



## Corporate Social Responsibility Disclosure: A Comparative Study Between Islamic Banks and Conventional Banks in Bangladesh

Ershad Ali<sup>[a],\*</sup>; S. M. Mahbubur Rahman<sup>[b]</sup>

<sup>[a]</sup> Auckland Institute of Studies, New Zealand.

<sup>[b]</sup> Tripura University, India.

\* Corresponding author.

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### Abstract

The purpose of this paper is to compare the Corporate Social Responsibility practices in Islamic and Conventional banking of Bangladesh. Sample selection has been made as per random sampling process. Data are collected from the secondary sources mostly from concerned banks Annual Report, web sites, newsletters and other secondary sources. It has been found that the selected banks are directly engaged in CSR activities mostly in the area of Education, Health, Disaster Relief, Environment, Social welfare and Sport & Culture. The analysis shows that Conventional Banks have emphasized on Educational sector and Islamic Banks have emphasized on Social welfare. On dimensions of Health sector, Disaster relief sector both banks have taken parallel CSR initiatives but Sport & Cultural sector Conventional Banks have taken more CSR activities than Islamic Banks. The study found that both banks have established foundation for operated their CSR activities. The study also found that the dimension of Health care, Conventional banks and Islamic Banks both are taking initiative equally in both rural and urban area. On dimension of Environment, Conventional banks and Islamic Banks both of these banks are trying to preserve environment on their best possible way.

**Key words:** Bangladesh; Corporate social responsibility; Conventional bank; Islamic bank

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### INTRODUCTION

At the multinational and transnational cross road of business, companies are becoming global hallmark of excellence. Over the time, most of the global resources are thus getting concentrated at the hands of such few companies. But this accumulation of resources at the corporate hands hardly tickles down to grassroots for eradicating poverty, removing hunger and healing the sufferings of more than a billion of people living in abject poverty and misery. On the contrary, corporate aspirations that bounce between infectious greed, creative fraud and polluting growth virtually leading to successive corporate collapse and failure raise the question of whether, at all, there prevails any corporate accountability and moral sense of right and wrong. How corporate conscience responds to the stark reality of the consequences of over use of community's resources in name of productivity and growth? How they bring back corporate wealth and power to the benefit of society and its people? How they share their fortune with the have not? The right and ethical answer to all these questions perhaps has its root in how a company is characterised by conscientious human ventures tent by its corporate leaders to humanized the "baby". One can demand more of all these things from a company when it is a public sector enterprise which is supposed to be statutorily committed to people and seem more socially responsible to public purpose. So, there is a need and right to know how their responsiveness are being discharged to the community and its people? Who have granted a charter to use their scarce resources? So the obvious questions that spring up. How they are doing in discharging their corporate responsiveness? What they bring, back to discharge their Corporate Social Responsibility (CSR)? How the corporate enterprise strike a balance between making profit for corporation and using corporate wealth to create opportunities for better community live. There are many business organizations exist in the business world. Business has varies

categories objectives. Social objective is one of them. Every business is ethically bound to their society. Social objective of business is otherwise called Corporate Social Responsibility (CSR) of business. At present time, in the competitive business world every business organizations are directly or indirectly involved in CSR activities. Since the mid of first decade of 21<sup>st</sup> century, Assuming and discharging of CSR by the many of the Commercial Banks of Bangladesh (CBBs) almost become a reality as well as an essential part of their overall banking function. Although corporate industrial and business houses of Bangladesh before that used to follow CSR practices at different level but the commercial banks expecting a few during that period, on the whole, refrained themselves from assuming of CSR practices in the post independent period. Bangladesh is a developing country. Because of global competitiveness and demand, the CSR practices and standards are being implemented in Bangladesh. Banking sector in Bangladesh has not long history of CSR. But it has imaginary changed in CSR activities. Bangladesh Bank (Central Bank of Bangladesh) has taken different types of initiatives for gear up CSR activities. The Financial Institution of Bangladesh includes two different types of banks. One is conventional or mainstream banks and the other is Islamic banks. The Islamic banks function according to the Injunctions and Tenets of Islam. The present study is directed to make comparative study of the CSR practices by Islamic banks and Conventional banks. Rest of the paper is organized as follows. Section 2 presents the literature review while section 3 highlights objectives. Section 4 presents the methodology and section 5 illustrates the CSR of conventional banks. Section 6 presents the CSR of Islamic bank while section 7 illustrates the findings followed by conclusion in section 8.

