

CONTRIBUTION OF CSR ACTIVITIES TO DISASTER MANAGEMENT IN BANGLADESH: A STUDY ON BANKING SECTORS



Md. Idris Ali ^(a)

^(a) Assistant Professor (Statistics), Department of Business Studies, North Bengal International University, Rajshahi, Bangladesh; E-mail: idris.stat@gmail.com

ARTICLE INFO

Article History:

Received: 22nd April 2023
Revised: 28th June 2023
Accepted: 24th July 2023
Published: 28th July 2023

Keywords:

CSR, Natural Disaster, Disaster Management, Banks.

JEL Classification Codes:

M14, M19, Q54

ABSTRACT

Bangladesh, facing recurring challenges from natural disasters, necessitates an examination of the banking sector's CSR activities in the context of disaster management. No doubt, there are many countries in the world where disaster is a great problem. Bangladesh is also a potential disaster country. Therefore, this study tries to investigate the role of corporate social responsibility of banking sectors on disaster management. Time series data is considered from 2015 to 2021 for this study. In this study, statistical tools like percentage distribution and trend line were performed using Excel and SPSS software. The results disclosed that the health sector contribution of Islamic Shariah-based banks is greater than that of conventional private commercial banks. Following that, state-owned commercial banks and foreign commercial banks make contributions to the health sector. Finally, there is no substantial difference in proportion of total CSR activity between Islamic Shariah-based banks and conventional private commercial banks between 2018 and 2021, without other years. The results also found that the amount of percentage of damage of crops, livestock and homestead forestry decrease from 2015 to 2021. The findings stated that the overall percentage of CSR activities increased in those years.

© 2023 by the authors. Licensee CRIBFB, USA. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).

INTRODUCTION

Man-made disasters are the result of human activities, whereas natural disasters, including floods, droughts, cyclones, riverbank erosion, thunderstorms, tornadoes, and landslides, stem from the forces of nature (Sattar, 2017). The financial ramifications of these disasters are substantial, with a total damage and loss in 2021 amounting to TK. 1,791,988 million. The Dhaka division suffered the highest damage and loss at TK. 380,345 million (21.22%), followed by Rangpur at TK. 280,593 million (15.66%), and Barisal at TK. 235,444 million (13.14%). Floods accounted for the most significant damage and loss, totaling TK. 1,010,882 million (56.41%), followed by river and coastal erosion at TK. 268,703 million (14.99%) and cyclones at TK. 255,382 million (14.25%), while landslides had the lowest impact at TK. 6,082 million (0.34%) in 2021. Dhaka, Rangpur, and Barisal divisions were the most affected, with 31.51%, 27.93%, and 15.70% of the total damage and loss attributed to drought, respectively. The Dhaka division bore the brunt of flood-related damage and loss at 24.20%, with Rangpur at 19.30% and Mymensingh at 14.80%, whereas Khulna experienced the least impact at 0.40%. Due to cyclones, Khulna division accounted for 43.74% of the damage and loss, while Barisal division accounted for 33.62%. Coastal and river erosion predominantly impacted Dhaka (34.04%), Rangpur (24.54%), and Khulna (10.94%). In contrast, Chattogram division suffered the most from landslides at 94.41%, with Sylhet experiencing 5.60% damage and loss (BDRS-2021).

Against this backdrop, the study aims to facilitate a comparative analysis of CSR expenditure across all sectors of the banking industry, shedding light on the sector's impact on disaster resilience and public health. CSR has gained prominence in recent years as businesses are expected to go beyond profit-making and contribute to the well-being of society. Bangladesh, like many other countries, is emphasizing the importance of CSR in corporate operations.

¹Corresponding author: ORCID ID: 0009-0000-4771-4738

© 2023 by the authors. Hosting by CRIBFB. Peer review under responsibility of CRIBFB, USA.
<https://doi.org/10.46281/asfbr.v7i1.2109>

Understanding how banks in Bangladesh engage in CSR activities related to disaster management can shed light on the growing significance of CSR in the country.

