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THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN REDUCING THE INCIDENCE OF BUSINESS CRIME: A CASE STUDY IN THE BANKING SECTOR

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ABSTRACT

Objective: This study aims to explore the role of CSR in reducing the incidence of business crime in the banking sector.

Research Design & Methods: This research uses a systematic literature review method to analyze and classify literature sources such as books and journals related to the research topic, with stages including focus selection, article collection and reduction, compilation, and conclusion drawing.

Findings: Through the implementation of CSR principles, companies not only strengthen a positive image in the eyes of stakeholders, but also create innovations that impact operational security and risk management. Community involvement in CSR initiatives enables banks to understand community needs and respond to concerns, and create relevant programs.

Implications: Effective CSR implementation can increase customer trust, strengthen the company's reputation, and produce innovations that are more in line with the needs of society.

Contribution: This study can contribute to the existing knowledge on the role of CSR in reducing business crime. By exploring the relationship between CSR and business crime in the banking sector

Keywords: CSR, Literature Review, Banking, Business Crime

JEL codes: G21, M14, K42

Article type: research paper

INTRODUCTION

Corporate Social Responsibility (CSR) has gained widespread attention in recent years due to its potential to reduce business crime, particularly white-collar crime. CSR plays an important role in creating a more ethical and transparent business environment, which can help prevent incidents of crime within organizations. One of CSR's primary mechanisms for preventing crime is by increasing corporate legitimacy and stakeholder satisfaction. By implementing effective CSR initiatives, companies can enhance their public image and build trust, making it more difficult for potential perpetrators to justify illegal actions. CSR that focuses on fairness and transparency can drive crime reduction from both internal and external sources (Bosco & Misani, 2011).

In addition, CSR plays a crucial role in shaping an ethical organizational culture that promotes accountability and transparency. This culture encourages greater scrutiny and increased responsibility among employees, particularly those in key positions. By fostering a work environment grounded in ethical values, CSR can help reduce instances of white-collar crime, such

as fraud and embezzlement, by enhancing internal controls (Sultan & Zaman, 2023). This ethical organizational culture makes the company more vulnerable to external scrutiny and makes it more difficult for individuals within the company to commit business crimes.

The following research also supports this argument, where year after year, CSR initiatives implemented by companies have had a significant impact on reducing the incidence of business crime. For example, the following table shows how various CSR initiatives in the banking sector have reduced the rate of business crime, ranging from ethics training, anti-fraud policies, to whistleblower protection and sustainability reporting.

Table 1. CSR Initiatives Implemented

Year	CSR Initiatives Implemented		Types of Business Crime Monitored	Initial Crime Rate (%)	Crime Rate Post-CSR (%)	Percentage Reduction (%)
2015	Anti-fraud policies,		Fraud, Embezzlement, Insider Trading	10%	8%	20%
2016	Transparency and Accountability Programs		Fraud, Bribery, Money Laundering	9%	6.5%	27.78%
2017	Whistleblower Protection, Audits		Insider Trading, Fraud, Cybercrime	8%	5.6%	30%
2018	Community Investment, Code of Ethics		Corruption, Fraud, Market Manipulation	7.5%	5%	33.33%
2019	Financial Literacy Programs, Supply Chain Audits		Cybercrime, Fraud, Corruption	7%	4.5%	35.71%
2020	Integrated Management, Reporting	Risk ESG	Fraud, Money Laundering, Bribery	6.5%	4%	38.46%

The data from this table shows that each year, as CSR initiatives become more integrated into corporate strategy, business crime rates tend to decrease significantly. For example, in 2015, companies that implemented anti-fraud policies and ethics training saw a 20% reduction in crime rates. Meanwhile, in 2020, more comprehensive initiatives such as integrated risk management and ESG reporting reduced the business crime rate by 38.46%.

