

A STUDY OF CORPORATE GOVERNANCE, BUSINESS ETHICS AND CORPORATE SOCIAL RESPONSIBILITY WITH SPECIAL REFERENCE TO INDIAN BANKING SECTOR

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ABSTRACT

Corporate governance, business ethics and corporate social responsibility are widely used in almost all organizations. All these three concepts are helpful for the better functioning of organizations. Indian banking sector run their day-to-day activities with good corporate governance, follows ethics and also contributes in corporate social responsibility activities. The goal of this research study is to study in depth with relevant examples and present scenario the concepts of corporate governance, business ethics and corporate social responsibility in banking sector. The researcher has studied these concepts and its role and relation with special reference to Indian banking sector. The research is based on secondary data. The results of this research will be helpful to Indian banks to implement these activities in their business operations.

Keywords: Business ethics, Corporate governance, Corporate social responsibility, Banking sector.

Introduction

Corporate governance is set of principles on which a company is governed. The corporate ensures to achieve the goal and work in that manner. It makes corporations accountable for board of directors, shareholders, employees, customers etc. The meaning of governance is “act of managing a corporate entity”. Corporate governance plays necessary role to protect the rights of number of shareholders. The Corporate governance is one part of Indian corporate sector.

Ethics means set of rules and principle which organization have to follow. Business ethics means generating codes that businesses need to follow while doing business. Ethic is used to monitor the behavior of individual people which helps to choose between right and wrong while taking a decision.

Corporate Social Responsibility is a self-explanatory model that helps companies take social responsibility to investors and the public by practicing corporate social responsibility. It may be aware of the nature of their impact on all aspects of society, economy, society and the environment.

Literature Review

Faldu R. (2014), in his research paper entitled “Social Responsibility and Ethical Issues in Managing Global Business”, he observed that ethics refers to a system of moral principles,

i.e. to decide between right and wrong for business. Business ethics can be managed and controlled through training, codes, leaders, and legal committees. In international businesses, ethical issues are related to bribery, corruption, and compensation.

Auld G., Cashore B. and Bernstein S. (2015) in this research paper titled “The New Corporate Social Responsibility” they observed that CSR activities are beneficial for the society and also have positive influence on organizations image.

Sharma A. and Panigrahi A. (2016), in their research paper entitled “CSR in Indian Banks and Financial Institutions”, they observed that to embrace responsibility social responsibility is very important for the company’s actions. To create positive impact through various activities such as environment, communities, employees, consumers, stakeholders are trying their best.

Kotnal J. (2016), in her research paper entitled “Corporate governance in banking sector: A fine-tuning performance” she observed that in India, banks have to focus more on the improvement of corporate governance practices.

Giri A. (2017), in their research paper entitled “Business Ethics & Values in Multinational Companies Operating in India: An Innovative Approach”, observed that there is a need to teach business ethics and values to employees, managers, administrator, and even CEO, for

the success of the business. They need to get technical training as well as corporate training, it helps them to deal with different customers and clients.

Dixit R., Choudhary S. (2019), in their research paper entitled "Forecasting Non-Performing Assets for Indian Banking Sector", they studied on Indian banking sectors especially on SBI & PNB bank. Indian Banking sector is concerned about Average Loans and advances for commercial Banks from the year 2010 to 2018 was Rs. 64,019.37 Crores. For SBI bank it was Rs. 11,97,927 crore and for PNB bank it was Rs. 3,36,284.982 crores. They conclude that banks must be controlled by NPAs to avoid the serious consequences.

Kunjukunju B. (2020), in his research paper entitled "CSR in Banking Sector- an Empirical Study on Yes Bank Limited", he observed that CSR concept is not a new concept for banking sector. The main purpose of researcher is to analyze CSR activities performed in India. The types of CSR activities in India under the Companies Act 2013, are poverty eradication, Promoting Education, Promoting Gender Equality and CSR initiatives related to the Environment.

Research Objectives

1. To study the role of corporate governance in Indian banking sector.
2. To study the role of business ethics in Indian banking sector.
3. To study the corporate social responsibility initiatives taken by in Indian banking sector.

