

CORPORATE SOCIAL RESPONSIBILITY IN BANKING INDUSTRY

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Abstract: This paper investigates about the Corporate Social Responsibilities of the banks in India. Perceiving the significance of CSR, most banks have executed social and ecological projects that advantage themselves and society. Corporate social responsibility (CSR) refers to strategies that Corporations or firms employ to conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. Presently CSR has been expecting more noteworthy significance in the corporate world including monetary establishments and banking area. This paper consists of key areas of few selected public and private sector bank. In this specific situation, the current paper endeavours to look at the means started by Indian banks to address their endeavours in this field. The second section study whether there is any difference in CSR spending across private and public sector banks. The third section emphasises on evaluating the impact of CSR on Net Profit. Next section studies the relationship between CSR spending and customer satisfaction.

Keywords: CSR, Customer Satisfaction, Indian Banking Sector, Net Profit

INTRODUCTION

Corporate social responsibility (CSR) is a kind of worldwide personal business self-guideline that expects to add to cultural objectives of an altruistic, dissident, or magnanimous nature by taking part in or supporting chipping in or morally arranged practices. The concept and ambit of Corporate Social Responsibility (CSR) has exponentially increased in the recent past particularly during the outbreak of the novel corona virus disease (COVID-19) which was pronounced as a pandemic by the World Health Organization (WHO) on 11th March 2020.

CSR LAW IN INDIA

Sec 135 of the Companies Act 2013 provides limit of CSR in company:

- (a) Net worth of the company to be Rs 500 crores or more;
- (b) Turnover of the company to be Rs 1000 crores or more;
- (c) Net benefit of the organization to be Rs 5 crores or more

Further according to the CSR Rules, the arrangements of CSR are relevant to Indian organizations, yet in addition applicable to branch and foreign organizations in India. Consumption on CSR doesn't shape part of business use. Each passing organization requires spending of basically 2% of its normal net benefit for the promptly going before 3 monetary years on CSR exercises in India. Further, the passing organization will be needed to comprise a council (CSR Committee) of the Board of Directors (Board) comprising of at least 3 chiefs.

LITERATURE REVIEW

Mikael Holmqvist (2009). In his paper contended that throughout the most recent couple of many years' partnerships are giving unique consideration towards their social obligation of labourer's wellbeing and their well creatures. The procedure has two overlap benefits including; guaranteeing better wellbeing and prosperity for representatives at work place and, supporting capable associations in the socio-serious climate. He saw corporate social obligation as corporate social control.

Sharma (2011). In his paper made an endeavour to investigate CSR practices and CSR announcing in India with exceptional reference to banking area and reasoned that financial area in India is showing revenue in incorporating maintainability into their plans of action yet its CSR detailing rehearses are far away from fulfilment.

Jayashree and Neeta (2011). In his paper examined about the CSR practices and appraisals in Indian financial industry. CSR was an idea whereby monetary organizations think about their usefulness and development, yet in addition the prosperity of society and the climate by assuming liability for the effect of their exercises on investors, workers, clients and common society addressed by NGOs. This paper endeavours to consider the CSR rehearses completed by the chose banks and their appraisals in the Indian financial area.

The Economic Times (2012), news featured the perspectives on previous president Dr. APJ Abdul Kalam in a CSR grant work coordinated by industry body AssochamKalam said that organizations ought to give some piece of its objective to corporate

administrations. It should make compulsory for every one of the organizations to spend a level of its benefit on corporate social obligation. Kalam furthermore analyzed with regards to the proposed bill on corporate spending on CSR. They expected more prominent significance of CSR in building the existences of the nation's residents.

Research Gap- First, the study is limited to a sample of 8 Indian banks hence more evidence is needed on the CSR activities before any generalization of the results can be made. Second, the primary data was collected only during June 2021. Third; the primary study can be done with a greater number of respondents. The study has a scope of further research where the CSR activities done by more banks can be considered and also the impact of CSR contribution on the ROA, EPS and ROE of the banks.

AIMS AND OBJECTIVES

- ✓ To collect information about CSR activities taken up by the Indian Banking Sector.
- ✓ To study whether there is any difference in CSR spending across private and public sector banks
- ✓ To evaluate the impact of CSR on Net profit
- ✓ To study the relationship between CSR spending and customer satisfaction

RESEARCH METHODOLOGY

The type of research adopted in the present study is descriptive in nature. Random sampling technique was used. In order to achieve the objectives, a structured questionnaire was sent to the respondents in the form of online survey. The total number of respondents is 107. Primary data was collected from the questionnaire and secondary data was collected from the internet.

