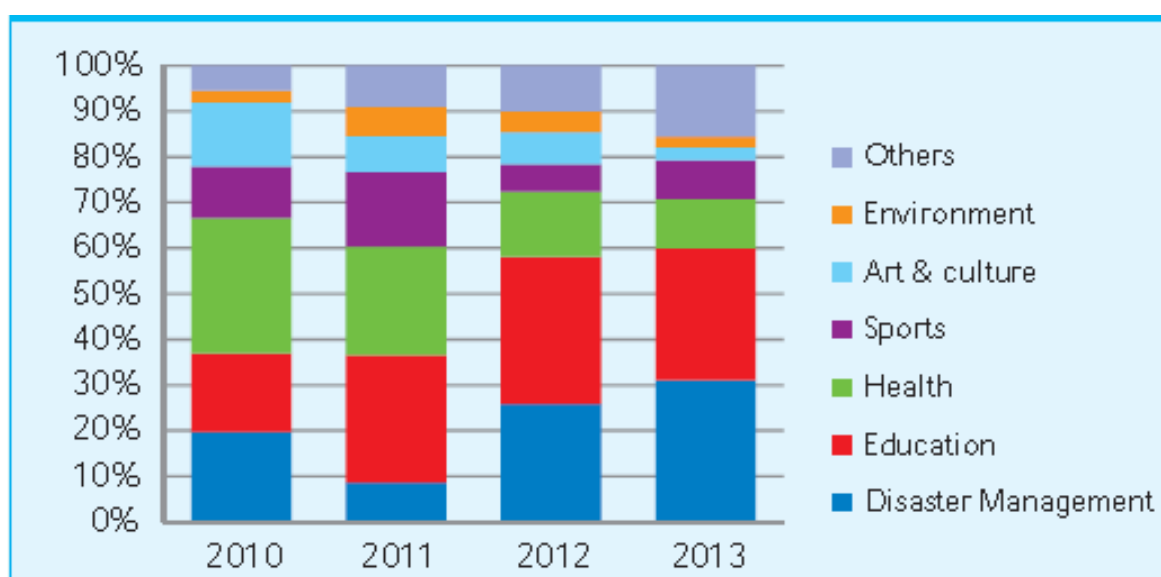
Taka in million

Sectors	2010		2011		2012		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
Humanitarian & disaster relief	460.4	19.8	188.0	8.6	788.4	25.9	1385.8	31.0
Education	400.8	17.2	612.5	28.0	983.7	32.3	1295.2	29.0
Health	689.1	29.6	520.4	23.8	435.4	14.3	481.7	10.8
Sports	265.2	11.4	359.1	16.4	183.9	6.0	384.0	8.6
Art & culture	328.9	14.1	171.5	7.8	213.3	7.0	124.8	2.8
Environment	59.8	2.6	138.1	6.3	140.2	4.6	106.6	2.4
Others	125.6	5.4	198.7	9.1	301.8	9.9	693.4	15.5
Total	2329.8	100	2188.3	100	3046.7	100	4471.5	100

Source: Review of CSR Activities of Financial Sectors -2013

Among all specific categories of CSR expenditure as shown in table 1, all banks donated additional financial assistance for the victims of Savar Rana Plaza tragedy in 2013. That is why CSR expenditure in humanitarian & disaster relief sector increased from the previous year but the banks continued to maintain major share in education, health and humanitarian & disaster relief. **Education, health, humanitarian and disaster relief** contributed to 28.97%, 10.77% and 30.99% share respectively. i.e. 70.73% out of total CSR expenditure. Expenditure on sports (8.59%) increased but on Art and culture (2.79%) and environment (2.38%) decreased in 2013. Notable specific share of expenditure in CSR programs of banks in 2013 are as follows:

Figure 3: Sectoral shares of CSR expenditure



Source: Review of CSR Activities of Financial Sectors -2013

5.2 Initiative by Central Bank of Bangladesh regarding CSR:

Bangladesh Bank, the central bank of Bangladesh, has taken initiatives in respect of formalizing CSR in the banking sector of Bangladesh and has issued an elaborate directive to the banks and financial institutions in this regard. Bangladesh Bank has also suggested a first time CSR programme indicating some likely action plans. In June 2008, Bangladesh Bank issued a comprehensive circular titled 'Mainstreaming Corporate Social Responsibility (CSR) in banks and financial institutions in Bangladesh'. In that circular, CSR was defined as (i) considering the economic, social and environmental consequences of a business, (ii) mitigating the negative impacts and bolstering the benign effects, (iii) initiating action programs and community investments to trim down social exclusion and inequality as well as to address the core sustainable development challenges (fulfilling the requirements of the current generation without cramping the capacity of future generations is a generally agreed meaning of 'sustainable development').

BB has been motivating banks to expand lending to the under-served sectors both as business case and CSR obligation; expecting to lead to more broad-based inclusive growth, and therefore reduce poverty. BB has indicated some priority areas in the field of CSR like Self-employment and SME credits designed to create productive new on-farm/off-farm employment; Financing of biomass processing plants, solar panels, waste recycling plants, Effluent Treatment Plants (ETPs); Credit programs for diversified production of crops, oilseeds, spices, vegetables, fruits etc.; Mobile phone based/MFI supported programs for prompt delivery of remittances; card based/ mobile phone based delivery of financial services; Financing programs to promote domestic tourism and markets in cultural products/events.

Bangladesh Bank has, of course, started guiding the banking sector to become more environmentally responsive (e.g. via refinancing new loan products on solar energy, bio-gas, effluent treatment plant etc). All the commercial banks are asked to formulate their own CSR policy with the annual outlay for CSR programs and include the CSR programs in their mainstream banking activities instead of short-term social works like providing grants, aids and donations. In December 2010, Bangladesh Bank instructed the banks to establish separate CSR desk to pay special attention on this issue. Reporting of the CSR initiatives by banks was suggested as appendage to regular annual financial reports, ultimately to build up full length wide-ranging reports in the Green Reporting Initiatives (GRI) format. Alike the statutory financial reports, the CSR reports were also anticipated to be publicly available for stakeholders' perusal. Bangladesh Bank has been publishing CSR review report annually for tracing advancement in mainstreaming of CSR activities.

5.3 Salient CSR activities of some selected banks in Bangladesh:

The selected banks missions towards CSR are given below:

AB Bank Limited: AB Bank as part of Corporate Social Responsibility contributes for the disabled/autistic people of the society. As part of their contribution AB Bank is working with Autism Welfare Foundation (AWF) for couple of years. AB Bank joins hand with AWF for the following initiatives:

- Free Saturday Training to Poor Autistic Children
- Employment of Psychologist & Occupational Therapist
- Weekly early stimulation program for Autistic Children below the age of 3 years
- Subsidy on House Rent

Bank AIFalah: The bank had initiated a project in Southkhali, a village under Shoronkhola thana of Bagerhath district, under which poor individuals and farmers of that area will be provided with motivational session towards Palm Plantation and then the interested farmers will be provided with Palm Trees, free of cost for plantation. The interested farmers will also be trained for Palm Plantation under this project scope and their progress in Palm Plantation will be monitored over time till the trees start yielding.

Bank Asia Limited:

- **Education-** Bank Asia is extending financial support for construction of four-storied with basement of a nine-storied 'Nurses Hostel' at Bangabandhu Sheikh Mujib Medical University (BSMMU) to mitigate acute accommodation problem of graduate nursing students
- **Health-** Bank Asia is providing Tk. 5.50 crore for construction of four-storied with foundation of a nine storied Outdoor Patient Department (OPD) building for Holy Family Red Crescent Medical College & Hospital (HFRCMCH) .

BRAC Bank Limited:

- **Education-** "PJD Trust - BRAC Bank Scholarship" is a unique and the first such scholarship program designed for meritorious children of journalist community.
- **Humanitarian & disaster relief-** BRAC Bank has come forward to stand beside the victims and families of Savar incident. It has donated Tk. 1 crore to Prime Minister's Relief Fund for rehabilitation of Savar victims. BRAC Bank has stood beside tornado affected people in Brahmanbaria.

- **Other- BRAC** The employees of BRAC Bank and its subsidiaries formed a human chain on February 14, 2013 in Dhaka to protest violence against women in solidarity with global campaign 'One Billion Rising'. Dot at 01:00pm.

Dhaka Bank Limited

- **Education-** Recently, "Anowara-Nasimuddin Memorial Foundation" a non-profit charitable organization has introduced a number of skill development programs. Computer literacy program is one of those. Dhaka Bank donated for their Computer Training Program.
- **Other-** The bank also donated to Centre for Women & Child Health (CWCH).

