

**Relationship between Employee Corporate Social
Responsibility (CSR) Attitudes, Job Satisfaction and
Organisational Commitment in Bangladesh**

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Dedication

Dedicated to

those who are contributing to the

Corporate social responsibility movement locally and globally

Originality of authorship

This is to certify that this thesis, submitted in fulfilment of the requirement for the award of Doctor of Philosophy, Macquarie University, is wholly my own work, unless otherwise referenced or acknowledged. This document has not been submitted for fulfilment for any other award or qualification at any other academic institution.

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Abstract

Corporate social responsibility (CSR) is a practice increasingly undertaken by modern businesses to achieve economic and social goals. It refers to businesses incorporating the interests of stakeholders as well as those of shareholders. The dimensions, patterns and practices of CSR vary between developed and developing countries. While in the past scholarly research has focused on the views of stakeholders, there is an increasing trend in academic research to examine employees' reactions to CSR initiatives. It has been observed that such initiatives influence employee attitudes and behaviour, such as job satisfaction (JS) and organisational commitment (OC).

Previous studies, mostly conducted in developed countries, have demonstrated a positive relationship between employee CSR attitudes and both JS and OC. The present research aims to investigate the nature of the aforementioned relationship in a developing contextual environment, Bangladesh. The Bangladesh central bank has taken a number of initiatives to promote CSR in the banking sector, which have influenced both Islamic banks (IBs) and conventional banks (CBs). With the growth of IBs in Bangladesh and with their increased participation in CSR initiatives, it is apparent that IBs are involved in additional CSR activities, in comparison to their conventional counterparts, possibly influenced by the religious values of these banks. However, external CSR practices, which involve the wider community in addition to employees and shareholders, have increased significantly in recent years in the Bangladesh banking sector. Consequently, such increased external CSR might have influenced employees' CSR attitudes as well as their JS and OC. Therefore, the current study addresses a key research question: *'what is the relationship between employee CSR attitudes, and JS and OC in an Islamic bank (IB) and a conventional bank (CB) in Bangladesh'*? Social Identity Theory (SIT) and Value Congruence Theory (VAT) are used to explain employee CSR attitudes and their behavioural outcomes.

Analysis of data from a survey of 502 employees (271 from an IB and 231 from a CB) showed a positive relationship between CSR attitudes, and both JS and overall OC.

Furthermore, three different types of commitments were examined, findings suggest that Affective commitment is the strongest among the employees of both the banks. Although this finding is similar to the findings of most previous studies conducted in developed countries, the motivation behind CSR is significantly different in developing countries. Consideration of Corporate Governance (CG) mechanisms, ownership structure and board composition are important factors in developed countries. Moreover, businesses in developed countries increasingly embrace social issues into their core business strategies. Furthermore, the shareholders and managers in developed countries support CSR as they identify a clear link between CSR and organisational image, affecting share prices, particularly important where managers' compensation is tied to stock options.

Conversely, in developing economies, the company ownership structure is characterised by family dominance, corruption and political interference, which means it is not conducive to the adoption of western-styled rational CG models. Moreover, the motivation for CSR in a developing country like Bangladesh is associated with philanthropy and religious belief, buyer driven compliance for export oriented businesses, 'largely cosmetic' and 'a response to pressure from international market', intention to manage influential stakeholder groups and occasionally by the initiatives from the regulatory authority, like the central bank of Bangladesh.

This research is novel because there are few, if any, quantitative studies on the relationships among employee CSR attitudes, OC and JS encompassing organisational religiosity in a developing country context. This study is among the first to propose and test a set of relationships among these constructs.

The findings of this study contribute to the CSR literature because they explore a previously under-explored area of CSR, in particular in relation to the emerging field of CSR and human resource management practices involving employees' satisfaction and commitment from a contingency perspective.

This study also has several practical implications for managers and policy makers as well as for future research. As this study shows that CSR attitudes are related to positive workplace outcomes, it is recommended that managers develop CSR awareness and positive CSR attitudes among employees (particularly in the banking sector of Bangladesh) and encourage their respective banks to contribute more resources towards CSR to enhance positive workplace outcomes among employees. As for future research, it is recommended to replicate the current study by using more banks and /or respondents and to focus on other industries as well as cross-sectional samples to examine the external validity of the current study. In addition, it is recommended that future studies include other variables/factors such as turnover, employees' productivity, relationship between religiosity and employee salary, religiosity and CSR, and so on. Finally, further studies in a different geographical and economic area could give different results and extend the scope the study.

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Abbreviation

BB	Bangladesh Bank
BDT	Bangladesh Taka
BER	Bangladesh Economic Review
CB	Conventional Bank
CG	Corporate Governance
CSR	Corporate Social Responsibility
CSP	Corporate Social Performance
CFP	Corporate Financial Performance
FCBs	Foreign Commercial Banks
GDP	Growth Domestic Production
GOB	Government of Bangladesh
GRI	Global Reporting Initiatives
IB	Islamic Bank
IBF	Islamic Banking and Finance
IBs	Islamic Banks
IBBL	Islami Bank Bangladesh Limited
JS	Job Satisfaction
ILO	International Labour Organisation
MD	Managing Director
MDG	Millennium Development Goal
NCBs	Nationalised Commercial Banks
MTB	Mutual Trust Bank
OC	Organisational Commitment
OFI	Other Financial Institutions

PCBs	Private Commercial Banks
SCBs	State-owned Commercial Banks
SDIs	State-owned Development Institutions
SIT	Social Identity Theory
USAID	United States Agency for International Development
USD	United States Dollars
VCT	Value Congruence Theory
WB	World Bank
WBCSD	World Business Council for Sustainable Development

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Chapter 1: Introduction

1.1 General overview

“The capitalist system is under siege. In recent years, business increasingly has been viewed as a major cause of social, environmental, and economic problems.

Companies are widely perceived to be prospering at the expense of the broader community. Even worse, the more business has begun to embrace corporate responsibility, the more it has been blamed for society’s failures. The legitimacy of business has fallen to levels not seen in recent history. This diminished trust in business leads political leaders to set policies that undermine competitiveness and sap economic growth. Business is caught in a vicious circle” (Porter & Kramer, 2011, p. 4).

This quote illustrates the current shift from the classical economics theory of Milton Friedman, in which corporations exist to maximise profits for shareholders, to a new way of thinking in which corporations are viewed as global problem solvers: “neither governments nor communities, nor NGO’s, nor business, can solve these problems alone” (Maak & Pless, 2009, p. 537).

The concept of CSR has grown in importance and become a significant field of study over the last few decades (Carroll & Shabana, 2010). Today, there is an increasing awareness of the involvement of business in meeting social needs in collaboration with various social actors, including governments, NGOs, human right activists, civil society and others. Furthermore, with the emergence of dedicated CSR associations, the development of national and international certifications, workshops and conferences by public and private organisations has created new accountability and transparency standards for corporate boards of directors and managers (Waddock, 2008). However, it appears that there is a new understanding of the close relationship of business and society to enhance social wellbeing,

create competitive advantage, and attract employees. This section discusses the followings:

- i) responsibility of businesses in modern societies;
- 2) the context of corporate scandal and discontents;
- 3) religious influence on CSR;
- 4) motivation for CSR in emerging economies;
- 5) CSR practices in Bangladesh;
- 6) CSR and employee relations; and
- 7) an introduction to the current study.

Large businesses dominate modern society, wielding significant influence and power. Small businesses also have the potential to affect human lives in many ways. However, scholars hold two competing views regarding the responsibilities of these businesses. The narrow perspective of business responsibilities argues that the purpose of a business is to increase its profits for shareholders. Therefore, the task of improving the welfare of society is largely left to government, social and religious organisations (Johnson, 2003). This position has been clearly articulated by Friedman (1970), against them who argue in favour of the wider commitment of business to the wellbeing of the society. However, an alternative view suggests that a business has responsibilities towards the wider community along with its own financial interest, which go beyond legal and regulatory obligations. The latter view has broadened the focus from a narrow transactional view to a wider perspective aimed at building sustainable relationships with stakeholders including customers, suppliers, employees, shareholders, community groups and so on (Izraeli, 1997). This wider view incorporates the concept of corporate philanthropy and aims to contribute to the wellbeing of society more broadly.

The latter, wider view, of business responsibility is based on ideas such as compassionate capitalism and gentle commerce. Compassionate capitalism is based on the idea that the tension between capitalism and morality is not a necessity (Benioff, 2009) and that by changing the worldview and the practices of businesses, a new economic system may emerge. According to compassionate capitalism, businesses are to take on a greater responsibility in terms of serving both the organisation and society (Larsen, 2001).

Consequently, profit goals mingle with spiritual goals, such as contributing to community; developing employees; and creating a community within the organisation (Marcic, 1997).

Another term that is similar in the worldview upon which it was developed is ‘gentle commerce’: businesses conduct themselves in accordance to the principles of fairness and justice (Fort, 2014). The author suggested that all forms of commerce are not gentle. Like forcing children to kill other children to control diamond mines; colonialism; locking employees in a shifting sweetshop without break are not gentle commerce. According to Pinker (2011), gentle commerce means finding more to gain by trading than killing. The author argued that further elaboration of gentle commerce is vital to a healthy business contribution to peace.

In line with these worldviews, Porter & Kramer (2011) popularised the concept ‘creating shared value’ (CSV), which seeks to regain the trust in business during this current age of crisis. According to Porter and Kramer (2011), CSV is about creating financial value and social value at the same time, while using the resources and expertise of the business to address social issues - not creating financial value and then give some of it to charity. The concept of CSV and its popularity contributed to the current shift from corporate philanthropy to corporate sustainability and responsibility. However, Crane et al. (2014) claimed that CSV does not really fix capitalism as the main motive offered to business to create shared value is that they can make more money. In addition, Crane et al. claim that the idea is not original, and that concepts such as the two detailed above (compassionate capitalism and gentle commerce) in addition to others (e.g. social entrepreneurship) already make similar, if not stronger, suggestions.

Peter Drucker (1984) also claimed that profitability and responsibility are compatible notions and suggested that business should convert the social responsibilities into business opportunities. Drucker (1984) explicitly pointed out that “the proper ‘social responsibility’ of business is to tame the dragon, that is to turn a social problem into

economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs and into wealth” (p. 62). The author further suggested that there is no one else in the society of organisations to take care of society, so organisations must do so responsibly, with competence, and without hampering their performance capacity (Druker, 1993).

Interest in CSR partly reflects continued discontent among the business community with the apparent self-interest and self-indulgence in the western economic worldview (Steidlmeier, 1992). This discontent is aggravated by a growing number of business scandals (e.g. frauds and other unethical behaviour) involving large corporations such as Enron, Arthur Anderson, WorldCom and Tyco (Snider, Hill, & Martin, 2003). Other examples include, demonstrators railing against the sweatshop environment at Nike’s foreign suppliers in the 1990s, holding responsible for unethical business practice (Zadek, 2004), and corporate environmental catastrophes over the last few decades, including Union Carbide’s Bhopal gas leak, Exxon’s tanker crash and oil spill, BP’s Gulf of Mexico oil spill and collapse of an apparel factory building ‘Rana Plaza’ in Bangladesh killing over 1200 employees (Lee & Sweeney, 2014). Incidents like these not only damage the image of these corporations, but also create a huge outcry among human right activities, environmentalists and other critics. Corporations have considered CSR as a useful tool to overcome the damages caused by corporate scandals and to regain businesses’ reputation and corporate image, (Gazzola, 2014). In addition, there is some evidence that society can benefit from businesses influenced by religious values, as discussed in the following paragraph.

Possibly the most obvious example of religious influence on business can be seen in corporate philanthropy, which is associated in British and American history with the Quakers (BBC, 2009). Quakers became well known for their integrity both in personal relationships and in business dealings; they honoured contractual promises and maintained

fixed prices for goods. Well-known British businesses with Quaker origins are the chocolate manufacturers Rowntree, Fry and Cadbury (the Quakers permitted drinking chocolate as a healthier alternative to alcohol). The importance of helping less fortunate people can be found in world religions, for example, Buddhism, Judaism and Islam amongst others (Smart, 1998). Consequently, religious beliefs can be seen as a motivator towards socially responsible behaviour, though it can also be argued that the religious motive itself is driven by reasons of self-interest, for example, to secure a place in heaven as viewed in Christianity/ Islam, or to practise *Karma* as viewed in Hinduism, Buddhism and Jainism (Hemingway & MacLagan, 2004). Although moral and religious values often overlap, moral teaching is evident in many major religions. A growing body of empirical research links religion and ethical values, and the results show that more religiously inclined individuals tend to exhibit better decision making in ethical contexts and a greater orientation to CSR (Brammer, Williams, & Zinkin, 2007). Researchers have argued that religiously motivated employees are more satisfied with their jobs and exhibit higher level of commitment at their workplaces (e.g., Day, 2005; Jamal & Badawi, 1993; Kutcher, Bragger, Rodriguez-Srednicki, & Masco, 2010).

CSR initiatives are not only evident in developed economies, but can be found in emerging economies too. Belal and Momin (2009) conducted a review of CSR studies from the perspective of emerging economies. The authors argued that emerging economies are confronted with extensive problems including poverty, human rights violations, corruption, inequalities and social disparities. The motivation for advancing the CSR agenda in emerging economies is largely driven by external forces, including pressure from parent companies (Belal & Owen, 2007), international market (Islam & Deegan, 2008) and international agencies, for example, World Bank (Rahaman, Lawrence, & Roper, 2004). Stakeholders' influence over CSR, for example NGOs, appears to be weak in emerging economies, when compared to their developed counterparts (Belal & Momin, 2009). Most

previous CSR research in the context of emerging economies focuses on the presence of disclosure and its intrinsic motivation, but do not consider what is being omitted (Bebbington & Unerman, 2008). The study by Belal and Momin (2009) identified 41 empirical studies from 14 emerging economies covering four regions. Most of the studies focused on the Asia-Pacific and African regions, specifically Bangladesh, Hong Kong and Malaysia. According to the findings, eight studies were conducted in the context of Bangladesh, demonstrating increased interest towards CSR studies in this country.

In addition to these selective CSR studies, a number of CSR studies conducted by different scholars have been identified since 1997. The current study identified 49 studies (see table 4.1) pertaining to CSR conducted so far since 1997 in the context of Bangladesh. Many of these studies find that CSR initiatives were aimed at mitigating the social, economic and environmental challenges prevailing in the country. During the recent past, CSR initiatives /policies by the Bangladesh central bank motivated local private banks to be engaged in CSR initiatives (Chowdhury, Moniruzzaman, Bhakta, & Tahmida, 2012). Among these 48 studies, 27 were conducted in the areas of social, environmental and ethical disclosures/ reporting (e.g., Belal, Abdelsalam, & Nizamee, 2014; Momin & Parker, 2013; Sufian & Zahan, 2013); eight on CSR practices and initiatives (e.g., Naeem & Welford, 2009; Rahman & Ahmad, 2013; Sharmin, Khan, & Belal, 2014); five in the areas of CSR and law (e.g., Khair & Khan, 2004; Rahim & Wisuttisak, 2013), four in the areas of stakeholders' perception of CSR (e.g., Ismail, 2011; Mamun & Ahmed, 2009); one each on the politics behind CSR (Nielsen, 2005), on the role of CSR in disaster risk reduction (Matin, 2002) and on the link between CSR and CFP (corporate financial performance) (Islam, Ahmed, & Hasan, 2012). Interestingly, 35 (71%) out of these 49 studies were published in the last six years, indicating a significant growing interest in this arena among the scholars. However, apparently, there are no quantitative studies aimed at understanding

the impact of CSR on employee attitudes and behaviour, specifically JS and OC, encompassing organisational religiosity (e.g., IB), which is the aim of this current study.

It has been observed that in the developed countries, employees' perception of CSR triggers attitudes and behaviour in the workplace, which influence organisational, social and environmental performance (Gond, El-Akremi, Igalens, & Swaen, 2010). Also, there is growing evidence that business activities encompass a legitimate, compelling and increasingly significant way to attract and retain good employees (Bhattacharaya, Sen, & Korschun, 2008). CSR also helps increase employee engagement. A number of prevalent views of engagement propose that engaged employees not only contribute increasingly, but also are highly loyal and consequently less likely to voluntarily leave their organisations (Macey & Schneider, 2008). Furthermore, investigations show that the relationship between CSR and all three measures of organisational performance — financial performance, employee commitment, and corporate reputation — is positive (Rettab, Brik, & Mellahi, 2009). Most previous studies show a positive link between employees' CSR attitudes perceptions and both job satisfaction (JS) and organisational commitment (OC), the constructs of the current study (Koh & Boo, 2004; Peterson, 2004; You et al., 2013). However, such studies may be limited in developing countries, as CSR is a new phenomenon to these geographical locations.

In Bangladesh, a developing economy, outcomes of the relationship among the aforementioned constructs may be different than the developed countries, considering its contextual significance. Also, such outcomes may have new meanings to business managers as well as potentially having theoretical implications. Against this backdrop, the current study is timely and should fill a gap in the extant literature.

The banking sector has been chosen for the current study, as this sector is actively engaged in CSR, being directed by the central bank of Bangladesh to do so. The current

study examines the relationship between employee CSR attitudes and both JS and OC, using a survey instrument, which has four components: background variables, separate scales for employee CSR attitudes, JS, and OC. Each section of the instrument has been obtained from past studies. The survey generated 559 responses out of which 502 cases were complete and used for the quantitative analysis. The main research issue of this study is to examine the “Relationship between employee CSR attitudes and, JS and OC in Bangladesh banking sector”.

1.2 Statement of the problem

The rapid transmission of CSR concepts and practices has not only influenced business leaders, but also generated huge interests among scholars exploring its various aspects and impacts. It is a widely held view that businesses are reaping benefits in the name of strategic CSR. Given the increasing attention to CSR in both the research and business communities, its study in an emerging economy context is useful. The current study encompasses the relationship between employees' CSR behaviour and their outcomes in a developing economy, predominantly in the banking sector of Bangladesh. The following discussions briefly explain the reasons behind the study of the thesis, which will be addressed to fulfil the research gap in the existing literature.

As the practice of CSR in the Bangladesh banking sector has been increasing apparently due to the intervention of the Bangladesh central bank, it is likely that such increased CSR practices may have influenced the attitudes and behaviour of banking employees. The current study attempts to present a comparative view of the influences of CSR on the employees of an IB and CB in the context of Bangladesh. The main objective of this study is to examine the relations between employees' CSR attitudes and their outcomes in these two sample banks. Specifically, this study endeavours to identify the “relationship between employee CSR attitudes, and JS and OC”.

However, the study also endeavours to identify which bank exhibits more commitment among its employees. Moreover, the study also analyses the relationship between employee CSR attitudes and three types of OC, namely Affective, Normative and Continuance, and determines which commitment type is the strongest among the employees of sample banks and explains why such phenomenon exist.

A number of prior studies have investigated the relationship of employees' CSR attitudes and JS (e.g., Koh & Boo, 2004; Schappe, 1998; Vitell & Davis, 1990) and OC (e.g., Peterson, 2004; Turker, 2009; Vakola & Nikolaou, 2005). Most of these studies were conducted in a developed country context and revealed that CSR attitudes have a positive relationship with JS and OC. Such studies are limited in the developing country setting, especially in a unique country context like Bangladesh. However, prior research conducted in the developed countries country context were influenced, among others, by the corporate governance mechanism, where shareholders and managers support CSR as they see a clear link between CSR and organisational image. On the other hand, in a developing country like Bangladesh, motivation for CSR is different considering its socio, economic, environmental context. Consequently, the outcomes and significance of CSR may add valuable insights. Also, the presence of organisational religiosity in this framework has been a unique proposition for this current research.

1.3 Research questions

The main research aim of this study is to examine the “relationship between employee CSR attitudes and JS, and OC in the Bangladesh banking sector”. The research instrument discussed below provides detailed information about its developmental process, its alignment to the research questions and how it was used to address the research questions.

The sub-research questions are as follows:

- i. What is the relationship between employee CSR attitudes and JS?
- ii. What is the relationship between employee CSR attitudes and OC?
- iii. Does religiosity moderate the relationship between employee CSR attitudes and JS?
- iv. Does religiosity moderate the relationship between employee CSR attitudes and OC?
- v. Among the three dimensional organisational commitments, which one exhibits the strongest relationship with employee CSR attitudes in both sample banks?

1.4 Significance of this research

1.4.1 Contribution to research

This study endeavours to make two distinct contributions to the literature on the role of employee attitudes towards CSR in terms of organisational effectiveness. First, prior research on the impact of CSR attitudes on JS and OC has been dominated by studies in the developed countries. In the developed world, there are at least two motivating factors for embracing CSR: 1) shareholders support CSR as they consider that it has a clear link with organisational image, which impacts on the share prices by enhancing investment in CSR; 2) the fortunes of managers are linked to the fortunes of the firm because of stock-options based compensation. Thus, managers tend to be opportunistically involved in CSR. On the other hand, in a developing country like Bangladesh, motivation for CSR is associated with philanthropy and religious belief, buyer driven compliance for export oriented businesses, ‘largely cosmetic’ and ‘a response to pressure from international market’, intention to manage influential stakeholder groups and occasionally by the initiatives from the regulatory authority, i.e., the central bank of Bangladesh. Consequently, the outcomes and significance of such relationship will add original insights from a less-studied developing economy to this growing field of debate.

Second, this study offers a new contingency framework by incorporating the role of organisational religiosity (i.e., IB) in this phenomenon. More specially, by examining how religious values in the organisation impact upon the intensity of the association between CSR and JS, CSR and OC, creating a more complete picture of the role of CSR and different value systems. This approach is unique. Apparently, no research has so far recognised the role played by organisational religiosity in the mechanism through which CSR influences JS and OC.

1.4.2 Practical implications

This research holds potential benefits for the broader area of management practitioners, the community and businesses in developing economies. Firstly, middle /senior level managers may utilise the outcome of this research to develop awareness of CSR among employees in the banking sector of developing countries, by sharing the outcome of the current research among them (employees). Secondly, if the outcome of this research indicates a positive relationship between employee CSR attitudes and JS and/or OC; thus, banks will be encouraged to contribute more resources towards community support programs, which will benefit a large number of disadvantaged citizens in developing countries. Finally, this study can be replicated to other business sectors in Bangladesh or countries, having similar socio-economic conditions. The outcome of this research may also affect public policy and governmental contribution to CSR.

1.5 Organisation of the thesis

This thesis is comprised of seven chapters. The current chapter introduces the thesis. It begins with a brief overview of the rationale for, and development of, CSR, exploring relevant issues and various challenges. Next, it presents the statement of the problem of the current study. Then, it presents the theoretical contributions and practical implications of this study. Finally, this chapter presents the organisation of the thesis.

Chapter two reviews the literature related to CSR theories and its historical development. First, it presents the evolution of CSR concepts and definitions, which spans the beginning of the modern era to the beginning of the 21st century. Second, it describes the impact of CSR on employees' behaviour. Third, it discusses the major constructs of the current study and their relationships. Forth, it presents previous CSR studies pertaining to the aforementioned constructs and summarises in tabular forms. Finally, it presented the hypothesis development process.

Chapter three presents the theoretical framework of the current study, which is supported by Social Identity Theory (SIT) and Value Congruence Theory (VCT). This section shows, how SIT has been advanced as a theoretical framework for explaining the relationships between employee CSR attitudes, JS and OC. Also, VCT explains the relationship among the aforementioned constructs, which shows that congruence may happen between the values of the employees and their organisations.

Chapter four presents the context of the current study, Bangladesh. First, it describes the state of Bangladesh and its context, outlining the economic situation and social issues. Second, it provides a historical overview of CSR practices in Bangladesh. Third, it presents a summary of major CSR studies pertaining to Bangladesh, in a tabular form, showing thematic categories of those studies. Forth, it also briefs literature review pertaining to non-

banking and banking sector CSR studies. Fifth, it describes the activities of the Ministry of Finance, the roles of the Bangladesh central bank, and its initiatives for the promotion of CSR. Sixth, it outlines the CSR initiatives by the banking sector in Bangladesh, which are: support for humanitarian and disaster relief; education; healthcare; promotion of sports, art and culture; and protection of the environment. Seventh, it presents the special CSR initiatives that are only practised by IBs operating in Bangladesh.

Chapter five provides details of the research methodology used in this study. It begins with philosophical assumptions, research questions and research instruments. It also discusses the individual scales used in the research instrument development as well as background/ demographic variables related to the research. It further presents sampling procedures and the regression model.

Chapter six mainly provides the findings of the statistical analyses necessary for this study. Then it presents the findings of the statistical analysis: i) the relationship between employee CSR and JS and OC; 2) the relationship between employee CSR attitudes and three-commitment types; 3) the impact of religiosity on employee CSR attitudes and JS and OC. Finally, it presents the summary of these findings.

Chapter seven discusses the findings of the current study. First, it presents the key findings. Then, it interprets the findings with relevant theoretical framework, previous research and contextual information, presented in earlier chapters in this study. Next, it explains the contribution of the current study to research as well as its managerial implications. Then, it presents the limitations of the current study and recommendations for future studies. Finally, the chapter makes a few concluding remarks.

1.6 Flow chart of the thesis

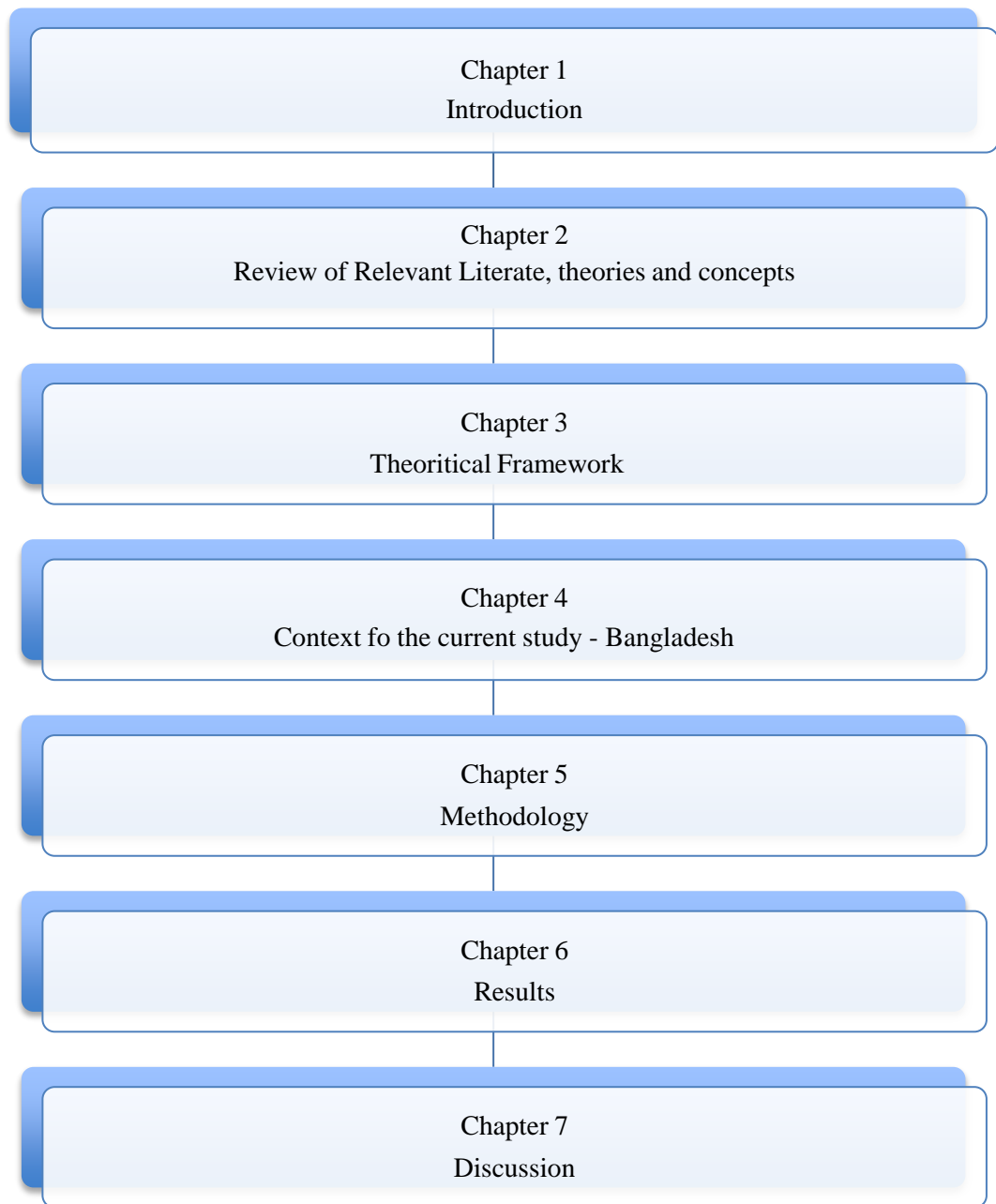


Figure 1.1 Organisation of the current study

Chapter 2: Review of relevant literature, theories and concepts

2.1 Introduction

Chapter two reviews the literature related to the concept of CSR, including theories and its historical development. First, it presents the evolution of CSR concepts and definitions, which spans the beginning of the modern era to the beginning of the 21st century. Next, it describes the impact of CSR on employees' behaviour. Then, it presents the definitions and previous studies from developed and developing countries regarding employee CSR attitudes followed by a summary in a tabular form. It also it discusses the previous studies that exhibit the relationship between employee CSR attitudes and OC, JS and both JS and OC.

2.2 Evolution of concepts and definitions

To have a better understanding of the evolution of CSR, it is important to know what CSR is. It is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis" (European Commission, 2004, p. 5). Different scholars /institutions have defined the term 'CSR' from the perspectives of different dimensions. These dimensions include stakeholders' involvement, improving the quality of life, economic development, ethical business practice, legal requirements, voluntariness, respecting human rights, protection of environment, transparency and accountability (Rahman, 2011). The concepts and definitions of CSR have been evolving since its inception, as outlined below.

Beginning of the modern era: The 1950s

The fifties was the beginning of the formal CSR movement and the literature during this period mainly discussed the obligation of businesses towards society. During this period, Bowen (1953), in his book *The Social Responsibility of the Businessman*, presented an initial definition of the social responsibilities of businessmen that speaks of their obligations

to society by saying, “It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (p. 6).

CSR literature broadens: The 1960s

During the 1960s, there was a significant growth in attempts to formalise or more precisely state what CSR means. Keith Davis, one of most prominent scholars during this period, defined CSR as “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (Davis, 1960, p. 70). The author argued that CSR is a vague idea, but it should be seen from a managerial point of view. The author further argued that some socially responsible business decisions could be acceptable, if those decisions could bring long-term economic gain to the firm.

The further growth of CSR definitions: The 1970s

During the 1970s, CSR definitions gained widespread acceptance in the developed world. During this period, Nobel Prize economist Friedman (1970) presented CSR from a different angle, the economic perspective. The author defined CSR by stating that “there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game” (p. 126). Contrary to the concept of Friedman (1970), Carroll (1979) introduced a three dimensional social performance model, a new paradigm in the way business views society. These dimensions encompass businesses’ responsibilities (economic, legal, ethical and discretionary), social issues (e.g. discrimination, product safety and the environment) and the philosophy of response (e.g., reaction versus proaction). In 1971, Johnson presented four definitions of CSR. Firstly, according to the author, a socially responsible firm would take into account all other stakeholders, in addition to the traditional stockholders; the second definition viewed that businesses would use social responsibility for profit maximisation;

the third definition focused on utility maximisation and the final definition considered both profit maximisation as well as achieving social goals.

Further research on CSR: The 1980s

During the 1980s, a few significant definitions as well as a number of concepts, theories, themes and literatures emerged in the field of CSR. More detailed discussion of these follows.

Jones (1980) argued that businesses have responsibilities to the various constituent groups other than stockholders and beyond what is prescribed by law and trade unions. Drucker (1984) proposed a “new meaning” of CSR, which goes beyond profitability and responsibility, by converting social responsibilities into business opportunities. This proposition developed a perspective that profitability and social responsibility are compatible. However, one of the most significant theories during the 1980s was introduced by Freeman (1984), was stakeholder theory. According to this theory, businesses have responsibilities towards a broader group of stakeholders, in addition to owners and shareholders. Stakeholders include customers, employees, competitors, trade associations, media, environmentalists, suppliers, government, consumer advocates, local communities and the business community. Hence, managers must seek a balance concerning the needs and demands of owners, shareholders and many other stakeholders (Freeman, Harrison, Wicks, Parmar, & De Colle, 2010). Further, Clarkson (1995) proposed a distinction between primary and secondary stakeholders, and expanded Freeman’s definition of stakeholder.

More CSR definitions revealed: The 1990s

During the 1990s, a few more definitions and alternate themes of CSR emerged, which can be considered as unique contributions in the definitional evolution process. In 1978, Carroll viewed that ethical philosophies of management have a major influence on the ethical behaviour of their employees. Later, the author introduced his three dimensional social

performance model, a new paradigm in businesses' views towards society, which included the four components of CSR definitions namely, economic, legal, ethical and discretionary CSR (Carroll, 1979). Carroll (1991) revisited the four-part CSR definition, describing the discretionary component as philanthropic, and suggested that it incorporates "corporate citizenship". The author suggested that CSR for to be accepted by business, it should be packaged in such a way that the whole range of business responsibilities can be embraced. The author further suggested that four kinds of social responsibilities would establish CSR, which were economic, legal, ethical and philanthropic. During this period, Elkington (1997) introduced the famous concept of Triple Bottom Line focusing on three issues, namely, social responsibility (towards people), environmental responsibility (towards planet), and economic responsibility (to earn profit).

New dimension of CSR: The beginning of 21st Century

In the beginning of the 21st Century, the World Business Council for Sustainable Development (WBCSD) introduced its CSR definition, which covers issues related to ethics, economic development and quality of life. According to WBCSD, "Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large" (Holme & Watts, 2000, p. 3). This definition is comprehensive, widely accepted and has existed in the CSR field for many years, although a few more definitions have emerged in the last few years. However, due to the evolving nature of CSR, a paradigm shift has occurred within the first decade of the 21st century in the domain of CSR, which will be discussed in the following paragraphs of this section.

Garriga and Melé (2004) differentiated among four perspectives on social reality that influenced CSR theories and concepts and concluded that CSR theories fall into four broad approaches, namely, instrumental theories, political theories, integrative theories and

ethical theories. However, the authors believed that the relationship between business and society needed to incorporate all these four approaches to bring benefits for all concerned. Zadek (2004) developed, “Path to Corporate Responsibility”, where the author argued that organisations would typically go through five stages as they move along the learning stages: Defensive stage, Compliance stage, Managerial stage, Strategic stage and Civil stage. In the Bangladesh banking sector, CSR may be considered in its *compliance stage*, is based on the propositions of Zadek (2004).

Viewed on a continuum, eventually, 21st century businesses may be at the Strategic stage (in the developed countries), integrating social issues into their core business strategies, reflecting the shift from the previous stages. Echoing this shift, Porter and Kramer (2006) argued that when approached strategically, CSR generates opportunity, innovation and competitive advantage for corporations as well as solving pressing social problems. According to the authors, each business can identify the specific set of societal challenges that it is best equipped to help resolve and from which it can gain the greatest competitive advantage.

Waddock and McIntosh (2009) argued that initiatives like Corporation 2020 began to explore new roles for businesses in creating a bridge with society by embracing a holistic perspective encompassing the societal, stakeholder and ecological needs. According to these authors, the new business context appeared as networked and interdependent, flexible and adaptive, rational and equitable and demanding shared power with inspiring leadership. Further, the authors maintained that for sustainable development for both society and business, all future leaders should be ready to face challenges by incorporating consciousness to post-conventional levels, balancing individually and socially, embracing eco-efficiency and a holistic perspective, generating creativity, taking a principled stance, and being reflective and courageous.

Creating shared value represents a wider idea of Adam Smith's invisible hand (Porter & Kramer, 2011). According to the authors, shared value is about enhancing the total pool of economic and societal value, like aiming to increase the share of revenue, for example, giving farmers higher prices for similar harvests. The authors proposed three distinct ways to create shared value: reconceiving products and markets, redefining productivity in the supply chain and developing supportive business clusters at the company's locations.

Aguinis and Glavas (2012) reviewed the CSR literature based on 588 journal articles and 102 books and book sections. By synthesising and integrating the literature, they offered a multilevel and multidisciplinary theoretical framework at the institutional, organisational, and individual stages of analysis. This evaluation uncovered the following: a) important gaps in the existing knowledge related to the adoption of various theoretical approaches used by CSR researchers; b) the need to comprehend primary mechanisms linking CSR with its outcomes; c) the need for investigation at micro levels of study; d) finally, the need for methodological tactics that will help in addressing these significant knowledge gaps. The study gave specific recommendations regarding the research design, measurement, and approaches for data analysis essential for carrying out a few suggested research agendas. However, most of the research reviewed by the authors analysed the literature developed in the developed country context, which further justifies the current study.

Michelon, Boesso, and Kumar (2013) examined the link between strategic CSR and the company performance (CP) of 188 businesses over a three-year period in seven areas of CSR. These areas were environment, community, corporate governance, diversity, employee relations, human rights and product quality. The results showed that when CSR initiatives are linked to stakeholder preferences and resources are allocated to these initiatives in a strategic way, the positive effect of its CSR initiatives on CP was

strengthened. However, this link was not witnessed across the board for all of the seven areas of CSR. The authors concluded that companies need to link their CSR initiatives to the likely preferences of their stakeholders and undertake corporate social actions that are relevant to the company's strategy.

The above discussions show that the 1950s were the beginning of formal CSR movement and the literatures were mainly dominated by the issue of social responsibilities of individual businesses and business people. The 1960s saw a significant growth in CSR literature including new definitions that supplemented the views of scholars. During the 1970s, CSR definitions gained widespread acceptance in the developed world. The next decade witnessed further research on CSR and stakeholder theory was introduced. During the 1990s a few more CSR definitions and themes emerged including the concepts of 'pyramid of CSR' and 'triple bottom line'. A new dimension of CSR emerged in the beginning of the 21st century with a few more concepts that made a paradigm shift in the relationship of business and society, including 'strategic CSR' and 'shared value'

2.3 Impact of CSR on employees

It has been observed that CSR practices by businesses may impact on attitudes towards CSR among employees and such impact may influence those employees' attitudes (e.g., JS and OC) and behaviour (e.g., remaining in the organisation and participating in CSR). Based on prior studies, the impact of CSR on employees can be classified into two broad groups. In the first group, scholars have examined how CSR affects prospective employees (e.g., Albinger & Freeman, 2000; Backhaus, Stone, & Heiner, 2002; Turban & Greening, 1997). These studies concluded that CSR creates a good reputation for a business as well as enhances its attractiveness as an employer. Similarly, Viswesvaran, Deshpande, and Joseph (1998) also found that CSR augments the perceived trustworthiness of a business for a job seeker who does not have any prior interaction with that business. Also, Greening and Turban (2000) examined this link based on SIT and stated that a firm's social performance sends signals to potential job seekers about what the firm would be like to work for. Furthermore, a recent study by Gully, Phillips, Castellano, Han, and Kim (2013) suggested that recruiting practices are a key tool for ensuring fit with the culture and values of an organisation. An organisation's advertisement messages about its social and environmental responsibility values intermingle with the job seekers' desire to have a significant impact thus influencing job-hunting intentions.