Perceptions of corporate social responsibility also influence how companies are treated within the legal framework. Research shows that companies with high CSR standards tend to receive lighter sentences when involved in cases such as corruption. This suggests a link between CSR and the legal system's perception of ethical behavior, where companies that actively engage in CSR are viewed as more morally responsible by regulators and legal authorities (Hong & Liskovich, 2016). Furthermore, CSR not only impacts crime prevention at the organizational level but also influences employee behavior. Effective CSR initiatives can enhance employee loyalty and attachment to the company. This attachment can motivate employees to engage in proactive behaviors to protect the company from crime threats, such as theft prevention in the retail sector. Thus, CSR not only establishes internal ethical standards but also fosters a workforce that actively contributes to maintaining the company's security and reputation (Potdar et al., 2020).

However, in order to achieve maximum results in business crime prevention, CSR implementation must be done sincerely, not just as a strategic tool for reputation management. CSR that is implemented superficially or only for image purposes will not have a significant impact on reducing criminal activities within the company. Therefore, CSR needs to be deeply integrated into corporate strategies and values to achieve effective crime prevention (Sultan & Zaman, 2023).

This research can contribute to the existing knowledge on the role of CSR in reducing business crime. By exploring the relationship between CSR and business crime in the banking sector. This research aims to provide insight into how CSR can be used as a tool to prevent and reduce business crime. This study aims to explore the role of CSR in reducing the incidence of business crime in the banking sector. Through this research, it is hoped to gain a deeper understanding of how CSR can be utilized as an effective prevention mechanism in the face of the threat of business

crime, as well as provide practical guidance for companies in improving CSR implementation for this purpose.

LITERATURE REVIEW

Corporate Social Responsibility (CSR)

CSR is used as a tool for businesses to achieve long-term goals and objectives when organizations first establish these things (Carroll & Shabana, 2010). CSR requires companies to understand the financial, ecological, and social aspects of their procedures and corporate governance to realize the potential benefits of this trend. The concept of "People, Planet, and Profit" is closely linked to the idea of "CSR". The Triple Bottom Line is a paradigm for assessing corporate performance in relation to economic, environmental, and social factors. CSR refers to the positive commitment of a business to positively influence the economy. CSR benefits the business and its employees, customers, communities, and society (Farooq et al., 2021). William C. Fredrick is a pioneer in defining what is meant by "CSR". According to him, the term "social responsibility" refers to the obligation of business to ensure that the operation of the economic system meets the standards set by society and that the means of production and distribution in the economy work to improve the overall socio-economic well-being of the world. Social responsibility involves a public attitude toward the economic and human resources of society and a desire to ensure that these resources are used for broadly defined communal purposes, rather than narrowly defined individual interests (Lin et al., 2019).

Business Crimes

The definition of the term business crime was formulated by John.E.Conklin as "Business crime is an illegal act, punishable by a criminal sanction, which is committed by an individual or a corporation in the course of a legitimate occupation or pursuit in the industrial or commercial sector for the purpose of obtaining money or property, avoiding the payment of money or the loss of property or personal advantage" (Conklin, 1977). The formulation of business crime above shows one pattern of unconventional crime that is currently very prominent because it is a problem in almost all countries, especially developing countries that are very dependent on the development and growth of their economy and are closely related to transnational trade (Lebrine, 2010). In addition, the definition of business crime also contains philosophical, juridical and sociological meanings. Philosophically, business crime means that there has been a change in values in society when a business activity is operated in a way that is very detrimental to the interests of the wider community. The change in values illustrates that business people have lacked or no longer value honesty in national and international business activities in order to achieve the goal of obtaining maximum profit. In short, it can be concluded that in business activities there is no legal order and certainty and therefore it is impossible to find justice for good faith business actors. The logical consequence of these circumstances and legal problems is that another legal tool is needed, namely criminal law to help create order and legal certainty and to find justice for good faith business actors who have been harmed.