Swaen et al. (2008), reveals that the definition of CSR is varied and numerous. CSR stands for Corporate Social Responsibility. It is a concept that refers to a company's commitment to conducting its business in an ethical and socially responsible manner (Collier & Esteban, 2007). CSR involves a company taking responsibility for the impact of its activities on various stakeholders, including employees, customers, communities, and the environment. The increasing global emphasis on Corporate Social Responsibility (CSR) as a means to achieve Sustainable Development Goals, as recognized by the United Nations, underscores the pivotal role that CSR plays in addressing societal and environmental challenges (CSR report-2021, Bangladesh Bank). CSR, a facet of business ethics, encapsulates a corporation's commitment to societal well-being within the framework of its operations (Cornelius et al., 2008).

The corporate social responsibility contributed as a commitment of organization's to enhance community by way of contribution of the organization's resources and discretionary business practices (Kotler, et. al., 2005). According to CSR perspective, organizations may be subsidiary in the formation in the world (Friedman and Miles, 2002). The study can assist in resource allocation for disaster preparedness, relief, and recovery efforts. By identifying the most affected regions and types of disasters, authorities can allocate resources more effectively, ensuring that areas at higher risk receive the necessary attention. Understanding which regions and types of disasters are most severely affected financially can aid in the allocation of resources and the development of targeted disaster management strategies.

The following sections encompass the review of literature, the materials and methods described, the presentation of results, an in-depth discussion, and the summarizing conclusions.

LITERATURE REVIEW

Sattar (2017) revealed that, most of the banks, there is no taken initiatives in disaster management risk except donating some medicine to the different kinds of disease and some money as relief activities. In the name of relief activities, they just take some initiatives, for the natural disaster affected peoples under corporate social responsibility. Investigated that, in Bangladesh, most of the companies are demonstrating commitment for health, local capacity building, infrastructure development, disaster relief, job creation, and many other socially responsibility activities. In view of this, the engagement of banking sectors in terms of financial inclusion, direct monetary expenditure, environmental banking, community investment and CSR activities specially disaster management have sufficient increased (Halder & Rahman, 2014). Ahmed (2017), the study also investigates that environment is the lowest emphasized of CSR in the selected banks. It reveals that Islami Bank Bangladesh Limited should follow Bangladesh Bank guidelines to its annual report also reported their expenditure of CSR and should increase expenditures amount of CSR. Bangladesh Bank needs to sufficient monitoring over the CSR activities Islami banks Bangladesh Limited.

Rahman et. al., (2013), the activities of the general CSR performed by NBL mainly include financing in educational sector, disaster relief distribution, sponsoring in arts & cultural and sports activities etc. Comparing to several sectors it is found that National Bank Limited has principal contribution in health sector that almost covers 33% and of its total contribution and it contributed in natural disaster 22%. Lindgreen et al. (2021) reveal that almost every bank is involved in the CSR activities. Among private commercial banks and all the scheduled banks contribute relatively more finance than other banks. It is also observed that, Bangladesh banking sector is mainly engaged in CSR activities through contributions education, health, disaster management, infrastructure development, environment and cultural welfare in remote areas. Rashid (2014), indicated that, the expenditure of Islami Bank Bangladesh Limited in CSR is more than other banks and health sector is significant. During several natural disaster, Islami Bank Bangladesh Limited come forward for giving relief into PM's Relief Fund for the disaster victims.

Finally reveals that, corporate social responsibility is played an important role for disaster affected people after natural disasters to access relief and create rehabilitation for the community people (Sultana et al., 2020). Osa (2013), this study indicate that, in the worldwide, many disasters affect more than 55% of the total population and all lives and assets damage is almost 42%.

Besides this, there is no specific study that explores the relationship between CSR activities and disaster management and the amount of damage and loss by natural disaster in Bangladesh perspective. In this study, of author is an effort to fill up this gap.