In the second group, scholars examined the impact of corporate social initiatives on current employees (e.g., Brammer, Millington, & Rayton, 2007; Peterson, 2004; Viswesvaran et al., 1998). In their study, Viswesvaran et al. (1998) analysed the correlation of perceived top management commitment to ethical behaviour, finding it was highest for supervisor satisfaction. A recent study by Rupp, Shao, Thornton, and Skarlicki (2013) showed that the effect of CSR perceptions on applicants' job hunt intentions was mitigated by their first-party justice experiences, while it was augmented by their moral identity. Specifically, first-party justice perceptions weakened the positive link between employees'

CSR perceptions and their organisational citizenship behaviour. The findings of this study also bridged the CSR and organisational justice literatures, and revealed that the effects of individuals' CSR perceptions were more complex than previously believed. The findings shed light on employee-level CSR phenomena and offer consequences for both research and practice. Also, Peterson (2004) found a clear link between employees' perceptions of corporate citizenship (CC) and OC. More importantly, the results indicated that the link between CC and OC was stronger among employees who trust highly in the significance of the social responsibility of businesses. Furthermore, evidence shows that there is an association between socially responsible behaviour and OC, and such association is positively related (Brammer et al., 2007).

Beside OC, the relationship between CSR and employee engagement (EE) has also been examined. For instance, Markos and Sridevi (2010), found that organisations that have highly engaged employees tend to have higher rates of employee retention, productivity, profitability, progress and customer satisfaction. Conversely, companies having disengaged employees suffer from a number of challenges including less commitment, absenteeism, less customer orientated, low productivity, reduced turnover and net profit. Another study by Alfermann (2011) adopted a mixed-methods design in which the interactions among CSR engagement and EE was investigated through survey and semi-structured interviews. The study revealed that engagement in an organisation's CSR positively affects EE. The research also demonstrated that organisations should integrate CSR and EE strategies as well as localise those strategies to fit the national culture.

However, most of the above studies were conducted in the developed countries. In the context of Bangladesh, on the other hand, a recent study investigated how perceived organisational and supervisory support impacts on employee in-role performance by an examination of the mediating effect of employee engagement (Rubel & Kee, 2013). The

study used a sample of 150 workers from the Bangladesh readymade garment (RMG) industry, which revealed a significant positive relationship between both employee in-role performance and organisational support. The results further indicated that employee engagement had a significant positive relationship with both organisational and supervisory supports. Moreover, employee engagement partly mediates the link between in-role performance and perceived support. Based on the findings, the authors concluded that supervisors can play an important role in influencing employees' attitudes and behaviours, which may ultimately increase their job performance.

2.4 Employee CSR attitudes

Attitudes may be defined as a “positive or negative feeling or mental state of readiness, learned and organised through experience that exerts specific influences on a person’s response to people, object, and situation” (Gibson, Ivancevich, & Donnelly, 1991, p. 70). It can be explained as summary evaluation of matters (like, oneself, other people or issues, etc.) along with dimensions that range from positive to negative (Ramasamy & Ting, 2004). Based on different formations, attitudes may be grouped as: a cognitive component, reflecting the beliefs of an individual; an effective component that is related to someone’s feelings; and a behavioural component that is related to the person’s reaction toward a matter (Crites, Fabrigar, & Petty, 1994). A psychological tendency exists for human beings to construct their social domain by appraising all the matters around them. The results of such appraisals are their attitudes (Bhattacharya, 2004).

Employees’ CSR attitudes originate from employees’ knowledge about their organisations’ CSR initiatives and practices (Zheng, 2010). The perception of CSR forms a cognitive viewpoint, which is the employees’ evaluation of the organisation’s CSR programs. The formation of employee CSR attitudes and behaviour derive from such cognitive process (Crites et al., 1994). When employees perceive that their employer supports social causes that they (i.e., the employees) are involved with, they may tend to be inspired to improve their work performance (Hickman, Lawrence, & Ward, 2005). This notion is supported by Bhattacharaya et al. (2008), who observed that employers’ commitment to socially responsible behaviour stimulates employees to be more productive, work harder and focus more on quality.

Orpen (1987) studied 164 US and 151 South African managers’ CSR attitudes, which revealed that the US managers exhibited more significantly favourable attitudes towards CSR. In addition, their study showed that the US managers felt that their society

expected more engagement towards CSR activities compared to the South African managers. Finally, the results explained the vulnerability of social responsibility attitudes toward cultural norms and values, which reflect the dissimilar nature of these two societies.

Aguilera, Rupp, Williams, and Ganapathi (2007) developed a multilevel theoretical model that provided justification for businesses increased engagement in CSR activities exhibiting the potential to exercise positive social change. The authors integrated organisational justice, corporate governance, and varieties of capitalism theories and argued that many different actors pressure the organisations to be engaged in CSR. The authors further claimed that employee perceptions of businesses' external CSR shape the employees' subsequent attitudes and behaviours toward their businesses.

Another framework was developed by Gond et al. (2010) by combining SIT and Social Exchange Theory. According to the authors, employees' perceptions of CSR stimulate attitudes and behaviour at work, based on this new framework. They further explained how such attitudes and behaviour affect organisational, social and environmental performance. The framework ties micro and macro level studies on socially responsible behaviour by articulating social identification and social exchange methods and attempts to explain how CSR stimulates corporate performance by affecting employee behaviour.

Employees' perceptions of CSR affect their subsequent feelings, attitudes, and behaviours, moderated by organisations' social accounts, as well as mediated by instrumental, relational, and deontic motives/needs (Rupp, Ganapathi, Aguilera, & Williams, 2006). It is apparent that the outcomes of CSR initiatives undertaken for the wellbeing of society will largely depend on the effective participation of employees in CSR initiatives (Collier & Esteban, 2007). Through strategic engagement, businesses can ensure that employees are sufficiently motivated and committed to the effective delivery of CSR practices. Three antecedents of CSR are shaping the degree of employee influence on CSR

perceptions: awareness of CSR; CSR orientation of employees; and the fit between 'organisation' and 'employee value'.

Antecedents

Socially responsible attitudes and behaviours are influenced by various psychosocial elements (Schneider, Oppegaard, Zollo, & Huy, 2004). Three antecedents possibly frame how strongly CSR initiatives affect employees' CSR attitudes. The first, employees' awareness of CSR, is likely to impact employee attitudes and behaviours (Bhattacharya, 2004; Schuler & Cording, 2006). This means that organisations should provide employees with information about previous CSR actions because communication of these within the organisation influences employees' perceptions. Businesses often create awareness of CSR by educating their employees on the importance of business' contribution to society (Öberseder, Schlegelmilch, & Murphy, 2013). The second is individual perception of CSR or familiarity with CSR. Employees' personal perception about the desirability of adopting CSR programs can affect their attitudes to CSR actions (Gond et al., 2010). Gond et al. argued that the more employees are oriented toward CSR, the higher the influence of CSR activities on employees' CSR attitudes. The third is the fit between organisation and employees' values. The person–organisation (P–O) fit indicates the congruence between employees and organisational characteristics and values (Kristof & Kristof, 1996). Kristof and Kristof suggested that compatibility between person–organisation fit occurs when at least one entity provides what the other needs, they share similar fundamental characteristics, both.

Studies from developing countries, such as Malaysia, Bangladesh, Nepal, India (e.g., Abdul & Ibrahim, 2002; Belal, 2006), exhibited that employees attitudes/ perception towards CSR were positive in general, which is similar outcomes to similar studies from the developed countries, such as the US and Australia (e.g., Ford & McLaughlin, 1984; Teoh &

Shiu, 1990). Interestingly, the mixed study that included participants from the US, India and China (Wong, Long, & Elankumaran, 2010) showed that American and Indian respondents were more attached to non-economic dimensions of social responsibility than their Chinese counterparts. Also, while US respondents emphasised legal obligations, Indian respondents emphasised philanthropy. However, none of these studies explores employees' CSR attitudes using the proposed framework in the empirical context of Bangladesh and, therefore, the current study aims to fill this void.

Table 2.1 offers a summary of studies on the attitudes towards CSR among the respondents from developed and developing countries. The results exhibited that those respondents generally held positive attitudes towards CSR.

Table 2.1: A summary list of selected studies pertaining to CSR attitudes/perception

Authors (year)	Sample	Country context	Measure of attitudes	Findings
Ford and McLaughlin (1984)	203 deans from the listing of American Assembly of Collegiate Schools of Business and 116 CEOs from the listing of <i>Reference Book of Corporate Management</i> 1981)	Developed country (The US)	A 22-item <i>CSR attitudes scale</i> drawn from (Davis, 1973)	Both CEOs and deans have positive attitudes towards CSR. However, CEOs have stronger attitudes towards CSR than the business school deans do.
Orpen (1987)	164 United States and 151 South African managers	Developed country (The US)	A 20-item <i>CSR attitudes scale</i> drawn from (Fryxell & Wang, 1994)	US managers exhibited more significantly favourable attitudes towards CSR in comparison to their South African counterparts.
Teoh and Shiu (1990)	200 Australian financial analysts and bank officers	Developed country (Australia)	A six-item <i>CSR attitudes scale</i> constructed from a content analysis of the SRI literature.	Respondents generally had positive attitudes toward CSR.

Abdul and Ibrahim (2002)	198 executives and managers from Malaysia	Developing country (Malaysia)	A 14-item <i>CSR attitudes scale</i> developed from (Ford & McLaughlin, 1984; Gill & Leinbach, 1983; Holmes, 1976; Teoh & Thong, 1984)	Malaysian managers and executives showed positive attitudes towards CSR. This attitudes level was higher than what they had a decade ago.
Belal (2006)	10 representatives from different stakeholders groups from Bangladesh	Developing country (Bangladesh)	Used a validated open-ended semi-structured interview questionnaire.	A large majority of the stakeholders supported the principles of CSR. However, the practice of CSR was far from being satisfactory and lacked desired transparency and accountability.
Wong et al., (2010)	317 MBA students (109 American, 95 Chinese and 113 Indian) from higher educational institutes in the US, China and India	A mix of developed and developing countries (US, China and India)	A 12-item <i>CSR perception scale</i> developed in line with Carroll's (1991) four-component CSR model.	American and Indian students were more attached to non-economic dimensions of social responsibility than their Chinese counterparts. While US respondents emphasised on legal obligations, the Indian respondents emphasised on philanthropy.
Groves and LaRocca (2011)	458 employees from Southern California	Developed country (The US)	A 13-item <i>CSR attitudes scale</i> developed by (Singhapakdi, Vitell, Rallapalli, & Kraft, 1996)	Transformational leadership's explanatory power seemed to be a driver of followers' CSR attitudes and consequent behaviours.
Tsai (2012)	201 employees from Hong Kong hotel industry	Developed economy (Hong Kong)	A 30 item self-administered instrument developed in line with (Elkington, 1994)	Employees had generally positive attitudes towards CSR.
Chapagain (2012)	70 banking and 52 manufacturing sector managers from Nepal	Developing country (Nepal)	A 14-item <i>CSR attitudes scale</i> adopted from (Abdul & Ibrahim, 2002; Ford & McLaughlin, 1984; Gill & Leinbach, 1983; Holmes, 1976)	Both banking and manufacturing sector managers had positive attitudes towards CSR. However, banking sector managers had stronger attitudes toward CSR compared to their counterparts.

Michailides and Lipsett (2013)	548 employees of a North American energy transportation company	Developed country (The US)	A 15-item <i>CSR attitudes scale</i> developed by (Aupperle, Carroll, & Hatfield, 1985; Burton, Farh, & Hegarty, 2000)	Connections to corporate values may be sufficiently significant to overcome any potential impact on work climate perceptions and/or education levels had on CSR orientation.
Zeng (2014)	196 South African and Chinese managers of Chinese state owned enterprises in South Africa	Developed country (South Africa)	A 23-item <i>CSR attitudes scale</i> was developed from (Christie, Kwon, Stoeberl, & Baumhart, 2003; Coldwell, 2001; Davis, 1960; Gill & Leinbach, 1983; Ostlund, 1977; Van Over & Barone, 1975)	The managers' overall attitude towards CSR was positive. South African managers held significantly more positive attitudes towards CSR than Chinese managers. Also, managers from the banking industry held more positive attitudes than the managers from the mining and telecommunication industry.

2.5 Job Satisfaction (JS)

JS is defined as the positive emotional condition resulting from the overall evaluation of someone's job or job experience (Locke, 1976), and is a feature of the extent to which individual necessities are met in the workplace (Tziner, 2006). Importantly, one of the early scholars of this field, Herzberg, Mausner, & Snyderman (1959), demonstrated the presence of two groups of factors that impact satisfaction or dissatisfaction with work. The first group is known as hygiene factors (external factors) and the other as motivators (internal factors). Therefore, JS can be both intrinsic, arising from internally mediated rewards such as the job itself, and extrinsic, ensuing from externally mediated rewards such as satisfaction with pay (Porter & Kramer, 2006).

CSR and JS

In the context of CSR, some studies suggest that CSR can increase JS, because the demonstrated social responsiveness directly satisfies the employees' social needs within the firm (Lee, Ho, Wu, & Kao, 2008). When an employee feels justly treated, he/she feels positively towards his/her job. Moreover, employees who perceive their organisations to be socially responsible are more likely to perceive their organisations as acting fairly towards them (Zheng, 2010). Consequently, employees' perceptions of their organisation's CSR may increase their JS.

Vitell and Davis (1990) identified a relationship between the ethical climate of one's firm, its industry and various dimensions of JS. The results indicate that managers might be able to increase JS by inspiring ethical behaviour and by reducing the opportunity for unethical behaviour within their companies. Analogously, Koh and Boo (2001) have indicated that organisational ethics, which is a key component of CSR, increases JS. Specifically, employees generally prefer organisations that promote ethical beliefs and principles (Garavan & McGuire, 2010). Therefore, by fulfilling employees' expectations of organisational ethical initiatives, organisations are able to enhance employees' JS (Koh &

Boo, 2001). These authors examined whether the ethical climate of the organisation has a significant effect on JS, based on a survey of 237 managers in Singapore. The reason for such a study was that previous studies exhibited mixed results in different contextual environments. The results revealed that ethical climate is significantly associated with JS, which indicates that the presence of ethical behaviour (e.g., CSR practices) in the workplace will increase JS and the absence of ethical behaviour will decrease it.

Furthermore, through CSR, employees become positively associated with ethical codes and ethics training (Koh & Boo, 2001). Conversely, individuals who are pressed to behave in a questionable manner often experience “lower levels of JS, which in turn may lead to higher turnover intentions” (Valentine & Barnett, 2003, p. 263). Researchers have also found additional evidence from larger samples in support of the positive relationship between perceived CSR and JS (Valentine & Fleischman, 2008). This mounting evidence indicates that CSR practices create favourable work environments, which lead to employees’ greater JS and productivity, and subsequently result in reduction in turnover.

Studies, pertaining to CSR and JS, from developing countries, like China, Singapore, and so on (Koh & Boo, 2001; Zhu, Yin, Liu, & Lai, 2014) found that the relationship between employee CSR attitudes/ perception and JS is positive in general, which is similar to outcomes of similar studies from developed countries, such as the US, Israel, Portugal, and so on (Gavin & Maynard, 1975; Patraquim & Loureiro, 2009; Tziner, Oren, Bar, & Kadosh, 2011). Interestingly, two of the studies, one from a developing and another from a developed country (Viswesvaran & Deshpande, 1996; Vitell & Davis, 1990) showed that unethical behaviour leads to dissatisfaction, which indicates that ethical behaviour may contribute towards employees’ JS.

Table 2.2 offers a summary of studies pertaining to the relationship between CSR and JS from the context of developed and developing countries. The results indicated that all CSR dimensions are positively related to JS for both developed and developing countries.

Table 2.2: A summary of selected studies pertaining to CSR and JS

Authors (year)	Sample	Country context	CSR measure	JS measure	Findings
Gavin and Maynard (1975)	660 management and non-management employees of a medium sized bank in the US	Developed country (The US)	A 15 item <i>Perception of CSR scale</i> was constructed, as no such scale was available in the literature	A single item <i>JS scale</i> drawn from Smith, Hulin, and Kendall (1969)	CSR perception had a positive relationship with <i>JS</i> .
Vitell and Davis (1990)	61 management information system (European Commission) professionals from Southeast Electrical Management Professional Association	Developed country (The US)	A six item <i>ethical optimism scale</i> , previously used by Hunt, Chonko, and Wilcox (1984)	A 20-item <i>JS scale</i> was drawn from Cellucci and DeVries (1978)	Ethical behaviour had a positive relationship with <i>JS</i> .
Viswesvaran and Deshpande (1996)	150 middle level managers	Developing country (India)	A six item <i>ethical optimism scale</i> , previously used by (Hunt et al., 1984)	A six-item self-administered <i>satisfaction scale</i> was used	Managers' unethical behaviour reduced the <i>JS</i> of employees.
Koh and Boo (2001)	237 managers, who happened to be students enrolled in the MBA program in one of the universities in Singapore	Developed country (Singapore)	A six-item <i>ethical optimism scale</i> , previously used by Hunt et al. (1984) with an additional item inserted to make it a seven-item scale	A 20-item <i>satisfaction scale</i> , which has been used by previous researchers in the business ethics area (Joseph & Deshpande, 1996; Vitell & Davis, 1990)	Ethical behaviour had a positive relationship with <i>JS</i> .
Valentine and Fleischman (2008)	313 business professionals from accountancy, human resources, sales and marketing fields registered on Dun and Bradstreet's database	Developed country (The US)	Two-item self-administered <i>perceived CSR scale</i>	3-items <i>JS scale</i> drawn from Cammann, Fichman, Jenkins, and Klesh (1983)	Perceived CSR had a positive relationship with <i>JS</i> .

Tziner et al. (2011)	101 employees from two Israeli companies operating in the electronic equipment importation sector	Developed country (Israel)	17- item <i>CSR scale</i> from Turker (2009)	20-items <i>satisfaction scale</i> drawn from the Minnesota Satisfaction Questionnaire	All CSR dimensions had positive relationships with <i>JS</i> .
Zhu et al. (2014)	438 employees from four typical companies in China	Developing country (China)	A 12-item <i>CSR scale</i> , which was developed based on the literature review and employee-related policies on sustainable development in China	A nine-item <i>satisfaction survey scale</i> was developed by the authors based on the study by Antoncic and Jasna Auer (2011)	Employee perception of CSR had a positive relationship with <i>JS</i> .

2.6 Organisational Commitment (OC)

OC is “a psychological state that (a) characterises the employee's relationship with the organisation and (b) has implications for the decision to continue or discontinue membership in the organisation” (Meyer, Allen, & Smith, 1993, p. 539). It also impacts on a broad array of attitudes and behaviours among the employees of an organisation, such as the intent to leave, turnover, punctuality, organisational citizenship behaviours, performance and attitudes toward organisational change (Allen & Meyer, 1996, 2000; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002). The key elements of the construct are the Affective (affective attachment to the organisation), Continuance (perceived costs associated with leaving the organisation) and Normative (feelings of obligation towards the organisation) dimensions (Allen & Meyer, 1996).

Employees who have a strong Affective commitment tend to remain in the organisation, because they *want to*. Employees with strong Continuance commitment remain, because they feel they *have to* and employees who exhibit Normative commitment remain, because they feel they *ought to* remain (Rego, Leal, Cunha, Faria, & Pinho, 2007). Usually, affectively and normatively committed employees are likely to perform their jobs better, and tend to be more productive (Allen & Meyer, 1996; Meyer et al., 2002). However, Continuance committed employees are likely to perform less.

Each of these components also develops independently, have been argued to derive from different antecedents and through various processes (Allen & Meyer, 1996; Meyer & Allen, 1997). For instance, Affective commitment develops when an employee is involved in an organisation and acknowledges its value-relevance that derives his/her identity Rego et al. (2007). Normative commitment develops when an employee adopts organisational norms through socialisation, receives benefits that encourage him/her to feel the need to reciprocate and/or to acknowledge the terms of a psychological contract (Rousseau, 1995).

Continuance commitment develops when an employee feels that there are no alternatives but to remain in the organisation or the associated cost of leaving the organisation is high (Allen & Meyer, 1990).

Table 2.3 illustrates a summary of studies on the antecedents and consequences of three types of OC. The following table offers a summary of studies on the relationship between CSR and three types of OC, their antecedents and consequences:

Table 2.3: Antecedents' and consequences of the three types of the three types of OC

Commitment	Definition	Main antecedents	Main consequents
Affective	Identification with, involvement in, and emotional affiliation with the organisation	Work experiences in, and features of the organisation that make employee feel psychologically comfortable and that increase his/her feelings of competence	- Employees stay in the organisation, because they love to do it; - Voice and loyalty behaviour
Normative	Sense of obligation, loyalty toward the organisation	Employees' recognition of the investments the organisations have made on them and/or work experiences that make employee feel that his/her organisation is providing his/ her with more than he/she can easily reciprocate	- Employees stay in the organisation because they obligation to do so; - Voice and loyalty behaviours;
Continuance	Recognition of the expense associated with leaving the organisation	The lack of comparable employment alternatives	-Employees stay in the organisation because they need to remain employed; -Negative behaviours;

Source: Allen and Meyer (1996); Meyer and Allen (1991)

CSR and OC

Socially responsible behaviour by organisations may influence OC and such phenomenon has been depicted in the literature. Peterson (2004) argued that a positive relationship exists between corporate citizenship perceptions and OC. According to the author, as OC is related to a number of positive outcomes, including lower turnover rates, higher worker motivation and reduced absenteeism. The results of the study add to the existing literature on investment decisions, consumer preferences and job selection to show the organisational

benefits, which may be achieved by firms having a positive reputation on social issues. SIT can explain this phenomenon. According to this theory, workers may develop a positive sense of identity from affiliation with a firm that has valued features. On the other hand, a negative organisational image accompanied by a poor reputation on corporate citizenship may have a damaging impact on an employee's self-concept. Consequently, the low self-concept may end up with a lower level of OC. Hence, the citizenship behaviour of employers may influence employees' OC, which is associated with the social responsibility of businesses. Peterson (2004) found that the discretionary measure seemed to be a superior predictor of OC for female employees. These findings are consistent with previous studies indicating gender variance concerning discretionary issues (e.g., Ibrahim & Angelidis, 2011; Smith, Wokutch, Harrington, & Dennis, 2001).

Numerous studies have shown that external CSR is positively related to OC (e.g., Brammer, Millington, et al., 2007; Peterson, 2004; Rego et al., 2007; Turker, 2009). Brammer, Millington, et al. (2007) investigated the relationship between OC and employee perceptions of CSR within a model that draws on SIT, using a sample of 4,712 employees from a financial services company. The results suggest that a positive and strong relationship exists between external CSR and OC. Similarly, Peterson (2004) examined the relationship between Corporate Citizenship (CC) and OC, using the CC scale (Maignan & Ferrell, 2000), which is based on Carroll's (1979) CSR model, with a random sample of 1000 business school graduates. The results demonstrated that CSR and OC were positively related. In addition, the results indicated that ethical measures of CSR were a stronger predictor of OC than economic, social and discretionary measures. The results also identified that discretionary measures were more strongly associated with OC among female employees. Moreover, Turker (2009) used a sample of 269 business professionals working in Turkey and found that employees' prefer to work for socially responsible organisations

and their OC level is positively affected by the degree of CSR in their respective organisations.

It appears from a number of studies that employees are responsive not only to an organisation's responsibilities towards them, but also to its socially responsible behaviour. When the employees identify their organisations as "bad corporate citizens", they decrease their Affective and Normative commitment and increase Continuance commitment towards them (Rego et al., 2007). To engender an affectively and normatively positive workforce in terms of OC, organisations must care about how employees perceive the organisations' CSR initiatives. Also, if organisations neglect their responsibilities towards employees and societies, they risk developing the Continuance commitment among their employees, with Affective and Normative bonds remaining fragile, and performance diminished.

From the above discussions pertaining to CSR and OC, it appears that studies from developing countries, like South-Korea and Turkey (e.g., Kim, Lee, Lee, & Kim, 2010; Turker, 2009) found that the relationship between employee CSR attitudes/ perceptions and Affective commitment is positive in general, which is similar to the outcomes of similar studies from developed countries, such as the US, Israel and the UK (Brammer, Millington, et al., 2007; Carmeli, 2005; Maignan et al., 1999). In contrast, one such study exhibited that employee perceptions of CSR practices to external stakeholders had a non or marginally significant impact on OC, in a developing country context (Hofman & Newman, 2014).

Table 2.4 (below) offers a summary of studies on the CSR and OC among the respondents from developed and developing countries. The results indicated that CSR attitudes/ perceptions are positively related to OC for both developed and developing country in general with some exceptions.

Table 2.4: A summary of selected studies pertaining to CSR and OC.

Authors (year)	Sample	Country context	CSR measure	Org. commitment measure	Findings
Maignan, Ferrell, & Hult (1999)	154 American executives enrolled in an MBA course	Developed country (The US)	29-item <i>CSR scale</i> drawn from Maignan et al. (1999) corporate citizenship scale	Seven-item <i>Affective commitment scale</i> drawn from Jaworski and Kohli (1993)	Four dimensions of CSR had positive relationships with Affective commitment.
Peterson (2004)	279 Business professionals , ex-alumni of an American university	Developed country (The US)	16-item <i>CSR scale</i> drawn from Maignan and Ferrell (2000) corporate citizenship scale	Nine- item <i>Affective commitment scale</i> drawn from Peterson (2004)	Four dimensions of CSR had positive relationships with <i>OC</i> .
Carmeli (2005)	228 social workers employed in the Israeli health care system.	Developed country (Israel)	Eight-item <i>CSR scale</i> drawn from Fryxell and Wang (1994)	Eight-item <i>Affective commitment scale</i> from Allen and Meyer (1990)	Perceived external social prestige and perceived external economic prestige had positive relationships with <i>Affective commitment</i> . However, the social prestige had a larger effect on Affective commitment.
Brammer, Millington, et al. (2007)	4712 British employees from a financial services company	Developed country (U.K.)	6-items <i>procedural justice scale</i> drawn from (Moorman, 1991)	Three- item <i>Affective commitment scale</i> drawn from Balfour and Wechsler (1996)	External CSR had a positive relationship with <i>OC</i> .
Turker (2009)	269 Turkish business professionals	Developin g country (Turkey)	17-item <i>CSR scale</i> drawn from (Turker, 2009)	Nine-item <i>Affective commitment scale</i> drawn from Mowday, Porter, and Steers (1982)	Various dimensions of CSR had positive relationship with Affective commitment.
Rego, Leal, Cunha, & Faria (2010)	260 Portuguese employees working for 11 companies from different industries	Developed country (Portugal)	18-item <i>CSR scale</i> drawn from Maignan and Ferrell (2000)	Three-item <i>Affective commitment scale</i> from Rego and Cunha (2008)	Five dimensions of CSR had positive relationships with Affective commitment.
Kim et al. (2010)	101 Korean employees from five companies	Developin g country (Korea)	Three-item <i>CSR scale</i> drawn from Lichtenstein, Drumwright, and Braig (2004)	Four-item <i>Affective commitment scale drawn</i> from Morgan and Hunt (1994)	CSR perceptions enhanced perceived external prestige, which raised organisational identification and increased <i>OC</i> .

Hofman and Newman (2014)	280 employees from five export oriented Chinese manufacturing firms	Developing country (China)	Seventeen-item <i>CSR scale</i> adapted from (Turker, 2009) to measure employees' perceptions of their firm's CSR practices	Two-item <i>Affective and Normative commitment scales</i> drawn from Meyer et al. (1993)	Employee perceptions of CSR practices towards internal stakeholders had a positive and to external stakeholders had a non or marginally significant impact on <i>OC</i> .
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2.7 Relationship between CSR, JS and OC

In addition to the aforementioned studies that examined the relationship between CSR and JS as well as CSR and OC, researchers also investigated the relationship between CSR and both JS and OC, some of which have been discussed in this section as presented below.

Sims and Kroeck (1994) examined the impacts of ethical fit on employee attitudes and intention to turnover. The authors identified that the ethical work environment was an important variable in the analysis of person-organisation fit. In addition, the ethical fit was found to be significantly linked to turnover intentions, Continuance commitment and Affective commitment, but not to JS of the employees. Furthermore, the results were discussed in respect to some of the affective and cognitive distinctions amongst satisfaction, commitment, and behavioural intentions.

Schappe (1998) examined the impact of JS, OC and fairness perceptions on organisational citizenship behaviour. One hundred and fifty employees from four US insurance companies participated in the previously validated survey on procedural justice, JS and OC. A new contribution of the study was that it explained the relative effects of the variables found earlier pertaining to organisational citizenship behaviour (OCB). Furthermore, the study found that when JS, OC and the procedural justice perception were considered together, only OC appeared as a significant predictor of OCB, which was contrary to the findings in the previous studies that identified the influence of all three variables on OCB.

Schwepker Jr (2001) observed the relationship between ethical climate and JS, OC and turnover intention among American sales people. The study used a cross-sectional sample of business-to-business sales executives in the southern region of the US. Ninety-six affiliated firms of Sales and Marketing Executives International in the area that engages sales executive were chosen, out of which 33 firms agreed and 26 finally participated. The

results identified that creating an ethical climate may have additional benefits such as greater JS, stronger OC and consequently lower turnover intentions. Furthermore, the findings suggested that salespeople's perceptions of a positive ethical climate are positively related with their JS and OC.

Koh and Boo (2004) examined the relationship between ethical climate and JS and OC among the MBA students enrolled in a Singapore university. The study found significant and positive links between organisation's ethical and cultural context and JS. Furthermore, significant and positive links exist between JS and OC. In addition, it was also found that different levels of JS and specific aspects of organisational ethics are linked with OC. The results suggest that leaders in an organisation could use organisational ethics to develop positive organisational outcomes.

Herrbach and Mignonac (2004) analysed how organisational image or perceived external prestige impacted three employee attitudes, specifically JS, Affective commitment and Affective well-being at the workplace. The authors measured perceived external prestige using Mael and Ashforth's scale (1992) and the JS scale of the Minnesota Satisfaction Questionnaire (Weiss, Dawis, England, & Lofquist, 1967). Affective commitment was measured with the scale developed by Meyer et al. (1993) and Affective well-being scale developed by Van Katwyk, Fox, Spector, and Kelloway (2000). The study revealed that all individual outcomes were positively associated with perceived external prestige (PEP). Consequently, a strong PEP therefore not only led an employee to more extrinsic satisfaction, but also inspired a more optimistic insight regarding one's own job.

Alniacik, Cigerim, Akcin, and Bayram (2011) examined the independent and joint effects of a business's perceived reputation (b) employees' Affective commitment and (c) JS on employees' turnover intentions. The authors conducted a field research on 220 employees serving in the higher education sector. The study found that perceived

organisational reputation had a positive correlation with both OC and JS, while it had a significant negative correlation with employees' turnover intentions. The study recommended that managers should help improve perceived corporate reputation among the employees. Such initiative could help achieve employees' OC, JS and lower turnover intentions.

Ellemers, Kingma, van de Burgt, and Barreto (2011) conducted two studies, where the first showed that perceived organisational morality induced pride in the organisation and hence impacted the job attitudes of each employee. The second study demonstrated that perceived organisational ethics forecasted Affective commitment and work satisfaction. In addition, it found that employees' perception of an organisation's CSR activities contributed to the organisation's perceived morality and consequently impacted on their job attitudes. Therefore, the study contributed to the relevant literature as well as towards organisational competitive advantage.

You et al. (2013) made an examination of the relationship between CSR, JS and OC to identify whether a relationship exists among these variables. The study used 16-item CSR (Carroll, 1979), 23-item JS (Cellucci & DeVries, 1978) and 18-item OC (Meyer & Allen, 1991) scales. The results showed that a positive correlation existed between CSR and JS. Therefore, when the enterprise had more involvement in CSR, its employees have greater JS, which supports the notion of Bhattacharaya et al. (2008). Similarly, the study identified that a significant positive relationship exists between CSR and OC, supporting the notion of Peterson (2004).

Table 2.5 offers a summary of studies on CSR and both JS and OC among the respondents from developed and developing countries. The results indicate that CSR is positively related to JS and OC for both developed countries (US, Netherlands, France) and a developing country (Turkey) with some exceptions (the study is very limited in the developing country context). Among the possible eight studies, six found correlations between CSR and both JS and OC or Affective commitment (Alniacik et al., 2011; Ellemers et al., 2011; Herrbach & Mignonac, 2004; Schwepker Jr, 2001; Ellemers et al., 2011; You et al., 2013). The remaining two studies, conducted in the context of the US, exhibited positive correlations between CSR and Affective commitment, but not with JS (Schappe, 1998; Sims & Kroeck, 1994).

Table 2.5: A summary list of selected studies pertaining to CSR, JS and OC

Authors (year)	Sample	Country context	CSR measure	Variable measure (JS, OC)	Findings
Sims and Kroeck (1994)	66 full time first shift American employees	Developed country (United states)	15-item <i>Preferred Work Climate Questionnaire</i> adapted from (Victor & Cullen, 1988)	Eight-item each for <i>Affective and Continuance commitment scale</i> adapted from (McGee & Ford, 1987) and 20-item <i>satisfaction scale</i> drawn from (Weiss et al., 1967)	Ethical fit had a significantly positively relationship with <i>Continuance</i> and <i>Affective commitment</i> , but not with <i>JS</i> .
Schappe (1998)	150 American employees from an insurance company	Developed country (United states)	19-item and 8 item (two types) <i>procedural justice scale</i> adapted from (Konovsky & Cropanzano, 1991) and (Moorman, 1991)	20-item <i>satisfaction scale</i> drawn from (Weiss et al., 1967) and 15-item all three types of <i>Commitment scales</i> adapted from various previous studies (e.g. Mowday, Steers, & Porter, 1979)	Organisational citizenship behaviour (OCB) had a significant positive relationship <i>OC</i> , but not with <i>JS</i> .

Authors (year)	Sample	country context	CSR measure	Variable measure (JS, OC)	Findings
Schwepker Jr (2001)	152 American employees from the southern region of US	Developed country (United states)	Seven-item <i>ethical climate</i> scale (Schwepker, Ferrell, & Ingram, 1997)	20-item <i>JS scale</i> (Churchill Jr, Ford, & Walker Jr, 1974) and 9-item <i>OC scale</i> (Mowday et al., 1979)	Ethical climate had positive relationships with <i>JS</i> , <i>OC</i> and lower turnover intentions.
Koh and Boo (2004)	237 MBA students enrolled in the MBA program in a Singapore university	Developed country (Singapore)	18-item <i>ethical climate</i> scale (Cullen, Victor, & Bronson, 1993) and four-item top management support for <i>ethical behaviour</i> scale (Hunt et al., 1984)	Four-item <i>satisfaction scale</i> drawn from (Joseph & Deshpande, 1996) and four-item <i>commitment scale</i> developed by (Hrebiniak & Alutto, 1972)	Significant and positive link existed between organisational ethics and <i>JS</i> . Moreover, relationship between <i>JS</i> and <i>OC</i> were also positive.
Herrbach and Mignonac (2004)	527 French managers	Developed country (France)	Six-item <i>organisational prestige</i> scale adapted from (Mael & Ashforth, 1992)	20-item <i>Minnesota JS scale</i> (Weiss et al., 1967) and six-item <i>Affective commitment</i> scale from (Meyer et al., 1993)	External prestige had a positive relationship with <i>Affective commitment</i> and <i>JS</i> .
Alniacik et al. (2011)	220 employees working in the higher education industry in Turkey	Developing country (Turkey)	Seven-item <i>Perceived Corporate Reputation</i> scale drawn from (Caruana & Chircop, 2000; Fombrun, Gardberg, & Sever, 2000; Newell & Goldsmith, 2001)	9-item <i>JS scale</i> drawn from (Quinn, Mangione, & Seashore, 1975) and (Smith, Kendall, & Hulin, 1969) and 8-item <i>OC scale</i> drawn from (Allen & Meyer, 1990)	Perceived organisational reputation had a positive correlation with <i>JS</i> and <i>OC</i> .
Ellemers et al. (2011)	649 employees in Netherlands	Developed country (Netherland)	Nine-item <i>CSR activities</i> scale adapted from (Sharfman, 1996)	Two-item <i>JS scale</i> from (Dunham, Smith, & Blackburn, 1977); three-item <i>Affective commitment</i> scale from (Allen & Meyer, 1996)	CSR activities of an organisation increases perceived morality, <i>JS</i> and <i>OC</i> .

You et al. (2013)	234 employees of four insurance companies	Country not known	16-item CSR scale (Carroll, 1979)	23-item <i>satisfaction scale</i> (Cellucci & DeVries, 1978) and 18-item <i>Commitment</i> <i>scale</i>	Business investment in CSR had significant impact on <i>JS</i> and <i>OC</i> .
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2.8 Hypotheses development

H1: CSR attitudes and JS

Studies (e.g., Aharon Tziner, Oren, Bar, & Kadosh, 2011; Bauman & Skitkab, 2012; Valentine & Fleischman, 2008) conducted in the context of developed countries show a strong positive relationship between employee CSR attitudes and JS, hence the following hypothesis:

Hypothesis 1: There is a positive relationship between employee CSR attitudes and JS.

H2: CSR attitudes and OC

A significant number of studies (e.g., Brammer, Millington, et al., 2007; Kim et al., 2010; Maignan & Ferrell, 2001; Peterson, 2004; Rego et al., 2010; Turker, 2009) have unveiled the positive relationship between employee CSR attitudes and OC. Also, SIT suggests that employees will be proud to identify with organisations that have a positive external reputation (e.g., Ashforth & Mael, 1989; Dutton et al., 1994; Maignan & Ferrell, 2001), hence the following hypothesis:

Hypothesis 2: There is a positive relationship between employee CSR attitudes and OC

H3 and H4: Influence of religiosity as a moderator on CSR attitudes and, JS and OC

Researchers have argued that religiously motivated employees are more satisfied with their jobs and exhibit higher level of commitment at their workplaces (e.g., Day, 2005; Jamal & Badawi, 1993; Kutcher, Bragger, Rodriguez-Srednicki, & Masco, 2010), hence the following hypotheses:

Hypothesis 3: Religiosity positively moderates the relationship between employee CSR attitudes and JS.

Hypothesis 4: Religiosity positively moderates the relationship between employee CSR attitudes and OC.

H5: Comparison among the three types of OC (Affective, Normative and Continuance)

Studies (e.g., Carmeli, 2005; Hofman & Newman, 2014; Mueller, Hattrup, Spiess, & Lin-Hi, 2012) conducted in developed countries reveal that employee CSR attitudes are positively related to Affective commitment, hence the following hypothesis:

Hypothesis 5: Among three dimensions of organisational commitments, Affective commitment exhibits the strongest relationship with employee CSR attitudes.

Chapter 3: Theoretical Framework

Two main theories can be used to explain the connection between CSR attitudes on the one hand and positive workplace outcomes, such as OC and JS, on the other. The first is Social Identity (SIT), which has been used in the past to shed light on this connection, bringing the social affiliation of employees into the discussion on CSR outcomes. The other is Value Congruence Theory (VCT), which can explain how the value dimension between employers and employees could lead to stronger employee engagement.