RESEARCH AND FINDINGS

The CSR is closely linked with the principle of “sustainable development”, which disputes that companies should make decisions based not only on financial factors such as returns or dividends, but it also based on the long term social and environmental consequences of their operations. Now we are going to identify the CSR activities done by selected public sector banks as well as private sector banks.

Table-1 CSR Activities in Indian Banking Institutions

SL.NO	Banking Institutions	CSR Activities in Banks
1	State Bank of India	(a) Preventive Healthcare, Water and Sanitation (b) Education (c) Livelihood and Skill Development (d) Women Empowerment and Care for Senior Citizens (e) Rural Development (f) Sustainability and Environment
2	Punjab National Bank	(a) Preventive Healthcare, Water and Sanitation (b) Rural Development (c) Education, Employability and Livelihoods Enhancement (d) Women Empowerment, Senior Citizens Care (e) Environmental Sustainability
3	Bank of Baroda	(a) Education (b) Employability and Livelihoods Enhancement
4	Indian Bank	(a) Women Empowerment, Senior Citizens Care (b) Employability and Livelihoods Enhancement (c) Health Care and Sanitation (d) Environmental Sustainability
5	Yes Bank	(a) Environmental Sustainability (b) Education, Employability and Livelihoods Enhancement (c) Rural Development (d) Healthcare, Water and Sanitation
6	ICICI Bank	(a) Environmental Sustainability (b) Education, Employability and Livelihoods Enhancement (c) Disaster Relief Activities (2019-20) (d) Rural Development (e) Women Empowerment
7	HDFC Bank	(a) Rural Development (b) Poverty, Malnutrition (c) Environmental Sustainability (d) Healthcare, Water and Sanitation (e) Education and Livelihoods Enhancement
8	Axis Bank	(a) Women Empowerment (b) Disaster Relief Activities (2019-20) (c) Rural Development (d) Education, Employability and Livelihoods Enhancement

(e) Environmental Sustainability

Source: Compiled by the Researcher

The above table-1 provides corporate social responsibility activities in Indian banking industry. The major public sector and private sector banks have been providing more services to customer which they required from the banks. In the way, the CSR concept provided more products to people like educational support, rural development schemes, women empowerment schemes and various MSME financing support programmes in Indian commercial banks.

CSR Contribution by Public and Private Banks in Terms of Amount of Money

PUBLIC SECTOR BANKS

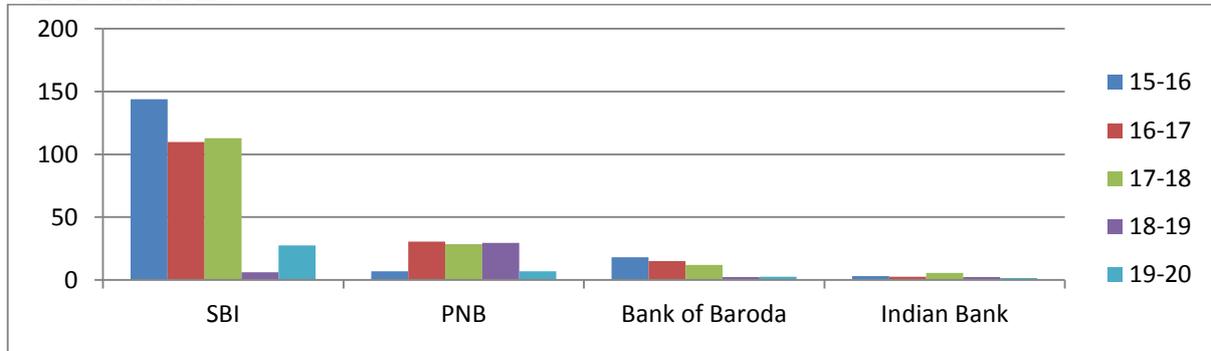


Figure no. 1 showing the amount of CSR contributed by selected public sector banks

