

## STUDY OF PERCEPTION OF BANK EMPLOYEES TOWARDS CORPORATE SOCIAL RESPONSIBILITY

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### ABSTRACT

The purpose of the study was to analyse the perception of selected public and private sector banks' employees towards CSR. A structured questionnaire was used as a research instrument for data collection. The present study was based on the simple random sampling method. The sample size was 316 employees of selected public and private banks. The statistical tools such as ratios, proportions, trends and percentages, cross-tabulations, coefficient of variance,  $r$ -squared ( $R^2$ ), chi-square etc., were used for hypothesis testing. The observed  $p$ -value was less than 0.05. Therefore, we rejected the null hypothesis ( $H_0$ ) and accepted the alternative hypothesis ( $H_1$ ). This concludes a statistically significant positive relationship between the perception of bank employees and CSR activities in selected public and private sector banks in Pune. The  $R$  squared value for private sector banks in Pune was one, and  $R$  squared value for public sector banks in Pune was 0.9129, which shows that results were statistically best for fitting an exponential trend line. The trend of spending of CSR amount of private sector banks in Pune shows some variation, but it's higher than the selected public sector banks.

**Keywords:** Corporate Social Responsibility, Banking Sector, Perception of Employees.

### Introduction

Corporate social responsibility is the continuous endeavours and efforts of business organisations towards the society and environment, and over 12,00,000 companies from India comes under the bracket of Corporates. Corporate companies have a significant contribution to the development of the economy and GDP of the country. CSR plays a substantial role for business units, which means that profit should not be the goal of organisations but CSR. Corporate social responsibility is essential because it promotes the sustainable development of the community, minimises problems faced by the community, health awareness and facilities and GDP growth of the economy.

CSR concept was coined in the 20<sup>th</sup> Century. India became the first country in the world, who have made CSR mandatory for business organisations. The Ministry of Corporates Affairs of India will look after the rules, regulations and reporting of CSR for companies. The focus of corporate social responsibility should be on environmental conditions, societal development and innovative commerce activities. CSR is the face of development for any developing country. The past trends and scenarios of Indian business organisations signify that CSR

is highly remarkable and appreciable. Indeed, the future of CSR is very bright. The three essential pillars or backbone of CSR activities are Planet, People and Profit. Together, these will create long-term sustainable development for society at large. The key CSR activities have been presented in the figure mentioned below:



Figure No. 1.1: CSR Activities

CSR is generally understood as a moral obligation that is supposed to be shown by organisations towards society. CSR is wholly based on corporate governance, functioning style of leadership, commitments towards society and willingness to undertake social challenges. The perception of employees or

staff towards undertaking and executing CSR activities are also very focused and positive.

### Review of Literature

The study undertook international and national reviews of literature that were directly connected to the central theme of the research. Wong and Wong(2015)provided insights for CSR in the banking sector based on the availability of community resources development and minimisation of environmental issues. Further, these practices were led towards the economic development of society. This study provided insights to other organisations regarding how to undertake and execute CSR activities.

Masud (2011)found that CSR practices of private commercial banks were very much negligible compared with the profit earned by them. The study revealed that private commercial banks were trying to swell their contribution towards CSR activities following the government's CSR reporting methods and mandate. The study showed that 100% of selected banks reported their CSR activities according to the rules and regulations.

Rani (2014)studied the customers to find out which sector was more socially responsible towards society, their operations in the long run, and products and services preferred by the customers. It was confirmed from the study and results that the private banks were more positive in completing CSR activities than public banks.

Saxena (2016)compared the work done by Private Banks and Public Banks in CSR. Results revealed that the banks took minimal CSR activities and a longer duration to complete the same.He observed some CSR activities and places in which banks are not working to their most total capacity. There were some grey areas wherein companies needed to make something remarkable.

Sharma and Mani(2018) analysed the CSR activities carried out by commercial banks. The analysis showed that though the Indian banks are making efforts, still there is a need for more emphasis on CSR. Despite a sufficient amount of profits earned by commercial banks, they still hesitated to undertake CSR activities or spend less than the mandatory norms. The study also revealed that 20 to 25 % of retail

banks still need to develop their CSR structure, policies and activities for their organisations. The research found that the Indian banks are making efforts in CSR, which is negligible; there is a need and requirements to emphasise the same.

