Original Research Paper | Commerce | Volume : 6 ¦ Issue : 10 ¦ Oct 2021 ¦ e-ISSN : 2456-5040

A STUDY ON BANK EMPLOYEES' PERCEPTION TOWARDS CSR ACTIVITIES

Dr. Devendrasinh Dalpatsinh Zala

Associate Professor, Smt K.K. Shah Arts and Smt L.B. Gunjariya Commerce College, Thara, India.

ABSTRACT

In India's corporate sector, socially responsible actions have recently increased. The purpose of this study is to look into India's banking industry for corporate social responsibility (CSR) initiatives being carried out by the key companies, as well as to undertake an effect analysis of such operations in terms of image building and performance improvement. It is based on publicly available CSR data from major Indian banks during the last few years. The findings show that a) the number of CSR activities in Indian banks is increasing, b) there is a favourable relationship between business success and bank CSR activities, and c) CSR practises have improved the banks' goodwill and image. This implies that contributions to society provide benefits to the corporate sector in terms of increased value. This could be a useful paradigm for other service industries.

KEYWORDS: CSR, Banks, India, Corporate

INTRODUCTION:

Worldwide, the business sector is taking on a new role aimed at addressing current generational requirements without jeopardising future generations' ability to meet their own. Businesses are gradually more aware of their operational influence on the environment and society. Through influential leadership, businesses' ultimate purpose is to improve people's quality of life and develop trust. Through the human aspect of CSR, they seek to overcome an increasingly competitive business world. The ability to discern this human face is a necessary and critical component of society's willingness to accept the difficult and transformative changes that will be brought about by globalisation. As stated by Indian businesses ACT 2013, an innovative model of the new world order, the Indian social sector marks a new phase on the path to inclusive growth. The most notable element of the statute is Section 135 of the act, which demands CSR spending, responsiveness to sustainable development, CSR, and non-financial reporting. The RBI's efforts in publishing a circular in 2007 focusing on CSR activities to be carried out by the banking sector in India are commendable.

Banks and financial institutions are critical to long-term development because they facilitate the financing of economic and development activities all around the world. As a result, banks' role as responsible corporate citizens of society becomes increasingly important, especially in developing countries such as India. Their care for natural and human capital must also be evident in their actions.

In comparison to organisations that do not engage in CSR activities, research shows that those who do engage in such activities have a longer lifespan. As a result, more companies are starting to invest in CSR initiatives.

The growing importance of CSR in both its substance and implementation may be seen in the rising CSR model. It emphasises that the corporate sector's obligation extends beyond profitability and long-term viability to include accountability to a variety of stakeholders. CSR encompasses much more than the construction of hospitals, temples, and schools, as well as the receipt of donations. CSR aims have expanded beyond the obvious and now encompass the following goals:

- Image remodelling;
- Relationship building;
- Accountability;
- Augmenting gains;
- Augmenting profits; and
- Long-term sustainability.

The obligation of management to decide on and initiate measures that contribute to societal welfare is referred to as social responsibility. It also serves the organization's and stakeholders' interests.

INDIA'S BANKING SECTOR SCENARIO:

India's banking system, according to the Reserve Bank of India (RBI), is adequately capitalised and regulated. The country's financial and economic conditions are significantly superior to those of any other country on the planet. According to credit, market, and liquidity risk analyses, Indian banks are generally robust and have fared well during the global slump. Innovative banking concepts such as payments and small finance banks have lately been introduced in the Indian banking market. The RBI's new policies may go a long way toward assisting the domestic banking industry's reform. Moody's, a global rating agency, stated in August 2017 that the prognosis for the Indian banking system remained steady.

INDIAN BANKS AND CSR:

Banks are powerful financial middlemen with a lot of leverage. The Reserve Bank of India (RBI) and the government play a critical role in ensuring effective bank governance in India. They do so through regulating and supervising banks (Samantray et al., 2008). The financial industry is seen as critical in India. The governance process ensures systemic and financial stability, as well as deposit insurance liability issues. Companies' CSR actions in India aren't reported in a systematic way. In December 2007, the RBI directed banks to begin CSR efforts in order to comply with the principles of sustainable development. The regulator also asked the banks to begin non-financial reporting in order to offer a clear account of the institutions' intangible assets.

