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Sustainable Corporate Entrepreneurship of Publicly Traded Commercial Banks: A Developing Country Perspective

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Abstract

This paper aims to create empirical support about Creating Shared Value (CSV) notion developed by Porter, M.E. and Kramer, M.R. (2011). To accomplish the aim, the study has developed a set of decision rules to recognize banking products or services that can be characterized as Sustainable Corporate Entrepreneurship (SCE). This has been done by reviewing the literature of SCE, CSR, and CSV in the domain. Hereafter, it has made content analysis of annual reports of randomly selected banking corporations in light of the decision rules developed earlier. The purpose is to explain if CSV notion can be used as credible evidence of current SCE practices in the context of developing country like Bangladesh. To attain this purpose, the study has randomly selected 50 percent of the commercial banks out of 30 DSE listed commercial banks in Bangladesh. The study has found that banking corporations are engaged in SCE, though their performances on that are increasing in absolute terms (over the year), not in relative terms (over general investment). Moreover, financial performance remains constant for banks that are engaged exceptionally in SCE. Hence, the findings somewhat support the CSV notion to explain the current practices of SCE.

Keywords: Entrepreneurship, Sustainable entrepreneurship, Sustainable corporate entrepreneurship, Corporate social responsibility, Creating shared value, Shared value

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Introduction

Due to globalization, local corporations are also facing sustainability challenges like the multinational corporations do face to effectively do business. Multinational corporations are facing sustainability challenges due to their wide network of suppliers, distributors and affiliates (Wheeler, Fabig & Boele, 2002). They are facing pressures for sustainability from diverse sources such as environmental protection agencies, NGOs, trade unions and human rights organizations (Wheeler et al., 2002; Bendell, 2004; Jenkins, 2005; Broomhill, 2007). "Large companies, in particular, are responsible for many social and ecological problems, including pollution and devastation of the environment, the abuse of labor and human rights, and the lack of transparency in corporate decisions and practices" (Baltazar, 2011).

Similarly, Agarwal (2008) maintained that “trade and commerce produces goods and services for the society and in this purpose it not only creates value addition, employment but also pollution and raises unexpected demand for superfluous products which have bad impact on society.” Similar to the multinational corporations, banking corporations in the context of developing country like Bangladesh are also facing sustainability challenges because their financing activities can exacerbate negative activities of other corporations.

In this backdrop, Bangladesh Bank (BB)-the central bank of Bangladesh has formulated rules for commercial banks to address sustainable issues. For greater financial inclusion, the BB, in addition to CSR, has directed commercial banks to give priority to some thirst sectors such as agriculture, small & medium scale enterprises. Besides, the BB has formulated policy so that commercial banks can engage in “mobile financial services, online banking, school banking, agent banking, and environment friendly banking” (Islam, 2018). As a matter of fact, commercial banks earn interest from loans to industry, export-import, real estate, and consumer. The banks also earn money from investing both in treasury bills, bonds and equity shares. Furthermore, the banks earn commission from different services such as brokerage, money exchange, money transfer, remittance collection, utility bills collections in favor of service organizations etc.

In reality, most of the commercial banks were started sustainable issues from a risk point of view and pressures from the central bank. However, very few of them have been able to capitalize the opportunities of sustainability. Many of them were concentrated to perform CSR activities in the form of giveaway a portion of their profit to education, healthcare, sports, and culture. However, with changes of time, commercial banks have also changed their strategy for the financial inclusion of huge number of unbanked people. Keeping in mind to address the unbanked people, they have also innovated their products and services. Their ways of addressing sustainable issues are consistent with the CSV concept of Porter and Kramer (2011). In their popular concept Porter and Kramer (2011) were strategically viewed the corporate sustainability issues and defined CSV as “creating economic value in a way that also creates value for society by addressing its needs and challenges” (p.64). The present study has conceptualized the CSV notion to provide empirical support into it. The objective is to explain if CSV notion can be used as a plausible explanation of current SCE practices of publicly traded commercial banks in Bangladesh.

Key Issues and Debates

Entrepreneurship

Entrepreneurship has been viewed by Amit et al., (1993) as “a process that helps in earning profits from novel, distinctive, and valuable combinations of resources in an uncertain environment”. Eckhardt (2003) have given a definition of entrepreneurship from the opportunity driven perspective. In their own words, “entrepreneurship is the discovery, evaluation, and exploitation of future goods and services” (p. 336). The prior definition has advanced by Stokes et al. (2010) as “a societal phenomenon or process of change consisting of three behavioral components: (i) the identification, evaluation, and exploitation of an opportunity; (ii) the management of change so as to facilitate the production and consumption of new goods and services; (iii) the creation of through successful exploitation of a new idea” (p.8). The definition of Stokes et al. (2010) is consistent with the purpose of the present study and hereby regarded as the operational definition of entrepreneurship. And hence, corporate entrepreneurship is the study of behaviors and actions of entrepreneurs in an existing corporate setting.

Corporate Sustainability

The term “sustainability” has different meanings to different constituencies (Atiq, 2014; Camilleri, 2013, Pirhadi & Feyzbakhsh, 2021). Some authors (Camilleri, 2017; Dumphy, 2014; Lozano, 2013; Visser, 2011; Montiel, 2008; Salzmman et al., 2005; and Dyllick & Hockerts, 2002) viewed sustainability as responsible behaviors of Business Corporation. The above-mentioned authors have recognized the need that corporations should have social and environmental responsibility together with their economic interests. They further maintained that business, social and ecological interests of corporations are interconnected to each other. Authors like Van Marrewijk (2003) and Salzmman et al. (2005) attempted to structure business, social and ecological interests of corporate sustainability into value systems which can enhance financial performance. Similarly, Porter and Kramer (2002 & 2011) maintain that “corporate sustainability can reduce the downside operational risk when it comprises relevant performance measures that are intended to increase eco-efficiency, health and safety issues”.

