

A Comparative Assessment of the Impact of Corporate Social Responsibility on Islamic Bank Bangladesh Limited.

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A thesis submitted to the department of Graduate school of management (GSM) in partial fulfillment of the requirements for the degree of MBA in Finance.

Department of Graduate school of management

Brac University

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Declaration:

It is hereby declared that

1. The thesis submitted is my/our own original work while completing degree at Brac University.
2. The thesis does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The thesis does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

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Abstract:

This research paper focusses on corporate social responsibility. I chose this topic because it is one of the most important topics in modern business, one that is rapidly evolving and widely discussed. In recent years, the banking sector has taken the lead in terms of corporate social responsibility in the country and CSR practices by banks have become an intrinsic component of their operations. CSR ensures a balance between economic and social aim in the optimal use of limited resources. In this context, the banking industry may make a significant contribution as part of their intermediation role Bank CSR activities not only raise their own standards, but also encourage other firms to be more socially responsible. The banking business may benefit from CSR positive effects on society as a whole, Notable on its customers. As a result, the importance of banks in pursuing acceptable CSR practices in society., particularly in a growing country like ours, must be highlighted. The majority of executives believe that corporate social responsibility may boost earning. They recognize that CSR can increase market respect for their organization, resulting in increased sales, increased employee loyalty and the recruitment of superior employees. CSR efforts that focus on sustainability issues may also save costs and increase efficiencies. I will use material from business news, publications official papers, data and survey to paint a clear picture of the scenario.

Acknowledgement:

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Contents

Abstract:.....	4
Chapter 1: Introduction:	8
1.1 Statement of the problem:	8
1.2 Objective of the report:	8
1.3 Literature review:.....	9
1.4 methodology:	10
1.5 Scope of the study:.....	10
1.6 Rational of the study:	10
1.7 Limitation of the study:.....	11
Chapter 2: Introduction of CSR:	11
2.1 Corporate social responsibility:	11
2.2 History of CSR:.....	12
2.3 Relevance of CSR in today:.....	13
2.4: The Global CSR situation:	14
2.5 Business areas that CSR cover:.....	15
2.6 Implementing CSR:	17
Chapter 3:CSR in Bangladeshi perspective:	18
3.1 Dynamics of Bangladeshi corporate social responsibility:.....	18
3.2 Bangladesh's CSR prospects and future:.....	19
3.3 Bangladesh CSR applications and realty:	19
3.4 Bangladesh's Good governance and CSR:.....	20
Chapter 4: CSR in Bangladesh's Banking sector:.....	21
4.1 Banks CSR practices:.....	21
4.2 CSR in Islamic bank:	21
4.3 Forms of CSR that are required in Islami bank:	21
4.4 Initiatives taken toward flourishing CSR:.....	23
4.5 CSR in conventional Banking:.....	25
4.6 Support measures for CSR from Bangladesh bank:.....	26
Chapter 5: Analysis:	26
5.1 Analysis of CSR activities of sample banks at glance:	26
5.2 Total contribution of CSR of five banks:.....	26

Chapter 6: Impact of CSR on business and profit:	27
6.1 Impact of CSR on profitability of Bank:.....	27
6.2 Corporate social responsibility and financial performance:.....	27
6.3 Effective CSR initiatives can lead to profits:	28
6.4 Potential Business benefits:	29
Management of risk:	29
Operational license:	30
Chapter 7: Findings:	30
Chapter 8: Recommendations:	31
Chapter 9: Conclusions:	32
Chapter 10: References:	33

Chapter 1: Introduction:

They recognize that CSR can boost their company's reputation in the marketplace, resulting in increased sales, increased employee loyalty, and the recruitment of better employees. CSR efforts that focus on sustainability issues may also help to save expenses and increase efficiency. I'll draw on business news, publications, official papers, data, and surveys to paint a clear picture of the scenario. Business firms, like everyone else, have their own social duties to society. The concept is that a company has social responsibilities in addition to producing a profit, which is what corporate social responsibility is all about.

However, despite the fact that it is extensively practiced internationally, Bangladesh continues to lag behind. The disparity between international standards and Bangladeshi practice demonstrates the country's shortcomings and potential for progress. This report was written as part of the thesis requirements. CSR is a method of discussing the scope of any obligations a business has to its immediate society, as well as a method of presenting policy suggestions for meeting such commitments. It is also a tool for identifying the benefits to a firm of satisfying those obligations.

CSR, according to the majority of executives, can boost earnings. They recognize that CSR can boost their company's reputation in the marketplace, resulting in increased sales, increased employee loyalty, and the recruitment of better employees. CSR efforts that focus on sustainability issues may also help to save expenses and increase efficiency.

1.1 Statement of the problem:

To make consequence more specific we have focused different sectors. Those are:

1. Corporate social responsibility by banks.
2. Corporate social responsibility is an expenditure or investment for the bank.
3. Corporate social responsibility increases profit or not?
4. Corporate social responsibility practices in banks of Bangladesh.
5. Corporate social responsibility impact on society.

1.2 Objective of the report:

1. To get a better understanding of bank CSR activities.

2. Recognize whether CSR is a cost or an investment for the bank.
3. To determine whether CSR increases profit or not.
4. To comprehend the significance of CSR our culture.