## 1. REVIEW OF LITERATURES

Khan and Atkinson (1987) states in their Comparative Study in India and Britain, the understanding of the relationship between business and society has led to increased interest in and discussion of the notion of corporate social responsibility. This paper offers an empirical analysis of the perceptions of top executives in the West Midlands, U.K., and in Delhi, District Ghaziabad, India, of the notion of corporate social responsibility. Organisational changes and involvement in social action programmes, and problems of implementing and monitoring Social Responsibility in two cultures, India and Britain, were explored. The results of this study were compared with results obtained from studies on American companies and some significant similarities and differences were noted (Xu & Yang, 2010). The purpose of this study was to identify China's indigenous conceptual dimensions of corporate social responsibility

(CSR) and to increase the knowledge and comprehension about CSR in specific context. They have conducted an inductive analysis of CSR in China based on an open-ended survey of 630 CEOs and business owners in 12 provinces (municipalities) in China. In the survey, they have collected CSR sample responses. After examining the qualitative data, they identified nine dimensions of CSR, among which six dimensions were similar to their western counterparts; however, the other three dimensions were never mentioned in previous literature, which mostly study the cases in the western world. In addition, two of the widely accepted CSR dimensions in the western world have no embodiments in China. A comparative study of CSR between China and western countries also unveiled some unique dimensions of CSR in China. In conclusion, CSR manifested in China was different from that in western countries, and China's CSR was closely related to its social and cultural background (Masud, 2011). The purpose of the study was to provide deep understanding of the practices of CSR of Private Commercial Banks (PCBs) in Bangladesh. It was a secondary data based study. The study has been taken to observe different regulatory framework (CSR areas) of CSR of PCBs and its contribution. This study found CSR practices of PCBs are quite scant rather than profit. The study reveals that PCBs are trying to swell their contribution in accordance with Bangladesh Bank proper guidelines (Hassan, 2011). The purpose of the study was to observe the framework of CSR areas and contribution to those areas by the Private Commercial Banks (PCB) and State Owned Banks (SOB) of Bangladesh. This study found that the contribution amount by commercial banks to CSR activities was very insignificant in proportion to their profit amount. This study suggested that a proper guideline by Government regarding CSR contribution, involvement of large corporation in CSR activities and mandating CSR disclosures in the annual report will fulfill the intended goals of the corporate organizations and also ensure a successful and sustainable development of the society (Boxi & Majumdar, 2012). The said study was an attempted to examine the reporting of Corporate Social Responsibility by the Automobile sector of India. The said study was following explorative research design. The study found that in India Corporate Sustainability Report was not considered as necessary by the corporation. Not only is this but there lack of consistency in the Corporate Sustainability Report (Priya & Ajay, 2013). The purpose of this paper was to do a comparative study of CSR of Hindustan Petroleum Corporation limited (HPCL) and Indian Oil Corporation limited (IOCL). The study based on secondary data. They have selected some dimensions of CSR activities. The study found that both the companies are more or less contributing for the society. On the dimension of Education, HPCL and IOCL were going parallel level for CSR activity

except in female child education IOCL were not taking initiative and in sport activities the HPCL were not taking initiative. Dimensions of Health Care, Livelihood and Environment HPCL and IOCL both were contributing for this dimension of CSR (Katara, 2014). The main objective of this study was to analyze the CSR activities carried out by State bank of India and bank of Baroda. An attempt has been made to analyze and compare the existing CSR practices of both the banks i.e., Bank of Baroda and State Bank of India. Data were collected from the secondary sources mostly from concerned Banks Annual Report, web sites, newsletters and other secondary sources it has been found that the selected banks were directly engaged in CSR activities mostly in the area of Rural Development, Education, health, Women and Children. The analysis shows that, these banks were making efforts for the implementation of CSR, but were restricted within certain fields. The study suggested that there is a need for better CSR activities by the banks, which is possible by adding more and more social development issues within then CSR policy of banks.

## 2. OBJECTIVE OF THE STUDY

The objective of the study is to highlight the existing CSR activities of selected banks and to do comparative analysis of the same. The main objectives of this paper include:

- (1) To evaluate the pattern and preferences of CSR practices by conventional banks and Islamic banks.

- (2) The study shall not be completed in a meaningful manner unless the CSR performance is assessed by comparing of both the kind of the banks.

## 3. METHODOLOGY

At present there are Fifty two Commercial Banks in Bangladesh comprising of State own Commercial Banks (SCB), Private Commercial Banks (PCB) and Foreign Commercial Banks (FCB). The available information suggests that every bank was responding to CSR performance. But we have been selected Ten Commercial Banks sample for the study (Five Conventional Banks and Five Islamic Banks). Sample selection has been made as per random sampling process. The study based on the secondary data by using content analysis approach. Data were collected from “Review of CSR Initiatives in Banks” brought out by Central Bank, Annual reports of the respective banks. The study period has covered in 2013. For comparative analyses, we have used Central Bank CSR guide line. Central Bank has mentioned twenty two activities for CSR. We have divided six broad areas i.e. Education(ED), Health (HE), Environment (EN), Disaster Relief (DR), Social welfare (SW) and Sports & Culture (S&C) than twenty two activities are given those six areas. If a bank is complete one activity that bank will gate one point than calculate bank’s total score. Score chart has given bellow:

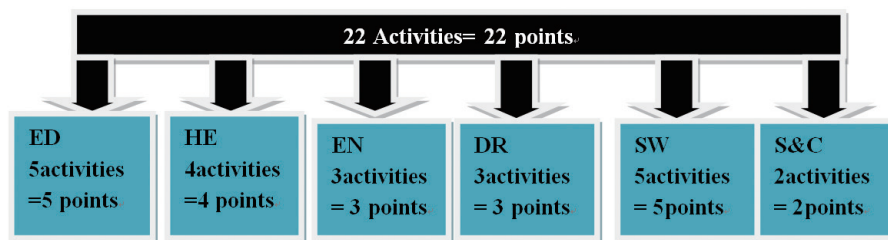


Figure 1  
Score Chart

### 3.1 Conventional Banks

The conventional banks are established on different principles. Interest is not prohibited. It treats money as a commodity. The following points will make the idea regarding conventional bank clear.

