



## **SME CUSTOMERS' PERCEPTION ON BANKING ON SHARED VALUE IN BANGLADESH**

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### **ABSTRACT**

The perception of SME customers regarding banking on shared value reflects their values, beliefs, and general endorsement of SME products and services offered by banks. In practice, their perception denotes the extent to which they are benefiting from opening and maintaining accounts, depositing and withdrawing money, obtaining loans, maintaining communications and ensuring financial, information, and privacy rights. The results indicate that banks are creating shared value in cases of customer rights, account opening and maintenance, and deposit/withdrawal of money. However, the banks are limiting customer shared value in obtaining SME loans. The study has identified high rate of lending, huge processing costs, unusual delay in sanctioning loans, complexity in documentation and difficulties in providing collateral against loan as the core problems in obtaining SME loans.

JEL Classification: M0, M2, O0, O1, R1

Key words: Banking on shared value, Creating shared value, Shared value, Small and medium scale enterprise (SME), Strategic corporate social responsibility

### **1. INTRODUCTION**

This study was prompted by the 'Creating Shared Value' (CSV) concept developed by Michael E. Porter and Mark R. Kramer in 2011. The authors defined CSV as "policies and operating practices that enhance the competitiveness of a company while simultaneously advance the economic and social conditions in the communities in

which it operates” (Porter and Kramer, 2011). In other words CSV means, “Creating economic value in a way that also creates value for society by addressing its needs and challenges” (Porter and Kramer, 2011).

The CSV model has gained popularity as a new way of doing business and formed the core of recent business practices and research. The model has been embraced by many of the world’s leading corporations such as Nestle, Intel, Unilever, Coca-Cola and Western Union (Moore, 2014). The world’s reputed banks and financial institutions such as Banco de Credito e Inversiones, Bank of America, Merrill Lynch, Barclays, Bendigo Bank, Citigroup, Credit Suisse, Dhaka Bank, Goldman Sachs, ING, Itaú Unibanco, JPMorgan Chase, National Australia Bank, Rabobank, Standard Bank, and Vancity are also implementing the CSV model (Bockstette et al., 2014).

A broad debate has developed over the efficacy of Corporate responsibility (CSR) efforts. Some scholars argued that CSR efforts are good for society, even though these efforts do not really benefit shareholders. Others suggested that corporate social efforts can have positive impacts on long-term profitability. Still others maintained that CSR efforts do not actually generate positive returns for the firm or society as a whole (Maltz, Thompson, and Ringold, 2011). CSR efforts are sometimes criticized as nothing more than ‘window dressing’, ‘blue washing’, ‘green washing’ or a ‘giant public relations campaign’ (Waddock, 2008). Corporate responsibility generally refers to ‘CSR activities’ and ‘sustainable enterprising’ (Carroll, 1999), which have been criticized because of the disconnection from firms’ profit generating business (Hart and Milstein, 2003; Porter and Kramer, 2006, 2011). The philanthropic approach of addressing societal issues is getting huge media coverage and government attention but scandals are not uncommon in performing this type of corporate social responsibility (Vogel, 1992, in Campbell, 2007).

Theories on value creation emphasize how value is perceived individually and should be created with regard to the recipient (Aru and Waldenström, 2014). In addition, to create value a company must possess a competitive advantage over its competitors. Similarly, Porter and Kramer (2002) maintained that philanthropy should be used to improve a company’s competitive context. Although CSR increased global interests, the response to this has not been productive. CSR could not be made productive because the government, social activists and media pit business against society,

when clearly the two are interdependent and that they put pressures on companies to think of CSR in a generic way rather than tailoring CSR according to a company's strategic needs (Porter and Kramer, 2006).

Shared value concept, however, is not beyond criticism. Aakhus and Bzdak (2012) maintained that "the shared value approach narrows what counts as social value and avoids the friction between business and society and as a consequence the approach is problematic as a framework for addressing sustainability and development, and an insufficient basis for decision-making about philanthropy and CSR". Similarly, Crane et al. (2014) viewed that the CSV concept is unoriginal, it ignores the tensions inherent to responsible business activity, it is naïve about business compliance, and it is based on a shallow conception of the corporation's role in society. Dembek, Singh and Bhakoo (2015) in their paper highlighted that 'shared value' has spread into the language of multiple disciplines, but they argued that the CSV concept is vague as it presents important discrepancies in the way it is defined and operationalized.