1.3 Literature review:

Clearly, social responsibility encompasses the responsibilities of individuals, groups, society, and businesses. This begs the question: why is there greater interest in, and debate about, business social responsibility than other organizations' social responsibility? It is, of course, legitimate to bring up the topic of corporate social responsibility. However, we hear far less about the social responsibilities of institutions such as churches, the media, labor unions, professions, universities, and even the government. Do impersonal legal entities acquire social duties that differ from those of other collective entities when people collectively organize themselves in organizations of various kinds? Many people are suspicious of the profit motivation, believing that gains are only obtained through exploitation.

They are concerned that free enterprise promotes greed and self-interest. They are hesitant to accept Adam Smith's renowned invisible hand argument, which states that business executives can better serve the public interest by following their own interests rather than directly attempting to "do good." This, I believe, is why we hear so little about the social obligations of churches, charities, and other organizations. Business, on the other hand, is thought to have a problem with its social duties due to profit considerations.

As a result, Corporate Social Responsibility (CSR) can be defined as the voluntary integration of social and environmental issues into corporate operations and interactions with business relevant groups. CSR is defined by the following characteristics in general:

1. Initiatives that go beyond legal requirements and contractual commitments on a voluntary basis.
2. Activities that benefit employees, relevant business groups (including society as a whole), or the environment.
3. With a favorable impact on the individual target group while limiting negative consequences for other groups (include environment).

4. Improve access to capital.
5. Improve the image of the company.
6. Identify previously untapped commercial prospects, such as new markets.
7. Save money.
8. Motivate, retain and attract personnel.

1.4 methodology:

Descriptive research is the type of study I am conducting. I simply want to demonstrate the importance of corporate social responsibility and its potential in our society. I also try to demonstrate that CSR is a cost or an investment for a bank. I am going to undertake a qualitative analysis for this.

Data collection:

For the completion of the present study, secondary data will be collected. The main sources of secondary data are:

1. Books and journals.
2. Bangladesh bank guideline.
3. Annual reports of different bank.
4. Different websites.

1.5 Scope of the study:

The report will cover the present state of corporate social responsibility and future prospect of it. It will show the different kind of social responsibility done by the banks of Bangladesh. I want to show that the CSR practices in banks increases profit or not. The report will find out the CSR activities are expenditure or investment for a bank.

1.6 Rational of the study:

Many studies have found a correlation between profitability and corporate social responsibility. Early research looked at whether socially responsible behavior interfered with economic maximization. The answer was a loud no, at least if you looked at the big picture. Because responsible behavior generates a reputation that attracts consumers and excellent staff and leads to

corporate culture that recognizes opportunities, that good corporate citizen makes more money in the long run. The narrative is familiar to everyone who read this column. Look at any list of ethical, green or sustainable companies and you will see a slew of blue chips that have rewarded investors with years of growth and prosperity.

1.7 Limitation of the study:

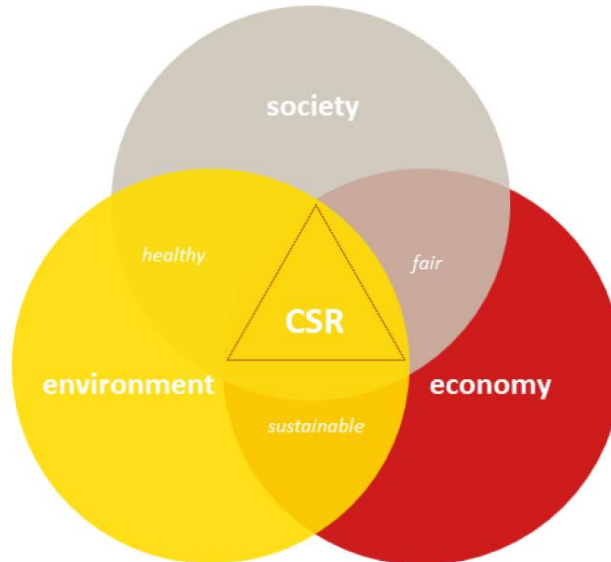
I have tried my utmost best to prepare this paper but there are some limitations of the study. This are:

1. Confidentiality of data of different institution makes it more complex.
2. There is no direct information about CSR and its impact on profit.
3. Unavailability of specific information.

Chapter 2: Introduction of CSR:

2.1 Corporate social responsibility:

CSR's full meaning can be deduced from the three terms in its name: "corporate," "social," and "responsibility." As a result, CSR encompasses the responsibilities that companies (or other for-profit organizations) have to the societies in which they are headquartered and operate in broad terms. CSR entails a company recognizing its stakeholder groups and incorporating their needs and values into its strategic and day-to-day decision-making processes. As a result, depending on the industry in which the firm operates and its perspective, the 'society' within which it operates, which specifies the number of Stakeholders to whom the organization has a 'responsibility,' may be broad or narrow. Corporate initiative to analyze and accept responsibility for the company's environmental and social welfare impacts. The word refers to company activities that go above and beyond what authorities or environmental groups may require. Corporate social responsibility, sometimes known as "corporate citizenship," entails incurring short-term costs that do not directly benefit the corporation but instead promote beneficial social and environmental change.