Sustainable Corporate Entrepreneurship as an Emerging Concept

Sustainable entrepreneurship can be viewed as the process of considering opportunity driven approach that intend to fulfil unmet/less addressed socio-environmental needs to create simultaneous value for business and society. Entrepreneurship becomes sustainable when it creates three kinds of benefits: (i) business, (ii) social and (iii) environmental (Miles et al., 2009). Firstly, business benefits are created from sustainable practices when it improves financial performance viz., profitability, productivity and market share of corporation. Secondly, social benefits are created when sustainable practices improve employee job satisfaction, customer loyalty, attitudes of local community, brand image for environmental involvement and favorable policy formulation by government. The above mentioned latent benefits convert into the monetary value if entrepreneurs consider those in the long run and manage their day-to-day operations in an ethical, transparent and accountable manner. Finally, sustainable practices create environmental benefits if such practices improve stakeholders’ environmental perceptions. The socio-economic-environmental responsibilities of business corporations are in essence supported by important prior researches (e.g., Husted et al., 2012; Bhattacharya et al., 2011; Landrum 2007; Anderson & Markides, 2007; Falck & Hebllich 2007; Wheeler et al., 2003 & 2005; Elkington 1998; Waddock and Graves 1997; and Pava and Krausz 1996).

It is worthwhile to note that many of the above-mentioned propositions have recognized that economic progress and societal progress are mutually dependent as is emphasized by CSV notion. However, the above-mentioned propositions did not observe simultaneous social and business value as is argued by CSV that implies ‘creating economic value’ by addressing unmet needs and challenges of a particular society through innovating core products/services of corporation rather than considering societal issues as a side line business as philanthropy does. Hence, how to boost competitiveness and economic value of corporation by integrating sustainability into core business activities is a crucial question. The answer to this question lies on the process through which entrepreneurs initiate innovations and ethics in their existing core business and new business solutions (Weidinger et al., 2014).

The CSV proposition however, contradicts with the traditional corporate social responsibility proposition. The traditional thoughts viewed CSR as the “businessmen’s decisions and actions that go beyond a firm’s direct economic and technical interest” (Davis, 1960, p.70). Similarly, McGuire (1963) and Davis & Blomstrom (1966) viewed that

“corporate social responsibilities extend beyond their economic and legal obligations”. Later on, Fitch (1976) observed that “CSR is the serious attempt of corporations to solve societal problems that created by them”. Thereafter, Carroll (1979) added “ethical and discretionary expectations” with the “economic and legal obligations” of existing definition of CSR. In his 1991 research work Carroll revised his CSR definition and added philanthropic functions into the previous four parts.

Clarkson (1995) observed that due to adopt CSR initiatives, corporations get strategic ideas to fulfill stakeholders’ interests however; the author believed that CSR strategy confined business corporations to address only ‘a selection of problems faced by societies’. While most scholars agreed that CSR propositions benefit the society, they disagreed on shareholders’ ‘direct benefits’ (Porter & Kramer, 2006 & 2011; McWilliams et al., 2006; Hart & Milisten, 2003). The reasons why scholars disagreed “about the efficacy of this kind of social responsibility” are (i) CSR effort is taken by corporations due to external pressure (Porter and Kramer 2011; Broomhill, 2007; Bendell, 2004) and (ii) CSR effort is isolated from corporate strategy (Porter and Kramer 2011). Previous studies have investigated the relationship between Corporate Social Performance and Corporate Financial Performance. Researchers such as Orlitzky et al., (2003); Preston & O'bannon, (1997); Bruke & Logsdon, (1996) and Waddock & Graves, (1997) have established that CSR initiatives of corporations help improve their financial outcome. Other researchers such as Margolis & Walsh, (2001); McWilliams & Siegel, (2000); and Griffin & Mahon (1997) have disproved the above-mentioned relations. Corporate CSR initiatives are sometimes criticized as nothing but “blue washing, ‘green washing or public relations campaign” (in Waddock, 2008).

From reviewing relevant academic literature in the field Camilleri (2017) have found that “today’s corporations are strategically reorienting their business toward corporate sustainability and corporate responsibility and focusing on their stakeholders’ needs at the same time”. The strategic view of corporate sustainability is commonly known as CSV. Although Aakhus & Bzdak, (2012) agreed on the fact that CSV strategy has popularity and acceptability in the corporate circles, the authors disagreed about the pure contribution of this strategy. Similarly, Crane et al., 2014 mentioned several shortcomings of CSV approach: “it is unoriginal, it ignores the tensions intrinsic to the responsible business activity, it is naive about regulatory compliance, and it is based on a shallow conception of the corporation’s role in society”. Dembek et al., 2(015) maintained that the CSV proposition is vague because the author finds gap in its definition and operation process. Similarly, Beschorner, 2013 noted that “Porter’s and Kramer’s economic arguments is too normatively thin to do the important work of reconnecting businesses with society and as a result, prospects for a genuine reinvention of capitalism lie elsewhere”.

Despite having criticisms in the academic circles, CSV approach is better than that of the CSR approach because in CSV social activities are directly linked to corporate goals. Moreover, CSV approach considers corporation will carry out societal responsibility internally rather than pressurized from external sources. Porter and Kramer (2011) clarified that “Shared value is not about personal values, nor about sharing the value already created by firms, instead, shared value is about expanding the total pool of economic and social value”. Hence, earning fair profit from business venture that address social problem is justified. Again, philanthropy can create shared value (social and business value) if it is done aligning to the corporate strategy (Porter and Kramer, 2006). However, like CSR, CSV also relies for its efficacy on addressing social needs, complying with regulatory requirements, conforming ethical standards, and reducing noxiousness of corporate actions (Porter and Kramer, 2011).

Framework for Analyzing CSV

Porter and Kramer (2011) have proposed that a corporation can create shared value through: (i) ‘innovating products and markets’, (2) ‘reconfiguring value chain’ to enhance productivity growth, and (3) ‘enabling local clusters’ that are supportive to the business. A detailed account of the above-mentioned approaches is given below as their characteristics are central to develop decision rules to recognize banking products or services that can be characterized as SCE.