Likewise, Beschorner (2013) argued that "Porter's and Kramer's criticism and rejection of corporate social responsibility depends upon the straw man concept of CSR and their ultimate reliance on 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." Also, Williams and Hayes (2013) in their paper maintained that there is a need to go a step further and attempt to establish the linkages between pursuing the core business model and the subsequent impact on both business and social indicators.

Lapiņa, Borkus, and Stariņeca (2012) however maintained that "while there is no disagreement as to the role and importance of social responsibility in business, there is no unanimous opinion as to how these activities go together with the organizational goals and day-to-day activities, and how extensive they should be." The authors argued that "CSV provides some insight into this by strongly linking the social activities to company goals and positioning social responsibility as internal function rather than external obligation to society" (Lapiņa et al., 2012). "CSV is a better way of integrating social goals within business practice, without distracting a firm from its primary purpose of achieving profit" (Porter and Kramer, 2011). The CSV approach has been evolved to supersede CSR as in CSV,

social and environmental benefits are integrated to the core business choices of the firm, it is done internally rather than in response to external pressures, it directly enhances the competitive positioning without distracting the firm from profitability, and it changes the standpoint of business organization in a way that social welfare is a prerequisite for doing well in business (Porter and Kramer, 2011).

From the above debate, it is clear that some of the previous studies (Aakhus and Bzdak, 2012; Beschorner, 2013; Williams and Hayes, 2013; Crane et al., 2014; Dembek et al., 2015) have criticized the CSV concept, while others have fundamentally expanded (Bockstette and Stamp, 2015; Pfitzer, Bockstette and Stamp, 2013; Porter and Kramer, 2006, 2011; Porter et al., 2012) and supported (Aru and Waldenström, 2014; Lapiņa et al., 2012; Spitzeck and Chapman, 2012) the CSV concept, while some others have empirically investigated the concept (Islam and Hossain, 2018; Islam, Hossain, and Rahman, 2018; Islam, Rahman and Hossain, 2017) among others. But none of the previous studies has investigated the concept solely from the operational practices of banking sectors particularly from the SME customers' perspective.

Based on the CSV concept, Bockstette et al. (2014) maintained that shared value opportunities for banks exist at three levels: furthering client prosperity, fueling the growth of regional economics and financing solutions to global challenges. The present study has adopted the definition of CSV to conceptualize the term 'banking on shared value' in the Bangladesh context.

The present study defined banking on shared value as the policies and practices that take into account manifest social problems as business opportunities in order to create shared value for both society and the business concurrently. In reality, the social problems that provide opportunities for banks to create simultaneous value for both the banks and society include: insufficient SME, agriculture, and rural credit; inadequate banking access of rural poor; inadequate banking knowledge of customers; lack of trust in banking activities; huge unemployment in the country; and environment footprint among others. Banks can consider these social problems as business opportunities through providing adequate credit to rural agriculture and SMEs, providing credit to women entrepreneurs, providing banking access to the unbanked or under-banked people, launching environment friendly products and services, educating different stakeholders, engaging in trust-building activities among the general public, creating direct and indirect employment opportunities,

helping the distressed and vulnerable, and launching banking products to meet other unmet and less addressed social needs.

Hence, business value is attained through improved profitability, productivity, market share, quality, goodwill, brand image, reduced operating costs and resource use. While social value is counted through improved job creation, banking access, beneficiary income, regulatory compliance, customer convenience, savings and learning, responsible and ethical banking, and many more (Porter et al., 2012).

The SME sector plays a significant role in supporting growth and creating employment in a developing country such as Bangladesh. The estimated financing gap for SMEs in emerging markets totals USD2.1 trillion (McKinsey and Co. and the IFC, 2010, in Bockstette et al., 2014) and 2.5 billion people around the world still need access to quality banking services (Demirguc-Kunt and Klapper, 2012, in Bockstette et al., 2014). This sector is characterized by a needy sector having lack of collateral securities (Islam, 2017, 89). The Private Commercial Banks (PCBs) through their SME division have been creating shared value. The PCBs have been earning incremental revenue and profit through investing in previously neglected SME and agricultural sectors at a competitive interest rate thus creating business value. Simultaneously, the PCBs have been creating social value as the large number of SME and agricultural customers are directly benefitting from the investment. Again, this sector has been creating social value through generating employment in the country, encouraging private ownership and entrepreneurial skills, diversifying economic activities and making a significant contribution to overall economic growth (Islam, 2017).