MATERIALS AND METHODS

Data Sources

The primary source of data for this study was the half-yearly Corporate Social Responsibility (CSR) reports of Banks and Financial Institutions (FIs). These reports provide detailed information about the CSR activities and expenditures of the various institutions, offering insight into their corporate sustainability initiatives.

Additional data were sourced from the Sustainable Finance Department of the Bangladesh Bank. This information is crucial for understanding the regulatory framework and guidelines governing CSR activities in the banking sector.

To analyze the relationship between CSR Expenditure and natural disaster factors, data related to natural disasters were obtained from the Bangladesh Disaster-related Statistics (BDRS) for the year 2021. This data includes information about the occurrence and impact of natural disasters in Bangladesh.

Data Processing

The collected data from the aforementioned sources were processed and organized using Microsoft Excel. This involved data cleaning, structuring, and creating datasets for subsequent analysis. Excel was utilized for its versatility in handling

tabular data.

To perform in-depth statistical analysis, SPSS software was employed. SPSS is widely recognized for its capabilities in statistical testing, regression analysis, and data visualization. The software was instrumental in deriving meaningful insights from the dataset.

Data Analysis

The CSR Expenditure data was subjected to percentage and trend analysis to understand how CSR spending has evolved over time and to identify patterns and trends in expenditure. The study explored the relationship between CSR Expenditure and natural disaster factors. This analysis likely involved correlation or regression analysis to determine whether there is a statistically significant association between CSR spending and the occurrence or impact of natural disasters.

The research compared and analyzed the contribution of CSR activities among different categories of banks, specifically:

- State-owned commercial banks (SOCBs): These are banks owned by the government. The study likely examined the extent and nature of CSR activities in SOCBs.
- Private commercial banks (PCBs): This category was further divided into conventional PCBs and Islami Shariah-Based PCBs to evaluate and contrast CSR initiatives in these segments.
- Foreign commercial banks (FCBs): The study also examined the CSR activities of foreign commercial banks operating in Bangladesh, comparing them with domestic banks.

RESULTS

The figure 1 shows the disaster management contribution (in crore tk.) of Corporate Social Responsibility (CSR) for different kinds of Bank such as State-owned commercial banks (SOCBs), Islami Shariah Based PCBs (ISB PCBs), Conventional PCBs (CPCBs) and foreign commercial banks (FCBs) in 2015-2021. The Islami shariah based PCBs (ISB PBCs) contributed disaster management above Tk. 6 crore which is around 6 times of State-owned commercial banks (SOCBs) categorical banks, double of Conventional PCBs (CPCBs) categorical banks and approximately 53 times of Foreign commercial banks (FCBs) categorical banks in 2015. The contribution of Islami shariah based PCBs and Conventional PCBs in disaster management are increased from 2015 to 2018 and suddenly decreased in 2019 and then upward and downward from 2019 to 2021. On the other hand, the contribution of State-owned commercial banks and foreign commercial banks in disaster management are decreased from 2015 to 2018 and suddenly increased in 2019 next up and down from 2019 to 2021. Finally the CSR activities of Islami shariah based PCBs is always greater than all other banks.

