

Contribution of Banking CSR to the Healthcare Sector in Bangladesh

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ABSTRACT

Corporate Social Responsibility (CSR) has shifted from a philanthropic activity to a strategic business practice, especially in Bangladesh's banking sector, where it plays a crucial role in healthcare improvements. This article investigates how Bangladeshi banks have integrated CSR into their operations, aligning efforts with national health goals. Using content analysis of publications from the Bangladesh Central Bank and other sources, the study outlines the transition from basic charitable actions to more impactful CSR interventions. Under the Bangladesh Bank's regulatory framework, banks are required to allocate a portion of profits to CSR, particularly focusing on healthcare, education, disaster relief, and environmental sustainability. The research highlights key healthcare initiatives such as infrastructure development, funding medical camps, and promoting public health awareness. Fluctuations in healthcare-related CSR spending from 2019 to 2023 are examined, showing a peak in 2021, followed by a decline due to political and economic instability. The article stresses the need for stronger oversight, strategic partnerships, and long-term healthcare investments to ensure sustainable outcomes. Recommendations include aligning CSR strategies with national health objectives, enhancing transparency, and collaborating with healthcare providers and NGOs. Further research is suggested to evaluate the direct impact of these initiatives on healthcare outcomes to ensure long-term effectiveness.

1.0 INTRODUCTION

In recent decades, Corporate Social Responsibility (CSR) has transformed into a critical business strategy globally, with profound implications in various sectors¹. In Bangladesh, the banking sector has been at the forefront of this transformation, particularly impacting the healthcare landscape. This article explores into the evolution of CSR from basic philanthropic activities to an integral part of strategic business operations in Bangladeshi banks. By applying content analysis to publications and websites associated with the Bangladesh Central Bank, we investigate the significant strides banks have made in the healthcare domain. The study aims to shed light on how these institutions have not only contributed to but also shaped healthcare improvements through their CSR initiatives. It addresses the challenges encountered, the impacts made, and envisages a future where the alignment of CSR strategies with national health goals could potentially amplify benefits and foster greater sustainability.

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2.0 THE REGULATORY FRAMEWORK OF CSR IN BANGLADESH

In Bangladesh, a few organizations are contributing to the society through the CSR activities². the regulatory framework for Corporate Social Responsibility (CSR) is shaped primarily by guidelines issued by the Bangladesh Bank, the country's central bank. These guidelines compel financial institutions to engage in CSR as a part of their operational ethos. Specifically, banks are required to allocate a portion of their annual profit towards CSR activities, with an emphasis on sustainable development goals such as poverty alleviation, environmental sustainability, and public health improvement.

The framework emphasizes transparency and accountability by mandating banks to report their CSR expenditures and activities in their annual financial statements. This not only ensures that CSR practices are adhered to but also aligns them with international standards of corporate governance. Moreover, the framework encourages banks to undertake CSR initiatives that are strategic, rather than merely philanthropic, aiming for a long-term impact on societal development. This regulatory approach facilitates a structured and impactful implementation of CSR across the banking sector in Bangladesh.

3.0 THE CONTRIBUTION OF BANKING CSR IN BANGLADESH

The contribution of Corporate Social Responsibility (CSR) by banks in Bangladesh has been influential in addressing critical societal needs and enhancing community well-being³. Through their CSR initiatives, banks in Bangladesh are actively involved in promoting education, environmental sustainability, and particularly healthcare, reflecting a strong commitment to societal development. These initiatives include funding educational scholarships, supporting environmental projects, and improving healthcare facilities, which directly benefit the wider community.

Banks have also played a pivotal role during emergencies, such as in disaster relief operations and during the COVID-19 pandemic, by providing financial support and essential supplies to affected populations. This involvement not only underscores the banks' role as corporate citizens but also strengthens their relationships with communities, enhancing their brand

image and customer loyalty. Overall, the CSR activities undertaken by Bangladeshi banks demonstrate a robust model of how businesses can contribute to social and economic progress.