3.1 Social Identity Theory

SIT is concerned with explaining the impact that group membership has on an individual's self-concepts and social behaviour (Tajfel & Turner, 1979, 1985). To have a better understanding of the focus of this theory, it is important to clarify the meaning of 'group' and the concept of 'self'. According to Stets and Burke (2000), a group is a, "set of individuals who hold a common identification or view themselves as member of the same social category" (p. 3). Moreover, Underwood, Bond, and Baer (2001) suggested that the perception of the self consists of an individual's ideas and sense of him/herself. Consequently, a specific social identity is contingent on being part of a particular group, being similar to others in the group, and viewing things from the perspective of a group (Stets & Burke, 2000).

In fact, the premise of SIT is that different social categories (e.g., gender, race, political affiliation, religious group, sports team) provide a meaning of who one is (Hogg, Terry, & White, 1995). According to SIT, self-concept can be divided into personal identity and social identity (Hogg & Abrams, 1988). Personal identity comprises a procedure placed in the core of an individual that deals with inquiries concerning oneself (e.g., who am I?) (Erikson, 1974). On the other hand, social identity is the form of an individual's self-concept, which originates from the knowledge of his/her membership in a social group

along with the value and emotional importance affiliated to that membership (Tajfel, 1981, p. 225). Additionally, SIT suggests that an individual's endeavour to increase a positive self-concept occurs through comparison of the characteristics and reputation of him/herself and the groups to which he or she belongs with those of other individuals and groups (Ashforth & Mael, 1989).

Employees use organisational attributes to define part of their own identity, by identifying themselves strongly with their organisations. Consequently, this identity shapes their self-definition in the form of self-continuity, self-enhancement and self-distinctiveness (Dutton, Dukerich, & Harquail, 1994). According to the authors, employees' perception of the employer's identity will have a significant role in this process. The authors further added that employees benefit from their organisations' positive reputation as well as suffering the detrimental effects of its unfavourable reputation. Therefore, this will, in turn, affect the employees' attitudes and behaviours at work.

Based on SIT, Ashforth and Mael (1989) suggested that employees would be proud to identify with organisations that have a positive external reputation. This reputation often arises from the organisations' socially responsible behaviour. Such reputational image of an organisation impacts on employees' OC (Lee et al., 2008). SIT has also been used in a number of studies showing that socially responsible actions generate employee commitment (e.g., Aguilera et al., 2007; Brammer, Millington, et al., 2007). These studies demonstrated that individuals desire to work for socially responsible firms because by doing so, they can increase their self-image and self-concepts, which impacts their OC.

Consistent with SIT, outsiders' views of the organisation as perceived by employees are associated with employees' pride in their organisational membership, which in turn brings JS (Helm, 2013; Loi, Chan, & Lam, 2014). The contention of the current study is that JS may be developed among the employees of the banking sector in Bangladesh due to their

organisation's socially responsible actions. Therefore, the reputational image resulting from external CSR of the banking sector in Bangladesh may influence employees' attitudes and such influences may affect both JS and OC.

Employees of individual banks in Bangladesh may use organisational attributes to define part of their own identity, by identifying themselves strongly with their employer. Banking employees' perception of their employer's organisational identity will have a significant role in this process. Employees' could benefit from their employer's positive reputation, which may even overshadow unfavourable reputation. Therefore, the positive identity could, in turn, affect the employees' attitudes and behaviours at work, especially JS and OC.

3.2 Value Congruence Theory

Rokeach (1973) defined value as an "enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (p.5). On the other hand, Schwartz (1994, p. 21) defined values as desirable trans-situational goals, varying in significance, that play as governing principles in a social entity or in the life of a person. According to Schwartz, the major characteristics of values are: 1) they help in the benefits of some social entities; 2) they can inspire action, giving it a route and emotional power; (3) they perform as standards for judging and justifying activity; and (4) they are achieved both through socialisation to governing group values and through the unique learning experiences of members of an organisation.

One dimension opposes values emphasising individual independent thought and action and favouring change to those emphasising submissive self-restriction, safeguarding of conventional practices, and ensuring stability. The second dimension contrasts higher order Self-Enhancement and Self-Transcendence value types. This dimension opposes

values emphasising acceptance of others as equals and concern for their welfare to those emphasising the quest of one's own relative success and control over others. A theory that further explains this role is known as Value Congruence Theory. According to this theory, value congruence can be defined as the compatibility of work values between employees and other organisational entities such as supervisors, interviewers, co-workers, work group, and the entire organisation (Chatman, 1989; Edwards & Shipp, 2007). Different types of measurement have also generated different types of value congruence in the literature (Bao, Dolan, & Tzafrir, 2012), including direct and indirect measurement. Direct measurement, or perceived value congruence, assesses the degree to which an employee considers personal values and organisational values to be in congruence. On the other hand, indirect measurement uses proportionate dimensions to measure values, and therefore uses a procedure to assess value congruence.

VCT is originally rooted in the Person-Environment (P-E) Fit Theory. According to the P-E Fit Theory, individuals prefer an environment that possesses features similar to their own (Kroegeer, 1995). P-E fit theory details several levels of fit, including person-organisation (P-O) fit and person-group fit. The concept of P-O fit is important to organisations because it suggests that if people fit well with an organisation, they are likely to demonstrate more positive attitudes and behaviours (Boxx, Odom, & Dunn, 1991; Saks & Ashforth, 1997). Value congruence is one of the dimensions of P-O fit theory (Verquer, Beehr, & Wagner, 2003). It is argued that the fit or congruence between the values of employees and their organisations are more likely to create positive effects than would a misfit or incongruence. For example, Chatman (1991), using an earlier version of the tool used by Cable and Judge (1996), showed that value congruence between employees and employers was positively linked to JS, OC, eagerness to stay and actual retention. She also exhibited that people are not only attracted to organisations where they perceive they will fit

in, but once they join, they also become further socialised to organisations' values. On the other hand, a sense of value incongruence between employees and their organisations can create distrust (Fox, 1974), which may lead to lower levels of JS, job performance and OC (Balazs, 1990). Similarly, a study by Kraimer (1998) proposed that when value congruence between employees and the organisations are low and when employees have strong feelings about those incongruent values, employees would behave in a detrimental fashion.

Extending this logic into CSR, it can be argued that businesses' CSR initiatives can be explained by VCT. Montgomery and Ramus (2003) demonstrated that many prospective employees care about business reputation, in particular in relation to CSR, when considering employment. This finding is consistent with the study by Scott (2000), who showed that job applicants choose organisations based on value congruence. The author further added that if a significant percentage of prospective employees care about organisational reputations for ethically and socially responsible behaviour, then there can be a strong argument for firms to become more ethically and socially responsible in order to attract such applicants.

The current study draws on VCT to examine the positive relationship between employees' CSR attitudes and, their JS and OC (Amos & Weathington, 2008). Specially, it does so in the case of an IB, in which the values of the employees' and their organisation may be in congruence thereby positively linking JS, OC and eagerness to stay and actual retention. Moreover, once employees join an IB, they become further socialised to the bank's religious values. This outcome may not be so in the case of the employees of a CB. Consequently, IBs in Bangladesh may have stronger value congruence compared to their conventional counterparts.

3.3 Theoretical choice justification

As other theories are often used in CSR research, we would like to refer to them briefly and explain why SIT and VCT were the most suitable for this research. Stakeholder theory (Freeman, 1984) is often used in CSR studies, where multiple stakeholders are involved like employees, customers, shareholders, suppliers etc. Although it is a very relevant theory to CSR research, the current study only examines one type of stakeholders (i.e. employees) and was therefore less relevant. Other studies on CSR use Signalling theory (Breaugh, 1992), to explain how companies signal their social responsibility to prospective employees. However, since this study only includes existing employees, it was relevant, but not as much as the SIT. Finally, some studies on CSR use Social Exchange theory (Blau, 1964) to explain the relationship between CSR and employee engagement as CSR may create a sense of obligation among employees and they choose to reciprocate through their commitment to their employer. While this was a very relevant theory to explain the relationship between the primary variables, we decided to work with SIT for the following reasons.

SIT provides a thorough explanation to why CSR could lead to employee engagement through enhanced social identity and a sense of pride derived from being affiliated with an employer that is doing good (Ashforth & Mael, 1989). As such, SIT has been used in a number of studies showing that socially responsible actions influence employees' OC (e.g., Aguilera et al., 2007) and JS (e.g., Bauman & Skitka, 2012).

VCT also provide a theoretical explanation to the relationship between CSR and employee engagement, through value congruence (Scott, 2000). VCT has also been used in a number of studies showing that socially responsible actions influence both JS and OC (Amos & Weathington, 2008; Schminke, Ambrose & Neubaum, 2005). For these reasons these two well acknowledged and well used theories were used in this study.

Chapter 4: Context of the current study - Bangladesh

4.1 Introduction

This chapter presents the country context relevant to the current study in order to understand employee CSR attitudes and associated behavioural outcomes in Bangladesh. First, it briefs the motivation behind CSR in a developing country, like Bangladesh. Then, it introduces the Bangladesh country context, followed by a historical overview of CSR practices in this country. Then, it presents studies pertaining to CSR in Bangladesh, followed by the studies relevant to the banking sector. Next, it presents the banking sector in Bangladesh and the role of the central bank in promoting CSR. Finally, it presents the CSR initiatives of Islamic banks (IBs), which are beyond the usual CSR practices by the banking sector, followed by a conclusion.

Motivations for CSR in developed countries are mainly governed by CG, which ensures shareholders' motivation by increasing the reputational image of the businesses that enhances share value (Barnea & Rubin, 2010; Rubach & Sebor, 1998) and stock-options based compensation for managers (Mahoney & Thorne, 2005). On the other hand, in a developing country like Bangladesh, motivation for CSR is associated with philanthropy and religious belief (Khair & Khan, 2004); buyer driven compliance for export oriented businesses (Rahim & Wisuttisak, 2013); 'largely cosmetic' and 'a response to pressure from international market' (Belal & Roberts, 2010, p. 321); intention to manage influential stakeholder groups (Belal & Momin, 2009) and occasionally by the initiatives from the regulatory authority (Chowdhury, Islam, & Tahmida, 2010), i.e., the central bank of Bangladesh.

4.2 Country context: Bangladesh

Bangladesh, an eastern province of Pakistan, became an independent state in 1971. It is a South Asian country located between India and Burma with the Bay of Bengal forming the southern coastline. Most of the country is located on deltas of large rivers flowing from the Himalayas (Central Intelligence Agency, 2013). The Ganges meets with the Jamuna river and later joins with the Meghna to ultimately arrive in the Bay of Bengal. Bangladesh often suffers from different climatic disasters including droughts, cyclones and landslides. During the summer monsoon, most of the country is under water. It is a signatory to many international treaties and protocols related to geographic and environmental issues including areas related to biodiversity, shipping pollution, the laws of the sea, hazardous waste, endangered species, desertification, climate change and the Kyoto protocol on climate change (Zahan, Sarker, & Corradetti, 2012).

The population of Bangladesh is about 152 million, making it one of the most densely populated countries in the world. The constitution enshrines the right to life and personal liberty, equality, privacy, non-discrimination, and freedom of movement, religion, thought, conscience and property. The constitution also upholds basic human rights to ensure food, shelter, health, education and employment for all citizens. It is uniquely tolerant in terms of religion when compared to many other Muslim countries. Bangladesh is a society with high-level social capital and harmony to achieve common goals.

4.2.1 Economic context

Bangladesh is the 59th largest economy in the world (World Bank, 2013). The Bangladesh economy has grown 5.8% per year since 1996 despite political instability, poor infrastructure, insufficient power supplies, corruption, and slow implementation of economic reforms (Central Intelligence Agency, 2012). The country remains an overpopulated, poor, inefficiently governed nation. It is one of the world's poorest countries, with a per capita income of US\$752 (World Bank, 2013). With an annual budget

of USD 13 billion (Bangladesh Ministry of Finance, 2013), Bangladesh struggles to meet the basic needs of its citizens. Illiteracy, unemployment and underemployment are ongoing challenges.

4.2.2 Social issues

Researchers and academics have not often been in agreement about the poverty figures in Bangladesh over time, primarily because different methods have been used to calculate poverty in Bangladesh (Azam & Imai, 2009). The official figure for the projected level of poverty of the country immediately after independence stood at 82.9 percent in 1973-74. The latter part of the 1970s and the 1980s saw a rapid decline in poverty. This trend continued during the 1990s and the pace of decline grew during the first half of the first decade of the 2000s. Poverty has dropped from over 80 percent in the early 1970s to around 40 percent in 2005. Despite this remarkable decline in poverty the challenges ahead for Bangladesh are huge.

Fifty seven percent of women are engaged in the labour force in Bangladesh (World Bank, 2013). During the late 1980s, 82 percent of women lived in village areas and over two thirds of them were from less privileged families (Naeem, 2008). The social context meant that women in Bangladesh were vulnerable, with reports that in one year 165 women were killed, 77 were the victim of acid attacks and 11 committed suicide because of dowry demands, although dowry is officially prohibited by law (Asian Legal Resource Centre, 2005).

All of the above social issues require a holistic approach by many players, not just the government. As such, CSR in general and in the banking sector in particular, can assist in addressing issues including natural disasters, poverty, unemployment, poor healthcare and challenges in the education sector.

4.3 Historical overview of CSR practices in Bangladesh

The concept of corporate philanthropy has much in common with traditional philanthropic practice in Bangladesh, which is deeply rooted in the heritage of the country. The culture of philanthropy in Bangladesh has been influenced by religious values from Hinduism, Islam, Buddhism and Christianity for many years (Khair & Khan, 2004). Religion has tremendous influence among the Bangladeshi people, many of whom are involved in philanthropic work. According to the tradition of Bangladesh, both Hindu and Muslim Zaminders (kings of small estates as well as rich citizens) established temples, mosques, schools, colleges, medical centres, water tanks, and so on. Hindu Zaminders (kings of small estates) significantly contributed to the education sector as well as the health sector, for example, establishing Brojomohon College in Barisal, Brozolah College in Khulna, Horoganga College in Munshiganj, Tolaram College in Narayanganj and Kumudini Hospital and Nursing Institute in Tangail. Muslim philanthropists established Nawab Faizunnesa College, Ahsanullah School of Engineering (now, Bangladesh University of Engineering and technology), Salimullah Muslim Orphanage, Ahsania Mission (founder of Ahsanullah University of Science & Technology and Ahsania Mission Cancer and General Hospital), Mitford Hospital, Mohamadan Sporting Club, Shahbag Garden and so on (Islam, 2012).

During the 1950s, the Pakistan government (East Pakistan became independent Bangladesh in 1971) opened a large number of bank branches throughout the country (Butt, 2010). After independence, most of the banks and corporations were nationalised. During the 1980s, private banks in Bangladesh received operating licenses. Senior executives of the public banks sometimes would initiate CSR activities. Mr Lutfar Rahman Sarkar, the then MD of Sonali bank, undertook the first formal CSR initiative in the Bangladeshi banking sector. He developed a noteworthy project, BIKALPA, in 1983 to provide work to unemployed university graduates without any collateral (Islam, 2010). Today, almost all the banks in Bangladesh are engaged in CSR activities and many of them have formed a separate foundation to run their CSR projects effectively.

4.4 Studies pertaining to CSR in Bangladesh

The history of the CSR literature relating to Bangladesh dates back only to the 1990s. Belal and his colleagues undertook extensive research pertaining to CSR in the context of Bangladesh on various issues (e.g. Belal, 1997, 2000, 2006, 2008; Belal et al., 2014; Belal et al., 2010). These studies found that Bangladesh society, economy and environment has been suffering from a number of challenges including widespread problems of economic disparity, corruption, environmental pollution, human rights violations, and so on. It has been argued that businesses in emerging economies have responsibilities to address these problems (Pachauri, 2006). As such, in Bangladesh, businesses may be held responsible for their impact on society. To fully understand the CSR context in Bangladesh, a meta-analysis of various aspects of CSR studies have been conducted as a part of the current study. This meta-analysis reviews CSR studies in the context of Bangladesh published between 1997 and early 2014 (over 16 years). The year 1997 has been considered as the starting point as this is the year when the first known study on CSR was published in the Bangladesh context.

A summary of possible CSR studies pertinent to Bangladesh is shown in Table 4.1, categorised according to themes. The current study identified 48 such studies, among which 20 (41%) focused on social reporting/ disclosure, eight (16%) on CSR practice/initiatives and seven (14%) on environmental issues.

Table 4.1: Major CSR studies in the context of Bangladesh

Summary of major CSR studies: Bangladesh		
Sl. No.	Categories	Studies
01	Social reporting/disclosure	(Azim et al., 2011; Belal, 1997, 1999*, 2001, 2003, 2006, 2008; Belal & Cooper, 2011; Belal & Owen, 2007; Belal & Momin, 2009; Imam, 2000; Khan, 2010; Khan et al., 2009; Momin & Parker, 2013; Rashid & Lodh, 2009; Rouf, 2011; Sobhani, Amran, & Zainuddin, 2009; Sobhani, Zainuddin, & Amran, 2011; Sufian, 2012; Sufian & Zahan, 2013) (20)
02	Environmental reporting/disclosure	(Belal, 1999*; Belal, 2000; Belal et al., 2010; Khan, Islam, Fatima, & Ahmed, 2011; Sobhani et al., 2009; Sobhani, Amran, & Zainuddin, 2012; Sobhani, Zainuddin, Amran, & Baten, 2011) (6)
03	Ethical reporting	(Belal et al., 2014) (1)
04	CSR practice/initiative	(Naeem & Welford, 2009; Nasrullah & Rahim, 2014a, 2014b, 2014c; Rahim & Alam, 2013; Rahman & Ahmad, 2013; Sharmin et al., 2014; Werner, 2009) (8)
05	CSR perception/attitudes	(Belal & Roberts, 2010; Duarte & Rahman, 2010; Ismail, 2011; Mamun & Ahmed, 2009; Rahman, Jahan, & McDonald, 2010) (5)
06	CSR and law	(Khair & Khan, 2004; Rahim, 2012a, 2012b, 2012c; Rahim & Wisuttisak, 2013) (5)
07	CSR and politics	(Nielsen, 2005) (1)
08	CSR and disaster reduction	(Matin, 2002) (1)
09	CSR-CFP linkage	(Islam et al., 2012) (1)

* Belal (1999) has been shown both social and environmental category (as it is the same article), but not counted in total number in the environmental category.

The quality and quantity of social responsibility reporting in Bangladesh was not significant in the early days of social disclosure/ reporting. Imam (2000) reported that all companies included in the study disclosed poor levels of information. Over time social reporting became more important to Bangladeshi businesses for various reasons. Belal (2006) termed these ‘largely cosmetic responses’, ‘marketing strategy’ and ‘response to the pressure from international market’ (p. 2). However, his interviews with stakeholders

demonstrated overwhelming support for mandatory full disclosure, aligning with the wider principles of transparency and accountability. Also, it appeared that CSR reporting strategy was utilised by businesses with an objective to manage their relationships with the economic stakeholders only. In addition, Belal (2008) maintained that the CSR reporting agenda in Bangladesh seemed to be driven by powerful ‘outside’ forces such as parent companies, overseas buyers and international agencies like the UN, the OECD and the World Bank. Furthermore, recent studies showed that corporate social reporting /disclosure practice has an increased trend in Bangladesh (Momin & Parker, 2013; Rouf, 2011; Sharmin et al., 2014; Sufian, 2012; Sufian & Jahan, 2013). The following paragraph demonstrated corporate environmental reporting/disclosure in the context of Bangladesh.

Research shows that environmental disclosure in Bangladesh is limited (Belal, 1997). The author identified very limited environmental disclosure during the study. Of 50 selected businesses, only three (6%) disclosed environmental information. A later study by Belal (2000) identified that although 27 (90%) companies of 30 examined disclosed environmental information, the percentage of companies disclosing such information fell to 20 (60%), if disclosure associated with expenditure on energy usage is eliminated. Likewise, while revisiting the practices of environmental disclosures for a period of ten years, a study by Sobhani, Armany and Zainuddin (2009) claimed that the level of disclosure had improved during the previous ten years period with 19% disclosers relevant to environmental issues. The increased levels of disclosure could be linked to businesses’ strategic disclosure of environmental information, where they disclosed only positive information, without full disclosure of negative information, to improve their public perception.

Research also shows that CSR initiatives by businesses could reduce disaster risk in the context of Bangladesh (Matin, 2002). However, such mitigation strategies were ad-hoc

and responsive to emergencies only. CSR initiatives also had a significantly positive effect on socially excluded groups by directly providing health services and generally by improving the economic and social capabilities of the population (Werner, 2009). However, it is apparent that most private companies' strength lies in stating its mission and vision as an articulation of its commitment toward society, rather than on actual practice (Nasrullah, 2014a). Multinationals and their subsidiaries are more advanced in CSR initiatives because they have logistical support, strong policies and management experience necessary for the implementation of such initiatives.

One key to increasing CSR is through organisational leadership (Muller & Kolk, 2010) and this is also the case in Bangladesh. Managers in Bangladesh often have positive perceptions of the benefits of CSR and play an active role in promoting them. A number of managers perceived a positive association between social responsibility and financial gain. These managers assumed that such financial gain would be a direct outcome from consumers' preference in supporting a business that is socially responsible (Mamun & Ahmed, 2009). Duarte and Rahman (2010) also identified a significant level of awareness existed among the participants regarding key CSR concepts, including triple bottom line, sustainable development, accountability and the close relationship between business and society. While these few studies examine corporate managers' CSR attitudes /perceptions in Bangladesh, apparently no studies investigate its behavioural outcomes, such as JS and OC. Hence, the significance of the current study.

4.5 CSR in Bangladesh banking sector

Banking companies in Bangladesh can contribute to CSR significantly as these companies have the financial resources to do so (Ahmad & Khanal, 2007). Moreover, this sector has been playing a vital role in advancing the economic and social condition of the country.

Khan, Halabi and Samy (2009) claimed that the examination of the annual reports of selected banks indicated that the level of CSR expenditure is not sufficient to measure the social responsiveness of the organisations. In a later study, Chowdhury et al. (2012), through their examination of the banking sector annual CSR reports, claimed that CSR initiatives and expenditure have increased significantly during the period 2007-2010.

Studies related to banking CSR in Bangladesh are mainly dominated by corporate social / environmental / ethical reporting (e.g., Khan, Halabi, & Samy, 2009; Khan, 2010; Sobhani, Zainuddin, Arman, & Baten, 2011), CSR practice, CSR-CSP relationship and the influence of religion on CSR.

Studies relating to sustainability disclosure in the context of the Bangladesh banking sector (Khan, Islam, Fatema & Ahmed, 2011; Sobhani et al. 2011; Sobhani, Arman, & Ziauddin, 2012) provide insights into the sustainability issues in the banking sector and how the banks addressed these issues. Moreover, these studies are useful to a range of stakeholders, including the central bank, which monitors the environmental compliance of banks in Bangladesh. Most importantly, sustainability disclosure and good corporate governance can be seen as complementary devices of legitimacy, which businesses use to communicate with stakeholders (Michelon & Parbonetti, 2012). Although there are limited studies regarding ethical reporting of banks in the Bangladesh context, Belal et al.'s (2014) longitudinal study provides insight into ethical reporting by banks. Studying ethical and developmental performance and disclosure in the annual reports of the Islami Bank Bangladesh Limited (IBBL) over a period of 28 years (1983–2010), Belal et al. identified an overall increase in ethical disclosures during the period. The authors noticed that the focus

on various stakeholders' varied over time, reflecting the evolving character of the Islamic finance industry over the past three decades. As a way to establish its reputational image and distinguish itself from CBs, IBBL concentrated on specific *Shariah* compliance disclosure for the first two decades. However, the ethical performance and disclosure shifted towards sustainability, charity, employees, and community related issues, demonstrating a shift to "universal" discloser signalling responsible behaviour and the bank's embracing of a "wider stakeholder approach". Nevertheless, the bank's failing to provide full disclosure on certain important categories contrasted the principles of full and wide-ranging disclosure and accountability.

4.6 The banking sector in Bangladesh

4.6.1 Overview of the banking sector

The Ministry of Finance is responsible for overseeing the functions of financial institutions in Bangladesh. In addition, it plans, implements and controls public expenditure policies and programs of the Government. Bangladesh Bank, the central bank of the country, oversees the banking and financial sector, that comprises both government and private banks. Private commercial banks appear to be more active in exhibiting socially responsible behaviour that benefits thousands of underprivileged citizens. There is a growing number of IBs in Bangladesh, who also undertake a range of CSR programs. Since this study focuses on a comparison between an IB and a CB, it is important to explain the context of the two banks, the structure of the banking systems and the development of CSR in Bangladeshi banks as a result of the central bank's initiatives. Figure 4.1 gives a brief picture of the relationships of the ministry of finance and the banking institution of the country.

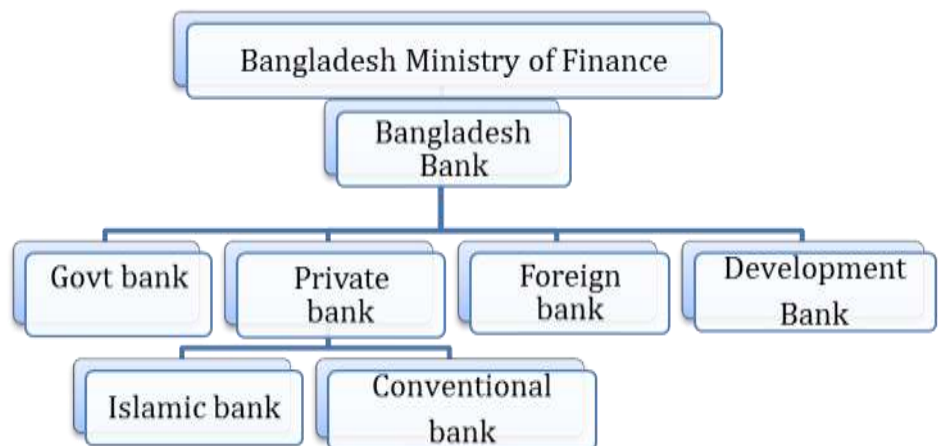


Figure 4.1 The Bangladesh banking sector

4.6.2 Role of the Bangladesh central bank in enhancing CSR

The Bangladesh Bank is the main regulatory body for the government's monetary and fiscal system. The Bangladesh central bank currently has 10 offices located in different parts of the country, with 4,951 employees as of November 2012 (Bangladesh Bank, 2013).

Monitoring and regulation of CSR reporting of individual banks in Bangladesh falls under the jurisdiction of the "Offsite Supervision Department" of the Bangladesh central bank.

The central bank also undertook a number of initiatives to promote CSR among banks in Bangladesh. In a 2008 memorandum, the central bank instructed all banks in the country to:

a) address key sustainable development challenges; b) follow the Sustainability Reporting Guidelines developed by the Global Reporting Initiative; and c) initiate CSR programs (Chowdhury, Islam, & Tahmida, 2010).

Central bank's other initiatives include the publishing of an annual report called the *Review of CSR Initiatives in Banks* since 2010. This report contains highlights of CSR practices, analyses of those activities and provides information on CSR expenditures of individual banks relative to their annual revenues in recent years. The report is the only CSR-related governmental publication in Bangladesh that provides a detailed sectoral overview of CSR activities. Additionally, the publication provides an opportunity for stakeholders to gain access to relevant information on banks' CSR activities, and it clearly demonstrates the central bank's commitment to the promotion of CSR in the country. However, the publication does not capture the complete picture of CSR in the banking industry and there is potential for expansion.

Also, the central bank organises seminars and workshops jointly with other organisations to develop awareness regarding CSR in the banking sector. Moreover, the governor of the central bank participates in a number of workshops with different organisations to foster CSR within the business community (Rahman, 2011).

Historically, banks in Bangladesh have competed against each other based on the CAMELS rating system (Capital adequacy, Asset quality, Management soundness, Earnings, Liquidity, and Sensitivity to market risk), which grades banks' financial performance (Bangladesh Bank, 2011). Since 2011, the central bank has awarded extra 'marks' for banks' CSR performance in addition to its CAMELS rating, enabling banks to raise their performance ratings (Chowdhury et al., 2012). The central bank also considers CSR performance when approving the opening of new bank branches and gives priority to banks that have commendable CSR records. This new benchmark set by the central bank to measure the performance of banks may have stimulated greater competition among these institutions for achieving better rankings within the banking sector. In 2010, the top three banks with respect to CSR activities were IBBL, Exim Bank and Dutch Bangla Bank Limited (DBBL).

In November 2009, the central bank undertook 17 key strategies for the next five years (2010-2014) to pursue its mission and vision and to address developments and changes (Kazemi, 2009). CSR was one of these key strategies. In December 2010, the central bank requested all banks establish a CSR desk as a point of contact for better communication between the central bank and individual commercial banks (Sufian, 2012). Establishment of these CSR desks created an opportunity for the individual banks to coordinate with relevant stakeholders, maintain records of banks' CSR projects and liaise with the central bank as and when required. In response to this request of the central bank, most banks have established CSR desks and appointed CSR managers or Head of CSR.

All of the above initiatives of the central bank resulted in influencing the banking sector of Bangladesh to take necessary steps towards the promotion of CSR. Consequently, a significant growth in CSR activities has been observed that contributes to the welfare of Bangladesh citizens in many ways.

4.7 CSR activities by the banks in Bangladesh

Banking companies can contribute to CSR significantly as these companies have the financial resources to do so and this sector plays a vital role in advancing the economic and social conditions of Bangladesh (Ahmad & Khanal, 2007). A recent survey conducted by the Bangladesh central bank showed that there was an increasing trend toward CSR activities/practices in the banking sector in many areas including humanitarian and disaster relief, environment, education, health, sports and arts and culture (Chowdhury, Sultan, Ahmed, & Tahmida, 2011). The survey showed that CSR expenditure by the banking sector in 2007 was approximately US \$3.0 million. This amount increased to US \$30 million during the year 2010. Based on the survey, banking sector CSR initiatives in Bangladesh have been discussed below.

Table 4.2 shows banking sector CSR expenditure in Bangladesh during the period 2007-2010, with accounts of different categories.

Table 4.2: CSR expenditure of Bangladesh banking sector (in million taka)

<i>Major CSR categories</i>	<i>2007</i>	<i>2008</i>	<i>Increase in 2008 %</i>	<i>2009</i>	<i>Increase in 2009 %</i>	<i>2010</i>	<i>Increase in 2010 %</i>
Humanitarian & disaster relief	127.70	58.60	-54.11	125.10	113.65	460.41	268.34
Education	14.30	30.50	113.29	94.80	210.82	400.79	322.77
Health	68.60	112.10	63.41	245.50	119.00	689.07	180.68
Sports	2.70	49.80	744.44	1.20	-97.60	263.23	21825.83
Art & culture	-	0.80	-	0.30	-62.50	328.91	109536.67
Environment			-	-	-	59.78	-
Others	13.10	158.90	112.98	86.90	-45.88	125.58	44.51
Total	226.40	410.70	81.40	553.80	34.83	2329.8	320.69

4.7.1 Humanitarian and disaster relief

Bangladesh is a victim of frequent natural disasters. The country's unique geographical location makes it especially vulnerable to water-related natural disasters, such as floods, coastal cyclones and river erosion (Matin, 2002). As part of CSR initiatives, banks frequently support victims of major natural catastrophes. Banking sector CSR expenditures for humanitarian and disaster relief increased approximately 3.5 times in 2010 compared with the level of expenditure in 2007 (Chowdhury et al., 2011). The CSR spending by these banks included assistance for the rehabilitation of the victims of cyclones *Sidr* and *Aila* (Wise & Ali 2010); reconstruction of the houses of flood victims; medical treatment for the victims of the *Nimtoli* fire explosions; the prime minister's relief fund; supply of blankets for those in need; and the distribution of food, medicine and clothing to landslide victims.

4.7.2 Education programs

A number of banks were actively engaged in education programs as part of their CSR initiatives during the period 2007-2010. Banks in Bangladesh built a number of institutions, such as kindergartens, primary and secondary schools, colleges, vocational training institutions, medical colleges and nursing training centres. Banks also distributed computers and library books to schools and provided scholarships to secondary and tertiary-level students. Banking CSR expenditures for the education sector increased dramatically during this period from taka 14.30 million in 2007 to taka 400.79 million in 2010 (Chowdhury et al., 2011). These figures provide a clear picture of banks' interest in contributing to education and expansion of CSR activities in this area.

4.7.3 Healthcare initiatives

During 2007-2010, a number of banks contributed to the healthcare sector including building clinics and hospitals, donated ambulance and medical equipment to public sector hospitals, organised blood donation programs, and so on. The CSR expenditures in this sector increased from taka 68.60 million in 2007 to taka 689.07 million in 2010

(Chowdhury et al., 2011), thus providing a picture of the CSR contributions of banks toward the improvement of healthcare, especially benefiting underprivileged citizens.

4.7.4 Promotion of sports

Bangladeshi businesses, especially the banking sector, have supported games and sports through their CSR initiatives. The data showed that the amount of money that banks donated from CSR budget to games and sports increased from taka 2.70 million taka in 2007 to taka 263.23 million in 2010 (Chowdhury et al., 2011). Moreover, banks also provided assistance to the Bangladesh Olympic Association and supported different sports carnivals from time to time. For example, a recent study on IBBL found that the bank's contributions played a vital role in the promotion of games and sports in Bangladesh (Rahman *et al.* 2011).

4.7.5 Promotion of art and culture

Banks also supported and promoted the arts and culture of Bangladesh through their CSR initiatives during the aforementioned period. These initiatives included organising award distribution ceremonies for poets and writers; sponsoring photo exhibitions; providing financial assistance to artists, such as poets, singers and musicians; publishing books on historical and national issues; sponsoring musical events; and, most significantly, donating 240 million taka to the Bangladesh Liberation War Museum (Chowdhury et al., 2011). For example, the Standard Chartered Bank in Bangladesh focused its efforts in the areas of history, culture and artwork. The bank published Dhaka alias Jahangirnagar: 400 years and Street traders of Bangladesh and it sponsored the “Celebrating Life” contest for new talents across the country to pursue their career goals in film, photography and lyrics (Chowdhury et al., 2011).

4.7.6 Protection of environment and promotion of green banking

The banking sector in Bangladesh has played a significant role in the protection of the environment as well as in the promotion of green banking based on the guidelines of the

central bank. Bangladesh Bank created a scheme, primarily with a US\$27 million revolving fund during FY 2010, in order to facilitate commercial banks to provide loans to solar energy, biogas and effluent treatment plants (Chowdhury et al., 2011). They offered this fund with a view to encouraging the use of solar energy and alternative environment friendly fuel. Banking support for the environment became significant in the recent past with expenditures of taka 59.78 million in 2010.

4.8 Islamic banking CSR initiatives in Bangladesh

Historically, religious institutions engage in social responsibility in the form of charity. For example, the Salvation Army, Catholic Charities USA and Jewish Family Services have been serving humanity for many years (Hall, 2001). Additionally, a number of large Muslim charities have been actively supporting society for centuries. These charities include Muslim Aid and Islamic Relief Worldwide, which have affected thousands of lives (The NGO World, 2012). In the 21st century the concept of socially responsible banking has grown considerably with the rise in the green movement and the emergence of a new generation of environmental activists (Saha, 2013). In addition, a growing awareness of, and demand for, investing in accordance with Islamic moral principles on a global level has turned the Islamic banking and financial system into a flourishing industry (Hasan & Latiff, 2009).

IBs are supposed to promote Islamic values in their way of business. For example, it is expected that IBs will treat employees with respect, utmost care and without oppression, which reflect the views of Islam. The Prophet (PBUH) is reported to have said, "I have made oppression unlawful for me and for you, so do not commit oppression against one another" (Sahih Muslim, Vol. 3, Hadith No. 6254). Many IBs practically do this by providing guidelines to their staff on Islamic ethical conduct, providing adequate prayer places for them, promoting a pleasant banking environment and encouraging members of staff to interact with customers to a high standard, including politeness, tidiness, responsibility, trustworthiness, and so on, conforming with Islamic values (Dusuki, 2005). Though IBs focus on promoting Islamic values in life, in Bangladesh, they have developed and grown within an existing framework of capitalist system (Belal et al., 2014). However, the bank accommodated itself within such framework and regulatory mechanism that might have also impacted on its employees' behaviours and attitudes as well. Consequently, organisational religiosity may not have much impact on the employees, when the greater environment does not promote religiosity.

Some IBs in Bangladesh are engaged in the following CSR activities, based on *Shari'ah* (Islamic jurisprudence) principles, in addition to those practices already in place in the banking sector. This study identifies several CSR practices among IBs in Bangladesh that benefit citizens in various ways: a) *Zakat* (Islamic tax); b) *Cash Waqf* (Trust fund); b) Islamic microfinance (Interest free microfinance); d) *Qard-e-Hasana* (benevolent loan); f) Promoting Islamic values in corporate life.

IBs utilise ***Zakat*** funds for a few specific areas and for socially and economically excluded citizens as prescribed by Islam. As a result, a wide spectrum of disadvantaged citizens benefits from *Zakat*. ***Cash Waqf*** (trust funds) are distributed to beneficiaries as per the direction of the donor. A few IBs introduced ***Islamic microfinance***, which has been successful in villages as well as in urban areas, to provide finance to those citizens who do not have access to finance from any other sources. ***Qard-e-Hasana*** (interest free loans) are used in different ways including loans to students to pursue their education, to prospective grooms to support their matrimonial expenses, to needy people unable to meet their medical expenses.

Table 4.3 gives a comparative picture of CSR practices in Islamic and CBs by category.

Table 4.3 Convergence and divergence of CSR among Islamic and conventional banks

Type of CSR program	Conventional bank	Islamic banks
Humanitarian and disaster relief	Yes	Yes
Education	Yes	Yes
Health	Yes	Yes
Sports	Yes	Yes
Arts and culture	Yes	Yes
Environment	Yes	Yes
<i>Zakat</i>	-	Yes
<i>Cash waqf</i>	-	Yes
Islamic Microfinance	-	Yes
<i>Qard-E-Hasana</i>	-	Yes
Promoting Islamic values	-	Yes

4.9 Conclusion

The socio-political and economic context of CSR in Bangladesh indicates that its role and influence will continue to grow. It is also apparent that the government may not be able to face the numerous challenges prevailing in the country relating to poverty, unemployment, healthcare, education and environmental issues. This state of affairs demands a proactive role for the business sector in relation to its social responsibilities.

The banking sector in Bangladesh appears to play a significant role in promoting CSR, especially due to the influence of the central bank. Most Bangladeshi banks take part in CSR activities, specifically in the areas of education, health, relief and disaster management, sports, arts and culture, and environment. However, IBs contribute in five more areas, being influenced by their religious values, which are: *Zakat*, *cash Waqf*, Islamic microfinance, *Qard-e-Hasana* and promotion of Islamic values. A review of the recent literature shows that CSR expenditure by the banks has increased about ten times in four calendar years 2007-2010 (both years inclusive).

Chapter 5: Methodology

5.1 Introduction

This chapter discusses the underlying philosophical assumptions of the current research. It also presents the research questions, appropriateness of the research method, the instrument, data collection procedures, and analytical techniques followed by the summary of the chapter. The quantitative data have been collected and analysed to address a research issue from different angles and to create a more comprehensive picture of employee CSR attitudes and relevant behavioural outcomes in the banking sector of Bangladesh.