Companies wield a great deal of influence in both the local and national economies. They have a lot of money and might have billions of dollars to put towards socially aware initiatives and projects. Although some companies engage in "green washing," or feigning interest in corporate responsibility, many large corporations are devoting real time and money to environmental sustainability programs, alternative energy/cleantech, and various social welfare initiatives that benefit employees, customers, and the community at large.

2.2 History of CSR:

Industry has a long history of social and environmental concerns that predates trade and business itself. Commercial logging operations, for example, may be dated back nearly 5,000 years, as can legislation to protect forests. Around 1700 BC, King Hammurabi of Ancient Mesopotamia enacted a law under which builders, innkeepers, and farmers might be put to death if their negligence resulted in the deaths of others or substantial discomfort to local citizens. Senators in Ancient Rome moaned about enterprises failing to pay enough taxes to fund their military campaigns, while angry stockholders in the Dutch East India Company began circulating pamphlets in 1622 protesting corporate secrecy and "self-enrichment." The effects of business on society and the environment took on a whole new dimension with the advent of industrialization. Some of the money of the late nineteenth and early twentieth century's "corporate paternalists" was utilized to promote humanitarian endeavors.

By the 1920s, conversations regarding business's social obligations had matured into what we now identify as the “modern” CSR movement. 'Business began long millennia before the birth of history, but business as we now know it is new - new in its widening extent, new in its social significance,' said Wallace B. Donham, Dean of Harvard Business School, in a speech delivered at Northwestern University in 1929. Business hasn't figured out how to deal with these shifts, and it hasn't grasped the scope of its obligations for the future of society.'

These statements still ring true over seventy-five years later. Although there are some new worries regarding the role of business in society today, such as online "spam" and genetically modified foods, many of the topics being debated today are similar to those that were being debated in the 1920s. There's a risk that, like sex, social and environmental concerns about business will become an issue that every new generation believes it has figured out. The interactive timelines below detail the evolution of our environment's history, business corporations' history, the concept of sustainable development's evolution, and the history of business law and socially responsible investment as forces attempting to shape business's social and environmental impacts.

2.3 Relevance of CSR in today:

Because of three distinct themes, CSR as a strategy is becoming increasingly crucial for firms today:

Increasing affluence:

Wealthy people can afford to pick and select what they buy. A society that is in desperate need of jobs and inward investment is less likely to impose severe laws and penalize businesses that might transfer their money and business elsewhere.

Changing consumer and societal expectations:

Consumers and society as a whole expect more from the companies whose products they purchase. This feeling has grown stronger in the wake of recent corporate scandals, which have eroded public trust in firms and weakened public confidence in regulatory authorities and organizations' ability to rein in corporate excess.

Globalization:

As the media's influence grows, any corporate "mistakes" are brought to the public's attention almost immediately. Furthermore, the Internet facilitates communication among like-minded groups and consumers, allowing them to propagate their message and coordinate collective action (i.e., a product boycott). Consumers today are better informed and feel more empowered to act on their beliefs. Bottom-up, grassroots initiatives are increasingly shaping the market parameters within which firms must function from a corporate perspective. NGOs and consumer advocates are fueling, and in some cases driving, this shift in the customer-company relationship.

Because brands are founded on impressions, ideals, and notions that usually appeal to higher values, CSR is especially crucial in a globalizing society. CSR is a method of aligning company operations with stakeholder values and needs, which are always changing.

2.4: The Global CSR situation:

CSR is already an important aspect of modern business in industrialized countries. Many firms have admitted this because of social pressure as well as their personal stand in this topic. I'll give you a few examples: Obesity was blamed on food producers, who were forced to adjust their production practices and marketing strategies (Kraft Foods had to cut down fat and sugar in its food, limit portion sizes and stop marketing in schools).

The world's biggest footwear and clothing brands, including Levi Strauss, Nike, and Reebok, have had a lot of problems because of their factories in developing countries, and they now have special independent audits of their supplier factories to increase supply chain transparency and work hard to improve terrible labor standards.

A combination of investors and the British government put pressure on British oil and mining companies to make their payments to developing countries public in order to combat probable corruption. Even the banking industry has been required to refrain from lending money to projects that are socially or environmentally problematic.

Practically all of these compromises were made in order to preserve the company's good name and avoid losing market share. Consumers are increasingly concerned not just with the brand, but also with the company's social activity. If the company's policy does not suit them, some of them are even willing to change their preferences.

The development of CSR is also a concern for the government and social organizations. An international standard on CSR ISO 26000 is currently being developed. It is being prepared by 426 specialists from 84 countries. It will not be mandatory for all businesses; the CSR principle will remain voluntary, but it will be heavily encouraged and valued.

2.5 Business areas that CSR cover:

In today's global climate, CSR is a critical component of corporate strategy. CSR encompasses all areas of a company's daily activities. Everything a company does connects with one or more of its stakeholder groups in some way, and firms today must develop a brand that is impenetrable to all stakeholders.

The appeal and success of a company today is intimately tied to the strength of its brand, whether as an employer, manufacturer, buyer, supplier, or investment. Because all constituent groups' requirements must be considered, CSR has an impact on all parts of a corporation's activities.