4.0 LITERATURE REVIEW

4.1 CSR concepts and definition

Corporate Social Responsibility (CSR) as it is recognized today was first identified in the 1950s⁴. Initially, businesses operated with a primary focus on maximizing profits, often at the expense of ethical standards, which led to neglecting workplace safety, environmental conservation, and engaging in child labor. Over time, influenced by increased pressure from stakeholders, it has become acknowledged that corporations have responsibilities beyond just making money, including social and environmental obligations. Currently, a company's performance is assessed not only through financial metrics but also by its commitment to social and environmental responsibilities.

A variety of scholars have explored the concept of CSR. However, the most prevalent definition of CSR⁵, which sees CSR as companies voluntarily incorporating social and environmental concerns in their business dealings and stakeholder interactions.

CSR encompasses voluntary actions that contribute not only to profitability but also to societal well-being and ethical development, thus improving the quality of life for employees, their families, and the broader community⁶. Contrarily, Milton Friedman argued that a company's primary duty is to its shareholders, maximizing profits while societal issues are managed by the free market⁷.

Archie Carroll described CSR as encompassing four key aspects: economic, legal, ethical, and philanthropic responsibilities⁸. In the pivotal work "Corporate Social Responsibility Theories: Mapping the Territory," Elisabet Garriga and Domenec Melé categorize CSR theories into four types: instrumental, which views corporations primarily as tools for wealth creation; political, focusing on the use of corporate power in society; integrative, emphasizing the satisfaction of societal needs for corporate survival; and ethical, which regards ethical values as crucial for sustaining business-society relations⁹.

Dima Jamali and Charlotte Karam highlighted the discrepancy between the theoretical CSR and its

practical application, particularly in developing nations, emphasizing the ethical and responsible treatment of stakeholders¹⁰.

4.2 The practice of CSR in the banking industry

The significance of banks in advancing the modern economy is well-established¹¹. Given their extensive use of community resources, it is argued that the banking industry should engage more actively in societal contributions than other sectors¹². As institutions trusted by the public to secure and profitably manage depositor funds, banks hold a crucial role in both economic and social development, positioning them as leaders in the adoption of corporate social responsibility (CSR) practices¹³.

The motivation for banks to adopt CSR practices includes seeking legitimacy¹², securing a sustainable competitive edge¹³, improving brand reputation, and influencing stakeholder advocacy positively. These CSR activities reflect the banking sector's adherence to ethical standards, transparency, and collaboration with social entities, focusing on the interests of relevant stakeholders¹⁴. A study indicated that CSR efforts in Spanish banks positively impact employees, customers, and communities. Furthermore, Zhang and others noted the significant role of social activities in maximizing profits through enhanced corporate governance¹⁵.

Additionally, the relationship between corporate social performance and firm value was explored, revealing a positive correlation that is influential regardless of the company's size¹⁶. Financial Inclusion (FI) remains a priority, especially in developing countries, with CSR activities by commercial banks in Bangladesh playing a crucial role in promoting more aggressively than state-owned and foreign commercial banks¹⁷.

Bangladesh Bank has initiated several measures to integrate FI with social welfare activities, reflecting a comprehensive engagement of the banking sector in CSR to combat poverty, empower women, improve educational and healthcare facilities, handle disasters, and enhance cultural richness. The overarching importance of CSR in national development cannot be overstated, and a deep understanding of CSR models is essential for their effective implementation. This study aims to develop a conceptual CSR model that could be adopted universally to balance stakeholder and community interests, ensuring sustainable development¹⁸.

5.0 METHODOLOGY

Qualitative content analysis is one of the popular research methods used to analyse text data related to CSR. This method ventures beyond merely counting words to examining language intensely for classifying large amounts of text into an efficient number of categories that represent similar meanings. Texts can include books, essays, discussions, reports, interviews, newspaper headlines, articles, historical documents, speeches, conversations, advertising or any other occurrence of communicative language¹⁹.

Conducting a content analysis in the current study involved several important steps: a) choosing the documents containing the CSR initiatives of the Bangladesh banking sector; b) closely examining the annual reports, websites and other printed materials of the sample banks as well as of the Bangladeshi central bank; c) identifying the statistics, categories and types of CSR activities of those banks and analysing the data, content and information; and d) presenting the findings and recommendations to the audience.