Bangladesh Bank (BB), the central bank of Bangladesh, has directed all the commercial banks to foster financial inclusion of certain priority sectors such as agriculture and SMEs. In light of BB guidelines, the commercial banks have also formulated their own operating manual. Moreover, from time to time BB set targets for the commercial banks to finance a certain percentage of their total investment in SMEs and agriculture sectors.

BB itself has been providing refinancing facilities to the banks and non-bank financial institutions (NBFIs) so that they can carry out SME financing at a relatively cheaper rate. At the end of June 2015, BB provided a total of BDT 48.2 billion to different banks and NBFIs under refinance schemes against 47,988 enterprises (BB Annual Report 2014-15, 83). BB's refinancing facility to banks

revolves around refinancing of small enterprises, women entrepreneurs, creation and development new entrepreneurs. BB has given special emphasis to bring women entrepreneurs into the mainstream of the nation's development process. Moreover, BB has reserved 15 percent of the total SME financing fund for women entrepreneurs at a maximum annual interest of 10 percent in an attempt to augment women participation in the productive sectors (BB Annual Report 2014-15, 83). In addition, the SME and Special Programs Department of BB has been monitoring the SME financing activities and development. BB is also encouraging commercial banks to open and operate equal number of rural branches as against urban branches. BB has taken these initiatives in order to support inclusive growth and facilitate the government vision to transform Bangladesh into a middle-income country by 2021 (BB Annual Report 2014-15, 87).

The banking sector is considered as one of the most important players in strengthening the economy (Hussain, 2015). This sector has flourished over the years, making double-digit profit percentages, sustaining growth and surviving hard-nosed competition while providing attractive returns to shareholders. However, the greed for more without befitting platform and fundamentals brings its own challenges and uncertainties (Rashid, 2010). Therefore, it is essential to understand the perception of SME customers about the extent to which they are benefitting from the policies and operating practices of the PCBs so that ongoing gaps in creating shared value can be identified and corrected to ensure the total pool of social and economic benefits.

## 2. METHODOLOGY OF THE STUDY

The study conducted questionnaire survey among 177 SME customers of the six selected PCBs of Bangladesh. Due to the homogeneous characteristics of the SMEs, the study has selected at least one customer from each group of customers (according to the definition provided in appendix Table F). Considering the appropriateness of investigation, time and money constraints, three out of four oldest metropolitan cities namely Dhaka (presently divided into Dhaka north and south), Rajshahi, and Chittagong were selected purposively for the study. These cities were selected by taking into account the size and density of population, availability of branches of the sample banks, and commercial importance. The study purposively selected six PCBs out of thirty PCBs listed on both

the Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd. The banks were selected purposively considering the volume of investment in SMEs (shown in Table 1) and the disclosures of information. Moreover, these banks were selected from the generation wise list (Islam, 2017). There were nine 1st generation banks, eighteen 2nd generation banks, and three 3rd generation banks at the time of selecting the sample banks. Two banks from 1st generation (22.22 percent), three from 2nd generation (16.67 percent), and one from 3rd generation (33.33 percent) were purposively selected for the study. Table 1 presents key information about the selected sample banks.

TABLE 1  
Profile of the Sample Banks

Name of Sample Banks	Founding Year	SME Credit (in Million BDT)	Total Credit (in Million BDT)	SME Credit to Total Credit (in percentage)
Islami Bank Bangladesh Limited (IBBL)	1983	232,080	530,194	43.77
United Commercial Bank Limited (UCBL)	1983	80,598	197,414	40.82
Dhaka Bank Limited (DBL)	1995	12,227	117,840	10.38
Dutch-Bangla Bank Limited (DBBL)	1996	33,138	152,270	21.76
EXIM Bank Limited (EXBL)	1999	83,963	196,312	42.77
BRAC Bank Limited (BBL)	2001	42,963	147,434	29.14

Source: Compiled by the researchers from Annual Reports of respective banks, 2015.