"There is a dearth of understanding about global warming and climate change. Several Asian businesses are unaware of the dangers that climate change poses to their business models and the environment as a whole. With this perspective, Indian financial institutions must place a high priority on sustainable development activities. Banks will also be qualified to play a key part in this endeavour," according to an RBI circular to banks (Deccan Herald, 2004).

According to the central bank, CSR entails corporations incorporating social and environmental goals into their business operations and stakeholder relations. While pursuing economic development, sustainable development is concerned with maintaining the quality of environmental and social systems. Organizations report on environmental, social, and economic accounting activities in non-financial reporting. Banks must keep their fingers on the pulse of events in order to adjust their strategies and plans in response to shifting dynamics.

Banks are obligated to publicise their CSR initiatives in conjunction with their yearly financial statements. The role of banks and financial institutions, according to the RBI, is critical to long-term development. This is due to the fact that they play a significant role in financing global economic and development operations. As a result, banks must act responsibly as corporate citizens. In the case of a developing country like India, this is especially true. The actions of banks must be transparent in terms of their human rights and environmental issues.

LITERATURE REVIEW:

According to Sayd, many banks do not provide CSR disclosures (2007). In comparison to the retail sector, as investigated by Kostyuk et al., German banks have only recently realised that their corporate socially responsible behaviour is important (2009). Non-regulation of Multi-National Corporations (MNCs) regarding their social and environmental responsibilities, as highlighted by Engobo et al. (2010), has threatened catastrophic consequences, albeit on the more weak and voiceless sectors of the global community. It is also suggested that the scope of global norms be broadened. To achieve financial inclusion, Indian banking as a whole should take the issue of no-fee accounts seriously and make concerted efforts, as mentioned by Jayashree as part of CSR (2010). According to Suresh and Sudeepta (2011), CSR supporting measures should be strictly addressed and implemented. Until and unless environmental authorities become more serious and stringent, the financial institution will face numerous challenges. There could be general, social, and economic benefits to society if business entities recognised broader social purposes in their activity. Chaudhury et al. undertook a comprehensive assessment of all banks and financial organisations involved in socioeconomic development, rural development, and community development (2011). They concluded that priority sector lending, microfinancing, MSME financing, and environmental excellence projects are widespread among all financial and banking organisations.

Customer satisfaction is the mediating element for banking service quality, and CSR is the most influencing factor for customer happiness, according to Senthikumar et alstudy .'s on the impact of CSR on customer satisfaction in banking services (2011). Customer happiness is the most important determinant of banking service quality. The management ensures that the banking environment promotes fair and fast service to their consumers. CSR has a favourable impact on customer satisfaction when it comes to banking service quality.

CSR practises and ratings in the Indian banking business were discussed by Jayashree and Neeta (2011). They explained that CSR is a concept in which financial institutions consider not only their productivity and growth, but also the well-being of society and, as a result, the environment, by accepting responsibility for the impact of their activities on shareholders, employees, customers, and civil society, as represented by NGOs. CSR is a crucial reputational driver when it comes to creating economic value over time. According to Trotta et al., CSR and the Corporate Reputation (CR) of banks are particularly crucial in meeting all stakeholders' expectations (2011).

As recommended by Sanjay, there is a need to construct a standard for grading CSR activities in the banking sector, which can cover the path to CSR accountability (2012). According to Saxena, the ultimate motive for firms to embrace social responsibility should not be financial, but moral and ethical (2012). CSR plays a crucial part in establishing confidence in the minds of customers.

Commercial banks must recognise that their viability and profitability, as well as those of the RBI, will be sustained only if total financial inclusion is achieved. It has also been established that governments (both central and state) recognise that pro-poor actions done by them in the form of subsidies or welfare systems do not reach the deserving. It has also been established that governments (both central and state) recognise that pro-poor actions done by them in the form of subsidies or welfare systems do not reach the deserving. The only option is to transmit funds directly to individuals, which again necessitates absolute financial inclusion. The banks appeared to be drawn to the idea of CSR primarily as a philanthropic endeavour, according to Sigurthorsson (2012). It was specifically noted that the banks' conception of CSR, which was mostly in terms of strategic altruism, was severely misguided.

