

ANALYSIS OF INTERNAL CORPORATE SOCIAL RESPONSIBILITY PRACTICES AND ITS IMPACT ON ORGANISATIONAL COMMITMENT OF EMPLOYEES OF PUBLIC SECTOR BANKS IN CHENNAI

NIKHATH PARVEEN

Research Scholar & Assistant Professor
Department of Commerce
J.B.A.S.College for Women AN Autonomous
Teynampet ,Chennai,Tamilnadu

DR.FAHMEEDA YASMEEN

Research Supervisor & Assistant Professor
Department of Commerce
J.B.A.S.College for Women AN Autonomous
Teynampet, Chennai, Tamilnadu.

ABSTRACT:

Over the past few years, a rising emphasis has been placed on banks Corporate Social Responsibility. A simple definition refers to CSR as how banks take into consideration the impact on society of their operational activities. Consequently, it requires a built-in, self –regulating mechanism whereby banks would monitor and ensure their adherence to law, ethical standards and international norms to produce an overall positive effect on society.

At present Banking sector is one of the emerging sectors which play an important role in the development of the nation. Banks are known for their basic services like deposits and customer services but if we talk about present scenario, banks are adopting a new concept in their working i.e. Corporate Social Responsibility, which is necessary if banks want to sustain in the competitive environment. CSR means to do something for the benefit of society apart from its basic functioning. The priority CSR initiatives by banks are education, environmental issues, community development, rural development, micro-financing and women empowerment. In addition to this This study is focused on CSR and its impact on organisational commitment of employees of public sector banks in the city of Chennai.

Key words –CSR, practices, public sector banks, organisational commitment, internal CSR

INTRODUCTION:

Corporate Social Responsibility (CSR) is the commitment of companies to provide resources and support activities focused on enhancing economic and social development. It is the effort made by companies to improve the living conditions of the local area in which they operate and the society at large. The activities taken up as part of corporate social responsibility reflect the intention to create a positive impact on society without seeking any commensurate monetary benefits. Corporate Social Responsibility, or CSR, is something that was started by fashionable ‘ethical ’businesses. Realizing that promoting a responsible way of doing business actually improved the bottom line, soon received wider interest, and now demonstrating responsibility has become expected when bidding for major contracts. The concept of Corporate Social Responsibility can

be explained quite simply; it is doing the right thing. Corporate Social Responsibility, or CSR for short, is about how your organization's existence affects stakeholders beyond your own interests, recognizing the impact your operations have on the community at large. Adopting CSR considers how you can use this impact in a positive way, leading to sustainable growth and financial gains.

If they carefully review their core business to formulate more strategic aligned CSR activities. In real sense, only few banking organisations are responding in a positive manner in terms of their CSR initiatives while majority of them continue to struggle for right direction. The problem lies in the absence of clear CSR vision and misalignment between business and CSR strategies which results in the allocation in CSR funds into those CSR practices that provide minimal advantage to both company as well as society.

Banks believes that it is its foremost duty to contribute towards impacting the lives of various stakeholders like customers, employees, shareholders, communities and environment in a positive manner through all aspects of its operations, thereby serving the interest of the society at large. The Bank intends to be in step with the new thought of measuring performance on the basis of economic impact, social impact, and environmental impact in the task of inclusive growth, through banking operations, towards the larger canvas of Nation building. It was the dream of our eminent Statesmen that every individual Indian should be free from hunger, malnutrition, and should have basic necessities and be entitled to affordable education, healthcare facilities, equal opportunities in an enabling environment thereby resulting in reduction of social and economic disparity. Towards this larger goal, Corporate as major players in the economic development are also required to share this Social Responsibility and Banks contributes its share to this worthy cause. Banks have a policy to give back a part of what it has received from the environment and society and is contributing / participating on a sustainable basis in activities and projects for facilitating the same

Banking sector in India is showing interest in integrating sustainability into their business models but CSR reporting practices are far from satisfaction.

SIGNIFICANCE OF THE STUDY:

CSR activities are compulsory and no long an option for companies as well as banks. The employees have to be well informed and well versed in the CSR activities of the banks. The impact of CSR in the long run will play an active role in the organizational commitment as the employees play a very important role in strengthening the internal and external setup of the banks.