Note: SME credit and total credit disbursement represent year ended data of 2015 (rounded to the nearest tenth)

The study has selected suitable number of respondents from the selected cities and banks shown in Table 2.

**TABLE 2**  
**City-wise and Bank-wise Respondent SME Customers**

Name of the bank	City			Total
	Dhaka	Rajshahi	Chittagong	
IBBL	28	12	14	54
UCBL	14	6	8	28
DBL	10	5	6	21
DBBL	15	5	7	27
EXBL	12	5	5	22
BBL	13	6	6	25
Total	92	39	46	177

Source: Questionnaire Survey, July-November, 2016.

Note: The male female ratio of the respondents was 88:12, Target population was unknown.

Some studies have been conducted by Aakhus and Bzdak, 2012; Beschorner, 2013; Williams and Hayes, 2013; Crane et al., 2014; and Dembek et al., 2015 to criticize the CSV concept only through reviewing the previous studies. Though Porter and Kramer 2006 and 2011 have fundamentally initiated the CSV concept, Porter et al., 2012; Pfitzer et al., 2013; and Bockstette and Stamp, 2015 among others have expanded the same, while Spitzeck and Chapman, 2012; and Aru and Waldenström, 2014 supported the concept through conducting interviews with corporate managers. Lapiņa et al. (2012) did the same through extensive review of earlier literature. But, a few studies have empirically investigated the concept through in-depth interviews and questionnaire survey (structured as well as unstructured) with some selected respondents (for example Islam, 2017; Islam and Hossain, 2018; Islam et al., 2018; Islam et al., 2017). Likewise, the present study has prepared a set of structured questionnaire to measure the opinions of SME customers considering their level of education to avoid personal bias. The present study has used a five-point Likert type scale to measure the opinion of the selected respondents. The reason behind using the five-point Likert scale is its simplicity. The respondents were asked to indicate the strength of their agreement or disagreement with the statements. Collected responses were coded from 1 (strongly disagree) to 5 (strongly agree) with 2 signaling disagreement, 3 neutral, and 4 agreement. Descriptive statistics have been adopted as appropriate.



### 3. PERCEPTION OF SME CUSTOMERS

The SME customers' perception regarding banking on shared value reflects their collection of values, beliefs, and general satisfaction on selected banking products and services. In practice, this means the extent to which the SME customers are benefiting from the following five services: account opening and maintaining, cash depositing and withdrawing, obtaining SME loans, maintaining customer communications, and ensuring customer rights. The question that leads to evaluating the perception of SME customers is: are the PCBs creating shared value through fair treatment of their SME customers? The above stated five shared value indicators (SVIs) were used to apprehend the extent to which banks were creating value for their SME customers. The analysis and outcomes from each SVI are presented in subsections 3.1 to 3.5 as follows.

#### 3.1 ACCOUNT OPENING AND MAINTAINING

Difficulties in account opening process, complexity in account opening form, non-availability of introducer, high initial deposit, and high account maintenance charges, and so forth, hinder SME customers from opening and maintaining accounts with the PCBs. The more the barriers to be removed, the more the SME customers will get access to commercial banking and the higher the shared value created. The outcomes of SME customer perception regarding account opening and maintenance (SVI-1) are summarized in Table 3.

Regarding SVI-1, it is apparent that majority of respondent SME customers do not find difficulties in the account opening process except for non-availability of introducer but they do find difficulties in account maintenance process because of high initial deposit requirement and high account maintenance charges. This claim is supported from Table 3 (statements 1-7) and from appendix Table A1-A7. For the statements 1, 2, 4 and 5, 59.9 percent (15.3% + 44.6%); 58.8 percent (10.2% + 48.6%); 64.4 percent (15.8% + 48.6%); and 91.6 percent (26.6% + 65.0%) of the respondents were either strongly agreed or agreed with the respective statements as against 40.1 percent (30.5% + 9.6%); 36.7 percent (28.2% + 8.5%); 32.2 percent (24.3% + 7.9%); and 5.7 percent (5.1% + 0.6%) of the respondents who either disagreed or strongly disagreed with the

respective statements with an average score of 3.25; 3.24; 3.40; and 4.12 respectively and grand mean of 3.18 in the scale of 5.0. However, statement 3 reveals that non-availability of introducer creates problems to the SME customers while opening account as 56.5 percent (32.2% + 24.3%) of the respondents were either disagreed or strongly disagreed with the statement that introducers are available while opening accounts as against 43.5 percent (5.1% + 38.4%) of the respondents either strongly agreed or agreed with this statement with an average score of 2.67 and grand mean of 3.18. Similarly, 50.3 percent (36.2% + 14.1%) and 58.7 percent (41.2% + 17.5%) of the respondents either disagreed or strongly disagreed with the statement that initial deposit requirement as well as maintenance charges are low enough to maintain account with an average score of 2.92 and 2.68 as against the grand mean of 3.18.