Source: Compiled by the Researcher

PRIVATE SECTOR BANKS

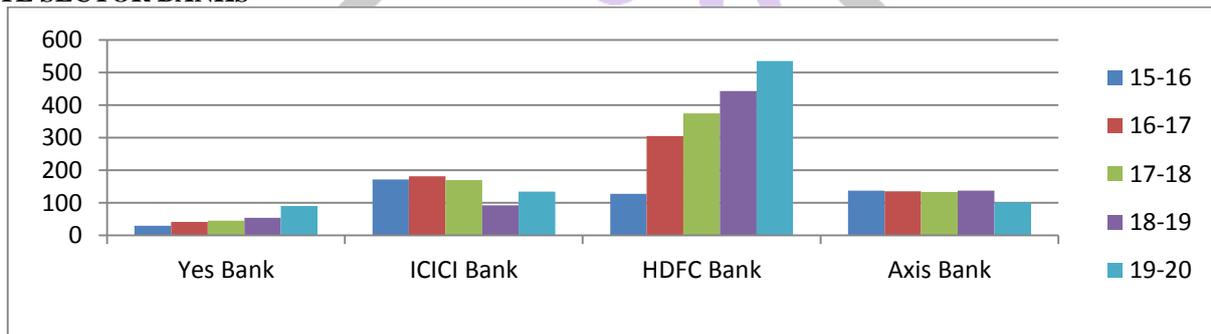


Figure no. 2 showing the amount of CSR contributed by selected private sector banks

Source: Compiled by the Researcher

If we compare contribution towards CSR by selected Public Sector Bank and Private Sector Bank in terms of amount contributed, we can interpret that private sector banks have contributed more amount of money in comparison to public sector banks. One of the main reasons for higher contribution towards CSR by the private sector banks is that it's a compulsion for private sector banks to contribute during every financial year minimum of 2% of the average of its net profit for 3 previous financial years whereas there is no such compulsion for public sector banks.

TO CHECK IF THERE IS ANY DIFFERENCE IN MEAN VALUE OF CSR SPENDING AMONG PRIVATE AND PUBLIC SECTOR BANKS

T-test: Two-sample assuming unequal variances

H0= There is no significant difference in CSR spending among private and public sector banks

H1= There is a significant difference in CSR spending among private and public sector banks

Table 2 T-test for unequal variances

Basis	t value	p-value
If there is any difference in mean value of CSR spending among private and public sector banks	-8.091680932	0.000190987

Source: Compiled by the Researcher

INTERPRETATION- Since the p value of the t-test test for two tail (0.000190) is smaller than our significance level of 0.05, we accept the alternative hypothesis. So, we can interpret that there is difference in CSR spending among private and public sector banks.

IMPACT OF CSR ON NET PROFIT

A P-value of less than .05 indicates a regression model is significant.

The confidence level for the present study has been considered 95%.

H0: There is a no impact of CSR on Net Profit

H1: There is a positive impact of CSR on Net Profit

Table 3 Impact of CSR on Net Profit by regression

Bank	R	R ²	P
State Bank of India	0.46	0.002	0.941
Punjab National Bank	0.425	0.181	0.476
Bank of Baroda	0.602	0.362	0.283
Indian Bank	0.491	0.241	0.401
Yes Bank	0.928	0.862	0.023
Axis Bank	0.457	0.208	0.440
ICICI Bank	0.866	0.749	0.050
HDFC Bank	0.946	0.894	0.015

Source: Compiled by the Researcher

For the regression test we did to study if there is any impact of CSR contribution on the Net profit earned by the Public and Private sector banks, we found that from the public sector banks are not having an impact on the Net Profit as per their contribution toward CSR. On the other hand, all the private banks except Axis Bank are having an impact on the Net Profit as per their contribution towards CSR.

Analysis of Corporate Social Responsibility Performance by the Sample Respondents

This present study has studied about the respondent's satisfaction and usage of Indian banking service by the CSR concept. The researcher has made an attempt to study the customer's satisfaction and the availability of CSR concept in Indian banking sector. In this study, 107 respondents are there which includes 53% of males and 47% of female respondents. 66 of the respondents belonged to age group of 18-30 years, 27 of the respondents belonged to 31-50 years and 14 respondents belong to 50 years and above. The educational qualification of an individual has a greater impact on decision making. Most of numbers of respondents 49 respondents are employed followed by 42 respondents who are students, 10 respondents are self-employed and 6 of respondents are home maker. 17% of the respondents have education till senior secondary or below, 48% respondents have done their graduation and are graduate and 30% respondents are post graduates and 5% are doing other professional courses.