According to Andrea and Ignacio (2012), while firms are rapidly incorporating CSR into their business plans, several areas of its administration, such as communication and measurement of results, are hindering its success. According to Agarwal, banks with state or federal governments as big owners should focus their efforts on CSR sectors differently in order to create a more socialist image (2013).

Although Indian banks are making consistent efforts in the CSR areas outlined by Sharma and Mani, there is still much to be done (2013). Some banks do not even meet the regulatory criteria. Public sector banks make the most contribution to CSR efforts. Private sector banks and foreign banks continue to provide coverage in this area. According to Kshitiz and Amar's analysis, CSR is not mandated in Nepal (2013). Banks have voluntarily disclosed information. Child and women's development, religious participation, games and sports activities, and blood donations were the push areas for CSR reporting. The lack of statutory reporting measures for CSR practises mentioned by Deepika and Rama has resulted in carelessness on the topic of reporting (2014). Some banks have been noticed making deceptive gestures in regards to their efforts for socio-environmental concerns.

RESEARCH OBJECTIVES:

1. To study the perception of banks' employees towards CSR activities

2. To study the benefit of the CSR activities for the banks.

SAMPLE SIZE:

In this study, researcher has targeted 100 employees working in banks. 2 private sector banks and 3 public sectors banks have been targeted for this research.

DATA ANALYSIS:

SECTION A: Which of below mentioned CSR activities towards stakeholders are considered important for banks?

Sr. No.	Parameters	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Community Spirit	15	33	17	22	13
2	Competent Leadership	23	38	24	10	5
3	Effective Communication	15	34	17	22	12
4	Equal Employment Opportunities	15	33	25	22	5
5	Fair Remuneration	23	30	24	18	5
6	Healthy & Safe Work Environment	17	29	15	23	16
7	Learning & Development Opportunities	16	35	15	22	12

INTERPRETATION:

From the above table it is seen that majority of the respondents believe that CSR activities like community spirit, competent leadership, effective communication, equal employment opportunities, fair remuneration, healthy & safe work environment and learning & development opportunities are considered important for banks.

SECTION B: Has your bank experienced any benefits from implementing CSR Initiatives?

Sr. No.	Parameters	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Higher Staff Retention	19	35	20	16	10
2	Improved Brand Image	19	37	20	15	9
3	Improved Profit	17	34	20	18	11
4	Increased Productivity	16	33	20	19	12
5	Lower Attrition	16	33	19	19	13
6	Reduced Cost of Recruitment	13	31	20	21	15
7	Service / Market Innovation	15	33	20	19	13
8	Share Price Increase	19	36	20	16	9

INTERPRETATION:

From the above table it is seen that majority of the respondents believe that bank experienced any benefits from implementing CSR Initiatives such as higher staff retention, improved brand image, improved profit, increased productivity, lower attrition, service / market innovation, reduced cost of recruitment, share price increase.

CONCLUSION:

Corporate social responsibility stands for business contribution to sustainable development and covers active participation in various fields such as corporate governance, environment, contribution to community and society, human resources, relationships with clients, suppliers, and other stakeholders. The socially responsible attitude is an inherent aspect of the identity of financial institutions such as banks, and it is one of their distinguishing characteristics. The Reserve Bank of India has advised banks to pay special attention to integrating social and environmental considerations into their corporate operations. The relevance of such a move is recognised by an active CSR department in newly founded private and foreign banks, which maintains it. Financial institutions are well capable of spreading efforts for corporate social responsibility and achieving long-term sustainability. Internal initiatives to improve day-to-day operations cleaner, more efficient, and socially supportive can be beneficial in the long run. Sound finance of a sustainable economy can be efficiently promoted by banks. Banks can also benefit from this for the betterment of society. General, social, and economic advantages will accrue to society in a beneficial way. Businesses and banks should therefore go beyond their day-to-day operations to understand and incorporate greater social aims into their strategy.

The promotion of sustainable finance is the need of the hour. SRI (sustainable and responsible investing=socially responsible investment) is an investment approach that selects investment targets that not only generate financial growth but also explicitly address environmental, social, and governance (ESG) challenges. Sound finance of a sustainable economy can be encouraged by banks. Banks can do a lot more to promote corporate social responsibility. CSR support measures should be handled with and executed with care. Until and until environmental consultants become more serious and severe, the financial institution will confront numerous challenges. Businesses that consider broader societal goals in their actions might reap broad social and economic rewards that benefit society as a whole.

