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# CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN THE INDIAN PUBLIC AND PRIVATE SECTOR BANKING ORGANIZATIONS—A STUDY ON COMMUNITY INVESTMENT INITIATIVES

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The banking industry has providing more facilities to customers as per the Corporate Social Responsibility (CSR) concept in banking institutions namely taking deposits from customers, granting loans and providing corresponding services in banking institutions. The Corporate Social Responsibility (CSR) has emerged as a benchmark for judging corporate excellence in the context of national and international banking business practices. This study aims at examining the level of customer satisfaction on CSR practices with regard to community investment initiatives by the select public and private sector banking organizations. The sample size fixed for the study was 400. Statistical tools like ANOVAs was used. The study concluded that the selected respondents were highly aware of the Community Investment Initiatives under the context of CSR practices in the select banking organizations and their exists a significant difference in the customer perception with regard to community investment initiatives of select public and private sector banking organizations.

Keywords: Corporate social responsibility, Community investment initiatives, Analysis of variance

## INTRODUCTION

As a result of e-commerce, e-business, multinational enterprises and global supply chains, there is as increased awareness on Corporate Social Responsibility (CSR) concerns related to human resource management practices, environmental protection, and health and safety, among other things. Reporting on the CSR

activities by corporate is therefore increasingly becoming mandatory.

In an increasingly fast-paced global economy, CSR initiatives enable corporate to engage in more meaningful and regular stakeholder dialogue and thus be in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may

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occur. There is a drive to create a sustainable global economy where markets, labour and communities are able to function well together and companies have better access to capital and new markets. Financial investors are increasingly incorporating social and environmental criteria when making decisions about where to place their money, and are looking to maximize the social impact of the investment at local or regional levels.

Globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment. Consumers and society in general expect more from the companies whose products they buy. This is coherent with believing the idea that whatever profit is generated is because of society, and hence mandated contributing a part of business to the less privileged. Further, separately in the light of recent corporate scandals. Which reduced public trust on corporations and reduced public confidence in the ability of regulatory bodies and organisations, increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas.

Corporate Social Responsibility is an appropriate subject to study as it is a rather urgent issue nowadays with all the major companies in the world spending considerable resources in this field primarily to establish and uphold a proper rapport with their stakeholders both inside and outside the companies. Corporates have moved on from the traditional assumption that the business of business is to make profits.

Corporate Social Responsibility (CSR) is generally considered to be a concept or practice whereby organisations consider the interest of society by taking responsibility for the impact of

their activities on preferably all the stakeholders, viz., customers, employees, shareholders, communities and the environment in all or most aspects of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for the local community and society at large. The concept of Corporate Social Responsibility (CSR) has long been established in academic literature as both a business philosophy and practice.

Society is the centrifugal force for the success of any organization. Hence no organization can achieve long-term success without fulfilling the responsibility towards the society. Banking organizations act as the backbone of nation's financial structure and it is thus with the intention of understanding the practices and performance of corporate social responsibility in both public and private sector banking organizations the study has been undertaken.

## REVIEW OF LITERATURE

The analysis shows that though the Indian banks are making efforts in the CSR areas but still there is a requirement of more emphasis on CSR. There are some banks which are not even meeting the regulatory requirement of Priority sector lending and rural branch expansion. Even after the RBI's guidelines for financial literacy programs the bank shave not take substantial steps in this direction. The RBI may be more stringent in enforcing such regulatory requirements. The banks have focused on the community welfare and farmers welfare programs but the efforts for women welfare and education are not sizeable. Moreover, the public sector banks have overall highest contribution in

CSR activities. Private sector banks and foreign banks are still lagging in this area. It could be inferred from the study that certain banks like ICICI bank, HDFC bank and State Bank of India which are top performers in terms of profitability and growth are not at the top in CSR activities. The public sector banks have overall highest contribution in CSR activities. Private sector banks and foreign banks are still lagging in this area (Sharma Eliza and Mani, 2013). Study reveals that amount which is kept to be utilized for fulfillment of social responsibility, is not utilized fully. Therefore it is being recommended to prepare stringent norms for successful implementation of social responsibility programmes. It is also recommended that awareness should be created about CSR amongst the general public to make CSR initiatives more effective. Realistic and operational models of CSR should be framed upon. New areas of CSR activities should be searched like CSR education, carbon management strategies, resource recycling and ecosystem conservation (Meena Smita, 2010; and Tronvoll, 2011). Emotions play a vital role defining an individual's attitude and intentions. It is a complex state that reflects a change in the process of one's thought and behavioural aspects. Sviri (2011) explained the dimension of negative perceptions and explored its influence. Consumer behavioural response has emerged as a key to measure the level of customer satisfaction, retention, recommendation and commitment towards the service provider. Such behavioural response is generally influenced by individual's state of perceptions built during the interaction and consumption of the service. It is in the line with the findings of (Zeelenberg and Pieters, 2004; Bedi, 2010; Maiyaki and Mokhtar, 2011; and

Uhrich, 2011).

## OBJECTIVES

1. To study the concept of CSR practices under the context of community investment initiatives.
2. To estimate the level of customer perception on CSR practices with a reference to community investment initiatives.
3. To test the difference in the customer perception levels of select public and private sector banks on community investment initiatives.

## HYPOTHESIS

$H_{a1}$ : There is a significant difference in the customer perception with regard to community investment initiatives of select public and private sector banking organizations.

