

The Profile of Customer Perception towards Corporate Social Responsibility of Banks in Virudhunagar District

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Abstract

The social setting of business is being re-imagined. In the complex world, businesses have long lasting and importance of impact on people, our planet and our ability to sustain the holistic development that we aspire to. Corporate Social Responsibility is defined as the proposition that banks is responsible not only for maximizing profits but also for recognizing the needs of such stakeholders such as employees, customers and suppliers. This definition sets out the kinds of stakeholder groups to whom banks are responsible. It likewise focuses on that duty includes adjusting benefit boost and partners' requirements. This research has been conducted to study the CSR practices of listed banks in Virudhunagar District. The focus of this research was to see if there is any correlation and financial performance within select listed banks in Virudhunagar District. The research was conducted with a sample of 192 Bank branches drawn over the banking sectors.

Keywords: Corporate Social Responsibility, Customer Perception, Stakeholders, Employees, Customers, and Banking Services etc.,

INTRODUCTION

A well-developed banking system is indispensable for the economic development of a nation. They play a pivotal role in the development of the industry and trade. They are acting not only as the custodian of the wealth of the country, but also as resources of the country, which are necessary for the economic development of a nation. The volume of their transactions highlights the economic strides made by the country. Banks are financial intermediaries, which perform the dual function of mobilization of deposits and deployment of surplus funds to the various sectors of the economy. They mobilize the small savings of the people scattered over a wide area through their network of branches all over the country and make it available for productive purposes. The role of banking is redefined from a mere financial intermediary to a service provider of various financial services under one roof acting like a financial supermarket. Intense competition among the banks has redefined the concept of the entire banking system. The banks are looking for new ways not only to attract but also to retain the customers and gain competitive advantage

over their competitors. The selected banks included government and privately. Statistical tools like correlation and regression analysis were used to analyze the empirical data in order to meet the defined objectives and examine the hypotheses of this research. An important aspect of the research was to study the customer perception towards corporate social responsibility of banks in Virudhunagar District, various stakeholders' viz., employees, customers and suppliers, community and environment. The research also examined the primary motivators or drivers of CSR in banks. The study also examined the managerial perceptions towards CSR.

STATEMENT OF THE PROBLEM

Customers are the major components of the banking services which decide the profitability and reputation. Now-a-days Customers are very different. Because of their exposure to information, they are better educated, and more demanding in the products and services they require, and they are more familiar with technology. The 21st-century consumer market raises many questions to those businesses that need to respond to this new era of consumerism. Customer perception is the outcome felt by those that have experienced a company's performance that have fulfilled their expectations. Many researchers and academicians highlight the importance of customer perception. Many researchers see that customer perception has a positive effect on bank's profitability. Much empirical evidence also shows the positive connection among perception, loyalty, and retention. The banking industry has traditionally been operated in a relatively stable environment for decades. The shift from traditional branch banking to Electronic banking has meant new strategies to attract new customers to access banking services 24 hours a day, 7 days a week. Like ATMs, Electronic banking empowers customers to choose when and where they conduct their banking transactions.

SCOPE OF THE STUDY

The present study is an attempt to evaluate the perception towards corporate social responsibility on organizational performance of banks in Virudhunagar District. Further the study also aims to comprehend the awareness and perception of employees and beneficiaries regarding CSR activities and the policies of banks. The study will cover various banks in both public sector and private sector banks in Virudhunagar District.

OBJECTIVES OF THE STUDY

This research has been undertaken with the following objectives

- To understand the profile of the customers in the study area.
- To analyze the purpose of visiting by respondents in Virudhunagar District.

METHODOLOGY

The examination depends on both essential and optional information. The primary data have been collected from both the customers and the employees of banks in Virudhunagar District with the help of pre-tested interview schedule and questionnaire respectively. The secondary data have been collected from

the records of banks, published and unpublished books, journals, reports, and circulars and through web sites.

SAMPLING DESIGN

In the study area, it is identified that there are 28 public and private sector banks having 192 branches which are shown in the following table.

S. No	Name of the Bank	No. of Branches
1.	Allahabad Bank	1
2.	Andhra Bank	3
3.	AXIS Bank	5
4.	Bank of Baroda	5
5.	Bank of India	10
6.	Bank of Maharashtra	1
7.	Canara Bank	14
8.	Central Bank of India	3
9.	City Union Bank	7
10.	Corporation Bank	1
11.	CSBL	1
12.	Federal Bank	5
13.	HDFC Bank	3
14.	ICICI Bank	4
15.	IDBI Bank	3
16.	Indian Bank	12
17.	Indian Overseas Bank	28
18.	Karur Vysya Bank	6
19.	Lakshmi Vilas Bank	8
20.	Oriental Bank of commerce	1
21.	Punjab National Bank	3
22.	South Indian Bank	5
23.	State Bank of India	23
24.	Syndicate Bank	4
25.	Tamilnad Mercantile Bank	20
26.	UCO Bank	3
27.	Union Bank of India	11
28.	VJB	2

	TOTAL	192
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Source: IOB lead bank office Virudhunagar

In Virudhunagar District, there are 191 branches of 28 both public sector and private sector banks. It is not feasible to collect the data from customers of all the 192 branches. Therefore it is decided to using sampling technique. Out of these 192 branches, 96 branches (50%) have been selected through proportionate random sampling method. Four customers from each branches amounting to 384 (96*4) customers have been selected through judgment sampling method.