Dutch Bangla Bank Limited

- **Education-** In 2013 at 7th phase another 4,071 students of HSC level who passed SSC in 2013 were awarded scholarship. Besides scholarships, the bank continuously working for the development of educational Infrastructure of different school/college like Uttaran Degree College, Kaliganj, Lalmonirhat, Kabi Nazrul High school, Manikgonj, Narayanganj Bar Academy, Narayanganj.
- **Health-** DBBL has undertaken extensive modernization and refurbishing of the existing Combined Military Hospital at Dhaka Cantonment.
- **Other-** DBBL constructed a bridge at a cost of Taka 67.05 lac in the year of 2011 on Chatlakanda to Tura via Shoulmari at Roumari upazila under Kurigram district. In the year of 2013 DBBL donated Taka 11.9 lac for extension of both ends of the bridge for smooth traffic movement. Dutch-Bangla Bank donated Taka 1,000,000/- (Taka one million) only to 'Legal Assistance to Helpless Prisoners (LAHP)' to remove the sufferings of the helpless prisoners through legal assistance. DBBL has been engaging in creating awareness through electronic and print media since long on different social issues like - Son or daughter- One good child is enough, Hope and love make us lovely, Stop acid violence, Willpower is enough to do a good job, Stop demand for dowry, Uphold justice, Good behavior with mentally retarded persons - a moral duty, Human for humanity, Combat AIDS, Drug addiction- a menace to destroy life, Plant tree- save environment etc.

Eastern Bank Limited

- **Education-** EBL has donated five computers and a cheque for TK. 100,000 for the education of the blind students of Blind Education and Rehabilitation Development Organization (BERDO) as part of its CSR activities.

- **Financial Inclusion-** Eastern Bank Ltd. launches EBL Projukti for the farmers to buy agricultural machineries and equipments.

EXIM Bank Limited: In 2013 643 poor but meritorious students of University of Dhaka, Jahangirnagar University, BUET and different medical colleges were awarded scholarship by EXIM Bank Limited.

HSBC:

- **Education-** HSBC invests in the community by joining up with notable organisations to provide educational support to students. For example- In 2013, educational support was provided to: Education Scholarship provided to 217 disadvantaged meritorious students of TMSS schools, Supported to 200 underprivileged children from YPSA Primary Schools at Sitakund, Chittagong, Computer training provided among 26 blind people by BERDO
- **Health-** HSBC supported to provide hepatitis B vaccination to 390 underprivileged children at Bogra through its long-term partner Liver Foundation Bangladesh. HSBC and Liver foundation Bangladesh has been partnering since 2007 and provided vaccination to more than 6000 underprivileged children in 6 districts.
- **Environment-** Together with Manusher Jonno Foundation, MRDI and Green World Communications, HSBC has implemented the model village in Dakop upazila in Khulna.

IFIC Bank Limited

- **Art & Culture-** IFIC Bank authorities contributed Tk. 25.00 Lac to Rangpur Cantonment authorities for making a docu-fiction titled "Jago Baahe" and a publication on the role of greater Rangpur & Dinajpur in Liberation War in 1971.

Islami Bank Bangladesh Limited:

- **Research & Development-** Extended support for establishment of Committee for Action Research and Extension Services (CARES) a biotechnological research organization, 1st of its kind in Bangladesh for action research on biotechnology utilizing the expertise of Bangladeshi researchers both at home and abroad.
- **Environment-** The bank provided financial aid to Birmuktijoddha Amanullah Khan Primary School (Freedom Fights Amanullah Khan Primary School) for running the school administration. The school situated at Kolatia area of Keraniganj a suburb of Dhaka, which is providing education for the poor and underprivileged children.

- **Health-** IBBL takes several initiatives in individual and organizational level for developing health sector of Bangladesh. IBBL is pursuing some sustainable initiatives for developing Medicare system of the country, such as: IBBL established 7 (seven) fully owned hospitals and 7 (seven) community hospitals of total 1032 beds creating employment of 353 doctors, 582 nurses and 2932 other employees, A number of Charitable Dispensaries, Arsenic Mitigation Program, Circumcision Camp, Mobile Eye Camp and Midwifery Training Program also operated by IBBL for developing health sector of the country.

Jamuna Bank Limited:

- **Health-** A Voluntary Blood Donation Program and Free Eye Camp, Gynae and General Treatment was held at Lauchara, Sreemongol, Moulvibazar under the auspices and finance of Jamuna Bank Foundation. 23 bag blood was donated by the employees of Sylhet zone of Jamuna Bank and 566 patients were treated in the camp also 52 nos eye patients were selected for operation. A Plastic Surgery Camp inaugurated at Barisal for 13 days at the initiative and finance of Jamuna Bank Foundation in collaboration with Dokters Van De Wereld (MdM, Netherlands) and the assistance of Sher-E-Bangla Medical College Hospital & Barisal Metropolitan Chamber of Commerce and Industry. Jamuna Bank Foundation inaugurated a Free Medical Service Centre at Biswa Istema to serve the Musulle like previous yerars.
- **Art & Culture-** Jamuna Bank Foundation organized an Art Competition at Bangladesh Shishu Academy, Dhaka on the occasion of Victory day 2013. 280 students of 25 schools of Dhaka city participated at the competition. A Seminar on "Severity of Narcotics and our Responsibilities for Combating it" was organized by Jamuna Bank Foundation at Jamuna Bank Limited, Feni Branch, Feni.

Mutual Trust Bank Limited: MTBL contributed Taka 1 crore to the Prime Minister's Relief Fund to support and rehabilitate the families affected by the Savar tragedy. In addition, on the second day after the Rana Plaza building collapse, MTB provided over 5000 bottles of mineral water for the rescue operators and volunteers.

NCC Bank Limited: NCC Bank donated about four hundred different types of books worth Taka one lac to Feni Government College as part of Bank's Corporate Social Responsibility.

One Bank Limited: In continuation of its CSR activities, ONE Bank Limited recently financed a newly built school building of Fulbari Model High School at Natore.

Prime Bank Limited

- **Health-** Prime Bank Eye Hospital, an initiative of Prime Bank Foundation, a concern of Prime Bank Limited has launched a free eye care camp on 30 November at the premises of Qazi Salima Huq Mohila Degree College at Mohammadpur Upazila of Magura. Prime Bank Nursing Institute, an initiative of Prime Bank Foundation is an international standard academic institution for nursing profession.
- **Environment-** The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) recently donated a Formalin Dehydrate Machine at the Banani Kitchen Market financed by Prime Bank Limited to detect the use of formalin in the food products.

Southeast Bank Limited: Southeast Bank Foundation has undertaken its project to establish quality English medium schools at strategic locations of Dhaka Metropolitan City. Considering the dwelling pattern of Dhaka City, areas identified for such schools are: Mohammadpur, Mirpur, Rampura/ Khilgaon and Uttara.

The City Bank Limited

- **Financial Inclusion-** Shatkania Lohagora Somity is an organization that has been working for the betterment of the underprivileged people from Shatkania and Lohagara Upazilas situated in Chittagong district 2007.
- **Health-** The City Bank sponsored Cancer Screening Training for Nurses. The bank also supported Eminence and Bangladesh Cancer Support Groups regular activities Cancer Screening for Slum Women to screen 100 eligible women from Mohammadpur Beribadh slum.
- **Other-** The City Bank sewing training centre runs two training programs simultaneously, one for sewing and one for embroidery.

Uttara Bank Limited

- **Research & Development-** The Bank funded 'Agrashar Vikrampur Foundation' for archaeological survey and research at Raghurampur, Bikrampur, Munsigonj at a cost of Tk. 10.00 lac.
- **Financial Inclusion-** Uttara Bank Limited donated Tk.1.00 lac among some distressed & land-less poor women in Jessore area in the year 2013 for 'Fish Culturing in Iron made Cage'. Besides, the Bank continued to assist some orange planters in Sylhet area and to disburse loans for income generating activities and poverty alleviation.

Source: Review of CSR Activities of Financial Sectors -2013

5.4 Why CSR is important in branding for banking in Bangladesh

The image of CSR for business refers that corporate social responsibility (CSR) and its practices in Bangladesh are mostly done in a philanthropic way. Such philanthropic activities included donations to different charitable organizations, poor people and religious institutions. Most of the businesses in Bangladesh are family owned & first generation ones and they are involved in different types of community development work through charity but they are not following any definite policy for this issues & haven't any intention for financial gains by performing these philanthropic activities. It is also observed that many industrial units run with half-century old machinery which producing fatal air, soil and water pollutions and a good number of them including more modern factories also do not care to establish effluent treatment plants for its worker to work in a good working environment. Malpractices such as adulteration, abnormal ripening of fruits and related consumable items at times with poisonous elements, keeping fish fresh with applying deadly formalin those are mostly visible. It is needed good governance and efficient law enforcing agencies to solve such fatal problems. In the case of rebuilding the customer awareness in branding, it's needed to emphasize on the adopted CSR activities.

The US and European Union (EU) buyers set guidelines to readymade garment (RMG) industry to those countries where they import their products. So, there is no alternative for Bangladeshi companies to convince US/EU buyer to export their product without following proper CSR activities to enter the world-market. If they follow CSR activities beside their regular business activities it not only improves corporate governance, labor rights, work place safety, fair treatment of workers, community development and environment management, but a ensures industrialization and global market access. A number of leading global companies have already started practicing the concept of enhancing their brand image by contributing to the society. Kotler (2012) mentioned in the World Marketing Summit held on Bangladesh that spending a small amount of money for various different causes will ultimately fail to produce the desired result. A smart company wanting to be a good citizen should really choose one cause. So CSR activities impact a lot on branding in Bangladesh.