In the views of all stakeholder groups, each area builds on the others to produce a composite of the firm (its brand). All of them deal with difficulties related to the company's perception, and thus its brand, in the eyes of one or more of its stakeholder groups in some way:

1. Trade practices that are fair:

Companies in certain industries have been compelled to pay a 'fair' price for the items they buy directly from the producer, in addition to the market-driven price. This is especially true in many food businesses, where international market prices may have fallen over time while expenses have stayed constant or increased.

2. Corporate governance:

Transparency is essential for fostering trust in the executives chosen to lead a firm on behalf of its shareholders. It's also crucial for sustaining trust among other stakeholders and the broader public. Accurate financial statements, CEO compensation, and independent monitoring have all become increasingly critical for businesses to get right.

3. Patriotism:

The current trend of firms wanting to avoid paying corporation tax, with some even going to the pains of forming off-shore, is an excellent illustration of an issue that fits into this category.

4. Relationships and community engagement:

By implementing extensive and effective corporate social responsibility programs, banks are engaging and bonding their relationships with the community. Typically, banks participate in a variety of community development projects for the benefit of the community's residents, such as assisting the poor in obtaining an education, assisting the handicapped, and cultivating long-term ties with them by inviting them to various cultural events.

5. Resolving cultural conflicts:

Typically, banks and financial institutions offer a variety of cultural and national programs and ask members of the public to participate and enjoy them. As a result, they assist people in interacting with one another and minimizing cultural problems.

6. Everyday operation:

Companies that participate in the CSR program are expected to do business in an ethical and socially responsible manner. Their commitment to the activities increases the environment's long-term viability and contributes to the social and biological environments of the countries in question. They are also concerned about improving workplace conditions and issues so that internal employees feel at ease and like working for the firm.

7. Relationship between stakeholders:

To keep their operations running effectively, firms must develop and maintain long-term relationships with a variety of external and internal partners. The following are the parties involved in the external and internal environments: External parties: External parties are those who reside outside the organization

- ✓ Example of external parties:
- ✓ Investor

- ✓ NGOs
- ✓ Government
- ✓ Media (Print and electronic)
- ✓ Customer community

2. Internal Parties: Internal parties are those who reside inside the organization.

- ✓ Example of internal parties:
- ✓ Employees
- ✓ Suppliers
- ✓ Distributors.

8.Profit:

By implementing CSR policies companies can increase their long-term profit. Question may arise how this is possible? Answer is Very simple – by implementing CSR program bank can improve the brand loyalty and which increase the level of customer base and cross sell their products and services to their loyal customer. In this way the companies can their profit and market share in the long run.

9.Diversity:

Organizations must modify their conventional structures and mindsets, which restrict them from effectively selling their products to key market segments. CSR (the extent to which an organization's decisions reflect the values and requirements of customers and other stakeholders) can infiltrate every business decision. Equal treatment of men and women is one sub-area of the subject of "diversity."

2.6 Implementing CSR:

The following are important actions to take on the route to integrating CSR into all parts of operations:

- Ensure that top management's commitment, notably that of the CEO, is communicated throughout the organization.

- Develop partnerships with all stakeholder groups and interests. Appoint a CSR role at the strategic decision-making level to manage policy creation and execution (particular relevant NGOs).
- Incorporate a Social or CSR Audit within the annual report of the company.
- Ensure that the organization's remuneration system encourages the CSR principles that have been established, rather than focusing just on the bottom line.
- Any anonymous feedback/whistleblower mechanism that is ideally monitored by an outside party.
- The CSR Officer will be able to operate more effectively with the help of the Ombudsperson.

Chapter 3:CSR in Bangladeshi perspective:

3.1 Dynamics of Bangladeshi corporate social responsibility:

CSR (Corporate Social Responsibility) is a relatively new phrase that has received a lot of traction recently. Hundreds, if not thousands, of businesses have adopted "ethical policies" or "codes of conduct" stating their intentions. Companies are increasingly joining programs such as the United Nations Global Compact and the Fair Labor Association. They're joining organizations like the World Business Council for Sustainable Development and Corporate Social Responsibility Europe.

There are numerous conferences and 'initiatives' on both sides of the Atlantic where corporate 'CSR Executives,' some from corporations with a lengthy anti-union history, meet with campaigns, NGOs, and even trade unions. Consider the case of McDonald's. After two campaigners questioned the hamburger corporation's corporate practices in the 1990s, the company went through a protracted and laborious libel court action in London.

3.2 Bangladesh's CSR prospects and future:

Bangladesh is a country in the process of evolving. CSR practices and standards are being introduced in Bangladesh because to global competitiveness and demand. However, we still have a long way to go. In Bangladesh, it is difficult to properly execute CSR. Finally, CSR procedures in Bangladesh should be improved in order to achieve better results. Fara Azmat and Ken Coghill discuss the good governance indicators of regulatory quality, rule of law, and corruption control in the context of Bangladesh in their publication "Good Governance and Market-Based Reforms: A Study of Bangladesh," and analyze how the lack of good governance indicators affects the success and sustainability of reforms and contributes to CSR.