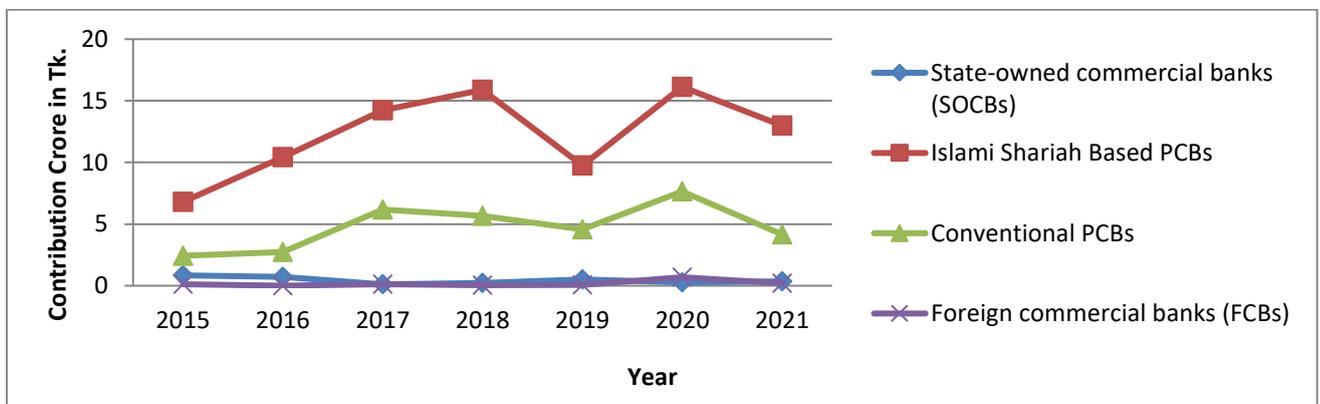


Figure 1. Contribution of Disaster Management per Bank.
Source: Author Calculation

From figure 2, it indicates that the health contribution (in crore tk.) of Corporate Social Responsibility (CSR) for different kinds of Bank such as State-owned commercial banks (SOCBs), Islami Shariah Based PCBs (ISB PCBs), Conventional PCBs (CPCBs) and Foreign commercial banks (FCBs) in 2015-2021. The Islami Shariah Based PCBs contributed health approximately Tk. 5 crore which is nearly 10 times of State-owned commercial banks (SOCBs) categorical banks, 3 times of Conventional PCBs (CPCBs) categorical banks and above 5 times of Foreign commercial banks (FCBs) categorical banks in 2015. The contribution of CSR activities in health for State-owned commercial banks, Islami Shariah Based PCBs, Conventional PCBs and Foreign commercial banks are decreased from 2015 to 2018 and suddenly decreased in 2019. Subsequently the health contribution of Islami Shariah Based PCBs and Conventional PCBs are increased in 2019 to 2021. On the contrary, the health contribution of State-owned commercial banks and foreign commercial banks are up ward and down ward in 2019 to 2021.

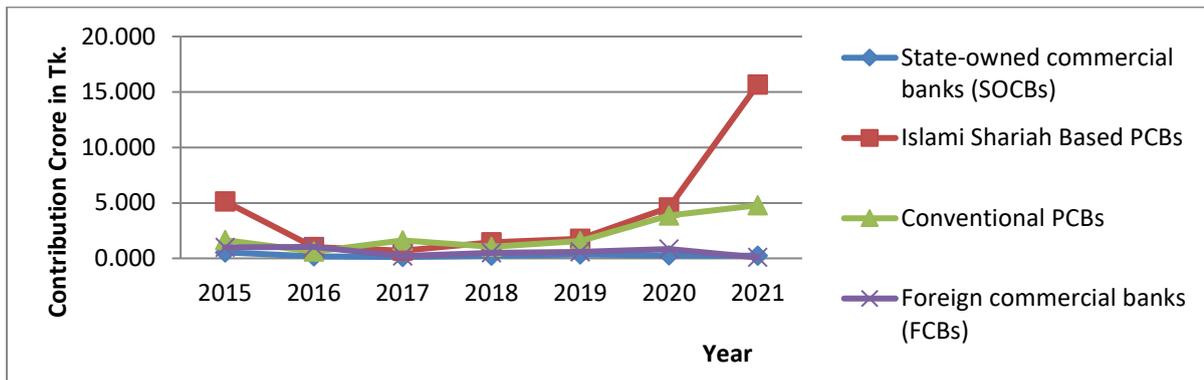


Figure 2. Health Contribution per Bank
Source: Author Calculation

The table 1 indicated that the percentage of the total contribution in the corporate Social Responsibility is taken from 60 banks in Bangladesh between 2015 to 2021. Now this table reveals the largest amount of percentage of corporate social responsibility came from conventional PCBs is 56.67% which is gives as nearly 2 times from Islami Shariah Based PCBs (ISB PCBs) is 33.08%, next 14 times from State-owned commercial banks (SOCBs) is 4.22% and then approximately 10 times from Foreign commercial banks (FCBs) is 5.99% in 2015. Next it is indicated the contributions of all banks are up ward and down ward from 2015 to 2021.