5.5 Income Tax Regulation in Bangladesh on CSR:

National Board of Revenue (NBR) of Bangladesh issued Statutory Regulatory Order (SRO) by providing tax exemption on the expenditure made by corporate for CSR activities in 2011. The regulations stated in that SRO were further amended in 2012 and the area of CSR applicable for tax exemption was enhanced. The rules of tax exemption for CSR activities of corporates are mentioned below:

“Any company will get exemption of Income Tax at the rate of 10% for actual cost/money expended in Corporate Social Responsibility.” For example, if a company has a taxable profit of Tk. 1000 and is subject to 40 percent tax, its tax liability would be Tk. 400, if the company spends Tk. 500, on CSR, it would get a rebate of Tk. 50. (10 percent of Tk. 500). Its tax liability would thus be Tk. 350, (Tk. 400-Tk. 50)

Conditions for Income Tax Exemptions-

- ❖ It will not be applicable for the amount expended in excess of 20% of gross income of the company or BDT 8 (eight) crore whichever is lower.
- ❖ The companies which are interested to attain tax exemption facility as corporate entity, they-
 - Have to pay salary-allowance of their employee-staffs regularly and must have waste treatment plant in their factory/industry especially if industrial goods are manufactured.
 - Must pay income tax, VAT, duty and repay institutional debt/obligations regularly.
 - Can donate to the institutions under CSR only approved by Government.
 - Must comply with all regulations of Bangladesh Labor Act, 2006.
 - Cannot treat the amount expended under CSR as an accredited expenses in Manufacturing Account, Commercial Account or Profit- Loss Account.
 - Have to submit necessary documents/evidences for claiming the tax exemption on CSR to the concerned Deputy Tax Commissioner.
 - Have to submit CSR Work Plan by the company to NBR in written for availing Income Tax Exemption Certificate.

Fields/Sectors of CSR applicable for tax exemption-

- (1) Clean water management,
- (2) Forestation,
- (3) Beautification of cities,
- (4) Waste management,
- (5) Establishment and management of old persons' homes,
- (6) Contribution to organizations involved in raising consciousness about HIV/AIDS,
- (7) Contribution to organizations engaged in either welfare of mentally or physically handicapped,
- (8) Contribution to organizations engaged in movements relating to women's rights and anti-dowry practices,
- (9) Grants to public universities,
- (10) Grants to organizations engaged in treating cleft lips, cataract, cancer and leprosy,
- (11) Grants to organizations engaged in treating acid victims,

- (12) Grants to educational institutions approved by Government for education of rootless children,
- (13) Donation for redressing the hardships caused by natural calamities such as earthquake, cyclone, tidal wave and hurricane channeled through government organizations,
- (14) Expenditure incurred through educational institutions recognized by Government for providing technical and vocational education for poor meritorious students and
- (15) Special financial assistance through institutions approved by Government for facilitating higher education of meritorious students.

Chapter – 6: Sustainable Banking through Optimizing Retail Banks (Specially ATM Service) Supply Chain.

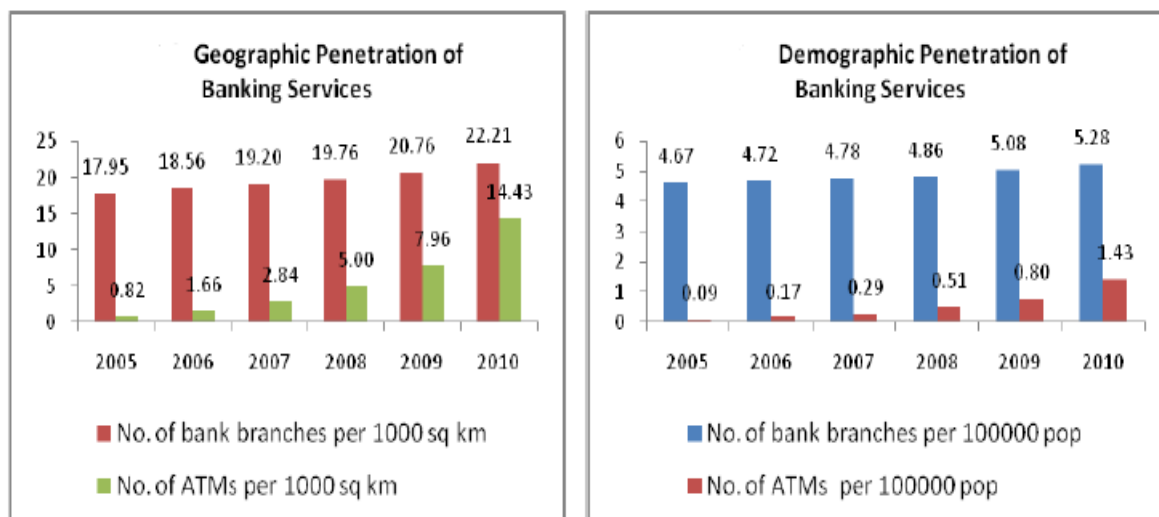
6.1 Scenario of ATM and Retail banking services in Bangladesh:

An automatic/automated teller machine (ATM) is an electromechanical device that allows authorized users, typically using machine-readable plastic cards, to withdraw cash from their accounts and/or access other services (allowing them, for example, to make balance enquiries, transfer funds or deposit money) at any time without the need for a human teller. An ATM network is often owned by a single commercial bank. Hence, in one cash supply chain, several ATM networks are maintained in parallel by various commercial banks. The 1st Cash Dispenser machine in Bangladesh was installed by Agrani Bank at Press-club branch but the modern use of ATM started in Bangladesh by Standard Chartered Bank in the early 90's.

Banking sector is the most competitive sector in the present business world. Thousands of customers are served by banks. Ultimate goal of the bank is to maximize the wealth of the owners. To achieve this goal, attention must be given to service quality. When debit card users are satisfied, they will be attached to the bank for a long time. It will be strength for a specific bank to compete with other banks. It will help the growth of the debit card users' confidence on the bank and users will be tempted. If banks want to sustain positively, there is no alternative but to satisfy the customers, especially the debit card users, because they use it against their valuable deposited money in the bank. Bank must improve its strategies to fill up the demand of Debit card users because if the users switch to another bank, the particular bank will lose some cash flow that will negatively affect the goal of the bank. So It is very important for all the banks of Bangladesh to think about this matter.

Geographical penetration indicates that number of bank branch per 1000 square kilometer increased from 44.24 in 2005 to 53.34 in 2010. Number of ATM booth per 1000 square kilometer increased tremendously from 0.82 in 2005 to 14.43 in 2010. In term of demographic penetration, number of branches per 100,000 populations increased from 4.67 in 2005 to 5.28 in 2010. Number of ATM per 100,000 populations increased from 0.09 in 2005 to 1.43 in 2010.

Figure 4: Geographic and Demographic Penetration of Banking Services in Bangladesh



Source: Bangladesh Bank Report (WP1101)

Figure 4 depicts that the trend in geographical and demographic penetration indicates that access to banking is increasing over time in Bangladesh. In order to provide banking services at a lower cost and in a shorter time to remote areas, banks have adopted various modern technologies, viz. installation of ATM, POS, introducing credit cards and debit cards, use of mobile phones, internet banking, online banking and tele-banking. In Bangladesh, it has been found that the number of ATM booths increased from 118 in 2005 to 2855 at the end of June 2011. It is observed that ATM is the potent instrument and an ideal platform to increase financial services to the customers of all levels (rural and urban both).

6.2 Trend in technology (ATM) adoption in banking services of Bangladesh

Table 2: Electronic Banking Service in Bangladesh (% of Bank) from the Year 2007 to 2012

Product	2007	2008	2009	2010	2011	2012
Tele banking	32	35	39	43	45	47
Online Banking	25	27	30	33	35	40
Electronic fund transfer	30	32	36	39	45	48
Automated teller Machine (ATM)	40	46	52	59	65	69
Debit card	40	45	51	58	62	69
Credit card	24	27	30	32	38	40
Internet banking	45	51	56	60	65	67

Source: Bangladesh Bank (Working Paper Series: WP1101)

Above table shows that different e banking systems which provide different service increase day by day in banking sector of our country.

6.3 Challenges of ATM and Retail banking service in Bangladesh:

Satisfaction or dissatisfaction largely depends upon on many factors and problems that customers face when they use ATM cards which are describe bellow:

Availability of cash in the booth: People use ATM/ debit card mostly to withdraw taka. So it is important to have sufficient amount of taka in the booth.

Different value denominated notes: Availability of different value denominated notes is one of the satisfying factors for customer to use ATM card.