3.3 Bangladesh CSR applications and reality:

In Bangladesh, corporate social responsibility (CSR) principles and practices have a long history of humanitarian actions dating back to the dawn of time. Donations to various charitable groups, underprivileged individuals, and religious institutions were among the philanthropic endeavors. Until date, the majority of firms in Bangladesh have been family-owned and operated by first-generation entrepreneurs. In many cases, they are active in community development work as a type of charity without any defined policy on spending or any concrete motive for financial benefit.

Furthermore, the majority of SMEs are in the informal sector, with a lack of management structure and resources to deal with social and environmental challenges. These constraints lead local company executives to focus solely on profit maximization rather than doing business with the triple bottom line in mind: profit, planet, and people.

In general, the state of labor rights, environmental management, and corporate governance transparency in Bangladesh is not satisfactory, owing to a lack of implementation of current laws and insufficient pressure from civil society and interest organizations such as Consumer Forums. As CSR activities become more incorporated into international business operations and so become one of the determining factors for market access, it is also becoming more important for local acceptability.

Not only would an emphasis on CSR be beneficial for enhancing corporate governance, labor rights, workplace safety, fair treatment of workers, community development, and environmental management in Bangladesh, but it would also be beneficial for industrialization and securing global market access. Because CSR comprises working with stakeholders, it is critical to start from the inside and diagnose the stakeholders' concerns in order for CSR to become really integrated in businesses. Many aspects of CSR are now practiced in Bangladesh. Export is a major source of income for SMEs.

Employees in the RMG sector have recently launched an industry-wide initiative to assert their rights. Recruiting firms take advantage of overseas workers, forcing these rural and mostly illiterate individuals to sell all of their possessions and become paupers, or borrow money at exorbitant interest rates.

3.4 Bangladesh's Good governance and CSR:

In broad terms, Corporate Social Responsibility (CSR) is defined as "the firm's obligation to use its resources in ways that benefit society, through committed participation as a member of society, taking into account the welfare of society at large, and improving the welfare of society at large independent of direct company gains."

In Bangladesh, the private sector appears to be focused on making short-term profits while ignoring the issue of responsible behavior and the importance of establishing consumer trust, both of which are critical for the long-term success of their operations.

The prevalence of contaminated, low-quality products being sold at exorbitant costs, as well as underweight and, most importantly, stockpiling to make a dishonest profit, all prove this. In the absence of socially responsible behavior in the private sector, the state's capacity to intervene and successfully apply sanctions to enforce compliance must be strengthened.

Furthermore, private-sector entrepreneurs lack skills and are ineffective and incompetent to benefit from the open economy. The government has recognized the need for private sector education and is implementing various initiatives. However, this is not done on a wide basis, and the opportunity for NGOs to be involved in educating the private sector on business ethics and corporate social responsibility concerns is not fully utilized.

Chapter 4: CSR in Bangladesh's Banking sector:

4.1 Banks CSR practices:

CSR (Corporate Social Responsibility) is quickly becoming a global norm for assuming ecologically sustainable and socially equitable company operations. The role of business has changed from a profit-making strategy to a socially responsible approach throughout the world, particularly in industrialized economies.

CSR as a concept is progressively becoming ingrained in the minds of local businesses, although the process is slow and in its infancy. The majority of the time, CSR practices are not articulated in the context of ensuring that the money contributed as corporate gifts is used to support a long-term community development initiative. Bank CSR spending has generally taken the form of passive grants and gifts so far.

4.2 CSR in Islamic bank:

As envisioned and profoundly embedded in the Shariah objectives, Islamic banking aspires for a just, fair, and balanced society. As a result, various prohibitions (e.g., interest, gambling, excessive risks, etc.) are in place to ensure a level playing field and promote social peace by protecting the interests and advantages of all parties engaging in market transactions. Financial performance in a Shariah-compliant bank is attaining social justice through profitable investments that share earnings with investors and borrowers.

Increased profits, customer loyalty, trust, positive brand attitude, and combating negative publicity are all well-documented in CSR reports, which go beyond profit maximization to include the company's responsibilities to a broad range of stakeholders including employees, customers, community, and the environment. CSR can be used to improve a company's reputation and profitability by demonstrating to the different stakeholders with whom it interacts that the company is committed to achieving its moral commitments and expectations beyond what is required by law.

4.3 Forms of CSR that are required in Islami bank:

Investment Screening:

Islamic banks should not put their money into businesses that participate in prohibited Islamic activities. They should have a clear policy describing how they will screen investments and how thorough they will screen them. All six example Islamic banks in Bangladesh engage in authorized activities while attempting to stay away from those that are prohibited. This situation is represented in the sample banks' investment portfolios.

Shariah Prohibits Earning

Earnings from impermissible activities are impermissible for use in the bank's operations. Because the sample banks participate in legal activities, they are able to insulate themselves from earnings that are prohibited by Shariah, as evidenced by the various earning sources stated in the banks' income statements.

Dealing with Clients in a Responsible Manner

Islamic banks must follow Islamic instructions for dealing with debtors in a significant way. The sample banks strive for as much softness as feasible in this regard. However, because they deal with people's money and must defend depositors' interests, it might be challenging for them in some situations.

Employees

It is the responsibility of the Islamic bank to treat all employees fairly and with justice. It is preferable if they maintain a policy of treating employees fairly. It's impossible to assess this issue without doing a direct survey of staff, although all of the sample banks have a service policy in place for their personnel.