5.2 Philosophical assumptions

This section highlights the philosophical assumptions of the current research. All types of scientific research (whether qualitative, quantitative or hybrid) are based on fundamental assumptions that constitute valid research. Almost all research in the social sciences, approaches its subject via explicit or implicit assumptions about the landscape of its particular social world and the way in which it may be examined (Burrell & Morgan, 1994). While there are numerous philosophical assumptions (Chalmers, 2013), Burrell and Morgan (1979) attempted to conceptualise social science research utilising four sets of assumptions related to ontology, epistemology, human nature and methodology.

In philosophy, ontology generally discusses the study of the nature of being, existence or reality (Smith & Mark, 1998). The major questions of ontology relate to the phenomenon of reality to be investigated (Burrell & Morgan, 1979). Different researchers have answered this question differently. For this present research the ontological view is concerned with the nature of the reality of businesses' social responsibility. With widespread corruption in business practices, environmental pollution, inequity, unjust, and poverty society expects businesses to behave responsibly and ethically. Society is also prepared to punish those businesses whose actions fall below the expected standard (Creyer,

1997). Specific ontological queries at the organisational level could be, what is CSR? How does it impact societies? How does external CSR influence employees' behaviour at the workplace? How aware is corporate management of its social responsibilities? Do corporations give due attention to publishing their CSR reports? To what extent? Why or why not?

Associated with these ontological inquiries, the second set of philosophical assumptions of any research pertains to the notion of epistemology. It addresses the "origins, nature, methods, and limits of human knowledge" (Reber, 1995, p. 256), focusing on questions connecting to the nature of knowledge. Is CSR objective or subjective? Can CSR be measured effectively or it is approximated through proxies? The epistemological view of this research is associated with its motivation to understand the policies, practices and outcomes of CSR initiatives between two competing banks in Bangladesh; one is an Islamic and the other, a traditional bank. Specifically, it aims to gain knowledge about the employees' CSR attitudes and associated behaviour, which shapes the epistemological foundation of this research.

Related to these ontological and epistemological issues, the third set of assumptions is related to human nature and specifically, the association between people and their environment (Burrell & Morgan, 1979). Human nature and its environment are different from one research to another. Nevertheless, all social science research must be predicated upon the ensuing questions.

As stated by Burrell and Morgan (1979), these three sets of assumptions have direct impact for the methodological choice of the researcher. This is because different "ontologies, epistemologies and models of human nature are likely to incline social scientists towards different methodologies" (Burrell & Morgan, 1979, p. 2). Typically, methodology refers to a set of methods based on research paradigms, strategies and justifications to carry out a specific study. Guba and Lincoln (1994) suggested four types of research paradigms,

which are positivism, post-positivism, critical theory, and constructivism. Orlikowski and Baroudi (1991) have suggested three categories of research assumptions and these are positivist, interpretive, and critical. This study falls under the category of post-positivist research. Table 5.1 provides a summary of philosophical assumptions, descriptions and their applications.

Table 5.1: Summary of philosophical assumptions

Philosophical Assumptions	Description	Application in this study
Ontological assumptions	Ontology generally discusses the study of the nature of being, existence or reality.	The nature of reality in business is that organisations are social entities, the behaviours of which are constructed therefore CSR does not exist independently of social actors who enact it. The reality is the impact of CSR on employees' observable behaviours in their organisational settings.
Epistemological assumptions	Epistemology addresses the origins, nature, methods, and limits of human knowledge, focusing on questions connecting to the nature of knowledge.	CSR is subjective and follows a critical realistic view in which the knowledge about CSR and its impact can be partly measured through both direct and indirect effects.
Human nature assumptions	Human nature is the association between human beings and their surrounding environment.	People play a deterministic role in CSR, their values and abilities to shape their surroundings implies that they determine how CSR strategies are shaped, and implemented and affect businesses and societies.

5.3 Appropriateness of research method: quantitative analysis

The quantitative technique was the most fitting research method for this study. The goal of quantitative research is to acquire objective, numerical data for the purpose of measuring phenomena, testing a hypothesis, and examining possible relationships between variables (Hopkins, 2000). Quantitative research means asking “specific, narrow questions to obtain measurable and observable data on variables” (Creswell, 2005, p. 39). The quantitative technique was the appropriate selection for this study, because the goal of the study was to determine if a relationship existed between employee CSR attitudes and both JS and OC. In a quantitative study, numerical data are generally collected through surveys (Creswell, 2005). In this study, the data were collected through an electronic survey and then statistically analysed to test the hypotheses.

The qualitative technique was not suitable for this study because such research often involves conducting interviews to explore the perceptions and experiences of the participants, which cannot be analysed to identify relationships between variables (Creswell, 2005). Furthermore, qualitative research has a focus on unknown constructs and the goal is to explore their interactions not examining their associations. In this study, the variables were known, and their associations were deductively derived from the literature making the qualitative technique inappropriate (Neuman & Neuman, 2006).

Mail and telephone surveys were not suitable because of time and cost. The best technique was a survey, which was conducted through e-mailing the survey instrument, because for participants this was the most convenient way to answer the survey questions. While this technique was the most convenient, the researcher, in the currently had no control over which participants returned the completed survey questionnaire.

5.4 The instrument

The research instrument was organised in four sections. The first section captured employees' background variables. The second section addressed three types of OC, the third section addressed JS and the fourth section covered questions pertaining to CSR attitudes, using appropriate OC, JS and CSR attitudes scales.

In order to construct an 'index' on employee CSR attitudes, JS and OC, the seven-point Likert scales were assigned a numerical value, ranging from 0 to 6. For each subsection of the questionnaire, the sum of these numerical scores was used as the 'index'.

5.4.1 Employee CSR attitudes scale

Respondents were asked about their perceptions of the employer's CSR programs, with a list of eight items scaled on a seven-point Likert format (from 0 – strongly disagree to 6 – strongly agree). To measure *CSR attitudes*, this scale was adopted from a previously used study 'Employee engagement in CSR: The case of payroll giving in Australia' (Haski-Leventhal, 2012). It was validated in a pilot test and its reliability is .814 (above the cut off value of 0.7 (Nunnally, 1978)).

5.4.2 JS scale

Respondents were asked about the level of JS, with a list of seven items that are scaled on a seven-point Likert format (from 0 – highly dissatisfied to 6 – highly satisfied). Some of these items are motivational while others are more hygiene (Hertzberg, 1959). To measure JS, the scale was adapted from a previously used instrument for the study 'The relationship between ethics and JS: an empirical investigation' (Cellucci & DeVries, 1978). It was validated in a pilot test and its reliability is .814 (above the cut off value of .7 (Nunnally, 1978)).

5.4.3 OC scale

Respondents were asked about their level of commitment towards their employer, with a list of 17 items that are scaled on a seven-point Likert format (from 0 – strongly disagree to 6 – strongly agree). This scale is known as ‘commitment scale’ (Meyer et al., 1993).

Researchers used this scale widely in the past for various types of organisations and it is well validated. Three different commitment types were measured, Affective commitment, Continuance commitment and Normative commitment. It was validated in a pilot test and its reliability is .866 (above the cut off value of .7 (Nunnally, 1978)).

5.4.4 Background variables

In the past, researchers included an examination of the influence of employees’ demographic characteristics and relevant information, such as gender (Ibrahim & Angelidis, 2011), age (Aldag & Jackson Jr, 1984), academic background (Petrick & Scherer, 1993), and position in the organisational hierarchy (Angelidis, Massetti, & Magee-Egan, 2008). For the purpose of this thesis, age, gender, education, employment type and salary are considered as control variables. The literature review was useful in the identification of the control variables that were needed for the completion of this study.

Moreover, the background variables are also needed to discuss the results to explain the outcome of the study, specially the socio-economic context of the research. The current study used an instrument that included a number of background variables to understand the demographic context in the sample banks in the Bangladesh banking sector, as presented below.

- a. Employment status: Permanent/ contract job/ part-time/ other
- b. Length of service: Under two years/ 2-5-years/ 6-10 years/ Over 10 years. Length of service ranges: in the Bangladesh banking sector, two years is the probation period, during 2–5 years employees gain professional knowledge and work for further growth, during 6–10 years period, they look for opportunity within the sector. Generally, after completion of ten years in a bank, they may consider settling there. The researcher identified the above age ranges through conversations with a few key informants about the Bangladesh banking sector.
- c. Job level: Senior management/ mid-level management/ junior executive/ other.
- d. Income: Less than taka 30,000/ between taka 30,001 and 50,000/ between taka 50,001 and taka 80,000/ over taka 80,000. 30,000 taka is the minimum entry-level salary, 30,001–50,000 taka for mid-level, 50,001–80,000 taka for upper mid-level and above 80,000 taka for senior level salary in Bangladesh banking sector. The researcher identified the above salary ranges through conversations with a few key informants about the Bangladesh banking sector.
- e. Gender: Male/ female
- f. Age: Below 25 years/ between 25 and 35 years/ between 36 and 45 years/ between 46 and 55 years/ above 55 years/ prefer not to say.
- g. Highest level of education: High school graduate/ diploma holder/ bachelors' degree/ masters' degree /above masters.

5.5 Procedure

Data for this survey was collected online during December 2013. The design and conduct of the online survey follows the guideline of Simsek, Veiga, and Lubatkin (2005). In accordance with the ethical approval for this study, participation was voluntary and anonymous. During the survey, participants could withdraw or skip questions.

The validated questionnaires of the survey instrument were in English as the thesis has been written in English. Translating these questionnaires to Bengali and back might decrease the validity of these questionnaires. Furthermore, English is well spoken by the banking employees in Bangladesh and this study assured understanding by running a pilot study.

The researcher contacted the major commercial banks in Bangladesh, out of which two banks agreed to participate in the survey. Both banks are actively engaged in CSR and offer a suitable empirical context for this study. A few branches of each bank were randomly selected. Email addresses of employees were collected from the Heads of Human Resources of the respective banks. A web link for the survey was forwarded to the participants by email. The survey remained open for two weeks and the participants were reminded three days before the deadline. Some participants, who did not have access to internet, were provided with hard copy questionnaires. These hardcopy questionnaires were collected by the researcher using sealed boxes, to minimise the risk of identification. No reward was given for participation, although participants were promised a summary of the survey, if they wished a copy.

Use of one Islamic and one conventional bank in this study

Islamic bank: Currently, seven Islamic banks are operating in Bangladesh. In addition, some of the remaining mainstream banks have opened Islamic banking windows. 19% of total bank deposits are controlled by the Islamic banking sector in Bangladesh, has been

experiencing an average growth of 29.3% over the last decade (Akkas, 2012). 90% population in Bangladesh is Muslim. Significant growth of Islamic banking is mainly a factor of demand from this population for interest free banking (Belal et al., 2014). Inclusion of an Islamic bank in this study may give an opportunity to understand CSR practices of these banks and the shape of CSR in a religious organisation, in which other values are present.

Conventional bank: A large majority of the banks in Bangladesh are conventional interest based banks (40 conventional banks are operating out of total 47 commercial banks). The conventional banks still dominate the banking sector of the country. These banks operate within the framework of capitalist system prevailing in Bangladesh. Contributions to CSR of these banks are also significant and highly beneficial for a developing country like Bangladesh. It was important to include a conventional bank to test our assumptions on organisational religiosity and CSR.

Reasons for non-inclusion of other banks: There are a number of specialised banks, for example, Rajshahi Krishi Bank, each has unique nature, which may not be representative for the current study, and not included in the sample. Also, the term ‘bank’ has been added with Grameen, but it is not a regular bank in Bangladesh, rather it is a micro-credit institution, has not been considered for the current study as well.

5.6 The sample

Due to the focus on these two organisations, the generalisability and external validity of the findings may be limited. Nevertheless, these findings may create new grounds for future research in other organisations and contexts. An online Raosoft sample size calculator was used to compute the minimum sample size required for the study. The results given the estimated total population size (11,460), margin of error 5%, confidence level 95%, and response distribution of the population (50%) suggest that 304 cases will result in sufficient power to test the model (Raosoft Inc., 2004). A number of studies have used this calculator in the past (e.g., Bird & Dominey-Howes, 2008; Black, Godwin, & Ponka, 2008; Braun, Glassman, Wohlwend, Whewell, & Reindl, 2012).

The survey was sent to 1550 (900 to the IB and 650 to the CB) participants. The survey generated 559 responses, out of which 502 cases were complete. The effective response rate was 32.38%, a comparatively higher rate than what is found in the previous literature, which could be due to the participants' high interest, as they have limited opportunity to take part in these types of survey. The incomplete surveys were discarded.

Table 5.2 presents the background variables of the participants by bank type. Interestingly, the presence of female employees in the sample banks is extremely low (5.38% overall). We are not sure if this is due to low number of employees, or if females participate in online surveys less than males, for various reasons. The researcher learnt from a few key informants within the banking sector that the number of female employees in the banking sector is significantly low, compared to male employees. Though the overall banking sector male female ratio data is unavailable, Bangladesh Bureau of Statistics reported that such male female ratio for the central bank is: 96% vs 4% (Bangladesh Bureau of Statistics, 2012) and as such we can carefully assume that the high representation of male employees in our sample is close to reality. This table also presents the significant differences between the two banks for a number of variables. There were significant

differences between the two banks ($X^2=22.818$, $df=2$, $p<.001$) regarding the job levels of the participants, with 70.13% in the mid-level management category in CB vs. only 43.17% in IB. In addition, IB employees reported longer service than employees in CB, with 52.4% working in IB for over 6 years vs. only 9% of CB employees ($X^2 = 138.943$, $df=3$, $p<.001$). Finally, there were significant differences ($X^2=22.818$, $df=2$, $p<.001$) regarding level of education, with 98.70% of CB employees holding a masters degree compared to 90.77% in IB, showing that level of education in the banking sector is high in Bangladesh. One of the reasons for the higher level of education among the banking professionals in Bangladesh is that the entry requirement for a desk-based job is an undergraduate degree and a postgraduate degree is preferable. However, the difference regarding monthly salary is only moderately significant ($X^2=9.529$, $df=3$, $p<.05$) with 36.80% of CB employees earning 50,001-80,000 taka compared to 31.37% in IB.

Table 5.2: Background variables of participants by bank type

	Islamic bank	Conventional bank	Total/overall
Number of respondents	271	231	502
Employment status			
Permanent employees	95.94%	90.04%	93.23%
Contract employees	4.06%	6.06%	4.98%
Others	0%	3.90%	1.79%
Length of service ***			
Less than two years	10.33%	19.05%	28.14%
Two – five years	37.27%	69.26%	48.20%
Six – ten years	38.00%	9%	22.90%
Over ten years	14.40%	0%	15.94%
Job level ***			
Senior management	6.64%	6.93%	6.77%
Mid-level management	43.17%	70.13%	55.58%
Junior executives	28.78%	16.17%	22.91%
Others	21.41%	6.77%	14.74%
Monthly salary *			
Over 80,000 taka	14.44%	18.61%	16.33%

50,001-80,000 taka	31.37%	36.80%	33.86%
30,001-50,000 taka	40.59%	37.66%	39.24%
Less than 30,000 taka	13.65%	6.93%	10.6%
Gender			
Male	95.57%	93.51%	94.62%
Female	4.43%	6.49%	5.38%
Age			
Over 55	2.58%	1.30%	1.79%
46-55 years	5.54%	5.62%	5.78%
36-45 years	39.85%	33.33%	37%
25-35 years	44.28%	54.11%	49.20%
Below 25 years	7.75%	5.64%	5.78%
Highest level of education ***			
Masters	90.77%	98.70%	94.62%
Bachelors	9.23%	1.30%	5.38%

N = 502. * significant at the .05 level and *** significant at the .01 level

5.7 Data analysis

A model was specified using confirmatory factor analysis and tested with structural equation modelling (SEM) applying the 'Analysis of moment structure' (AMOS).. This estimation method has been argued to be the most fitting method for studying dependencies using metric scales when observations are independent (Hair Jr, Black, Babin, & Anderson, 2009).. Further, another analysis using the CSR attitudes scale and each of its three components (Affective, Normative and Continuance Commitment) provides the opportunity to compare which commitment type(s) is /are more strongly related to CSR attitudes. Finally, the analyses using background variables in the instrument provide information that helps to draw a picture of participants' demographic context, necessary for the discussion of the results to explain the phenomenon of the outcome of the study. In addition, the results also provide scope for discussion, which sample bank employees are more committed or more satisfied, as well as the status of significance of each commitment type between these two banks.

Because the model is composed of one predictor and two dependent variables, a multivariate analysis was conducted (Tabachnick & Fidell, 2007).

5.8 Conclusion

This chapter discusses the research methodology pertinent to the current study. In addition to presenting the research questions, it also outlines the research instrument that examines the relationship among the variables to answer the research questions. It also explains the research procedure to provide an understanding of how the research has been conducted. Furthermore, it presents the background variables of the participants to have an understanding of the demographic and other relevant information necessary for the discussion. Finally, it gives a summary of the data analysis techniques. The next chapter discusses the results of the current study.

Chapter 6: Results

6.1 Summary of the method

Data were collected through online survey monkey software using an instrument developed from previously validated scales, which contained scales of Corporate Social Responsibility attitudes (CSR), Job Satisfaction (JS) and Organisational Commitment (OC). The research

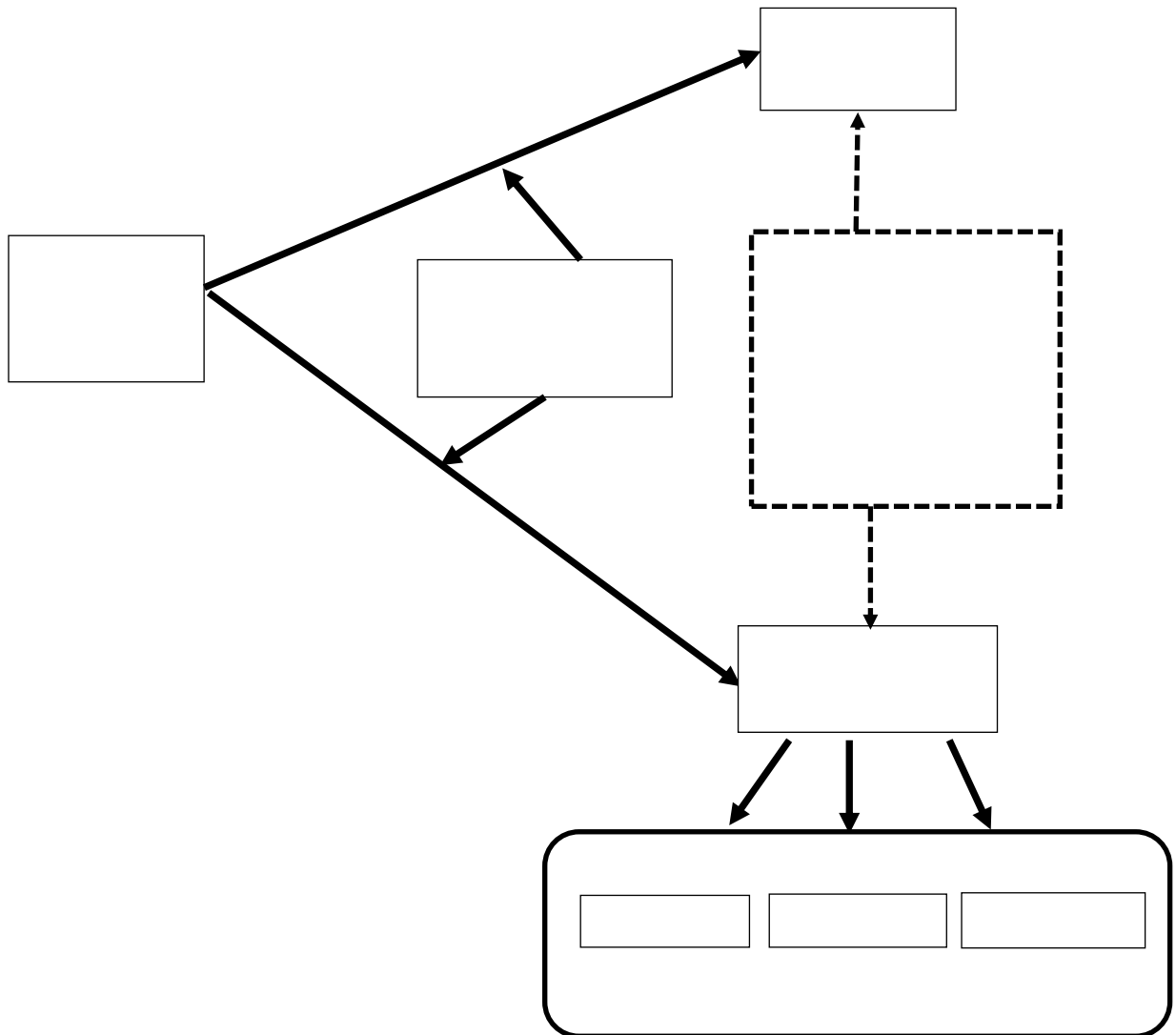


Figure 6.1 Schematic diagram of the theoretical framework'

Considering that the model is comprised of one independent variable (i.e., CSR) and two dependent variables (i.e., JS and CR), a multivariate analysis of the variables is required (Tabachnick & Fidell, 2007). Structural Equation Modelling (SEM) and AMOS software have been applied as a powerful multivariate analysis tool that simultaneously adopt multiple regression and factor analysis to provide an estimation of interrelated dependencies of the dependent and independent variables (Bagozzi & Yi, 1988; Byrne, 2010; Fornell & Larcker, 1981). SEM is argued to be the most fitting method for studying dependencies using metric scales when observations are independent (Hair, Black, Babin, & Anderson, 2010). The current chapter focuses on using SEM to test the hypotheses of the research and eventually the interrelations between the variables. Next, a brief summary of the hypotheses is presented prior to discussing the analytical outcomes. Table 6.1 is provided below for to assist with the reader with the acronyms used in this chapter.

Table 6.1 List of acronyms

Abbreviation	Description
ADF	Asymptotic Distribution Free
AGFI	Adjusted Goodness of Fit Index
AMOS	Analysis of MOment Structure
AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
CFI	Confirmatory Fit Index
CR	Composite Reliability
df	Degree of freedom
GFI	Goodness of Fit Index
IFI	Incremental Fit Index
RFI	Relative Fit Index
RMSEA	Root Mean Square Error of Approximation
SD	Standard Deviation
SE	Standard Error
SEM	Structural Equation Modelling
TLI	Tucker-Lewis Index

6.2 Test of normality and outliers

6.2.1 Multivariate normality

The parameter estimates of maximum likelihood in moderate to fair sized samples often following multivariate normality (Anderson & Gerbing, 1988; Browne, 1984). However considering the sensitivity of the Chi-square test statistic, it is critical to ensure the data being used in the model are multivariate normal (Byrne, 2010). More specifically, the rejection of null hypotheses occurs more than usual when there is a positive kurtosis (i.e., leptokurtic) and conversely the opposite is more likely in cases of negative kurtosis (i.e., platykurtic) (DeCarlo, 1997).

Prior to assessing multivariate normality, the univariate normality of the data should be determined (DeCarlo, 1997; Looney, 1995). According to table 6.2 and the values for kurtosis and critical ratio of all the items in the current model, the range of positive values and negative values are from 0.014 to 1.689 and from -1.123 to -0.069, respectively with zero being the indicator of normality (Kline, 2011). Given the acceptance range of below seven (West, Finch, & Curran, 1995) and since all items in the model have kurtosis value of below 7.0 the distributional assumption of univariate normality has been met. Nonetheless, the univariate normality of the variables could not alone prove the multivariate normality. Thus, according to table 6.2 and the critical ratio > 5.0 value as an indication of multivariate non-normality (see, Bentler, 2005; Mardia, 1970), the current critical ratio of 68.062 (the threshold is 5.0) indicates deviation from multivariate normality. According to Browne (1984), here the asymptotic distribution-free (ADF) estimation could be applied as a basis for further analysis of the data using SEM.

Table 6.2: Assessment of multivariate normality

Variable	Min	Max	Skew	Critical ratio	Kurtosis	Critical ratio
Normative_OC17	1.000	6.000	-.545	-4.989	-.401	-1.836
Normative_OC16	1.000	6.000	-.684	-6.259	-.285	-1.305
Normative_OC15	1.000	6.000	-.785	-7.183	.014	.064
Normative_OC14	1.000	6.000	-.565	-5.164	-.528	-2.415
Normative_OC13	1.000	6.000	-.353	-3.232	-.739	-3.381
Continuance_OC12	1.000	6.000	-.209	-1.914	-.986	-4.511
Continuance_OC11	1.000	6.000	.060	.545	-.998	-4.565
Continuance_OC10	1.000	6.000	-.205	-1.876	-1.123	-5.135
Continuance_OC9	1.000	6.000	-.284	-2.594	-1.090	-4.986
Continuance_OC8	1.000	6.000	-.571	-5.226	-.858	-3.923
Continuance_OC7	1.000	6.000	-.795	-7.272	-.215	-.982
Affective_OC6	1.000	6.000	-.637	-5.831	-.298	-1.361
Affective_OC5	1.000	6.000	-.616	-5.634	-.752	-3.441
Affective_OC4	1.000	6.000	-.620	-5.668	-.750	-3.430
Affective_OC3	1.000	13.000	-.170	-1.557	.679	3.103
Affective_OC2	1.000	6.000	-1.115	-10.200	.454	2.074
Affective_OC1	1.000	6.000	-.741	-6.778	-.309	-1.414
Job_Satisfaction7	1.000	6.000	-.811	-7.417	-.069	-.315
Job_Satisfaction6	1.000	6.000	-.588	-5.378	-.425	-1.942
Job Satisfaction5	1.000	7.000	-.917	-8.390	.865	3.954
Job Satisfaction4	1.000	6.000	-.549	-5.017	.195	.890
Job Satisfaction3	1.000	6.000	-.963	-8.808	1.067	4.879
Job Satisfaction2	1.000	6.000	-1.102	-10.077	.501	2.292
Job Satisfaction1	1.000	6.000	-1.180	-10.791	1.259	5.756
CSR_Attitudes1	1.000	6.000	-1.289	-11.787	1.689	7.726
CSR_Attitudes2	1.000	6.000	-1.221	-11.167	1.469	6.716
CSR_Attitudes3	1.000	6.000	-.984	-8.997	.482	2.206
CSR_Attitudes4	1.000	6.000	-.797	-7.287	.194	.889
CSR_Attitudes5	1.000	6.000	-.971	-8.880	.632	2.890
CSR_Attitudes6	1.000	6.000	-.763	-6.979	-.077	-.353
CSR_Attitudes7	1.000	6.000	-.917	-8.385	.560	2.559
CSR_Attitudes8	1.000	6.000	-.618	-5.655	-.305	-1.397
Multivariate					283.408	68.062

6.2.2 Multivariate outliers

Outliers are observations in a sample that deviate markedly from other members within the same sample (Hodge & Austin, 2004). According to Kline (2011) multivariate outliers in SEM are those associated with extreme values on multiple variables. Squared Mahalanobis distance D^2 is a common indicator of multivariate outliers (Byrne, 2010; De Maesschalck, Jouan-Rimbaud, & Massart, 2000).

According to Byrne (2010, p. 106), "... an outlying case will have a D^2 value that stands distinctively apart from all the other D^2 values". A review of these values reported in table 6.3 shows minimal evidence of serious multivariate outliers.

Table 6.3: Assessment of multivariate outliers

Observation number	Mahalanobis d-squared	1	2	Observation number	Mahalanobis d-squared	1	2
2	120.354	000	000	185	56.580	005	000
438	102.100	000	000	26	56.396	005	000
68	100.638	000	000	14	56.312	005	000
18	95.071	000	000	432	56.158	005	000
282	93.000	000	000	293	56.104	005	000
29	90.958	000	000	143	55.806	006	000
20	88.874	000	000	437	54.846	007	000
140	86.828	000	000	108	54.609	008	000
468	83.705	000	000	258	54.580	008	000
170	79.558	000	000	160	54.056	009	000
495	79.228	000	000	294	53.970	009	000
32	78.000	000	000	285	53.872	009	000
4	77.988	000	000	184	53.821	009	000
312	77.872	000	000	17	53.711	009	000
22	77.515	000	000	40	53.594	010	000
23	74.420	000	000	151	53.255	011	000
329	74.155	000	000	41	53.187	011	000
502	73.984	000	000	164	52.964	011	000
63	72.897	000	000	257	52.727	012	000
177	72.249	000	000	19	52.394	013	000
424	71.672	000	000	183	52.383	013	000

Observation number	Mahalanobis d-squared	1	2	Observation number	Mahalanobis d-squared	1	2
331	70.699	000	000	3	52.021	014	000
27	70.015	000	000	179	51.950	014	000
303	69.641	000	000	53	51.853	015	000
54	69.454	000	000	107	51.486	016	000
180	69.088	000	000	113	51.486	016	000
37	68.328	000	000	426	51.160	017	000
52	66.921	000	000	428	50.969	018	000
48	66.591	000	000	169	50.968	018	000
301	66.192	000	000	471	50.941	018	000
13	65.146	000	000	109	50.037	022	000
335	64.994	001	000	327	50.019	022	000
49	64.816	001	000	330	49.900	023	000
242	64.529	001	000	12	49.833	023	000
77	62.562	001	000	136	49.743	024	000
498	62.204	001	000	260	49.670	024	000
336	62.095	001	000	33	49.389	026	000
291	61.640	001	000	50	49.313	026	000
161	61.485	001	000	51	49.313	026	000
58	61.323	001	000	62	49.295	026	000
501	61.286	001	000	337	49.027	028	000
57	61.159	001	000	6	48.971	028	000
55	60.741	002	000	308	48.965	028	000
10	60.112	002	000	70	48.426	031	000
135	60.093	002	000	137	48.292	032	000
30	58.714	003	000	35	48.265	033	000
171	58.509	003	000	9	47.943	035	000
408	57.935	003	000	28	47.916	035	000
133	57.324	004	000	15	47.908	035	000
148	57.257	004	000	302	47.698	037	000

Since assumptions of normality and outliers have been met, the SEM can be employed confidently. Subsequently, the two-step SEM (Byrne, 2010) is followed. First a confirmatory factor analysis is carried out to examine the fitness of measurement models, then a maximum-likelihood estimation is performed on the structural models to test the hypothesised relationships.

6.3 Assessing the fitness of the measurement model using CFA

Once the structural model has been specified, parameter estimation should be fulfilled. As discussed earlier in this chapter, due to deviation of the sample data from normality, the estimation model needs to be adjusted. So, the ADF estimation was chosen over Maximum Likelihood to test the model (Browne, 1984). However, ADF requires relatively large sample sizes of above 1000 (West et al., 1995). This suggests that a sample size of 502 is not sufficient for the analysis. Therefore the test proposed is based on a scaling correction for the chi-square (Byrne, 2010). The difference between the adjusted scale and the original scale was negligible and non-significant ($P - value > 0.05$). Therefore, the original maximum likelihood estimation could be applied to test the model.

Evaluating the fit of the model should be carried out after the parameter estimation yields a reasonable solution (Schermele-Engel, Moosbrugger, & Müller, 2003). To examine the fit between the model and the data a confirmatory factor analysis (CFA) was run based on a model with OC as a second-order construct consistent with the conceptual framework of the study (see Figure 6.2 and Figure 6.3). CFA as a confirmatory statistical tool is applied to the structural model and helps to identify the differences between matrices of covariance on the estimated population and the observed sample (Schreiber, Nora, Stage, Barlow, & King, 2006). The model is considered fit once the aforesaid differences are at a minimum (Hayduk, 1996). CFA allows for all the measures within a construct to be loaded freely onto that construct and limits the loading of these measures on the other constructs. Using further statistical tools, CFA helps to determine the goodness of fit of the structural model (Byrne, 2005, 2010). Thus, CFA is a representative of the measurement model. The fit of this measurement model is calculated via several statistical tests discussed below.

There are a variety of statistical indices that measure the fit of the structural equation models. However, there have been always difficulties determining the fit of the model since various measures provide different and, in some cases, contradictory outcomes. Additionally,

the variety of software programs for solving SEM adopt a range of diverse indices to evaluate the fit of the model (Byrne, 2010; Jöreskog, 1993). Nonetheless, there are some common fit-evaluating indices used in the SEM context and in AMOS that have been applied in this chapter to evaluate the fit of the proposed model. Generally, the fit indices are categorised in two main groups, that is, statistical evaluation with test of significance (Chi-square (χ^2) test) and descriptive evaluation with three main categories of measures of overall fit (e.g., RMSEA), measures of model comparisons (e.g., CFI, GFI, AGFI), and measures of model parsimony (Mulaik et al., 1989). A brief discussion of these indices is given below.

6.3.1 Chi-square fit test (normed chi-square)

The chi-square test evaluates the extent to which the covariance matrix of the population is equal to the covariance matrix of the proposed structural model. A good model fit is achieved once the value of the resultant chi-square in relation to its degree of freedom (df) is close to zero. Additionally, with a significance level of 0.05 and the p -value of 0.05 the null hypothesis of the chi-square test is accepted. However, there are some shortcomings to this test, which applies to this research, and it is the sample size. As the sample size and the df increase, so does the value of the Chi-square test (Bollen, 1998), which could be problematic for the sample size of this research ($n = 502$). Thus the fit of such structural models could be erroneously rejected if only the Chi-square test is applied to this end (see table 6.4).

Chi-square=1722.349, df=458, p-value=.000, Chi-square/df=3.761
 CFI=.827, GFI=.801, AGFI=.770, TLI=.813, IFI=.828, RFI=.762
 RMSEA=.074, Pclose=.000

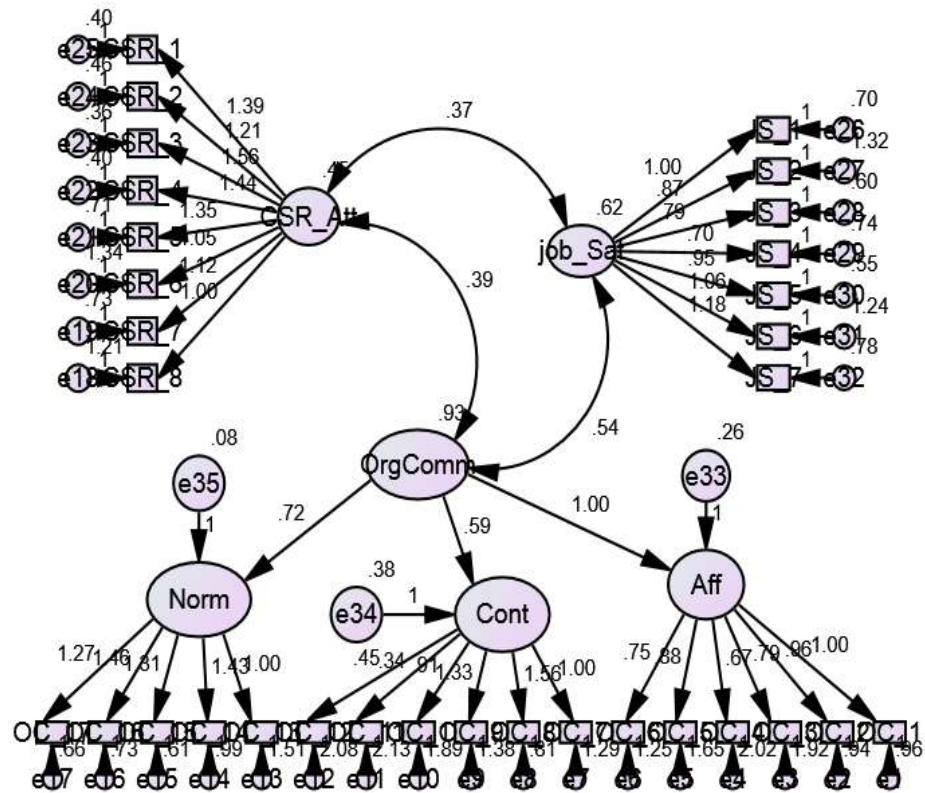


Figure 6.2 Full measurement model with OC as a 2nd order factor for CFA

Chi-square=2017.864, df=461, p-value=.000, Chi-square/df=4.377
 CFI=.788, GFI=.770, AGFI=.737, TLI=.771, IFI=.789, RFI=.722
 RMSEA=.082, Pclose=.000

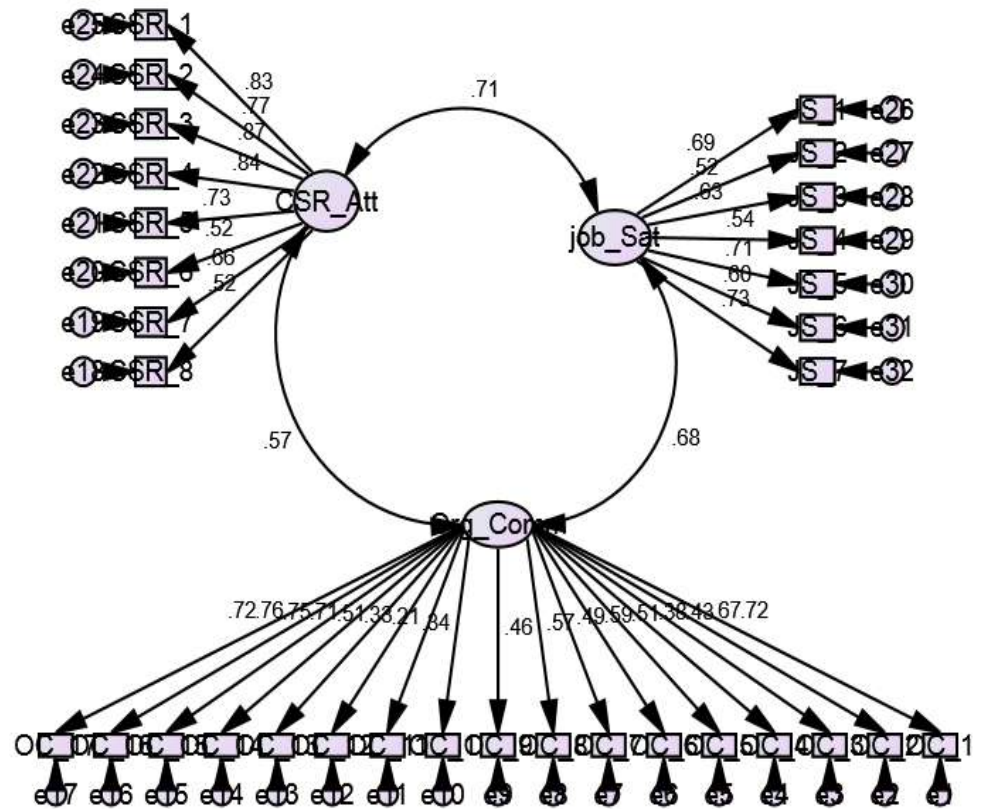


Figure 6.3 Full measurement model with OC as first order factor for CFA

As results show the value of normed chi-square (χ^2/df) in the model with first order construct is greater than the model with the second order construct ($4.377 > 3.761$). Although both values are above the cut off value of 2.0 (Hu & Bentler, 1998) but since they are below the critical value of 5.0 they are acceptable. This indicates that the model depicted in Figure 6.2 has relatively better borderline fit.

6.3.2 Root Mean Square Error of Approximation (RMSEA)

To overcome the problem with sample sizes, alternate fit measures such as RMSEA are proposed (Kaplan, 2000). Using RMSEA the null hypothesis from the exact fit is replaced with the null hypothesis of the close fit. Therefore, RMSEA provides an approximation of fitness of the model. The value of $RMSEA \leq 0.05$ indicates a close fit of the model. Also values of $0.05 \leq RMSEA \leq 0.1$ show a mediocre close fit and $RMSEA \geq 0.1$ is not going to be acceptable. Additionally, RMSEA is not sensitive towards the sample size, which makes it an appropriate choice for relatively large sample sizes.

