

Original article

CSR by Islami Bank in healthcare – stakeholders’ perception

R Shafiqur¹, J Sadia², M Nicholas³

Abstract

Background: In the Bangladesh society, a few organizations are contributing through their activities on Corporate Social Responsibility (CSR). It is a general belief that the contribution of Islami Bank Bangladeshi Limited in CSR is highest among the financial institutions. It is an observation that IBBL’s CSR contribution in the healthcare sector is very significant. **Objective:** This paper explores the stockholders’ perception of CSR contribution in the healthcare sector by Islami Bank Bangladesh Limited (IBBL). **Method:** Authors used qualitative approach in doing the research. Data were collected through a survey. *Likert* scale was used to explore the significance of stakeholders’ perception. **Results:** This paper reports the findings of a qualitative study on perceptions of CSR by IBBL in the healthcare sector of a heterogeneous group of stakeholders. The findings reveal the perception of stakeholders towards the social contribution of Islami Bank Central Hospital (IBCH), an Institution for CSR in healthcare by IBBL. The stakeholders believe that this hospital is significantly contributing to the society through its support in the healthcare sector. It is also found that the hospital is proactive in providing healthcare support to the community through its highly standard human resources, world class medical equipment, outstanding management team and superb customer care support. **Conclusion:** This exploratory study makes a contribution to the relatively new body of work on CSR in Bangladesh, especially in the healthcare sector by IBBL and hopefully will encourage further research on the topic. This study will also contribute to improve the governance, social, ethical, and environmental conditions of the healthcare sector.

Key words: Corporate Social Responsibility (CSR), healthcare sector, stakeholders’ perception.

CSR by Islami Bank in healthcare – stakeholders’ perception

While a huge work has emerged during the past three decades on corporate social responsibility (CSR), the focus has been generally given on CSR in developed countries.¹ Literature on CSR in Bangladesh is limited. In this paper, the authors explore the perception of the stakeholders of CSR by the Islami Bank Bangladeshi Limited (IBBL) during 2009 through a pilot study. For the purpose of this paper, “CSR in developing countries” has been defined, borrowing from Visser at el² as follows:

“The formal and informal ways in which business makes a contribution to

improving the governance, social, ethical, labour and environmental conditions of the developing countries in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts”.

A number of businesses in Bangladesh are contributing in Healthcare CSR, but the CSR activities performed by IBBL in the healthcare sector seem to be the most significant. IBBL is addressing the social concerns in the healthcare sector targeting the poor and middle income people of Bangladesh.

-
1. *Shafiqur Rahman, PhD Candidate, Macquarie University, Sydney.
 2. Sadia Jahan, Financial Analyst, Sydney.
 3. Nicholas McDonald, Management Consultant, Sydney.

*Corresponds to: Shafiqur Rahman, PhD Candidate, Macquarie University, Sydney. **Email:** rahmanbangladesh@yahoo.com.

The first part of the paper provides the research context through a brief profile of Bangladesh; the second part provides a brief literature review to determine what is known about CSR in Bangladesh, and the third part discusses the main findings of the study carried out in 2009 to explore the perceptions of a diverse group of stakeholders of Bangladeshi citizens in relation to CSR activities of IBBL.

Research context: Bangladesh

Bangladesh, with an area of 147,570 sq km, is a small South Asian country which borders the Bay of Bengal, Burma and India. 83% of Bangladeshis are Muslims, 16% are Hindus, and 1% from other religions and ethnic groups.³

Described as one of the most densely populated country in the world,⁴ Bangladesh has a population of 160 million.⁵ According to Bangladesh Bureau of Statistics⁶, 12,797,394 people live in the capital, Dhaka. Bangladesh has an average GDP of approximately 5.7%⁷ mainly generated through its sizeable service sector.

Improved economic performance

Bangladesh has been gradually shifting towards parliamentary democracy since 1990s, which prompted an increasing adoption of market economy principles and the rise of a private sector. "A private sector-led industrial development policy is being aggressively pursued with the aim of attracting as much foreign investment as possible".⁸ This has led to amazing improvements in the economic performance of Bangladesh over the past two decades. Investments have grown from an average of US\$ 5 million during 1985-1995 to US\$ 460 million in 2004, can be a good example. Also Bangladesh's export earnings rose from US\$ 1994 million during 1991/1992 to US\$ 8655 during 2004/2005.⁹

Social, environmental and ethical issues in Bangladesh

Having all the successes described above, child labour, equal opportunity and occupational health and safety are key issues of concern in the garment and textile sector.¹⁰ The majority of its employees are female and they are mostly forced to work 12 hours a day with one day's holiday a month and have mandatory overtime requirements. They are also subject to pregnancy tests and subject to undignifying body search at the entry and exit point of the factory. They further points out that, due to neglect of health and safety rules in workplaces, hundreds of workers have been killed in the last few years as a result of fire incidents.