**TABLE 3**  
SME Customer Perception Regarding Account Opening and Maintaining

Areas of Evaluation	Mean	Std. Deviation
Account opening in PCBs is not time consuming	3.25	1.30
Account opening form is easy to understand	3.24	1.21
Introducer is available while opening account	2.68	1.34
Get proper cooperation to fill in the account opening form	3.40	1.24
Separate help desk is available for SME customers	4.12	0.73
Low initial deposit	2.92	1.33
Low account maintenance charges	2.68	1.25
Grand Mean	3.18	

Source: Questionnaire Survey, July-November, 2016.

### 3.2 DEPOSIT/WITHDRAWAL OF MONEY

Difficulties in cash deposit or withdrawal process such as long queue, inadequate cash delivery speed, lack of adequate counter for cash deposit and withdrawal, and so forth, prevent SME customers from obtaining appropriate shared value. The SME customer perception regarding deposit or withdrawal of cash (SVI-2) are summarized in Table 4.

**TABLE 4**  
**SME Customer Perception Regarding Deposit or Withdrawal of Cash**

Areas of Evaluation	Mean	Std. Deviation
Short queue	3.50	1.08
Cash delivery speed is fast	3.26	1.36
Cash counting machine is available	5.00	.00
Number of service delivery counter is adequate for depositing and withdrawing of cash	3.34	1.22
<b>Grand Mean</b>	<b>3.77</b>	

Source: Questionnaire Survey, July-November, 2016.

With reference to SVI-2, it can safely be concluded that SME customers do not find difficulties in the cash deposit or withdrawal process, which is creating shared value for them. SVI-2 signifies that waiting time before the cash/service delivery counter is low and cash delivery speed is fast due to the availability of cash counting machine and adequate number of service delivery counters. This claim is substantiated from Table 4 and appendix Table B1-B4, which reveal that 63.3 percent (15.8% + 47.5%); 59.3 percent (18.6% + 40.7%); 100 percent; and 57.6 percent (18.1% + 39.5%) of the respondents were either strongly agreed or agreed with all the statements from 1-4 with average score 3.50, 3.26, 5.00 and 3.34 respectively as against the grand mean of 3.77.

### 3.3 OBTAINING SME LOAN

It is the fact that lack of collateral, high interest rates, high processing fees, complex documentation, long time and hassle in obtaining SME loan deny SME customers from banking access. The more the PCBs will remove these barriers, the more the SME customers will get access to commercial banking and the more shared value will be created. The outcomes of SME customer perception regarding obtaining loans (SVI-3) are summarized in Table 5.

Pertaining to the SVI-3, it is apparent from Table 5 and from appendix Table C1-C6 that the majority of respondents found somewhat difficulties in obtaining SME loans. In other words, 61.6 percent (39.0% + 22.6%); 47.4 percent (36.7% + 10.7%); 53.2

percent (37.9% + 15.3%); 64.4 percent (42.9% + 21.5%); 75.7 percent (48.0% + 27.7%); and 71.8 percent (45.2% + 26.6%) of the respondents were either disagreed or strongly disagreed with this statement with an average score of 2.62, 2.96, 2.76, 2.57, 2.22, and 2.32 respectively as against the grand mean of 2.57 in the scale of 5.0. The results signify that SME customers perceive obtaining loan requires long time and much energy, complex documentation process and collateral conditions, and high lending interest rates and processing costs.

TABLE 5  
SME Customer Perception regarding Obtaining Loan

Areas of Evaluation	Mean	Std. Deviation
Getting SME loan is not time consuming	2.62	1.33
Getting SME loan is hassle free	2.96	1.26
Easy documentations process	2.76	1.23
Ease of collateral conditions	2.57	1.34
Low loan processing cost	2.22	1.16
Low interest rates in SME loans	2.32	1.23
Grand Mean	2.57	

Source: Questionnaire Survey, July-November, 2016.