Approach 1: Innovating products and markets

To mean ‘Innovating products and markets,’ Porter and Kramer (2011) pointed corporations to satisfy unmet needs of a particular society in which the business operates. The authors have made it clear that if corporations want to construct business and social value concurrently, they must be innovative in offering their core products or services targeting the poor and disadvantaged segments of society. Thus, banking corporations in a developing country can innovate their products and services considering the following social problems: inadequate banking access to majority of low income people, inadequate bank finances to agriculture, SME, and rural customers, scarcity of rural branches, lack of education in rural customers and small business persons, lack of self employment opportunities; environmental footprint due to financing environment polluting industries; and the like. Banks have greater options to generate shared value by considering the above mentioned social problems and identifying many others like these.

In their subsequent researches, the authors have also clarified the measurement indicators through which shared value can be measured and upscale. The indicators for measuring business value include “improved profitability, productivity, market share, quality, goodwill, and brand image, reduced operating costs and resources use”. Whereas, indicators for measuring social value include but are not limited to “improved self-employment opportunities, improved access to banking of low income group, improved beneficiary income, improved regulatory compliance, improved government income in terms of taxes, improved customer and employee learning, improved responsible and ethical practices, less environmental footprint and social disorder” (Porter and Kramer 2011).

Approach 2: Reconfiguring value chain

Porter & Kramer (2011) have clarified how “social problems create economic costs in the firm’s value chain” and therefore suggested corporations to scrutinize factors that might affect the value chain activities. The aforementioned authors particularly suggested corporations to scrutinize their “energy and resources use, logistics, distribution, health and safety, working conditions, equal treatment in the workplace and employee productivity”. Banking corporations in a developing country have a great potential to reconfigure their interrelated processes and activities in order to boost productivity growth. Some of the ways are mentioned here: (i) embarking in fully automation and online banking (ii) ensuring in-house environment friendly practices by avoiding paper use (customer notification via e-mail/SMS instead of printing), face-to-face meeting, and (iii) using alternative low cost power such as solar energy. This interrelated process reconfiguration will not only save corporate money because of low paper, energy and transport cost but will also minimize ecological footprint and noxiousness of banking activities. Simultaneously, these practices will save customer costs and physical annoyance of getting banking services in a long queue and will improve service quality, convenience, and reliably thus social value will be created.

Approach 3: Enabling local clusters

Cluster means “geographic concentration of firms, related businesses, suppliers, service providers, and logistical infrastructure in a particular field” Porter and Kramer (2011). Improving local clusters is a must for the success of business corporations because it helps them to improve corporate own “productivity, innovation, competitiveness and growth”. Banking corporations in a developing country have a great potential to enable their local clusters. For example, if a bank wishes to engage in cluster based financing for a food company, it must look for farmers who produce agro-products, suppliers who supply agro-products to the company, and retailers who sell the agro-based food to their outlet. It must also look for any educational/training institutes that are educating farmers about their crops to grow-up in proper condition.

Methodology

The study has been conducted on publicly traded commercial banks in a developing country context like Bangladesh. It has randomly selected 50 percent of the commercial banks out of 30 Dhaka Stock Exchange Limited (DSE) listed commercial banks (see for list shown in Appendix Table-1).

The research has used both quantitative and qualitative information collected from secondary sources. First of all, it was developed a set of decision rules (3.1) to recognize banking products or services that can be characterized as SCE. The decision rules have been set by reviewing the literature in the domain of SCE, CSR, and CSV. Thereafter, it employed ‘content analysis’—a technique for gathering and analyzing the meaning, ideas, themes, or message of text” (Neuman and Kreuger, 2006 in Bissoon, 2018) to critically evaluate information regarding SCE provided in the corporate annual reports (Islam & Hossain, 2019, 2018 & 2017; Rizk et al., 2008; Deegan & Gordon, 1996). It has conducted ‘content analyses in light of the decision rules developed (shown in 3.1 below). It is the fact that every corporation that have been selected for conducting this research do publish their corporate information in several means other than annual report such as website, newsletter, research report, and media. The present study relied on corporate annual report on the ground that it is “a statutory document and can be considered more reliable than other means of disclosure” (Gray et al., 1995; Neu et al. 1998). The study has scrutinized corporate annual reports for a five-year period started from 2013 to 2017. The objective was to show if the SCE performances of the selected corporations were persistent over the period.

Decision Rules for Analyzing SCE in the Banking Corporations

The following decision rules apply for the banking corporations to analyze their SCE:

1. the product/service offerings should be opportunity driven and that should benefit commonly considered low income people
2. the initiative should create simultaneous values or in other words it will not create value for only one group
3. the initiatives must come from core strategy
4. here profit from social purpose is justified
5. investment will be regarded as environment friendly if it is done to firms that have Effluent Treatment Plant (ETP) in place, or to purchase ETP, or investment to those firms/endeavor that is engaged in environment protection
6. disclosure of information in annual audited report will be regarded as true

Research Findings and Discussions

SCE Initiatives at a Glance

Table-1 below demonstrates SCE initiatives that have been taken by commercial banks in line with three core dimensions of CSV notion developed by Porter, ME and Kramer, MR (2011). In area-1, 'innovating products and markets', it has found that the commercial banks have innovated their products and services focusing on markets that still remain less addressed (viz., agriculture, SMEs, ventures of women entrepreneurs, firms that are promoting environment friendly products/initiatives, school going children, and rural unbanked people among others). Corporate investment in those markets are improving access to banking for the unbanked people, improving client convenience, improving regional economic growth, creating self-employment in rural areas, increasing revenues and profits, reducing public mistrust on banking activities and reducing environmental footprint because of digital financial inclusion of rural people. By investing into these ever-neglected markets, banking corporations are creating social value. At the same time, banking corporations are also earning incremental revenue and profits from those markets thus creating shared value.

In area-2, 'reconfiguring value chain', the study has identified some crucial efforts (shown in Table-1 below) that have been implemented by commercial banks. The configuration of interrelated series of processes seemed to improve productivity growth of the banking corporations because it genuinely helped them to operate their business functions efficiently than ever before.

And in area-3, 'enabling supportive industry clusters', the study has observed that the commercial banks have also presence in the cluster-based financing. This process is contributing to employment generation, productivity growth and upgrading lower segment of the society. In this area, it is also found that the corporation that is strong in technological resources such as ATM networks is sharing with competitors in the industry. This sharing opportunity is reducing fixed asset expenses for other corporations.