REFERENCES:

I. Anderson E W, Fornell C and Mazvancheryl S K (2004), "Customer Satisfaction and Shareholder Value", Journal of Marketing, Vol. 68, No. 4, pp. 172-185.

Volume : 6 ¦ Issue : 10 ¦ Oct 2021 ¦ e-ISSN : 2456-5040

II. Andrea Pérez and Ignacio Rodríguez del Bosque (2012), "The Role of CSR in the Corporate Identity of Banking Service Providers", Journal of Business Ethics, Vol. 108, No. 2, pp. 145-166.

III. Chaudhury S K, Das S K and Sahoo P K (2011), "Practices of Corporate Social Responsibility (CSR) in Banking Sector in India: An Assessment", Research Journal on Economics, Business and ITC, Vol. 4, pp. 110-127.

IV. Deepika D and Rama M (2014), "CSR Practices in Indian Banking Sector", Global Journal of Finance and Management, Vol. 6, No. 9, pp. 853-862.

V. Engobo E, Rhuks A, Patrick O et al. (2010), "Corporations, CSR and Self egulation: What Lessons from the Global Financial Crisis?", German Law Journal, Vol. 11, No. 2, pp. 230-259.

VI. Jayashree P (2010), "Corporate Social Responsibility in Indian Banking Sector", Maratha Mandir's Babasaheb Gawde Institute of Management Studies, Mumbai.

VII. Jayashree P and Neeta A (2011), "CSR Practices and Ratings in Indian Banking Sector", International Journal of Research in Commerce, Economics & Management, Vol. 1, No. 5, pp. 129-133.

VIII. Kostyuk A N, Mazghovyi Ya I, Riabichenkp A et al. (2009), "Corporate Social Responsibility in Banks: An International Overview", pp. 1-32, Ukrainian Academy of Banking, National Bank of Ukraine, Sumy.

IX. Kshitiz Upadhyay-Dhungel and Amar Dhungel (2013), "Corporate Social Responsibility Reporting Practice in the Banking Sector of Nepal", Banking Journal, Vol. 3, No. 2, pp. 61-78.

X. Mukherjee A (2012), "Corporate Social Responsibility of Banking Companies in India: At Cross Roads", International Journal of Marketing, Financial Services & Management Research, Vol. 1, No. 4, pp. 198-206.

XI. Sangeetha K (2011), "Factors Influencing CSR Initiative of Banks in Oman: A Study Based on Stakeholder's Perspective", Journal of Management Research, Vol. 3, No. 2, pp. 22-40.

XII. Sanjay K D (2012), "CSR Practices and CSR Reporting in Indian Financial Sector", International Journal of Business and Management, Vol. 2, No. 9, pp. 110-138.

XIII. Saxena M (2012), "Corporate Social Responsibility @ ICICI Bank", International Journal of Research in Computer Application & Management, Vol. 2, No. 2, pp. 94-100.

XIV. Sayd Farook (2007), "On Corporate Social Responsibility of Islamic Financial Institutions", Islamic Economic Studies, Vol. 15, No. 1, pp. 31-46.

XV. Senthikumar N, Ananth A and Arulraj A (2011), "Impact of Corporate Social Responsibility on Customer Satisfaction in Banking Service", African Journal of Business Management, Vol. 5, No. 7, pp. 3028-3039.

XVI. Sharma E and Mani M (2013), "Corporate Social Responsibility: An Analysis of Indian Commercial Banks", AIMA Journal of Management & Research, Vol. 7, Nos. 1/4, pp. 58-79.

XVII. Sigurthorsson D (2012), "The Icelandic Banking Crisis: A Reason to Rethink CSR?", Journal of Business Ethics, Vol. 111, No. 2, pp. 147-156.

XVIII. Singh R and Agarwal S (2013), "Does CSR Orientation Reflect Stakeholder Relationship Marketing Orientation? An Empirical Examination of Indian Banks", Marketing Intelligence & Planning, Vol. 31, No. 4, pp. 405-420.

XIX. Suresh C B and Sudeepta P (2011), "CSR and Performance: The Story of Banks in India", Journal of Transnational Management, Vol. 16, No. 1, pp. 20-35.