Characteristics of Conventional Bank:

- (1) Transactions in Money: Banks operate their business with depositors’ money.
- (2) Stocks Money: One of the basic functions is to provide a safe place for investors’ valuables.
- (3) Saving Money/Accept Deposits: Banks offer varies type of interest for saving money.
- (4) Lend Money/Offer Loans: They lend money to those who need funds.
- (5) Establishes a connecting link: It acts as a link between those who need money and those who have surplus funds.

(6) Profit/Service oriented: Just like any other business, banks are also profit oriented.

(7) Business: The business of banking cannot function as a subsidiary to any business.

### 3.2 Islamic Banks

There is no standard way of defining what an Islamic bank is, but broadly an “Islamic bank is an institution that mobilizes financial resources and invests them in an attempt to achieve predetermined Islamically-acceptable social and financial objectives. Both mobilization and investment of funds should be conducted in accordance with the principles of Islamic Shari’ah”. (www.albarakah.com, 2014)

Distinct Functioning of Islamic Banks:

- (1) Deposit Money: Money is deposited in a bank and the bank guarantees to return the money. Money can be

withdrawn at any time. Bank may charge you a fee for looking after your money and may pay hibah (gift) to you if it deems fit. This concept is normally used in deposit-taking activities, custodial services and safe deposit boxes.

(2) Mudharabah (Profit Sharing): Mudharabah is a profit sharing arrangement between an investor (supplier of money) and the entrepreneur (demands money). Both the parties enter into agreement of profit and loss sharing before the investor supplies the money to the entrepreneur. In return the former gets share in profit agreed upon by them. The principle of Mudharabah can be applied to Islamic banking operations in 2 ways: between a bank (as the entrepreneur) and the capital provider, and between a bank (as capital provider) and the entrepreneur. Losses suffered shall be borne by the capital provider.

(3) Bai’ Bithaman Ajil (BBA) (Deferred Payment Sale): This arrangement refers to the sale of goods/product where the buyer pays the seller after the sale the mark up price, either in one lump sum or by installments.

(4) Murabahah (Cost Plus): This is arrangement is similar to the arrangement of BBA. However, in Murabahah, unlike BBA, the seller must inform the buyer about the actual cost for the asset and the profit margin at the time of the sale agreement.

(5) Musyarakah (Joint Venture): This arrangement of partnership where profits made will be shared by the partners based on an agreed ratio which may not be in the same proportion as the funds invested by the partners. But, losses incurred will be shared based on the ratio of amount invested by each partner.

(6) Ijarah Thumma Bai’ (Hire Purchase): Ijarah Thumma Bai’ is normally used in financing consumer goods especially motor vehicles. There are two separate contracts involved: Ijarah contract, and Bai’ contract.

(7) Lease-to-Own: This is very similar to the declining balance, except that the financial institution pays just nearly complete capital amount required for the property.

(8) Islamic Forwards: These are the rarest forms of financing used for certain specific types of businesses only. The price for the item is paid in advance and the object is delivered on a pre-determined future date.

## 4. CSR CONTRIBUTIONS OF CONVENTIONAL BANKS IN DIFFERENT AREAS

### 4.1 Dutch-Bangla Bank Limited (DBBL)

Dutch-Bangla Bank Limited has been playing a revolutionary role in executing social and philanthropic programs since its inception to redress the sufferings of the common man and helping the disadvantaged people of the country. In order to implement programs related to social cause with more dedication, Dutch-Bangla Bank Foundation (DBBF) was established in 2001. A number

of sectors are on the focus list of the bank. Education, health care, human resource development, conservation of nature, creation of social awareness, rehabilitation of destitute people and such other programs are some of the important areas where the Bank is carrying out its social and philanthropic activities.

