

Indian Banks Adopting Corporate Social Responsibility To Ascertain Significant Benefits And Assess Employee Sensitivity

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Abstract: *The study examined various benefits avail by the banks through adoption of corporate social responsibility which leads to contingent sustainability and measuring employee sensitivity on business operational concerns in the banking industry with specific emphasis to public and private sector banks. The basic objectives of this research work were to find benefits which can be earned by banks through corporate social responsibility and its impact on environmental and community policies. The study has been conducted with the help of survey research. Primary data was used for the study with structured questionnaires as research instrument. Three hundred employees of the bank were evaluated and used as subjects for this study basically, which comprised of both public as well as private banks. Based on the findings it was recommended that public and private sector banks should effectively enhance corporate reputation, improving relations with external agencies, identification of reputational risk or minimizing basic threats; understanding the importance of reducing the environmental impacts with change in strategic policies of bank and also helping the rural areas to fulfilling basic needs of people through CSR activities. This will help banks to increase their public presence by formulating new welfare schemes for society; thus overcoming with environmental challenges for community at large.*

Keywords: *corporate social responsibility, contingent sustainability, employee sensitivity, enhancing corporate reputational risk and environmental impacts*

I. INTRODUCTION

The beginning of corporate social responsibility in India has gone under many changes and eventually was brought to India of its cultural norms of companies' commitment of corporate social responsibility, with CSR denoting that the way in which businesses are properly managed to carry an overall positive impression on the societies, communities, cultures and environments in which they function. The basics of CSR deliberate on a statement that not only for public procedure, but even the corporate should be accountable and answerable enough to discourse the social issues and prudent challenges. Therefore the companies must deal with the key issues and related challenges which are to be considered to a certain degree by Indian corporate.

It has been witnessed that among the other countries India has one of the richest backgrounds of CSR. Many important steps has been taking in recent years to make the entrepreneurs of India aware about their social responsibility as an integral segment of their corporate movement, but in India CSR still needs to accept a pervasive recognition. So to achieve this goal a self- realisation concept should be implanted in hearts of corporates; also it would be essential that CSR approach of corporates has to be in link with their attitudes to conventional business- companies aiming strong objectives, undertaking possible investments, assessing and recording performances. CSR is not only offering organisations various ways of opportunities but properly distinguish themselves from challenging contestants but also for reducing costs. If managed

adequately, a CSR approach creates value for both business and society simultaneously (Nolan, Norton & Co., 2009).

Hence, the Indian banks are seamlessly initiating and fulfilling social welfare needs with the help of effective CSR activities which has actually awakened their concerns over various issues or a sense of social responsibility towards the community at large. The aim of any banks is now contributing through their percentage of earning which being dispensed on all sorts of philanthropic activities. It has been observed among banks employees through local NGO's and other companies; they are able to achieve common social development goals. CSR has now become an integral part for bank business operation and a performance indicator; nevertheless the stakeholders will also have to part take in corporate decisions pertaining to CSR policy. It is the objective of banks to get a sustainable growth and rewarding returns over its investments. Thus, CSR gives them an edge of doing essential promotional activities to have positive presence in the market so that their business can easily be sustained with the existing client base. The more the participative philanthropic activities had done by banks more will be their durability, profitability and accountability in the market.

The purpose of this research is to elucidates that Indian banks may not be aware that there can be other mode through which Indian banks can promote the CSR activities by adopting various elements ; helping the rural areas to develop through CSR; and understanding employees belongingness towards environmental and community policies.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

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|---------------------------|---------------|--|
| Sharma | (2011) | Made an attempt to analyse CSR practices and CSR reporting in India with special reference to banking sector and concluded that banking sector in India is showing interest in integrating sustainability into their business models but its CSR reporting practices are far away from satisfaction. |
| Ventura and Vieira | (2007) | Made a study to understand the dynamics of institutionalizing corporate social responsibility in the field of Banking Organizations in Brazil and found that from being an isolated marginal action, CSR in the past ten years is now a structured action in banking organizations. |
| Warhurst | (2001) | points out, the three major elements of CSR are product use which focuses on contribution of industrial products which help in well-being and quality of life of the society, business practice which |

**Sanjay
Kanti Das** (2012)

focuses on good corporate governance and gives high impetus for the environmental well-being and equity which tries for distribution of profits equitably a different societies especially the host community. In his study presented that development of Corporate Social Responsibility (CSR) is very slowly in India though it was started a long time ago. In his view CSR has been assuming greater importance in the corporate world, including the banking sector. There is a visible trend in the financial sector of promoting environment friendly and socially responsible lending and investment practices. The Govt. of India is pursuing the matter relating to CSR and also drafted guidelines for CSR practices time to time.