6.3.3 Comparative Fit Index (CFI)

Conversely, CFI is a desirable measure of fitness evaluation for small sample sizes since it avoids the underestimation of the goodness of fit (Bentler & Bonett, 1980). The value for CFI ranges between 0 and 1 and higher values in this range show a better fit of the model. Similar to RMSEA, CFI is rarely affected by the sample size (Bentler & Bonett, 1980; Bollen & Stine, 1992).

6.3.4 Goodness-of-Fit-Index (GFI) and Adjusted Goodness-of-Fit-Index (AGFI)

The GFI index compares the fitness of the current model with a null model (i.e., when there is no model at all) (Schermelleh-Engel et al., 2003). Similar to CFI, GFI ranges between 0 and 1 and the closer the fit index is to 1, the better fit of the model is shown. A good fit in this index is usually a score above 0.95 (Marsh & Grayson, 1995).

Additionally, AGFI (Jöreskog & Sörbom, 1989) is developed for any impending biases that might emerge from the complexity of the model. Thus, the main difference between AGFI and GFI is the adjustments of df in the model by AGFI. The acceptance range for AGFI is almost similar to the acceptance range of GFI with a good fit index score above 0.9.

Additionally, it has been shown that both GFI and AGFI are sensitive to size of samples (Hu & Bentler, 1998; Hu & Bentler, 1999).

6.3.5 Tucker-Lewis Index (TLI), Relative Fit Index (RFI), and Incremental Fit Index (IFI)

TLI measures the relative fit of the model and normally ranges between 0 and 1 but since it is not normalized, it does not necessarily stay in this range and may deviate from it (Bentler & Bonett, 1980). A TLI value of above 0.95 indicates a good fit of the model. TLI is also scarcely affected by sample size (Bollen & Stine, 1992; Hu & Bentler, 1998). Similarly RFI and IFI (Bollen & Stine, 1992) are in the same range, however they are affected by the size of the sample.

Table 6.4: Comparison of fit indices between two models

Fit statistics	Acceptable range	Model with OC as a first order construct	Model with OC as a second order construct	Fitness of the model supported
Chi-square/df	Less than 2 is good, greater than 5 is unacceptable	4.377	3.761	
RMSEA	[0,0.1]	0.082	0.074	✓
CFI	[0,1]	0.788	0.827	✓
GFI	[0,1]	0.770	0.801	✓
AGFI	[0,1]	0.737	0.770	✓
TLI	[0,1]	0.771	0.813	✓
IFI	[0,1]	0.789	0.828	✓
RFI	[0,1]	0.722	0.762	✓

The fit indices illustrated in Figure 6.3 and Figure 6.2, where OC has been used as first and second order constructs, respectively, has been summarised in Table 7.4. Considering Table 7.4, although the results suggest that both models have rather poor fit, it could be inferred from the fit indices that the model with OC as a second order construct has better fit than the model with OC as a first order construct. Therefore, there is evidence to support the factorial structure of the OC as a second-order construct.

Given the above, in order to improve the fit of the model before testing the hypotheses, a model trimming procedure was carried out based on the modification indices and factor loadings of items (Kline, 2011) to reach more acceptable scores for fit indices. In this procedure, the observed items of each factor with high modification indices were co-varied and

the items with low regression weights were dropped to improve the fitness of the model. After a few rounds of trimming the model yielded better-fit indices testing the hypotheses. The standardised factor loadings of the trimmed model are presented in table 6.5.

Table 6.5: factor loadings of the model with OC as a second order construct

Measure		Construct	Estimate
Aff	<---	Org_Com	.950
Norm	<---	Org_Com	.649
Cont	<---	Org_Com	.899
CSR_8	<---	Emp_CSR	.517
CSR_7	<---	Emp_CSR	.659
CSR_5	<---	Emp_CSR	.703
CSR_4	<---	Emp_CSR	.824
CSR_3	<---	Emp_CSR	.882
CSR_2	<---	Emp_CSR	.747
CSR_1	<---	Emp_CSR	.813
JS_1	<---	Job_Sat	.662
JS_2	<---	Job_Sat	.528
JS_3	<---	Job_Sat	.605
JS_5	<---	Job_Sat	.764
JS_6	<---	Job_Sat	.619
JS_7	<---	Job_Sat	.768
OC_1	<---	Aff	.784
OC_2	<---	Aff	.704
OC_5	<---	Aff	.512
OC_6	<---	Aff	.612
OC_8	<---	Cont	.793
OC_9	<---	Cont	.739
OC_10	<---	Cont	.500
OC_7	<---	Cont	.652
OC_15	<---	Norm	.781
OC_16	<---	Norm	.797
OC_17	<---	Norm	.769
OC_14	<---	Norm	.719

Given the acceptance rate of above 0.5 for a measure to be loaded on a construct, in the final trimmed model several items including: JS4, OC3, OC4, OC11, OC12, and OC13 were eliminated due to low factor loadings on their associated constructs. As the above table shows, all remaining factors have standardised loading of 0.5 and above. The model has also reached an acceptable level of fit. The trimmed model should again be run for fitness

evaluation. The results of this evaluation are illustrated in Figure 6.4. According to Figure 6.4, the trimmed model with OC as a second order construct is fitted better than the previous models and within acceptable ranges. Next, the factorial validity of the trimmed model should be evaluated prior to testing the hypotheses of the proposed model.

Chi-square=2017.864, df=461, p-value=.000, Chi-square/df=4.377
CFI=.788, GFI=.770, AGFI=.737, TLI=.771, IFI=.789, RFI=.722
RMSEA=.082, Pclose=.000

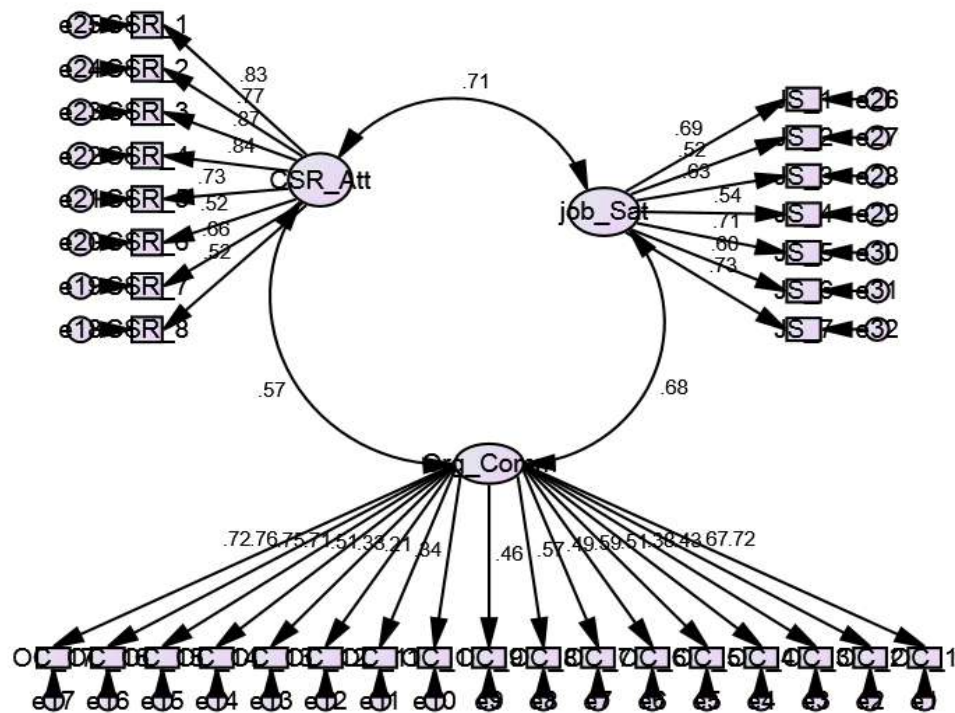


Figure 6.4 Trimmed Factorial model

6.4 Factorial validity of the proposed model

Table 6.6 illustrates the descriptive statistics of the measures and constructs of the current model in line with earlier discussions in this chapter. Means, standard deviations, loadings of measures on their corresponding constructs along with the CR and AVE values are demonstrated in this table. It is worth mentioning that certain measures (e.g., JS4, OC3, OC4, etc.) have been left blank in the “Loading” column. This is due to the elimination of these measures after the trimming process. Additionally, the mean and SD of the measures are differentiated by the context from which they have been collected (i.e., IBs or CBs) to provide a more holistic overview of the data.

Table 6.6: Descriptive statistics of measures and constructs

Construct	Measure	Mean, Standard Deviation, Loading, CR, and AVE for total sample					Islamic bank (<i>n</i> = 271)		Conventional bank (<i>n</i> = 231)	
		Mean	SD	Loading	CR	AVE	Mean	SD	Mean	SD
JS	JS1	4.66	1.15	.662	0.823	0.540	4.70	1.20	4.62	1.10
	JS2	4.33	1.38	.528			4.15	1.50	4.53	1.20
	JS3	4.83	1.00	.605			4.94	0.97	4.70	1.03
	JS4	4.56	1.03	-			4.65	1.03	4.47	1.03
	JS5	4.77	1.06	.764			4.85	1.14	4.69	0.96
	JS6	4.10	1.46	.619			4.10	1.56	4.10	1.33
	JS7	4.51	1.30	.768			4.73	1.32	4.26	1.23
Overall JS		4.54	1.23				4.59	1.30	4.48	1.15
OC/ Affective	OC1	4.28	1.49	.784	0.881	0.716	4.40	1.62	4.13	1.31
	OC2	4.57	1.47	.704			4.63	1.59	4.49	1.31
	OC3	4.11	1.68	-			4.11	1.92	4.10	1.35
	OC4	4.06	1.68	-			3.94	1.87	4.21	1.42
	OC5	4.16	1.64	.512			4.20	1.78	4.14	1.46
	OC6	4.10	1.42	.612			4.19	1.51	3.99	1.30
OC/ Continuance	OC7	4.08	1.45	.652			4.18	1.52	3.96	1.37
	OC8	4.00	1.62	.793			4.14	1.64	3.84	1.57
	OC9	3.64	1.67	.739			3.72	1.72	3.55	1.61
	OC10	3.44	1.63	.500			3.37	1.74	3.52	1.49
	OC11	3.20	1.55	-			3.03	1.66	3.39	1.38
	OC12	3.63	1.51	-			3.62	1.60	3.63	1.40
OC/ Normative	OC13	3.84	1.50	-			4.04	1.62	3.60	1.30
	OC14	4.11	1.50	.719			4.25	1.63	3.94	1.31
	OC15	4.58	1.28	.781			4.77	1.25	4.36	1.28
	OC16	4.34	1.40	.797			4.48	1.56	4.18	1.18
	OC17	4.41	1.26	.769			4.73	1.28	4.03	1.12

Overall OC		4.03	1.56				4.11	1.69	3.58	1.40
CSR attitudes	CSR1	4.70	1.41	.813	0.894	0.553	5.01	1.18	4.34	1.02
	CSR2	4.81	0.00	.747			4.15	1.06	4.40	0.93
	CSR3	4.58	1.41	.882			4.91	1.27	4.20	1.04
	CSR4	4.44	1.41	.824			4.70	1.26	4.13	0.96
	CSR5	4.13	2.12	.703			4.61	1.41	4.09	1.04
	CSR6	4.19	1.41	-			4.84	1.54	3.87	1.16
	CSR7	4.61	2.12	.659			4.93	1.27	4.23	0.90
	CSR8	4.20	2.12	.517			4.46	1.40	3.89	1.12
Overall CSR		4.49	1.24				4.78	1.33	4.14	1.04

Comparing general means, means in the Islamic banking context, and means in the conventional banking context for JS, OC, and CSR attitudes using a one-way ANOVA test with $\alpha < 0.05$ confidence level reveals unexpected results. According to the outcomes of the one-way ANOVA test, while there is no significant difference between the quality of JS ($F (General, IB, CB) \approx 3.55, p - value \approx 0.77 > 0.05$) and OC ($F (General, IB, CB) \approx 3.19, p - value \approx 0.49 > 0.05$) between these three groups of means, however the perception of the quality of CSR attitudes ($F crit (General, IB, CB) \approx 3.47, p - value \approx 0.00 < 0.05$) and ($F (IB, CB) \approx 4.60, p - value \approx 0.00 < 0.05$) in Islamic banking and in conventional banking is different and higher in IBs in Bangladesh.

ANOVA							
Source of Variation	SS	df	MS	F	P-value	F crit	
Between Groups	1.249758	2	0.624879	10.05688	0.000864	3.4668	
Within Groups	1.304825	21	0.062135				
Total	2.554583	23					

Additionally, Composite Reliability (CR) and Average Variance Extracted (AVE) were calculated to examine the reliability and validity of constructs within the proposed model (Hair, Black, Babin, & Anderson, 2010). According to Bagozzi and Yi (1988), the threshold for the values of CR and AVE are 0.6 and 0.5 respectively. Given the descriptive statistics illustrated in Table 6.6, the criteria of factorial validity of constructs within the proposed trimmed model have been met. Considering AVE of each construct being less than its bivariate correlation with other constructs, the model exhibits discriminant validity (Hair, et al. 2010). The presence of convergent and discriminant validity is further substantiated by the value of fit indices. It is also widely acknowledged that a model with acceptable fit scores provides satisfactory convergent and discriminant validity (Byrne, 2010).

Chi-square=830.801, df=263, p-value=.000, Chi-square/df=3.159
 CFI=.906, GFI=.874, AGFI=.844, TLI=.893, IFI=.907, RFI=.851
 RMSEA=.066, Pclose=.000

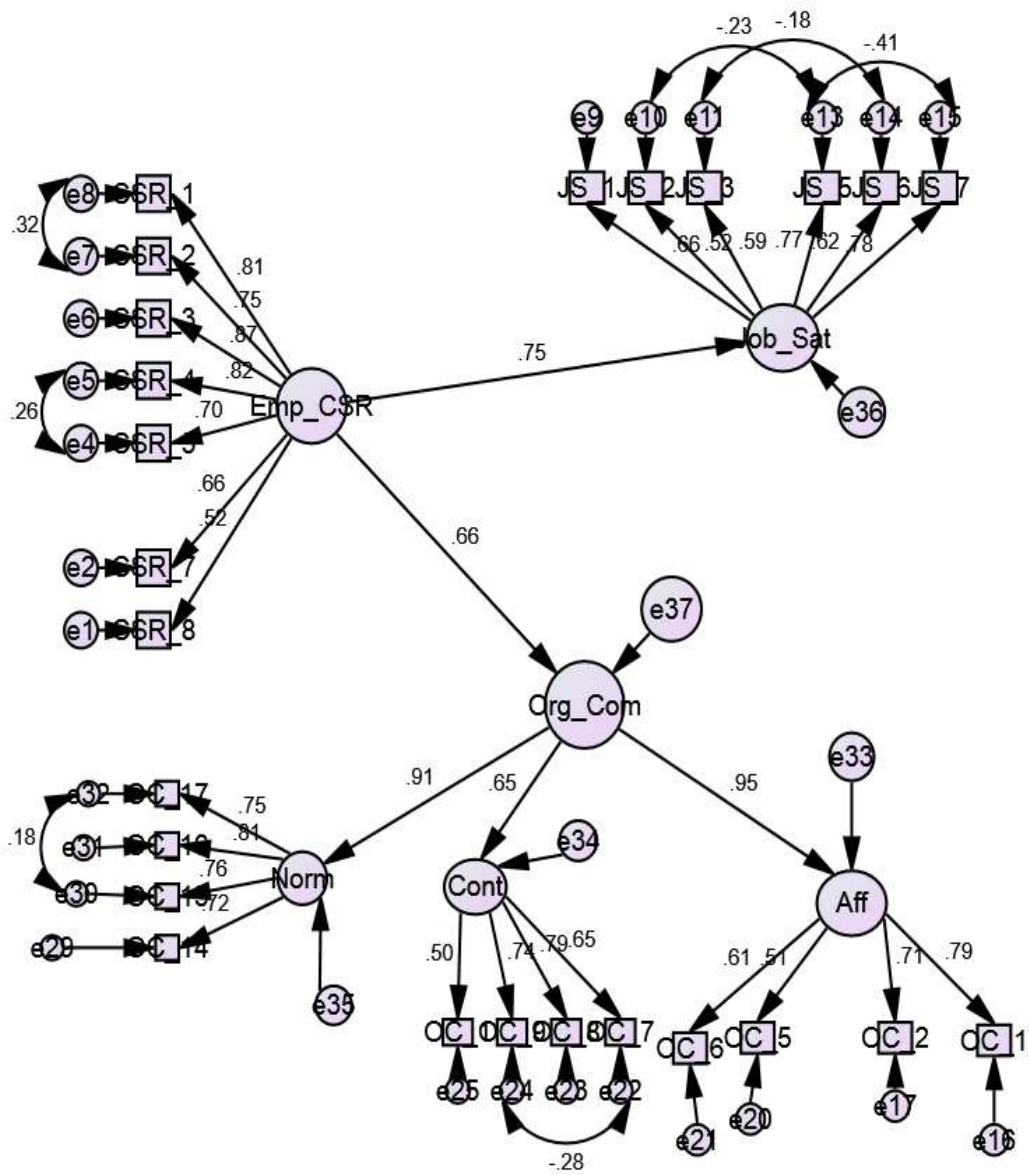


Figure 6.5 Structural model with path estimates

6.5 Hypotheses testing

6.5.1 Testing the relationship between CSR, JS, and OC

Given that the model has demonstrated satisfactory fit indices and factorial validity as outlined above, the corresponding structural model was built to test the hypotheses. A maximum likelihood path analysis was conducted to estimate the significance of structural relationships. The results shown in table 6.7 suggest that there is a positive and significant relationship between employee CSR attitudes and the level of OC ($\beta = 0.660$, $p - value < 0.01$) **supporting Hypothesis 2**. The results also indicate that the relationship between employee CSR attitudes and JS is positive and significant ($\beta = 0.753$, $p - value < 0.01$) **supporting Hypothesis 1**. The third and fourth columns represent standard error (S.E.) and critical ratio (C.R.). Table 6.7 shows that the estimates of the model are statistically significant and standard errors are negligible.

Table 6.7: Path estimates of structural model for hypotheses 1 and 2

Path	Standardised estimate	Unstandardised estimate	S.E.	C.R.	P-value
Org_Com <--- Emp_CSR	0.660	1.078	.116	9.301	***
Job_Sat <--- Emp_CSR	0.753	.857	.090	9.533	***

** Significant at 0.05 level, *** Significant at 0.01 level

6.5.2 The moderating role of religiosity

To examine the moderating role of religiosity pertinent to Hypotheses 3 and 4, a multi-group analysis was carried out (Kline, 2011). First, the measurement invariance was tested across two groups (IB ($n = 271$), CB ($n = 231$)). The results suggest the stability of measurement model across groups and its factorial and metric invariance. More specifically, the model fit was acceptable and stable across two groups indicating configural invariance and the chi-square difference test between the freely estimated model and constrained model showed factorial invariance (Byrne, 2005). These two tests generated sufficient supportive evidence for conducting the multi-group test on the role of religiosity. The results of these tests are

shown in the following sections.

Table 6.8 Results of multi-group path analysis for hypotheses 3 and 4

Path			Islamic		Conventional		z-score
			Estimate	P-value	Estimate	P-value	
Org_Com	<---	Emp_CSR	0.570	***	0.750	***	1.775**
Job_Sat	<---	Emp_CSR	0.700	***	0.720	***	-0.329

** Significant at 0.05 level, *** Significant at 0.01 level

According to table 6.8, this relationship between OC and employee CSR attitudes is both significant and positive for the IB ($\beta = 0.570, p - value < 0.01$) and the CB ($\beta = 0.750, p - value < 0.01$). However, given the significance of the z-score ($z = 1.775, p - value < 0.01$) obtained, it suggests that the moderating role of religiosity in the association between CSR and OC is significantly stronger in the CB context, unlike what was previously expected as IB showing a stronger moderating effect of religiosity. **Thus, hypothesis 4 is not supported.**

On the contrary, although the relationship between employee CSR and JS is both significant for the CB ($\beta = 0.720, p - value < 0.01$) and the IB ($\beta = 0.700, p - value < 0.01$), this difference is not statistically significant ($z = -0.329, p - value > 0.05$), implying to this fact that there is no evidence found that religiosity is affecting the IB more than the CB in the relationship between CSR and JS. **Therefore, hypothesis 3 could not be supported.**

To illustrate test the impact of religiosity on the sub-dimensions of OC for hypothesis 5, an additional structural model was developed for multi-group analysis (see figure 6.6 and figure 6.7).

Islamic banking model

Chi-square=1644.911, df=577, p-value=.000, Chi-square/df=2.851
 CFI=.806, GFI=.793, AGFI=.767, TLI=.798, IFI=.807, RFI=.720
 RMSEA=.061, Pclose=.000

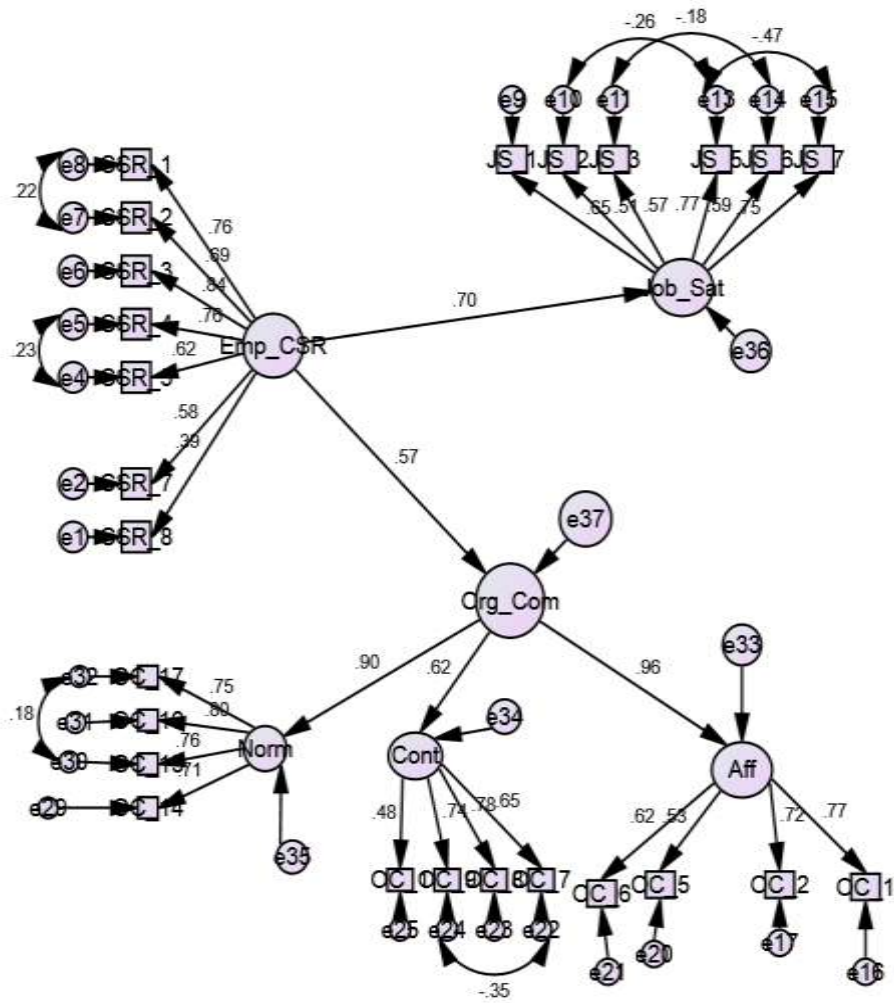


Figure 6.6 Path estimates in the Islamic bank context

Conventional banking model

Chi-square=1644.911, df=577, p-value=.000, Chi-square/df=2.851
 CFI=.806, GFI=.793, AGFI=.767, TLI=.798, IFI=.807, RFI=.720
 RMSEA=.061, Pclose=.000

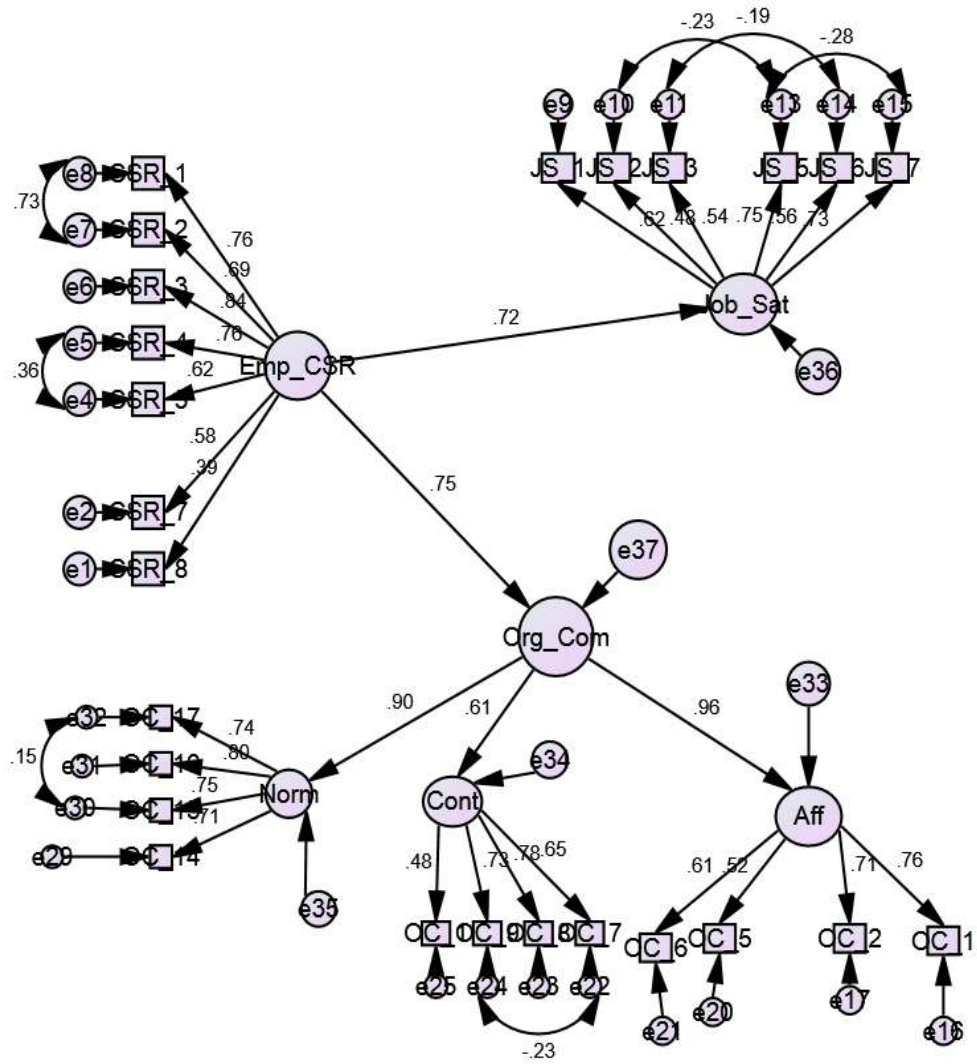


Figure 6.7 Path estimates in the conventional bank context

6.5.3 Disintegration of OC into three components

According to Table 6.9, and as it can be derived from figure 6.6 and 6.7, the results indicate that, decomposing variance of OC by its predictors provides some insights into the associations between three types of commitment and employee CSR attitudes.

Table 6.9: Results of multi-group analysis of the structural model with three components of OC as separate constructs

Path			Islamic		Conventional		z-score
			Estimate	P-value	Estimate	P-value	
Job_Sat	<---	Emp_CSR	0.740	***	0.760	***	-0.159
Aff	<---	Emp_CSR	0.720	***	0.760	***	1.104
Cont	<---	Emp_CSR	0.390	***	0.570	***	2.376**
Norm	<---	Emp_CSR	0.630	***	0.740	***	2.360**

** Significant at 0.05 level, *** Significant at 0.01 level

First, for all the three sub-constructs of OC, namely Affective, Normative and Continuous commitment, the conventional banking environment seems to offer a more encouraging atmosphere for employee-related CSR attitudes. Second, even though applying religiosity in the organisational context of banks appears to make a difference in the proposed causal relationships, although only for the continuous ($z = 2.376, p - value < 0.01$) and Normative commitment ($z = 2.360, p - value < 0.01$), the religiosity imposes a statistically significant effect on the mechanisms through which employee CSR influences OC. Nevertheless, among the three component commitment types, the relationship between CSR attitudes and Affective commitment is strongest for both sample banks. **Therefore, hypothesis 5 is supported.** To test the impact of religiosity on the sub-dimensions of OC for hypothesis 5, an additional structural model was developed for multi-group analysis.

6.6 Additional ad-hoc test for examining common method variance

Since the present study uses a survey composed of attitudinal questions, it is subject to common method variance causing possible bias to the validity of the results (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Therefore, a Harman single factor test was conducted in SPSS, using principal component factor analysis with no rotation. This led to extraction of a single factor carrying 31% of variance. Since this variance is less than 50% the common method variance does not threaten the validity of the results. Table 6.10 illustrates the summary of the results for the common method variance.

Table 6.10 Results of Harman's single factor analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.072	31.474	31.474	10.072	31.474	31.474
2	2.857	8.929	40.403			

Furthermore, as an additional analysis a single common latent factor analysis is carried out using AMOS. A latent variable called “common” is added to the trimmed model (see Figure 6.4) and regression lines were constrained equally and linked to every observed item within the model. This way the common variance between all the observed variables in the model will be calculated to find out the variances commonly shared among these variables. According to Figure 6.8, all regression weights are equal to 0.63, hence $common\ variance = 0.63^2 \approx 0.39$. It is observed that this single factor explains only 39% of the relationships, providing additional support for the fact that common method variance is not threatening the validity of the results.

Chi-square=714.321, df=259, p-value=.000, Chi-square/df=2.758
 CFI=.925, GFI=.891, AGFI=.863, TLI=.913, IFI=.925, RFI=.870
 RMSEA=.059, Pclose=.002

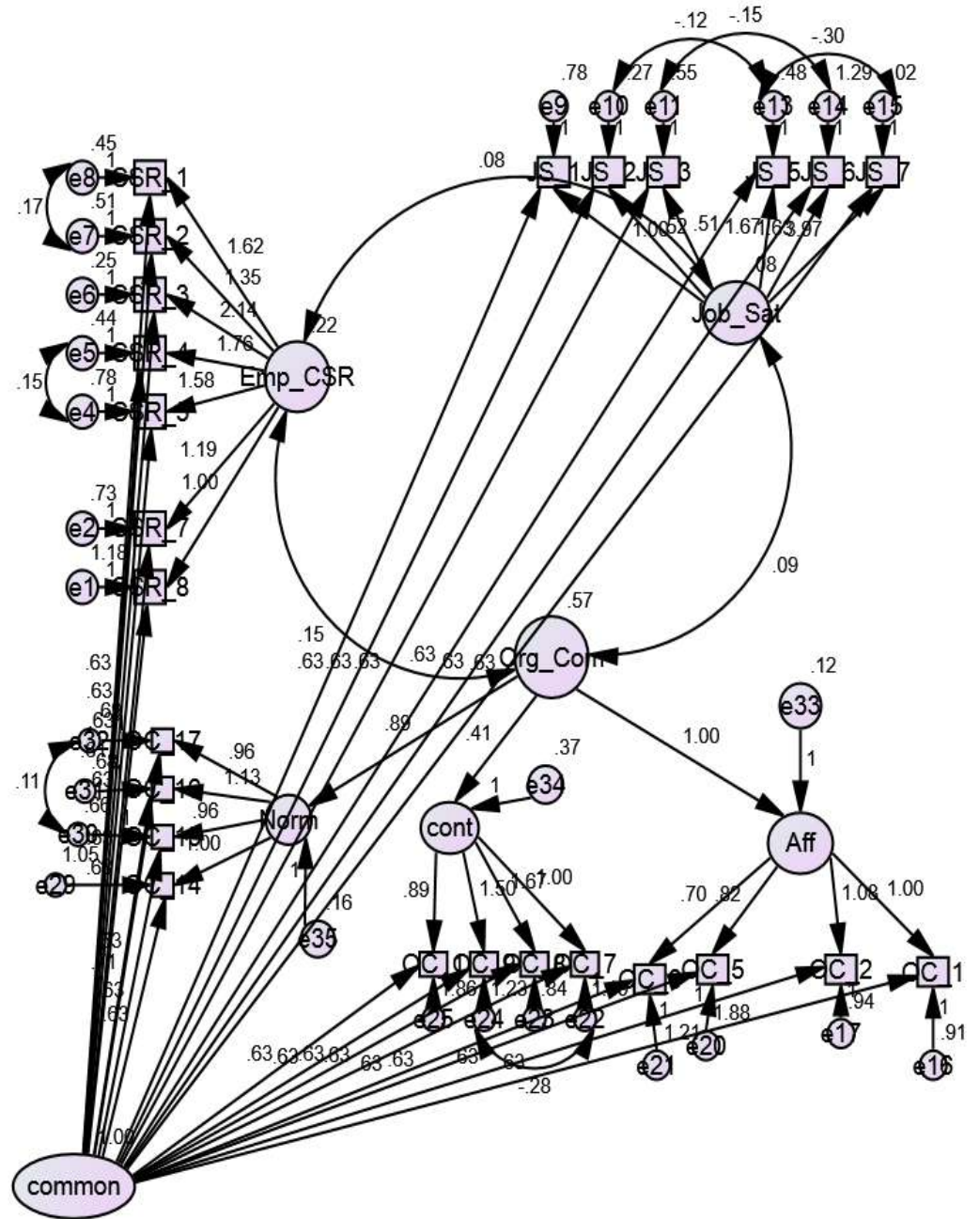


Figure 6.8 Common latent factor model

6.7 Summary of the results

Table 6.11 Summary of the findings against the hypotheses

Independent variable	Dependent variable	Moderator	Hypothesis	Description of the hypothesis	Path estimates			- value	Supported
					IB	CB	Overall		
CSR	JS	-	H1	There is a positive relationship between employee CSR attitudes and JS.	-	-	0.753	***	✓
CSR	OC	-	H2	There is a positive relationship between employee CSR attitudes and OC.	-	-	0.660	***	✓
CSR	JS	Religiosity	H3	Religiosity positively moderates the relationship between employee CSR attitudes and JS in the Islamic banking context particularly.	0.570	0.750	-	***	×
CSR	OC	Religiosity	H4	Religiosity positively moderates the relationship between employee CSR attitudes and OC in the Islamic banking context particularly.	0.700	0.720	-	***	×
CSR	OC/Affective (OCA) OC/Continuance (OCC) OC/Normative (OCN)	-	H5	Among three dimensions of OC, Affective commitment exhibits the strongest relationship with employee CSR attitudes.	OCA=0.720 OCC=0.390 OCN=0.630	OCA=0.760 OCC=0.570 OCN=0.740	-	***	✓

** Significant at 0.05 level, *** Significant at 0.01 level

6.7.1 Introduction

The relationship between CSR attitudes and JS, and CSR attitudes and OC as well as its three components Affective, Continuance and Normative commitments were examined and the results are presented in this section. The following provide the main findings of this study against the hypotheses of the research.

6.7.2 CSR attitudes and job satisfaction

The current study examined whether the employee CSR attitudes of two Bangladeshi banks are associated with employees' JS or otherwise.

Path		Standardised estimate	Unstandardised Estimate	S.E.	C.R.	P-value
Job_Sat	<--- Emp_CSR	0.753	.857	.090	9.533	***

** Significant at 0.05 level, *** Significant at 0.01 level

Since the model has acceptable fit (RMSEA<0.08, chi-square/df<3.03, CFI, TLI and IFI>0.9), and convergent and discriminant validity were supported, the corresponding structural model was built to test hypothesis 1. A maximum likelihood path analysis was conducted to estimate the significance of the structural relationship. The results indicate that the relationship between employee CSR attitudes and JS is positive and significant ($\beta = 0.753$, $p - value < 0.01$).

6.7.3 CSR and organisational commitment

The current study examined whether the employee CSR attitudes of two Bangladeshi banks are associated with employees' OC or otherwise.

a. Relationship of CSR and overall OC

Path		Standardised estimate	Unstandardised Estimate	S.E.	C.R.	P-value
Org_Com	<--- Emp_CSR	0.660	1.078	.116	9.301	***

** Significant at 0.05 level, *** Significant at 0.01 level

Since the model has acceptable fit (RMSEA<008, chi-square/df<3.03, CFI, TLI and IFI>0.9), and convergent and discriminant validity were supported, the corresponding structural model was built to test hypothesis 2. A maximum likelihood path analysis was conducted to estimate the significance of structural relationships. The results indicate that the relationship between employee CSR attitudes and OC is also positive and significant ($\beta = 0.753, p - value < 0.01$).

b. Relationship between CSR attitudes and three deferent types of commitment

Path			Islamic		Conventional		z-score
			Estimate	P-value	Estimate	P-value	
Aff	<---	Emp_CSR	0.720	***	0.760	***	1.104
Cont	<---	Emp_CSR	0.390	***	0.570	***	2.376**
Norm	<---	Emp_CSR	0.630	***	0.740	***	2.36**

** Significant at 0.05 level, *** Significant at 0.01 level

Among the three-component commitment types, the relationship between CSR attitudes and Affective commitment is strongest for both the sample banks, supporting hypothesis 5. Even though religiosity in the form of organisational context appears to make a difference in the proposed causal relationships, for the Continuance ($z = 2.376, p - value < 0.01$) and Normative commitments ($z = 2.360, p - value < 0.01$), religiosity imposes a statistically significant effect on the mechanisms through which employee CSR attitudes influences OC.

6.7.4 Religiosity and income

Path			Islamic		Conventional		z-score
			Estimate	P-value	Estimate	P-value	
Org_Com	<---	Emp_CSR	0.570	***	0.750	***	1.775*
Job_Sat	<---	Emp_CSR	0.700	***	0.720	***	-0.329

** Significant at 0.05 level, *** Significant at 0.01 level

Religiosity only affects the relationship between employee CSR attitudes and OC.

This relationship is significant and positive for Islamic banking ($\beta = 0.570, p - value <$

0.01); it is also significant and positive in the context of conventional banking ($\beta = 0.750, p - value < 0.01$). The association is stronger in the CB, rejecting hypothesis 4, although the significant z -score ($z = 1.775, p - value < 0.01$) suggests a statistically significant difference that supports the claim of religiosity making a difference in this relationship. Also, in the case of JS, the less significant relationship between these two banks rejects hypothesis 3.

However, the less significant relationship between CSR attitudes and OC may be due to the low-income level of IB employees, in comparison to the employees of the CB. Table 5.2 shows that employees of IBs receive lower levels of salaries (over 80,000 taka received by 14.44% employees in IB vs 18.61% in CB and over 50,000 taka received by 31.37% in IB vs 36.80% in CB).

6.8 Conclusion

In this chapter the analytical outcomes of testing the hypotheses of the research were discussed using SEM. It has been found that hypotheses 1, 2 and 5 are supported by the results. On the contrary, hypotheses 3 and 4 are not supported, indicating that religiosity does not strengthen the relationship between employee CSR attitudes, and both JS and OC. Next, Chapter 7 provides a detailed discussion of the findings, their theoretical and managerial implications as well as the limitations of the current research and new avenues for future research.