NEED OF THE STUDY:

From the past studies it has been found that the contribution on Corporate Social Responsibility by the Indian banks is very less. The new legislation of Indian Companies Act,2013 requires banks to spend at least 2% of their three year average annual net profit towards CSR activities. Hence the need to study is to find the impact of CSR on the organisational commitment of the employees of the banks.

SCOPE OF THE STUDY:

This study focuses on the impact of CSR on organizational commitment of the employees of the public sector banks in Chennai city. For this purpose primary data was collected and the sample size was 130. The study analysed the impact of CSR on the employees organizational commitment. Further this study widens the scope to study about the various CSR related activities of the banks which serves as secondary data relevant for the study. Of the public sector banks, State Bank of India is the pioneer leader in carrying out the CSR operations. Other banks which followed are Bank of Baroda, Allahabad Bank, Canara Bank, Indian Overseas Bank, UCO Bank and Andhra Bank.

REVIEW OF LITERATURE:

CSR Practices in Indian Banking Sector(2014) Deepika Dhingra & Rama Mittal. In the research, they conducted a study to find out the CSR practices in Indian Banking Sector. Their findings were that an attempt had been made by the Indian Banking Sector to ensure responsible behaviour of banking sector in an organized manner. However, the banking sector is showing interest in integrating sustainability into their business models but its CSR practices are far from being satisfactory.

A Comparative Study on Corporate Social Responsibility practices in Selected Public and Private Sector Banks in India (2019) Himandri Kewlani, Dr. Krupa Bhatt. Their research aimed at identifying CSR practices and initiatives of Indian Banks { the study was based on secondary data }.They concluded by stating that Public Sector Banks have a changing trend in increase and decrease of CSR expenditure whereas private sector banks have a much upward trend

CSR: A study of Selected Public Sector Banks in India(2013) Sarita Moharana. This research aimed to study the CSR practices in selected nationalized banks and to give suggestions for the implementation of model CSR practices. For this purpose data collected was both primary and secondary. The findings of the study were that a CSR policy is to be framed keeping social objectives as a basis and allocation of separate funds should be given for this purpose.

A Comparative Study on the CSR Activities of Public and Private Sector Commercial Banks(2017) Nabasmita Bordoloi & Dr. Kalyan Mukherjee. The objectives of this study was to compare CSR activities of public sector commercial banks with private sector commercial banks. The data was secondary in nature keeping a sample size of 24 banks, 14 from public sector and 10 from private sector banks. Their findings concluded with less spending on CSR activities of both public and private sector banks.

OBJECTIVES OF THE STUDY:

- ❖ To study the factors influencing internal CSR of Public Sector Banks.
- ❖ To study the level of internal CSR and organizational commitment.
- ❖ To study the relationship between factors influencing internal CSR and the organizational commitment
- ❖ To study the relationship between factors influencing internal CSR and the organizational commitment.

RESEARCH METHODOLOGY:

The research design of this study is descriptive and an analytical research. In this research, the researcher tries to analyze the impact of CSR on the organizational commitment of the employees of the public sector banks in Chennai city. The research instrument used for the present study is a well structured questionnaire. The questionnaire was examined by two academicians for content validity purposes.

DATA COLLECTION:

A total of 130 questionnaires were collected. The results of the study were analyzed using ‘t’ test, correlation and multiple regression analysis. The data was collected using convenient sampling and it was self-administered. The questionnaires were analysed using SPSS version 21.

DATA ANALYSIS AND RESULTS**1. DEMOGRAPHIC & JOB PROFILE OF THE RESPONDENTS****TABLE -1**

(Sample Size = 130)

VARIABLES	OPTIONS	FREQUENCIES	(%)
Gender	Male	71	54.60
	Female	59	45.40
Age	25 – 40 Years	Open ended Question (Scale Variable)	60.00
	41 – 57Years		40.00
Qualification	School Level / Diploma	26	20.00
	UG / PG	89	88.50
	Professional / Ph.D.	15	11.50
Marital Status	Married	107	82.30
	Unmarried	23	17.70
Monthly Salary (INR)	Upto Rs.20,000	20	15.40
	Rs.20,001 – Rs.40,000	95	73.10
	Above Rs.40,000	15	11.50
Nature of Job	Permanent	97	74.60
	Temporary	33	25.40
Total Job Experience	2 – 10 Years	Open ended Question (Scale Variable)	57.70
	11 – 29 Years		42.30