Table-1: Summary of SCE along Porter and Kramer (2011) CSV Notion

Areas of Effort	Outcomes of the efforts
<p>Area-1: Innovating products and markets</p> <ul style="list-style-type: none"> - Introducing need-based finance schemes for SMEs - Micro finance to ever neglected Agricultural sector - Introducing credit facilities specially for women entrepreneurs - Banking services through cell phone/MFS - Branch less banking in the remote areas employing agent - School Banking targeting school children - Fast Track Services - Environment friendly investment (see details in 4.5.4) - Creating climate risk fund and introducing environmental risk management policies and practices - Corporate Social Responsibility (major areas include: education, health care, sports & cultural activities, relief for natural disasters) 	<ul style="list-style-type: none"> - Improving access to banking for the unbanked people - Improving client convenience - Improving regional economic growth - Increasing revenue and profits - Creating self employment in rural areas - Digital financial inclusion reducing environmental footprint and mistrust about banking activities
<p>Area-2: Reconfiguring value chain</p> <p>Following crucial efforts have been taken to improve productivity growth:</p> <ul style="list-style-type: none"> - Digital transactions and communications - Expansion of ATM and POS services - Expansion of mobile banking agent networks and services - Evaluation of environmental risk before granting loan - Developing supportive industry clusters - Special emphasis to finance ventures of women entrepreneurs - Strong surveillance and monitoring - Inter-bank gross settlement - Employee training focusing on efficient use of resources (paper, electricity, gas, fuel etc) - In-house environment friendly practices - Special training on environment related issues (viz., project risk assessment, in-house practices, marketing) 	<ul style="list-style-type: none"> - Proper management of these processes are escalating productivity growth and reducing operational risks (except the internet based banking that are increasing security risks) - Improving ethical banking practices due to widespread online services
<p>Area-3: Enabling supportive industry clusters</p> <ul style="list-style-type: none"> - financing associated clusters in SME sector supportive to the industry - sharing own ATM network with industry members 	<ul style="list-style-type: none"> - This process is contributing to employment generation, productivity growth and upgrading lower segment - Sharing opportunities are reducing fixed asset expenses of other corporations

Source: Content analysis from 2013-17 corporate annual reports of selected banks

SCE to SME Sector

SME sector is considered to be the thirist sector of any developing economy and therefore this sector provide opportunities for banking corporation to generate shared value. The study has found that commercial banks have taken several effective actions to facilitate this market. Some the actions include: creating separate SME division, selecting SME prone areas, opening specialized SME branches in those areas, introducing different need-based finance schemes for SMEs, adopting cluster-based approach for financing to SMEs and participating and/or sponsoring in meetings, seminars, symposiums, and fairs concerning SME sector development.

Despite the above-mentioned facts, quantitative analysis about finance in the SMEs demonstrates disappointing information. While the investment amount in the SME sector

has been increasing year after year, it is not increasing proportionately with their general investment. Table-2 (shown in Appendix) discloses that SME investment of the entire banks had increased in absolute terms (compared with the previous year's investment). However, the SME investment decreased for majority (57.14%) of the banks in relative terms (compared with general investment of banks). For the banks, such as DBL, BRAC, JBL, MBL, SBL and NBL, however, SME investment had increased in relative terms. In relative terms, SME investment had increased by 12.56% in BRAC subsequently 12.50% in NBL, 8.66% in DBL, 6.94% in MBL, and a negligible 0.06% in SBL. However, in relative terms, SME investment had decreased sharply by 24.95% in UBL subsequently 12.42% in UCB, 9.35% in DBBL, 8.19% in EXIM, 4.02% in ABBL, 3.96% in IFIC, 1.85% in EBL and slightly 0.38% in IBBL. Thus, the findings reveal that SME investment (the most noteworthy SCE initiative) in relation to general investment decreased in majority of the banks even if it increased year after year for all banks. Thus, to create upscale shared value, banking corporations are suggested to increase their SME investment relative to their total general investment.

The study also reveals that each of the banks has reported that they have adopted cluster-based approach for financing to SMEs but only 21.42 percent of them have reported their financing scenarios, which is negligible. Of the banks that have reported cluster-based financing approach, IBBL comes first. It has disbursed 12,600 million BDT among 40 SME clusters, followed by DBL (39.62 million BDT in a single SME cluster), and BRAC (20 million BDT in a single SME cluster).

SCE toward Women Entrepreneurs

Women entrepreneurs in a developing country like Bangladesh constitute another market destination of banking corporations as it is the fact that half of the population is women. This market contains huge potential for socio-economic development and for creating shared value. However, this market still remains unexplored. The players of the market are facing lots of constrain to make their business venture successful. Some of the key constraints are "Lack of education, family values, and inadequate financial facilities" (Islam, 2018). In line with central bank's guidelines, the entire banks have opened 'women entrepreneur dedicated desk' to deal with the affairs of women entrepreneurs. However, a negligible percentage (35.71%) of the banks has reported the amount of fund they disbursed among women entrepreneurs. Of the banks that have reported women entrepreneurs' loan, IBBL comes first. At the end of 2017, IBBL had disbursed 8490 million BDT among 3200 women entrepreneurs, followed by SBL (1533.40 million BDT among 189 women entrepreneurs), IFICBL (771 million BDT among 352 women entrepreneurs), DBL (413.85 million BDT among 81 women entrepreneurs), and EXBL (379.78 million BDT among 273 women entrepreneurs).