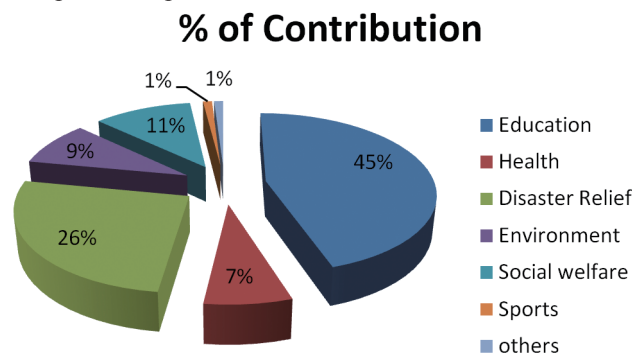


Figure 2 DBBL CSR Contributions in Different Areas - 2013

In 2013, contribution of CSR activities million in Taka 785.40, which is mention 17.56 percent of total contribution of CSR activities in banking sector. The above diagram shows that DBBL is contributing 45 percent of the contribution are donated to Education sector, 26 percent to Disaster Relief, 7 percent to Health, 11 percent to Social welfare, 9 percent to Environment, 1 percent to Sports & Culture and remaining 1 percent to other social activities.

### 4.2 Janata Bank Ltd. (JBL)

Janata Bank is second largest commercial bank in Bangladesh. Its banking function is play important role for buildup strong economy of the country. Janata Bank has also realized that its social activities will improve poor people’s living standard. From this view point, every year Janata Bank has contributed huge amount to different sector of CSR activities like Education, Health, Disaster Relief, Environment and Sports& Culture etc.

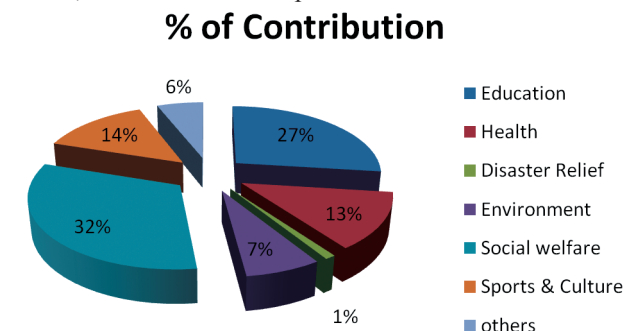


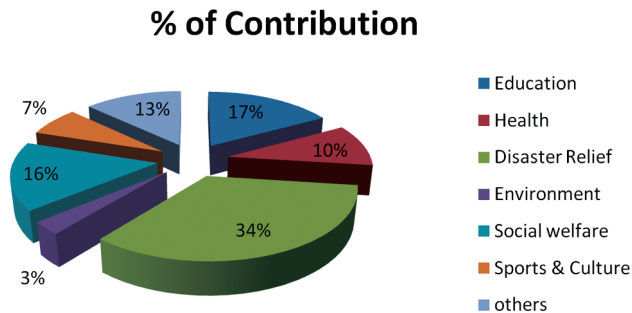
Figure 3 JBL CSR Contributions in Different Areas - 2013

It has contributed million in Taka 292 which is 6.5 percent out of total CSR contribution in banking sector. The above diagram shows that JBL is contributing 27

percent of the contribution are donated to Education sector, 1 percent to Disaster Relief, 13 percent to Health, 32 percent to Social welfare, 7 percent to Environment, 14 percent to Sports & Culture and remaining 6 percent to other social activities.

#### 4.3 Mercantile Bank Ltd. (MBL)

Mercantile bank has promoted CSR activities apart from its own fund through Mercantile Bank Foundation, which acts as a helping hand to the distressed people of the country. Its funding policy has focused on areas of Education, Health, Environment, and Sports & Culture etc. It has contributed million in Taka 143.47 which is 3.21 percent out of total CSR contribution.

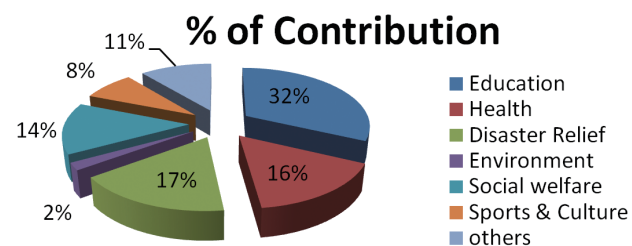


**Figure 4**  
**MBL CSR Contributions in Different Areas - 2013**

The above diagram shows that MBL is contributing 17 percent of the contribution are donated to Education sector, 34 percent to Disaster Relief, 10 percent to Health, 16 percent to Social welfare, 3 percent to Environment, 7 percent to Sports & Culture and remaining 13 percent to other social activities.

#### 4.4 Prime Bank Limited (PBL)

Prime Bank is committed to the improvement of the society as a whole. For this purpose, bank has established Prime Bank foundation (PBF) for gear up CSR activities. PBF is constantly trying to put its effort to help the disadvantage population of the country in the sectors of Health, Education, Sports, Art & culture, Disaster Management etc.