Source: Primary Data

From the above table, it is inferred that Male respondents (71, 54.60%) are more than female respondents (45.40%) in the sample survey. In terms of Age of the respondents, majority of them (60%) belong to the age group of 25 – 40 Years. 88.50% (89) of the respondents have UG / PG Qualification followed by School level/Diploma with 20% (26). 82.30% (107) of the respondents are married. 74.60% (97) of the respondents are in permanent employment position and rest of them (25.40%) are in temporary vacancies. In terms of total job experience of the employees, 57.70% of them have 2 – 10 years of experience and the remaining 42.30% of them have 11 – 29 years of experience in the job.

2. FACTORS INFLUENCING INTERNAL CSR OF PUBLIC SECTOR BANKS

H₀: There is no significant difference between the Male and Female respondents with respect to the factors that influencing the perception of Internal Corporate Social Responsibility of the public sector bank.

TABLE 2 - GENDER – FACTORS INFLUENCING INTERNAL CSR OF BANK**INDEPENDENT SAMPLE ‘t’ TEST**

VARIABLES	GENDER – FACTORS INFLUENCING INTERNAL CSR OF BANK						t - value	p - value
	MALE			FEMALE				
	N	Mean	SD	N	Mean	SD		
Management Policy	71	10.51	1.511	59	7.03	0.669	17.427	0.000**
Employee Rights	71	10.52	1.548	59	6.49	0.679	19.766	0.000**
Recruitment & Promotion	71	11.82	1.199	59	9.02	2.177	5.865	0.000**
Training & Development	71	10.96	0.783	59	8.32	2.687	7.281	0.000**
Workplace Diversity	71	10.92	1.317	59	8.17	0.834	20.382	0.000**
PERCEPTION ON INTERNAL CSR OF BANK	71	54.72	3.140	59	39.03	5.527	19.354	0.000**

Source: Primary Data (**1% Level of Significance)

An independent-samples t-test was conducted to compare the difference between the Male and Female respondents with respect to the factors that influencing the internal corporate social responsibility of the public sector banks. As the *P* value is lesser than Sig. Value (0.01) in all the variables and also in the Perception on Internal corporate social responsibility(CSR) Score, the Null Hypotheses are rejected. Based on the mean Score of the factors that influencing the perception on internal corporate social responsibility ,Recruitment & Promotion is perceived more by male (M = 11.82) and female (M = 9.02) respondents than other factors.

Based on the mean Score of the overall Perception on the Internal CSR of banks, we can say that the mean score of the Male respondents (M = 54.72) is more than the Female respondents (M= 39.03). This indicates that the Male respondents have more perception on the various factors that influencing Internal Corporate Social Responsibility (CSR) of the public sector banks than the Female respondents.

3. LEVEL OF INTERNAL CSR AND ORGANIZATIONAL COMMITMENT

H_0 : There is no significant difference between the Male and Female respondents with respect to the level of internal CSR as well as Organizational Commitment of employees of public sector banks.

TABLE 3 - GENDER – LEVEL OF INTERNAL CSR AND ORGANIZATIONAL COMMITMENT**INDEPENDENT SAMPLE ‘t’ TEST**

VARIABLES	GENDER – LEVEL OF INTERNAL CSR AND ORGANIZATIONAL COMMITMENT						t - value	p - value
	MALE			FEMALE				
	N	Mean	SD	N	Mean	SD		
Level of Internal CSR of Bank	71	10.39	0.520	59	9.17	0.699	11.142	0.000**
Organizational Commitment	71	16.42	1.564	59	14.54	2.136	5.623	0.000**

Source: Primary Data (**1% Level of Significance)

An independent-samples t-test was conducted to compare the difference between the Male and Female respondents with respect to the level of internal CSR as well as Organizational Commitment of employees of

public sector banks. As the P value is lesser than Sig. Value (0.01) in the internal CSR and Organizational Commitment of employees Scores, the Null Hypotheses are rejected. Based on the mean Score of internal CSR as well as Organizational Commitment of employees, we can say that the mean score of Male respondents ($M = 10.39$ for level of internal CSR of banks and 16.42 for Organizational Commitment) is more than the Female respondents ($M = 9.17$ and 14.54). This indicates that the Male respondents have more perception on the internal CSR and Organizational Commitment than the female respondents.