The economic growths in Bangladesh in recent times have also generated severe environmental problems, particularly in urban and industrialized areas. For example, industrial pollution is a serious environmental issue in the capital city of the country, and the *Buriganga* river "has been declared 'clinically dead' because of the unscrupulous discharge of industrial wastes and effluents."¹¹ It is pointed out in a report¹² that environmental degradation negatively impacts on poor households, as they are heavily dependent on natural resources and thus particularly exposed to environmental risks. The report concludes that Bangladesh is:

...highly vulnerable to the projected impacts of climate change, which will increase the already high risk of disasters, exacerbating existing vulnerabilities both to flooding and drought, and threatening agricultural productivity in coastal areas that face increasing salinity.

The Bangladeshi government has not been successful to provide an effective regulatory mechanism to address this country's social and environmental problems, which has led to the emergence of an increasing number of pressure groups

demanding greater accountability and transparency by local industries.¹³ There has also been pressure at an international level on domestic export-oriented companies who are operating as suppliers of large multinationals to adopt international labour standards and conduct their business in a responsible manner both socially and environmentally. As a result, the ground has been paved in Bangladesh for a stronger commitment to CSR which will hopefully lead to a widespread adoption of CSR principles in coming years. The banking sector in Bangladesh is comparatively doing better in terms of CSR than any other sectors due to its financial ability and strong regulatory control. Especially IBBL has gone far than any other the financial institutions in Bangladesh and this study has explored the perception of the healthcare stakeholders of IBBL, which we explained below. However, before we go for the study, we present here what is known about CSR in Bangladesh.

What we know about CSR in Bangladesh

Most CSR studies conducted on Bangladesh focus on CSR reporting practices, where Belal has played the role of a prolific author on this topic.¹⁴ His work can be traced back to 1999 when he published the findings of a study which examined CSR reporting patterns in Bangladesh, where he found that 90% of the companies studied made environmental disclosures; 97 % made employee disclosures and 77 % made ethical disclosures.

However, Sobhani¹⁵ expressed this study as “superficial and incomplete” because it provides only brief commentary on CSR practices in Bangladesh. In a later study focusing on annual reports published by large companies, Belal¹⁶ found that from a sample of 30 reports produced by companies listed on the Dhaka Stock Exchange and in the directory of Dhaka’s Metropolitan Chamber of Commerce,

majority of them made social disclosures, but only a small amount of information was provided, and this information was of a descriptive nature. He summarises that the reasons for this were: lack of statutory requirements for social disclosures; the existence of very few organized social groups; very little social awareness; underdeveloped corporate culture, and the existence of a relatively new stock market in Bangladesh.

Sobhani et al¹⁷ carried out a content analysis of 100 companies listed on the Dhaka Stock Exchange and Chittagong Stock Exchange, based on the work of Belal¹⁸. Sobhani et al looked into CSR in relation to human resource; consumer and product; community; environmental and “general” and found that the “status of disclosure has improved over the last ten years”.

The findings of Belal and Owen¹⁹ echo with those of Islam and Deegan’s,²⁰ which also examined social and environmental reporting practices in Bangladesh in the context of a major garment export company. They conclude that stakeholders play a significant role in driving the industry's social policies and related disclosure practices in that country.

In a more detailed manner, Quazi and O’Brien²¹ carried out a comparative study to develop a “two-dimensional model of corporate social responsibility” and test its validity in the context of a developed nation (Australia) and a developing nation (Bangladesh). The two dimensions of the model were the span of corporate responsibility and the range of outcomes of social commitments of businesses.

Naeem and Welford²² investigated levels of awareness in relation to CSR within the context of sustainable development in Bangladesh and Pakistan, in another comparative study.

We can finally draw a conclusion from this literature review that, albeit in its early stages, CSR is already present in the collective consciousness of the Bangladeshi's business community. Though CSR is done by the multinationals due to the practice by its parent companies, local companies including the local financial institutions are also participating CSR in an increased manner nowadays.

The next section will contribute to a better understanding of how CSR is perceived in Bangladesh by presenting the findings of a qualitative study on the perception of the stakeholders of CSR by Islami Bank in the healthcare sector carried out in Dhaka in 2009 exploring the views of a diverse group of stakeholders in relation to CSR.

