

# AN EMPIRICAL STUDY ON CORPORATE SOCIAL RESPONSIBILITY IN BANKING SECTOR OF TIRUNELVELI DISTRICT

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**Abstract** :The concept of Corporate Social Responsibility is not a new one but its focal point changes with the changing requirements of business and varying social needs. The concept of CSR was first mentioned in 1953 in the publication of “Social responsibilities of businessman” by William J.Bowen. .

**IndexTerms**- Corporate Social Responsibility.

## I. INTRODUCTION

Corporate Social Responsibility also called Corporate Conscience or Responsible Business is a form of corporate self-regulation integrated into a business model. CSR is defined as the voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner. CSR policy functions as a self-regulatory mechanism whereby a business monitors and ensures its active compliance with the spirit of law, ethical standards and national or international norms. The concept of Corporate Social Responsibility is not a new one but its focal point changes with the changing requirements of business and varying social needs. The concept of CSR was first mentioned in 1953 in the publication of “Social responsibilities of businessman” by William J.Bowen. However the term CSR became only popular in the 1990s, When the German Beta Pharma generic pharmaceutical company decided to implement CSR. CSR is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. It is represented by the contributions undertaken by companies to society through its business activities and its social investment. CSR has been making an increasingly prominent impact in the Indian social system by supplementing development projects. But it is not a novel concept in India as its historical roots goes till the Vedic age. Today Banking Sector growing larger and powerful than before. Various Non-government organizations put pressure on Banks to act responsibly towards their stakeholders. Thus pressure has given rise to the concept named Corporate Social Responsibility. CSR defined as “the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time”<sup>1</sup>.

## II. IMPORTANCE OF THE STUDY

Business is an integral part of the society. It makes use the resources of the society for its functioning. Therefore the business expected to discharge its duties and responsibilities in enhancing the welfare of the society. The concept of social responsibility is that the profit is the primary function the business, the business must be ran the wide ground of what is the best for the community and the society at the maximum contribution. Banking is the service oriented business which touches the lives of millions of the people. A potent force can be brought the socio economic transformation in the country. The commercial banks \is providing service only in the major cities and town to the needs of industries and big business who could offer various securities and such banks called as class banks. In order to make the banks more response to the need of the society, 14 commercial banks were nationalized in the year of July1969. Since there is a structural and qualitative change in the profile of commercial banking concepts<sup>2</sup>.

## III. NEED OF THE STUDY

Corporate Social Responsibility (CSR), can be described as, the continuous dedication by companies towards the socio-economic development of communities in which they operate. It is a powerful way of making sustainable competitive profit and achieving lasting values for stakeholder. Corporate Social Responsibility is considered as an important instrument that provide competitive advantage and improves reputation of the business concern. Many Indian banks have created their individual brand image in the field of Corporate Social Responsibility (CSR) by taking various social initiatives for social welfare and community development. It has been found that the banks are engaged in CSR activities mostly in the area of Rural Development, Education, Community Welfare, Women and Children. There is a need for better CSR activities by the banks, which is possible by adding more and more social development issues link with corporate sector. So this paper seeks analyse the various CSR activities carried over by the Indian banks. Corporate social responsibility (CSR) is a commonly used model in recent years, particularly

<sup>1</sup> Agrawal, Sanjaoy K,” Corporate Social Responsibility in India “(2008) Response Business Book from Sage, Sage Publications, New Delhi.

<sup>2</sup> IRACST- International Journal of Research in Management & Technology (IJRMT), ISSN: 2249-9563 Vol.7, No.4, July-August 2017.

after companies' act 2013. But CSR actions and its calculated values in policy formulation for an banking industry may differ from other industries. The significance of essential mechanism of CSR is different for all companies and this is the important cause that one industry thinks more accountable for the environmental issues although another industry thinks like to invest in social issues. The motive of this research article is to study the importance of CSR in Indian banking industry and how it is unlike in association to other industries even in the same sector<sup>3</sup>.

### 3.1. OBJECTIVES OF THE STUDY

- To study the importance of the social responsibility in banks in the study area.
- To assess the various social responsible key CSR activities taken by banks in the study area.

### 3.2. METHODOLOGY

**3.3 Sampling design:** This study is confined to the branchmanagers of the selected banks in the study area. There are 19 select banks in central Tamil Nadu and these select commercial banks are considered the universe of the study. In the stage, by adopting quota sampling, 25 respondents are selected from each commercial bank.

The sampling details are given in the following table.

**Table 1**  
**Sampling distribution**

Sl.no	Name of the banks	Samples units	Sample size
1.	State bank of India	5	50
2.	Indian bank	5	50
3.	Canara bank	5	50
4.	Indian overseas bank	5	50
5.	ICICI	5	50
6.	HDFC	5	50
	<b>Total</b>	<b>30</b>	<b>300</b>

**Source: Secondary Data**

**3.4 Tools for data collection:** This study is empirical in nature based on survey method. The first-hand information for this study was collected from the offices of the selected banks in the study area. As an essential part of the study, the primary data were collected from 30 banks and 300 respondents with the help of interview schedule for a period of 3 months. These secondary data were collected mainly from journals, reports, books, internet and records.