Prabhavathi and Dinesh (2017)revealed that the banking sector had increased CSR spending after making it compulsory in 2013. The number of banks in CSR spending has also increased since 2013, which shows banks' moral and ethical responsibility towards CSR activities. The average amount of CSR funds spent was increased by Rs. 10 crores or more after the Government mandate.

### Objectives and Hypothesis

Research aimed to analyse the perception of selected public and private sector banks' employees with the following objectives:

- To understand the approach of selected public and private banks towards CSR activities.
- To study the perception of bank employees towards CSR activities.
- To analyse the CSR activities undertaken and funds spent by selected public and private sector banks.

The hypothesis of the present research was framed as follows:

- **H<sub>0</sub>**:There is no significant difference in selected public and private sector banks' employees' perceptions of CSR activities.
- **H<sub>1</sub>**:There is a significant difference in the perception of selected public and private bank employees about CSR activities.

### Methods

The scope of research was selected public and private sector banks from Pune for the period 2015-16 to the year 2019-20.Primary and secondary data were used for the study. The preliminary data were collected from bank managers, executives or accountants of selected public and private sector banks.The secondary data was collected from the balance sheet, journals, internet, and media. A survey method was used for data collection. A structured questionnaire was used as a research instrument. The study was based on the simple

random sampling method. The sample size was 316 employees of selected public and private banks. Tools such as tables, graphical representation, line charts, bar diagrams and pie charts were used for data presentation and analysis. The statistical techniques such as percentages, cross-tabulations, means of standard deviation, coefficient of variance, r-squared ( $R^2$ ), chi-square were used for hypothesis testing.

### Results and Discussion Summary of Primary Data

The reliability statistics provide actual value for Cronbach's alpha, as shown below table:

| Case Summary                       |                       |            |       |
|------------------------------------|-----------------------|------------|-------|
|                                    |                       | N          | %     |
| Cases                              | Valid                 | 316        | 100.0 |
|                                    | Excluded <sup>a</sup> | 0          | 0.0   |
|                                    | Total                 | 316        | 100.0 |
| a. deletion based on all variables |                       |            |       |
| Reliability Statistics             |                       |            |       |
| Cronbach's Alpha                   |                       | N of Items |       |
| 0.822                              |                       | 47         |       |

(Table No. 4.1: Reliability Statistics)

Cronbach's alpha value is more significant than 0.7, then it is statistically accepted, and researchers can interpret that data to have good internal consistency and reliability. The researcher noticed that the Cronbach's alpha coefficient value for the variables is 0.822, analysing that the variables have relatively high consistency and are suitable for data analysis purposes.

### Perception of bank employees towards CSR

| Sr. No | Parameters for Perception  | Chi-Square | df | Asymp. Sig. |
|--------|--|------------|----|-------------|
| 1      | Do you think CSR must be Mandatory in Banking?   | 297.215a   | 3  | .000        |
| 2      | CSR policy is properly Defined and Framed by the Bank.   | 373.335b   | 4  | .000        |
| 3      | Bank has adapted suitable CSR Reporting Methods.   | 385.424b   | 4  | .000        |
| 4      | CSR is a tool to gain Positive Competitive Advantage.  | 333.937b   | 4  | .000        |
| 5      | CSR has a Positive role in Establishing a Banks Image.   | 333.367b   | 4  | .000        |
| 6      | Banks should contribute towards CSR Activities.  | 328.747b   | 4  | .000        |
| 7      | Banks must keep aside some fixed percentage of net profit for CSR activities as per rules, regulations and guidelines of the revised Companies Act 2013.   | 322.291b   | 4  | .000        |
| 8      | The bank is undertaking CSR activities as per 10 principles given in the revised Companies Act 2013 like Healthcare & Sensitization, Education, Gender Equality, Sustainability, Natural Heritage, Armed Forces, Rural Sports, National Relief Funds, technology and Rural Development | 294.759b   | 4  | .000        |
| 9      | The bank is discharging CSR activities in the form of Cash, Kind, Skills and Scholarships etc.   | 331.437b   | 4  | .000        |
| 10     | Bank remember motives like charity, community interest, commercial growth, image and reputation in practising CSR activities   | 287.291b   | 4  | .000        |