CSR by IBBL in healthcare: stakeholders' perception: the study

Methodology

This pilot study was carried out in Dhaka, Bangladesh during 2009 on the stakeholders' perceptions of CSR by IBBL in healthcare sector. The study had a qualitative design, which enabled the researchers to obtain richer data, and a deeper understanding of the stakeholders' perception through an investigation. In this study, non-random sampling method was used, which means that the researchers deliberately sought out a given population (in this case, the authors identified the stakeholders through convenience sampling). The professional networks of one of the researchers were used to recruit the participants from a CSR workshop held at a local private university in Dhaka, Bangladesh.

The survey was participated by 37 (21 male and 16 female) stakeholders (associated with IBBL's CSR in the healthcare sector); 20 of them were direct beneficiaries; 3 social scientists; 4 journalists; 4 employees (of Islami Bank hospital); 2 environmentalists and 4 community members. It should be taken

into account that there could be a significant level of self-selection in these samples, as it is likely that the respondents attended the said workshop because of their interest in CSR.

The survey was divided in two parts: the first contained three questions designed to explore the participants' understanding of the notion of CSR by IBBL in healthcare sector. It contained the following questions:

1. What is your overall perception of Corporate Social Responsibility (CSR) by IBBL in the Healthcare sector?
2. What are the areas, IBBL can improve its CSR in healthcare?
3. What are the strengths of CSR activities by IBBL you noticed so far?

The second part of the survey used a *Likert* Scale, ranging from "Strongly Agree" to "Strongly Disagree", to identify numerical patterns in the respondents' reactions to the following statements:

1. IBBL is playing a very significant role in CSR through its contribution in the healthcare.
2. It is just a public relations exercise to make IBBL look good.
3. CSR by IBBL goes against the bank's business interests because it reduces the company's profit margins.
4. CSR by IBBL in the healthcare is really addressing the social concerns.

The purpose of the second part of the survey was to obtain further information on the respondents' perceptions of CSR by IBBL in the healthcare sector and associated principles and concepts, to supplement the information provided in the first part.

The section below explores the stakeholders' perception of CSR on IBBL's contribution and its impact in the society.

Perception of CSR by IBBL in the healthcare sector

There were a variety of views regarding the CSR activities by IBBL in the healthcare sector and most of them are very positive, which indicate IBBL's commitment to the society. A few examples are given below:

a) I am personally benefited by the low cost [and good quality] treatment at Islami Bank Central Hospital (IBCH), which otherwise, I would not be able to afford. I broke my leg last year and I am fully cured now. I appreciate this kind of CSR activities by IBBL (R1, male, beneficiary).

b) My daughter got operated at the Islamic Bank Central Hospital; she is in good health now. They got a caring team of healthcare professionals. I am grateful for having the opportunity for good medical treatment provided by IBBL (R5, female, beneficiary).

c) CSR activities of IBBL are noticeable in the Bangladesh media. However, the bank can concentrate on more media presence as it is doing enormous CSR activities in the healthcare sector (this would encourage other organisations to do CSR). (R12, male, journalist).

The above views against the 1st question reveal that the stakeholders found IBCH services are low cost (very suitable for poor and middleclass families) and they also care their patients a lot. This is a real example of CSR activities that significantly contributing to the society by IBCH.

What are the areas, IBBL can improve its CSR in healthcare?

a) I had my daughter born at the Islami Bank Central Hospital. In addition to their great customer support, they provided my daughter a 'New Born Baby Kit'. I think they are already doing (CSR) excellent in

the healthcare sector (R10, female, beneficiary).

b) I had a surgery at Islami Bank Central Hospital and found the doctors and other staffs are really supportive. But I had an attendant with me to communicate with the hospital staff to update me about the progress of the treatment. I would expect, they develop a system so that every patient may stay in the hospital with out the support of an attendant, which became a culture in Bangladesh (R17, male, beneficiary).

c) I am fully aware about the waste management system of Islami Bank Hospital. They are effectively disposing the clinical wastes (like, body fluid, drainage bags, vials, culture dishes, gauze, bandages, organs, tissues) as well as laboratory waste (like, slides, needles, blades, syringes; radioactive waste such as Iodine-125, iodine -131). This accountability by Islami Bank Central Hospital clearly shows that they are in compliance with international norms and practices which conforms the pattern of CSR (R15, male, environmentalist).