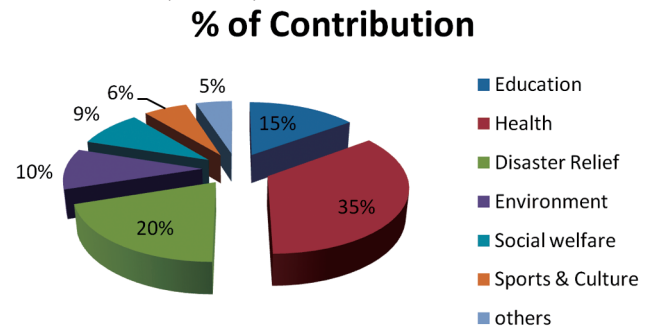
**Figure 5**  
**PBL CSR Contributions in Different Areas - 2013**

In 2013, Bank has contributed million in Taka 257.20 which is 5.75 percent out of total CSR contribution in

the banking sector. The above diagram shows that PBL is contributing 32 percent of the contribution are donated to Education sector, 17 percent to Disaster Relief, 16 percent to Health, 14 percent to Social welfare, 2 percent to Environment, 8 percent to Sports & Culture and remaining 11 percent to other social activities.

#### 4.5 Bank Asia Limited (BAL)

Bank Asia is always aware of its CSR with an aim to ensure the Bank as a socially responsible corporate entity contributing towards quality of life of the society at large without compromising an ecological condition. Bank Asia has performed various CSR activities in different sector like Education, Health, and Disaster Relief etc.



**Figure 6**  
**BAL CSR Contributions in Different Areas - 2013**

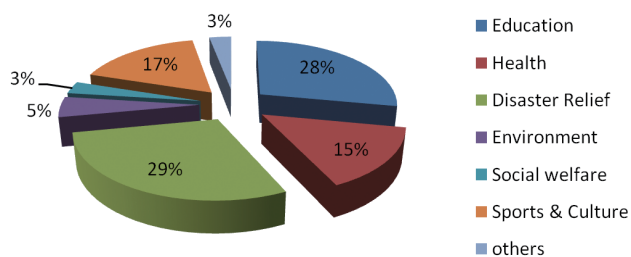
Bank Asia has contributed million in Taka 207.20 which is 4.63 percent out of total CSR contribution in the banking sector. The above diagram shows that BAL is contributing 15 percent of the contribution are donated to Education sector, 20 percent to Disaster Relief, 35 percent to Health, 9 percent to Social welfare, 10 percent to Environment, 6 percent to Sports & Culture and remaining 5 percent to other social activities.

## 5. CSR CONTRIBUTIONS OF ISLAMIC BANKS IN DIFFERENT AREAS

### 5.1 Islami Bank Bangladesh Limited (IBBL)

The CSR program of IBBL aims at the welfare and well-being of the people of the earth, the planet itself and all its stakeholders. Islami Bank Bangladesh Limited has a responsibility to its stakeholders as well as to the communities in which they work and live. Keeping that in view, IBBL designs its CSR program in People, Planet and Profit. The Bank has a policy on corporate social and environmental responsibility which includes community investment & welfare scheme, consumer protection measures, energy conservations, national donations, education for brilliant students and poor people, tree plantation, city beautification, health and safety etc.

### % of Contribution



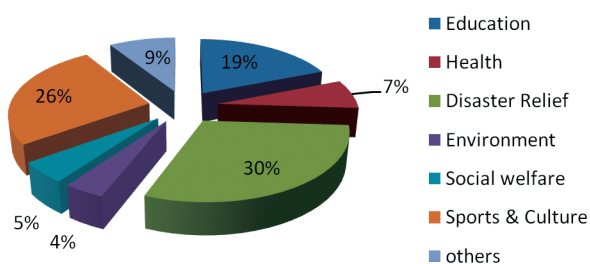
**Figure 7**  
IBBL CSR Contributions in Different Areas – 2013

In the year 2013, IBBL has contributed million in Taka 476.42 which is 11 percent out of total CSR contribution in the banking sector. The above diagram shows that IBBL is contributing 28 percent of the contribution are donated to Education sector, 29 percent to Disaster Relief, 15 percent to Health, 3 percent to Social welfare, 5 percent to Environment, 17 percent to Sports & Culture and remaining 3 percent to other social activities.

### 5.2 First Security Islami Bank limited (FSIBL)

First Security Islami Bank always extended their assistance for the distressed community in various sector as a part of CSR. The bank contributes almost 5 percent of its operational profit in this project. Since establishment besides banking activities of FSIBL contributed to countries Health, Education, Disaster preparedness and Sports & Culture etc. development.

### % of Contribution



**Figure 8**  
FSIBL CSR Contributions in Different Areas – 2013

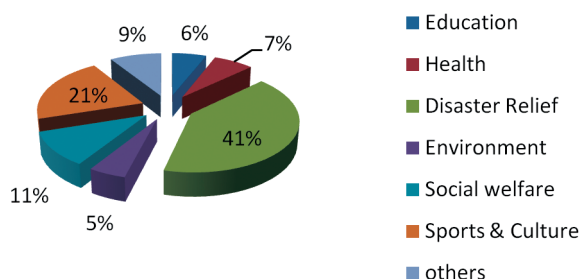
FSIBL has contributed million in Taka 122.85 which is 2.75 percent out of total CSR contribution in the banking sector. The above diagram shows that FSIBL is contributing 19 percent of the contribution are donated to Education sector, 30 percent to Disaster Relief, 7 percent to Health, 5 percent to Social welfare, 4 percent to Environment, 26 percent to Sports & Culture and remaining 9 percent to other social activities.