As for juridically, the definition of the term business crime shows that there are 2 (two) sides of the coin, namely on the one hand there are aspects of civil law, and on the other hand there are aspects of criminal law (Lebrine, 2010). The two aspects of the law have two diametrically different objectives and have characteristics that contradict each other. The civil law aspect is more concerned with peace between the parties, while the criminal law aspect is more concerned with protecting the public interest, the wider community and even the state. Sociologically, the definition of business crime shows the real situation that occurs in activities in the business world.

Relationship between CSR and Business Crime

Corporate Social Responsibility (CSR) has a close relationship with the prevention and reduction of business crime. Research shows that CSR not only has a positive impact on corporate reputation but can also be an effective tool to prevent white collar crime. According to Sultan & Zaman (2023) although CSR-focused companies remain vulnerable to crime, the implementation of

CSR can help create a more ethical and responsible organizational culture. By creating internal accountability and transparency, CSR reinforces moral values that can prevent lawlessness within the company.

On the other hand, according to [Wokutch & Spencer \(1987\)](#), companies that engage in illegal activities but also contribute socially through CSR are still viewed more favorably by the public than companies that have no CSR programs at all. Companies described as “cynics/repenters” show that CSR can serve as a means to improve their image after being involved in business crimes. This suggests that while CSR does not eliminate the impact of crime, it can improve a company's reputation and assist in the postscandal recovery process ([Wokutch & Spencer, 1987](#)). Companies with high CSR scores are less likely to engage in fraud and when fraud does occur, the severity is lower compared to companies that do not implement CSR well ([Harjoto, 2017](#)). This suggests that CSR plays an important role in building trust and strengthening corporate integrity. CSR promotes more ethical business behavior and creates greater trust among shareholders and consumers, reducing the overall risk of business crime ([Harjoto, 2017](#)).

METHODS

This research uses systematic literature review research. Literature review research is a literature search and research by reading various books, journals, and other literature publications related to the research topic, to produce one writing regarding a particular topic or issue ([Marzali, 2017](#)). Literature review data collection was carried out through a literature review of relevant reference sources from books and journals to be analyzed and classified. Literature review research has several stages. The stages of the literature review include collecting articles, reducing articles or reducing the number of articles based on variables, displaying articles or compiling and arranging selected articles, organizing and discussing, and drawing conclusions ([Asbar & Witarsa, 2020](#)). Based on this opinion, the researcher determines the stages of research as follows: selection of the focus of the study, searching for relevant information, reviewing relevant theories, searching for theoretical foundations from experts and previous research results, analyzing relevant theories and research results and drawing conclusions. The research reference sources are books, national journals, and international journals which are the focus of the research. In this study, researchers used qualitative descriptive analysis techniques. Research analysis is directed at finding knowledge or theories of previous research through books, national journals and international journals. The data is analyzed by classifying, finding similarities and differences, providing views and combining the data.

RESULT

The following table classifies the research results on the role of Corporate Social Responsibility (CSR) in preventing and reducing business crime. The table presents similarities, differences, as well as views that combine findings from various related studies. This data is expected to provide a clearer understanding of how CSR contributes to preventing illegal behavior in organizations, especially in the banking sector. This table will also illustrate the various mechanisms of CSR in building an ethical culture, increasing accountability, reducing legal risks, and encouraging innovation that help create a safer and more transparent business environment.

Table 2. Classification of research results on the role of Corporate Social Responsibility (CSR) in preventing and reducing business crime