REVIEW OF LITERATURE

Deepika Dhingra and Rama Mittal (2014) in his article titled “*CSR Practices in Indian Banking Sector*” has analyzed the researcher, Banking sector in India is showing interest in integrating sustainability into their business models but its CSR reporting practices are far from satisfaction. There are only a few banks which report their activities on triple bottom line principles. As a matter of fact, the standards for rating CSR practices are less uniform in comparison to that for financial rating. This leads to problem in comparison of corporate houses and determining the CSR rating. The study found out that among the reporting banks also, some banks are making false gestures in respect of their efforts for socio environmental concerns. 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. Further voluntary actions are required to be taken by the financial bodies to ensure the socio-environmental feasibility of projects to be financed. Indian banking sector must also portray their socially responsible behavior through integrating triple bottom line principle. Financial Institutions can do a lot to assist efforts for social responsibility and achieve sustainability. Banks must also provide appropriate training to its employees on environmental and social risks in lending to ensure that climate change is taken into account in corporate banking decisions.

Ki-Han Chung, Ji-Eun Yu, Myeong-Guk Choi, and Jae-Ik Shin (2015) in his article analyzed “*The Effects of CSR on Customer Satisfaction and Loyalty in China; The Moderating Role of Corporate Image*” has highlighted the researcher, this study contributes to an overall understanding of CSR level in China by examining a nomological network of constructs leading to customer loyalty. Building a loyal customer base is an important foundation for developing a sustainable competitive advantage through customer satisfaction. This study examines whether CSR factors can play a role in enhancing customer satisfaction and loyalty or not in China. This study also investigates the moderating effects of corporate image in the relationships between CSR and customer satisfaction and loyalty. Several theoretical and practical implications arise from these findings. First, environmental

contribution and consumer protection were added. Second, the moderating effect of corporate image in the relationship between CSR and customer satisfaction is identified. Customer perception of corporate image is important and has consequences for customer satisfaction. Third, while firms have an obligation to promote social welfare and to behave as good corporate citizens, it is important that they spend the resources allocated to CSR initiatives in ways that yield optimum benefits to society as well as to the stakeholders of the company. Fourth, China's rapid economic growth has sparked considerable interest in the many countries. Recently Chinese consumers have taken more interests in the companies' CSR activities. CSR has primarily been treated as a corporate issue while CSR initiatives enhance corporate performance. Because Chinese economy has already played a crucial role as growth engines of global economy, its CSR policy is more likely to influence foreign companies' activities. Thus, in order to survive and succeed Korean firms should understand how Chinese consumers perceive CSR activities.

Rajesh K.Yadav and Richa Jain (2016) in his article explored *"Customer's Perception towards Corporate Social Responsibility (CSR) – A Case Study of Reliance Life Insurance"* has analyzed the researcher main aim of this research study aims to find out customer's perception towards CSR activities performed by Reliance Life Insurance and to analyze the created brand for Reliance Life Insurance, the popularity level among the customers of CSR activities and the overall business performances of Reliance Life Insurance after its successful completion of CSR activities. Policy holders of Reliance Life Insurance reveal that their insurance company is really active in performing CSR activities on a regular basis. Customers have come up with a viewpoint that initiation of CSR activities can create a good brand image of the company and thus can be a contributing factor towards the profitability factor of the company. Customers have opined that the performance of CSR activities is not mostly considered as a base for selecting insurance providers. But customers react very positively if their insurance provider is socially active and responsible. New customers could be attracted easily with the help of CSR activities and thus the sales of the company increases to an extent. Thus the customers have opined that there is a scope of improvement of CSR activities performed by Reliance Life Insurance and positive outcome is expected.

Aayasha Nawaz (2017) in his article analyzed *"Customer Satisfaction towards Banking Services of State Bank of India in Bareilly district, Uttar Pradesh"* has focused on this research is based on empirical data which collected from the customers' and as well as bank employees' of state bank of India in Bareilly district Uttar Pradesh. In addition, customer satisfaction was examined with different dimensions which observed from the cheque clearness local and out station, green card services, individual attention by bank, and solving customer issue etc. The final result of the research is male respondents had high level satisfaction than their counterpart. This reason may be need more stability, future planning, and responsibilities of the family. Therefore, the banks should give more special attention to 'the customer's by giving timely training to the employees to conduct themselves better services and as well as quality of services. Perhaps this would definitely lead to a flourishing economy, since customer satisfaction is the pivot of a successful banking infrastructure.