6. DISCUSSION

CSR initiatives by the Banks of Bangladesh

The banking industry in Bangladesh is pivotal in managing and executing corporate social responsibility (CSR) activities to address the nation's economic, social, and environmental issues. Following the compulsory reporting requirements set by the Bangladesh Central Bank in 2008, all Islamic banks, similar to traditional banks, have documented their CSR spending under five main categories: In Bangladesh, the banking sector is deeply involved in corporate social responsibility (CSR) initiatives that address a broad range of societal needs:

i) **Humanitarian aid and disaster relief:** Banks in Bangladesh often respond to natural disasters like floods and cyclones by providing essential aid and financial support to affected communities. For example, after a major flood, a bank might distribute food, clean water, and temporary shelters to displaced families, helping them survive and recover from the crisis.

ii) **Educational initiatives:** Banks contribute to educational development by funding scholarships, building schools, and supporting literacy programs.

A bank might sponsor annual scholarships for underprivileged students or finance the construction of classrooms in remote areas, thus enhancing access to education.

iii) Healthcare services: Many banks support healthcare by organizing free medical camps and funding hospitals. These initiatives can include providing free health check-ups, eye camps, or vaccinations in underserved regions, ensuring that basic health services reach those in need.

iv) Support for sports, arts, and culture: Banks also play a role in promoting cultural and athletic activities. They might sponsor local sports teams, support artists, or fund cultural festivals, which helps nurture talent and maintain cultural heritage.

v) Environmental conservation and green banking initiatives: Banks are increasingly adopting green banking policies to mitigate environmental impact. This includes financing renewable energy projects, planting trees, and promoting paperless banking. For instance, a bank might fund the installation of solar panels for homes or businesses, or initiate a large-scale tree plantation drive, contributing to environmental sustainability and awareness.

These CSR activities not only help address immediate community needs but also contribute to long-term sustainable development in Bangladesh.

Table 1: Category-wise CSR expenditure during 2023 CY by Banks in Bangladesh (In Crore taka)

Sector	CSR expenses in Crore Taka
Education	176.63
Health	73.33
Disaster Relief	242.77
Environment	33.03
Art and Culture	28
Others	94.09
Total	647.87

7. HEALTHCARE CSR INITIATIVES BY THE BANKING SECTOR OF BANGLADESH

In Bangladesh, banks have increasingly recognized their role in promoting public health through Corporate Social Responsibility (CSR) initiatives, especially in response to the broader needs of the community. Here are some major CSR activities undertaken by the banking sector in the healthcare domain:

- Healthcare Infrastructure Development:** Many banks invest in building or upgrading healthcare facilities such as hospitals, clinics, and diagnostic centers. This includes providing modern medical equipment and technology to improve healthcare services in underserved areas.
- Health Camps and Medical Check-ups:** Banks often sponsor free health camps where medical services are provided at no cost. These camps may offer general health check-ups, eye exams, dental care, and even specialized medical consultations in rural or economically disadvantaged regions.
- Awareness Campaigns:** Banks may partner with healthcare organizations to run awareness campaigns on critical health issues such as cardiovascular health, diabetes, cancer prevention, maternal health, and more. These campaigns aim to educate the public about disease prevention and healthy lifestyle choices.
- Disaster Relief and Emergency Medical Aid:** In the face of natural disasters like floods, cyclones, or pandemics, banks frequently contribute to relief efforts by providing emergency healthcare services, medicines, and financial support for victims.
- Support for Mental Health Programs:** Recognizing the importance of mental well-being, some banks fund or organize programs focused on mental health awareness, providing access to mental health professionals, and conducting workshops or seminars.
- Blood Donation Drives:** Organizing regular blood donation events in collaboration with local blood banks or hospitals is a common CSR activity aimed at supporting the healthcare system.
- Funding for Medical Research:** Contributions towards medical research aiming to address prevalent health issues in Bangladesh or to innovate new treatment methods.

- h) **Nutritional Support Initiatives:** Banks might engage in programs that ensure nutritional support to vulnerable groups, such as children in orphanages or elderly in care homes, by providing essential food supplies or funding community kitchens.
- i) **Mobile Health Services:** Some banks sponsor mobile health clinics that travel to remote areas to provide medical services, thereby reaching populations that are otherwise cut off from regular healthcare facilities.
- j) **Partnerships with NGOs:** Collaboration with non-governmental organizations (NGOs) that focus on health-related initiatives, enhancing the reach and impact of their programs through financial or logistical support.

