

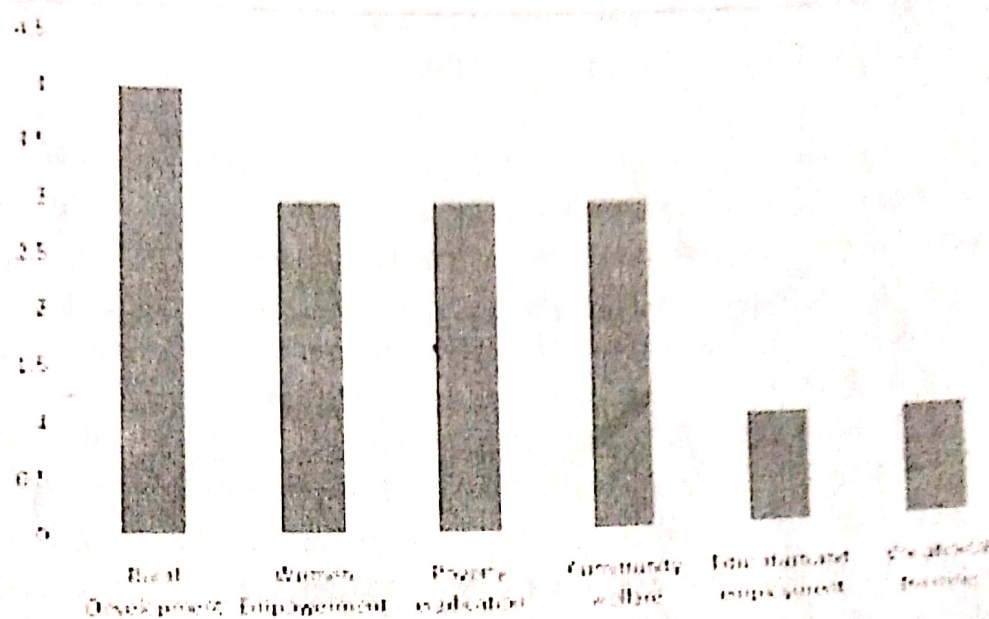
business endeavour can bring to human and environmental well being and to minimize the harmful effect of irresponsible business. The concept which is based on development these concern is known as the "Corporate Social Responsibility".

Now-a-days across the globe, banking sector is under massive pressure from shareholders, investors, media, NGOs as well as its customers to carry out business in a responsible and ethical manner. Recently, several initiatives have been initiated to promote CSR practices around the globe. For instance, United Nations Environment Programme Finance Initiative (UNEPFI) was launched to promote sustainable development within the framework of market mechanisms. Likewise, Bank Tract network was formed a global coalition of NGOs to promote sustainable finance. In some countries heavy penalties are levied to banks for violating socio-economic principles.

CSR PRACTICES IN INDIAN BANKS

At present, the commercial banking structure in India consists of Scheduled Commercial Banks & Unscheduled Banks. Since independence, banking in India has evolved through four distinct phases: Foundation phase (1950s till the nationalization of banks in 1969), Expansion phase (mid-60s to 1984), Consolidation phase (1985 to 1991) and Reforms phase (since 1992). Indian banking industry is found to be adopting an integrated approach of combining CSR with the ultimate customer satisfaction voluntarily. In recent years an attempt has been initiated to ensure socially responsible behaviour of banking sector in more systematic manner. RBI has also insisted upon taking measures for sustainable development of economy through realizing the dire necessity of CSR. Reserve Bank of India (2007) stated that CSR entails the integration of social and environmental concerns by companies in their business operations and also in interactions with their stakeholders. The major thrust areas for CSR practice in Indian banks are common in public sector and private sector banks. These areas include children welfare, community welfare, education, environment, healthcare, poverty eradication, rural development, vocational training, women's empowerment, protection to girl child, employment. However the core areas for reporting CSR activities are slightly different in both types of banks. The analysis of three core activity areas as depicted by these banks is reflected in some prominent fields for CSR activities. These areas could be shown by the following charts. The X axis of chart represents these fields and Y axis of the chart represents the number of banks, claiming these areas, out of the selected sample. Chart 1 reports the thrust areas of the public sector bank while chart 2 reflects those for private sector banks.

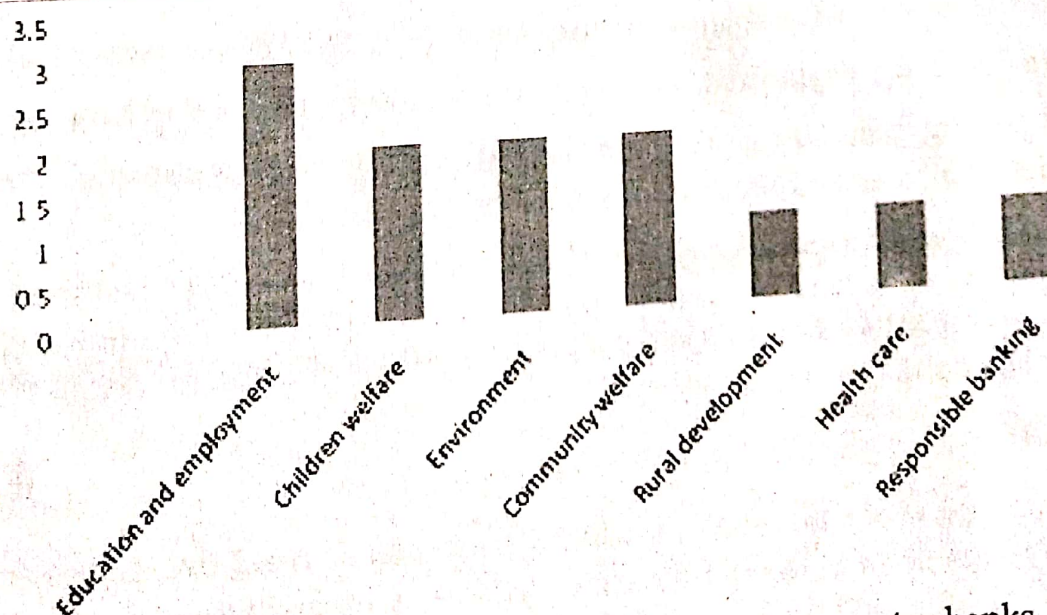
Chart 1: Core thrust areas for reported CSR activities in Public Sector