Network service: Network service is the first and foremost condition to make debit card users satisfied because without network transaction is not possible. In Bangladesh it has found that a large member of customers have faced problem in this connection, Khan (2010). So Banks should improve the network service quality so that customers are not refused when they go to ATM booth.

Availability of receipt: After the transaction, users expect to get receipt to know the remaining balance. It has found that most of the banks in Bangladesh give receipt after transaction and let customers know about their account balance, Khan (2010).

Solving of problem by the bank (Customer Care): Customers may face any type of problem during their usage of ATM card that needs to be solved as soon as possible by the banks for creating good image. As per field research it is found that most of the banks in Bangladesh take good care about solving the problems that customers face, Khan (2010).

Transaction cost: Nowadays customers are very much conscious and they always expect better service at low cost. Mr. Khan (2010) found in his research that majority percentage of customers' are satisfied for the cost they are paying for ATM/ debit card transaction in Bangladesh. Some customers have recommended that banks should reduce the transaction cost of Debit card when they use bank's own ATM booth. But they have to pay this cost when use other bank's ATM booth.

Availability of bank's booth: Customers want to use the booth of their own bank and its availability is a key factor for satisfaction

The main problems that customer face by using ATMs card in Bangladesh are listed below:

Machine breakdown:

Machine breakdown is one the main problem for ATM users. Machine breakdown generally occurs for the following reasons:

Poor quality notes: If the notes supplied in the ATMs are of poor quality, the chance of machine breakdown increases. Because the sensor that picks the notes from the cassette can't operate smoothly.

High frequency of use: If the number of ATMs of any banks is less than that required then the frequency of use of ATM is very high. As ATM is a machine, the probability of going out of order rises with the high frequency of use of machine.

Unsuitable location:

Unsuitable Location is another main problem for ATM users. The users feel difficulty to get its service if they face that the location of ATM is unsuitable. So bank can achieve competitive advantage by selecting suitable location for ATM booth to use for its customers.

Short of available Money:

In many cases customers face serious problem by using ATM card when they found ATM's fall short of money.

Unsecured:

The security system of ATM booth is important factor and if the customers feel that the security system is not sufficient it may create dissatisfaction to use ATM card. By the term "unsecured" the customers mean that there exists security problem for them outside the ATM booths. It has found that from outside, any person can see through the glass of ATM what the customers are doing inside the booth.

Machine complexity:

Customers generally put this argument when their cards are retained by the ATM machine. Cards may be retained for many reasons but ultimately the blame goes to the machine. Another reason can be that people in Bangladesh still get frightened while using any types of machine that deals with money.

6.4 Optimizing ATM as well as retail banking supply chain:

Automated Teller Machines (ATMs) and other technologies make cash easily available to customers. For retail banks, however, the cost and complexity of operating these technologies continues to rise across the entire cash supply chain—from holding, counting and validating cash to processing, transporting and protecting it. In fact, the worldwide cost of handling cash already exceeds \$300 billion per year.

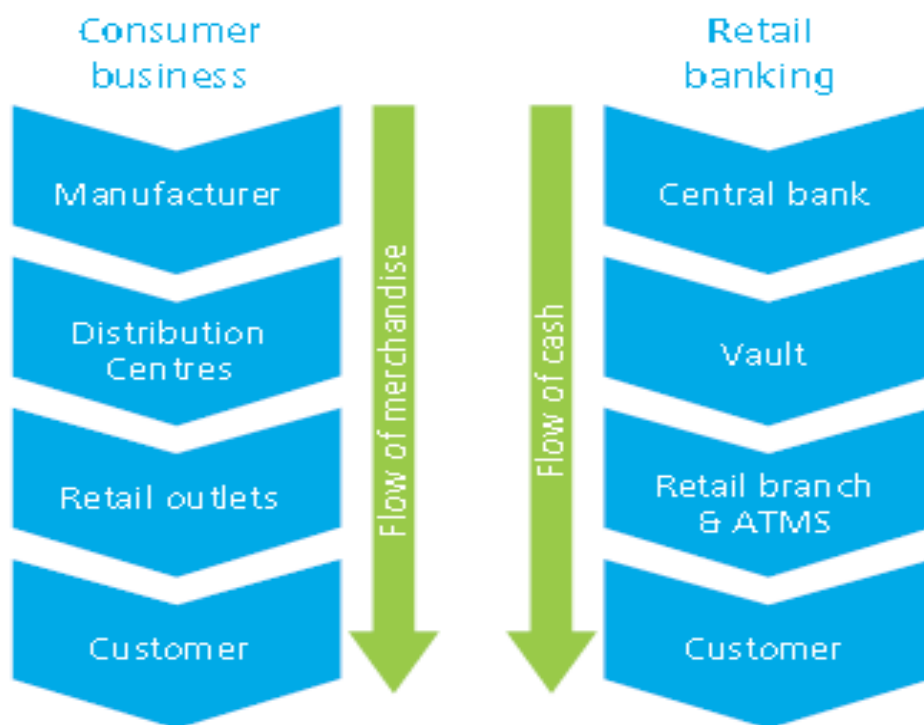
ATMs today provide more functionality through more advanced operating systems, enhanced security features and additional account services. Similarly, more advanced hardware features include cash recycling and optical scanning to improve counting accuracy. However, the cost per ATM has steadily risen as a result. In general, banks have too much cash in their network and spend too much on their cash processing and distribution equipment and services. For example, retail banks often keep up to 40% more cash in their ATMs than required, when excess cash of 15% to 20% is considered sufficient. By reducing this differential, banks would have access to more excess cash that they could put to more productive use, rather than have it idling inside ATMs. In addition, most retail banks have not maximized their negotiating leverage by consolidating their supply base for ATM equipment, maintenance etc. As a result, they are not realizing the full benefit of their strategic sourcing and contract management efforts.

The logistics of banknotes and coins has gained great attention in the past few years. Cost-efficient and secure cash deliveries to automated teller machines (ATMs), bank branches, and retailers have become necessary as a result of the financial crisis, the decline in cash usage, and the increase of the intensity and violence of raids on ATMs and cash-in-transit. There are some interrelated factors that provide solutions for managing ATM inventories and cash deliveries in order to improve the cost-efficiency of cash supply chains, user satisfaction, and the security of cash logistics. It is very important for a bank to gain an understanding of how users and managers perceive ATM service quality, forecasting cash demands, control cash inventories, and manage ATM deliveries in cash supply chains of several maturities to sustain in the banking industry

6.4.1 Applying the lessons from CB to retail banking (ATM cash supply chain):

To reduce these costs and improve efficiency, retail banks need new methods. One good way to adopt a fresh perspective is by looking at how leading consumer business (CB) organizations efficiently move goods through their supply chains. By thinking of cash as goods, retail banks can apply proven CB strategies to reduce excess inventory, lower handling and processing costs, improve operating efficiency and optimize their network of ATMs. More critically, banks that manage their cash supply chain more effectively can also improve productivity and better position themselves to compete in the marketplace.

Figure 5: Flow of Inventory in Consumer Business and Cash in Retail Banking



The CB industry places significant focus on having the right amount of inventory at the right time. Excess inventory results in added costs: carrying charges, absorption, disposition costs and opportunity costs. Conversely, inventory shortages result in lost revenue. Leading CB organizations have developed sophisticated processes to manage these challenges, including planning inventory and supply to match their forecasted demand. With proper supply chain planning, CB organizations have achieved significant cost savings, most of which can be directly applied to retail banks. For retail banks, a branch or ATM should never run out of cash, as that can severely hamper reputation; conversely, extra funds at an ATM could be invested elsewhere to earn revenue. Statistics show

that most ATMs hold 40% more cash than required. Accurately planning cash (and other physical currency) would provide retail banks with the ability to reduce their working capital (cash inventory) and operating expenses (processing and transportation costs) while still maintaining high service levels (www.deloitte.ca).