Zakat:

In Islam, Zakat is given priority in all situations. It has been designated as one of Islam's five essential moralities. As a result, every Islamic bank should set up a Zakat fund to collect and pay Zakat. To comply with Shariah standards, all of the banks in this study's sample maintain a Zakat fund.

Reduction of environmental impact:

to ensure that both banks and their clients avoid investments that are damaging to the environment.

Client and contractor screening:

Customers should be checked and agreements with Islamic banks should be arranged to guarantee that their actions are in accordance with Islamic principles.

Customer service at its best: Clients should receive the finest service available from banks.

Micro and small-scale enterprise as well as social savings and investment: to help the disadvantaged and underserved sectors of the economy.

Employee well-being: Employees' socioeconomic conditions should be improved by Islamic banks.

Charitable activities: Islamic banks should donate to charity to the utmost extent possible.

4.4 Initiatives taken toward flourishing CSR:

- **CSR Desks in Banks**

Banks are one specialized area that probably is on the forefront of practicing CSR in Bangladesh. But what has been missing, so far, is that there was no institutional shape in catering the CSR services by most of the banks

Things are changing rather fast now for the better. As recent as December 21, 2010 the central bank issued a circular asking the scheduled banks to set up dedicated contact points to maintain proper communication about CSR with all concerned. This is one big leap forward towards institutionalizing CSR activities in the banking arena. Setting up of CSR desks in all banking intuitions would, no doubt, usher in a new vista of hopes and aspirations. But all these changes have not taken place automatically. There has been motivation, intervention from different catalysts, actors. Development organization – Management and Resources Development Initiative (MRDI) played a catalytic role behind such a policy intervention where banks are now being asked to be more proactive and make focal points in each institution for catering CSR services.

The December 21, 2010 circular of Bangladesh Bank was an expected follow-up of that commitment made by the central bank chief. This initiative, that MRDI takes great pride for being a party of it, would not only encourage the banks further, but also bring in accountability and discipline in operating CSR activities.

- **CSR Tax Break Revision**

Corporate entities and other actors have long been discussing about the need for extending policy support to corporate sector for encouraging and further strengthening CSR activities. Realizing the potentials of CSR in complementing the national development goals, the government decided to allow tax rebate on CSR activities.

National Board of Revenue (NBR) issued a Statutory Regulatory Order (SRO) in 2009 providing 10% tax break for CSR activities in 15 specific areas of social development with some terms and conditions that the concerned companies are to comply with.

In July 2010 NBR issued a revised SRO in which many of MRDI's recommendations were accommodated. The revised SRO has made it much easier for the corporate sector to claim tax rebate on their investment in CSR. MRDI takes it as a remarkable success being a part of formulating and revising an important public policy.

Now CSR tax breaks can be enjoyed by providing supports to as diverse areas as water and waste management to a-forestation, city beautification to slum dwellers' habitation projects. There are many areas too like minimize public sufferings as consequences of natural disasters, running old age home, education to destitute children, welfare of mentally and physically challenged, treatment of cleft lips, cataract, cancer, leprosy, donation to specialized hospitals etc.

- **Mainstreaming CSR to Address Poverty (MCAP)**

The MRDI launched a project titled "Mainstreaming CSR to Address Poverty (MCAP)" in April 2008 with support from the Manusher Jonno Foundation (MJF) with the goal of developing an innovative and sustainable model of CSR funding by establishing an accountable arrangement of corporate houses for poor and vulnerable people.

Under this initiative news contents of selected newspapers TV channels of certain timeline were monitored to find needs of the community that can be addressed by CSR efforts. Different priorities were selected from among the news stories reported in the media.

Officials of 49 corporate houses were interviewed to know their CSR policy and programs. MRDI teams of journalists and researchers performed investigations in the chosen locations using questionnaire interviews, focus group discussions, and key informant interviews, as well as developing independent intervention projects.

Video documentary of these projects were presented at a grand event in Dhaka in presence of business leaders, policy makers, development partners, media and civil society representatives. Later, more presentations were made in Dhaka, Chittagong and Khulna.

4.5 CSR in conventional Banking:

Bangladesh's commercial banking sector dominates the country's financial sector. Bangladesh has 61 banks, with 43 being private commercial banks (PCBs), four being nationalized commercial banks (NCBs), nine being foreign banks, and nine being development banks. Out of the 61 banks, 46 are engaged in CSR initiatives. In truth, Bangladesh's banking sector has a long history of charitable efforts, including donations to charitable organizations, poor people, and religious institutions, city beautification initiatives, and patronizing art, culture, sports, and education, among other things. The first few banks to implement the concept of CSR in Bangladesh's banking industry include Dutch-Bangla Bank, Prime Bank, Brac Bank, and Southeast Bank. Since CSR is rapidly gaining global acceptance as a standard of socially equitable business practices, the role of business has shifted from a traditional 'profit maximization' approach to a 'socially responsible' approach, in which a broader and inclusive sense suggests that businesses should be responsible not only to their stockholders, but also to their stakeholders as a whole.

It's worth noting that some of these banks' CSR initiatives are very commendable. For example, the Dutch-Bangla Bank has a long history of granting scholarships to physically challenged, underprivileged, and deserving students who have completed competitive tests at various levels.