Source: Compiled from respective websites of selected public sector banks

Indian public sector banks most actively participate for alleviation of regional imbalances through initiating various activities for promotion of rural development. Besides it, they primarily focus on the issues for gender equality through women's empowerment. The major areas investigated for reporting CSR activities in private sector banks could be depicted by the following chart 2:

Chart 2: Core thrust areas for reported CSR activities in private sector banks



Source: Compiled from respective websites of selected private sector banks

The major areas for reporting CSR activities in Indian private sector banks are to enhance the level of education and employment. The other prominent areas for the concern include community welfare, programmes for child welfare and protection of environment.

As shown from the above graphs the CSR practice of the selected banks represent a wide spectrum of different activities including rural development, community development and social welfare, family initiatives, women's empowerment and environment protection. A significant part of the bank's annual earnings issued to support structures, events and individuals across diverse areas of child healthcare and education, entertainment, environmental beautification, human capital development and arts. The study of core areas as reported by the selected banks reveal that primary concern for both type of banks is social welfare. However both have different approach to promote the same. The general trend of selected public sector banks mainly practices for rural development and removal of gender inequality. On the other hand, the core operational areas for CSR activities of private sector banks are focused on education and employment for all and mitigating the risk of environment degradation through their green banking strategies.

RESEARCH OBJECTIVES

The rationale of this study is to examine the impact of Corporate Social Responsibility on Bank profitability and customer satisfaction. The study also geared towards achieving the following objectives.

- To evaluate the impact of Corporate Social Responsibility on the Profitability banking sector.
- To identify the area where banks can do collaborative work with companies and NGO
- To determine the challenges of Corporate Social Responsibility in banking sector
- To investigate whether Corporate Social Responsibility guarantee customer confidence loyalty and security of depositor's fund.

STATEMENT OF HYPOTHESIS

Corporate Social Responsibility has a significant impact on the profitability and has a positive relationship with customers.

SAMPLE SIZE

For the purpose of collection of qualitative data and to avoid ambiguities and non-response, 10 Banks in total from public sector, private sector and foreign banks are taken in Jaipur.

RESEARCH INSTRUMENT

The instrument to be used for the collection of data for the purpose of this study is questionnaire. The questionnaire contains relevant questions for the purpose of this study covering various important issues in the problem domain meant for respondents namely CSR implementers (Banks) and Bank Customers.

DATA ANALYSIS TECHNIQUE

The statistical techniques employed in analysing data collected in this study are:

- **Table**

Tables effectively order and summarize the quantitative data they are used to arrange facts and figures in columns and rows. These facts and figure can be systematically examined.

- **Percentage**

These are used in translating frequency counts into percentage. These percentages are used to show the distribution of respondents according to their responses.

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Presentation, analysis and interpretation of the data collected from the field by means of questionnaire. The responses from the questionnaire are analyzed through the use of tables and percentages. Hundred (100) questionnaires were distributed to staff of banks and external stakeholders of banks such as customers and members of the host community for data analysis.

Results based on various research questions:-

- Respondent awareness embarking on CSR-33% of the respondent feel that Banks embarking on CSR is necessary, 22% feel it is compulsory, 17% feel it is voluntary and 28% felt it is beneficial.
- Respondent responds to impact of CSR programme on the community 87% of the respondent felt the impact of CSR is positive, non of respondent felt it is negative, 13% felt it is neutral.
- Respondent responds about benefits to banks to gain apart from profitability, 50 % of the respondent believe banks also benefit large customer base, 26% believe it will have customer confidence, 17% believe good corporate image only 7% believe other benefit could be gained from the execution of CSR programme apart from profitability.

Corporate Social Responsibility in Indian Banking Sector: A Strategic Implication on Customer

Mamta Jain*
Neha Mathur**

INTRODUCTION

Corporate Social responsibility (CSR) means putting something back into the society or giving back to the society. There has been a growing plea that business should be socially liable as the business organisations make the use of resources of society and fully hinge upon it for their survival and success. According to the World Bank, "CSR is the commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society at large to improve their quality of life, in ways that are good for business and good for development." Industrialization and commercialization of service sector have explored vivid avenues of progress to a nation but at the flip side is rooted the use of non-renewable energy sources, global warming, greenhouse gas emissions and rising levels of waste which have pernicious effects to the generation coming next. The growing concerns for sustainable development, environmental performance, encompassing pollution control and stewardship of natural resources gave mass recognition to the concept of Corporate Social Responsibility (CSR).

"CSR is a concept where by financial institutions not only consider their profitability and growth, but also the interests of society and the environment by taking responsibility for the impact of their activations on stakeholders, employees, shareholder, customers, suppliers and civil society represented by NGO. The economic globalization resulted in a demand for corporations to play a central role in efforts to eliminate poverty, achieve equitable and accountable systems of governance and ensure environmental security. There was a need to make business a part of society and maximize positive benefits that

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ECONOMIC ADMINISTRATION REVIEW

[Bi-Annual Resource Management Journal]

Volume 29

Number 1

ISSN 2277-5629

January-June, 2012

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