Table 3: Planning impact in retail banking for ATM Cash Supply Management

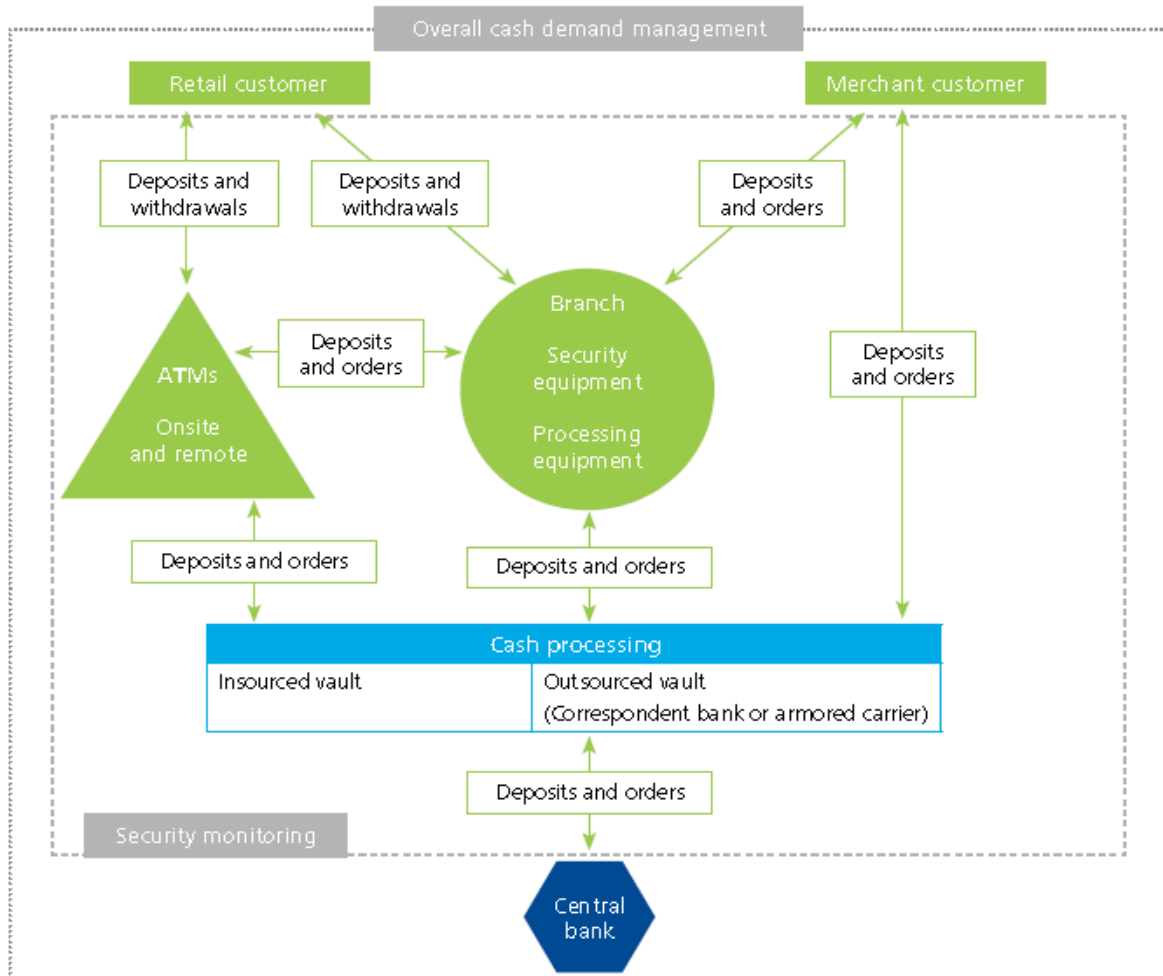
Demand planning concept	Retail banking industry
Demand forecasting	Statistical forecasting to develop time phased cash depletions out of branches and ATMs.
Inventory planning	Multi-echelon inventory planning that leverages target customer service levels to determine cash required at vaults, branches and ATMs.
Inventory replenishment	Economic order quantities to determine replenishment cycle that minimizes transportation and carrying costs, with constraints on cylinder sizes.
Supply planning	Constrained supply planning to create distribution plans from vaults to branches and ATMs based on forecast and target cash levels, respecting storage and transportation constraints.

6.4.2 The rising cost of the cash supply chain:

Retail banks as well as ATM banking services operate some of the largest, most complex and most secure supply chains in the world, transporting and storing cash across thousands of locations every day. The cost of operating these supply chains extends to spending on all the equipment and services required to process and distribute cash throughout the bank’s network—from the central bank through to branches/ATMs and ultimately to customers. These costs are high and growing due

to two main drivers: the rising demand for cash and the increasing use of more complex technology across the supply chain.

Figure 6: Cash supply chain network



ATMs today provide more functionality through more advanced operating systems, enhanced security features and additional account services. Similarly, more advanced hardware features include cash recycling and optical scanning to improve counting accuracy. However, the cost per ATM has steadily risen as a result. In general, banks have too much cash in their network and spend too much on their cash processing and distribution equipment and services. For example, retail banks often keep up to 40% more cash in their ATMs than required, when excess cash of 15% to 20% is considered sufficient. By reducing this differential, banks would have access to more excess cash that they could put to more productive use, rather than have it idling inside ATMs. In addition, most retail banks have not maximized their negotiating leverage by consolidating their supply base for ATM equipment, maintenance etc. As a result, they are not realizing the full benefit of their strategic sourcing and contract management efforts.

6.4.3 Source effectively to reduce supplier spend

Retail banks have traditionally focused on sourcing activities within a region or line of business. However, few banks have successfully implemented enterprise-wide supply and demand management strategies. As a result, few banks have realized the full potential cost savings available through strategic sourcing. Leading retail banks have achieved savings of 15% to 20% by sourcing the equipment and services that support the cash supply chain.

Table 4: Supply and Demand Management Strategies.

Spend category	Supply management strategies	Demand management strategies
Currency processing services	<ul style="list-style-type: none"> • Outsource all non-critical processing services from branches to external service providers • Maximize use of offshore suppliers 	<ul style="list-style-type: none"> • Evaluate use of ATM deposit imaging: Compare cost increase due to higher specification versus reduced demand for processing services
Currency processing equipment	<ul style="list-style-type: none"> • Consolidate suppliers through a competitive sourcing process • Explore opportunity to consolidate suppliers across processing equipment and ATM deployment, where possible • Centralize supplier and contract performance management activities across all equipment and services contracts with major suppliers 	<ul style="list-style-type: none"> • Standardize on fewer equipment specifications
ATM deployment	<ul style="list-style-type: none"> • Consolidate to one enterprise-wide supplier through a competitive sourcing process • Optimize lease-versus-buy decision based on cost of capital, maintenance fees, etc. • Use a multi-year replacement forecast to negotiate pricing, price escalations, etc. 	<ul style="list-style-type: none"> • Standardize on fewer ATM specifications • Reduce proportion of full-service ATMs based on demand profile • Optimize ATM replacement period based on lifecycle cost analysis • Optimize ATM deployment locations based on utilization and market competition analysis
ATM maintenance	<ul style="list-style-type: none"> • Consolidate to one enterprise-wide supplier for all first and second line maintenance through a competitive sourcing process 	<ul style="list-style-type: none"> • Standardize response time service levels for both first and second line maintenance across all geographies and lines of business

6.4.4 Potential savings from outsourcing supply chain activities:

Like other service organizations, retail banks have begun switching to an outsourced service delivery model where external service providers (on-shore and offshore) manage more and more services. However, it is still common for in-house staff to manage many activities within the cash

supply chain, particularly at the branch level. By looking critically at the cash supply chain activities currently provided in-house, determining where viable supply markets exist to provide services externally and competitively sourcing external suppliers for these services, retail banks can achieve even greater cost savings and productivity improvement.

6.4.5 Make operational changes and aim for leading practices:

Lean operations and Six Sigma fundamentals are often leveraged in many manufacturing facilities, and increasingly in many non-manufacturing ones. Within the retail banking supply chain, the concept of streamlining manufacturing is replaced by streamlining cash processing. With the large quantity of physical cash in the retail bank network, it is imperative to reduce the effort required to process it.

Table 5: Streamlining supply chain processes in retail banking

Lean operations concept	Retail banking industry
Reduce waste	Improve processes to reduce cycle time from collecting and replenishing cash
Increase capacity	Use ATMs that have extra cylinder capacity or replenish cash using deposits made in the machine
Reduce maintenance costs	Implement predictive and preventative maintenance programs to increase uptime of ATMs

6.4.6 Logistics strategies in retail banking:

Organizations employ sophisticated logistics strategies to deliver products to the right location at the right time using the least amount of resources. In retail banking the main logistics concerns are about getting its product (i.e., cash) to customers and the security & frequency of distribution of cash. Analysts suggest that the two biggest ways for retail banks to cut costs is through staff and branch operations. For example restructuring and right-sizing labour force and optimizing branch operations, including the cash supply chain, as a way to reduce costs.

Table 6(a): Logistics strategies in retail banking

Logistics strategy concept	Retail banking
Network optimization	Optimize vault, branch and ATM locations to reduce cost of delivery from vault to branch and ATMs
Outsource logistics planning	Outsource to cash management companies to reduce delivery and maintenance costs

Chapter – 7: Findings and Data Analysis

7.1 Assessment of CSR in Brand Trust

CSR has become a strategic tool of marketing. Many organizations are using CSR not only to make a positive change in the society rather they are more focused on increasing profitability, brand value, brand trust etc among the customers. Brand trust helps the organizations to build a long term relationship with its customers. So, finding out the true relationship between CSR expenses & brand trust is the main focus of this chapter. Overall this study explores the linkages between CSR and brand trust. This study provides a foundation for further research and identifies several important implications for the leaders of organizations to consider in terms of CSR investment and the effects on brands within their portfolio.