SME customers were ever neglected by the PCBs. Although some PCBs have started financing SME sectors since their inception, others have formally included SME sector financing from 2011 upon direction from Bangladesh Bank. All PCBs are now providing access of SME customers to bank finance and in this way they are creating shared value. This claim is justified from Table 6, which shows that size of the business as well as family solvency of the SME customers have increased (mean score 3.57 and 3.36 respectively) after obtaining loans from the PCBs. The table also delineates that customers have received informal training for loan utilization (mean score 3.18). But to reach the upscale shared value, the PCBs need to lower their interest rates, loan processing costs and sanctioning time; reduce complexity in documentation; and ease collateral conditions as perceived by SME customers.

**TABLE 6**  
**SME Customer Perception About Creating Shared Value Through  
the Use of SME Loan**

Areas of Evaluation	Mean	Std. Deviation
Size of business has increased after getting SME loan from bank	3.57	1.32
Family solvency has increased after getting SME loan from bank	3.36	1.16
Received informal training from the bank for SME loan utilization	3.18	1.09
<b>Grand Mean</b>	<b>3.37</b>	

Source: Questionnaire Survey, July-November, 2016.

### 3.4 CUSTOMER COMMUNICATION

Customer communication also contributes to creating shared value. It creates value to the customers by informing them of any changes in bank policies and operating practices. Simultaneously, the bank can obtain customer feedback and address those to remain competitive. The outcomes regarding customer communication (SVI-4) are summarized in Table 7.

**TABLE 7**  
**SME Customer Perception About Communication Issues**

Areas of Evaluation	Mean	Std. Deviation
Bank considers continuous interaction with customers to improve quality of services	2.5	.96
Bank provides necessary information to the customers about different charges	3.42	.95
Bank provides information about promotional offers	2.93	1.25
Bank disseminate information in case of any change	2.76	.93
Bank appreciates success of customers	3.75	1.00
<b>Grand Mean</b>	<b>3.07</b>	

Source: Questionnaire Survey, July-November, 2016.

Table 7 and appendix Table D1-D5 indicate that majority of respondent SME customers were strongly agreed or agreed with all

the statements except for statement 1 and 2; in these statements the majority of the SME customers were disagreed or strongly disagreed. To reach upscale shared value, banks need to disseminate information in case any changes occur as well as consider continuous interaction with customers to improve service quality along with reinforcing other factors that scored higher than average in the customer communication issues.

### 3.5 CUSTOMER RIGHTS

Customer rights also contribute to creating shared value. They create value to the customers through protecting their rights to safety, information, and privacy. Simultaneously, they create value to the banks in terms of goodwill and market reputation. The outcomes regarding customer rights (SVI-5) are summarized in the following table.

TABLE 8  
SME Customer Perception About Their Rights

Areas of Evaluation	Mean	Std. Deviation
Bank ensures right to safety (financial)	3.50	0.95
Bank respects right to information	3.14	1.38
Bank respects right to privacy	3.73	0.93
Grand Mean	3.46	

Source: Questionnaire Survey, July-November, 2016.

It is apparent from Table 8 and from appendix Table E1-E3 that 50.9 percent (16.4% + 34.5%); 55.9 percent (16.4% + 39.5%); and 74.0 percent (16.4% + 57.6%) of the respondents were either strongly agreed or agreed with all the statements as against 16.4; 43.5 (28.8% + 14.7%); and 16.9 percent of the respondents were disagreed or strongly disagreed with the statements with an average score of 3.50, 3.14 and 3.73 respectively as against the grand mean of 3.46 in the scale of 5.0. The outcomes signal that banks' efforts in maintaining customer these rights are fairly strong. The outcomes also indicate that the right to safety, information, and privacy of the SME customers are protected; thus, the PCBs are creating shared value.

### 4. CONCLUSION

This study strives to understand the SME customer perception of 'banking on shared value' in a developing country context namely

Bangladesh. Customers' perception regarding 'banking on shared value' reflects the extent to which they benefit in account opening and maintaining, depositing and withdrawing money, obtaining SME loans, maintaining communications and ensuring their rights. On the whole, the study results as presented from Table 3 to 8 indicate that although PCBs are creating overall shared value in customer rights, account opening, deposit/withdrawal of cash (scored above 3), their customers found difficulties in account maintaining and obtaining SME loans (scored below 3). As detailed earlier, the difficulties are attributed to high interest rates, processing costs, loan sanctioning time, complexity in documentation, and collateral conditions.