Researchers observed that the p-values are less than 0.05, therefore rejecting the null, i.e.  $H_0$  and accepted alternative hypothesis, i.e.  $H_1$ . It is confirmed that there is a statistically significant positive relationship between the perception of

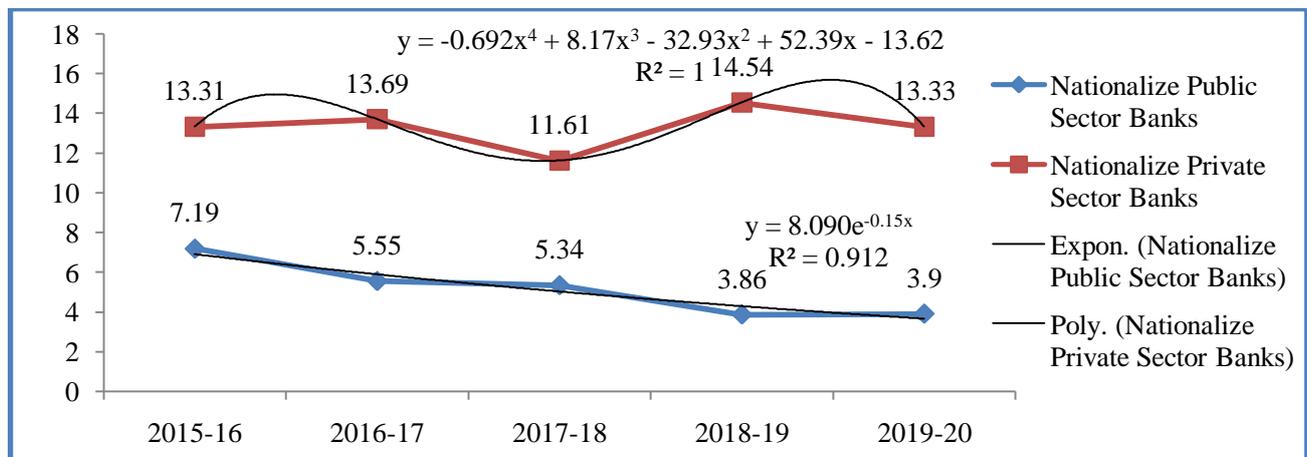
bank employees and CSR activities in selected public sector banks in Pune. Banks need to minimise the variation on year-wise spending amount for CSR activities.

**CSR Amount Spent in Pune**

| Public Sector Banks  |                          | (Amount in Crores) |              |              |              |              |
|----------------------|--------------------------|--------------------|--------------|--------------|--------------|--------------|
| Sr. No.              | Name of the Banks        | 2015-16            | 2016-17      | 2017-18      | 2018-19      | 2019-20      |
| 1                    | State Bank India         | 2.46               | 1.9          | 1.86         | 0.7          | 1.05         |
| 2                    | Bank of Baroda           | 1.19               | 0.25         | 1.01         | 0.02         | 0.01         |
| 3                    | Union Bank of India      | 0.02               | 0.04         | 0.06         | 0.03         | 0.01         |
| 4                    | Bank of Maharashtra      | 1.03               | 0.98         | 0.46         | 0.59         | 0.78         |
| 5                    | Bank of India            | 1.21               | 0.78         | 0.03         | 0.07         | 0.05         |
| 6                    | Canara Bank              | 1.26               | 1.56         | 1.89         | 2.41         | 1.98         |
| 7                    | Punjab National Bank     | 0.02               | 0.04         | 0.03         | 0.04         | 0.02         |
| <b>Total</b>         |                          | <b>7.19</b>        | <b>5.55</b>  | <b>5.34</b>  | <b>3.86</b>  | <b>3.9</b>   |
| Private Sector Banks |                          |                    |              |              |              |              |
| 8                    | HDFC Bank Ltd.           | 4.42               | 5.49         | 4.23         | 5.89         | 6.46         |
| 9                    | ICICI Bank Ltd.          | 3.25               | 2.48         | 2.49         | 1.56         | 1.24         |
| 10                   | Axis Bank Ltd.           | 3.25               | 2.46         | 1.2          | 3.2          | 1.24         |
| 11                   | Yes Bank Ltd.            | 0.9                | 1.25         | 1.54         | 1.59         | 1.23         |
| 12                   | Kotak Mahindra Bank Ltd. | 0.79               | 0.9          | 0.95         | 0.8          | 0.9          |
| 13                   | IndusInd Bank Ltd.       | 0.2                | 0.25         | 0.6          | 0.8          | 1.36         |
| 14                   | The Federal Bank Ltd.    | 0.5                | 0.86         | 0.6          | 0.7          | 0.9          |
| <b>Total</b>         |                          | <b>13.31</b>       | <b>13.69</b> | <b>11.61</b> | <b>14.54</b> | <b>13.33</b> |