**Goyal and
Joshi** (2011)

Highlighted social and ethical issues such as social banking, ethical banking, green banking, global banking, rural banking and agri-banking etc. which facilitate the achievement of sustainable development of banking and finance. They concluded that Banks can act as a socially and ethically oriented organization by disbursement of loans only to those organizations, which have environmental concerns. Even though this can slow down the economic and industrial growth but human race cannot afford the fast pace of growth at the cost of environmental depletion. Proposed a shift in view from corporate social responsibility to corporate social performance (CSP) as a means to assess CSR policies and practices. A harmful product category was chosen to illustrate how corporate social performance using a consumer's point of-view can be assessed.

Ball Kim (2008)

RESEARCH OBJECTIVES

- ✓ To ascertain various benefits avail by the banks through adoption of corporate social responsibility which leads to contingent sustainability

- ✓ To explore what banks are doing in helping the rural areas to accomplish contingent growth through CSR activities
- ✓ To adjudicate employee sensitivity through environmental and community policies

II. LIMITATION OF STUDY

It is been observed that Corporate Social Responsibility (CSR) is not a new concept but this term has not been defined clearly and many have different insight. There have been many arguments in defining the terms rather, then agreement among researchers about CSR. Again, there is no legal consent for the concept and therefore, it depends more on the vision, mission and philosophies of the top management of the bank. This makes objective analysis of the concept somewhat difficult. However, the research will try to quantify responses of various stakeholders using suitable quantitative techniques for establishing the hypothesis of the present research. The study is also constrained by time, cost and geographical limits.

III. RESEARCH SCOPE

This study will reveal on criterion for successful adoption of CSR i.e. the commitment of the board and top management of banks in India. As their assurance alone can ensure that CSR contrivance is put into operation in their banks and requisite awareness is created among various stakeholders about its significance. This study will also help to bringing the importance of good corporate governance in banks so as to implement CSR in proper time and situations to achieve the projected growth and sustainability. Thus, determining CSR effectiveness insinuating to contingent growth, sustainability & employees sensitivity; study also tries to foster the importance of attracting, training and motivating the employees to take part in community based programmes. Again it will help to bring out the need to create special funds to finance socially sustainable products.

Human resource policies must provide enablement to the executive management of the banks and instantaneously create a contrivance of checks and balances which ensures that the decision making powers vested in the executive management is not misused, but used with great care and responsibility to meet stakeholder aspirations and societal expectations. It would not be surprising to note, that organisations having strong HR policies and practices of CSR enhance the public perception, which will be reflected in the company's growth, profitability, sustainability and satisfied stakeholders. CSR has become an important criterion to judge an organisation and its shows the health and wealth. It plays role of supporter and facilitator in the journey that enterprises undertake to reach the peak along with highest ethical standards.

In view of its significances, the present study will highlight its significance for the overall growth of industrial sector with special reference to banking industry. It will also help NGOs in their endeavours in serving the cause of society. It will help the government in evolving a suitable mechanism for implementing the CSR programmes and keep a close watch on their effects.

IV. RESEARCH METHODOLOGY

RESEARCH DESIGN

The design for the research study was done on the basis of descriptive research design which measured benefits avail by the banks through adoption of corporate social responsibility; whether banks are helping the rural areas to accomplish contingent growth through CSR activities; and judging employee sensitivity through environmental and community policies.

SAMPLE

The sample of this study consists of 300 employees of banks (three public and three private banks) in UP-east region, focusing on the banks which have more presence in big cities. The study has employed stratified random sampling technique almost considering all positions and cadres in the banking organization. A total of 280 questionnaires were circulated while 250 were found usable and analysed. The subjects were made up of 258 males and 48 females with age ranging from 20 to 59.

