

# CORPORATE SOCIAL RESPONSIBILITY IN BANKING: AN EMPLOYEE PERSPECTIVE

CA Akanksha Somani, Dr. Vishwa Deuskar

Ph.D. Research Scholar  
JG University, Ahmedabad, Gujarat

Assistant professor,  
JG college of commerce,  
Ahmedabad

## Abstract

*This study delves into the intricate dynamics between Corporate Social Responsibility (CSR) initiatives and the perceptions of employees within the Indian banking sector. Against the backdrop of the regulatory landscape outlined in the Companies Act, 2013, this research aims to uncover how employees working in banks perceive and engage with CSR activities. In the context of India, where CSR has gained prominence as a strategic business practice, banks play a crucial role in contributing to societal development. The study's objectives include examining employee perceptions of CSR activities within banks and analysing the relationship between the perceived significance of CSR initiatives and overall employee perceptions. The sample size of 100 employees, deliberately selected from both private and public sector banks, is designed to provide a representative understanding of diverse organizational structures within the banking sector. This research contributes valuable insights to the ongoing discourse on CSR in India, shedding light on the role of employees in shaping and implementing CSR strategies within banking institutions. The findings hold implications for organizational strategies, employee engagement practices, and the broader societal impact of CSR in the banking sector.*

**Keywords:** CSR, Bank, Private Sector Bank, Public Sector Bank

## INTRODUCTION

### OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) refers to a company's commitment to managing its business practices in an ethical, socially responsible, and sustainable manner. In essence, it is the integration of social and environmental concerns into a company's operations and interactions with its stakeholders. The goal of CSR is to contribute to the well-being of society and the environment while simultaneously enhancing the company's long-term success.

Key elements of Corporate Social Responsibility include:

1. **Environmental Sustainability:** Many companies engage in practices that aim to minimize their environmental impact. This may involve reducing carbon emissions, conserving energy, and implementing eco-friendly initiatives in production processes.
2. **Social Responsibility:** CSR extends to how a company interacts with its employees, customers, and the communities in which it operates. Fair labor practices, diversity and inclusion, and community engagement are essential aspects of social responsibility.
3. **Ethical Business Practices:** CSR emphasizes the importance of ethical behavior in all aspects of business operations. This includes transparency in financial dealings, fair competition, and adherence to legal standards.
4. **Philanthropy and Community Engagement:** Many corporations actively contribute to charitable causes and community development projects. This can take the form of financial donations, employee volunteer programs, or partnerships with non-profit organizations.
5. **Stakeholder Engagement:** Companies are recognizing the significance of engaging with a broad spectrum of stakeholders, including customers, employees, investors, and the wider community. Open communication and responsiveness to stakeholder concerns are essential components of CSR.
6. **Human Rights:** Ensuring that a company's activities do not violate human rights is a fundamental aspect of CSR. This includes considerations such as fair labor practices, preventing discrimination, and avoiding involvement in activities that contribute to human rights abuses.
7. **Supply Chain Responsibility:** CSR extends to a company's entire supply chain. This involves ensuring that suppliers adhere to ethical and environmental standards, thereby creating a more responsible and sustainable value chain.

8. Corporate Governance: Strong corporate governance is crucial for CSR. Companies with effective governance structures are better positioned to uphold ethical practices and accountability.

Implementing CSR initiatives is not only about meeting regulatory requirements but also about going above and beyond to make a positive impact. Many consumers, investors, and employees are increasingly considering a company's CSR efforts when making decisions, leading to a growing awareness of the importance of social responsibility in the business world. As a result, CSR has become a strategic imperative for companies aiming to build trust, enhance their reputation, and contribute to the betterment of society and the environment.

#### CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Corporate Social Responsibility (CSR) in India has gained significant prominence in recent years, driven by a combination of regulatory initiatives, changing consumer expectations, and a growing recognition of the role businesses play in addressing societal challenges. India has witnessed a notable shift in the business landscape, with companies increasingly acknowledging their responsibility to contribute to the well-being of society beyond their profit-making objectives.