**3.5 Framework of analysis:** In order to study the social responsibility of banks, various statistical tools such as chi square test, t-test, paired, analysis of one-way variance, co-efficient of variation, discriminant function analysis; multiple regression analysis and percentage analysis were employed. To arrive at possible solutions, percentage analysis was also employed in this study.

**3.6 Framed hypothesis:** Ho: there is no significant relationship between Demographic profile of respondents and the key CSR activities

## IV . ANALYSIS OF DATA

**Table 2**  
**Distribution on overall result of profile of respondents**

Sl.no	Particulars	Variable	No. of respondents	Percentage
1	Age	25-35 years	116	39
2	Marital status	Married	212	71
3	Educational qualification	Post graduate	134	45
4	Occupation	Education sector	110	37
5	Organisation	Private sector	151	64
6	Work experience	Above 16 years	103	34
7	Monthly income	Above 35,001	100	33
8	Locality	Urban	215	72

**Source: Primary Data**

**Table 3**  
**Distribution on Overall result of ANOVA test**

Sl.no	Particulars	F-Value	P-Value	Result
1	Age	5.578	0.004	Significant
2	Marital status	2.733	0.001	Significant
3	Educational qualification	1.690	0.016	Significant
4	Occupation	1.735	0.020	Significant
5	Organisation	4.660	0.000	Significant
6	Work experience	2.558	0.008	Significant
7	Monthly income	1.237	0.004	Significant
8	Locality	1.610	0.010	Significant
9	Community involvement (CI)	F-Values for each variable		Significant
10	Environmental Contribution (EC)			Significant

<sup>3</sup>[https://www.researchgate.net/publication/319136812\\_An\\_Empirical\\_Study\\_on\\_Corporate\\_Social\\_Responsibility\\_of\\_Commercial\\_Banks\\_with\\_Special\\_Reference\\_to\\_Central\\_Tamilnadu//](https://www.researchgate.net/publication/319136812_An_Empirical_Study_on_Corporate_Social_Responsibility_of_Commercial_Banks_with_Special_Reference_to_Central_Tamilnadu//)

11	Workplace (W)	Significant
12	Diverse (D)	Significant

Source: Computed Data

**Table 4**  
Distribution on Overall result of Chi-square Test

Sl.no	Particulars	Sig.Lev	Cal value	D.f	p.val	Result
1	Age and CSR Activities	@ 5%	27.538	3	.001	Significant
2	Marital status and CSR Activities		27.654	1	.000	
3	Educational quail and CSR Activities		27.087	4	.011	
4	Occupation and CSR Activities		10.517	3	.022	
5	Organisationand CSR Activities		18.236	1	.000	
6	Work experience and CSR Activities		28.220	3	.009	
7	Monthly income and CSR Activities		16.320	3	.003	
8	Locality and CSR Activities		15.715	1	.000	

Source: Computed Data

**Table 5**  
Key CSR Activities in banking sector – Likert scaling

Sl.no	Particulars	SA	A	N	DA	SDA	M.S	M.R
<b>Community involvement</b>								
1	CI 1	412	391	234	81	1	2.60	8
2	CI 2	820	488	19	11	2	3.11	2
3	CI 3	415	681	98	15	6	2.88	4
4	CI 4	471	388	245	36	9	2.67	6
5	CI 5	767	553	17	4	1	3.11	2
6	CI 6	572	391	203	25	8	2.78	5
7	CI 7	684	410	121	24	8	3.37	1
8	CI 8	464	449	163	49	16	2.65	7
<b>Environmental Contribution</b>								
9	EC 1	380	497	161	68	12	2.59	7
10	EC 2	363	407	272	53	8	2.56	8
11	EC 3	764	423	113	3	2	3.04	2
12	EC 4	998	234	65	28	6	3.09	1
13	EC 5	753	402	111	17	3	2.98	4
14	EC 6	523	592	136	3	1	2.91	5
15	EC 7	739	494	36	10	12	3.00	3
16	EC 8	642	441	119	28	8	2.87	6
<b>Workplace</b>								
17	W 1	705	388	130	25	6	2.90	7
18	W2	1039	301	17	11	6	3.19	3
19	W 3	704	491	57	24	6	2.97	5
20	W 4	665	427	119	29	6	2.89	8
21	W 5	691	491	65	15	10	2.95	6
22	W 6	446	338	243	84	4	3.37	1
23	W 7	1050	332	332	4	2	3.25	2
24	W 8	806	371	371	36	6	2.98	4
<b>Diverse</b>								
25	D 1	324	324	17	4	2	3.27	2
26	D 2	705	491	56	22	6	2.97	5
27	D 3	665	427	119	25	8	2.89	7
28	D 4	722	491	64	15	3	3.01	4
29	D 5	445	338	243	84	4	2.58	8
30	D 6	1050	337	6	4	1	3.27	2
31	D 7	691	191	65	15	10	2.95	6
32	D 8	447	338	243	83	3	3.37	1