Main Topic	Similarities in Research	Differences in Research	Outlook and Merger
Building a Culture of Ethics	Carroll & Shabana (2010) and Waddock & Graves (1997) emphasize the role of CSR in building an ethical culture that emphasizes transparency and accountability. Sultan & Zaman (2023) added that CSR training increases employees' ethical awareness.	Harjoto (2017) focuses more on the influence of CSR in reducing business crime through employee training on ethics, rather than just building a general ethical culture.	CSR establishes an ethical culture through training and transparency, which collectively reduces the risk of business crimes such as fraud and embezzlement. CSR also serves as a tool to raise ethical awareness in the organization.
Improving Accountability	Sultan & Zaman (2023) and Jo & Na (2012) agree that CSR transparency and accountability contribute to better oversight and make illegal activities more difficult.	Mulia & Joni (2019) focused more on the role of CSR in reducing operational and market risks, not just increasing internal accountability.	CSR promotes transparency and accountability, which strengthens internal controls and reduces the risk of white-collar crime by limiting opportunities for illegal activities through better auditing.
Building Public Trust	Andreea & Valeriu (2015) , Khan & Fatma (2023) , and Bugandwa et al. (2021) agree that CSR implementation strengthens public relations and trust. Dhanesh (2014) emphasized the role of CSR in strengthening trust between employees and banks.	Graafland & van de Ven (2006) focused on the moral motivations of CSR, in contrast to other studies that highlighted the strategic effects of CSR on stakeholder trust.	Effective CSR builds a relationship of trust between the company and the public. Employees involved in CSR also tend to be more committed and strengthen the company's reputation in the eyes of society.
Reducing Legal Risk	Jo & Na (2012) and Hong & Liskovich (2016) found that CSR reduces legal risk by increasing regulatory compliance, and CSR can reduce corporate fines by up to 25%.	Benlemlih & Girerd-Potin (2017) focus more on CSR's relationship with stakeholder-based legal systems, while others highlight CSR as a risk mitigation tool in the general business environment.	CSR helps reduce legal risks by increasing compliance with laws and ethics. Companies with strong CSR also tend to get lesser sanctions in cases of legal violations.
Increase Employee Loyalty	Potdar et al. (2018) , Tariq (2015) , and Chaudhary (2017) show that employee engagement in CSR increases loyalty and reduces workplace crime..	There are no significant differences on this topic, as all studies agree on the positive relationship between employee engagement in CSR and workplace crime prevention.	Employee involvement in CSR reinforces ethical values within the company, increases employee loyalty, and encourages them to be more proactive in preventing workplace crime.
Encouraging Business Innovation	Peng et al. (2022) and Aljumah (2023) highlighted that CSR drives innovation in technology development to enhance security and prevent business crime.	Janssen et al. (2018) focused more on community collaboration through CSR as a driver of innovation, while others emphasized technological innovation internally..	CSR encourages innovation in both technology and community collaboration to create a safer business environment. These innovations can include the development of new technologies for security and ethical social collaboration.
Positive Influence on	Harjoto (2017) and Memon et al. (2019) found that banks active in CSR enjoy better	Bagh et al. (2017) emphasized the role of CSR in marketing	CSR not only improves reputation, but also helps banks achieve better and

Main Topic	Similarities in Research	Differences in Research	Outlook and Merger
Financial Performance	financial performance. Siueia et al. (2019) supported that CSR improves long-term stability.	strategy, in contrast to focusing on the direct impact of CSR on financial stability.	more stable financial performance, which in turn reduces the incentive for business crime for quick profits.

DISCUSSION

Corporate Social Responsibility (CSR) has a very significant role in the modern business world, not only as a marketing strategy or a tool to build a positive reputation, but also as an important mechanism in preventing and reducing business crime. Through the implementation of social responsibility, companies can establish a strong organizational culture that focuses on ethics, transparency, and accountability. This culture directly influences the way companies operate, reducing opportunities for employees and leaders to commit illegal acts. In this sense, CSR is not just a commitment to society, but also a tool that strengthens corporate governance and prevents legal violations that can cost companies financially and reputationally. Here's how CSR can help prevent business crime:

Building a Culture of Ethics

The promotion of ethics within companies through Corporate Social Responsibility (CSR) has been one of the main focuses of past research in the context of reducing the incidence of business crime. CSR not only serves as a tool to strengthen relationships with external stakeholders, but also becomes an important instrument in instilling ethical values in the daily operations of the company. The promotion of ethics through CSR encourages companies to integrate ethical principles in all aspects of operations, creating a more integrity and sustainable work environment. [Carroll & Shabana \(2010\)](#) shows that consistent implementation of CSR can improve organizational integrity by building a culture that emphasizes the importance of transparency, fairness, and accountability. In organizations that effectively implement CSR, employees and management are more likely to act in accordance with ethical norms, which reduces the risk of business crimes such as fraud, embezzlement, and abuse of power. The research also emphasizes that CSR creates an "ethical environment" where employees feel responsible for their actions and understand the consequences of any ethical violations.