4. RELATIONSHIP BETWEEN FACTORS INFLUENCING INTERNAL CSR AND THE LEVEL OF INTERNAL CSR

H_0 : There is no significant relationship between the factors that influencing Internal CSR and the Level of Internal CSR of public sector banks.

A Pearson product-moment correlation was run to determine the relationship between the factors that influencing Internal CSR and the Level of Internal CSR of public sector banks.

TABLE 4 - FACTORS INFLUENCING INTERNAL CSR AND THE LEVEL OF INTERNAL CSR CORRELATION ANALYSIS

VARIABLES	N	'r' VALUE	P VALUE	RELATION SHIP	REMARKS	
					SIGNIFICANT	RESULT
Management Policy – Level of Internal CSR	130	0.672**	0.000	Positive	Significant	REJECTED
Employee Rights – Level of Internal CSR	130	0.777**	0.000	Positive	Significant	REJECTED
Recruitment & Promotion – Level of Internal CSR	130	0.824**	0.000	Positive	Significant	REJECTED
Training & Development – Level of Internal CSR	130	0.773**	0.000	Positive	Significant	REJECTED
Workplace Diversity – Level of Internal CSR	130	0.552**	0.000	Positive	Significant	REJECTED

** Correlation is significant at the 0.01 level (2-tailed).

As the P values are lesser than Sig. Value (0.01) in all the above cases, the Null Hypotheses are rejected. There are high positive and significant correlation between the factors that influencing internal CSR and the level of internal CSR of public sector banks. Out of five factors that influencing the level of internal CSR, Recruitment & Promotion ($r = 0.824$) has more relationship with the level of Internal CSR of the public sector banks. Workplace diversity ($r = 0.552$) has less relationship with the level of Internal CSR of the public sector banks when compared with others.

5. RELATIONSHIP BETWEEN FACTORS INFLUENCING INTERNAL CSR AND THE ORGANISATIONAL COMMITMENT

H₀: There is no significant relationship between the factors that influencing Internal CSR and the Organizational Commitment of employees of public sector banks.

A Pearson product-moment correlation was run to determine the relationship between the factors that influencing Internal CSR and the Organizational Commitment of employees of public sector banks.

TABLE 5 - RELATIONSHIP BETWEEN FACTORS INFLUENCING INTERNAL CSR AND THE ORGANISATIONAL COMMITMENT (CORRELATION ANALYSIS)

VARIABLES	N	'r' VALUE	P VALUE	RELATION SHIP	REMARKS	
					SIGNIFICANT	RESULT
Management Policy – Organizational Commitment	130	0.319**	0.000	Positive	Significant	REJECTED
Employee Rights – Organizational Commitment	130	0.375**	0.000	Positive	Significant	REJECTED
Recruitment & Promotion – Organizational Commitment	130	0.725**	0.000	Positive	Significant	REJECTED
Training & Development – Organizational Commitment	130	0.663**	0.000	Positive	Significant	REJECTED
Workplace Diversity – Organizational Commitment	130	0.425**	0.000	Positive	Significant	REJECTED

** . Correlation is significant at the 0.01 level (2-tailed).

As the P values are lesser than Sig. Value (0.01) in all the above cases, the Null Hypotheses are rejected. There are high positive and significant correlation between the factors that influencing internal CSR and the Organizational Commitment of employees of public sector banks. Out of five factors that influencing the level of internal CSR, Recruitment & Promotion ($r = 0.725$) has more relationship with the Organizational Commitment of employees of the public sector banks. Management Policy ($r = 0.319$) has less relationship with the Organizational Commitment of employees of the public sector banks when compared with others.