### 5.3 Social Islami Bank Limited (SIBL)

SIBL is a pioneer of Cash Waqf Program which has meanwhile achieved both local & international accreditation for its unique welfare approach. SIBL has been responding spontaneously to its social commitment. Cash Waqf Program of the Bank has covered the way

of doing welfare of mankind in various sectors such as Family Rehabilitation, Education, Sport & Culture, Health and others in conformity with Shariah.

### % of Contribution



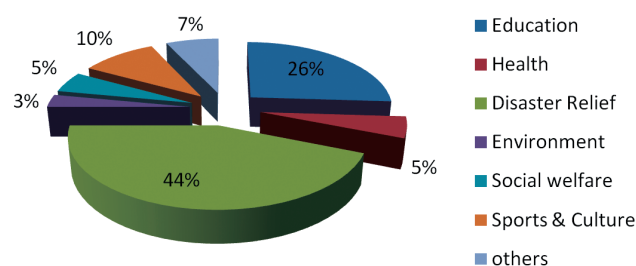
**Figure 9**  
SIBL CSR Contributions in Different Areas – 2013

SIBL has contributed million in Taka 53.17 which is 1.19 percent out of total CSR contribution in the banking sector. The above diagram shows that SIBL is contributing 6 percent of the contribution are donated to Education sector, 41 percent to Disaster Relief, 7 percent to Health, 11 percent to Social welfare, 5 percent to Environment, 21 percent to Sports & Culture and remaining 9 percent to other social activities.

### 5.4 EXIM Bank Limited (EXIMBL)

EXIM Bank has always been paying respect to social and public welfare rather than orbiting around maximization of profit. Bank energizes from implementation of every single opportunity of serving the nation regardless of the magnitude of the frame. EXIM Bank has been into philanthropic activities since its inception in the year 1999. Since then the bank has been engaging fund into the most deserving sectors like Education, Health, Disaster management, Environment, Sport & Culture etc.

### % of Contribution

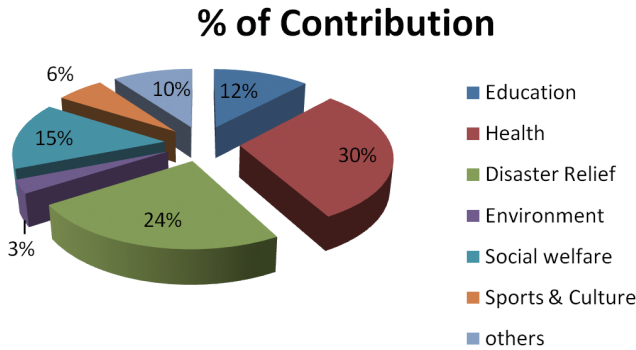


**Figure 10**  
EXIMBL CSR Contributions in Different Areas – 2013

In the year 2013, EXIM Bank has contributed million in Taka 392.62 which is 8.77 percent out of total CSR contribution in the banking sector. The above diagram shows that EXIM Bank is contributing 26 percent of the contribution are donated to Education sector, 44 percent to Disaster Relief, 5 percent to Health, 11 percent to Social welfare, 3 percent to Environment, 10 percent to Sports & Culture and remaining 7 percent to other social activities.

### 5.5 AL-Arafah Islami Bank Limited (ALIBL)

Al-Arafah Islami Bank being an ethical Bank and in compliance to Bangladesh Bank guidelines has operated their CSR activities. They are also helping different areas of social activity through their CSR activities. To enhance social service as part of corporate social responsibility, the Bank has facilitated various group in society. In 2013, the bank has contributed million in Taka 84.09 which is 1.89 percent out of total CSR contribution in the banking sector.



**Figure 11**  
**ALIBL CSR Contributions in Different Areas – 2013**

The above diagram shows that ALIBL is contributing 12 percent of the contribution are donated to Education sector, 24 percent to Disaster Relief, 30 percent to Health, 15 percent to Social welfare, 3 percent to Environment, 6 percent to Sports & Culture and remaining 10 percent to other social activities.

### 5.6 Comparative Analysis of CSR Practices

#### 5.6.1 Hypothesis Generation

**Ho:** there is no significant difference of CSR practices between Conventional Banking and Islamic Banking

**H1:** there is significant difference of CSR practices between Conventional Banking and Islamic Banking

#### 5.6.2 Sub Hypothesis

**Ho:** there is no significant difference of CSR practices

**Table 1**  
**Showing the Two Variables Score of Conventional Banks and Islamic Banks**

Variables	Banks	N	Mean	St.Devision	St. Error Mean	T-test	Remarks
CSR Score	CB	05	18	.6325	.2824	1.43	P >.05
	IB	05	17	1.4142	.6313		
% of PAT	CB	05	16.29	11.80	5.2679	.97	P >.05
	IB	05	10.52	6.13	2.737		

Note. Source: Own made by using statistical tools.