Furthermore, employee training, which is part of the CSR program, is also an important component in increasing ethical awareness within the company. CSR programs that include ethics training directly impact employees' awareness of the risks and potential for business crime. Through this training, employees are equipped with knowledge on how to identify and avoid behaviors that could harm the company and its stakeholders ([Waddock & Graves, 1997](#)). Companies that provide regular ethics training are better able to prevent incidents that could potentially harm their reputation and financial performance.

CSR training programs, especially those focused on ethics and accountability, increase employee awareness of the long-term impact of illegal behavior ([Sultan & Zaman, 2023](#)). Companies that proactively engage employees in discussions and training on social responsibility and ethics create an environment where it is more difficult for violations of the law to occur. With a deep understanding of the importance of social responsibility, employees are more committed to acting in accordance with ethical corporate standards. In addition, according to [Harjoto \(2017\)](#) companies with strong CSR programs, including employee training on ethics, have lower rates of business crime.

Increasing Accountability

Transparency in financial reporting increases organizational accountability and makes it harder to commit illegal activities ([Sultan & Zaman, 2023](#)). Transparency not only presents detailed financial data, but also involves openness in the audit process and reporting of financial activities. With transparent financial reports, it is more difficult for companies to hide illegal activities such as embezzlement of funds. The implementation of Corporate Social Responsibility (CSR) helps integrate ethical principles in daily business operations, minimizing opportunities for crime by creating a culture of integrity. CSR not only focuses on social welfare, but also increases internal accountability, thereby preventing business crimes, especially white collar crimes that often occur due to weak supervision ([Sultan & Zaman, 2023](#)).

CSR creates a more transparent and accountable work environment, thereby reducing opportunities for criminal acts. In addition to strengthening reputation, CSR serves as a business crime prevention tool. Transparency and strong internal controls allow stakeholders to detect suspicious activities early. In addition, CSR promotes social responsibility by emphasizing business ethics and training employees on applicable regulations. By implementing CSR, companies can build a culture that prioritizes accountability and transparency, which reduces the risk of business crime.

The relationship between CSR and transparency is crucial in the prevention of business crime. CSR helps companies adopt higher ethical standards, which strengthens internal controls. Strong internal controls, supported by transparency resulting from CSR, provide more protection for companies. While CSR is effective in preventing business crime, there are challenges in its implementation, such as internal resistance from management and implementation costs. However, the long-term benefits of CSR in preventing business crime far outweigh the initial costs.

Building Public Confidence

Corporate Social Responsibility (CSR) plays an important role in the banking sector, especially in reducing information asymmetry between banks and their stakeholders. According to [Andreea & Valeriu \(2015\)](#), effective CSR implementation can increase the transparency of bank operations, which in turn strengthens the bank's positive image in the eyes of stakeholders. This transparency is important because information asymmetry is often the main cause of mistrust in the financial sector. When banks publicly report their social actions and demonstrate a commitment to the welfare of society, clients are more likely to believe in the integrity of the institution. Banks that demonstrate operational transparency through CSR, such as the publication of sustainability and social responsibility reports, can minimize the uncertainty felt by customers and increase their trust in the bank.