## METHODOLOGY

The present research study adopts descriptive research design and the study involves bank customers from four commercial banks involving both public and private sector banks. The public sector banks include State Bank of India, Punjab National Bank, and the private sector banks include ICICI and HDFC Banks. Both primary and secondary data were used for the research study. The primary data was collected through schedule method by designing a well structured questionnaire. The secondary data involves various published documents. For collecting the data, convenience sampling technique was used. The sample size fixed for the study was 400. The statistical tools used were percentage method and One-way ANOVA test (Descriptive Analysis).

## DATA ANALYSIS AND FINDINGS

Table 1 reveals the awareness of Corporate Social Responsibilities (CSR) among the executives of the select banking organizations. It shows that 93% of the total respondents are well aware of the concept of corporate social responsibility and only 7% of the total respondents do not have the awareness on corporate social responsibility. The respondents of the State Bank of India banking organization from the public sector are well aware of the provisions of CSR with 96% and the respondents of the ICICI banking organization from the private sector are well aware of the provisions of CSR with 92%. This shows that the respondents from the public sector are having a slighter edge over the respondents from the private sector banking organizations. However it is a good sign that majority of the respondents are well aware of the concept of corporate social responsibility.

The above Table 2 depicts that majority of the respondents of the select banking organizations had positively favoured the aspects of education,

Organization	Yes (%)	No (%)	Total
State Bank of India (SBI)	96	4	100
Punjab National Bank (PNB)	94	6	100
Industrial Credit and Investment Corporation of India (ICICI)	92	8	100
Housing Development Finance Corporation (HDFC)	90	10	100
Total	372 (93%)	28 (7%)	400 (100%)

Note: Figures within brackets indicate percentages.

Source: Field Survey

S. No.	Investment Initiatives	Yes	No
1	Education	288	112
2	Helping the under privileged	248	152
3	Local Heritage	120	280
4	Youth Development	280	120
5	Poverty alleviation	128	272
6	Working for disabled	124	276
7	Conservation of nature	216	184
8	Games & Sports	272	128
9	Promotion of Culture	228	172
10	Infrastructural support to local community	288	112
11	No community investment initiative	4	396
12	Others	32	368

Note: Figures within brackets indicate percentages.

Source: Field Survey

infra structural support to local community, youth development and games and sports activities under the community investments initiative practices and they had negatively favoured the aspects of no community investments initiatives, other community investments initiatives, working for disability and poverty alleviation programs under the community investment initiatives practiced by the select banking organizations.

The Table 3 shows that the customers perception in public sector banking organizations is quite higher than that of the perception levels of customers in the private sector banking organizations. The overall average scores of the public sector banks customer satisfaction for community investment initiatives is more than the average score of select private sector banks. Thus public sector banks are making constant efforts to maintain effective communication relationship with their customers as compared to select private sector banks.

Table 3: Mean Score of Respondents Perception on Community Initiatives Under CSR Practices by Select Banking Organizations-Descriptive Analysis

S. No	Investment Initiatives	SBI	PNB	ICICI	HDFC
1	Education	4.26	4.24	4.22	4.19
2	Helping the under privileged	4.14	4.12	4.1	4.06
3	Local Heritage	3.76	3.74	3.72	3.68
4	Youth Development	4.22	4.18	4.16	4.12
5	Poverty alleviation	3.92	3.89	3.84	3.81
6	Working for disabled	3.88	3.83	3.79	3.72
7	Conservation of nature	4.02	4	3.98	3.92
8	Games & Sports	4.18	4.14	4.11	4.04
9	Promotion of Culture	4.06	4.04	3.99	3.89
10	Infrastructural support to local community	4.28	4.24	4.19	4.16
11	No community investment initiative	1.86	4.82	4.76	4.74
12	Others	2.24	2.19	2.14	2.08

Table 4: One-Way ANOVA on Overall Respondents Perception with Regard to Community Investment Initiatives of Select Public and Private Sector Banking Organizations

	F-Test Value	Table Value
Twelve Community Investment variables	5.38	4.16

The Table 4 presents the one-way ANOVA test and its shows that the F-test value 5.38 is greater than the table value 4.16 and hence the Null-hypothesis is rejected and alternate hypothesis is accepted. It shows that the respondents of the select banking organizations have different customer perceptions with regard to community investment initiatives of select public and private sector banking organizations.

### CONCLUSION

Based on the above findings it can be concluded that both the public and private sector banking organizations are striving hard in order to meet their CSR objectives and they are effectively implementing their CSR strategies for the well being of their customers. Comparatively the select public sector banks do have a slight positive edge

over their counter parts, i.e., the select private sector banks. The existing situations and circumstances demand both the public and private sector banking organizations to concentrate on investing in the programs that aim at the benefit of society at large and hence it is the appropriate phase to formulate their CSR policies in the context of community investment initiatives.

### SUGGESTIONS

1. The banking organizations should formulate their CSR policies that aims at employment generation and increasing the income levels of the youth at large.
2. The banking organizations should invest in the CSR programs that helps to eradicate the social and economic evil of poverty in all forms.
3. The banking organizations should involve the NGO's in the implementation of CSR activities in order to reach the ground level network of the society by which concepts like working for the disabled and other challenged citizens can be met with due diligence.
4. The banking organizations should strive for the promotion of local heritage and extending a helping hand to enhance the infrastructure of the local community.

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