Chapter 7: Discussion

7.1 Introduction:

The Bangladesh central bank has taken a number of initiatives to promote CSR in the banking sector, which have influenced both Islamic banks (IBs) and conventional banks (CBs). Consequently, increased external CSR practice appears to have influenced employees' CSR attitudes as well as their JS and OC. The present research investigated the relationship between employee CSR attitudes and both JS and OC in a developing country, Bangladesh. This study also compared employees according to their bank types (organisational religiosity). In total, 502 respondents were part of the study, across the two banking institutions: an IB and a CB (271 and 231 respondents respectively). It has been found that hypotheses 1, 2 and 5 are supported by the results. On the contrary, hypotheses 3 and 4 are not supported, indicating that religiosity does not strengthen the relationship between employee CSR attitudes, and both JS and OC.

7.2 Summary of the main findings

Research in developed countries shows that CSR attitudes are related to positive workplace outcomes, such as JS and OC. This study examined the relationship among those aforementioned constructs in a developing country context, to identify whether they exhibit similar outcomes. This study also compared employees according to their bank types (organisational religiosity). It was expected that employees of an IB would be influenced by religiosity that would strengthen the employees' CSR attitudes and behavioural outcomes, such as JS and OC. In total, 502 respondents were part of the study, across the two banking institutions: an IB and a CB (271 and 231 respondents respectively).

One of the key findings of the current study is that employee CSR attitudes have a positive relationship with JS. Consequently, employees in the Bangladesh banking sector may exhibit higher satisfaction towards their jobs if they possess higher levels of CSR attitudes, due to the external prestige associated with the CSR initiatives of these

organisations. This finding is similar to studies in developed countries (e.g., Gavin & Maynard, 1975; Herrbach & Mignonac, 2004; Valentine & Fleischman, 2008). JS is a crucial element in business success in general, ensuring quality service to customers, higher levels of profitability and productivity (Whitehead, 1998), but even more so in a country like Bangladesh where there are relatively lower levels of job security (Bardy, Drew, & Kennedy, 2012) and industrial welfare (Jiang, 2009).

In addition, the findings of the current study indicate that employee CSR attitudes have a positive relationship to overall OC. Consequently, employees in the Bangladesh banking sector may exhibit more commitment towards their jobs, if they possess higher levels of CSR attitudes. This finding is similar to studies in the developed countries (e.g., Brammer, Millington, et al., 2007; Kim et al., 2010; Maignan et al., 1999; Peterson, 2004; Turker, 2009). Specifically, Affective commitment was found to be the strongest compared to Continuance and Normative commitments in the case of both banks. Employees of the two participating banks exhibited strong Affective commitment, suggesting they (i.e., employees) want to remain in their respective organisations. From the banks' perspective, this warrants employee retention activities and consequently saves valuable time and money for employee recruiting. In addition, affectively committed employees are likely to perform their jobs better and tend to be more productive (Allen & Meyer, 1996; Meyer et al., 2002). The finding on the relationship between CSR attitudes and Affective commitment is similar to that of previous studies, most of which focused on the developed countries (Carmeli, 2005; Maignan et. al., 1999; Rego et al., 2010). In summary, Bangladeshi banks benefit from less employee turnover, better performance and increased productivity from greater Affective commitment among their employees, which stem from an increased level of external CSR and a higher level of employee CSR attitudes.

Surprisingly, organisational religiosity did not influence the positive relationship between employee CSR attitudes and JS, and employee CSR attitudes and OC, unlike

previous findings (e.g., Day, 2005; Jamal & Badawi, 1993; Kutcher et al., 2010). There could be two possible reasons. A possible reason could be the low salary of the IB employees, compared to their counter parts in the CB. The other possible reason could be IB's presence in a non-Islamised economic environment, though Bangladesh is a Muslim majority country (Belal et al., 2014).

7.3 Discussion

The results of this study supported some of the hypotheses, but not all. Hypothesis 1, according to which there would be a positive relationship between employee CSR attitudes and JS, was supported. This finding contributes to the literature by providing research data from a developing country, adding to existing similar findings from developed countries (e.g., Gavin & Maynard, 1975; Herrbach & Mignonac, 2004; Valentine & Fleischman, 2008). This finding demonstrates that employees' CSR attitudes in the Bangladesh banking sector positively influence their JS. Based on the Bangladesh central bank report (Chowdhury et al., 2012), banking companies in Bangladesh are spending more on their socially responsible initiatives. Consequently, such initiatives enhance the banks' perceived external prestige. According to Herrbach and Mignonac (2004), perceived external prestige is significantly related to employee CSR attitudes, such as extrinsic JS. This suggests a direct linear relationship, with increased CSR initiatives leading to increased positive perceptions of external prestige, leading to higher JS. Also, CSR may potentially increase corporate image that creates a positive association for employees, contributing to increased JS and a lower employee turnover rate (Riordan, Gatewood, & Bill, 1997).

JS is generally low in Bangladesh workplaces for various reasons, including poor employee welfare, low salaries and no social security (Jiang, 2009). However, as the current study finds, by undertaking socially responsible initiatives the Bangladesh banking sector contributes to employee satisfaction. Also, satisfied employees are more engaged in their work (Harter, Schmidt, & Hayes, 2002). Therefore, managers at Bangladesh banking sector may utilise CSR as a tool to engage their employees to increase productivity and employee loyalty. It also makes the banking sector a more attractive employer and, as employee satisfaction is linked with productivity and profitability, banks may experience higher income and customer satisfaction. This then leads to the ability to pay higher taxes and a willingness to undertake more CSR initiatives, improving society more generally.

Hypothesis 2, regarding a positive relationship between employee CSR attitudes and OC was also supported. This means that in the Bangladesh banking sector, employee CSR attitudes are positively related to their OC. A similar finding has been made in previous studies (e.g., Brammer, Millington, et al., 2007; Kim et al., 2010; Maignan et al., 1999; Peterson, 2004; Turker, 2009). OC is known to be associated with a number of positive outcomes, including higher worker motivation, reduced absenteeism, and lower turnover rates. These employment outcomes benefit the banking institutions by furthering productivity and profitability.

Also supported was hypothesis 5, according to which the relationship between employee CSR attitudes is expected to be strongest with Affective commitment among all three-commitment types (Affective, Continuance and Normative). Previous studies also found similar results (Carmeli, 2005; Maignan et. al., 1999; Rego et al., 2010). By distinguishing between three forms of OC, Allen and Meyer (1990) identified Affective commitment as ‘an emotional attachment to, identification with, and involvement in the organization’ (p. 21). The commitment literature has revealed that the behavioural outcomes of Affective commitment include low absenteeism and turnover intention, better job performance and organisational citizenship behaviour (Meyer & Allen, 1997). This mounting evidence demonstrates that Affective commitment is highly beneficial for the Bangladesh banking sector. Low absenteeism and turnover intention gives the banking sector a better image as employers. Consequently, banks will have less cost for recruitment and retention. Better job performance also leads to improved profitability for the shareholders and possibly increased salaries for banking employees in Bangladesh. Finally, the positive relationship of employee CSR attitudes and Affective commitment could foster organisational citizenship behaviour among these banking companies in Bangladesh (Meyer & Allen, 1997).

However, hypotheses 3 and 4, which argued that organisational religiously (considering the presence of IB in the study) would strengthen the relationship between employees' CSR attitudes and JS and OC, were not supported. Previous studies showed that religiosity is positively related to employees' JS and OC (e.g., Day, 2005; Jamal & Badawi, 1993; Kutcher et al., 2010). Key findings of the current study rejected hypothesis 3 and 4, which means organisational religiosity does not influence the relationship between CSR attitudes and both JS and OC. In other words, the presence of IB in the current study does not influence or strengthen the positive relationship between employee CSR attitudes and both JS and OC.

There could be four possible reasons for this. First, the salary of the employees of IB is lower than the employees of CB (see table 5.2), which could have a stronger impact than the value congruence that may result from the organisational religiosity of the IB. As Bangladesh is one of the poorest countries in the world, having a per capita income of US \$752 (World Bank, 2013), a higher salary may be more important than the personal values of IB employees. According to a UNICEF report, citizens of a developing country are often unable to meet their basic needs, which are food, clothing, housing, healthcare and education (UNICEF, 2009).

Second, hypotheses 3 and 4 not being supported may be that the study includes an IB operating in a non-Islamised economic environment. Although Bangladesh is one of the largest Muslim majority countries, it is not an Islamic state (Belal et al., 2014). Political parties in Bangladesh exercise their businesses based on parliamentary democracy. Consequently, the impact of organisational religiosity in a non-Islamised economic environment in Bangladesh may not be significant.

Third, Islamic (religious) banks, like other mainstream banks, had been regulated by Bangladesh Central Bank under the Banking Companies Act, 1991 and Companies Act, 1994, historically (Belal et al., 2014). Like the wider societal environment, state mechanism

also did not promote religious values in the banking sector, specifically in the Islamic banks; consequently, religiosity did not influence on employees as well.

Finally, in this study, organisational religiosity on JS and OC appeared through employees' perception, which may not fully reflected the views of the organisation, one of the limitations of the current study (included in the limitation section of the thesis).

Although the findings of this study in relation to hypotheses 1, 2 and 5 had similar outcomes to studies done mostly in the developed world, the contribution of this study derives from its contextual significance. This contextual difference include the socio, economic environmental state of the country as well as a number of motivational factors prevailing in Bangladesh. These motivational factors include philanthropy and religious belief (Khair & Khan, 2004); buyer driven compliance for export oriented businesses (Rahim & Wisuttisak, 2013); 'largely cosmetic' and 'a response to pressure from international market' (Belal & Roberts, 2010, p. 321); intention to manage influential stakeholder groups (Belal & Momin, 2009) and occasionally by the initiatives from the regulatory authority (Chowdhury et al., 2010), i.e., the central bank of Bangladesh.

Since 2008, the central bank has promoted CSR initiatives in the banking sector. While these initiatives are in the form of soft regulations, they have not only created competition among the individual banks, but also motivated them to achieve a high rank based on CSR performance. This performance would also permit them to open new bank branches. Bangladesh suffers from a large number of socio, economic and environmental challenges with significant negative impact on its citizens; these create societal pressures on the banks as well as other business sectors to contribute towards CSR. Based on the findings of the current study, increased CSR initiatives arising from the aforementioned motivational factors would also enhance employees' CSR attitudes as well as their JS and OC, and would ultimately benefit the banking businesses in Bangladesh.

CSR, and Organisational commitment types

Three key types of OC are Affective (affective attachment to the organisation), Continuance (perceived costs associated with leaving the organisation) and Normative (feelings of obligation towards the organisation) (Allen & Meyer, 1996). This study demonstrated that CSR attitudes have the strongest relationship with Affective commitment compared with other commitment types. Past studies conducted in the developed countries also found similar outcomes. For example, Carmeli (2005) conducted a study on the Israeli healthcare system, revealing that employees' CSR attitudes /perception arising from their external prestige were positively linked with employees' Affective commitment. Moreover, Mueller, Hattrup, Spiess, and Lin-Hi (2012) conducted a cross-cultural study on a mix of 17 developed and developing countries, including Asia, Europe, Australia, Africa and the US, finding that employees' CSR attitudes /perceptions were positively related to their Affective commitment.

As Affective commitment is related to higher levels of employee engagement and intentions to remain in the organisation and will result in lower levels of turnover (Meyer & Allen, 1991), this finding has implications for the Bangladesh banking sector. Moreover, employees' Affective commitment has the potential to increase self-identity, making employees emotionally involved in, and attached to, their respective banks in Bangladesh. This notion is also supported by Meyer and Allen (1991). While, Affective commitment is not easy to achieve, the current study suggests that it can be achieved through the practices of external CSR.

Based on the findings, the positive relationship between employee CSR attitudes and Affective commitment suggests that the banking sector in Bangladesh may exhibit better performance and higher profitability by adopting CSR. Supporting this notion, a recent study showed that the banking sector in Bangladesh has been exhibiting better performance according to the CAMEL rating (Capital Adequacy, Asset Quality, Management Quality,

Earning Ability, Liquidity), than in previous years (Islam, Siddiqui, Hossain, & Karim, 2014).

7.3.1 Role of Social Identity Theory (SIT) in explaining the findings

One possible explanation for CSR attitudes being positively related to both JS and OC could be reputational image arising from the CSR initiatives of the Bangladesh banking sector. This phenomenon can be explained by SIT.

SIT is concerned with explaining the impact that group membership has on an individual's self-concepts and social behaviour (Tajfel & Turner, 1979, 1985). Social identity originates from the knowledge of an individual's membership in a social group along with the value and emotional importance affiliated to that membership (Tajfel, 1981, p. 225).

Consistent with SIT, outsiders' views of the organisation, as perceived by employees, are associated with employees' pride in their organisational membership, which in turn brings JS (e.g., Helm, 2013; Loi, Chan, & Lam, 2014). Also, based on SIT, Ashforth and Mael (1989) suggested that employees would be proud to identify with organisations that have a positive external reputation. This reputation often arises from the organisations' socially responsible behaviour. This reputational image of an organisation also impacts on employees' OC (Lee et al., 2008).

Therefore, employees in the Bangladesh banking sector are likely to 'label' their self-description in a social setting and classify themselves and others into different social categories (Ashforth & Mael, 1989; Dutton et al., 1994). Also, all aspects of an individual bank employee's self-image are contained within by his/her social identity associating himself/herself with the respective bank, derived from the categories of CSR performance to which the individual is perceived to belong (Hewston & Jaspars, 1984). According to the findings of the current study, CSR attitudes, arising out of external prestige, are positively

associated with JS and OC. Based on SIT, an employee of the Bangladesh banking sector is proud of his/her bank's CSR initiatives in comparison to others, who perform less. So, the more a bank performs CSR activities, the better the external prestige and the stronger is JS and OC among its employees. Consequently, bank employees in Bangladesh exhibit reduced turnover and better punctuality and performance, as well as positive attitudes towards organisational change. This notion has been supported by Meyer, Stanley, Herscovitch, & Topolnytsky (2002).

7.3.2 Role of Value Congruence Theory (VCT) in explaining the findings

VCT is originally rooted in the Person-Environment (P-E) Fit Theory, according to which individuals prefer an environment that possesses features similar to their own (Kroeger, 1995). P-E fit theory details several levels of fit, including person-organisation (P-O) fit and person-group fit. The concept of P-O fit is important to organisations because it suggests that if people fit well with an organisation, they are likely to demonstrate more positive attitudes and behaviours (Boxx, Odom, & Dunn, 1991; Saks & Ashforth, 1997). The findings of the current study show that banking employees' CSR attitudes are positively related to their behavioural outcomes (JS and OC). In other words, as the employees of Bangladesh banking sector demonstrated positive CSR attitudes and behaviour, they fit well with their respective banking institutions, which supports the notion of person-organisation (P-O) fit. This relationship is supported by the literature, and many studies have found relationships between P-O fit and work-related attitudes and behaviours (e.g., Posner, 1992; Sekiguchi, 2004; Ugboro, 1993). Similarly, bank employees' CSR attitudes are positively related to their Affective commitment and consequently employees will fit well within their respective banks. According to VCT, values that an individual employee holds may not always comply with the dominant values in the organisation of which he or she is part. Therefore, when value congruence between employees and the organisations are low and employees have strong feelings about those incongruent values, employees would behave in a detrimental fashion (Kraimer, 1998).

Although the findings of the current study did not show that organisational religiosity influences the relationship between employee CSR attitudes and JS and OC, there could be other source of value congruence tested through employee CSR attitudes. For example, surveying employee CSR attitudes, Michailides and Lipsett (2013) found that an energy transportation company adopted CSR policy within day-to-day work, decision-making processes and organisational structure and communicated them within the company reinforcing these corporate values and expectations. Consequently, the employees became ‘value congruent’ to some extent towards their organisation and displayed the CSR principles in their daily work resulting in CSR becoming mainstream within the company.

7.4 Contribution of the current study

7.4.1 Contribution to research

This study makes two contributions to the existing CSR literature. First, it examines how CSR impacts employees' overall behaviour in a developing country context, like Bangladesh. As few similar studies have been conducted in developing countries, it provides a useful comparison of the contextual significance between developed and developing countries, specifically the motivation behind CSR. It makes a particular contribution to the literature pertaining to employees' JS and OC in the banking sector. More specifically, this study sheds light on the strategic human resource (HR) management perspective and explains the consequences of the relationships among the constructs of this study. It also investigates the impact of organisational religiosity on CSR and HR practices; literature on this particular aspect is scarce at present.

Secondly, by comparing the Islamic and traditional banking systems, this study introduces organisational religiosity as a new contingency factor in strategic human resource management. More specifically, the findings add to the CSR literature by exploring the role of the fit between employees' religion and organisational modes of conduct. The current study incorporates the notion of organisational religiosity into the interactions between employee CSR attitudes and associated behaviour such as JS and OC.

In addition to these two unique contributions to research, the findings of this study have several implications for managers and practitioners.

7.4.2 Managerial implications

This study holds potential benefits for management practitioners, community members and even business sectors of other developing economies. Middle /senior level managers may utilise the outcomes of this research to develop awareness of CSR among employees in the banking sector of Bangladesh, by sharing the outcomes of the current study among them.

As the findings of this study indicate a positive relationship between employee CSR attitudes and JS and OC, managers may encourage their respective banks to contribute more resources towards community support programs to enhance positive workplace outcomes among employees. Moreover, as the findings have shown that employee CSR attitudes have a positive and strong link with Affective commitment, bank management may take steps to increase engagement towards CSR further to leverage the advantages of Affective commitment among employees, such as higher rate of employee retention resulting from reduced turnover, performance, productivity, profitability, progress and customer satisfaction. To increase Affective commitment among employees, managers may practice fair HR policies, provide good working conditions and develop a sense of emotional attachment so that employees feel that the organisation is a part of their family.

The extant literature and the context suggest that salary and associated benefits are more important to Bangladesh banking sector employees and others in developing countries by comparison with some other values and managers and policy makers should prioritise meeting the basic needs of their employees.

7.5 Limitations and recommendations for future research

This study, like all studies, has limitations. The findings of this study should be interpreted and generalised with caution due to some inherent limitations as presented below. Future researchers may consider these issues for further investigation in this field of study.

The main limitations of the current study are due to the sample and social desirability. Firstly, the sample was not random but rather based on self-selection. It is possible that employees who are more engaged and/or have more positive attitudes towards CSR are over represented. However, the relationships between the primary variables are still valid. In addition, the data collection process cannot rule out the social desirability bias, including the anxiety of employees who fear exposing the data among their top management and consequently affecting their jobs. The anonymous online survey has minimised that possibility to some extent.

Furthermore, this study focused only on two banks. Even though 502 completed responses were collected, adding more banks or more respondents might have created more variability to the data allowing focus on additional dimensions. Future studies can replicate this study using more banks and / or more respondents. Focusing on the banking sector of Bangladesh provides internal validity, but reduces the cross-sectional validity of this study. Future studies can focus on other industries as well as cross-sectional samples to examine the external validity of the findings of this study (e.g., Homburg, Stierl, & Bornemann, 2013; Kong, 2012; Lin, 2012).

In addition, this study developed and tested a model consisting of three key variables. Although it was specific, it omitted some factors such as turnover, intention to leave, employees' productivity, relationship between religiosity and employee salary, religiosity and CSR, and so on. So, future research can add these factors into the proposed model to test additional mechanisms through which CSR impacts on the outcomes of the strategic human resource management of the firm.

Also, the current study reflected the impact of organisational religiosity on JS and OC through employees' perception, which may not fully reflected the views of the organisation. So, future research can explore the organisational religiosity precisely. The Duke University Religion Index (DUREL) can be used to measure organisational

religiosity. DUREL is a five-item measure of religious involvement. This measure was developed for use in large cross-sectional and longitudinal observational research. This instrument assesses the three major dimensions of religiosity that were identified during a consensus meeting, which was sponsored by the National Institute on Aging. The three dimensions are organisational religious activity, non-organisational religious activity, and intrinsic religiosity. DUREL has been used in over 100 published research conducted throughout the world and it is available in 10 different languages.

Finally, this study has been done in the context of a developing country, Bangladesh, specifically in the capital city. Future studies may be conducted in a similar socio-economic context, but in a different geographical and economic area, which could give different results and extend the scope of the study.

7.6 Conclusion

CSR is an area of extensive research in developed countries, compared to their developing counterparts. Motivations for CSR in developed countries are mainly governed by CG, which ensures shareholders' motivation by increasing the reputational image of the businesses that enhances share value and also by giving stock options to managers. On the other hand, in a developing country like Bangladesh, motivation for CSR is associated with historical practices of philanthropy, religious belief, buyer driven compliance for export oriented businesses, instructions from the head office of multinationals to their local subsidiaries, various socio-economic and environmental challenges and occasionally by the initiatives from the regulatory authority, like the Bangladesh central bank. In Bangladesh, CSR practices by businesses, especially by the banking sector, have increasingly contributed in the areas of education, health, disaster relief, environment, sports, art and culture in recent years. In addition, IBs in Bangladesh contribute to society in the form of *Zakat*, *cash Waqf*, *Qard-E-Hasana*, *Islamic microfinance* and *promoting Islamic values in life*. The central bank of Bangladesh plays a pivotal role in promoting CSR in the banking sector in many ways, including considering CSR as one of the key criteria for ranking of banks and relying on this ranking in the approval process for opening new bank branches.

The current study examined the relationship between employee CSR attitudes and behavioural outcomes in two organisational settings in Bangladesh, namely an IB and a CB. The findings of the current study revealed that the relationship between employee CSR attitudes and both JS and OC are positively related. Also, the findings showed that the relationship between employee CSR attitudes and Affective commitment is the strongest among all three-commitment types. Furthermore, this study identified that 'organisational religiosity' or presence of an IB in the study does not intensify the positive relationship of employee CSR attitudes and both JS and OC.

Although the current study partly exhibited similar outcomes compared to such studies in the developed world, it has been undertaken in a significantly different contextual environment, which would have very important implications for corporate managers as well as for future researchers. Based on the findings of this study, bank managers may increase the CSR initiatives of their respective organisations to attain satisfaction and commitment among their employees. Interestingly, organisational religiosity does not influence the relationship between employees' CSR attitudes and both JS and OC, as religious belief does not impact or impacts very little on employee behaviour in a non-Islamised poor country like Bangladesh, where employees are more influenced by their basic needs (i.e., salary) than religious values. Also, it appears that VCT and SIT explain employee CSR attitudes, their relationship with other variables and their outcomes, in both the banks.

This study examined employee CSR attitudes and their behavioural outcomes in a poor developing country context encompassing organisational religiosity. In doing so, it is among the first to propose and test a set of relationships among the aforementioned constructs. The study makes important contributions to both the literature and to practice, by focusing on a particular contextual environment and highlighting important initiatives for managerial policy makers.

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Appendices

Appendix – A

1. Consent form

Name of Project: Relationships between CSR perception, job satisfaction and organisational commitment in a developing country: A case of Bangladeshi banks

Short title of the Project: Relationships between CSR perception, jobs satisfaction and organisational commitment

Thank you very much for taking part in this survey targeted for the employees in two Bangladeshi banks. The aim of this study is to examine how you feel about your employer's social responsibility and involvement in the community. The research is being conducted to meet the requirements for the degree of Doctor of Philosophy under the supervision of Dr. Debbie Haski-Leventhal, email: Debbie.haski-leventhal@mgsim.edu.au; telephone: +61 (0)2 9850 7860; Department: Macquarie Graduate School of Management (MGSIM)

The questionnaire will take about 15 minutes to complete. Your answers will be anonymous and will not identify you. This is an online survey. Participation is voluntary and you can withdraw at any time, without having to give a reason or adverse consequences, before clicking the "Done" button. Once you click the "Done" button, you will not be able to withdraw as we will not be able to identify you. Please complete all questions, however, if you feel uncomfortable answering a particular question, you can skip to the next question.

In the final report, your responses will not be identified with you personally. Nothing you say will in anyway influence your present or future employment. A copy of the final report may be available to you on request. If you have any questions about this survey, please contact Shafiqur Rahman from Macquarie Graduate School of Management at Shafiqur.Rahman@students.mq.edu.au

The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics committee. If you have any complaints or reservations about any ethical aspects of your participation in this research, you may contact the Committee through the Director, Research Ethics (+61-2-9850 7854; fax: +61-2-9850 8799; email: ethics@mq.edu.au). Any complaints you make will be treated in confidence and investigated, and you will be informed of the outcome.

Do you consent?

1. To confirm your participation in the survey and to approve the use of the information for research purposes, please tick one of the boxes below:

☐ Yes - I agree to take part in this research (ticking this box will redirect you to the survey)

☐ No - I do not wish to take part in this research (ticking this box will bring you to the end to the survey and you will not participate in the study)

2. Indicate your background information

2. What is your current employment status?

- ☐ Permanent
- ☐ Contract job
- ☐ Part-time
- ☐ Other

3. How many years you have worked for this bank?

- ☐ Under two years
- ☐ 2-5 years
- ☐ 6-10 years
- ☐ Over 10 years

4. What is your job level within your bank?

- ☐ Senior Management
- ☐ Mid Level Management
- ☐ Junior executive
- ☐ Other

5. What is your monthly salary? (in Bangladeshi currency)

- ☐ Less than taka 30,000
- ☐ Between taka 30,001 and 50,000
- ☐ Between taka 50,001 and 80,000
- ☐ Over taka 80,000

6. What is your gender?

- ☐ Male
- ☐ Female

7. What is your age?

- ☐ Below 25 years.
- ☐ Between 25 and 35 years
- ☐ Between 36 and 45 years
- ☐ Between 46 and 55 years
- ☐ Above 55 years
- ☐ Prefer not to say

8. What is your highest level of education?

- ☐ High School Graduate
- ☐ Diploma holders
- ☐ Bachelor's degree
- ☐ Masters' degree /above masters'

3.

9. Please, express your feelings about the organisation you are working in, please rate each item below:

	Strongly Disagree	Disagree	Slightly disagree	Undecided	Slightly agree	Agree	Strongly agree
I would be very happy to spend the rest of my career with this organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I really feel as if this organisation's problems are my own	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not feel a strong sense of "belonging" to my organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not feel "emotionally attached" to this organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I do not feel like "part of the family" at my organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This organisation has a great deal of personal meaning for me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Right now, staying with my organisation is a matter of necessity as much as desire	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It would be very hard for me to leave my organisation right now, even if I wanted to	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Too much of my life would be disrupted if I decided I wanted to leave my organisation now	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that I have too few options to consider leaving this organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If I had not already put so much of myself into this organisation, I might consider working elsewhere	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
One of the few negative results of leaving this organisation would be the scarcity of available alternatives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Even if it were to my advantage, I do not feel it would be right to leave my organisation now	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would feel guilty if I left my organisation now	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This organisation deserves my loyalty	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would not leave my organisation right now because I have a sense of obligation to the people in it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I owe a great deal to my organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4.

10. How satisfied are you with the following aspects of your work (rate each item below):

	Highly dissatisfied	Dissatisfied	Slightly dissatisfied	Neutral	Slightly satisfied	Satisfied	Highly satisfied
I receive recognition for a job well done	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel close to the people at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel good about working at this company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel secure about my job	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I believe management is concerned about me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On the whole, I believe work is good for my physical health	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My salary is good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My talents and skills are used at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have good understanding with my supervisors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel good about my job	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5.

11. The following question asks about your organisation's community involvement program

	Strongly Disagree	Disagree	Slightly disagree	Undecided	Slightly agree	Agree	Strongly agree
My organisation's community involvement program (CSR) enhances its image and reputation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is important for me to work for an organisation that is highly involved with the community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am proud of my organisation's community involvement program	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organisation's community involvement program enhances employee motivation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organisation's community involvement program makes a difference in the community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organisation's community involvement program is strongly linked to its business strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organisation has a social responsibility in addition to making profit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When my organisation supports CSR in order to increase revenue, my organisation benefits more than the cause (CSR expenditure)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Thank you note

Thank you very much for participating in this survey. If finished, please press "done".

If you have any further questions, please feel free to contact at Shafiqur.Rahman@students.mq.edu.au

Also inform us if you want to have copy of the publication(s).

Note: If you mistakenly choose no button and arrive at this page directly, please click the previous button to go to the beginning of the survey.

Appendix B

Department of Off-site Bangladesh Bank Head Office Dhaka

DOS Circular No. 01

To: Chief Executives/ Managing Directors

All Scheduled Banks and Financial Institutions in Bangladesh

Dear Sirs,

1.1: Globally, the notion of Corporate Social Responsibility (CSR) is fast gaining acceptance as the contribution that businesses can and should make voluntarily towards environmentally sustainable and socially equitable development. Besides the usual financial reporting, ‘non-financial’ or ‘sustainability’ reporting is accordingly also fast gaining usage.

1. Introduction

Stated briefly, CSR is about (i) taking stock of the economic, social, and environmental impacts of a business, (ii) mitigating the negative impacts and bolstering the benign impacts, (iii) taking up action programs and community investments to reduce social exclusion and inequality and to address the key sustainable development challenges (‘meeting the needs of the present generation without impairing the ability of future generations to meet theirs’ is a generally accepted meaning of ‘sustainable development’).

Because of their ethical and public interest dimensions, many of the desired social and environmental practices are compulsorily mandated by laws and regulations (e.g., safe and healthy work environment, equal opportunity and fair treatment in respect of gender and ethnicity in hiring and career advancement, avoidance of forced labor or child labor, and so forth). CSR programs and actions go beyond such mandatory compliances into voluntary engagements to promote equitable, sustainable development. Besides the self evident ethical case, a strong business case for CSR (as investment in a strategic asset or distinctive capability, rather than an expense) is also getting clearer with developing practice; seen as benefiting a business by :

- building reputation, brand value, customer loyalty, employee motivation and retention;
- mitigating risks in own operations and in assessing suppliers and clients;
- cutting down wastes (of energy, raw materials etc.), driving up efficiency;
- gaining new markets for products and services, in the communities/ social groups benefited by the CSR actions.

1.2: It would be of strategic, longer run competitive advantage for banks and financial institutions in Bangladesh to embrace CSR in their management approaches and operations, with initiatives chosen in broad-based, extensive stakeholder engagement. Besides adoption of socially and environmentally responsible practices in own internal operations, banks and financial institutions can make major CSR contribution by speeding up financial inclusion of the large socially disadvantaged rural and urban population segments; drawing them in with appropriate financial service packages and with financing programs innovatively designed to generate new employment, output and income. The following could be some priority areas, among the broad range of possible useful initiatives:

- Self-employment credit and small and Medium Enterprise (SME) lending programs, taken up solo or in association with locally active Micro Finance Institutions (MFIs), designed to create productive new on-farm /off-farm employment, such initiatives are of particular urgency for regions

with endemic high seasonal unemployment (e.g., the malaria afflicted Northern districts);

- Financing programs for installation of biomass processing plants (e.g. biogas plants), solar panels in rural households, for waste recycling plants in locations populated by urban poor, and for Effluent Treatment Plants (ETPs) in manufacturing establishments;

- Credit programs for diversified production of crops, oilseeds, spices, vegetables, fruits etc. by rural households, financing the growers directly or through suitable intermediaries in the value chain. Credit support for combinations of farming activities (like co-production of a minor crop with a major one, fish/duck farming with aman rice of deepwater variety in low lying fields), may also be well worthwhile;

- Mobile phone based/ local MFI outlet supported programs promptly delivering remittances from migrant workers to recipients in remote rural households; programs for card based/ mobile phone based delivery of financial services to such households;

- Financing programs supporting folk crafts, folk musical and performing arts, aimed at promoting domestic tourism and markets in cultural products/events besides income and employment for the population groups involved.

With the employment and new income generated by successfully executed programs, the targeted population segments can eventually constitute big new client bases for financial products and services.

1.3: Banks and financial institutions are also well positioned to foster CSR in their client businesses in various economic sectors, engaging with them in assessing the social and environmental impacts of the enterprises/projects seeking finance. For smaller enterprises, the PKSf has developed a set of guidelines (Revised and Updated Guideline for Management of Microenterprise Environmental Health and Safety (EHS) Risks, PKSf, August 2004) for this purpose. For larger projects (valued at USD10 million or higher), the Equator Principles, a set of guidelines developed under the aegis of the IFC, are being used by a large number of leading international banks.

2. Source materials useful in drawing up CSR programs and sustainability reports

2.1. The Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI), a major international effort, provides a general framework for sustainability reporting by corporates in all economic sectors. Two Financial Services Sector Supplements [SPI-Finance 2002 for social performance indicators, and UNEP FI for environmental performance indicators] are used with the Sustainability Reporting Guidelines in reporting sustainability performance (CSR performance) of banks and financial institutions including insurance companies. The Collevocchio Declaration on Financial Institutions and Sustainability enunciate six principles (commitment to sustainability, to do no social environmental harm, responsibility, accountability, transparency, sustainable markets and governance). These principles. And the performance indicators discussed in the Reporting Guidelines and the Sector Supplements (downloadable from websites mentioned in References at annexure-A) may suitably be used for drawing up the to-do lists (i.e., the CSR programs) with targets and timelines.

3. Initiating CSR programs in banks/financial institutions

3.1: Embracing CSR has to begin with decision at the highest corporate level (board of directors), and adoption of action programs and performance targets chosen in consultative processes involving the internal and external stakeholders concerned. A first time CSR program of a bank or financial institution would be likely to include action plans for:

- i) Ingraining environmentally responsible practices within the organization;
- ii) Engaging with borrowers in scrutiny of the environmental and social impacts of their proposed

undertakings (along the PKSf 2004 or Equator Principles 2006 guidelines, as relevant);

iii) Reaching out with financial services to the less well off population segments of the community (with own initiatives along lines indicated at paragraph 1.2 above); and

iv) Community investments by way of donations to initiatives of Civil Society Organizations (CSOs), NGOs and institutions involved in health, education and culture; for social and environmental improvement including nutrition, health and education in the disadvantaged population segments (most banks and financial institutions in Bangladesh already have significant outlays of such charitable expenditures, these can fit in appropriately as elements in the new structured CSR programs).

3.2: Foreign banks in Bangladesh having structured CSR programs (in line with their home country practices) can come forward to usefully mentor the new, incipient CSR initiatives of local banks. Networking and joint initiatives in CSR programs among banks and financial institutions may be useful in some cases in devising more inclusive, comprehensive programs of necessary critical size.

3.3: Reporting of the CSR initiatives can begin in a modest way as supplements to usual annual financial reports, eventually to develop into full-blown comprehensive reports in the GRI format. Like the statutory financial reports, the CSR reports are expected to be available in the public domain for perusal by stakeholders.

While adoption is voluntary and not mandatory, Bangladesh Bank shall monitor CSR adoption and CSR performance of banks and financial institutions, as an additional dimension of their management performance.

4: Monitoring of CSR performance

Contents of this circular may please be brought up for board level discussion and decision as deemed appropriate. Meanwhile, please acknowledge receipt.

Yours Faithfully,

sd/-

(Md. Mofiz Uddin Chowdhury)

General Manager

Phone: 880-2-7120376

References

1. Sustainability Reporting Guidelines (www.globalreporting.org, info@globalreporting.org).
2. Financial Services Sector Supplement: Social performance, for use with the sustainability reporting guidelines (www.globalreporting.org)
3. Financial Services Sector Supplement: Environmental Performance, for use with the sustainability reporting guidelines (www.globalreporting.org).
4. The Collevocchio Declaration on financial institutions and sustainability (www.foe.org/camps/intl/declaration.html).
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Appendix C - CSR studies pertinent to Bangladesh by authors and titles

SL	Author(s)	Year	Study	Results of the study
1	A. R. Belal	1997	Green reporting practices in Bangladesh	Out of 50 companies, only 3 (6%) companies made environmental disclosure.
2	A. R. Belal	1999	Social and environmental disclosure in Bangladesh	Developing countries were lagging far behind in corporate social and environmental reporting studies.
3	A.R. Belal	1999	Corporate social reporting in Bangladesh	90% of the companies made environmental disclosures, 97% of them made employee disclosures and 77% made ethical disclosures.
4	A.R. Belal	2000	Environmental reporting in developing countries: empirical evidence from Bangladesh	It showed that very limited environmental disclosures were. Although the author noted that 90% of companies made some environmental disclosures, the percentage of companies disclosing environmental information comes down to only 20, if the author exclude disclosure related to expenditure on energy usage. In general, the quantity and the quality of disclosures seemed to be inadequate and poor as compared to the environmental disclosures in the developed countries.
5	Shahed Imam	2000	Corporate social performance reporting in Bangladesh	Most of the listed companies in Bangladesh did not provide any information regarding the environment, human resources, community, and consumers in 1996-97. However, a few companies disclosed some information, seemed not at all adequate in discharging social responsibilities.
6	A. R. Belal	2001	A study of corporate social disclosures in Bangladesh	Although a number of companies were making social disclosures, the quantity of information disclosed appeared very low and descriptive in nature. The reasons for this trend could be due to the lack of statutory requirements, the presence of very few organised social groups and less social awareness, an under-developed corporate culture and the relatively new stock market.
7	Nilufar Matin	2002	CSR and natural disaster reduction: insights from Bangladesh	The forms of private sector intervention were found to be charitable, one-off and driven by the humanistic approach of individuals that comprise the business establishments rather than the business itself. Businesses support to the disaster relief in the following forms: a) Charity; b) Creation of NGOs; c) Sponsorship of Hospital beds etc.

Appendix C – (Cont'd)

8	Sumaiya Khair and Saira Khan	2004	Philanthropy and Law in Bangladesh	All existing and relevant laws and regulations should be harmonised to produce a single uniform law. Transparency and accountability should be maintained through the disclosure of information at all appropriate levels.
9	M. E. Nielsen	2005	The politics of corporate responsibility and child labour in the Bangladeshi garment industry	The Harkin Bill was a tool by which leverage could be exerted on the garments industry by AAFLI (Asian-American Free Labor Institute) in the name of 'protectionism'.
10	A. R. Belal	2006	Stakeholders' perceptions of Corporate Social Reporting in Bangladesh	The practices of CSR in Bangladesh were interpreted in terms of 'largely cosmetic responses', 'marketing strategy' and 'response to pressures from international markets'. Additionally, while some of the interviewees sharply criticised the process of imposing social accounting codes/standards on developing countries, which failed to consider the important local socio-economic context..
11	A. R. Belal and D. L. Owen	2007	The views of corporate managers on the current state of, and future prospects for, social reporting in Bangladesh: An engagement-based study	The main motivation behind CSR reporting practice was to manage powerful stakeholder groups, whilst perceived pressure from external forces, notably parent companies' instructions and demands from international buyers. It also appeared that adoption of international social accounting standards and codes were likely to become more prevalent in the future. Reservations were expressed as to whether such a passive compliance strategy was likely to achieve much in the way of real changes in corporate behaviour, particularly when Western developed standards and codes were imposed without consideration of local cultural, economic and social factors.
12	A. R. Belal	2008	CSR reporting in developing countries: The case of Bangladesh	Corporations with a view to managing relationships employed CSR reporting strategy with the economic stakeholders only. Another conclusion from the managerial interviews was that the CSR reporting agenda in Bangladesh appeared to be driven by powerful 'outside' forces such as parent companies, international buyers and international agencies such as the UN, the OECD and the World Bank. This influencing factor of CSR reporting had not been generally identified in the CSR reporting literature in the past.
13	Wendy Werner	2009	CSR initiatives addressing social exclusion in Bangladesh	CSR activities could have a significantly positive effect on socially excluded groups—both directly through health services and impacts and more generally by improving economic and social capabilities of socially excluded populations. This positive association supported recommendations for policy measures to increase the number, scale, and scope of CSR initiatives in developing countries.