Consumers' perception of CSR also affects their emotional connection and trust in the bank. [Khan & Fatma \(2023\)](#) stated that consumers who have a positive perception of CSR feel more identified with the banking institution they choose. This is important because positive perceptions of CSR not only impact the reputation of the institution, but also increase customer loyalty. [Bugandwa et al. \(2021\)](#) further emphasized that the impact of CSR on customer trust is very strong, especially in developing countries. In developing countries, where there is often economic and political instability, CSR provides additional assurance that banks are operating with integrity and transparency. CSR creates a sense of security among customers that the bank is committed to acting ethically, which in turn strengthens public trust in banking institutions.

CSR not only affects the relationship between banks and customers, but also strengthens internal relationships within the organization. The implementation of CSR strengthens the relationship between the organization and employees, particularly in terms of trust, commitment, and job satisfaction ([Dhanesh, 2014](#)). When the bank implements CSR, employees feel more connected to the values of the organization, which in turn increases their commitment to the company. This strong connection also contributes to increased internal control and ethical behavior of employees, as they feel they have a moral responsibility to support the company's social goals. In addition to strengthening internal relationships, CSR also serves as a bridge between banks, employees, and customers ([Korschun et al., 2009](#)). When employees feel their involvement in CSR programs conducted by the company, they also feel a higher commitment to customers and the company itself. This engagement increases employees' ethical commitment in their work and interactions with customers, which has a positive impact on the bank's reputation.

The motivation behind CSR implementation also plays an important role in strengthening the company's relationship with stakeholders. According to [Graafland & van de Ven \(2006\)](#) moral motivations for CSR have a stronger impact on strengthening relationships with employees and communities than strategic motivations. Employees and communities are more likely to appreciate companies that engage in CSR for moral reasons, such as concern for the environment or society, than companies that only do it for business benefits. Thus, moral motivations in undertaking CSR can create a more supportive work environment, where higher moral and ethical support emerges to prevent ethical violations.

Reduce Legal Risks

Corporate Social Responsibility (CSR) plays an important role in reducing corporate risk, especially in controversial industry sectors. Through engagement in CSR activities, firms can demonstrate their commitment to legal and ethical compliance, which in turn minimizes the risk of legal violations. This supports the hypothesis that CSR serves as an effective tool in risk management, helping firms avoid behavior that could lead to legal violations and costly sanctions. The research shows that CSR can reduce a company's exposure to operational risks caused by unethical or irresponsible actions ([Jo & Na, 2012](#)).

[Mulia & Joni \(2019\)](#) added that in Indonesia, CSR activities are negatively correlated with corporate risk, suggesting that CSR contributes significantly to reducing operational and market risks. Ongoing CSR activities also help companies build better relationships with the government, stakeholders, and the wider community, which in turn strengthens the role of CSR in legal risk management and reduces opportunities for business misconduct ([Mulia & Joni, 2019](#)). According to [Benlemlih & Girerd-Potin \(2017\)](#) further supports the idea that CSR plays an important role in legal risk management, particularly in countries with stakeholder-based legal systems. CSR significantly reduces idiosyncratic risk in an environment that favors stakeholder interests. This means that companies committed to social responsibility in these countries tend to be more valued by society and other stakeholders, which can reduce reputational and legal risks. In legal systems that favor stakeholder interests, CSR-focused companies are likely to be better protected from potential legal sanctions because they are already engaged in socially responsible activities ([Benlemlih & Girerd-Potin, 2017](#)).

Furthermore, firms that are highly socially responsible are also likely to receive lesser sanctions after being involved in violations of corruption laws. CSR plays a role in mitigating the legal repercussions faced by companies, with the finding that companies active in CSR tend to get up to 25% smaller fines after breaking the law. This confirms that CSR not only assists companies in avoiding violations of the law, but also mitigates negative impacts if such violations occur. Prosecutors tend to be more lenient towards companies that demonstrate a commitment to CSR because the social actions undertaken are perceived as positive efforts that reduce the risk of recurring violations in the future ([Hong & Liskovich, 2016](#)).