Source: Computed Data

**V .FINDINGS OF THE STUDY**

**Profile of respondents:** With regard to the finding on profile of respondents out of 300 respondents it is clear that under the category age, majority of the respondents belong to the age group 25-35 years [39%], marital status- married [71%], educational qualification- post graduate [45%], occupation-education sector [37%], organisation- private [64%], work experience- above 16 years [34%], monthly income- above 35,001 [33%] and locality-urban [72%]

**ANOVA test:** For the hypothesis framed for ANOVA test, it was found that every variable had significant relationship, i.e. Age, Marital status, Educational qualification, Occupation, Organisation, Work experience, Monthly income, Locality within the variables

**Chi-square:** with regard to the chi-square test at 5% and 1% level of significance, it is found that the p-value is less than 0.05 thus it is concluded that each variable had significant relationship, that is the null hypothesis was rejected.

**Likert scaling:** The above table shows, the key CSR activities in banking sector. Out of 32 variables identified CI 1: Opening up or contributing towards educational institutions, CI 2: Aid to flood/drought/disaster victims, CI 3: Construction and maintenance of roads, CI 4: Contribution for the promotion of art, culture, and sports, CI 5: Provision of drinking water facilities, CI 6: Contributing towards healthcare, CI 7: Construction of temples, community halls, parks, and so on, CI 8: Promotion of rural income generation schemes, EC 1: Certified under ISO 14000 series, EC 2: Going for land reclamation and afforestation, EC 3: Installed effluent treatment plant, EC 4: Going for rain harvesting programmes, EC 5: Recycling of pollutants and wastes, EC 6: Engaged in helping eco-friendly products/ process, EC 7: Efficiency in paper using, EC 8: Power saving/energy conservation, W 1: Providing better working environment to the employees, W 2: Retirement fund benefit plans, i.e., gratuity, provident fund, W 3: Proper safety measures for accident-prone activities, W 4: Frequent training/development programmes for employees, W 5: Spending for the welfare of employees, W 6: Providing medical facilities to employees, W 7: Profit sharing/share ownership programmes for employees, W 8: Women Harassment at workplace, D 1: Redress of grievance of workers/shareholders/employees, D 2: No child labor in employment, D 3: Different training programs for empowerment of youth, D 4: Welfare activities for SC/ST/ and disabled persons, D 5: Providing agriculture guidance/schemes, D 6: Financial inclusion schemes, D 7: Setting of orphanage home and D 8: Better customer service/customer guidance/after sale service.

## VI .SUGGESTIONS and RECOMMENDATIONS

1. All selected banks in the study area are advised to execute the social responsibility initiatives by committee or a staff to take care of social responsibility activities.
2. The banks should provide the awareness programme of various facilities offered to rural customers then only the social responsibility activities would successfully reaches to the rural customers.
3. The government strongly recommends to the banks to start new bank branches in rural areas because the rural people could not reach the bank branches to avail the facilities.
4. The RBI or government has to form a separate board to monitor the banks to do the social responsible activities.
5. The RBI or government has to instruct the banks to highly involve the social responsible activities based on the needs and expectation of the people.
6. The customers and the public should utilise the social responsible activities offered by the banks in effectively.
7. The customers and the public should provide their cooperation and support with the bank executives or authorities for the purpose of successful execution of social responsible activities in their area.

## VII. CONCLUSION

The banks are considered to be an important service providing organization in our country which is facilitates enormous people in the society to develop them. The current situation has to improve their performance on the social responsible activities of selected banks in the study area. In this regards, The banks has come across on the social responsible activities of selected banks in study area that all the banks doing some kind of social responsible activities beyond compulsion of RBI and government. It is insisted that all the banks has to take some voluntary initiation to fulfill social responsible activities of selected in the study area based on the need and expectations of the customers and also general public in this area. Thus the select banks in the study area are performing their social responsible activities in effectively therefore need to put extra effort may be given to the public to set an example of this region and also rural development. This social responsible contribution helps to improve the economic condition of the customers and develops the growth of our nation<sup>4</sup>.

CSR fetch a very important place in the development scenario of India today and can create as an alternative tool for sustainable development. The study 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 mandatory requirement. The public sector banks have overall highest contribution in CSR activities. Private sector banks and foreign banks are still lagging in this area. Most of the Banks use CSR practices as a marketing tool and many are only making token efforts towards CSR in tangential ways such as donations to charitable trusts, NGOs, sponsorship of events, etc. Very few banks have a clearly defined CSR philosophy. Mostly banks implement CSR in an ad-hoc manner, unconnected with their business process and don't state how much they spend on CSR activities<sup>5</sup>.

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