The stakeholders, in response to the 2nd question, express that the CSR activities by IBCH is of very high quality and there is little to improve in their services at this point.

What are the strengths of CSR activities by IBBL you noticed so far?

a) I got medical check-ups at different hospitals in last two decades. I found that the doctors and nurses of Islami Bank Central Hospital are of very high quality, pieces equipment are of international standard; the infrastructure is adequate. This is a real example of healthcare and real example of CSR (R19, male, beneficiary).

b) Islami Bank Central Hospital is situated in my locality. It is a great support and

blessings for the community and the first place, where we rush for the emergency medical assistance. We always found the emergency medical team very supportive and they really exhibit socially responsible behaviour (R25, male, community representative).

c) As a patient of diabetics, I take my regular treatments and check-ups from the Islami Bank Central Hospital. They response at the quickest possible time, whenever I arrive their. The cleanliness is superb; security is very strong; monitoring is timely (R27, female, beneficiary).

The above views responding the 3rd question exhibit that the Islami Bank Central Hospital (IBCH) is exhibiting socially responsible behaviour, contributing the community and always ready to provide world class service to the community.

The CSR by IBBL is supported by Garriga and Meleé²³ conceptual framework which has four major theories. The CSR by the IBCH conform the *ethical* and the *integrative* perspectives of Garriga and Meleé's theory.

Likert Scale responses

The *Likert* scale responses also revealed very positive attitudes to IBBL's role in CSR through its contribution in the healthcare. All respondents agreed (100%) that IBBL's contribution to CSR is very effective in healthcare support to the poor and middleclass families (29 strongly agreed and 8 agreed). An overwhelming majority of respondents (35/37; 95%) do not believe that IBBL is doing CSR as a public relation tool.

Consistent with the findings discussed in the previous section, most respondents (31/37; 84%) disagreed with the instrumentally based statement that *CSR goes against IBBL's business' interests because it reduces profit margins*. Only 4

participants agreed with this assertion, and 2 ticked the "Indifferent" option.

With regard to the statement that *CSR by IBBL in the healthcare is really addressing the social concerns*, almost all the respondents (36/37; 97%) agreed with it, and only one of them ticked "Indifferent." This appears to reveal a good faith by the respondents towards IBBL's social concerns in healthcare.

In conclusion, the above responses exhibit generally variable attitudes and receptiveness of the stakeholders towards the CSR by IBBL in the healthcare sector. However, the participants who attended the survey, all of them attended the CSR workshop at a private university in Bangladesh; therefore, they would be more likely to have positive attitudes towards CSR (and of the Central Hospital of Islami Bank, as it earned a reputation for its CSR in last few years).

Summary and conclusions

IBBL has established IBCH initially with philanthropic intention in mind. However, very recently, IBBL has adopted the modern CSR concept. Through IBCH, IBBL has not only giving opportunity for the low income people to get access to healthcare, it also generated substantial number of employment in the society. One can debate that the low cost of service at IBCH might result in compromising in quality, but the patient satisfaction clearly shows that the service quality is comparable with other modern hospitals in Bangladesh. It can also be argued that the low cost of IBCH may compel other hospitals to reduce their costs. In fact, in an open market economy like Bangladesh, it is the freedom of the service providers to choose their own product/service costs. Moreover, the IBCH is serving only a small fraction of total patient population, due to which other hospitals will not get affected in price competition.

IBCH is fully aware of its social responsibility and contributing to the society accordingly. It provides 'full free' services to a certain number of needy patients. It maintains modern clinical waste disposal system which is very essential for environment. It makes a minimum profit as it does not have a target to distribute dividend rather it strives to provide high quality services to the patients. IBBL's experience from IBCH has encouraged IBBL to extend its Healthcare CSR Program to a number of districts outside the capital city and these initiatives are also equally successful and are making a great contribution in the Bangladesh Healthcare sector.

This paper reports the findings of a qualitative study on perceptions of CSR by Islami Bank Bangladesh Limited (IBBL) in the healthcare sector through heterogeneous stakeholders recruited at a CSR workshop held in a private university in Dhaka, Bangladesh. The findings reveal the perception of stakeholders towards the social contribution of Islami Bank Central Hospital, an Institution for CSR in healthcare by IBBL. The stakeholders believe that this hospital is proactive in

providing healthcare support to the community through its highly standard human resources, world class medical equipment, outstanding management team and superb customer care support. These stakeholders (beneficiaries, Islami Bank employees, social scientists, environmentalists, community members and journalists) express their extreme satisfaction and positive attitude regarding IBBL's CSR activities in healthcare.