INSTRUMENTS

The study employed structured questionnaire as an instrument for collection of data. This research was divided into six sections, namely 1 to 6. Section 1 measured the demographic information, sections 2 to 6 measured corporate social responsibility perception, activities, impact, rural emancipation and employee sensitivity respectively. The scale for corporate social responsibility was tailored from a scale developed by David and Phil (2005) with Likert scale scoring format ranging from "Strongly agree = 5" to "Strongly disagree = 1". The scale had a Cronbach's alpha value of 0.96. This study adapted items from the scale with a Likert scale scoring format ranging from "Strongly agree = 5" to "Strongly disagree = 1" for the different dimensions effectiveness of corporate social responsibility. The benefits avail by the banks through adoption of corporate social responsibility employees was measured in section 4 which was a eight item questionnaire and how banks are helping the rural areas to accomplish contingent growth through CSR activities was measured in section 5 which was a one comprising of sub item questionnaire. The employee sensitivity through environmental and community policies was measured in section 6 which questionnaire scale developed by Khandwalla (1977) and David et al. (2002), which was an nine item scale collapsed a Likert scoring format ranging from David and Phil (2005) with Likert scale scoring format ranging from "Strongly agree = 5" to "Strongly disagree = 1". All the scales were revalidated and the Cronbach's alpha values were: Impact/Benefits of CSR = 0.850, CSR and Rural Emancipation = 0.756 and CSR-Employee Sensitivity = 0.782.

V. FINDINGS & RECOMMENDATION

FINDINGS

- ✓ The total number of respondents of public and private banks has given their response on adoption of CSR in banking sector; whether it enhances corporate reputation or not. It has been observed that out of total 300 bank employees 33.0 % of employees consider CSR adoption increase corporate reputation at high level. However, minority of employees which are 10.3% consider that the effect of CSR is at lower level.
- ✓ The total number of respondents of public and private banks have given their response on adoption of CSR in banking sector; whether CSR initiatives improve relations with suppliers, institutions, donors, community or not. It was observed that majority of employees which are 37.7% employees considers high level performance of CSR in improving relations suppliers, institutions, donors and community. However, minimum employees 10.3% consider the impact of CSR at great level in case of improving relations.
- ✓ The total number of respondents of public and private banks has given their response on adoption of CSR in banking sector; whether CSR initiatives strengthen the sense of employee. It was observed that major percentage of employees which are 31.3% feels CSR highly effect the employees in strengthening their sense however minority of employees which are 6.7% employees feels CSR effect on strengthening the sense of employees are at great level.
- ✓ The total number of respondents of public and private banks has given their response on adoption of CSR in banking sector; whether CSR initiatives Increase of the Efficiency. It has been observed that 37.0% of bank employees, who believe if company adopt CSR the efficiency of bank, will improve at medium level however minority of employees which are 5.7% feels CSR adoption increase the efficiency at great level.
- ✓ The total number of respondents of public and private banks have given their response on adoption of CSR in banking sector; whether CSR initiatives acquisition of commercial benefits. It was observed that maximum percentage of employee which is 37.7% who believe there is medium impact of CSR on acquisition on commercial benefits. However minimum 4.3% who believe CSR adoption greatly help the banks in acquiring the various commercial benefits.
- ✓ The total number of respondents of public and private banks has given their response on adoption of CSR in banking sector; whether CSR initiatives identification of reputational risks. It was observed that maximum 40.7% employee believes if bank adopt CSR then it will help at least up to medium level in identification of reputational risks. However, a minimum 3.7% employee believes CSR adoption has great influence on identification of reputational risks.
- ✓ The total number of respondents of public and private banks has given their response on adoption of CSR in banking sector; whether CSR initiatives increases better access to credit. It was observed that a highest 43.0% employee considers CSR adoption effect better access of credit but up to medium level. But minimum 5.0% employees' supports the view that CSR adoption help in access to bank credit in better way and CSR is helpful in this regard at a great extent.
- ✓ The total number of respondents of public and private banks has given their response that how banks are helping the rural areas to accomplish contingent growth through CSR activities. It has been observed that 9% employee (out of 27 respondents) believes their banks are providing education facilities (under CS programmes) for the development of rural areas. In bank wise study SBI,PNB,ICICI and HDFC banks shares highest 18.5% employees who are in support of this view and BOB has minimum 11.1% employees who says banks are proving education facility.
 - 13% employees (out of 41 respondents) who say under CSR programmes banks are undertaking local community projects and empowerment programmes.
 - 12% employees (out of 37 respondents) believe that due to CSR adoption banks are taking various steps for the improvement and maintenance of environment.
 - 7.6% employees (out of 23 respondents) ensure that banks are adopting various programmes for sustainable and social development of rural area.
 - 7% (out of 21 respondents) says banks are providing vocational training programmes with a view to develop rural area through CSR initiatives.
- ✓ The total number of respondents of public and private banks have given their response that whether; banks have tried to reduce the environmental impact in terms on energy conservation; Waste minimization and recycling; Pollution prevention; Protection of the natural environment; and Sustainable transport options:
 - It has been observed that 62.0% of employees strongly agree their effort regarding reduction of environmental effect in terms of energy consumption however 3.3 % employees strongly disagree about their effort regarding this.
 - It has been observed that 39.7% of employees agree that their banks tried to reduce their banks environmental impact in terms of waste minimization & recycle. However 5.3% employees disagree regarding their any kind of efforts regarding reduction their banks environmental impact in this regard.
 - It has been observed that 44.0% of employees strongly agree that they tried to reduce their banks environmental impact in terms of: Pollution Prevention. However 4.0% employees disagree regarding their effort to reduce environmental impact in terms of pollution.
 - It has been observed that 46.0% of employees strongly agree about their effort in reduction their banks environmental impact in this regard although 3.0% employees disagree about their any kind of effort in reduction of environmental impact for the protection of natural environment.
 - It has been observed that 39.7% of employees neither agree nor disagree for the attempt. However, 5.0% employees strongly disagree about their attempt to