SCE toward Agricultural Sector

Table-3 (shown in Appendix) delineates that total agricultural disbursement of commercial banks had increased both in absolute terms ((100%) and in relative terms (57.14%). Bank finances to the agricultural sector however slightly decreased in DBL (0.11%), followed by MBL (0.38%), JBL (0.40%), EXIM (0.52%), IBBL (0.86%), and UCB (1.62%). While the above statistics depict that commercial banks have presence in the agricultural sector development, the exposure in this sector however is insignificant compared to market demand. Every year BB sets target for commercial banks under its jurisdiction to have at least 2 percent exposure of their total general investment to the agricultural sector. If any

bank fails to do so, BB set aside their unused fund to a block account and creates impediments of those banks in getting approval of different issues from BB. Therefore, it is evident that most of the banks are looking for shortcut way to avoid such unpleasant situation. The search for shortcut way is obviously making the commercial banks dependent on Non-Government Organizations (NGOs) to disburse micro-credit. This dependency on NGOs again pushing farmers and rural agro-based businessmen to pay extra cost because these organizations can charge accumulated interest up to 27 percent as approved by micro finance regulatory authority. It is desired that in this case banks will devise ways to directly disburse the fund to the target group. Off course, the entire banks reported that they do disburse agricultural loan through their own branch in addition to NGO linkage. Moreover, 66.67 percent of them reported that they do disburse agricultural loan less than that of the target set by the BB. The rate of failure to disburse targeted amount was more pronounced in SBL than others banks.

Environment Friendly Banking

The environment friendly practices of the commercial banks reflect on the following: in-house code of conduct, environmental risk rating before investment, sustainable finance to mitigate climate change risks, mobile financial services for the unbanked and loans to sustainable industries. The above-mentioned SCE initiatives are clarified in the sub-headings 4.5.1 to 4.5.5 below:

Internal Green Practices

The study observed that as part of their internal code of conduct, the entire banks have reported the following initiatives:

- Electronic inter-bank fund transfer, electronic clearing system, online banking services, and short message service (SMS) notification in cell phone etc. have remarkably reduced paper based transaction.
- In-house HRM, CIB and MIS software for reducing manual paperwork.
- Collection of utility bills for service companies and maintenance of report through online system.
- Installing energy efficient electronic equipments
- Video conferencing and IP telephony systems for internal communication
- Expansion of ATM network

However, 13.33 percent of the banks have reported their annual paper, power, and fuel costs have been reduced due to the above-mentioned initiatives. Others did not report that kind of information thus could not be known. Each of the banks has reported at least one of their Branches and ATM booth is using solar energy to reduce electric power and they have policies to implement the plan gradually. Remarkably, the entire banks had arranged at least one training session for their employees on 'environment friendly banking'.

Sustainable Finance Unit

The entire banks have reported that they have "Sustainable Finance Unit" as well as "Sustainable Finance Committee" and these units are working under the guidelines set by the central bank. However, 40 percent of the banks have reported that they have allocated fund to mitigate climate change risks. It is noted here that bank can use the fund at low rate investment to the disaster-prone community or donate as part of their CSR activity.

Environmental Risk Rating

Each of the banks has reported that they have rated projects for environmental risk as high, moderate and low and invested in the low and moderate risky projects and avoided high risky projects.

Environment Friendly (Green) Loan Scenarios

The banking corporations are in effect investing in businesses that are conducting environment friendly operations. The banks themselves use the term 'direct green investment' and 'indirect green investment' to describe their environment friendly investment. The banks termed it 'direct green investment' when they invest to businesses that produce/market green products, set up green plants, want to purchase eco-friendly energy and the like. On the other hand, the banks termed it 'indirect green investment' when they grant working capital to plants/industry that have effluent treatment plant in place). Table-4 (shown in Appendix) demonstrates that 80% of the banking corporations have exposures to both direct and indirect green investment. Appendix Table-4 also demonstrates that total (direct and indirect combined) green investment had remained incessant during the study period for IBBL, EXIM, MBL, IFIC, SBL and NBL. For these banks, it was increased from 2013 to 2017 by 2.19, 3.45, 2.55, 4.65, 3279 and 3.60 times respectively. The total green investment for these banks again was increased over general investment by 2.69, 9.45, 0.04, 2.43, 6.01 and 0.82 times over the period of review. However, the rates were negative compared with general investment for UCB, EBL, JBL, and DBBL though these banks were shown yearly positive growth for such investment.

Mobile Financial Services (MFS)

Another SCE initiative of commercial banks is MFS, which means providing banking services for the unbanked people using cell phone account. The central bank of Bangladesh has provided license to "a total of 28 banks, of them 20 banks have started operation as of July 2016". Up to 2015, these banks have been able to register a total of 28.64 million customer accounts. During the same time a total of 0.53 million agents were registered to provide the service to the customers and average transactions recorded BDT 4.32 billion per day (Islam and Hossain, 2018).

The money transfer service (cash out, merchant payment, e-commerce) is performed on the basis of commission which is regarded as business value for banks. Simultaneously, the MFS is creating social value in several ways: (i) providing unbanked people banking services at low cost, (ii) creating self-employment opportunities for agents, (iii) facilitating doorstep remittance send by the expatriates who were previously depended on illegal traders, and (iv) reducing environment footprint as the digital and doorstep transaction facilities disallowing people going long distance boarding on mechanized vehicles.

Although entire banking corporations have launched digital financial inclusion through MFS, bKash of BRAC Bank, Rocket of Dutch-Bangla Bank, Mcash of Islamic Bank and Ucash of United Commercial Bank perform 90 percent of total transactions.

It is worthwhile to mention that EPS (see Appendix Table-5) as well as contribution (i.e., tax, value added tax, levies) to National Exchequer (see Appendix Table-6) had an increasing trend and remained incessant over the study periods for those commercial banks that have been invested in SCE products (SME, Agriculture, MFS, direct and indirect credit facilities to the environment friendly organizations). Moreover, rate of Non Performing Loan

(NPL) was almost zero in those investments particularly in micro-finance in agricultural sector.

The overall findings suggest that the commercial banks have been engaged in SCE which have been creating shared value in line with the areas of CSV concept but mostly through their product and service innovation (area-1) and value chain reconfiguration (area-2). In essence, few banks are creating shared value through enabling local cluster. Thus, CSV notion can partially be applied to explain the current SCE practices of publicly traded commercial banks in the context of developing country like Bangladesh.