Table 1. Percentage table of several banks in the Corporate Social Responsibility

Year	Islami Shariah Based PCBs (ISB PCBs)	State-owned commercial banks (SOCBs)	Conventional PCBs (CPCBs)	Foreign commercial banks (FCBs)
2015	33.08	4.22	56.67	5.99
2016	37.73	6.55	50.92	4.78
2017	35.81	0.31	62.13	1.73
2018	49.05	0.55	48.83	1.54
2019	42.97	1.22	53.45	2.33
2020	37.40	0.65	59.03	2.91
2021	43.07	0.90	55.33	0.68

Source: Author Calculation

The table 2 shows that in the year 2015, the total amount of CSR activities in education ranked first (Tk. 158.36 crore), followed by disaster management (Tk. 144.14 crore) and then health (Tk. 111.14 crore) and the least contribution of CSR activities is Tk. 4.03 crore. The total amount of CSR activities in education and disaster management are increased from 2015 to 2018, the rest of all sectors are up ward and down ward from 2015 to 2019. During covid-19, the contribution of CSR activities in health and infrastructure development are rapidly increased in 2020-2021 but all other sectors are up ward and down ward in 2019-2021. Finally it is clear that the contribution of CSR activities in health is the height, followed by disaster management and then health. At last it is found that the least contribution of CSR activities in income generating activities.

Table 2. Total contribution table of sector wises in the Corporate Social Responsibility

Years	Education	Health	Disaster Management	Environment and Climate	Sports and Culture	Infrastructure Development	Income Generating Activities	Other
2015	158.36	111.14	144.62	15.04	41.40	4.03	7.92	44.85
2016	148.86	38.18	188.31	11.41	20.65	1.51	26.15	61.68
2017	202.83	58.7	329.33	8.43	35.89	1.36	0.36	107.09
2018	380.03	51.68	330.84	2.79	45.00	1.55	0.95	91.79
2019	176.63	73.33	242.79	33.07	28.00	1.37	0.12	92.56
2020	104.32	174.8	406.13	23.91	89.30	8.88	0.05	160.16
2021	54.5	312.1	266.6	27.61	26.65	23.54	0.53	47.68
Total	1225.53	819.93	1908.62	122.26	286.89	42.24	36.08	605.81

Source: Author Calculation

The figure 3 shows that sector wise damages and losses and disaster management contribution for various methods of cultivation in Bangladesh. In both years, according to natural disaster the land degradation including reduced valuation approximately half times as much as crops which are the next largest amount accounted for 36.2% in 2015 and for 28.9% in 2021 and compared with disaster management rate of corporate social responsibility for 27.42% in 2015 and for 35.12% in 2021. On the contrary the amount of disaster management rate of corporate social responsibility for 27.42% in 2015 and

for 35.12% in 2021 which is greater than the rate of livestock, poultry, fishery, dwelling & others infrastructure and homestead forestry for 4.76%, 1.21%, 5.82%, 17.19% and 8.1% in 2015 and for 3.98%, 1.51%, 3.71%, 7.38% and 1.96% in 2021 respectively.