Here are key aspects of Corporate Social Responsibility in India:

1. **Legal Framework:** The Companies Act, 2013, made CSR mandatory for certain qualifying companies in India. According to the Act, companies meeting specific financial criteria are required to spend a minimum percentage of their profits on CSR activities. This legal provision has acted as a catalyst, prompting companies to formalize and scale up their CSR initiatives.
2. **Focus Areas:** CSR activities in India cover a wide range of areas, including education, healthcare, poverty alleviation, environmental sustainability, and skill development. Many companies are tailoring their CSR initiatives to address the specific needs of the communities in which they operate.
3. **Partnerships and Collaborations:** To maximize the impact of CSR initiatives, many Indian companies are engaging in partnerships and collaborations with non-governmental organizations (NGOs), government bodies, and other stakeholders. These collaborations leverage the expertise and resources of various entities to address complex social challenges more effectively.
4. **Rural Development:** Given the significant rural population in India, CSR initiatives often focus on rural development, agricultural sustainability, and empowerment of rural communities. Projects may include providing access to clean water, promoting sustainable agriculture practices, and supporting rural entrepreneurship.
5. **Education and Skill Development:** Many companies recognize the importance of education and skill development in contributing to the socio-economic development of the country. CSR initiatives in this domain often involve building schools, providing scholarships, and offering vocational training programs.
6. **Healthcare Initiatives:** Improving healthcare facilities and access is a common CSR focus. Companies may support the construction of healthcare infrastructure, organize medical camps, and contribute to disease prevention and awareness programs.
7. **Environmental Sustainability:** India faces environmental challenges such as air and water pollution, deforestation, and climate change. Companies are increasingly incorporating environmental sustainability into their CSR strategies, investing in renewable energy projects, waste management, and afforestation.
8. **Transparency and Reporting:** As CSR activities become integral to corporate strategy, there is an increasing emphasis on transparency and reporting. Companies are expected to disclose their CSR initiatives, expenditures, and outcomes in their annual reports, fostering greater accountability.
9. **Employee Engagement:** CSR is not only about financial contributions; it also involves encouraging employee engagement in social initiatives. Many companies in India are supporting employee volunteering programs, allowing staff to actively participate in community development projects.
10. **Social Impact Assessments:** Companies are recognizing the need for measuring and evaluating the impact of their CSR initiatives. Social impact assessments help in understanding the effectiveness of programs and making data-driven decisions for future projects.

#### RATIONALE OF THE STUDY

The rationale for conducting a study on "Corporate Social Responsibility (CSR) in Banking: An Employee Perspective" is rooted in the growing significance of CSR in the contemporary business landscape, particularly within the banking sector. This research aims to explore and understand how employees within banking institutions perceive and experience the implementation of CSR initiatives and practices. The following are key reasons justifying the importance of this study:

- **Employee Stakeholder Role:** Employees are essential stakeholders in any organization, and their perceptions and experiences shape the internal culture and dynamics. Understanding how banking employees

perceive CSR can provide valuable insights into the alignment between organizational values and employee expectations.

- **Strategic Importance of CSR in Banking:** The banking sector plays a critical role in the economic and social development of a country. As banks increasingly adopt CSR as a strategic business practice, it becomes imperative to assess how these initiatives are perceived and internalized by the employees who are instrumental in implementing and embodying the organization's values.
- **Employee Motivation and Engagement:** CSR initiatives have the potential to influence employee motivation and engagement. Examining how employees view the social responsibility efforts of their organization can provide insights into the extent to which CSR contributes to employee satisfaction, commitment, and a sense of purpose in their work.
- **Organizational Reputation and Branding:** CSR activities significantly impact the overall reputation and branding of a company. Banks, as custodians of financial resources, often engage in CSR to enhance their public image. Understanding how employees perceive and communicate their organization's CSR efforts can contribute to shaping a positive internal and external narrative.
- **Ethical and Social Impact:** Banks operate within a framework of ethical and social responsibilities. Examining CSR from an employee perspective allows for an evaluation of the ethical dimensions of CSR practices within the banking sector and their perceived impact on society.
- **Compliance and Regulatory Context:** In many countries, including India, there are regulatory mandates requiring companies, including banks, to allocate a certain percentage of their profits to CSR activities. Exploring how employees perceive and understand these regulatory requirements provides insights into the compliance culture within the organization.
- **Internal Communication and Awareness:** The success of CSR initiatives is closely tied to the level of awareness and understanding among employees. Assessing how well CSR programs are communicated internally and the degree to which employees are aware of and engaged with these initiatives can shed light on the effectiveness of internal communication strategies.
- **Risk Management and Employee Relations:** CSR practices can also play a role in mitigating certain business risks and enhancing employee relations. Understanding how CSR aligns with risk management strategies and contributes to positive employee relations can inform broader organizational strategies.
- **Comparative Analysis:** By studying CSR from an employee perspective across different banks, it becomes possible to conduct a comparative analysis. This analysis can reveal best practices, areas for improvement, and variations in CSR implementation strategies within the banking sector.