**Table 2**  
**Showing the CSR Initiatives Score of Conventional Banks and Islamic Banks**

CSR Initiatives	Banks	N	Mean	Std. Deviation	Std. Error Mean	T-test	Remarks
Education	CB	05	4.60	.49	.2188	1.671	P >.05
	IB	05	4.00	.63	.2813		
Health	CB	05	3.20	.40	.1786	.70	P >.05
	IB	05	3.40	.49	.2188		
Disaster and Relief	CB	05	2.00	.40	.1786	1.81	P >.05
	IB	05	2.40	.49	.2188		
Environment	CB	05	2.00	.40	.1786	1.81	P >.05
	IB	05	1.60	.49	.2188		
Social Welfare	CB	05	4.40	.49	.2188	.66	P >.05
	IB	05	4.60	.49	.2188		
Sports & Culture	CB	05	1.80	.20	.0893	.98	P >.05
	IB	05	1.00	.19	.0848		

Note. Source: Own made by using statistical tools.

on Education sector between Conventional Banking and Islamic Banking.

**H1:** there is significant difference of CSR practices on Education sector between Conventional Banking and Islamic Banking.

**Ho:** there is no significant difference of CSR practices on Health sector between Conventional Banking and Islamic Banking.

**H1:** there is significant difference of CSR practices on Health sector between Conventional Banking and Islamic Banking.

**Ho:** there is no significant difference of CSR practices on Environment sector between Conventional Banking and Islamic Banking.

**H1:** there is significant difference of CSR practices on Environment sector between Conventional Banking and Islamic Banking.

**Ho:** there is no significant difference of CSR practices on Disaster Relief sector between Conventional Banking and Islamic Banking.

**H1:** there is significant difference of CSR practices on Disaster Relief sector between Conventional Banking and Islamic Banking.

**Ho:** there is no significant difference of CSR practices on Social Welfare sector between Conventional Banking and Islamic Banking.

**H1:** there is significant difference of CSR practices on Social Welfare sector between Conventional Banking and Islamic Banking.

**Ho:** there is no significant difference of CSR practices on Sports & Culture sector between Conventional Banking and Islamic Banking.

**H1:** there is significant difference of CSR practices on Sports & Culture sector between Conventional Banking and Islamic Banking.

Different parameters and analyzed statistically as well as qualitatively statistical analysis and its findings were given below:

## 6. FINDINGS

The key finding of the content analysis of the present studies are present below along with the Percentage Scores of various CSR areas and CSR activities. The comparative study of CSR practices between the Islamic Banks and Conventional Banks with the help of dimension scores.

Analysis leads towards clear scenario of CSR practices.

From the above Table 1, CSR initiatives score and percentage of Profit After Tax among the two banks it can be seen that  $t$ -value is 1.43 and .97 which is not significant at 0.05 level with  $df = 08$ . It shows that there is no significant difference in the Scores and PAT for Conventional Banks and Islamic Banks. Here, Null Hypothesis is accepted. This implies that both the banks working in Bangladesh was taking the initiative for fulfilling the need of the people and implementing the CSR programs and policies seriously to meet the people's expectations.

From the above Table 2, Item no. 1 i.e., Education sector of CSR initiative of the bank and its implementation it can be seen that  $t$ -value is 1.671 which is not significant at 0.05 level with  $df = 08$ . It shows that there is no significant difference of CSR practices on Education sector between Conventional Banking and Islamic Banking. However, the score of Conventional Banks is little better than the score of Islamic Banks, means Conventional Banks are little more concerned about the educational activities for the local needy people.

Item no.2 i.e., Health sector of CSR initiative the bank and its implementation it can be seen that  $t$ -value is .70 which is not significant at 0.05 level with  $df = 08$ . It shows that there is no significant difference of CSR practices on Health sector between Conventional Banking and Islamic Banking. Here, Null Hypotheses is accepted. There is no significant difference in the score for Conventional Banks with a mean of 3.20 and a standard deviation .40 and Islamic Banks with a mean of 3.40 and a standard deviation of 0.49 in terms of Health sector. From this discussion we can conclude that both the banks are equally transparent for the reporting of their CSR activity of Health sector. For Islamic Banks its score is little better than its counterpart of Conventional Banks.

Item no.3 i.e. Disaster and Relief sector of CSR initiative the bank and its implementation it can be seen that  $t$ -value is 1.81 which is not significant at 0.05 level with  $df = 08$ . It shows that there is no significant difference of CSR practices on Disaster and Relief sector between Conventional Banking and Islamic Banking. Here, Null Hypotheses is accepted. From this discussion we can conclude that both the banks are equally transparent for the reporting of their CSR activity of Disaster and Relief sector. For Islamic Banks its score is little better than its counterpart of Conventional Banks.