6. LEVEL OF INTERNAL CSR & ORGANIZATIONAL COMMITMENT

H₀: There is no significant relationship between the Level of Internal Corporate Social Responsibility and Organizational Commitment of employees of public sector banks.

A Pearson product-moment correlation was run to determine the relationship between the Level of Internal Corporate Social Responsibility and Organizational Commitment of employees of public sector banks.

TABLE 6 - LEVEL OF INTERNAL CSR & ORGANIZATIONAL COMMITMENT**CORRELATION ANALYSIS**

VARIABLES	N	'r' VALUE	P VALUE	RELATION SHIP	REMARKS	
					SIGNIFICANT	RESULT
Level of Internal CSR– Organizational Commitment	130	0.649**	0.000	Positive	Significant	REJECTED

** . Correlation is significant at the 0.01 level (2-tailed).

A Pearson product-moment correlation was run to determine the relationship between the Level of Internal Corporate Social Responsibility and Organizational Commitment of employees of public sector banks. As the P value is lesser than Sig. Value (0.01) in the above case, the Null Hypothesis is rejected. There is a moderate positive and significant correlation ($r = 0.649$) between the Level of Internal Corporate Social Responsibility and Organizational Commitment of employees of public sector banks.

7. MULTIPLE REGRESSION ANALYSIS

Multiple Regression was conducted to determine the best linear combination of the factors that influencing the Internal CSR activities of the public sector banks and the Organizational Commitment of employees.

**TABLE 7 - FACTORS INFLUENCING INTERNAL CSR OF BANK AND ORGANISATIONAL COMMITMENT OF EMPLOYEES
MULTIPLE REGRESSION ANALYSIS**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.403	.161		39.749	.000
	Management Policy	-.058	.020	-.142	-2.951	.004
	Employee Rights	.081	.018	.221	4.431	.000
	Recruitment & Promotion	.316	.024	.846	13.253	.000
	Training & Development	.159	.019	.389	8.230	.000
	Workplace Diversity	.144	.023	.334	6.255	.000

Dependent Variable: ORGANISATIONAL COMMITMENT

The combination of all the independent variables significantly predicts the dependent variable i.e., Organizational Commitment of employees of the public sector banks, $F(5, 124) = 199.941$, p values are lesser than .001 (Sig. Value 2-tailed) and Adjusted R Square is 0.887 or 89% which is large effect according to Cohen. Out of five independent variables, Recruitment & Promotion (0.846) is the strongest influencing factor which predicting the dependent variable i.e., Organizational Commitment of employees of public sector banks. From the unstandardized coefficient, it is found that the one unit increase in the Recruitment & Promotion would increase the Organizational Commitment of employees by 0.316 units. Training & Development (0.389), Workplace Diversity (0.334) and Employee Rights (0.221) also contribute to the Organizational Commitment of employees of public sector banks but lesser than Recruitment & Promotion.

Management Policy (-0.142) negatively contributes to the Organizational Commitment of employees of public sector banks significantly.

FINDINGS AND SUGGESTIONS:

1. The Male respondents have more perception on the various factors influencing Internal Corporate Social Responsibility (CSR) of the public sector banks than the Female respondents.
2. There is no significant relationship between the factors that influencing Internal CSR and the Level of Internal CSR of public sector banks.
3. There is no significant relationship between the factors that influencing Internal CSR and the Organizational Commitment of employees of public sector banks.
4. There is a moderate positive and significant correlation between the Level of Internal Corporate Social Responsibility and Organizational Commitment of employees of public sector banks.
5. Management Policy negatively contributes to the Organizational Commitment of employees of public sector banks significantly.

CONCLUSION:

This study investigates the impact of CSR on organizational commitment of the employees of public sector banks in Chennai city. The banks have been armed with CSR tools and have been carrying out the activities successfully. But the question is are the employees committed to the bank because of its CSR activities. The findings of this study revealed that employees were the significant predictors of organizational commitment. CSR impacts a business ability to attract top talent and affect employees job satisfaction and retention rates. It also increases employee loyalty and boosts employee engagement. Additionally, businesses that practice CSR have happier and more satisfied employees. In some cases, the management policies do not synchronize with the organizational commitment., therefore the internal CSR and the organizational commitment of public sector banks is different compared to others.

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