Policy Recommendations

To create upscale 'shared value', banking corporation should:

1. increase investment to SCE initiatives in relative terms (in relation to their general investment),
2. consider SCE initiatives as core of strategic choices but not as a side line like CSR does,
3. strictly monitor environmental footprint from investment decisions,
4. go beyond merely following central bank's guidelines to include financially distressed,
5. benchmark company activities that are sustainable and implement by their own discretion,
6. stay behind eye washing activities. Being the environment friendly should be the passion but not be the fashion,
7. increase rural operations/visibility not through expensive branch operations but through digital financial inclusion (i.e., MFS, agent banking etc.). In this case banks must address money laundering and digital security issues properly,
8. invest to educate rural customers and to prepare concrete database of financially distressed (women entrepreneurs, rural and urban poor, firms of local agro-business and SMEs),
9. ensure loan disbursement to those who are financially distressed (women entrepreneurs, rural and urban poor, firms of local agro-business and SMEs) rather than merely pursuing the solvent, and
10. avoid short term profit mentality to grasp the real opportunities of sustainability.

Conclusion

The paper was aimed to explain if CSV notion can be used as a plausible explanation of current SCE practices of publicly traded commercial banks in the context of developing country. The findings suggest that EPS as well as contribution to National Exchequer had an increasing trend and remained incessant over the study periods for those banks that have been invested in SCE products (viz., SMEs, Agriculture, Environment protection, and MFS). Moreover, for these SCE initiatives, greater number of unbanked people (who had no access to banking for long due to their token transaction) has come under the commercial banking services. Moreover, rate of Non-Performing Loan (NPL) was almost zero in those investments particularly in micro-finance in agricultural sector. This finding can substantiate CSV notion of Porter and Kramer (2011) in that the SCE practices has been creating social value and business value simultaneously. However, the empirical finding also suggests that the SCE performances have been increasing in absolute terms (over the year) in most of the cases but not in relative terms (over general investment). The findings thus partly support CSV notion to explain current practices of SCE.

Limitations and Suggestions for Further Study

The study possesses several shortcomings: (i) the findings may not represent the actual motives of the board of directors and managers if the annual reports used provide any overwhelming data; (ii) the study has no reflection of stakeholders' (viz., customers, stockholders) perception on the effectiveness SCE; (iii) the current study has conducted on commercial banks only thus may not represent the whole financial sector (as there are bank and non-bank financial institutions in place). The above-mentioned limitations open up the avenues for future research. Future studies can contribute to the existing knowledge by exploring how and to what extent stakeholders of financial sectors perceive effectiveness of SCE initiatives.

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Appendix

Table 1: DSE & CSE enlisted sample banks (with abbreviations and year of commencement)

Item No.	Name of Selected Bank	Acronym	Year of Commencement
1.	Arab-Bangladesh Bank Ltd	ABBL	1982
2.	BRAC Bank Ltd	BRAC	2001
3.	Dhaka Bank Ltd	DBL	1995
4.	Dutch-Bangla Bank Ltd	DBBL	1996
5.	Eastern Bank Ltd	EBL	1992
6.	EXIM Bank Ltd	EXIM	1999
7.	IFIC Bank Ltd	IFIC	1983
8.	Islami Bank Bangladesh Ltd	IBBL	1983
9.	Jamuna Bank Ltd	JBL	2001
10.	Mercantile Bank Ltd	MBL	1999
11.	National Bank Ltd	NBL	1983
12.	Shahjalal Islami Bank Ltd	SIBL	2001
13.	Southeast Bank Ltd	SBL	1995
14.	United Commercial Bank Ltd	UCB	1983
15.	Uttara Bank Ltd	UBL	1983

Source: Website of Respective Banks

Table-2: Growth in Small and Medium Enterprise (SME) Investments (Inv.)

Bank	Particular	Yearly Disbursement (Million BDT)					Continual Growth (Times)
		2013	2014	2015	2016	2017	
ABBL	SME Inv.	37380	42690	47510	N/A	N/A	1.27
	Total Inv.	140,121	177,571	209,725	218,769	229,647	1.64
	SME Inv. to total Inv. (%)	26.68	24.04	22.65	N/A	N/A	(4.02)
BRAC	SME Inv.	33,676	38,142	42,963	64,015	84,051	2.50
	Total Inv.	117,111	121,941	147,434	175,841	203,431	1.74
	SME Inv. to total Inv. (%)	28.76	31.28	29.14	36.41	41.32	12.56
DBBL	SME Inv.	23,434	22,478	22,719	23,720	26,268	1.12
	Total Inv.	106,423	124,423	152,270	173,398	207,257	1.95
	SME Inv. to total Inv. (%)	22.02	18.07	14.92	13.68	12.67	(9.35)
DBL	SME Inv.	8,703	10,725	12,227	21,509.00	26,793.53	3.08
	Total Inv.	99,596	103,131	117,840	134,689	154,017	1.55
	SME Inv. to total Inv. (%)	8.74	10.40	10.38	15.97	17.40	8.66
EBL	SME Inv.	16,640	18,279	19,518	22,799	26,347	1.58
	Total Inv.	102,910	118,291	130,226	152,084	184,027	1.79
	SME Inv. to total Inv. (%)	16.17	15.45	14.99	14.99	14.32	(1.85)
EXIM	SME Inv.	64,717.70	84,825.90	83,962.90	89,534.8	93,412.6	1.44
	Total Inv.	143,847	177,937	196,311	222,155	253,803	1.76
	SME Inv. to total Inv. (%)	44.99	47.67	42.77	40.30	36.81	(8.19)
IBBL	SME Inv.	173,660	201,127	229,950	257,070	303,430	1.75
	Total Inv.	403,195	463,475	530,194	616,419	710,729	1.76
	SME Inv. to total Inv. (%)	43.07	43.40	43.37	41.70	42.69	(0.38)
IFIC	SME Inv.	16,794.60	19,630.20	20,271.80	28,067	28,690	1.71
	Total Inv.	84,110	102,282	123,269	137,118	179,264	2.13
	SME Inv. to total Inv. (%)	19.97	19.19	16.45	20.47	16.00	(3.96)
JBL	SME Inv.	4048.8	6454.9	19295.9	14533.7	15,478.73	3.82
	Total Inv.	67,669	77,900	87,252	117,100	142,253	2.10
	SME Inv. to total Inv. (%)	5.98	8.29	22.12	12.41	10.88	4.90
MBL	SME Inv.	7,250	9,068.66	11,656.87	14,540.00	28,671.28	3.95
	Total Inv.	97,688.50	117,060.03	126,338.83	150,912.52	199,660.72	2.04
	SME Inv. to total Inv. (%)	7.42	7.75	9.23	9.63	14.36	6.94
NBL	SME Inv.	N/A	28,428.00	32,848.83	61,729.69	71,897.49	2.53
	Total Inv.	151,099	172,965	186,179	209,929	248,467	1.64
	SME Inv. to total Inv. (%)	N/A	16.44	17.64	29.41	28.94	12.50
SBL	SME Inv.	21494.05	28,946.70	34,514.18	40,000	37,491	1.74
	Total Inv.	134,864	147,071	168,878	191,866	234,317	1.74
	SME Inv. to total Inv. (%)	15.94	19.68	20.44	20.85	16.00	0.06
UBL	SME Inv.	35,015.50	35,956	26,668.40	21,509	30,587.70	0.87
	Total Inv.	64,830	74,199	75,807	83,269	105,261	1.62
	SME Inv. to total Inv. (%)	54.01	48.46	35.18	25.83	29.06	(24.95)
UCB	SME Inv.	70,246.60	87,670.00	80,598.30	86,219.05	90,910.64	1.29
	Total Inv.	148,665	174,146	197,4134	223,697	261,003	1.76
	SME Inv. to total Inv. (%)	47.25	50.34	40.83	38.54	34.83	(12.42)