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## APPENDIX

### A. Account Opening and Maintenance

TABLE A1  
Survey Results on Time Taken for Account Opening

Respondents' Opinions	Frequency	Percent
Strongly disagree	17	9.6
Disagree	54	30.5
Agree	79	44.6
Strongly agree	27	15.3
Total	177	100.0

Source: Questionnaire Survey, July-November, 2016.

Note: Results of all the subsequent Tables A to E are based on the questionnaire survey July-November, 2016.

TABLE A2  
Survey Results on Simplicity of Account Opening Form

Respondents' Opinions	Frequency	Percent
Strongly disagree	15	8.5
Disagree	50	28.2
Neutral	8	4.5
Agree	86	48.6
Strongly agree	18	10.2
Total	177	100.0

TABLE A3  
Survey Results on Availability of Introducer

Respondents' Opinions	Frequency	Percent
Strongly disagree	43	24.3
Disagree	57	32.2
Agree	68	38.4
Strongly agree	9	5.1
Total	177	100.0

TABLE A4  
Survey Results on Cooperation for Fill in Account Opening Form

Respondents' Opinions	Frequency	Percent
Strongly disagree	14	7.9
Disagree	43	24.3
Neutral	6	3.4
Agree	86	48.6
Strongly agree	28	15.8
Total	177	100.0

TABLE A5  
Survey Results on Availability of Separate SME Help Desk

Respondents' Opinions	Frequency	Percent
Strongly disagree	1	.6
Disagree	9	5.1
Neutral	5	2.8
Agree	115	65.0
Strongly agree	47	26.6
Total	177	100.0

TABLE A6  
Survey Results on Initial Deposit Requirement

Respondents' Opinions	Frequency	Percent
Strongly disagree	25	14.1
Disagree	64	36.2
Neutral	13	7.3
Agree	50	28.2
Strongly agree	25	14.1
Total	177	100.0

TABLE A7  
Survey Results on Account Maintenance Charges

Respondents' Opinions	Frequency	Percent
Strongly disagree	31	17.5
Disagree	73	41.2
Neutral	3	1.7
Agree	61	34.5
Strongly agree	9	5.1
Total	177	100.0

## B. Deposit/Withdrawal of Cash

TABLE B1  
Survey Results on Wait in Line

Respondents' Opinions	Frequency	Percent
Strongly disagree	4	2.3
Disagree	42	23.7
Neutral	19	10.7
Agree	84	47.5
Strongly agree	28	15.8
Total	177	100.0

TABLE B2  
Survey Results on Cash Delivery Speed

Respondents' Opinions	Frequency	Percent
Strongly disagree	22	12.4
Disagree	47	26.6
Neutral	3	1.7
Agree	72	40.7
Strongly agree	33	18.6
Total	177	100.0

TABLE B3  
Survey Results on Availability of Cash Counting Machine

Respondents' Opinions	Frequency	Percent
Strongly agree	177	100.0

TABLE B4  
Survey Results on Adequacy of Cash Counters

Respondents' Opinions	Frequency	Percent
Strongly disagree	8	4.5
Disagree	57	32.2
Neutral	10	5.6
Agree	70	39.5
Strongly agree	32	18.1
Total	177	100.0

## C. Obtaining SME Loan

TABLE C1  
Survey Results on Time Consumption in Obtaining SME Loan

Respondents' Opinions	Frequency	Percent
Strongly disagree	40	22.6
Disagree	69	39.0
Agree	54	30.5
Strongly agree	14	7.9
Total	177	100.0

TABLE C2  
Survey Results on Degree of Simplicity in Obtaining SME Loan

Respondents' Opinions	Frequency	Percent
Strongly disagree	19	10.7
Disagree	65	36.7
Neutral	19	10.7
Agree	51	28.8
Strongly agree	23	13.0
Total	177	100.0