Appendix C – (Cont'd)

14	MHUZ Khan, AK Halabi and Martin Samy	2009	CSR reporting: a study of selected banking companies in Bangladesh	The principal findings were two folds: first, the study showed that the selected banking companies did some CSR reporting on a voluntary basis. Second, the user groups were in favour of CSR reporting, and would like to see more disclosures. However, the disclosures by the selected banks were not ample at all to measure the social responsiveness of the organisations.
15	Malik Asghar Naeem and Richard Welford	2009	A comparative study of CSR in Bangladesh and Pakistan	The study found very little difference between Bangladesh and Pakistan in terms of the sensitivity of businesses to CSR. In both countries, MNCs had significantly more policies in the four areas examined than the local listed companies. In most cases, a majority of local companies did not have policies on the issues examined in this research.
16	F. A. Sobhani, A. Arman and Y. Zainuddin	2009	Revisiting the practices of corporate social and environmental disclosure in Bangladesh	The study reveals that the level of disclosure had improved over the previous 10 years. Based on the proposed research instrument for content analysis, all sample companies disclosed at least one item of on human resource issues; while community issues were 47%, consumer issues were 23% and environmental issues were 19%. From a global perspective, however, the level and the extent of disclosure were found to be meagre.
17	N. C. Shil	2009	A look into the disclosure improvement of CSR reporting In Bangladesh	The pattern of such reporting was far away from expectations; still, there was a positive indication that the volume and quality of reporting was increasing.
18	MA Mamun and ZU Ahmed	2009	Manager's vision for CSR	This study found that the manager's perceptions on CSR were varied from classical to socio-economic views of CSR. The reasons of such variation were contextual changes due to institutional pressures. But the actual CSR performances in the businesses were found poor because of some limitations mentioned by different stakeholders in the study.
19	A. R. Belal and R. W Roberts	2010	Stakeholders' perceptions of corporate social reporting in Bangladesh	Participants perceived that CS reporting in Bangladesh were developing in response to the pressures from international markets and were producing largely cosmetic responses and any premature adoption of strict reporting standards might lead to increased corruption and other unintended consequences. The findings suggested that there were overwhelming support for mandatory externally verified CS reporting based on the principles of peoples' right to knows, full disclosure/ completeness, and relevance, which were anchored in the boarder principles of transparency and stakeholder accountability.

Appendix C – (Cont'd)

20	F. Duarte and S. Rahman	2010	Perceptions of CSR by Bangladeshi managers: An exploratory study	The findings revealed a significant level of awareness among the participants about CSR-related concepts and practices. They also showed awareness of the barriers that prevented a more widespread adoption of CSR in Bangladesh.
21	A. R. Belal, M. R. Kabir, S. Cooper, P. Dey, N. A. Khan, T. Rahman, and M. Ali	2010	Corporate environmental and climate change disclosures: Empirical evidence from Bangladesh	The level of environmental and climate change disclosures were very low in Bangladesh. Although 91% of companies made disclosures in at least one category, most companies disclosed information only on the “energy usage” category, which was a mandatory requirement. Even fewer companies made disclosures in the specific areas of climate change. No disclosure was made in the significant categories such as GHG emissions. The second most popular category related to climate change was adaptation measures.
22	S. Rahman, S. Jahan, and N. McDonald	2010	CSR by Islami Bank in healthcare: stakeholders’ perception	This study examined the perception of stakeholders towards the social contribution of Islami Bank Central Hospital (IBCH), which is an Institution for healthcare by IBBL. The stakeholders believe that this hospital is significantly contributing to the society through its support in the healthcare sector. It was also found that the hospital is proactive in providing healthcare support to the community through its highly standard human resources, excellent medical equipment, outstanding management team and superb customer care support.
23	MHUZ Khan	2010	The effect of corporate governance elements on CSR reporting: empirical evidence from private commercial banks of Bangladesh	The results of the study demonstrate that though voluntary, overall CSR reporting by Bangladeshi PCB are rather moderate, however, the varieties of CSR items are really impressive. The results also displayed no significant relationship between the women representation in the board and CSR reporting. Conversely, non-executive directors and existence of foreign nationalities have been found the significant impact on the CSR reporting.
24	F. A. Sobhani, Y. Zainuddin and A. Arman	2011	Religion as an emerging institutional factor behind sustainability disclosure practices in Bangladesh: The case of an Islamic bank	Although there were some factors such as central bank regulations, environmental movement, institutional award, professionalism and corporate culture, the role of religion, but Islam emerged as a vital force behind the CSD practices of the Islamic bank.

Appendix C – (Cont'd)

25	F. A. Sobhani, Y. Zainuddin, A. Arman, and A. Baten	2011	Corporate sustainability disclosure practices of selected banks: A trend analysis approach	Recent studies showed that banking companies in Bangladesh disclosed more social and environmental information compared with other public listed companies.
26	A. R. Belal and S. Cooper	2011	The absence of CSR reporting in Bangladesh	The findings suggest that the main reasons for non-disclosure include lack of resources, the profit imperative, lack of legal requirements, lack of knowledge/awareness, poor performance and the fear of bad publicity.
27	M. Khan, M. A. Islam, J. K. Fatima and K. Ahmed	2011	Corporate sustainability reporting of major commercial banks in the line with GRI: Bangladesh evidence	Information on society is addressed most extensively with regard to extent of reporting. This is followed by the disclosures prepared on decent works and labour practices and environmental issues. Furthermore, the disclosures of product responsibility information and the information for human rights were rather scarce in banks' reporting; on the subject of FSS-specific disclosures, only seven items out of 16 were disclosed by all sample banks.
28	Rehana Ismail	2011	Development & awareness of CSR in perspective of Bangladesh	The awareness of CSR in Bangladesh was not very old, but still within a very short span of time, it has shown a remarkable change in the corporate sector. It has developed a sense of care, responsibility & humanity within the corporate sector.
29	A. Rouf	2011	The CSR Disclosure: A Study of Listed Companies in Bangladesh	A higher proportion of independent non-executive directors on a board was positively related to the level of CSR disclosure but the extent of CSR disclosure is negatively related for firm's size.
30	Mohammad Azim, Ezaz Ahmed and Brian D'Netto	2011	Corporate social disclosure in Bangladesh: a study of the financial sector	Analysis of annual reports published in 2007-2008 revealed that 41% of listed finance sector companies made some kind of CSR disclosure. However, three quarters of all disclosures were generalised qualitative statements without any attempt at quantification. More than half the disclosures are located in the director's report, and the average length of disclosures amounted to less than half a page.
31	F. A. Sobhani, A. Arman and Y. Zainuddin	2012	Sustainability disclosure in annual reports and websites: a study of the banking industry in Bangladesh	All listed banks practiced sustainability disclosure in an unstructured manner in both the annual reports and corporate websites. Unlike the environmental and economic dimensions, issues concerning the social dimension were generally disclosed. Islamic banks disclosed more sustainability information in comparison to conventional banks.

Appendix C – (Cont'd)

32	M. A. Sufian	2012	CSR Disclosure in Bangladesh	The mean score of CSRD is five and 75 percent companies disclose seven items voluntarily, which is 20 percent of total disclose-able items. So, companies in general have not responded enough to disclose CSR items in the annual reports.
33	M. M. Rahim	2012	A Meta-regulation Approach of Law for Raising CSR: The Case of Bangladesh	It is a potential strategy that can be successfully deployed to develop a socially responsible corporate culture for the business enterprises, so that they will be able to acquire social, environmental and ethical values in their self-regulation sustainably. Taking Bangladeshi corporate laws as an instance, this paper also evaluates the scope of incorporating this approach in laws of the least developed common law countries in general.
34	M. M. Rahim	2012	Legal Regulation of CSR: Evidence from Bangladesh	The business corporations' internal strategies in weak economies merely respond to the public policy goals for social development. The role of corporate self-regulation in Bangladesh is not an exception. The extent to which legal regulations related to the CSR of Bangladesh could contribute to including CSR notions at the core of self-regulated corporate responsibility was the focus of this study. It explains that the major Bangladeshi laws related to corporate regulation and responsibility do not possess recurrent features to compel corporate self-regulators to contribute to developing a socially responsible corporate culture in Bangladesh.
35	M.Z. Islam, S.U. Ahmed and Ikramul Hasan	2012	CSR and financial performance linkage: Evidence from the banking sector of Bangladesh	The average return on asset ratios of the banks having high CSP is higher compared to that of the banks having low CSP, though this could not be proved statistically. However, we should not write off the possibility of this linkage and continue the study. In this respect, the CSR status measured in this study would serve as an important benchmark for further studies.
36	Shafiqur Rahman and AUF Ahmad	2013	CSR in Bangladesh: the role of IBBL	The study reveals that IBBL is making significant contribution towards society through its CSR activities. This bank has taken into account roles of relevant stakeholders, both primary and secondary, to achieve the goals of its CSR programs. It is evident that IBBL effectively addresses the social, environmental and economic concerns of Bangladesh within its limits.
37	M. M. Rahim and P. Wisuttisak	2013	CSR-oriented compliances and SMEs access to global market: Evidence from Bangladesh	The convergence of CSR and corporate governance had immense impact on the participants in global supply chains. The global buyers and retailers tended to incorporate CSR in all stages of product manufacturing within their supply chains. Incompetence in standardised CSR practices was an important issue that caused SMEs either losing their scope to access global market directly or serving as subcontractors to large enterprises.

Appendix C – (Cont'd)

38	M. A. Momin and L. D. Parker	2013	Motivations for CSR reporting by MNC subsidiaries in an emerging country: The case of Bangladesh	CSRR (CSR reporting) practice in Bangladeshi MNC subsidiaries was limited, consisting mainly of employee information. This observation mirrors the overall CSRR trend in Bangladesh. A desire for internal legitimacy emerges as the primary motivation for CSRR practice in MNC subsidiaries. In particular, the external host country environment of the Bangladeshi subsidiaries seems to be a major limitation in the development of CSRR.
39	M. A. Sufian and M. Zahan	2013	Ownership structure and CSR disclosure in Bangladesh	This study did not find any association of other variables of ownership structure such as number of shareholders, foreign ownership and board size on CSRD. It was expected that potential and present investors, stakeholders, policy makers, potential researchers and regulatory bodies of the country would acknowledge the contribution of this research work.
40	M. M. Rahim and Shawkat Alam	2013	Convergence of CSR and Corporate Governance in Weak Economies: The case of Bangladesh	Unlike in the strong economies, the convergence of CSR and CG (corporate governance) was not been visible in the companies of weak economies, where the civil society groups were unorganised, regulatory agencies were either ineffective or corrupt and the media and non-governmental organisations do not mirror the corporate conscience.
41	Shuchita Sharmin, N.A. Khan and A. R. Belal	2014	Corporate community involvement In Bangladesh: An Empirical Study	The findings were as follows: i) although the initiative provided vital healthcare services to some of the most vulnerable and desperately poor communities, the level of actual engagement of the local people – the main stakeholders – had been marginal; ii) collaborative empowerment could not be achieved as the initiative did not generate within the target communities, their participation in the process was minimal and they had practically no control over the power and resource allocation issues; and iii) notwithstanding the rhetoric and high-blown statements, corporate role in terms of practical efforts in the field had been mostly superficial and limited.
42	A. R. Belal O. Abdelsalam S. S. Nizamee	2014	Ethical reporting in Islamic Bank Bangladesh Limited (1983-2010)	Ethical disclosures increased during the study period, overall. Based on a secular economy, IBBL focused in the first two decades on the “Particular” Shariah compliance disclosure as a way of establishing its reputation and differentiating itself from conventional banks in a dual banking system. During the post 2005, the ethical performance and disclosure shifted to more “Universal” disclosures such as sustainability, charity, employees, and community related disclosures signalling responsible conduct and the bank’s adoption of a “wider stakeholder approach.”

Appendix C – (Cont'd)

43	N. M. Nasrullah and M. M. Rahim	2014	CSR in Private Enterprises in Developing Countries: Evidences from the Ready-Made Garments Industry in Bangladesh	This study examined the growing trend of recognition and practices of CSR in private enterprises in developing countries. It identifies the challenges and deficiencies in these practices and proposed means for improvement. Based on a sound theoretical foundation, it focussed on the case of Bangladesh and the ready-made garment industry to exemplify the described developments.
44	N. M. Nasrullah and M. M. Rahim	2014	CSR practices in the Private Enterprises of Bangladesh	This study dealt with the adoption and integration of the contemporary stakeholder model of CSR into the business of the private enterprises of Bangladesh in general. It also discussed the backgrounds to the emergence of CSR in Bangladesh, its needs for application in the private enterprises, different dimensions and features of CSR practices, the state of CSR management certification and reporting, the state of government or public sector roles and legal arrangements, the involvement of business associations and development agencies, and the growth of institutions at the national level for the promotion of CSR.
45	N. M. Nasrullah and M. M. Rahim	2014	Current Trends in CSR Practices in Private Enterprises in: Comparative Experiences of Bangladesh and Vietnam	This study examined and compared the status of CSR engagement in Bangladesh and Vietnam. As both Vietnam and Bangladesh are developing countries and of similar character in business and economy, CSR practices found similar in both countries similar in many aspects.

Appendix – D - A selective list CSR studies by authors and titles

Sl. no.	Author(s)	Year	Study/publication	Results of the study
1	H.R. Bowen	1953	Social responsibilities of the businessman.	Social responsibilities of businesspersons are to adhere with the policies, decisions and actions, which were sought to conform the objectives and values of a society.
2	Keith Davis	1960	Can business afford to ignore social responsibilities?	Decisions and actions of businesspersons that would go beyond a business' direct economic or technical interest.
3	William Frederick	1960	The growing concern over business responsibility.	Businesspersons should oversee the operation of an economic system that fulfils the expectations of the public.
4	Joseph McGuire	1963	Business and society.	Business must act “justly,” as a proper citizen should. It must take an interest in politics, in community welfare, in education, in employee happiness as well as the whole social world.
5	Milton Friedman	1970	The social responsibility of business is to increase its profits.	The author The social responsibility of business is to increase its profits.
6	Harold Johnson	1971	Business in contemporary society: Framework and issues.	A responsible enterprise takes into account the interests of employees, suppliers, dealers, local communities, and the nation.
7	Prakash Sethi	1975	Dimensions of Corporate Social Performance: An Analytical Framework.	Distinguished three types of corporate behaviours, which are social obligation, social responsibility, and social responsiveness.
8	Archie Carroll	1979	A three-dimensional conceptual model of corporate performance.	The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time.
9	Thomas Jones	1980	CSR revisited, redefined.	CSR ought to be seen not as a set of outcomes but as a process.

Appendix – D (Cont'd)

10	Peter Drucker	1984	Converting social problems into business opportunities: The new meaning of CSR.	Social responsibility of business is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth.
11	Edward Freeman	1984	Strategic management: a stakeholder approach.	A stakeholder in an organisation is: any group or individual who can affect or is affected by the success of the organisation's objectives
12	Philip Cochran and Robert Wood	1984	CSR and financial performance.	Average age of corporate assets is found to be highly correlated with social responsibility ranking. After controlling this factor, still some correlations exist between CSR and financial performance.
13	Jean McGuire, Alison Sundgren and Thomas Schneeweis	1988	CSR and firm financial performance.	A firm's financial performance is positively related to CSR.
14	Archie Carroll	1991	The pyramid of CSR: toward the moral management of organizational stakeholders.	Introduction of the CSR pyramid, where economic responsibilities (<i>be profitable</i>) is the foundation, and other responsibilities are legal responsibilities (<i>obey the law</i>), ethical responsibilities (<i>be ethical</i>) and philanthropic responsibilities (<i>be a good corporate citizen</i>).
15	Robin Roberts	1992	Determinants of CSR disclosure: an application of stakeholder theory.	Estimation of stakeholder power, strategic posture, and economic performance are strongly related to levels of corporate social disclosure.
16	Max Clarkson	1995	A stakeholder framework for analyzing and evaluating corporate social performance.	Defined primary and secondary stakeholders. Primary stakeholders are those without whose continuing participation a business cannot survive as a going concern. Secondary stakeholders are those who influence or affect, or are influenced or affected by, the business, but they are not involved in transactions with it and are not essential for its existence.
17	Thomas Donaldson, and Lee Perston	1995	The stakeholder theory of the corporation: Concepts, evidence, and implications.	Three aspects of stakeholder theory, namely, descriptive accuracy, instrumental power, and normative validity are mutually supportive. The final justification for the stakeholder theory can be found in its normative base

Appendix – D (Cont'd)

18	Lee Burke and Jeanne Logsdon	1996	How CSR pays off.	Five strategy dimensions are identified, which help to assess the value created for the firm by CSR programs: centrality, specificity, proactivity, voluntarism and visibility.
19	John Elkington	1997	Cannibals with Forks: The triple bottom line of 21st Century Business	Concept of <i>Triple Bottom Line</i> focusing on three issues: social responsibility (people), environmental responsibility (Planet), and economic responsibility (profit).
20	Lance Moir	2001	What do we mean by CSR?	Examined the ideas behind CSR, attempted to define it, analysed its theories and assessed CSP from the industry as well as from the academic perspective.
21	Abigail McWilliams and Donald Siegel	2001	CSR: A theory of the firm perspective.	There is a certain level of CSR investment that maximises profit and at the same time satisfy stakeholder demand for CSR.
22	Sankar Sen and C.B. Bhattacharya	2001	Does doing good always lead to doing better? Consumer reactions to CSR.	Both organisational (e.g. CSR issues a company chooses to focus) and individual factors (such as consumers' personal support for CSR and their belief about it) influence consumers' reaction to CSR. In addition, CSR initiatives can reduce consumers' inclination to buy products of a company, under specific conditions.
23	Geoffrey Lantos	2001	The boundaries of strategic CSR.	Suggested that confusion over CSR stems from the failure to distinguish its ethical, altruistic, and strategic form. Proposed that ethical CSR to be mandatory. Concluded that strategic CSR is beneficial for both business and society. Finally, advised that marketing plays a leading role in strategic CSR. activities
24	Michel Ogrizek	2002	The effect of CSR on the branding of financial services.	Considering recent economic downturn in the financial sector, the importance of CSR branding is paramount than ever before.
25	Craig Smith	2003	CSR: Not whether, but how	Businesses that are making significant commitment to CSR due to a business or a normative case will possibly find that major challenges are involved with respect to the formulation and implementation of CSR strategy.

Appendix – D (Cont'd)

26	Marc Orlitzky, Frank Schmidt and Sara Rynes	2003	Corporate social and financial performance: A meta-analysis.	This meta-analytic review suggested that businesses' undertaking social and environmental responsibilities were likely to pay off. There was a balance between the number of conceptual and empirical studies (53%, 47% respectively). Nevertheless, there was a clear imbalance in the levels of analysis. Most of the studies addressed the institutional and organisational levels of analysis, and only a few of them adopted an individual or multilevel approach.
27	Elisabet Garriga and Domènec Melé	2004	CSR theories: mapping the territory.	Classified the main CSR theories and related approaches in four groups: instrumental theories, political theories, integrative theories and ethical theories.
28	Simon Zadek	2004	The path to corporate responsibility.	To develop a sense of corporate responsibility, organisations typically go through five stages as they move along the learning stages, which are: i) Defensive stage, ii) Compliance stage, iii) Managerial stage, iv) Strategic stage, v) Civil stage.
29	Michael Porter and Mark Kramer	2006	The link between competitive advantage and CSR.	Strategic CSR generates opportunity, innovation, and competitive advantage for corporations as well as solves pressing social needs.
30	Xueming Luo and C. B. Bhattacharya	2006	CSR, customer satisfaction, and market value.	Customer satisfaction was partially mediated the relationship between CSR and firm market value, corporate abilities were moderated the financial returns to CSR, and moderated relationships were mediated by customer satisfaction.
31	Doreen McBarnet	2007	CSR beyond law, through law, for law: the new corporate accountability.	CSR goes beyond law, involves through law, and operates for law. Thus, CSR means the new corporate accountability.
32	John Campbell	2007	Why would corporations behave in socially responsible ways? An institutional theory of CSR.	Relationship between basic economic conditions and corporate behaviour were mediated by public and private regulation, the presence of nongovernmental and other independent organisations.
33	Ruth Aguilera, Deborah Rupp, Cynthia Willams and Jyothi Ganapathi	2007	Putting the S back in CSR: A multilevel theory of social change in organisations.	A multilevel theoretical model was introduced to understand to motive behind businesses' engagement in CSR and influence towards positive social transformation. Businesses are pressured to engage in CSR by multiple actors, each driven by instrumental, relational, and moral aims.

Appendix – D (Cont'd)

34	Alexander Dahlsrud	2008	How CSR is defined: an analysis of 37 definitions?	Five dimensions of CSR were developed through a content analysis of existing CSR definitions. These dimensions are: stakeholder, social, economic, voluntariness and environmental dimensions.
35	Dirk Matten and Jeremy Moon	2008	“Implicit” and “explicit” CSR: A conceptual framework for a comparative understanding of CSR.	Developed a conceptual framework for comparative understanding of implicit and explicit CSR in the US and Europe.
36	Sandra Waddock and Malcolm McIntosh	2009	Beyond corporate responsibility: implications for management development.	Businesses are being influenced by the new contexts, i.e. network and interdependence. Managers and management educators should embrace holistic perspective. Tomorrow’s leadership must develop new essential traits, unlike today’s.
37	Duygu Turker	2009	How CSR influences organisational commitment?	Significant predictors of OC were: CSR to social and non-social stakeholders, employees, and customers.
38	Michael Porter and Mark Kramer	2011	Creating shared value.	Through creating shared value, self-interested behaviour creates economic value by creating societal value
39	Herman Aguinis and Ante Glavas	2012	What we know and don't know about CSR: A review and research agenda.	A multilevel and multidisciplinary theoretical framework synthesised and integrated the literature at the institutional, organisational, and individual levels. The framework included reactive and proactive predictors of CSR actions and policies and the outcomes of such actions and policies, classified as primarily affecting internal or external stakeholders.
40	Christopher Bauman and Linda Skitkab	2012	CSR as a source of employee satisfaction.	Four distinct paths were identified through which CSR may impact employees’ relationship with their companies corresponding to four universal psychological needs: security, self-esteem, belongingness, and a meaningful existence.

Appendix – D (Cont'd)

41	Deborah Rupp, Ruodan Shao, Meghan Thornton and Daniel Skarlicki	2013	Applicants' and Employees' Reactions to CSR: The Moderating Effects of First-Party Justice Perceptions and Moral Identity.	A bridge between CSR and organisational justice literatures revealed that the impacts of individuals' CSR perceptions were complicated than ever before. In addition, it shed light on micro (employee)-level CSR phenomena and offered implications for both research and practice.
42	Debbie Haski-Leventhal	2013	Employee engagement in CSR: The case of payroll giving in Australia.	Payroll giving was significantly related to all background variables and organisational factors. Significant variations existed between high-level givers, low-level givers, former givers and non-givers concerning their motivations, barriers and attitudes towards the community engagement by their employers, but no variation existed to OC.
43	Shuili Du Valérie Swaen, Adam Lindgreen and Sankar Sen	2013	The Roles of Leadership Styles in CSR.	Only money related welfare and enhancing the work environment may not bring employee loyalty, rather better personal treatment may increase employee satisfaction. Employee satisfaction through personal treatment and organisational efforts are necessary to increase affective commitment of the employees.
44	Beiting Cheng, Ioannis Ioannou and George Serafeim	2014	CSR and access to finance.	It has been observed that Better CSR performance makes better stakeholder engagement, enhances revenue-generating potentials, and improves relationships with customers, business partners and employees. Moreover, better CSR performance lead to public discloser of their activities and consequently businesses become more transparent, accountable, increase the confidence of the financiers, and enhances the likelihood of access to finance.

Appendix – E Conference paper

*International Conference on Business Innovation, Entrepreneurship and Engineering 2013 (ICOBIEE2013)
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CONVERGENCE AND DIVERGENCE OF CSR PRACTICES BETWEEN ISLAMIC AND CONVENTIONAL BANKS: A CASE OF BANGLADESH

Shafiqur Rahman¹

Abstract

The increasing trend of CSR (Corporate social responsibility) practices in the Bangladesh banking sector are significantly contributing to the society and also towards its citizens. Both conventional as well as Islamic banks are in the forefront in this race for escalating CSR engagements, being stimulated by the directive of Bangladeshi central bank that CSR contribution would be considered as a dimension for banks' performance measure in addition to the methodical CAMELS (Capital Adequacy, Asset Quality, Management, Earnings, Liquidity and Sensitivity to Market Risk) rating. Though a number of studies on banking CSR exist in the context of Bangladesh, research on convergence and divergence of CSR practices between Islamic and conventional bank has been limited. An in-depth content analysis on two sample banks has uncovered that there are some commonalities in terms of CSR engagement by both types of Banks. However, the results also show that substantial differences exist in CSR practices between these two types of banks, e.g., the sample Islami bank directly involved in distribution of *Zakat* (religious tax), management of *Waqf* (trust fund), introduction of *Islamic microfinance*, giving *Qard Hasan* (interest free loans) and promoting Islamic values in corporate life. On the other hand, both the conventional and Islamic banks are engaged in CSR practices in some common areas, like education, health, humanitarian and disaster relief, sports, art and culture, and environmental protection. Discovery from this study will contribute to the existing literature, will help the relevant policy makers and will also pave the road for future researchers.

Keyword: Corporate Social Responsibility (CSR), convergence, divergence, conventional/ Islamic bank

1.0 Introduction

Corporate Social Responsibility (CSR) is an integral part of contemporary business and its strategic application increases business competitiveness and offers distinctive benefits to the society (Porter and Kramer, 2006).

Business strategies to create shared value represent a broader conception of Adam Smith's invisible hand and

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offer corporations the opportunity to utilise their skills, resources, and management capabilities to lead social progress. Historically, religious institutions are volunteering to perform the task of social responsibility in the form of charity. For example, Salvation Army, Catholic Charities USA and Jewish Family Services are serving the humanity for many years (Hall, 2001). Also, there are a number of large Muslim charities actively supporting the humanity for long time including Muslim Aid and Islamic Relief Worldwide impacting thousands of lives (The NGO World, 2012).

With the dawn of twenty first century, the concept of socially responsible banking has grown considerably with the growth in green movement and emergence of a new generation of environmental activists (Shaha, 2013). Also, growing awareness of and demand for investing in accordance with Islamic moral principles on a global level have been catalyst towards making the Islamic banking and financial system as a flourishing industry (Hasan and Latiff, 2009). Global Islamic banking assets held by commercial banks are set to cross US\$1.8 trillion in 2013, up from the US\$1.3 trillion of assets held in 2011 (Earnest and Young, 2013). These financial institutions are governed by the principles of Islamic Shari'ah (Islamic Jurisprudence), so as their social responsibility initiatives. In the context of Bangladesh, both conventional and Islamic banks are contributing to the society through helping protecting the environment and by expressing their commitment towards ethical business (Chowdhury, Islam and Tahmida, 2010).

Previous studies on banking CSR in Bangladesh primarily explored nature of CSR disclosure (Azim, 2010; Wise and Ali, 2010; Sobhani, Zainuddin, Amran and Baten, 2011); corporate governance (Reaz and Arun, 2006; Khan, 2010); corporate sustainability reporting (Khan, Islam and Ahmed, 2010) and corporate social reporting (Khan, Halabi & Samy, 2009). However, both religious and conventional banks operating in Bangladesh are engaged in CSR practices and there are some convergences and divergences among those practices.

The convergence and divergence in CSR practices did not received prominence in the literature of the previous studies. The current study explores the common ground of CSR practices of both types of banks and why the religious banks practice CSR differently in some cases. This study will specially compare the CSR expenditures by both types of banks and analyse such behaviour patterns. With the inclusion of the introduction, this paper has been organised in nine sections. Section two briefs the literature review, section three presents theoretical underpinnings of CSR, section four provides methodology, section five analyses the common practices of CSR by conventional and Islamic banks, section six presents CSR activities specially practices by Islamic banks, section seven presents the statistics and analyses, section eight discusses the findings, section nine

presents the recommendations and finally section ten makes conclusion of this paper.

2.0 Literature review

2.1 *CSR concepts, practices and relevant studies*

CSR has been an issue in the west for quite a long time, though it is an emerging issue in the developing countries nowadays. A unique definition and conceptualisation of CSR do not exist until now. However, one of the early definitions was given by Bowen (1953) as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society” (p. 6). According to (Carroll, 1999), the evolution of the CSR construct began in 1950s, which marked the modern age of CSR; the definitions expanded during the 1960s and flourished during 1970s; in addition to a new few definitions, a few themes emerged in 1980s including corporate social performance (CSP), stakeholder theory and business ethics theory; in 1990s the above CSR theories took centre stage and Carroll (1991) developed his CSR pyramid with the economic category as baseline, built upward through legal, ethical, and philanthropic categories. However, one of the modern definitions of CSR has been developed by World Business Council for Sustainable Development, which is "Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large" Watts and Holme (2000, p. 3).

Garriga and Mele (2004) identified that most of the contemporary CSR theories were focused on main four aspects, i) meeting objectives that produce long-term profits; ii) using business power in a responsible way; iii) integrating social demands and iv) contributing to a good society by doing what is ethically correct. Based on the above proposition, they classified most relevant CSR theories and related approaches into four groups, namely instrumental theories, political theories, integrative theories and ethical theories.

On the other hand, Zadek (2004) developed his Path to Corporate Responsibility, where he explained that these pathways are complex and iterative. When it comes to developing a sense of corporate responsibility, Zadek argues that organisations typically go through five stages as they move along the learning curve and these stages are, defensive stage, compliance stage, managerial state, strategic stage and civil stage.

In the 21st century, eventually companies started moving towards strategic CSR, a shift from corporate philanthropy. Porter and Kramer (2006) argued that when approached strategically, CSR generates opportunity, innovation, and competitive advantage for corporations as well as solves pressing social problems.

According to these authors, each company can identify the particular set of societal problems that it is best equipped to resolve and from which it can gain the greatest competitive benefit. Later, through an empirical study, Seigel and Vitaliano (2007) identified that CSR activities are likely to be integrated into the company's business-level product differentiation strategies. Like a "hybrid" version of a Honda Accord generates less pollution, considered as superior to the standard model and customers are willing to pay a premium price, which is beneficial both for the society as well as for the company. Another longitudinal study ran by Lamberti and Lettieri (2009) provided evidence of business excellence through strategic CSR. This empirical case study launched different CSR business practices for being perceived as socially and environmentally responsible, eventually won its stakeholders including the customers that helped the company to become financially successful.

2.2 A few previous studies of CSR on Bangladesh issues

The history of CSR literature of Bangladesh dates back only a little over one decade. Ataur Rahman Belal made extensive CSR research in Bangladesh context on many occasions. The author had his first study on environmental reporting, which examined annual reports of 30 public limited companies and evaluated the efforts made by these companies on environmental disclosures (Belal, 2000). The study observed that in most cases, the quantity and quality of these environmental disclosures were poor, compared to such reporting of the developed countries.

Mamun and Ahmed (2009) examined managers' vision for CSR performance in businesses of Bangladesh. They concluded that a paradigm shift has occurred in the business arena as well as in the CSR field. According to these researchers, such a shift is a direct response to the number of pressures created by different stakeholders of the business. They also express that with the pressure emerging from the stakeholders, gives a new shape to the Social Responsibility, in Bangladesh. These findings indicate that CSR activities in Bangladesh have been increasing due to the managers' better understanding of CSR issues nowadays.

Khan, Halabi and Samy (2009) studied CSR reporting on 20 selected commercial banks in Bangladesh. Their study brought two major outcomes. Firstly, the study confirmed that the selected banking companies did some CSR reporting on a voluntary basis. Secondly, that the key stakeholders of these banking companies are in favour of CSR reporting, and would like to see more disclosure. However, these disclosures are insufficient to measure the social responsiveness of the banking companies examined by the authors. However, these banks place a high emphasis on human resource disclosure. Half of the banks reported that they have direct participation in social engagements while others made separate foundations to support social engagement activities with the community.

Khan, Islam and Ahmed (2010) studied corporate sustainability reporting of major commercial banks in line with GRI on 12 top performing banks in Bangladesh. The authors attempted an in-depth study that exhibited a number of conclusions. Firstly, though the sample banks' reporting were not at the GRI level, but they all have established foundations to conduct CSR activities, which indicated their good intention for contributing to the social causes. Secondly, their study compared the reporting behaviour of banking companies in a developing country context with global sustainability indicators. Finally, they developed a set of hierarchical codes in light of GRI guidelines for the banking sector; they recommended that such coding might be useful to the central bank for policy implication and guidelines for commercial banks to report in a similar technique.

3.0 Theories underpinning CSR

The above brief literature review gives the opportunity to understanding development of CSR over a period of time and across many business sectors striving towards the wellbeing of society and community. The sections below synthesise some of the major theories that underpin the practice of CSR.

3.1 *The classical view of CSR*

Milton Friedman is the most prominent defender of classical belief regarding the role of business in society. In the seminal *The Social Responsibility of Business to Increase its Profits* (1970), Friedman argues that corporate officials' social responsibility to serve beyond the interest of their stockholders is fundamentally a misconception of the character and nature of business in a free economy. In a free economy, "there is one and only one social responsibility of business – to use its resources and to engage in activities designed to increase its profit so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception and fraud" (Friedman, 1967, p. 67).

3.2 *Social contract theory*

The main idea of the social contract theory is how to relate a business to society. According to this theory, business must behave in a responsible manner not only because it is in its commercial interest to do so, but also because it is part of how society implicitly expects business to operate (Moir, 2001). Additionally, according to social contract paradigm, a business is regarded as a social institution and it should join with other social structures like the family, educational system and religious institutions, to support their needs. In other words, the social contract theory holds that business and society are partners to each other, and both enjoy a set of rights and having reciprocal responsibilities. While the business requires continuous support from the society in terms

of resources and sales, the latter might expect the former to operate in a socially responsible manner since businesses control huge amounts resources such as technology, finances and labour power, which directly or indirectly may affect the society in which they operate (Lantos, 2001).

3.3 *Legitimacy theory*

Legitimacy theory states that CSR is a response to the environmental pressures involving social, political and economic forces. According to this theory, organisations look for a balance between their deeds, outsiders' perceptions and what society believes to be appropriate (Deegan, 2002). Society's perceptions of the organisations are crucial in nature and may affect their survival, if they have breached their 'social contract'. In the event society is not satisfied that a firm is operating in an acceptable or legitimate manner, than society will eventually withdraw its 'contract' to continue operations (Davies, 1997).

3.4 *Stakeholder theory*

Stakeholder theory has indeed become one of the most important and frequently cited theories in the CSR literature. This theory is based on the notion that beyond shareholders, there are several agents with interests in the actions and decisions of the companies. As defined, stakeholders are "groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions" (Freeman, 1998, p. 174). Furthermore, in addition to shareholders, stakeholders include creditors, employees, customers, suppliers, and the communities at large. Stakeholder theory asserts that businesses have social responsibilities that require them to consider the interests of all parties affected by their actions. Management should not only take into account its shareholders in the decision making process, but also anyone who is affected by business decisions. In contrast to the classical view, the stakeholder view indicates, the goal of any company is or should be the flourishing of the company and all its principal stakeholders" (Werhane and Freeman, 1999, p. 8).

3.5 *Philanthropy and religious values*

Possibly the most obvious example of altruistic values in CSR can be seen in corporate philanthropy, which is historically associated in British and American history with the Quakers (BBC, 2009). Quakers became well known for their integrity both in personal relationships and in business dealings; they also honoured contractual promises and also they maintained fixed prices for goods. Well-known British businesses with Quaker origins are the chocolate manufacturers Rowntree, Fry and Cadbury (the Quakers permitted of drinking chocolate as a healthier alternative to alcohol). The importance of helping towards less fortunate people can be found in

Buddhism, Judaism and Islam (Smart, 1989). Consequently, religious beliefs can be seen as a motivator of philanthropy or CSR, though it could also be argued that the religious motive is in itself driven by reasons of self interest, for example, to secure a place in heaven as viewed in Christianity/Islam, or to practice Karma as viewed in Hinduism, Buddhism and Jainism (Hemingway and MacLagan, 2004). Though moral values and religious values often overlap, moral teaching is evident in many of the major religions. A growing body of empirical research has linked religion and ethical values, and the results show that more religiously inclined individuals tend to exhibit better decision making in ethical contexts and a greater orientation to corporate social responsibility (Brammer, Willams and Zinkin, 2006).

3.6 Islamic CSR principles and the roles of stakeholders

Yusuf and Bahari (2012), presented a framework that reflects the relationship between six criteria of CSR that derived from Islamic principles and stakeholders of Islamic Banking Institutions (IBIs). According to the authors, components of this network cannot be separated from one another. Each of these six criteria has an impact on the stakeholders; and each criterion is based on the principles derived from the *Qur'an* and the *Sunnah*. It appears that the practices of CSR by the IBIs ideally should involve all the relevant stakeholders of a banking corporation, which is the essence of stakeholder theory introduced by Freeman (1984). A study on the stakeholders of two full-fledged Islamic banks in Malaysia revealed that the perceptions of various stakeholder groups about CSR initiatives are generally positive (Dusuki and Dar, 2005). The findings also indicated that these stakeholders comprises of seven groups, namely, customers, depositors, employees, branch managers, *Shari'ah* advisors, regulators and local communities were influenced by the CSR initiatives of these two Islamic banks. A recent study on IBBL's (Islami Bank Bangladesh Limited) CSR initiatives for healthcare demonstrated that the stakeholders' have high regards towards such initiatives as public sector support for healthcare is very limited in Bangladesh (Rahman, Pervin, Janan, Nasrullah & Begum, 2011).

4.0 Research design

Qualitative content analysis is one of the popular research methods used to analyse text data involved in CSR study. This method goes beyond merely counting words to examining language intensely for classifying large amounts of text into an efficient number of categories that represent similar meanings. According to Polonsky, Suchard, & Schoot (1997), texts can be books, essays, discussions, reports, interviews, newspaper headlines, articles, historical documents, speeches, conversations, advertising or any occurrence of communicative language. Conducting a content analysis in the current study involved at least a few important steps: choosing

the documents containing CSR initiatives of Bangladesh banking sector, closely observing the annual reports, websites and other printed materials of the sample banks as well as such documents of Bangladeshi central bank, identifying the statistics/categories/ types CSR activities of those banks and analysing the data/content/information; finally, presenting the findings and recommendations for the audience.

All 48 banks commercial banks, including the private, government and foreign banks were considered to analyse the sectoral combined (Islamic and conventional) CSR expenditures during the period 2007-2010, which were publicly available from the Bangladeshi central bank's website. However, CSR expenditures of Islamic banks were directly collected from the 'Head of CSR' of those respective organisations.