Source: Compiled and Calculated from 2013-2017 Corporate Annual Reports

Table-3: Growth in Agricultural Investments (Agri. Inv.)

Bank	Particular	Yearly Disbursement (Million BDT)					Continual Growth (Times)
		2013	2014	2015	2016	2017	
ABBL	Agri. Inv.	1880	2050	2910	3100	3180	1.69
	Total Inv.	140,121	177,571	209,725	218,769	229,647	1.64
	Agri. Inv. to total Inv. (%)	1.34	1.15	1.39	1.42	1.38	0.04
DBBL	Agri. Inv.	1,900.74	1,978.70	2,402.57	2,953.60	4,964.80	2.61
	Total Inv.	106,423	124,423	152,270	173,398	207,257	1.95
	Agri. Inv. to total Inv. (%)	1.80	1.60	1.59	1.71	2.41	0.62
DBL	Agri. Inv.	1,642	1,965	2,044	1,588.80	2,387.22	1.45
	Total Inv.	99,596	103,131	117,840	134,689	154,017	1.55
	Agri. Inv. to total Inv. (%)	1.66	1.92	1.74	1.19	1.56	(0.11)
EBL	Agri. Inv.	829	2952.57	2944.35	6,673.39	7192.54	8.68
	Total Inv.	102,910	118,291	130,226	152,084	184,027	1.79
	Agri. Inv. to total Inv. (%)	0.81	2.50	2.26	4.39	3.91	3.10
EXIM	Agri. Inv.	2,428.70	2,760.20	2,886.40	1,933.30	2968.6	1.22
	Total Inv.	143,847	177,937	196,311	222,155	253,803	1.76
	Agri. Inv. to total Inv. (%)	1.70	1.56	1.48	0.88	1.18	(0.53)
IBBL	Agri. Inv.	13,074	13,199	9,716	15,425	16,944	1.30
	Total Inv.	403,195	463,475	530,194	616,419	710,729	1.76
	Agri. Inv. to total Inv. (%)	3.25	2.86	1.84	2.51	2.39	(0.87)
IFIC	Agri. Inv.	773.4	230	1,632.70	3,006.81	3,371	4.36
	Total Inv.	84,110	102,282	123,269	137,118	179,264	2.13
	Agri. Inv. to total Inv. (%)	0.92	0.22	1.32	2.19	1.88	0.96
JBL	Agri. Inv.	1199	1073.8	1816.4	13,36.64	1948.84	1.63
	Total Inv.	67,669	77,900	87,252	117,100	142,253	2.10
	Agri. Inv. to total Inv. (%)	1.78	1.39	2.09	1.15	1.38	(0.41)
MBL	Agri. Inv.	2217.9	1,785.80	2,202.19	4111.28	3776.87	1.70
	Total Inv.	97,689	117,060	126,339	150,913	199,661	2.04
	Agri. Inv. to total Inv. (%)	2.27	1.53	1.74	2.72	1.89	(0.38)
NBL	Agri. Inv.	-	1,811.28	1,651.85	2,287.16	3,494.22	1.93
	Total Inv.	151,099	172,965	186,179	209,929	248,467	1.64
	Agri. Inv. to total Inv. (%)	-	1.05	0.89	1.09	1.41	0.36
SBL	Agri. Inv.	603.33	760.87	1,644.59		3,541.59	5.87
	Total Inv.	134,864	147,071	168,878	191,866	234,317	1.74
	Agri. Inv. to total Inv. (%)	0.45	0.52	0.97	0.00	1.51	1.06
SIBL	Agri. Inv.	745	2,814	3,769	5,982	5,234	7.03
	Total Inv.	85,707	84,062	96,835	122,998	158,668	1.85
	Agri. Inv. to total Inv. (%)	0.87	3.35	3.89	4.86	3.30	2.43
UBL	Agri. Inv.	1,186.30	1,691.22	1,807.50	209.08	219.5	0.19
	Total Inv.	64,830	74,199	75,807	83,269	105,261	1.62
	Agri. Inv. to total Inv. (%)	1.83	2.28	2.38	0.25	0.21	(1.62)
UCB	Agri. Inv.	-	2,763	2,787	2608	5,540	2.01
	Total Inv.	148,665	174,146	197,4134	223,697	261,003	1.76
	Agri. Inv. to total Inv. (%)	-	1.59	1.41	1.17	2.12	0.54