7.2 Selected Banks for defining CSR & Brand Trust Relationship

The survey research has unveiled differing responses from customers of four selected banks based on various criteria for defining **CSR & Brand Trust Relationship**. The selected four banks are DBBL, IBBL, BCBL and NCCBL. The CSR contributions of DBBL and IBBL are comparatively more higher than NCCBL and BCBL. So, to find out the relationship between CSR & Brand Trust a comparative study among these four banks has been conducted.

Table 6(b): Direct CSR expenditures by the selected four banks.

Amount in Taka

Name of Bank	2010	2011	2012	2013
Bangladesh Commerce Bank Ltd. (BCBL)	1,000,000	3,687,000	4,464,000	2,383,400
Dutch Bangla Bank Limited (DBBL)	168,860,000	341,830,000	527,670,000	785,400,000
Islami Bank Bangladesh Limited (IBBL)	232,631,000	410,700,000	309,100,000	476,400,000
National Credit and Commerce Bank Limited (NCCBL)	17,700,000	8,500,000	17,400,000	41,241,000

Source: Bangladesh Bank Financial Review 2013.

7.3 Data Analysis Process of the customers' response towards CSR phases

The survey research has unveiled differing responses from the banks customers with the help of a questionnaire where there were 6 factors & total 20 questions. In every question there were a Likert scale with 5 options. After collecting the data from total 120 customers (30 from each bank) the value of each question has been calculated & their average has been collected. After calculating the average of each question the average of the 5 factor or phases have been calculated. After calculating all the averages then the comparison among the four banks have been shown. According to the comparison it will be shown whether there is any impact of CSR activities in the overall brand trust. In the case of data analysis of the average, the standard significant range will be considered above 3.50.

7.3.1 Comparative Performance of Banks in Brand Trust

Brand trust is the major factor for understanding its relationship with CSR. There are 5 questions related to brand trust & the results are as following-

Table 7: Banks Performance in Brand Trust

Q. No.	Question on Brand trust	DBBL Average	IBBL Average	BCBL Average	NCC Average
1	This company offers me a product & Services with a standard & constant quality level.	4.70	4.40	2.87	2.83
2	This company will help me solve any problem I could have with the Products & Services.	4.37	4.00	2.63	2.70
3	This company will offer me new Products & Services I may need.	4.67	4.27	2.63	3.03
4	Customer satisfaction is highly important for this company.	4.40	4.23	2.93	2.83
5	This company will value me as a consumer of its Products & Services.	4.13	4.47	2.70	2.57
Average		4.45	4.27	2.75	2.79

Source: Study Result

From this table it is shown that the average of the 5 questions related to brand trust of DBBL and IBBL almost same but higher than that of BCBL and NCCBL where average point of BCBL AND NCCBL are almost same. From the table 7, we can see that the amount of CSR expenses of DBBL and IBBL are far higher than the CSR expense of BCBL and NCCBL. So, it can be said that there is a relationship between CSR expense & brand trust.

7.3.2 Comparative Performance of Banks in Social phase with Employee Satisfaction:

In case of CSR, employee satisfaction is a major factor of CSR. So, to find out the relationship between the employee satisfaction & CSR expenses there were five questions where the participants were customers & they gave their opinion from their experiences. The results are -

Table 8: Banks in Employee Satisfaction

Q. No	Question on Social Phase and Employee Satisfactions	DBBL Average	IBBL Average	BCBL Average	NCC Average
6	This company's policies encourage and support the employees to develop their skills, leanings and careers.	4.00	4.50	2.97	3.03
7	This company has flexible policies to provide good work-life balance for employees	4.27	4.27	2.77	2.63
8	The management of the company is primarily concerned with employees needs & Wants and any managerial decisions related with the employees are usually fair	4.20	4.33	2.83	2.77
9	This company contributes campaigns and projects that promote the well-being of the society and emphasizes the importance of its responsibilities to society	4.47	4.13	2.90	3.10
Average =		4.23	4.31	2.87	2.88

Source: Study Result

It can be inferred from the Table 8, that the average of the weighted average of IBBL & DBBL are 4.31 and 4.23 respectively, which is significant by nature as it is above the standard range. On the other hand, BCBL & NCCCL are almost 2.87 and 2.88 respectively, which are less significant in contrast to the IBBL & DBBL & also from the perspectives of the standard range. So it can be state that IBBL & DBBL provide more facilities for the well being of the society and the development of employees and their satisfaction than BCBL & NCCBL.

7.3.3 Comparative Performance of Banks in Ethical State

Ethical phase is a sub-set of fate trade as well as business ethics and examines the moral issues relating to supply chain decisions made by organizations. It is related with the product: product quality, safety and liability, fairness in pricing, honesty, fare competition, developed skill and so in advertising and selling, privacy in internet database and supply chain management. It is most important for any company to follow. The results of the selected four banks are as following-

Table 9: Banks in Ethical State

Q. No	Question on Ethical Phase	DBBL Average	IBBL Average	BCBL Average	NCC Average
10	This company provides full and accurate information about its products & Services to consumers	4.37	4.23	2.50	3.00
11	This company respects consumer rights beyond the legal requirement	4.47	4.03	2.67	3.07
12	The company offers the customer recommendations & advice on how to make the most of its products & Services.	4.23	4.23	2.97	2.53
Average =		4.36	4.17	2.71	2.87

Source: Study Result

In BCBL & NCCBL, all the criteria present similar kinds of gaps (Table-9) with an average of 2.71 and 2.87 respectively where DBBL & IBBL have the average value of 4.36 and 4.17 respectively, which are more significant. DBBL and IBBL's total average score are greater than 3.5 where as BCBL & NCCBL's average value is far lower than the significance range.

7.3.4 Comparative Performance of Banks in Legal Phase

Another driver of CSR is the role of independent mediators, particularly the government, in ensuring that corporations are prevented from harming the broader social well, including people and the environment. CSR critics such as Robert Reich argue that governments should set the agenda for social responsibility by the way of laws and regulation that will allow a business to conduct them responsibly. The average scores of the two banks' legal phase are as following-

Table 10: Banks in Legal phase

Q. No	Question on Legal Phase	DBBL Average	IBBL Average	BCBL Average	NCC Average
13	This company complies with legal regulations safely and promptly	4.70	4.43	2.80	2.80
14	This company avoids unfair competition	4.57	4.67	3.00	2.97
15	This company targets sustainable growth which considers future generations.	4.53	4.30	2.90	2.90
Average =		4.60	4.47	2.90	2.89

Source: Study Result

From the **table 10**, it can be seen that the value of legal phase for BCBL & NCCBL are very low where it is very much significant for DBBL & IBBL. It can be said that DBBL & IBBL's participation in activities which aim to comply with bank's legal regulation and co-operation with its competitors on social responsibility projects has got the highest score with 4.60 and 4.47 respectively. The higher value represents DBBL & IBBL's have higher commitment to the legal issues than that of BCBL & NCCBL's.

7.3.5 Comparative Performance of Banks in Economic Phase

Economic Phase:

The overall economic performance of any company includes financial performance and market share, both of which can be impacted by CSR activities (Barnes, 2011). The results are as following-

Table 11: Banks in Economic Phase

Q. No	Question on Economic Phase	DBBL Average	IBBL Average	BCBL Average	NCC Average
16	This company endeavors to create employment opportunities.	4.60	4.43	2.50	3.03
17	This Company pays taxes as a certain percentage of their regular earning, which plays an important role for creation and distribution of wealth between community & business.	4.10	4.30	2.60	2.83
18	This company makes investment to create a better life for future generations.	4.30	4.13	2.67	3.03
Average =		4.33	4.29	2.59	2.97

Source: Study Result

It can be inferred from the Table 11 that, DBBL & IBBL pays taxes as a certain percentage of their regular earning, which plays an important role for creation and distribution of wealth between community & business. The average of DBBL & IBBL is more than BCBL & NCCBL which helps DBBL & IBBL to enhance the branding image of those bank's customer perceptions.

7.3.6 Comparative Performance of Banks in Environment Phase:

Environment Phase:

Environmental phase is important as it s concern and sustainable development is a key pillar of the corporate social responsibility.