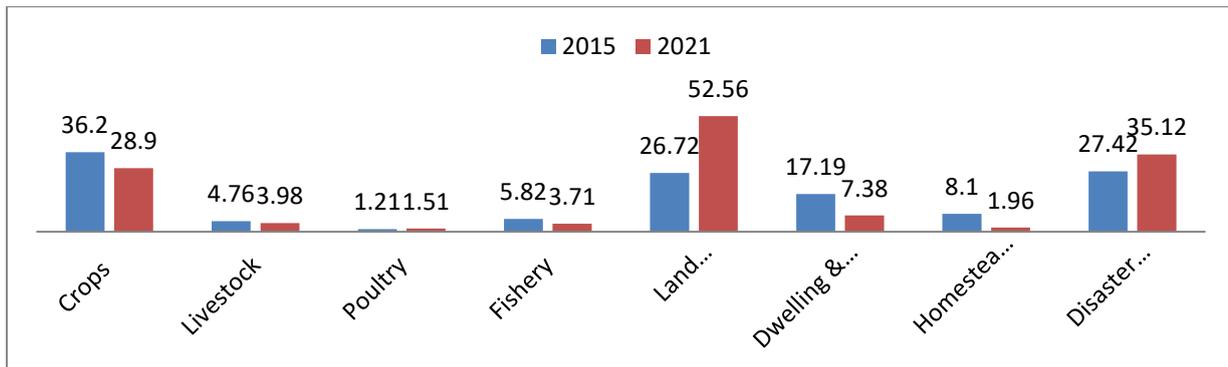


Figure 3. Sector wise damage and loss (In Million Tk. %) by disaster and disaster contribution of CSR
Source: Author Calculation

DISCUSSIONS

Islamic Shariah Based PCBs emerge as prominent contributors to disaster management and health, consistently surpassing other bank categories. Their commitment to CSR activities remains strong, contrast to State-owned commercial banks (SOCBs) and foreign commercial banks (FCBs), which exhibit varying levels of engagement. The fluctuations observed in CSR contributions between 2015 and 2021 suggest a dynamic landscape where priorities and strategies may shift within these institutions. Moreover, the sharp increase in CSR contributions for health during the COVID-19 pandemic (2020-2021) reflects the banking sector's adaptability in addressing unprecedented global crises.

The distribution of CSR contributions among different bank categories, with Conventional PCBs leading in terms of the highest percentage of the total CSR contributions. This underscores the consistent leadership of Conventional PCBs in CSR activities in Bangladesh, emphasizing their unwavering commitment to societal and environmental welfare. The sector-wise distribution of CSR contributions, with education and disaster management taking precedence in 2015, followed by health and other activities. Notably, the surge in health and infrastructure development contributions during the COVID-19 pandemic underscores CSR's flexibility in addressing emerging needs.

CONCLUSIONS

In this study, these findings have important implications for policy development and strategic planning within the Bangladeshi banking sector. They underscore the significance of maintaining consistent and adaptable CSR efforts, especially during health crises like the COVID-19 pandemic. The exceptional performance of Islamic Shariah Based PCBs in CSR initiatives in disaster management and the pronounced contributions highlight the need for a deeper exploration of the practices that set these banks apart. Moreover, the study underscores the importance of achieving a more balanced distribution of CSR contributions among various sectors, with particular attention to areas that may have been underrepresented, such as income-generating activities.

The study's findings are limited by the availability and quality of data, potentially affecting the precision of the results and their generalizability to other contexts. While the study highlights trends in CSR activities, it does not establish causality or provide in-depth qualitative insights into the motivations and outcomes of these activities, leaving room for more extensive and comprehensive research in the future. In essence, future research should focus on the practical implications and effectiveness of CSR initiatives, the strategies employed by successful banks, and the role of regulatory bodies in fostering responsible banking practices. This can contribute to the continual improvement of CSR activities and their positive impact on society in Bangladesh and beyond.

Author Contributions: Conceptualization, M.I.A.; Methodology, M.I.A.; Software, M.I.A.; Validation, M.I.A.; Formal Analysis, M.I.A.; Investigation, M.I.A.; Resources, M.I.A.; Data Curation, M.I.A.; Writing – Original Draft Preparation, M.I.A.; Writing – Review & Editing, M.I.A.; Visualization, M.I.A.; Supervision, M.I.A.; Project Administration, M.I.A.; Funding Acquisition, M.I.A.” Authors have read and agreed to the published version of the manuscript.