Source: Compiled and Calculated from 2013-2017 Corporate Annual Reports

Table-4: Environment Friendly (EF) Investments (Inv.) Pattern

Bank	Particular	Yearly Disbursement (Million BDT)					Continual Growth (Times)
		2013	2014	2015	2016	2017	
DBBL	EF Inv.	-	-	-	32,815.62	26,980.44	0.82
	Total Inv.	106,423	124,423	152,270	173,398	207,257	1.95
	EF inv. to total Inv. (%)	-	-	-	18.93	13.02	(5.91)
DBL	EF Inv.	-	-	-	-	6461.85	-
	Total Inv.	99,596	103,131	117,840	134,689	154,017	1.55
	EF inv. to total Inv. (%)	-	-	-	-	4.20	-
EBL	EF Inv.	22,265	16,497	22,265	-	25,633.00	1.15
	Total Inv.	102,910	118,291	130,226	152,084	184,027	1.79
	EF inv. to total Inv. (%)	21.64	13.95	17.10	-	13.93	(7.71)
EXIM	EF Inv.	14,197.10	18,282.80	24,243.90	36,837.20	49,024.40	3.45
	Total Inv.	143,847	177,937	196,311	222,155	253,803	1.76
	EF inv. to total Inv. (%)	9.87	10.27	12.35	16.58	19.32	9.45
IBBL	EF Inv.	44457	54751.12	78000.09	90958	97476	2.19
	Total Inv.	403,195	463,475	530,194	616,419	710,729	1.76
	EF inv. to total Inv. (%)	11.03	11.81	14.71	14.76	13.71	2.69
IFIC	EF Inv.	1723.83	439.28	-	777.66	8,023.99	4.65
	Total Inv.	84,110	102,282	123,269	137,118	179,264	2.13
	EF inv. to total Inv. (%)	2.05	0.43	-	0.57	4.48	2.43
JBL	EF Inv.	3234.87	-	3451.24	-	1407.42	(0.44)
	Total Inv.	67,669	77,900	87,252	117,100	142,253	2.10
	EF inv. to total Inv. (%)	4.78	-	3.96	-	0.99	(3.79)
MBL	EF Inv.	172.07	100	12.5	265	439.42	2.55
	Total Inv.	97,689	117,060	126,339	150,913	199,661	2.04
	EF inv. to total Inv. (%)	0.18	0.10	0.01	0.18	0.23	0.05
NBL	EF Inv.	-	938.7	698.89	2262.646	3377.08	3.60
	Total Inv.	151,099	172,965	186,179	209,929	248,467	1.64
	EF inv. to total Inv. (%)	-	0.54	0.38	1.08	1.36	0.82
SBL	EF Inv.	4.3	13407.8	17532.5	-	14,100	3279.07
	Total Inv.	134,864	147,071	168,878	191,866	234,317	1.74
	EF inv. to total Inv. (%)	0.00	9.12	10.38	0.00	6.02	6.01
UBL	EF Inv.	12.39	186.7	343.22	82.18	469.98	37.93
	Total Inv.	64,830	74,199	75,807	83,269	105,261	1.62
	EF inv. to total Inv. (%)	0.02	0.25	0.45	0.10	0.45	0.43
UCB	EF Inv.	-	-	8,533.22	1846.5	419.98	0.05
	Total Inv.	148,665	174,146	197,4134	223,697	261,003	1.76
	EF inv. to total Inv. (%)	-	-	4.32	0.84	0.17	(4.16)

Source: Compiled and Calculated from 2013-2017 Corporate Annual Reports

Table-5: EPS Growing Pattern

Bank	Yearly Distribution (Million BDT)					Continual Growth (Times)
	2013	2014	2015	2016	2017	
ABBL	1.69	2.1	2.12	1.72	0.04	-1.65
BRAC	2.47	3.19	3.43	4.55	6.07	3.60
DBBL	10	11	15.1	8.9	12.3	2.30
DBL	3.56	3.57	2.3	2.13	2.07	-1.49
EBL	4.2	3.45	3.63	3.78	3.26	-0.94
EXIM	1.65	1.93	1.55	2.08	2.26	0.61
IBBL	3.4	2.49	1.88	2.77	2.91	-0.49
IFIC	3.07	3.07	1.76	1.38	2.02	-1.05
JBL	2.53	2.19	2.67	3.06	3.29	0.76
MBL	2.68	1.61	1.88	3.01	3.89	1.21
NBL	1.36	1.55	2.24	2.35	1.98	0.62
SBL	3.68	4.18	3.35	2.66	1.27	-2.41
SIBL	1.78	1.02	1.76	2.02	1.55	-0.23
UBL	3.28	3.47	3.76	3.83	3.89	0.61
UCB	3.05	3.65	3.96	2.49	2.31	-0.74

NB: EPS disclosure made aligned with face value of BDT 10

Source: Compiled and Calculated from 2013-2017 Corporate Annual Reports

Table-6: Growth in Pay-out to National Exchequer

Bank	Yearly Contribution (Million BDT)					Continual Growth (Times)
	2013	2014	2015	2016	2017	
ABBL	1,974	2,719	1,489	697	-188	-0.10
BRAC	1,778	2,072	2,186	2,688	2,647	1.49
DBBL	2,179	2,698	3,223	1,458.90	2,838.00	1.30
DBL	849.77	1,191.84	938.4	1,282	1,344	1.58
EBL	2268	1911.62	1,275.56	2,940	4,698	2.07
EXIM	1,333.94	1,925.99	1,565.24	1,947.63	2,001.32	1.50
IBBL	10,963.07	11,465.00	17,392.00	15,342.43	14,424.46	1.32
IFIC	1,362	1,132	728	870	2,946	2.16
JBL	1149.7	500.26	1843	1,013.91	1,349.58	1.17
MBL	1250	1,100	1250	1,260	1300	1.04
NBL	1372.75	2477.099	2489.222	2,855.26	1,826.04	1.33
SBL	2,573.77	2,519.31	1,644.59	1249.34	2,635.45	1.02
SIBL	1,078	29	468	748.71	882.62	0.82
UBL	1,370	1,513	1,018	492.1	973.8	0.71
UCB	2,822	3,167	3,275	2,561.25	3,027.50	1.07

Source: Compiled and Calculated from 2013-2017 Corporate Annual Reports