1. Are you aware about the CSR initiatives taken by your bank?

H0= People are aware about CSR initiatives provided irrespective of their Education

H1= Awareness about CSR depends on the level of education

Table 4 Chi-Square Tests

Basis	Degrees of Freedom	Chi-square value	p-value
Education	106	4.458	0.615

Source: Compiled by the Researcher

INTERPRETATION- We did a chi-square test to find if the level of education among the respondents has an impact on the awareness of CSR. From the above test we can interpretate that the level of education is not having any impact on the awareness about CSR as the p-value is greater than 0.05 so we fail to reject the null hypothesis. As nowadays government is trying its best to create awareness about the importance and need of CSR in all the sectors for the betterment and advancement of the society.

2. Contribution in CSR provides more Customer Satisfaction?

CHI-SQUARE ON THE BASIS OF AGE: -

H0= There is no significant change in customer satisfaction with respect to age

H1= Contribution to CSR provides more satisfaction to young people

Table 5 Chi-Square Tests

Basis	Degrees of Freedom	Chi-square value	p-value
Age	106	4.983	0.083

Source: Compiled by the Researcher

INTERPRETATION- From the above test we can see that the level of significance is more than 0.05 so we fail to reject the null hypothesis which means contribution to CSR provides satisfaction irrespective of age. Age does not act as a factor for customer satisfaction. Nowadays, most of the people are aware about the need for contribution towards CSR. There are few common areas where there is need for contribution and contribution towards those areas provides customer satisfaction irrespective of age of the person.

CHI-SQUARE ON THE BASIS OF GENDER: -

H0= There is no significant change in customer satisfaction on the basis of gender in respect to contribution in CSR

H1= Contribution to CSR provides more satisfaction to Females

Table 6 Chi-Square Tests

Basis	Degrees of Freedom	Chi-square value	p-value
Gender	106	0.381	0.537

Source: Compiled by the Researcher

INTERPRETATION- From the above test we can see that the level of significance is more than 0.05 so we fail to reject the null hypothesis which means contribution to CSR provides satisfaction irrespective of gender of the people. Gender does not act as a factor for customer satisfaction. The government is trying to give equal opportunities of improvement to all genders as well as all sectors of the society for overall betterment so that no gender or sectors stays behind and we create a better society for all to live.

SL NO.	QUESTIONS	PERCENTAGE
3	Do you agree that the initiatives taken under CSR by your bank benefits you?	
	Yes	75%
	No	25%
4	CSR has a significant role in establishing a Bank's image?	
	Agree	65%
	Disagree	5%
	Neutral	30%
5	CSR Influences the Customers' Behaviour Positively	
	Agree	96%
	Disagree	4%
6	CSR is a tool to gain competitive advantage	
	Yes	57%
	No	7% %
	Maybe	36%
7	Do you believe that banks CSR initiatives have huge impact over the society?	
	Yes	65%
	No	10%
	Maybe	25%
8	Which CSR activity you know about and should be focused on?	
	Health Care and Sanitation	64 respondents
	Education	73 respondents
	Skills and Livelihood Development	54 respondents
	Women Empowerment and Care for Senior Citizens	63 respondents
	Sustainability & Environment	57 respondents
	Rural Development	57 respondents

Source: Compiled by the Researcher

CONCLUSION & RECOMMENDATIONS

This research helps you in getting an idea of the general practices followed by the bank. From the analysis we can understand that though the Indian banks are making efforts in the CSR areas but still there is a requirement of more emphasis on CSR. From the research done we can conclude few things first; it is noticed that private banks are contributing more towards CSR than most of the public banks. Second, contribution towards CSR had an impact on the net profit earned by the private sector banks. Third, the sample respondents have more satisfaction and are using more CSR practices in the banks. The investigation presumes that they chose Indian financial establishments have been created after the execution of solid CSR ideas and it have been giving more fulfilment to bank's client.

Conclusively, we can give three suggestive measures for a better CSR in these banks. First is to enhance and accelerate government's involvement in CSR activities, second media should increase its interest and play a vital role in the era of CSR and lastly proper monitoring need to be looked into by an appointed committee so that Banks do increase their contribution of profit towards CSR activities because Corporate social obligation is simply not the foundation but rather a viable execution of moral thoughts towards the general public.

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