reduce their banks environmental impact in terms of sustainable transport options.

- ✓ The total number of respondents of public and private banks have given their response that whether; banks save money by reducing its environmental impact (e.g. by recycling, reducing energy consumption, and preventing pollution). It has been observed that 69.7% employees are strongly agree that banks are securing money by reducing its environmental impact through reducing energy and preventing pollution etc. but 2.0% employees are strongly disagree that bank cannot save money by this medium.
- ✓ The total number of respondents of public and private banks has given their response that whether; banks consider the potential environmental impacts when developing new products and services (e.g. assessing energy usage, recyclability or pollution generation)? It has been observed that 50.7% of employees are strongly agreed that they consider environmental impacts when developing new products and services. However 2.7% employees disagree with this statement.
- ✓ The total number of respondents of public and private banks have given their response that whether; banks bank supply clear and accurate environmental information on its products, services and activities to customers, suppliers, local community, etc.. It has been observed that 43.0% employees' feels they are neither agree nor disagree about this. However minimum 5.0% employees agree that their banks supply clear and accurate information on its product to customers, suppliers etc.
- ✓ The total number of respondents of public and private banks has given their response that whether; bank employees think that they could use the sustainability of its products and services to gain an advantage over competitors. It was observed that 48.0% employees neither agree nor disagree about thinking ways to use sustainability of its products. However minimum 4.7% employees agree that they think about the ways to face competition by using sustainability of its product.
- ✓ The total number of respondents of public and private banks has given their response that whether; bank offer training opportunities to people from the local community (e.g. apprenticeships or work experience for the young or for disadvantaged groups? It was observed that 67.0% employees strongly agree and 3.0% agree that their banks provide training opportunity to local community however 3.7% disagree with the statement.
- ✓ The total number of respondents of public and private banks have given their response that whether; bank as an open dialogue with the local community on adverse, controversial or sensitive issues that involve your bank (e.g. accumulation of waste outside your premises, vehicles obstructing roads or footpaths?) It was observed that 44.0% employees neither agree nor disagree about the open dialogues with the local community although 4.0% employees strongly disagree about open dialogues.
- ✓ The total number of respondents of public and private banks has given their response that whether; bank employees encouraged to participate in local community activities (e.g. providing employee time and expertise, or other practical help). It was find out that 46.7%

employees strongly agree that their bank encouraged them although 2.3% employees strongly disagree about the encouragement of banks for the participation on local community activities.