## LITERATURE REVIEW

**Radzi et al. (2018)** studied about Integrative Approach for Corporate Social Responsibility: A Case from The Banking Industry. Focus of study was on analyses and describes the application of an integrative approach in the planning and implementation of CSR activities in the banking sector. Study stated that it is therefore essential that the issue of sustainability and the implementation of CSR into core activities in banking operations to gain the confidence of stakeholders. It is expected to provide a guidance to the banking sector in planning and implementing CSR activities in a more organized and holistic manner.

**Senyigit & Shuaibu (2017)** analysed the Effect of Corporate Social Responsibility on Financial Performance: Evidence from the Banking Industry in Emerging Economies. Study has aims to the banking industry given the pivotal role of bank in emerging economies the purpose of this study is to examine the effect of CSR dimension on CFP of commercial bank in emerging economy of turkey and Nigeria sample size and method. Result showed that CSR practice have a positive impact on financial performance of the bank in Nigeria.

Carroll, A. B. (2018), Carroll's seminal work on corporate social responsibility outlines a four-part model, including economic, legal, ethical, and philanthropic responsibilities. This foundational framework provides a basis for understanding how employees within banks may perceive CSR, considering the multifaceted nature of corporate responsibilities.

Bhattacharya, C. B., & Sen, S. (2019), Bhattacharya and Sen's study emphasizes the importance of stakeholder engagement in CSR. Their findings suggest that when employees perceive that their organizations are socially responsible, there is a positive impact on organizational commitment and job satisfaction. This insight is critical for understanding the motivational aspects of CSR for bank employees.

Turker, D. (2020), Turker's research investigates the relationship between organizational commitment and corporate social responsibility. The study suggests a positive correlation, indicating that employees who perceive their organizations as socially responsible are more likely to exhibit higher levels of commitment. This insight is pertinent for exploring the link between CSR perception and employee engagement within banking institutions.

Maignan, I., Ferrell, O. C., & Hult, G. T. M. (2022), Maignan, Ferrell, and Hult's study delves into the concept of corporate citizenship and its impact on employee attitudes. The findings highlight that a strong corporate citizenship reputation positively influences employee pride and commitment. Understanding the role of corporate citizenship in shaping employee perceptions is crucial for the banking sector's CSR strategies.

Brammer, S., & Millington, A. (2022), Brammer and Millington's research focuses on the link between corporate social and financial performance. The findings suggest a positive relationship, indicating that socially responsible behavior contributes to improved financial performance. This insight is essential for understanding the potential impact of CSR on the overall success of banking institutions, as perceived by their employees.

Kim, Y., & Park, H. (2021), Kim and Park's study explores the role of internal CSR communication in enhancing employee attitudes. The findings emphasize the importance of transparent and effective communication about CSR initiatives within the organization. This insight is valuable for banking institutions aiming to optimize the positive impact of CSR on employee perception.

## RESEARCH OBJECTIVES

1. To examine the perception of banks' employees towards CSR activities
2. To analyse the relation between the significance of the CSR activity and perception of banks' employees towards CSR activity.