Under its Smile-Brighter program, the bank has organized free surgical operations for children and adolescents with clubfeet and plastic surgery operation camps. Over the years, Standard Bank has helped people by establishing a temporary eye treatment program and distributing cheques to 20 war-wounded independence fighters.

4.6 Support measures for CSR from Bangladesh bank:

- ✓ 6% interest subsidy paid by BB on behalf of Government of Bangladesh to banks in exchange for concessional loans to pulse/spice growers, corn/oil seed harvesters, salt cultivators, and others.
- ✓ Bangladesh Bank offers several own as well as donor-financed SME refinance lines for banks to promote small and medium-scale industrial firms under some unique plans and programs.
- ✓ Banks have access to additional Bangladesh Bank refinance lines to use against their processing lending.

Chapter 5: Analysis:

5.1 Analysis of CSR activities of sample banks at glance:

In recent years, the banking sector has taken the lead in terms of corporate social responsibility (CSR) in the country, and CSR practices by banks have become an intrinsic component of their operations. CSR ensures a balance between economic and social aims in the optimal use of limited resources. In this context, the banking industry may make a significant contribution as part of their intermediation role. Banks' CSR activities not only raise their own standards, but also encourage other firms to be more socially responsible.

The banking business may benefit from CSR's positive effects on society as a whole, notably on its customers. As a result, the importance of banks in pursuing acceptable CSR practices in society, particularly in a growing country like ours, must be highlighted.

5.2 Total contribution of CSR of five banks:

CSR is a unique tool for creating a positive image of the bank in the minds of customers. It assists a bank in demonstrating that it is a customer-oriented bank rather than a profit-driven bank. The graph above demonstrates that IBBL's performance is the best among the selected banks in this regard. It indicates a steady increase in spending in this area over time. Despite having the lowest level of expenditure, Sonali Bank has been steadily increasing. The spending of Brac bank is the greatest of these three banks. Big companies use CSR because it increases profitability. Which is only known by some of the executives and managers who use critical research.

These executives believe that corporate social responsibility (CSR) may boost earnings. They recognize that CSR can increase market respect for their organization, resulting in increased sales, increased employee loyalty, and the recruitment of superior employees. CSR can also save cost and increase employee efficiencies.

Chapter 6: Impact of CSR on business and profit:

6.1 Impact of CSR on profitability of Bank:

For past decade companies have joined with people to invest in socially responsive event, that shows company customer that they care about the world and wish to reduce poverty and improve living standards. Although these acts are admirable, company use this event to identify market trends and introduce new market product.

6.2 Corporate social responsibility and financial performance:

In the literature, there are two distinct themes in defining CSR: the first tries to describe CSR from the perspective of social issue management, and the second aims to identify the additional duties of a corporation beyond making a profit. CSR refers to an organization's ethical and legal commitments and responsibilities to its stakeholders. These obligations and concessions stem from the enterprise's impact on social, labor, environmental, and human rights issues.

CSR comprises aligning company behavior with present social norms, values, and performance expectations, as well as anticipating emerging societal demands before they become legal requirements. CSR usually choose a topic to work with. This topic can be employee treatment, local community support group, performance of environment, ethical conduct and human rights.

CSR refers to a company's ongoing commitment to act ethically and contribute to economic development while also improving the quality of life of its employees and their families, as well as the community at large. Examples of CSR include developing recycling programs, charity and promoting minority employment. Though these actions undoubtedly benefit society, opinions differ on whether CSR activities improve a company's financial performance.

6.3 Effective CSR initiatives can lead to profits:

Many corporations have joined the crowd in the last decade and invested in socially responsible efforts to show their customers that they care about the world and believe it is wise to alleviate poverty and enhance society's living standards. While these acts are admirable, astute businesses will recognize that regular interactions with stakeholders on CSR projects can help them spot market trends.

Greater earning can be achieved CSR initiatives:

Customers can give ideas for new goods, processes, and markets through regular interactions with customers through CSR activities, allowing the company to anticipate and respond to societal changes in the environment. Knowledge frameworks concerning new creative ways of working can be developed, and market opportunities can be recognized. In essence, CSR activities can be utilized as a "sensor" for spotting fresh ideas that can be turned into chances for value creation, resulting in higher revenues for the company while also benefiting society.

No ready tailored package:

Connecting with customers using social media platforms. However, it should not be mistaken for a ready-made bundle. Applications change quickly, so it's important to think about the capabilities of each platform and the type of message you want to send first.

Organizations can use Facebook, for example, to test new product improvements or services. Participants' ideas can then be posted on blogs in the form of verbal descriptions and visual designs. Groups dedicated to certain business products or concepts might be formed, and conversations and debates could be supported to gain a better understanding of customer perspectives and demands. Finally, the implementation of these activities may lead to firms creating social innovation

products that actually solve societal needs and contribute to the improvement of organizational behavior in a socially responsible environment.

6.4 Potential Business benefits:

The internal definition of CSR can differ from the rigorous "stakeholder impacts" definition employed by many CSR supporters, and will frequently incorporate philanthropic endeavors and volunteering. CSR can be housed within an organization's human resources, business development, or public relations departments, or it might be granted its own unit reporting to the CEO or, in rare situations, the board of directors. Without a clearly defined team, some firms may implement CSR-type values.