TABLE C3  
Survey Results on Documentation Process

Respondents' Opinions	Frequency	Percent
Strongly disagree	27	15.3
Disagree	67	37.9
Neutral	15	8.5
Agree	56	31.6
Strongly agree	12	6.8
Total	177	100.0

**TABLE C4**  
Survey Results on Conditions Relating to Collaterals

Respondents' Opinions	Frequency	Percent
Strongly disagree	38	21.5
Disagree	76	42.9
Neutral	10	5.6
Agree	30	16.9
Strongly agree	23	13.0
Total	177	100.0

**TABLE C5**  
Survey Results on Loan Processing Cost

Respondents' Opinions	Frequency	Percent
Strongly disagree	49	27.7
Disagree	85	48.0
Neutral	9	5.1
Agree	23	13.0
Strongly agree	11	6.2
Total	177	100.0

**TABLE C6**  
Survey Results on Suitability of Interest Rates

Respondents' Opinions	Frequency	Percent
Strongly disagree	47	26.6
Disagree	80	45.2
Neutral	8	4.5
Agree	29	16.4
Strongly agree	13	7.3
Total	177	100.0

## D. Customer Communication

TABLE D1  
Survey Results on Customer Interaction for Service Quality Improvement

Respondents' Opinions	Frequency	Percent
Strongly disagree	29	16.4
Disagree	60	33.9
Neutral	58	32.8
Agree	30	16.9
Total	177	100.0

TABLE D2  
Survey Results on Notification of Different Charges

Respondents' Opinions	Frequency	Percent
Disagree	44	24.9
Neutral	29	16.4
Agree	89	50.3
Strongly agree	15	8.5
Total	177	100.0

TABLE D3  
Survey Results on Dissemination of Promotional Offers

Respondents' Opinions	Frequency	Percent
Strongly disagree	29	16.4
Disagree	44	24.9
Neutral	29	16.4
Agree	60	33.9
Strongly agree	15	8.5
Total	177	100.0

**TABLE D4**  
Survey Results on Dissemination of Information for Policy Changes

Respondents' Opinions	Frequency	Percent
Strongly disagree	15	8.5
Disagree	58	32.8
Neutral	58	32.8
Agree	46	26.0
Total	177	100.0

**TABLE D5**  
Survey Results on Appreciation of Customers' Success by Banks

Respondents' Opinions	Frequency	Percent
Disagree	29	16.4
Neutral	29	16.4
Agree	75	42.4
Strongly agree	44	24.9
Total	177	100.0

### E. Customer Rights

**TABLE E1**  
Survey Results on Right to Safety of SME Customers

Respondents' Opinions	Frequency	Percent
Disagree	29	16.4
Neutral	58	32.8
Agree	61	34.5
Strongly agree	29	16.4
Total	177	100.0

**TABLE E2**  
Survey Results on Right to Information of SME Customers

Respondents' Opinions	Frequency	Percent
Strongly disagree	26	14.7
Disagree	51	28.8
Neutral	1	.6
Agree	70	39.5
Strongly agree	29	16.4
Total	177	100.0



TABLE E3  
Survey Results on Right to Privacy of SME Customers

Respondents' Opinions	Frequency	Percent
Disagree	30	16.9
Neutral	16	9.0
Agree	102	57.6
Strongly agree	29	16.4
Total	177	100.0

TABLE F  
Definition of SMEs given by Bangladesh Bank, the central bank of Bangladesh

Business Segment	Sector	Business Size (BDT) Fixed Asset other than Land and Building	Employed Manpower (Not above)
Cottage Enterprise	Manufacturing (Predominant Family Labor)	Up to 500,000	10
Micro Enterprise	Manufacturing	500,000 – 5,000,000	10 – 24
	Service	Less than 500, 000	10
Small Enterprise	Trade	Less than 500, 000	5
	Manufacturing	5,000,000 – 100,000,000	25 – 99
	Service	500,000 – 10,000,000	10 – 49
	Trade	500,000 – 10,000,000	6 – 10
Medium Enterprise	Manufacturing	100,000,000 – 300,000,000	100 – 250
	Service	10,000,000 – 150,000,000	50 - 100
	Trade	10,000,000 – 150,000,000	11 – 50

*Source:* Bangladesh Bank SMESPD Circular No. 01, dated 19 June 2011, Quoted in *Annual Report of Dhaka Bank Limited* (2015), 84.