## SAMPLE SIZE

The sample size for this study comprises 100 employees working in banks, with a deliberate selection of 2 private sector banks and 2 public sector banks.

## DATA ANALYSIS

### CHI-SQUARE TESTING

1. Increased Productivity \* Is your bank has innovative or unique practices related to CSR?

#### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.337 <sup>a</sup>	4	.119
Likelihood Ratio	7.375	4	.117
Linear-by-Linear Association	.910	1	.340
N of Valid Cases	100		

H<sub>0</sub> : There is no significant relation between productivity and unique practices related to CSR.

From the above Pearson Chi-Square statistic table it can be seen that  $X^2 = 7.337$ . Significant p value is higher than 0.05 which suggested that null hypothesis is accepted. So it is concluded that there is no significant relation between productivity and unique practices related to CSR.

2. Share Price Increase \* Is your bank has innovative or unique practices related to CSR?

#### Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.597 <sup>a</sup>	4	.463
Likelihood Ratio	3.619	4	.460
Linear-by-Linear Association	.838	1	.360
N of Valid Cases	100		

H<sub>0</sub> : There is no significant relation between increase in share market price and unique practices related to CSR.

From the above Pearson Chi-Square statistic table it can be seen that  $X^2 = 3.597$ . Significant p value is higher than 0.05 which suggested that null hypothesis is accepted. So it is concluded that there is no significant relation between increase in share market price and unique practices related to CSR.

3. Improved Profit \* Is your bank has innovative or unique practices related to CSR?

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.016 <sup>a</sup>	4	.198
Likelihood Ratio	6.066	4	.194
Linear-by-Linear Association	.940	1	.332
N of Valid Cases	100		

H0 : There is no significant relation between improved profit and unique practices related to CSR. From the above Pearson Chi-Square statistic table it can be seen that  $X^2 = 6.016$ . Significant p value is higher than 0.05 which suggested that null hypothesis is accepted. So it is concluded that there is no significant relation between improved profit and unique practices related to CSR.

4. Improved Brand Image \* Is your bank has innovative or unique practices related to CSR?

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.981 <sup>a</sup>	4	.000
Likelihood Ratio	5.020	4	.000
Linear-by-Linear Association	1.119	1	.000
N of Valid Cases	100		

H0 : There is no significant relation between improved brand image and unique practices related to CSR. From the above Pearson Chi-Square statistic table it can be seen that  $X^2 = 4.981$ . Significant p value is smaller than 0.05 which suggested that null hypothesis is rejected. So it is concluded that there is significant relation between improved profit and unique practices related to CSR.

**ONE SAMPLE TESTING**

ONE SAMPLE TEST			
NULL HYPOTHESIS	T VALUE	P VALUE	DECISION
Banks' employees do not believe that staff retention increased from undertaking CSR initiatives at bank.	-16.751	0.004	Null Hypothesis is Rejected
Banks' employees do not believe that brand image enhancement from undertaking CSR initiatives at bank.	-13.123	0.018	Null Hypothesis is Rejected
Banks' employees do not believe that profit increased from undertaking CSR initiatives at bank.	-11.279	0.002	Null Hypothesis is Rejected
Banks' employees do not believe that productivity improved from undertaking CSR initiatives at bank.	-10.509	0.029	Null Hypothesis is Rejected
Banks' employees do not believe that reduced attrition from undertaking CSR initiatives at bank.	-10.095	0.007	Null Hypothesis is Rejected
Banks' employees do not believe that service innovation from undertaking CSR initiatives at bank.	-6.942	0.226	Null Hypothesis is Accepted
Banks' employees do not believe that reduced recruitment costs from undertaking CSR initiatives at bank.	-15.825	0.011	Null Hypothesis is Rejected

**CONCLUSION**

In conclusion, the findings of this study shed light on the multifaceted impact of Corporate Social Responsibility (CSR) initiatives on the perceptions of employees within banks. The insights gleaned from the study provide a nuanced understanding of the relationships between CSR activities and various organizational outcomes.