Institutional Review Board Statement: Ethical review and approval were waived for this study, due to that the research does not deal with vulnerable groups or sensitive issues.

Funding: The authors received no direct funding for this research.

Acknowledgement: Not applicable.

Informed Consent Statement: Informed consent was obtained from all subjects involved in the study.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to restrictions.

Conflicts of Interest: The authors declare no conflict of interest.

REFERENCES

Ahmed, K. (2017). Corporate social responsibility expenditures reporting of selected Islami banks in Bangladesh. *Jagannath University Journal of Business Studies*, 5(1), 135-148.

- Collier, J., & Esteban, R. (2007). Corporate social responsibility and employee commitment. *Business ethics: A European review*, 16(1), 19-33. <https://doi.org/10.1111/j.1467-8608.2006.00466.x>
- Cornelius, N., Todres, M., Janjuha-Jivraj, S., Woods, A., & Wallace, J. (2008). Corporate social responsibility and the social enterprise. *Journal of business ethics*, 81, 355-370. <https://doi.org/10.1007/s10551-007-9500-7>
- Friedman, A. L., & Miles, S. (2002). Developing stakeholder theory. *Journal of management studies*, 39(1), 1-21. <https://doi.org/10.1111/1467-6486.00280>
- Garriga, E., & Melé, D. (2004). Corporate social responsibility theories: Mapping the territory. *Journal of business ethics*, 53, 51-71. <https://doi.org/10.1023/B:BUSI.0000039399.90587.34>
- Halder & Rahman, (2014). An Insight into Corporate Social Responsibility Practices of Commercial Banks in Bangladesh. *Bangladesh Research Publication Journal*, 10(1), 25-32.
- Kotler, P., & Lee, N. (2008). *Corporate social responsibility: Doing the most good for your company and your cause*. John Wiley & Sons.
- Lindgreen, A., Swaen, V., & Johnston, W. J. (2009). Corporate social responsibility: An empirical investigation of US organizations. *Journal of business ethics*, 85, 303-323. <https://doi.org/10.1007/s10551-008-9738-8>
- Mamun Ur Rashid, Mohammad & Mohammad Ashrafur Rashid (2014). Corporate Social Responsibility Practices Of Islamic Commercial Banks in Bangladesh: A Study on Islami Bank Bangladesh Limited (IBBL), *Jagannath University Journal of Business Studies*, 4(1 & 2), 47-61.
- Maon, F., Lindgreen, A., & Swaen, V. (2009). Designing and implementing corporate social responsibility: An integrative framework grounded in theory and practice. *Journal of business ethics*, 87, 71-89. <https://doi.org/10.1007/s10551-008-9804-2>
- Osa, Y. (2013). The growing role of NGOs in disaster relief and humanitarian assistance in East Asia. *A growing force: Civil society's role in Asian Regional Security*, 66-89.
- Rahman, M., Ahsan, A., Hoq, M. R., & Shah, M. U. A. (2013). CSR Practices in Private Sector Banking in Bangladesh: A Case Study on National Bank Limited. *Asian Accounting and Auditing Advancement*, 3(6), 8-14.
- Sattar, M. A. (2017). Corporate Social Responsibility in Disaster Risk Management: A Study on Some Selected Private Commercial Banks of Bangladesh. *International Journal of Environment, Ecology, Family and Urban Studies (IJEEFUS)*, 7(5), 7-18.
- Sultana, P., Thompson, P. M., & Wesselink, A. (2020). Coping and resilience in riverine Bangladesh. *Environmental Hazards*, 19(1), 70-89.

Publisher's Note: CRIBFB stays neutral with regard to jurisdictional claims in published maps and institutional affiliations.



© 2023 by the authors. Licensee CRIBFB, USA. This article is an open access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).

Asian Finance & Banking Review (P-ISSN 2576-1161 E-ISSN 2576-1188) by CRIBFB is licensed under a Creative Commons Attribution 4.0 International License.