- ✓ The total number of respondents of public and private banks has given their response that whether; bank give regular financial support to local community activities and projects (e.g. charitable donations or sponsorship?) It was observed that 51.0% employees neither agree nor disagree about the regular financial support to local communities' activities and projects. However 6.0% employees agree that their bank provides proper financial support to local communities' activities.

VI. RECOMMENDATION

From the analysis of data and research findings, the subsequent recommendations are therefore being drawn or desired to be made, which the research have confidence that it will be beneficial to whoever goes through this research work. It is strongly believed that this research will provide additional information to public and private sector banks, community and various corporate organizations on the research topic under study. The recommendations are as follows:

- ✓ The bank employees of SBI, PNB, ICICI & AXIS Bank should inspire CSR as a nation building concept which intensive public enlightenment; and a major emphasis to be given by public and private banks to undertake initiatives with greater interest in the areas of employment, healthcare system, control of communicable diseases, hygiene and sanitation, senior citizens/geriatric care and talent export program in India as it's a developing countries;
- ✓ The public and private banks should focus more on the areas; where they may reassure to strengthen the sense of employee and enhancing corporate reputation of bank through creating value addition in human capital;
- ✓ There should be public enlightenment which will ensure consumers and other stakeholders to be aware that public and private banks have to be socially responsible;
- ✓ The public and private banks must try to reduce their banks environmental impact in terms of waste minimization & recycle and also provide a sustainable transport options to their employees;
- ✓ The banks like HDFC, SBI, Bank of Baroda and ICICI should show a measure of concern for rural development in area where the banks, can offer more number of programmes for sustainable and social development, vocational training programmes and creating employment opportunity for those you are needy and qualified;
- ✓ There should be a common agenda for banks whether public or private they need to see that bank supplies clear and accurate environmental information on its products, services and activities to customers, suppliers, local community, etc.
- ✓ CSR annual reports should be incorporated into the financial statement of banks so as to encourage business managers;

- ✓ There should be some reward and recognition for distinct bank managers that have excelled in their social responsibility performance. They are to make the performance competitive there by attracting more managers and enhancing corporate reputation;
- ✓ The public and private banks should establish a CSR quarterly review committee which would look after the types of CSR activities undertaken by banks, how they have got executed.
- ✓ The private sector banks should be more actively involved in environmental impact assessment which may lead to high reputation of the bank.

VII. CONCLUSION

It's the positive organizational culture and social responsible mind-set of bank employees that brings in overall productivity and balanced, anticipated and effectual growth. Therefore, public and private sector banks must focus on the areas which may sometimes play an important part in contingent growth in terms of sound stability in bank operations and guarded accountability of their stakeholders. The socially responsible banks while adopting the list of corporate social responsibility activities may have a considerable amount of positive impacts on areas like increasing reputation of the bank, creating brand awareness, inducing value added per employee, high level of customer satisfaction, rise in banks revenues and acting as risk management tool.

Apart from these aspects there are additional benefits which are availed by the public and private banks on adoption of CSR like acquisition of commercial benefits, identification of reputational risks and increases better access to credit. On the other public and private banks employees were being tested to give their feedbacks that what their banks are doing in rural areas development through implementation of CSR activities; it resulted to be quite appreciable as lot of banks are participating to actively perform in extent of proving good education facility, local community projects and empowerment programmes, improvement and maintenance of environment, programmes for sustainable and social development of rural area; and providing vocational training programmes to have their presence a social leaders.

Protecting rights and safeguarding the interest of banks immediate stakeholders with building up environmental and community policies for their stakeholders to address whinges pertaining such sensitive issues like banks saving money by reducing its environmental impact by recycling, reducing energy consumption, and preventing pollution, bank supply clear and accurate environmental information on its products, services and activities to customers, suppliers, local community, banks offer training opportunities to people from the local community e.g. apprenticeships or work experience

for the young or for disadvantaged groups; and lastly bank giving regular financial support to local community activities and projects.

All in all, management of a banking organization shall have appropriate plan in order to establish a congenial organizational culture, accountability, creditability and a social responsible employees who are ready for achieving new heights of success. Thus, the commitment for becoming a social responsible banking organization between management and staff can be demonstrated through effective and a well-organized internal audit, customers and the community will be benefited with risks minimised and quality improved in several other dimensions.

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