These initiatives reflect the banking sector's commitment to leverage their resources and network to support public health and welfare beyond their traditional business operations, aligning with broader social responsibilities and community needs.

Table 2: CSR expenditure in Healthcare during 20019-2023 by Banks in Bangladesh

Year	CSR expenses in Crore Taka	%
2019	73.33	11.5
2020	174.8	27
2021	312.1	48
2022	2.15	.003
2023	3.26	.005
Total	637.51	

8. ANALYSIS

Analysis of 2019 to 2020: The CSR expenditure in healthcare by banks in Bangladesh saw a significant increase from 73.33 crore Taka in 2019 to 174.8 crore Taka in 2020. This represents an increase in the proportion of total CSR spending on healthcare from 11.5% to 27%, indicating a heightened focus on health-related initiatives during this period.

Analysis of 2020 to 2021: The year 2021 witnessed a further substantial rise in healthcare CSR expenditures to 312.1 crore Taka, accounting for 48% of total CSR spending. This dramatic increase suggests an intensified commitment to healthcare, possibly driven by the needs imposed by the ongoing global health crisis during that time.

Analysis of 2021 to 2022: A drastic decline in healthcare CSR spending occurred in 2022, with expenditures plummeting to just 2.15 crore Taka, which is a negligible 0.003% of total CSR spending. This severe drop may be attributed to the economic crisis in the banking sector, exacerbated by corruption and political issues highlighted in the previous years.

Analysis of 2022 to 2023: There was a slight increase in spending in 2023, with healthcare CSR expenditures rising to 3.26 crore Taka, still maintaining a minuscule percentage of 0.005% of total CSR activities. Although there is a minor improvement from the previous year, the spending remains significantly low compared to earlier years.

Overall Trend Analysis (2019-2023): Over the five-year span, there was a significant peak in healthcare CSR spending in 2021, followed by a sharp decline in the subsequent years. The political turmoil and economic instability, particularly the ousting of the government in August 2024, seem to correlate with a drastic reduction in funding dedicated to CSR in healthcare, reflecting how external political and economic environments can heavily influence corporate social responsibility efforts in critical sectors like healthcare.

9. RECOMMENDATIONS

- a) **Strengthen Regulatory Frameworks:** Enhance oversight and enforcement mechanisms to ensure banks adhere to CSR commitments, particularly in healthcare, preventing the decline of contributions even during political or economic turmoil.
- b) **Promote Strategic Partnerships:** Encourage banks to form partnerships with healthcare providers and non-governmental organizations. These collaborations can amplify the impact of CSR initiatives, extending services to underserved populations.
- c) **Focus on Sustainable Healthcare Projects:** Banks should prioritize long-term healthcare projects that provide lasting benefits, such as building healthcare

infrastructure or investing in medical technology, rather than one-off contributions.

- d) **Enhance Transparency and Reporting:** Improve the transparency of CSR activities by requiring detailed reporting on the allocation and outcomes of healthcare expenditures. This can help in building trust and accountability in the banking sector's CSR initiatives.
- e) **Align CSR Activities with National Health Goals:** Integrate bank CSR strategies with national health objectives to ensure that the activities support broader public health priorities and contribute to systemic improvements in the healthcare sector.

10. CONCLUSION

The pivotal role of the banking sector in advancing healthcare through CSR in Bangladesh is undeniable. Banks have the potential to drive significant

improvements in public health outcomes through thoughtful, sustained engagement in healthcare initiatives. However, the variability in expenditure, influenced by external political and economic factors, underscores the need for stronger regulatory frameworks and strategic partnerships. By aligning CSR activities with national health goals and enhancing transparency, banks can ensure that their contributions to healthcare are both impactful and sustainable.

11. RECOMMENDATION FOR FUTURE RESEARCH

Future research should focus on evaluating the direct impact of CSR initiatives on health outcomes in communities served by banks. This could involve longitudinal studies that track health metrics before and after CSR interventions, providing a clearer picture of the efficacy and efficiency of different types of CSR activities in improving public health.

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