Item no.4 i.e. Environment sector of CSR initiative the bank and its implementation it can be seen that  $t$ -value is 1.81 which is not significant at 0.05 level with  $df = 08$ . It shows that there is no significant difference of CSR

practices on Environment sector between Conventional Banking and Islamic Banking. Here, Null Hypotheses is accepted. From this discussion we can conclude that both the banks are equally transparent for the reporting of their CSR activity of Environment. For Conventional Banks its score is little better than its counterpart of Islamic Banks.

Item no.5 i.e., Social welfare of CSR initiative the bank and its implementation it can be seen that  $t$ -value is .66 which is not significant at 0.05 level with  $df = 08$ . It shows that there is no significant difference of CSR practices on Social welfare sector between Conventional Banking and Islamic Banking. Here, Null Hypotheses is accepted. There is no significant difference in the score for Conventional Banks with a mean of 4.40 and a standard deviation .49 and Islamic Banks with a mean of 4.60 and a standard deviation of 0.49 in terms of Social welfare sector. From this discussion we can conclude that both the banks are equally transparent for the reporting of their CSR activity of Social welfare. For Islamic Banks its score is little better than its counterpart of Conventional Banks.

Item no.6 i.e. Sport & Culture sector of CSR initiative the bank and its implementation it can be seen that  $t$ -value is .98 which is not significant at 0.05 level with  $df = 08$ . It shows that there is no significant difference of CSR practices on Sport & Culture sector between Conventional Banking and Islamic Banking. Here, Null Hypotheses is accepted. From this discussion we can conclude that both the banks are transparent for the reporting of their CSR activity of Sport & Culture sector. For Conventional Banks its score is better than its counterpart of Islamic Banks, means Conventional Banks are little more concerned about the Sport & Culture activities for the country.

From this study we can say, Conventional Banks have emphasized on Educational sector and Islamic Banks have emphasized on Social welfare. On dimensions of Health sector, Disaster relief sector both banks have taken parallel CSR initiatives but Sport & Cultural sector Conventional Banks have taken more CSR activities than Islamic Banks. The study found that both banks have established foundation for operated their CSR activities. The study found that the dimension of Health care, Conventional banks and Islamic Banks both are taking initiative equally in both rural and urban area. On dimension of Environment, Conventional banks and Islamic Banks both of these banks are trying to preserve environment on their best possible way.

## CONCLUSION

The concept of Corporate Social Responsibility generally means the social and local development of the community and taking initiative to conserve the environment and culture. However both of the banks are doing well in terms of CSR practice but still a lot can be done for the social development. In order to achieve the social objectives the banks have framed a CSR policy with respect to specification and prioritization of activities for social



spending and allocation of separate funds for this specific purpose. The banks also created maximum value from its activities and developed strategies to effectively implement the CSR activities for the social development of the society. Both banks follow a system of periodical monitoring and reporting to the Board of Directors regarding spending and utilization of allocated budget for CSR. The main CSR areas covered by both of the banks are Education, Social welfare, Health, Disaster Relief, Sports & Culture and Environment. But the total spending of CSR activities of Conventional banks is wider than Islamic banks in Bangladesh. In most of those disclosures there were little differences between Islamic and Conventional banking in Bangladesh. Some other research shows that there is great influence of Islam on CSR in Islamic Banking. This also raises the contemplation that either other spiritual also play an important role in CSR. Hence from the complete research work conclusion made that CSR introduced in Islamic banking earlier than Conventional banking. Because CSR practices are mostly related with the Islamic terms like social justice & responsibility, inference of zakat, microfinance schemes and adopting ethical values of Islam. But now Conventional banking introduced CSR practices in their institutions.

In Bangladesh, now people have more awareness about CSR practices in Islamic banking and about all other aspects of Islamic banking. Islamic banking provides more services according to the expectations of the people as compared to Conventional banking because Islamic banking is driven by economic realities. Conventional banking also required focus on corporate governance, ethical values and all other factors. Socio-political factor is most important for Conventional banking. Conventional banking should make possible donations and interest free loan to make their reputation more positive. Further studies on above discussed factors can afford more knowledge about Islamic and Conventional banking for future that guarantee the CSR practices in both type of banking sector in Bangladesh.

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## ANNEXURE

### Conventional Banks (CB) CSR Score

CSR Activities	Banks	DBBL	JBL	MBL	PBL	BAL	Total Score
Education		5	5	4	5	4	23
Health		3	3	3	3	4	16
Disaster and Relief		3	2	2	2	2	11
Environment		2	2	2	2	2	10
Social Welfare		4	5	5	4	4	22
Sports & Culture		2	2	2	2	1	9
Total Score		18	19	18	18	17	

### Islamic Banks (IB) CSR Score

CSR Activities	Banks	IBBL	ESIBL	SIBL	EXIMBL	ALIBL	Total Score
Education		4	4	5	3	4	20
Health		4	3	3	3	4	17
Disaster and Relief		3	3	2	2	2	12
Environment		2	2	1	1	2	8
Social Welfare		5	5	4	5	4	23
Sports & Culture		2	1	1	1	1	6
Total Score		19	18	16	15	17	