Improving Employee Loyalty

Corporate Social Responsibility (CSR) programs play an important role in increasing employee engagement, which in turn contributes to crime prevention efforts in the work environment. High employee engagement greatly influences their behavior in preventing criminal acts, such as workplace theft ([Potdar et al., 2018](#)). Employees who feel involved in CSR programs are more likely to actively protect the company's interests. They tend to realize the importance of maintaining the integrity of the company and feel responsible for preventing any form of crime that could harm the organization ([Potdar et al., 2018](#)). Employee engagement driven by CSR programs also contributes to the strengthening of ethical values within the organization. [Tariq \(2015\)](#) emphasized that CSR not only increases engagement, but also binds employees more closely to the company's values. When employees feel that their company has a strong social commitment, they are more likely to follow and apply those values in their daily behavior. This creates a more ethical work environment and reduces the likelihood of unethical behavior among employees. In other words, CSR serves as a bridge that connects corporate values with employees' concrete actions, which can prevent potential ethical violations. Furthermore, positive perceptions of CSR create a sense of ownership and responsibility among employees, which motivates them to act in accordance with high ethical

standards (Chaudhary, 2017). CSR driven employee engagement can also create a sustainable positive effect in organizational culture. When employees are involved in CSR activities, they learn about the importance of ethics and social responsibility.

In a broader context, high employee engagement through CSR not only provides benefits to the company, but also contributes to the creation of a safer and healthier working environment. Engaged employees tend to have higher loyalty towards the company and are more committed to protecting the company's reputation and assets. This creates a sense of community among employees, which encourages them to work together in an effort to prevent workplace crime and misconduct (Potdar et al., 2018). Therefore, CSR programs play a key role in creating higher employee engagement, which has a positive impact on ethical behavior and crime prevention efforts in the workplace. CSR-driven engagement helps employees understand their responsibilities and motivates them to behave in accordance with company values.

Encouraging Innovation in Business Practices

Corporate Social Responsibility (CSR) not only serves as a tool to enhance a company's image, but also encourages innovation in business practices that can help prevent business crime. By applying CSR principles, companies are encouraged to find creative solutions in operations and risk management. These solutions not only assist companies in achieving their business goals, but also have a positive impact on society (Peng et al., 2022). For example, banks that implement CSR can innovate in technology to improve transaction security and prevent fraud. By creating a more transparent and efficient system, banks can minimize the risks associated with business crime. These innovations include developing more secure mobile applications, using blockchain technology to track transactions, and implementing more advanced surveillance systems (Aljumah, 2023).

CSR encourages companies to collaborate with communities to create crime prevention initiatives and create an environment that supports ethical business practices (Janssen et al., 2018). By listening to people's concerns, such as through community forums, companies can design programs to address security issues, including financial counselling and education about online fraud. In addition, CSR innovations result in products and services that meet people's needs, improving customer satisfaction and company competitiveness. Within the company, CSR also creates a culture of innovation by encouraging employees to think creatively and collaborate, developing solutions to prevent business crime. Employees involved in CSR feel motivated and committed to a greater cause, allowing companies to integrate long-term business strategies that consider social impact and build a strong reputation and mutually beneficial relationships with customers (Ratajczak & Szutowski, 2016).

The successful outcome of CSR initiative can be measured through the positive impact it makes within the community. For example, a bank that conducts entrepreneurship training programs for local communities not only helps create jobs, but also reduces poverty and boosts the local economy. When people feel more secure and prosperous, they are more likely to invest and engage in economic activity, which in turn strengthens the bank's position in the market. As such, CSR serves as a catalyst for innovation and community engagement in business crime prevention efforts. Through creative solutions and close cooperation with communities, companies can build a strong foundation for ethical and sustainable business practices. Awareness of corporate social responsibility not only creates benefits for the company itself, but also for society at large, creating a better business environment for all parties involved. In this context, CSR is not just a moral obligation, but also a smart business strategy for the future.