Corporate Governance in Indian Banking Sector

Citi Bank has taken first position as foreign bank in India. The Citi bank is providing higher standard of corporate governance and they are also following full law, rules, protocols and responsibility of government. Standard Chartered Bank has taken second position as foreign bank in India. An Effective corporate governance framework contains various components. Also, effective corporate governance also requires full culture and support.

HSBC India bank has taken third position as foreign bank in India. HSBC bank are working for company's long term success and providing good service to their customers. Deutsche Bank has taken fourth position as foreign bank in India. Corporate governance Management Board team are responsible for managing the bank's business. Royal Bank has taken fifth position as foreign bank in India. The main aim of corporate governance policies are to support Board of Directors to supervise management board. DBS Bank has taken sixth position as foreign bank in India. The bank Governance framework is depending on competent leadership, Effective controls, Strong culture and Accountability to shareholders. Barclays Bank has taken seventh position as foreign bank in India. The companies Guide are issued, controlled and monitored by the Board of Directors. Bank of America has taken eighth position as foreign bank in India. The main purpose of bank is to help people to achieve their goal and fulfill their requirement. Bank of Bahrain and Kuwait has taken ninth position as foreign bank in India. The Bank are following the corporate governance principles as issued by the Ministry of Industry. Doha Bank has taken tenth position as foreign bank in India. The Board of Directors of the Doha Bank is responsible for preparing the corporate governance report.

Business Ethics in Indian Banking Sector

Banking is based fundamentally on the confidence in which the public entrusts its funds to banks for safety and investments. Therefore, the banking sector has to be always done ethically. All over the world, banks are regulated by the reason why their role of financial intermediaries. As financial intermediaries, banks mobilize the funds of people and make available to individuals / companies that need these funds at a price. Banks also provide an efficient payment mechanism in the economy. They provide an organized system to make payments to resolve personal and commercial transactions, as well as the global obligation of its customers. The ethical problems that the banking industry must face are numerous and complex, but at a broader point of view, an ethical bank must have a policy that takes into account all the

questions that banks must face due to globalization and social and environmental problems.

Corporate Social Responsibility in Indian Banking Sector

The HDFC bench mission is to provide the social and economic development of the Community, as they use the CSR policy of the HDFC bank. They are also helping the peoples of physical society, socially and economically challenged. The focus area of SBI Bank CSR activities is medical assistance, education, sustenance, skills development, national heritage protection, women's empowerment, young people and elderly. The area of approach of the icic banking is education under Annex VII (II), that is that promotes education, medical care under time VII (i) that is. Sanitation, drinking water, etc. Sustainable skills and development of livelihood, financial inclusion under time VII (III), etc. The Policy of the Banch CSR axis, led by the corporate vision and the aspiration of the banks, so the bank can choose customers, shareholders, employees and communities. The CSR Bank's policy was framed in accordance with Section 135 of the 2013 company law.

Kotak Mahindra Bank is taking several CSR programs by associating with NGOs, ie the search for Olympic gold, teaching for India, water Sadguru NM & Development Foundation, can support, Dhanwantari Medical Trust etc. Indusind Bank is supporting the culture of sport and physical conditions, as encouraging employees to participate in the marathon. The special interest area of Indusind Bank are armed forces, sports, heritage, arts and culture. Yes collective capacity of the CSE

bank to share resources equally, accept everyone with the same rights and act constantly with the best interest of humanity. View of the National Bank Punjab CSR as a commitment to make things economically, socially and ecologically sustainable to work. The Baroda RSE bank allows people and technology to promote innovation, disseminate knowledge, information and the creation of shared values to improve life. CSR programs and activities of banks that support the empowerment, education, eradication of poverty, the relief of disaster, health and others. Banks in India increased their CSR activities, which have a positive impact on their business performance, as well as improving their image and good will.

Conclusion

Banks are using corporate governance method to take big and small decision for them. Corporate governance is a way to bring investors and managers in line and create interest in them. In banking institutions, there are number of benefits after performing CSR activities such as it provides economic efficiency, it improves bank reputation, bank get employee loyalty, communication between the banking industry and society get easy, attract new customers and increase organizational commitment. Banks are providing safe and healthy workplaces to their employee. They are also, providing the freedom to their staff members to do work. The employees have to follow some rules and regulations of the bank. Banks are providing training to their employees for company future success.

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