Table 12: Banks in Environment phase

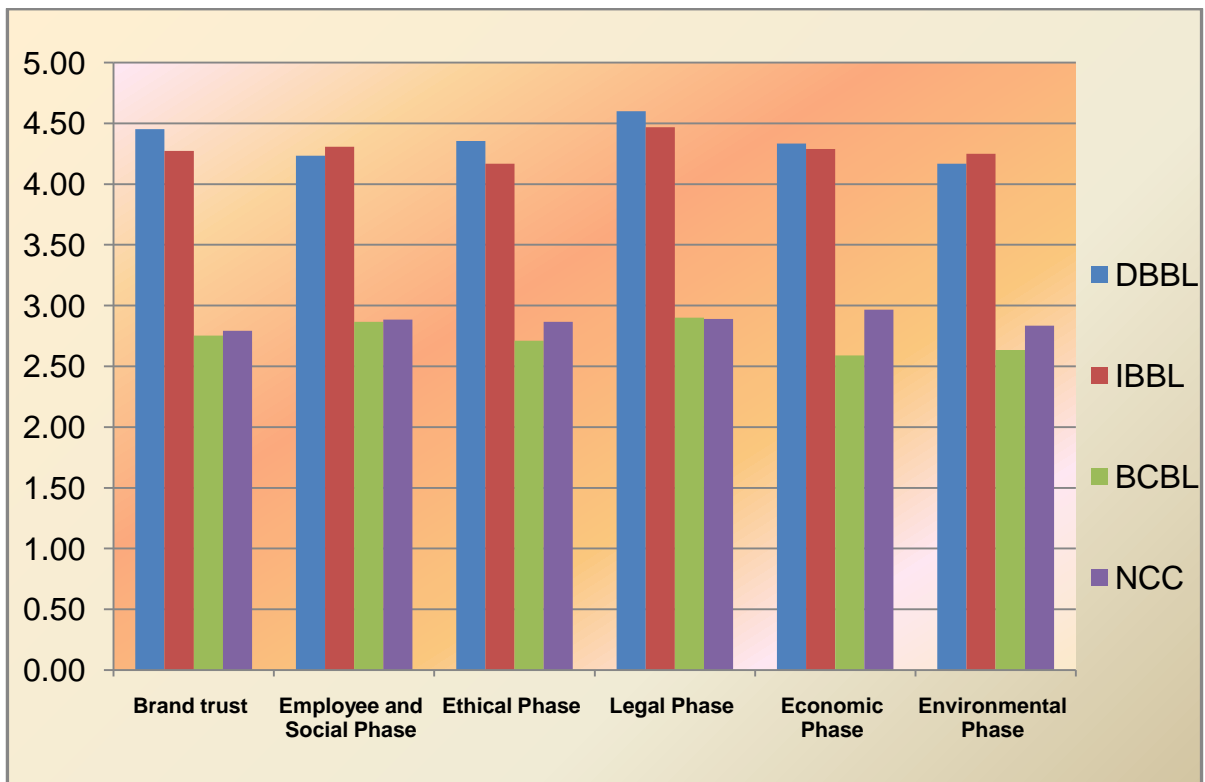
Q. No	Question on Environment Phase	DBBL Average	IBBL Average	BCBL Average	NCC Average
19	This company implements special programs to minimize its negative impact on the natural environment.	4.07	4.17	2.70	2.97
20	This company participates in activities which aim to protect and improve the quality of the natural environment	4.27	4.33	2.57	2.70
Average =		4.17	4.25	2.63	2.83

Source: Study Result

It is inferred from the Table 12, that the average of BCBL & NCCBL are 2.63 and 2.83 respectively which are less than average of the DBBL & IBBL bank, which are very large. The highest weight is IBBL & BDBL's participation in activities which aim to protect and improve the quality of the natural environment with 4.25 and 4.17 average score respectively.

From the study it is quite obvious that in every aspect DBBL & IBBL are leading with a great difference. To get a clear look the values of every phase are drawn with the following chart 7-

Figure 7: Comparative Analysis of Brand Trust between DBBL & BCBL



7.4 Relationship between CSR Expenditure & Deposit Amount

To find out whether any relationship existed between CSR expenditure/ and bank's deposit amount or not, a multiple regression analysis has been undertaken on Microsoft excel.

Table 13: CSR Expenditure & Deposits Amount Model

Summary of Result

<i>Regression Statistics</i>	
Multiple R	0.347944
R Square	0.121065
Adjusted R Square	0.110845
Standard Error	38522.54
Observations	88

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	90839.58	4849.694	18.73099	4.26E-32	81198.71	100480.5
CSR Expense	0.124958	0.036306	3.44176	0.000894	0.052783	0.197132

Source: Study Result

7.4.1 Interpretation of the Result (CSR & Deposits)

The value of Multiple R is 0.347944. It is also known as correlation coefficient. It implies that the linear relationship between CSR expenditure & Deposits amount is not strong enough. The coefficient determination (r^2) for this study is 0.121065 which implies that 12% of the variation of deposit amounts around the mean is explained by the CSR expenses. In other words, 12% of the values fit the model. So, in this study, the independent variable is CSR expenditure & the dependent variable is deposits amount. The relationship can be defined as

$$y = \alpha + \beta x + \text{error}$$

Where,

y = Value of Deposits, x = value of CSR

α = Mean Value of Deposit when CSR Amount is Zero (Intercept Coefficient)

β = average change in Deposits given a one unit change in CSR (slope of CSR)

From the regression result, the equation will be as following-

$$Y = 90839.58 + 0.124958x$$

7.5 Relationship between CSR Expenditure & Loan Amount

To find out whether any relationship existed between CSR expenditure/ and bank's loan amount or not, a multiple regression analysis is undertaken.

Table 14 : CSR Expenditure & Loan Amount Model

Summary of Result

<i>Regression Statistics</i>	
Multiple R	0.290229689
R Square	0.084233272
Adjusted R Square	0.073584822
Standard Error	31806.83929
Observations	88

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Intercept	76801.44298	4004.238175	19.18003865	8.19E-33	68841.2811	84761.60485
CSR Expense	0.084311367	0.029976954	2.81253951	0.006088555	0.024719156	0.143903578

Source: Study Result

7.5.1 Interpretation of the Result (CSR & Loans)

The value of correlation coefficient or Multiple R is 0.290229689. It implies that the relationship between CSR amount & loan amount is not significant. The coefficient determination (r^2) for this study is 0.084233272 which implies that only 8% of the variation of loan amounts around the mean is explained by the CSR expenses. In other words, 8% of the values fit the model. It defines a weak relationship between these two factors. So, in this study, the independent variable is CSR expenditure & the dependent variable is loan amount. The relationship can be defined as-

$$y = \alpha + \beta x + error$$

Where,

y = Value of Loans, x= value of CSR

α = Mean Value of Loan when CSR Amount is Zero (Intercept Coefficient)

β = average change in Loans given a one unit change in CSR (slope of CSR)

From the regression result, the equation will be as following-

$$Y = 76801.44298 + 0.084311367x$$

So, from the model of CSR & deposits, CSR & loan it is clear that there is a very low impact of CSR in the deposit or loan amount for any commercial banks of Bangladesh.

7.6 Summary of Findings

From the average method of six CSR phases it has been found that there is a strong impact and influences of CSR in the brand trust of any bank. From the comparison among four banks having the highest & lowest CSR expense in 2013, we can see that in every aspect or phases of CSR DBBL & IBBL have significant value than BCBL & NCCBL. In 2013 DBBL & IBBL have spent the highest amount in CSR where BCBL & NCCBL has spent the lowest. So, from the average method it is very much clear that CSR has a great impact on brand trust as well as brand value as the customers believe the brand for its social responsibility nature.

From the regression analysis between CSR expenses & deposit amount, it has been found that there is a positive relationship between CSR expenses of a bank & the deposits amount. Though the relationship is not so strong but it can be said that there is a positive relationship. From the positive relationship it can be said that if a bank wants to have a handful amount of deposits it should focus on CSR expenses. From the study we have seen that 12% of the variation of deposit amounts around the mean is explained by the CSR expenses which is very much low. In case of loan amounts, there is a positive relationship between CSR expense & loan amounts also but the relationship is even weaker than that of CSR & deposits. Only 8% of the variation of loan amounts around the mean is explained by the CSR expense which is very insignificant to consider it as a relationship. In case of "Goodness of Fit" measures the model fits only 8% which is very much low.

So, for both deposits & loan amounts it can be said that only CSR expenses can not affect the amount of deposit or loan of any banks. It has a very low impact in case of the increase of the amount of deposits & loans for a bank.

Chapter – 8: Conclusion and Recommendation

8.1 Conclusion

The purpose of the study is to increase the general understanding on the Corporate Social Responsibility issues and electronics retail banking (especially ATM services) as tool of procurement and supply chain management to promote sustainability in banking sector of Bangladesh. CSR activities are not exact science because CSR activities actually depend on inerrant act of judgment which help organization to achieve long-term objectives such as build brand image , brand trust, create greater customer satisfaction and also improve financial health such as increase profitability, investment opportunity, growing the business & make long-term viable relationship in the market . From this study, it is found that most of the banks of Bangladesh are now participating in CSR & from the data analysis it has been found that there is a positive relationship between the CSR expenses & deposits & loans amounts. But the relationship is not significant at all. So, it can be said that to increase the amount of deposits & loans the increase of CSR expenses is not the major factor. There are many other important factors like the interest rate, economic stability have more impact on the increase of deposits & loans amounts. On the other hand, the relationship between brand trust or brand reputation and CSR expense has a significant impact. As result, we conclude that the commercial banks which perform CSR activities as a part of their social responsibility; it hasn't any significant relationship with the amount of deposits & loans because of the other factors related to deposit & loan amounts. Basically these banks perform CSR activities because of Bangladesh banks regulation, government, political party, different social group pressure. Besides they contributed to CSR activities to build their brand reputation and bring sustainability within the supply chain in long run. As a result, we can see a significant relationship in building brand trust by using CSR expenses. So as a tool of procurement and supply chain management CSR is quite efficient & successful in creating brand trust and reputation than increasing the amounts of deposits & loans.