5.0 Analysis of CSR practices both by conventional and Islamic in Bangladesh

The banking sector in Bangladesh plays important role in planning, organising, directing and implementing of CSR activities to mitigate the economic, social and environmental challenges in Bangladesh. In 2008, the Bangladeshi central bank introduced mandatory reporting requirement on CSR initiative of different commercial banks. It appears that direct budgetary expenditure on CSR initiatives contributed by all 46 banks, which were only contributed by 18 banks in 2007 (Chowdhury, Ahmed, K., Ahmed, S. and Tahmida, 2011). These banks have spent approximately \$30 million in 2010 from \$3 million in 2007 in humanitarian and disaster relief, education, health, sports, Art and culture, environment and other areas, as per the table below:

Table – 1

In million taka (Bangladeshi currency)

<i>Major CSR categories</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Humanitarian & disaster relief	127.70	58.60	125.10	460.41
Education	14.30	30.50	94.80	400.79
Health	68.60	112.10	245.50	689.07

Sports	2.70	49.80	1.20	263.23
Art & culture	-	0.80	0.30	328.91
Environment	-	-	-	59.78
Others	13.10	158.90	86.90	125.58
<i>Total</i>	<i>226.40</i>	<i>410.70</i>	<i>553.80</i>	<i>2329.8</i>

Source: Bangladeshi central bank, 2011

5.1 *Humanitarian and disaster relief*

Bangladesh is a victim of frequent natural disasters. Specially, the unique geographical location of Bangladesh has made it vulnerable predominantly to water-related natural hazards like floods, coastal cyclones and river erosion (Matin, 2002). As a part of the CSR initiatives, banks have come forward to support victims of major natural catastrophes. Banking sector CSR expenditures for humanitarian and disaster relief increased about 3.5 times in 2010 compared to such expenditure in 2007. These supports include assistance for the rehabilitation of the victims of cyclone '*Sidr* and *Aila* (Wise and Ali, 2010); medical treatment to the victims of *Nimtoli* fire explosions; donation to Prime Minister's relief fund; supply of blankets to cold-hit people, reconstruction of houses for the flood affected people and distribution of food, medicine and clothing to the landslide victims. Most of the banks have actively participated in these CSR programs that saved numerous lives as well as helped the affected people at their time of crisis. These CSR initiatives were very essential at the time of the calamities, when government support for the victim was inadequate considering the needs. A recent study on financial sector CSR revealed that more banking companies are playing vital role nowadays in providing relief and rehabilitation supports in the aftermath of natural disasters than in the past (Azim, 2010).

5.2 *Education Programs*

Bangladesh needs a healthy education sector in order to achieve national development. However, due to budgetary constraints, public spending for education is one of the lowest in Bangladesh among South Asian countries (World Bank, 2013). A number of banks were actively engaged in education programs as a part of their CSR initiatives during this period (2007-2010). They built a number of institutions like kindergartens, primary and secondary schools, colleges, vocational training institutions, medical colleges, nursing training centres.

Banks also distributed computers, library books to the schools and scholarships to the meritorious tertiary level students. Banking CSR expenditure for the education sector dramatically increased during this period from taka 14.30 million in 2007 to taka 400.41 million in 2010. This is a clear picture of banks' interest in contributing towards education. Education is a basic human right and the increasing trend of CSR initiatives focusing on education sector is strengthening this right. Consequently, better-educated citizens will get better employment, which will also help contribute in the economic development of Bangladesh in the near future.

5.3 *Healthcare initiatives*

Being a developing country, Bangladesh cannot afford sufficient healthcare support for its citizens due to budgetary constraints. A recent study on the healthcare system of South-East Asian countries revealed that the percent of GDP allocation on healthcare is lower in Bangladesh in comparison to other neighbouring countries (Majumder, 2011). The number of healthcare workforces in Bangladesh is limited; especially the ratio of nurse-doctor and medical technologist-doctor is one of the poorest in the world (Hussain and Sullivan, 2013). Considering this aggravated situation, healthcare support by the banking CSR initiatives can be considered as blessings for Bangladesh society. The CSR expenditure in this sector increased from taka 68.60 million in 2007 to taka 689.07 million in 2010, which gives a picture of banking CSR contribution towards the improvement of healthcare sector, especially benefiting the underprivileged citizens. Bangladesh has limited resources to provide healthcare support to a large number of population and the banking CSR initiatives are supporting this sector, which are ultimately helping the socially excluded citizens to have access towards better healthcare facilities.

5.4 *Promotion of sports*

In 2002, UN Secretary General Kofi Annan expressed that “sport can play a role in improving the lives of not only individuals but whole communities” and he urged “Governments, development agencies and communities to think how sport can be included more systematically in plans to help children – particularly those who live in the midst of poverty, disease or conflict” (Olympic Aid, 2002). With this notion, Bangladesh businesses, especially the banking sector has come forward, through their CSR initiatives, to support games and sports, as this government may not be able to play effective role in this area with their limited resources.

Data shows that banking CSR for games and sports generously contributed in this sector from taka 2.70 million taka in 2007 to taka 265.23 million in 2010. During this period, CSR supports by the banks promoted various games, namely table tennis, football, cricket, chess, badminton, handball and golf; sponsored talent hunt competitions at the different parts of Bangladesh; assisted in the infrastructure development of different sports federation complexes and organised international tournaments in the major cities of Bangladesh. Moreover, they also provided assistance to the Bangladesh Olympic Association and supported different sports carnivals time to time. For example, a recent study on IBBL identified that the banks’ contribution played vital role in the promotion of games and sports in Bangladesh (Rahman et al., 2011).

5.5 *Promotion of art and culture*

Banks also have come forward to support and promote art and culture of Bangladesh through their CSR initiatives, during this period. Banking sector implemented a number of projects in the areas of art and culture. Among others, these initiatives include, organising award distribution ceremonies for poets and writers; sponsoring of photo exhibitions; providing financial assistance to the poor artists like poets, singers, musicians etc.; publishing of books on historical and national issues; sponsoring musical events and most significantly, donating 240 million taka to the Bangladesh Liberation War Museum etc. (Rana, Kalam and Halimuzzaman, 2012). For example, the Standard Chartered Bank in Bangladesh focused their efforts in the areas of history, culture and artwork. They published ‘Dhaka alias Jahangirnagar: 400 years’; ‘Street traders of Bangladesh’; sponsored “Celebrating Life” contest for new talents across the country to pursue their career goals in film, photography and lyrics (Chowdhury et al., 2011, p. 24). Nowadays, history, art and culture of Bangladesh are having widespread support, protection and promotion through the banking CSR initiatives. As a result, this country is now better equipped with its distinct heritage from these generous banking CSR supports, which otherwise would not be possible to materialise by a poor country like Bangladesh.

5.6 *Protection of environment and Green Banking*

Bangladesh has been suffering from a number of environmental challenges. This is one of the most vulnerable countries to climate change impact (USEPA, 2013). Also, Bangladesh having the largest delta in the world and located at the downstream of the second largest river system is often affected by a series of climatic events. The probable impacts of global climate change, mainly the sea-level rise and the associated consequences on ecosystems and economic loss, adds the already daunting array of environmental issues. Banking support for environment became significant in the recent past with an expenditure of taka 59.78 million in 2010.

Among the CSR projects initiated by the banks were tree planting; promotion of solar energy; assistance in developing environmental management system; free distribution of rainwater harvesting devices; campaign for green environment; celebration of United National’s World Environment Day and capacity building programs.

6.0 Special CSR activities practiced by the Islamic banks in Bangladesh

The Islamic banks in Bangladesh are engaged in the following CSR activities, based on the *Shari’ah* (Islamic jurisprudence) principles, which are unlike the conventional banks. This study identified a few CSR practices among the Islamic banks in Bangladesh, benefiting its citizens in various ways, which are i) *Zakat* (Islamic tax),

ii) *Waqf* (Trust fund), iii) Islamic microfinance (Interest free microfinance), iv) *Qard E Hasan* (Interest free loan), v) Promotion of Islamic values in corporate life, as discussed below:

6.1 Zakat (Islamic tax)

Zakat is one of the five pillars of Islam. In a broad sense, it is mainly for social welfare purposes as specified by the *Qur'an*: "The *Zakat* is (meant) only for the poor and the needy, those who collect the tax, those whose hearts are to be won over, for the freeing of human beings from bondage, for the relief of those overwhelmed by debts, for the cause of Allah (all priority social needs), and for the wayfarer: (this is) an ordinance from Allah and Allah is all-knowing, Wise"[*Qur'an*, 9:60]¹. A recent study found that Islamic banks in Bangladesh have formed 'Zakat Fund' for collection and appropriate distribution of the *Zakat* among the destitute and in most cases, these distributions comply with conventional CSR engagements (Samina, 2012). For example, Islami Bank Bangladesh Limited collects *Zakat* through its subsidiary Islami Bank Foundation and utilise this fund in philanthropic and poverty reduction programs, like establishment of hospital to provide health services with low cost, maintenance women destitute rehabilitation centres, development of technical training institutes, introduction of poverty reduction investment program for self employment and distribution of stipend among the poor students (Raquib, 2011).

6.2 Cash waqf (Trust fund)

A Waqf is an independent trust established under Islamic law by a living man or woman for the establishment of a designated social service in perpetuity (Kuran, 2001). Cash Waqf is one of the latest products in the jurisdiction of the Islamic banking sector. Cash *waqf* concept is aimed at mobilising cash funds to be pooled as a *waqf* asset (financial capital/endowment) to be managed in such a way that it can generate income stream besides maintaining its initial value to grow, or at least to preserve its perpetuity; then the income generated from investing the funds will be distributed to the beneficiaries as per the direction of the donor.

In addition, due to its financial nature of the asset, it takes into account of the general price changes, i.e. inflation rates. Cash *waqf* might play important role in providing public services needed by the community. It provides a unique opportunity for making investment in various religious, educational and social services. Islamic banks have popularised this scheme in Bangladesh, which is very instrumental in transferring savings of the rich to the members to the disadvantaged population of the society. This product is well known as *Mudaraba* (partnership) Waqf Cash Deposit System among the Islamic banks.

6.3 *Islamic microfinance*

Microfinance is constituted by a range of financial services for people who are traditionally considered non-bankable, mainly as they lack the guarantees that can protect a financial institution against a loss risk (Ahmad and Ahmad, 2008). Recognising that microfinance can be an important means of poverty alleviation, Islamic microfinance is increasingly seen, especially in Muslim majority countries, as an alternative to conventional microfinance to alleviate the poor out of poverty (UNDP, 2008). Islamic banks in Bangladesh consider microfinance as one of the CSR initiatives to reach out the financially excluded people. For example, IBBL has developed the Rural Development Scheme (RDS), an innovative Islamic microfinance channel to answer the demand of the rural Muslim poor in Bangladesh who were left out from conventional micro financing due to religious beliefs. The major Islamic microfinance products are *Murabaha*, *Musharaka*, *Mudaraba* and *Ijarah*.

6.4 *Qard Hasan (benevolent loan)*

It is a loan without interest, is a religious practice since the inception of Islam (Farook, 2007). Qard Hasan is granted on the grounds of caring the people in the society by the Islamic banks; specially, to remove the financial distresses caused by the absence of sufficient money in the face of terrible need. Hence, the Islamic banks make provisions to provide Qard Hasan besides engaging in income generating activities. However practices differ in this respect from banks to banks. Islamic banks have the provisions to provide interest free loans to needy students to meet their education expenses, newly married couple to buy household furniture and other economically weaker segments of the society. Also Islamic banks provide interest free loans to small producers, farmers, entrepreneurs who are not qualified to get financing from any bank or other sources. The purpose of these interest-free loans is to assist them in becoming financially independent. Allah refers to it in the *Qur'an*: 'Who is it that will give Allah a gratuitous loan (Qard Hasan), which Allah will double into his credit and multiple many times?' (*Qur'an*, 2:245)².

6.5 *Islamic values in corporate life*

Islamic banks are supposed to promote Islamic values in their way of business. For example, it is expected that Islamic banks treat employees with respect, utmost care and without oppression, which reflect the views of Islam. The Prophet (PBUH) is reported to have said, "I have made oppression unlawful for me and for you, so do not commit oppression against one another" (Sahih Muslim)³. God-consciousness (*Taqwa paradigm*) has to be installed and reflected in all facets of banking behaviour ranging from internal relations, dealing with customers and other banks, policies and procedures, business practise through dress, décor, image and so no.

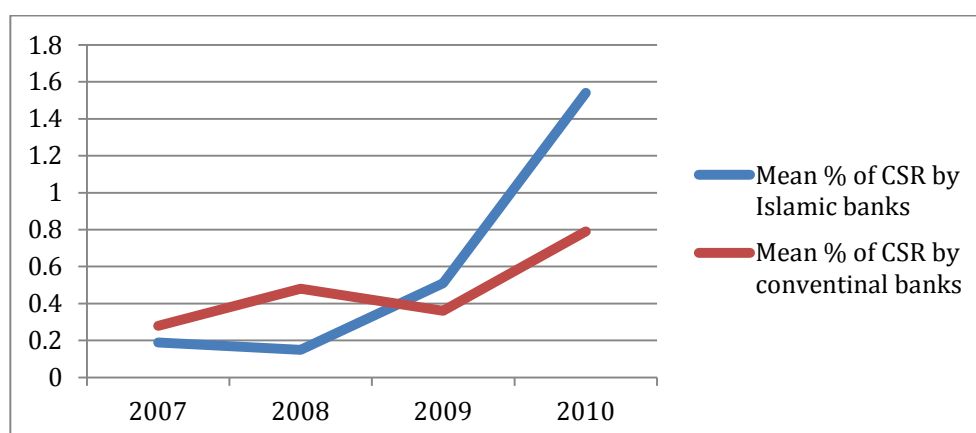
This is practically done by providing guidelines on Islamic ethical conducts, providing adequate prayer rooms and encouraging members of the staff to interact with customers in the best manners (politeness, tidiness, responsibility, trustworthiness, etc. conforming Islamic values (Dusuki, 2005).

7.0 Statistics

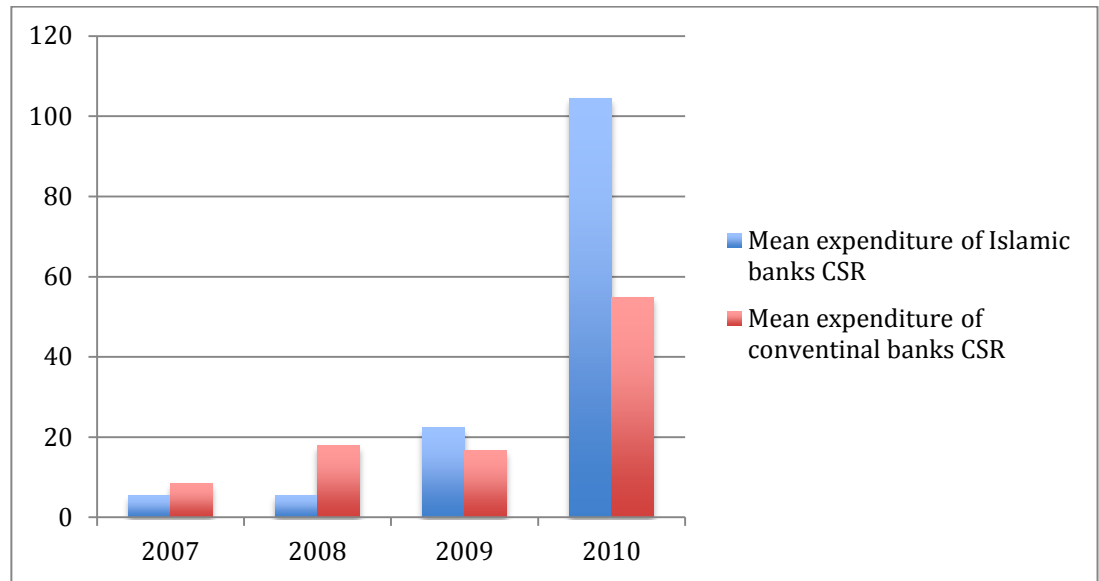
Table – 2 CSR expenditures both by Islamic and conventional banks

CSR expenditure based on million taka				
Year	2007	2008	2009	2010
Total revenue of all the banks	87593	110544	135788	206918
Total revenue of conventional banks	70581	88510	109492	166305
Total revenue of Islamic banks	17012	22034	26296	40613
Total CSR expenditure of all banks	220.49	461.87	532.8	1944.93
Total CSR expenditure by conventional banks	200.59	429.07	398.36	1317.63
Total CSR expenditure by Islamic banks	19.9	32.8	134.54	627.3
Mean CSR expenditure	16.98	21.6	19.35	63
Mean % of CSR (in terms of revenue)	0.58	0.59	0.43	0.94
Total participation of banks in CSR	15	21	21	28
Total participation of Islamic banks	2	4	4	6
Total conventional banks with CSR	13	17	17	22
Mean expenditure of Islamic banks CSR	5.32	5.47	22.42	104.5
Mean expenditure of conventional banks	8.36	17.88	16.6	54.9
Mean % of CSR by Islamic banks	0.19	0.15	0.51	1.54
Mean % of CSR by conventional banks	0.28	0.48	0.36	0.79

Chart – 1



Comparison of mean % CSR by Islamic between Islamic and conventional banks

Chart 2

Comparison of mean exp. of CSR between Islamic between conventional banks (In million taka)

Table 3: Convergence and divergence of CSR among Islamic and conventional banks

Areas of CSR initiatives	Conventional bank	Islamic banks
Humanitarian and disaster relief	Yes	Yes
Education	Yes	Yes
Health	Yes	Yes
Sports	Yes	Yes
Arts and culture	Yes	Yes
Environment	Yes	Yes
<i>Zakat</i>	-	Yes

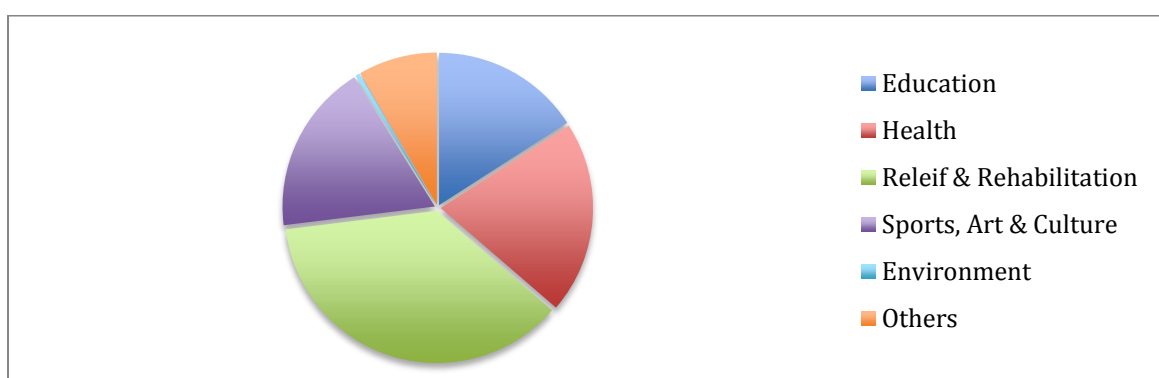
<i>Cash waqf</i>	-	Yes
<i>Islamic Microfinance</i>	-	Yes
<i>Qard E Hasan</i>	-	Yes
<i>Promoting Islamic values</i>	-	Yes

Table 4

CSR expenditure for 2008-2010 (in million taka)

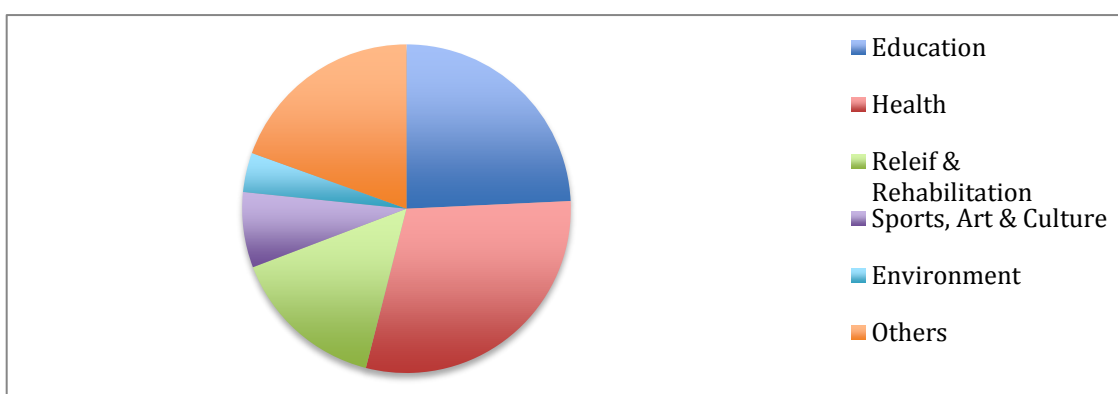
Sector	Conv. banks	Islamic Banks	Islamic banks %	Conv. banks %
Education	186.78	339.31	24.23	15.93
Health	239.91	415.76	29.74	20.44
Relief & Rehabilitation	431.08	213.03	15.23	36.71
Sports, Art & Culture	212.42	103.81	7.42	18.09
Environment	5.57	54.21	3.87	0.47
Others	98.62	272.76	19.50	8.40
Total	1,174.38	1,398.88		

Chart 3



All conventional banks CSR expenditure in %

Chart 4



All Islamic banks CSR expenditure %

8.0 Findings and discussions

8.1 Trend analysis

Based on Table 1, banks' CSR expenditures have increased during 2007 to 2010, with the increase of their annual revenue. However, it appears that substantial increase occurred after the year 2007, which is consistent with the notion of Bangladesh central bank's intervention through the regulatory mechanism (directive) of CSR initiatives of the banking sector. Increased expenditure in various categories of CSR benefited the citizens of the country, as Bangladesh has been suffering from numerous social, economic and environmental challenges.

Table 2 shows that mean CSR expenditure of Islamic banks increased from 5.32 million taka in 2007 to 102.42 million taka in 2011, whereas the conventional banks' mean CSR expenditure increased from 8.36 million taka to 47.35 million taka during the same period. As a result, we can infer that Islamic banks seem to be more committed towards CSR, which is inherent in the religious spirit of Islam.

Based on Table 3, both conventional and Islamic banks have convergences in the practices of CSR in the Bangladesh banking sector in the categories of humanitarian and disaster relief, education, health, sports, art and culture and the environment (Chowdhury et al., 2010). The Bangladesh society is benefited by these socially responsible initiatives from the banks in the above areas, irrespective of their orientation, whether they are conventional or religious in nature. These banks get due appreciation for their great humanitarian activities from the government of Bangladesh, the media and other stakeholders including the citizens, time to time.

On the other hand, Table 3 also shows that CSR practices of Islamic banks are involved in a few more categories as a part of their socially responsible behaviour as they are influenced by the spirit of Islam and guided by principles of Islamic *Shari'ah* (jurisprudence). These categories are *Zakat*, *Waqf*, Islamic microfinance, *Qard Hasan* and promoting Islamic value in corporate life, which are in practice in many Muslim societies since inception of Islam. It is very much apparent that the practices of CSR are mainly similar in nature of both types banks, which are humanitarian in nature in broad sense. But, in case of *Zakat* and *Waqf*, Islamic microfinance and *Qard Hasan* the distributions of these funds are guided by the principles of *Shari'ah* including the financially excluded people, who otherwise would not have access to finance from banks or any other sources of funding.

8.2 Sectoral comparison and analysis

8.2.1 Education sector

Based on Table 4, during 2008-2010 Islamic banks in Bangladesh contributed 24.23% of their CSR expenditure to education sector, contrary to 15.93% spent by the conventional banks. It might be possible that Islamic religious values might have influenced these Islamic banks that contribute towards the spread education. This notion is consistent with the sayings (*hadith*) Islam's Holy Prophet (PBUH), who is reported to have said, "The superiority of the learned over the devout is like that of the moon, on the night when it is full, over the rest of the stars. The learned are the heirs of the Prophets, and the Prophets leave (no monetary inheritance), they leave only knowledge, and he who takes it takes an abundant portion (Abu

Dawood)⁴.

A few Islamic banks have contributed towards establishing educational institutions in addition to their supports for scholarships for higher education. For example, Islami Bank Bangladesh Limited (IBBL) significantly contributed in education sector including establishing Islami Bank International School and College, Islami Bank Institute of Technology, Islami Bank Medical College Rajshahi and a number of branches of Islami Bank Institute of Technology, countrywide; Al Arafah Bank established Al-Arafah Bank School and College; Social Islami Bank's (SIBL) supports extensively for *Ureca*, a school for underprivileged children. These educational institutions help in building the career of Bangladesh's future generations as well as they generated employments for a handful number of academics and staff. On the other hand, conventional banks mostly focused towards scholarship distribution among the poor and needy students at the undergraduate and postgraduate level as well as provide computer and equipment to a number of educational institutions, in a similar fashion by Islamic banks (Chowdhury, Moniruzzaman, Bhakta, and Tahmida, 2012).

8.2.2 Health sector

Table 4 also identifies that during 2008-2010, Islamic banks spent 29.74% and conventional banks are spent 20.44% of their CSR budget for healthcare in Bangladesh. Mostly conventional banks organised a number of healthcare support programs including blood donation program, eye camp, dental camp and treatment of cleft-lip patients. Both conventional and Islamic banks donated ambulances and medical equipment to different hospital (Chowdhury et al., 2012). However, a few Islamic banks have established hospitals to extended healthcare services towards middle-class as well as to the poor people in Bangladesh. For example, Hospitals of IBBL and Exim banks are the best instances of these support services, provided medical treatments to thousands of underprivileged citizens during this period. These hospitals provide a number of specialised support services including maternity, paediatric and neurosurgery with low cost, which are very costly in regular privatised hospitals in Bangladesh and unaffordable for the ordinary people in Bangladesh. These hospitals established by Islamic banks are also financially sustainable as they recover their day-to-day expenditure by charging a moderate user fee on the patients. Apparently, Islamic banks are influenced by their religious teachings regarding the service to the humanity. The Prophet (PBUH) is reported to have said, "Allah helps his servant as long as the servant helps his brother," (Shahih Muslim)⁵.

8.2.3 Relief and rehabilitation sector

It can be identified from the data that the Islamic banks spent 15.23% of their CSR budget for relief and rehabilitation sector, contrary to 36.71 % by the conventional banks. There are a number of reasons for that the conventional banks to spend their significant portion of CSR budget in this sector. Firstly, a number of conventional banks handed over cash donation via bank checks directly to the 'Prime Minister's Relief Fund', which the Prime Minister received by herself. Many banks might prefer donating this fund as it gives them good publicity through the print and electronic media as well as fulfil the purpose of their marketing (Hasting and Lieberman, 2009). Secondly, those banks use the pictures of the photo session of 'check handing over to the Prime Minister' in their annual reports, which is a proof of their CSR initiatives. Finally, such documentary

evidence may increase the satisfactions of a number of their stakeholders. On the other hand, as most of the conventional banks are spending a good amount of money for relief and rehabilitation, Islamic banks divert their money to other areas of CSR so that they don't overlap such activities with the conventional banks.

8.2.4 Sports, art and culture sector

Islamic banks only spent 7.42% of their CSR budget in this sector, contrary to 18.09% by the conventional banks. A number of banks sponsored discussions sessions and quiz competitions in memory of various national historic events; a few conventional banks sponsored publication of a few books having historical value and banks donated taka 240 million to the Liberation War Museum, most of which are being served by conventional banks (Chowdhury et al, 2011). Also a few conventional banks sponsored a number of sports events including chess championship competition, school football tournament, President Cup golf tournament, Volleyball League and made donations to a number of sporting apex bodies including Bangladesh Football Federation, Bangladesh Olympic Association and National Shooting Federation. On the other hand, Islamic banks are trying to fulfil the needs of the poor on a priority basis, spent less for sports, art and culture. This notion is consistent with the principles of Islamic banking CSR, giving priority to the basic necessities of the citizens considering the poor socio-economic context of Bangladesh that resulted in less expending by the Islamic banks in this sector.

8.2.5 Environmental sector

Conventional banks spent 0.47% of their CSR budget during this period, whereas the Islamic banks spent much higher, which is 3.87%, apparently shows increased commitments towards environment by the latter groups of banks. Both Islamic and conventional banks were engaged in a number of initiatives including environment preservation programs for a few rivers, establishment of solar energy systems in many of their branches, participation in tree plantation programs in many parts of the country, installation of rainwater harvesting devices and engagement of designated environment officers in their banking operations. Almost all the banks in Bangladesh also made environment as a compliance requirement for their client businesses, during new project investment appraisal, which are financed by these banks. Some of the banks also declared their office premises as smoke free zones. However, Islamic banks are keen towards preservation of environment, which have been reflected in their policies and actions. For example, IBBL has formulated their environmental policy in accordance with the guidelines issued by the government (IBBL, 2011).

Like IBBL, Islamic banks are willing to spend increased amount of money in the environmental sector not only due to their social obligation, but also due to their religious obligation. According to Islamic faith, human beings are stewards of the natural environment, acting as Allah's vicegerent. It is human beings' responsibility to look after and protect environment, because it belong to Allah, not to him or her. *Qur'an* says, "but to Allah belongs all things in the heavens and on the earth and it is He that encompasseth (surrounding/ covering) all things" (*Qur'an*, 4:126)⁵.

9.0 Recommendations

9.1 Conventional banks should divert resources towards long-term CSR programs

Conventional bank's annual reports, websites and Bangladeshi central bank's CSR reports indicate that most of the conventional banks are engaged in short-term CSR initiatives, which does not have longer impact in the society. It

seems that the conventional banks use CSR initiatives as an advertising tool to get quick return out of such initiatives. For example, these banks are engaged in CSR initiatives like, blood donation, tree planting, winter cloth distribution, donation of computers and library books, distribution of scholarships etc. On the other hand, Islamic banks do both short-term and long-term projects. Their long-term projects include schools, colleges, hospitals, technical training institutes etc., which make long lasting impacts in the society. So, it can be recommended that the conventional banks should divert resources towards long-term CSR programs to benefit the society for a longer period of time.

9.2 *Conventional banks should increase their CSR expenditure*

This study has identified that mean % CSR of conventional banks is less compared to the Islamic banks. It can be recommended that these banks should increase their amount of CSR expenditure so that Bangladesh society is more benefited. Also, by increasing CSR expenditure, they can show their further commitment towards society and can satisfy the group of critics, who often blame the businesses for creating pollution as well as for selfishness. Moreover, more engagement to CSR will give them more publicity, which is a common tool for marketing as well.

9.3 *Establishing a CSR Network/forum among the banks in Bangladesh*

Banking industry is an organised sector in Bangladesh and having good growth potentials for CSR. However, it has been observed during this study that there is no network or coordination among the banks to liaison CSR activities in the banking sector. These banks have been planning, directing, controlling and monitoring their own CSR activities based on the broad guidelines of the Bangladeshi central bank or being influenced by their own board of directors. Pursuing CSR agenda in isolation may always become problematic. For example, while distributing food and medicine among the relief victims, there are always chances for overlapping of relief distribution in the same geographical area, when other areas might run short of food, medicine or shelter. Same situation may arise, while perusing CSR agenda in other sectors as well.

Considering this circumstance, establishing a 'Banking CSR Network/forum' among the banks would be beneficent for effective coordination of CSR initiatives. This network can give them an opportunity to share information and learn from each other's expertise and experience of CSR engagement. In addition, they may launch joint CSR programs, which would help them optimising their resources as well as give benefits to the common people of the country.

9.4 *Publishing separate CSR reports by individual banks*

Currently, the Bangladeshi central bank's annual publication *Review of CSR initiative of banks* is the only publicly available sector wise annual CSR report in Bangladesh. This publication contains summary of banking sector CSR reports with a number pictures of those initiatives. However, individual banks can take initiatives to publish CSR reports or newsletters with detail information about their own programs, projects and policies related to CSR. If these newsletters/ reports can be published on a regular manner (quarterly or even monthly), relevant stakeholders will be greatly benefited out of them. Moreover, if these proposed publications can be made available via bank's websites, stakeholders can have access to information about the various CSR initiatives taken by those banks.

9.5 Engaging employees in CSR programs

This study identified the CSR initiatives by the banking sector are mostly philanthropic in nature. In many occasions, banks implemented their CSR program with assistance from partner organisations (like NGOs). In that case, employee involvement became minimum and even their employees did not know how the CSR initiatives of their respective organisations were implemented. So, all the banks, both Islamic and conventional banks should engage their employees with CSR programs and projects, which may increase their gratitude towards their organisations for contributing towards noble causes. There is growing evidence that a company's corporate social responsibility activities comprise a legitimate, compelling and increasingly vital way to attract and retain good employees (Battacharya, Sen and Korschun, 2008).

9.6 Engaging CSR consultants to tap the benefits of strategic CSR

As CSR is a new phenomenon in Bangladesh as well as to its Banking sector, most of the banks are predominantly engaged in philanthropic activities, which is an initial stage of CSR. To maximise the utilisation of banks' resources for the welfare of the society, banks may develop their CSR strategies, aligning with their business strategies, which is known as strategic CSR. Consequently, these banks need assistants from CSR consultants (local or expatriate) to help them develop their own CSR strategies. These consultants can also train banks' CSR staff (including top and mid-management) to equip them with knowledge and expertise related to CSR, which will strengthen the banks current capacity of CSR initiatives.

10.0 Conclusion

Islami banks, being religious organisations, exhibit better commitment towards CSR as they think it is a part of their religious obligation and they feel good by performing such religious duties (Hassan and Latif, 2009). A few studies linked to CSR and religion identified how religion also influences CSR initiatives (Brammer, Williams and Zinkin, 2006). So, it can be concluded that Islamic banks spends higher amount of money for CSR due to their religious obligations as well as to respond to the mandatory requirements by Bangladeshi central bank.

Sectoral analysis shows that the conventional banks mostly invest for short-term one-of projects, which are also good for their publicity. On the other hand, Islamic banks contribute both short and long term projects, specially they provide revolving funds for charitable work, like schools or hospitals and these institutions become financially self-sufficient in the long run.

Moreover, the Islamic banks are involved with a few more CSR programs, including *Zakat*, cash *Waqf*, Islamic microfinance and *Qurd Hasan*, which have huge impacts in Bangladesh society. So, it is apparent that the combined CSR efforts of both the Islamic and conventional banks' have been benefiting Bangladesh society in various ways. This study also made a few recommendations to take the banking CSR movement one step further.

Due to non-availability of information of details CSR initiatives of individual banks, the authors could not do more in depth discussion and analyses. Moreover, statistical data was available only for a few years. However, future researchers may conduct a longitudinal analysis of CSR performance by both Islamic and conventional banks to exhibit how the pattern develops over a longer period of time.

Notes:

1. "The *Zakat* is (meant) only for the poor and the needy, those who collect the tax, those whose hearts are to be won over, for the freeing of human beings from bondage, for the relief of those overwhelmed by debts, for the cause of Allah (all priority social needs), and for the wayfarer: (this is) an ordinance from Allah and Allah is all-knowing, Wise" [*Qur'an*, 9:60].
2. "Who is it that will give Allah a gratuitous loan (Qard Hasan), which Allah will double into his credit and multiple many times?" (*Qur'an*, 2:245).
3. "I have made oppression unlawful for me and for you, so do not commit oppression against one another" (Sahih Muslim, Vol. 3, Hadith No. 6254).
4. "The superiority of the learned over the devout is like that of the moon, on the night when it is full, over the rest of the stars. The learned are the heirs of the Prophets, and the Prophets leave (no monetary inheritance), they leave only knowledge, and he who takes it takes an abundant portion" (Sunan of Abu-Dawood, Hadith 1631).
5. "Allah is helps his servant as long as the servant helps his brother, " (Shahih Muslim, No. 2699).
6. 'but to Allah belongs all things in the heavens and on the earth and it is He that encompasseth (surrounding/ covering) all things' (*Qur'an*, 4:126).

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Appendix – F Inter construct correlation Matrix

Inter-construct Correlation Matrix(Full sample, N=502)

	Org_Com	Job_Sat	Emp_CSR	Norm	Cont.	Affec.	Salary	Emp_s tatus	Job_ Length	Job_ Level	Gender	Age	Edu_Level
Org_Com	1.000												
Job_Sat	.796	1.000											
Emp_CSR	.694	.785	1.000										
Norm	.971	.723	.623	1.000									
Cont	.740	.529	.452	.689	1.000								
Aff	.989	.760	.664	.939	.704	1.000							
Salary	.102	.100	.076	.121	.076	.083	1.000						
Emp_status	.036	.037	-.018	.039	-.018	.040	.083	1.000					
Job_Length	-.125	-.161	-.231	-.098	-.098	-.121	.308	.199	1.000				
Job_Level	.083	.067	.079	.083	.113	.073	.369	.170	-.030	1.000			
Gender	.023	.025	.024	.020	.009	.024	-.060	-.162	-.087	-.089	1.000		
Age	-.066	-.072	-.094	-.038	-.050	-.075	.581	.087	.434	.320	-.116	1.000	
Edu_Level	.003	-.006	.019	-.005	.006	.007	.062	.051	.027	.038	-.019	.013	1.000

Inter-construct Correlation Matrix (Islamic bank, N=271)

	Org_Com	Job_Sat	Emp_CSR	Norm	Cont.	Affec.	Salary	Emp_ status	Job_ Length	Job_ Level	Gender	Age	Edu_Level
Org_Com	1.000												
Job_Sat	.785	1.000											
Emp_CSR	.668	.780	1.000										
Norm	.969	.703	.592	1.000									
Cont	.693	.475	.378	.638	1.000								
Aff	.989	.754	.640	.936	.654	1.000							
Salary	.084	.074	.070	.115	.089	.058	1.000						
Emp_status	.008	.075	.066	-.022	-.078	.024	.092	1.000					
Job_Length	.072	.072	.080	.084	.064	.056	.428	.060	1.000				
Job_Level	.001	-.032	-.054	.018	.080	-.012	.414	.037	-.012	1.000			
Gender	-.027	-.033	-.007	-.017	-.014	-.032	-.050	-.084	-.021	-.040	1.000		
Age	-.029	-.039	-.034	.016	-.010	-.053	.643	.090	.500	.335	-.061	1.000	
Edu_Level	-.075	-.095	-.080	-.078	-.037	-.065	.060	-.031	.132	-.046	.065	-.005	1.000

Inter-construct Correlation Matrix (Conventional bank, N-231)

	Org_Com	Job_Sat	Emp_CSR	Norm	Cont.	Affec.	Salary	Emp_status	Job_Length	Job_Level	Gender	Age	Edu_Level
Org_Com	1.000												
Job_Sat	.748	1.000											
Emp_CSR	.642	.667	1.000										
Norm	.970	.686	.582	1.000									
Cont	.759	.493	.411	.705	1.000								
Aff	.987	.707	.620	.932	.725	1.000							
Salary	.058	.054	-.045	.071	.000	.056	1.000						
Emp_status	.129	.082	-.014	.156	.083	.117	.096	1.000					
Job_Length	-.054	-.048	-.152	-.040	-.015	-.059	.420	.380	1.000				
Job_Level	.017	-.033	-.055	.011	.001	.031	.269	.402	.427	1.000			
Gender	.044	.048	-.001	.028	.003	.055	-.085	-.209	-.150	-.197	1.000		
Age	-.054	-.041	-.098	-.054	-.049	-.049	.537	.071	.372	.397	-.163	1.000	
Edu_Level	.019	-.008	-.022	.019	-.036	.030	.022	.232	.080	.123	-.191	.104	1.000