While the current study brings out the perceptions of the stakeholders of CSR by IBBL, the authors recognize that it has a number of limitations including the small sample size. It is strongly recommended that future studies supplement surveys with in-depth face-to-face interviews for a richer perspective on the topic. This exploratory study makes significant contribution to the relatively new body of knowledge on CSR in Bangladesh, especially in the healthcare sector. This study will also contribute to improve the governance, social, ethical and environmental condition of the healthcare sector as well as will help the future researchers in this field.

References

1. de Bakker, F. G. A., Groenewegen, P., den Hond, F. A bibliometric analysis of 30 years of research and theory on corporate social responsibility and corporate social performance. *Business and Society*. 2005; 44(3):283-317.
2. Visser, W., Matten, D., Pohl, M., Tolhurst, N. *The A to Z of Corporate Social Responsibility: A Complete Reference Guide to Concepts, Codes and Organisations*. London: John Wiley & Sons, Ltd. (2007)
3. Bangladesh Bureau of Statistics. [Internet]. 2008 (cited 2010 March 21). Available from: http://www.bbs.gov.bd/dataindex/pby/pk_book_08.pdf
4. Belal, A. R. A study of corporate social disclosures in Bangladesh. *Managerial Auditing Journal*. 2001; 16(5):274-289
5. *Poverty Assessment for Bangladesh: Creating Opportunities and Bridging the East-West Divide*. Dhaka: World Bank;2008.
6. Bangladesh Bureau of Statistics. [Internet]. 2008 (cited 2010 March 21). Available from: http://www.bbs.gov.bd/dataindex/pby/pk_book_08.pdf
7. World Bank [Internet]. 2009 [cited 2010 April 11]. Available from http://devdata.worldbank.org/AAG/bgd_aag.pdf

8. Belal, A. R., Owen, D. L. The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh. *Accounting, Auditing & Accountability Journal*. 2007; 20(3a):472-494.
9. Belal, A. R., Owen, D. L. The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh. *Accounting, Auditing & Accountability Journal*. 2007; 20(3b):472-494
10. Belal, A. R., Owen, D. L. The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh. *Accounting, Auditing & Accountability Journal*. 2007; 20(3c):472-494
11. Belal, A. R. A Study of Corporate Social Disclosures in Bangladesh. *Managerial Auditing Journal*. 2001; 16(5a):274-289.
12. World Bank [Internet]. 2006 [cited 2010 June 10]. Available from: <http://siteresources.worldbank.org/BANGLADESH/ESHEXTN/Resources/295759-1173922647418/complete.pdf>
13. Belal, A. R., Owen, D. L. The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh. *Accounting, Auditing & Accountability Journal*. 2007; 20(3c):472-494
14. Belal, A. R. Corporate social reporting in Bangladesh. *Social and Environmental Accounting*. 1999; 19(1):8-12.
15. Sobhani, F. A., Amran, A., Zainuddin. Revisiting the practices of corporate social and environmental disclosure in Bangladesh. *Corporate Social - Responsibility and Environmental Management*. 2009; 16(3a):167-183.
16. Belal, A. R. A Study of Corporate Social Disclosures in Bangladesh. *Managerial Auditing Journal*. 2001; 16(5b):274-289.
17. Sobhani, F. A., Amran, A., Zainuddin. Revisiting the practices of corporate social and environmental disclosure in Bangladesh. *Corporate Social - Responsibility and Environmental Management*. 2009; 16(3b):167-183
18. Belal, A. R. A Study of Corporate Social Disclosures in Bangladesh. *Managerial Auditing Journal*. 2001; 16(5c):274-289.
19. Belal, A. R., Owen, D. L. The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh. *Accounting, Auditing & Accountability Journal*. 2007; 20(3c):472-494
20. Islam, M. A., Deegan, C. Motivations for an organisation within a developing country to report social responsibility information. *Accounting, Auditing & Accountability Journal*. 2008; 21(6):850-874.
21. Quazi, A. M., O'Brien, D. An empirical test of a cross-national model of corporate social responsibility. *Journal of Business Ethics*. 2000; 25(1):33-51.
22. Naeem, M. A., Welford, R. A comparative study of corporate social responsibility in Bangladesh and Pakistan. *Corporate Social - Responsibility and Environmental Management*. 2009; 16(2):108-122
23. Garriga, E., & Melé, D. Corporate Social Responsibility Theories: Mapping the Territory. *Journal of Business Ethics*. 2004; 53(1-2), 51.