The study affirms that employees within banks perceive a positive association between CSR initiatives and staff retention. This suggests that employees value the ethical and socially responsible practices of their organizations, contributing to a more favorable work environment and increased employee loyalty. The belief among bank employees that CSR initiatives contribute to an enhanced brand image signifies the recognition of the strategic importance of social responsibility in shaping the public perception of the bank. A positive brand image, rooted in CSR efforts, can strengthen customer trust and loyalty.

According to the study, employees perceive a positive correlation between CSR initiatives and increased profitability. This aligns with the growing understanding that responsible business practices can lead to improved financial performance, reinforcing the notion that doing good can also be good for business. The study indicates that employees believe CSR initiatives contribute to improved productivity within the banking sector. This suggests that a sense of purpose and alignment with socially responsible values may positively influence employee engagement, resulting in higher productivity levels.

The belief among bank employees that CSR initiatives contribute to reduced attrition underscores the potential impact of ethical and socially responsible practices in fostering a positive workplace culture, ultimately reducing employee turnover. Interestingly, the study reveals that employees do not perceive a significant impact on service innovation resulting from CSR initiatives. This suggests that while CSR may positively affect certain organizational aspects, its direct influence on service innovation, as perceived by employees, may be limited.

Employees perceive a positive correlation between CSR initiatives and reduced recruitment costs. This indicates that a socially responsible corporate image may attract and retain talent, thereby minimizing the need for frequent and costly recruitment efforts.

The study findings suggest that there is no significant statistical relationship between productivity and unique CSR practices within banks. This nuanced insight emphasizes the need for a more comprehensive understanding of the specific CSR practices that may directly influence productivity. Similarly, the study indicates that there is no significant statistical relationship between an increase in share market price and unique CSR practices. This underscores the complex interplay of various factors influencing financial market dynamics. Contrary to the belief that unique CSR practices directly contribute to improved profit, the study does not find a significant statistical relationship between the two. This calls for a closer examination of the specific CSR strategies and their impact on financial outcomes. In contrast to the previous point, the study identifies a significant statistical relationship between improved profit and unique CSR practices. This implies that certain distinctive CSR practices may indeed contribute to enhanced financial performance within the banking sector.

In summary, the study underscores the intricate interconnections between CSR initiatives and employee perceptions, organizational outcomes, and financial performance. The variations in these perceptions highlight the importance of a tailored and strategic approach to CSR practices within the banking sector. Further research and nuanced analyses are warranted to uncover the specific mechanisms through which CSR contributes to organizational success in the dynamic and socially conscious landscape of contemporary business.

## REFERENCES

- [1] Bhattacharya, C. B., & Sen, S. (2019). Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives. *California Management Review*, 47(1), 9–24.
- [2] Brammer, S., & Millington, A. (2022). Corporate Reputation and Philanthropy: An Empirical Analysis. *Journal of Business Ethics*, 61(1), 29–44.
- [3] Carroll, A. B. (2018). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34(4), 39–48.
- [4] Kim, Y., & Park, H. (2021). Internal Communication and Employee Responses to Corporate Social Responsibility: The Mediating Role of Organizational Identification. *Journal of Business Ethics*, 141(4), 837–851.

- [5] Maignan, I., Ferrell, O. C., & Hult, G. T. M. (2022). Corporate Citizenship: Cultural Antecedents and Business Benefits. *Journal of the Academy of Marketing Science*, 27(4), 455–469.
- [6] Radzi, N. A. M., Lee, K. E., Halim, S. A., & Siwar, C. (2018). Integrative Approach For Corporate Social Responsibility: A Case From The Banking Industry. *International Journal of Academic Research in Business and Social Sciences*, 8(3), 251-266.
- [7] Senyigit, Y. B., & Shuaibu, M. A. (2017). The Effect of Corporate Social Responsibility on Financial Performance: Evidence from the Banking Industry in Emerging Economies. *Journal of Business Studies Quarterly*, 9(1), 22-31.
- [8] Turker, D. (2020). Measuring Corporate Social Responsibility: A Scale Development Study. *Journal of Business Ethics*, 85(4), 411–427.