<https://csr.gov.in>

Table No. 4.3: CSR Amount Spent in Pune



Graph No. 6.1: CSR Amount Spent in Pune

In the above trend analysis graph, researchers calculated the R-Square value and trend equation for prediction purposes. Suppose the R squared value is more significant than 0.7. In that case, researchers can statistically accept fitted trend lines, or if the R squared value is more significant than 0.8, then it is statistically best for fitting for a given trend line. The researcher observed that the R squared value for public-private sector banks in Pune were 1. It means that it is statistically accepted and best for fitting a fourth-order polynomial trend line. Researchers

can predict or forecast the future trend using the polynomial trend equation. The polynomial trend line indicates more variation or fluctuations as compared to the linear trend line. It means that selected private sector banks spending amount on CSR shows many year-wise changes in Pune.

Also, the R squared value for public sector banks in Pune was 0.9129. It means that it is statistically best for fitting an exponential trend line. From the above analysis, the researcher found that the spending trend of CSR amount of public and private sector banks

in Pune shows some variation, but it's higher than the selected public banks. In Pune, the public sector banks CSR spending trend is exponentially decreasing. The CSR will be positively affected the bank's performance, image and goodwill. It also shows the responsibility of the banking industry towards societal contribution. The selected public sector banks in Pune are not doing well in terms of CSR activities as compared with the selected private sector banks. Researchers suggested selected private sector banks to reduce fluctuations in spending CSR amount in Pune. Further also suggested that selected public sector banks increase the CSR spending amount to create some societal contribution.

### Research Findings

- 1) The mean average CSR amount spent in Pune was 230.476 crores for selected public and private banks for the study period.
- 2) In India and Pune, approximately equal consistency was observed in CSR funds, i.e. 19.73 % and 19.54 %, respectively.
- 3) CSR amount spent in Pune's R-squared value was 0.7011, more significant than the statistically minimum accepted level, i.e. 0.7, so its exponential trend line was appropriate for the CSR amount spent in Pune. It's a good sign for the CSR fund spent in Pune, which is exponentially increasing. It will be beneficial to improve the bank's goodwill, reputation, performance and image in future competitive markets.
- 4) The R squared value for public-private sector banks in Pune was one, and R squared value for public sector banks in Pune was 0.9129. It means that it was statistically best for fitting an exponential trend line.
- 5) The trend of spending of CSR amount of public-private sector banks in Pune shows some variation, but it's higher than the selected public sector banks.
- 6) A statistically significant positive relationship was found between the perception of bank employees and CSR activities in selected public banks in Pune.

### Conclusion

The vital objective of concluding this paper was to briefly summarise the essential contribution and outcome of the research work carried out during the study. As per companies act 2013, section 135(1), companies need 2% of their average net profit immediately preceding three financial years on CSR activities. The mean average CSR funds spent from 2015-16 to 2019-20 in Pune were Rs. 230.476 crores. The average CSR spending in India and Pune has approximately equal consistency, i.e. 19.73 % and 19.54 %, respectively. The observed R-square value of CSR spending in Pune was 0.7011, respectively, more significant than the statistically minimum accepted level, i.e. 0.7. It was a good sign for the CSR fund spent in Pune, which is exponentially increasing. It will be beneficial to improve the bank's goodwill, reputation, performance, and image in society. Statistical results confirmed that India's public and private sector banks have the CSR funds spending trend linearly increasing. On the other hand, the trend for public sector banks in Pune was exponentially decreasing. A statistically significant positive relationship was found between the perception of bank employees and CSR activities in selected public sector banks in Pune. It is also confirmed that the objectives and purpose of the study have been successfully achieved and proved.

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