One or more of the following arguments will most likely be used to make a business case for CSR:

Human resources:

CSR programs help with recruitment from competitive graduate student's market. In the recruitment interview student are ask to talk about company CSR policy. If the graduate knows about this strategy, they can have advantage over other. CSR can also boost employee view on the company.

Management of risk:

Risk management is a key component of any firm or company. This includes environmental climate, corruption scandals. This can have major effect on company reputation. This disaster can be evaded by doing that what is necessary.

Brand differentiation

To beat the market competition company, need to provide with product that are different from others. This way company can have competitive advantage over others. CSR can provide companies with establish customer loyal that believed in ethical ideas.

Operational license:

Government can restrict any company with tax cut or put on restriction on the business. To avoid this company can make social advertise that they are serious about people health and safety by making different voluntary initiatives. This can make company who are working on the foreign ground that are welcome to because of their decent labor standards and environmental concerns..

Chapter 7: Findings:

Corporate Social Responsibility (CSR) has gotten a lot of attention in recent years all across the world. Stakeholder expectations of the firm have shifted in recent years, ranging from maximum profits to high levels of CSR (CSR).

- It is true that banks are increasing their CSR spending, but not at the same rate as their earnings.
- Different organizations' CSR efforts in Bangladesh are mostly focused on poverty reduction, healthcare, education, charitable activities, cultural enrichment, youth development, women empowerment, and sponsoring sports and music, among other things.
- Another finding of the survey is that every bank pays close attention to and takes into account education and health issues. Education received the most funding from all of the study's banks, with health coming in second. Another key point is that banks are especially concerned about contributing to natural catastrophe and disaster management, particularly in areas affected by cyclones (Aila)* and floods. Every bank made a contribution to our Prime Minister's Relief Fund, which was set up to help flood victims.
- Additionally, CSR efforts that focus on sustainability issues may reduce costs and enhance efficiencies.
- Corporate Social Responsibility (CSR) is a strategy for achieving long-term and sustainable economic value by responding to massive unmet societal needs.
- Commercial banks, in particular, play a key role in conducting numerous social and philanthropic programs to assist the country's poor.

- Banks have concentrated their CSR operations in the areas of market place, work place, community, and environmental policy to support their CSR initiatives.
- Profitable CSR projects are possible.

Chapter 8: Recommendations:

CSR is now a demand from the public on organizations. However, our private CBs' CSR contributions include not only corporate responsibility but also tax benefits. When Bangladesh Bank suggested that all banks assist flood-affected individuals, their contributions would be considered as CSR activities, the rationale was obvious. In our country, CSR disclosure is not required, but it is a part of the financial statement that is included in the annual report.

- Collecting all types of CSR information from yearly reports was quite difficult during the study period. The biggest drawback was a lack of detailed information about CSR, where there was some information but no precise amounts, areas, or other details.
- A few banks provided dollar amounts in various categories. The majority of banks used other activities, but there was little information about what areas and how much money was used. Surprisingly, a few banks employ Milad, annual picnics, concerts, branch openings, and anniversary activities as CSR initiatives.
- Our private CBs are very cognizant of CSR performance, as evidenced by the study, and their contributions are increasing year after year. As a result, banks should disclose how much of their profit will be allocated to CSR.
- Why Banks should devote a significant amount of their profits to CSR initiatives. They should broaden their contributing areas, as 45 percent of them have no participation. They have made the greatest contribution to education and health, but this is insufficient.
- So, every bank should follow the practices of DBBL. Finally, we like to say our private CB's CSR practices aren't good enough but it is increasing that will be enlighten our society as well as banks growth.

- As a result, every bank should follow DBBL's practices. Finally, we like to remark that our private CB's CSR policies aren't good enough, but they are improving, which will benefit both our society and banks' growth.
- The government or regulatory organizations should provide universal norms and regulations for CSR practices in the banking industry.
- Why Banks should be excluded from paying taxes on any social contributions they make. As a result, the social contribution will steadily increase.

Chapter 9: Conclusions:

CSR, or Corporate Social Responsibility, has been the hottest buzzword among businesses in recent years. This refers to corporations' practice of "giving back" to society in the form of programs that aid society's least fortunate people. They can take the shape of outreach initiatives that adopt schools, neighborhoods, and other institutions and provide funding for their upkeep, as well as encourage socially responsible business practices that benefit society. Over the last decade, a number of well-known brands have improved their CSR programs as a result of a shift in public concern about climate change and a growing need for corporations to focus on being more environmentally sustainable. Furthermore, some businesses have understood that implementing effective CSR practices can boost revenues. Overall, corporate responsibility is a changing business attitude, according to the findings. Demands for "social responsibility" have created a spirited debate about what new responsibilities, if any, firms should play in society. Banks should not aim to reduce society's expectations; rather, they should respond more rapidly to them. Corporate social responsibility policies have the potential to boost competitiveness in Bangladeshi businesses as well as the working and living conditions of the workforce. A corporate entity that wishes to affect changes in the environment must always take a variety of socially responsible measures, whether for the government, the community, shareholders, directors, top management, employees, or the general public.

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