Like all other organizations banks also face cost and other challenges: some are predictable and some unanticipated. Bank is looking for a way to navigate these challenges, identifies hidden business costs, enhance its' cash supply chain capabilities and improve productivity by uncovering

organization's insights that create opportunities for cost reduction, improving efficiency and mitigating risks—all without diminishing value. To reduce these costs and improve efficiency, retail banks need new methods. One good way to adopt a fresh perspective is by looking at how leading consumer business (CB) organizations efficiently move goods through their supply chains. By thinking of cash as goods, retail banks can apply proven CB strategies to reduce excess inventory, lower handling and processing costs, improve operating efficiency and optimize their network of ATMs. More critically, banks that manage their cash supply chain more effectively can also improve productivity and better position themselves to compete in the marketplace. Beside these Commercial banks will need to consider the factors that affect behavioral intention of the individual toward use of ATM services as well retail banking services and thus make an effective strategy to attract potential customers and repeat customers by enhancing customer satisfaction and improving operational efficiency which, in turn, will have a progressive impact on the downstream supply chain of retail banking sectors of the country.

8.2 Recommendation:

The Author recommended some possible ways based on this study for optimizing cash supply chain of banks ATM services and enhancing the Brand trust as well as brand reputation of banks in Bangladesh through implementing proper CSR activities. It is very important for the banks to have a clear idea about the customer needs and then design such services of CSR which can fulfill those needs of target groups. By thinking of cash as goods, banks can apply proven consumer business (CB) strategies to reduce excess inventory, lower handling and processing costs, improve operating efficiency and optimize the supply chain network of ATMs. This study found that proper research and development policies need to focus on relevant phases of CSR. Effective public relation activities should be administered rather than concentrating only on publishing newsletters and banks in Bangladesh should required to focus on some specific criteria of CSR that can differentiate them from others and bring profit. CSR not only effects on the external factors, but also effects on internal factors specially the inner environment, culture of the organization which ultimately attracts the customers. The corporate culture should be framed within a structured form or policies. This will help the bank to direct the employees about the proper ways of interaction with customers and with other employees and corporate code of conduct. In order to create positive Branding Image, banks should develop specific guidelines for managing customers in a systematic way. Effective customer relationship is considered as a part of CSR in the case of social phase. Effectiveness of customer relationship management will facilitate the smooth process of communication among management and customers.

References

- Agatiello, O.R. (2009), *The world is one and all things are in it*, Managerial Decision, 47(7),
- Aile,S., Bausys Z (2013) , *Corporate Social Responsibility And Financial Performance*.
- Alam, S., Hossen, M., & Hoque, S. (2010). "Corporate Social Responsibility of Multinational Corporations in Bangladesh: A Case study on Grameenphone". *Journal of Patuakhali University*.
- Amacanian, M. (2005, March). "The "Strategic implication of Corporate Responsibility and Sustainability in the UK Banking Sector". Retrieved November 2012, from <http://edissertations.nottingham.ac.uk/http://edissertations.nottingham.ac.uk/91/1/05MBAlixmca.pdf>
- Azad, M. A., & Bhuiyan, M. Z. (2012). *Assessment of CSR Performances in Some Selected Commercial Banks in Bangladesh . Asia-Pacific Business Research Conference*. Kuala Lumpur.
- Azim, M. (2009). "A study of Corporate Social Disclosure in the Finance Sector in Bangladesh". *Journal of Asia Pacific Business* , 13-14.
- Azim, M., Ahmed, S., & Islam, M. (2009). Corporate social reporting practice: evidence from listed companies in Bangladesh. *Journal of Asia-Pacific Business* , 130-145.
- Barnes, A. (2011, pp.1-89), *Corporate Social Responsibility and its effects on Brand Trust*, retrieved on October 18, 2014 from <http://scholarworks.umass.edu/>.
- Buhr, H., & Grafström, M. (2007). *The making of meaning in the media: The case of corporate social responsibility* in the Financial Times.
- Bangladesh Bank. (2012). *Bangladesh Bank Recent Reform Initiatives*. Dhaka: Bangladesh Bank.
- Bangladesh Bank. (2011, February 27). BRPD Circular No.02. *Policy Guidelines for Green Banking* . Dhaka, Bangladesh: Bangladesh Bank.
- Bangladesh bank. (2012). *Green Banking Activities*. Dhaka: Banking Regulation and Policy Department, Bangladesh Bank.
- Bangladesh Bank Financial Review. (2013)
- Bhattacharya, C., & Sen, S. (2004). Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives. *California Management Review* , 9-25.

Bouma, J. J., Marcel, J., & Leon Kilkers, K. (2001). *Sustainable Banking: The Greening of Finance*. Sheffield: Greenleaf Publishing.

businessnews-bd.com. (2012, January 02). "Mixed trend in Bangladesh's PCBs' operating profit in 2011" . Retrieved November 28, 2012, from <http://www.businessnews-bd.com>: http://www.businessnews-bd.com/index.php?option=com_content&task=view&id=5055

CSR a Marketing Tool, retrieved on October 17 2014 from http://www.business-standard.com/article/specials/csr-a-marketing-tool-112112600079_1.html

CSR Rating in Commercial Banks (CAMEL Rating), retrieved on October 2, 2014 from <http://www.thefinancialexpress.net/news-details.php?nid=285630>.

Delgado-Ballester, E. & Munuera-Aleman, J.L. (2001), *Brand trust in the context of consumer loyalty*, European Journal of Marketing, 35(11), 1238-5.

Delgado-Ballester, E. (2004), *Applicability of a brand trust scale across product categories: A multigroup invariance analysis*, European Journal of Marketing, 38(6), 573 – 92.

Ellen, P.S., Mohr, L.A. (2006), *Building corporate associations: consumer attributions for corporate socially responsible programs*, Journal of the Academy of Marketing Science, 34 (2), 147-57.

Frederiksen, C.S. (2010), *The relation between policies concerning corporate social responsibility and philosophical moral theories- An empirical investigation*, Journal of Business Ethics, 93(3).

Islam, R., S. Kumar, and P.K. Biswas. 2007. "Customer Satisfaction of ATM service: A Case Study of HSBC ATM." Working Paper University of Dhaka.

Jahan, T. (2010, pp.95-108), *Ethics In Marketing On Bangladesh Perspective: Study On Few Companies Of Bangladesh*, DIU, Journal of Business and Economics, Vol. 2, No. 2, retrieved on October 18, 2014 from www.ajcrnet.com/journals/Vol_2_No_2_November_2010/17.pdf

Kim, H.R., Moonkyu, L., Lee, H.T. & Kim, M.N. (2010), *Corporate social responsibility and employee-company identification*, Journal of Business Ethics, 95, 557-69.

Kotler spurs companies on CSR to solve social ills. (2012, March 2). The Daily Star, p.B1.

Khan, H., Halabi, A., & M, S. (2009). "Corporate Social Responsibility (CSR) Reporting: A Study of Selected Banking Companies in Bangladesh", *Social Responsibility Journal* , 52-67.

Masud, M. A. (2011). *CSR practices of private commercial bank's in Bangladesh:A comparative study*. Munich: University Library of Munich, Germany.

Pride, Elliot, Rundle-Thiele, Waller, Paladino & Ferrall (2006), *Marketing: Core concepts and applications*, Queensland, Australia: John Wiley & Sons Australia Ltd

Sen, S., Bhattacharya, C.B. & Korschun (2006), *The role of corporate social responsibility in strengthening multiple stakeholder relationships: A field experiment*, *Journal of the Academy of Marketing Science*, 34(2), 158-66.

Solihin, I. (2009), *Corporate social responsibility: from charity to sustainability*, Jakarta: Salemba Empat.

Turker, D. (2009), *Measuring corporate social responsibility: A scale development study*, *Journal of Business Ethics*, 85, 411-27.

Uddin, M.B., Hasan, M.R., & Tarique, K.M. (2008). *Three Dimensional Aspects of Corporate Social Responsibility*. *Daffodil International University Journal of Business and Economics*, Vol. 3, No. 1, January.

Werther, W. B., & Chandler, D. (2005), *Strategic Corporate Social Responsibility as Global Brand Insurance*, *Business Horizons*, 48, 317-324.

Wibisono, Y. (2007), *Concept and application of CSR*, Gresik: Fascho Publishing.

Yoon, Y., Gürhan-Canli, Z. & Schwarz, N. (2006), *The effect of corporate social responsibility (CSR) activities on companies with bad reputations*, *Journal of Consumer Psychology*, 16(4), 377-90.

Yeshmin, F. (2012). Visualization of Corporate Social Responsibility Information of Commercial Bank in Bangladesh. *World Journal of Social Sciences* , Vol. 2. No. 5., 114-127.

Zikmund, W. G. (2003). *Business Research Methods*, (8thed.). Thomson: South –Western.