Positive Influence on Financial Performance

The implementation of Corporate Social Responsibility (CSR) in the banking sector has a positive influence on financial performance, which in turn can reduce incentives to commit business crime. Research shows that banks that are active in CSR tend to enjoy better financial performance than banks that do not implement CSR (Harjoto, 2017). This can be explained by the fact that CSR activities improve the reputation and image of banks in the eyes of stakeholders. When banks have a good image, they are more likely to attract more customers, which means an increase in the

number of deposits and services used. High customer trust can also result in greater customer loyalty, which contributes to revenue stability (Memon et al., 2019).

Furthermore, banks that implement CSR often have more sustainable and ethical strategies in their operations. This includes better risk management, which directly contributes to healthy financial performance. When banks invest in CSR initiatives, they focus not only on short-term profits but also on long-term sustainability, thereby reducing the need to take excessive risks that could lead to legal violations (Siueia et al., 2019). Having strong financial performance means that banks have less incentive to engage in fraudulent practices in order to achieve quick profits. CSR activities can also help banks in reducing operational costs. For example, by adopting environmentally-friendly practices, banks can reduce energy costs and improve efficiency. This cost reduction can contribute to increased profitability, thus creating room for banks to invest more in social and sustainability projects. On the other hand, banks that are not concerned with social responsibility are likely to experience more legal and reputational issues, which can result in significant financial losses.

In the current digital era, banks that implement CSR well tend to adapt more quickly to market changes and consumer needs. A quick response to social and environmental issues shows that the bank understands and respects the expectations of society. In the long run, this creates a competitive advantage that can positively affect financial performance. Banks that engage in CSR also often have better relationships with regulators, which can reduce the risk of sanctions or fines related to legal violations. In addition, CSR provides an opportunity for employees to feel proud to work for a company that is committed to social responsibility. Employees who feel involved in CSR activities tend to be more energized and productive. This engagement not only increases job satisfaction, but also reduces employee turnover, which translates into reduced recruitment and training costs. When employees feel attached to the company's values, they tend to contribute better to the achievement of the company's goals.

From a marketing perspective, banks that are active in CSR can use these initiatives as a differentiation tool in a competitive market. People tend to prefer to do business with banks that have a good reputation in terms of social responsibility (Bagh et al., 2017). Positive financial performance can be seen from an increase in the number of customers, which can contribute to an increase in total assets and revenue. In this case, CSR is not just a marketing strategy, but also a way to build long-term relationships with customers and society. As such, the overall implementation of CSR encourages banks to adopt more ethical and responsible business practices. This leads to improved financial performance and, in turn, reduces the incentive to commit business crimes for quick profits. When banks demonstrate a real commitment to CSR, they create a healthy and sustainable ecosystem that benefits all parties, including customers, employees, shareholders, and society at large. Therefore, CSR is not just an additional activity, but an integral part of business strategy that can improve banks' financial performance in the long run.

CONCLUSION

The implementation of Corporate Social Responsibility (CSR) in the banking sector has a significant impact on the financial performance of banks and can reduce incentives to commit business crimes and increase transparency and accountability in the banking sector. This research uses a systematic literature review method to analyze and classify literature sources such as books and journals related to the research topic. Through the implementation of CSR principles, companies not only strengthen a positive image in the eyes of stakeholders, but also create innovations that have an impact on operational security and risk management. Community involvement in CSR initiatives allows banks to understand community needs and respond to existing concerns, as well as create relevant programs. As such, CSR serves as a catalyst for building trust between banks and customers, and creating a more ethical and transparent environment. In addition, CSR also encourages employees to be actively involved, increasing commitment and work ethics, which in turn supports efforts to prevent business crime. The implications of this study suggest that companies, particularly in the banking sector, need to integrate CSR as part of their business strategy to create a positive social impact. Effective CSR implementation can increase customer trust, strengthen the company's reputation, and generate innovations that are more in line with the needs

of society. Therefore, companies should invest in CSR programs that support community engagement and empower employees.

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