Parthiban R, Aiswarya S Sajeev, Dinesh Kumar R (2018) in his article analyzed *“CSR Practices: Public and Private Sector Banks in India”* has highlighted the researcher, this study analysis the particular public and private sector banks adopt CSR practices which includes Financial Literacy, Environmental Sustainability, Education, Health and Rural Development and Inclusiveness. The trend analysis reveals that Private sector banks i.e., HDFC, ICICI, and AXIS bank show an increasing trend in their contribution to CSR and Public sector banks show a constant contribution towards CSR. From the least square method of forecasting, Punjab National Bank is expected to contribute the highest and Punjab and Sind at the least in selected public sector banks and in selected private sector bank HDFC is contributing the highest and Kotak bank the lowest in coming years. Currently, the standpoint of CSR in India is headed towards a positive direction as there are already existing regulatory bodies such as Ministry of Corporate Affairs (MCE), Department of Public Enterprise (DPE) Indian Institute of Corporate Affairs (IICA) along with RBI already set the wheels in movement and are playing an imperative role in making CSR as a well-known practice.

Analysis data for basic information: (Bank Customers)

Frequency and Mean Score Distribution of Respondent Demographic Profile

Variables		No. of Respondents	Percentage to total
Gender:	Male	224	58.3
	Female	160	41.7
Marital Status:	Single	185	48.2
	Married	199	51.8
Age:	Below 25	124	32.3
	26-40	173	45.1
	41-50	71	18.5
	51-60	12	3.1
	Above 60	4	1.0
Educational Qualification:	Primary Level	50	13.0
	Secondary Level	44	11.5
	UG Level	92	24.0
	PG Level	130	33.9
	Diploma Level	49	12.8
	Any other	19	4.9
Employment Category:	Businessmen	74	26.4
	Government Employees	85	30.4
	Private Employees	92	32.9
	Agriculture	21	7.5

Pensioners	8	2.9
Monthly Income: Below Rs.10,000	131	34.1
Rs.10,001–30,000	70	18.2
Rs.30,001–50,000	86	22.4
Rs.50,001–1,00,000	54	14.1
Above Rs.1,00,000	43	11.2

The table shows that out of 384 respondents the majority of 224 (58.3%) are male and the remaining 160 (41.7%) are female. 185 (48.2%) respondents are single and evident from the study majority of respondents 199 (51.8%) are married. Age that 124 (32.3%) of respondents were Below 25, then 173 (45.1%) of respondents were 26-40, then 71 (18.5%) of respondents were 41-50, then 12 (3.1%) of respondents were 51-60, and finally, 4 (1.0%) of respondents were Above 60. The table reveals that exactly 130 (33.9%) of respondents are of post graduate level, 92 (24.0%) of them are under graduate, 50 (13.0%) of them are having primary level of education, 49 (12.8%) of them are having diploma holders, 44 (11.5%) of them are having secondary level, and 19 (4.9%) of them are having other educational qualification. From the table conveys the information that 92 (32.9%) of respondents are private employees, 85 (30.4%) of them are government employees, 74 (26.4%) of them are businessmen, 21 (7.5%) of them are agriculturists, and the rest of them 8 (2.9%) are pensioners. Hence the majority of the respondents were in the private employees. In addition, the table signifies that 131 (34.1%) are earning below Rs.10,000 per month, 70 (18.2%) of them earn Rs.10,001 to 30,000, 86 (22.4%) of them earn between 30,001 to 50,000 per month, 54 (14.1%) of them earn between 50,001 to 1,00,000 per month, and finally, 43 (11.2%) of them earn above Rs.1,00,000 per month. An analysis of the income of the respondents has revealed that a majority of the respondents are having monthly income of below Rs.10, 000 per month.

PURPOSE OF VISITING THE BANK

S. No	Reasons	1	2	3	4	5	6	7	8	Total
1.	For huge amount deposit/withdrawal	115	29	96	34	48	24	7	31	384
2.	To get new product details	39	57	54	49	38	77	53	17	384
3.	For getting loans and advances	63	88	41	40	37	62	34	19	384
4.	For making complaints	38	23	31	33	94	33	61	71	384
5.	To submit cheque / take demand draft	30	41	64	83	45	43	62	16	384

6.	For verification of bills and transaction	19	87	57	55	35	56	33	42	384
7.	To have face to face relations with bankers	61	25	36	35	50	47	84	46	384
8.	To access safety lockers	19	34	5	55	37	42	50	142	384
	TOTAL	384	384	384	384	384	384	384	384	

The above table highlighted that the main reason for the purpose of visiting is that most of the person put the highest rank “For huge amount deposit/withdrawal”, Second rank allotted to “For getting loans and advances”, Third rank allotted “To get new product details”, Fourth rank allotted “To submit cheque / take demand draft”, Fifth rank allotted to “For verification of bills and transaction”, Sixth rank allotted “To have face to face relations with bankers”, Seventh rank allotted to “For making complaints”, and finally last rank gave “To access safety lockers”.

CONCLUSION

All the respondents of corporate social responsibility initiatives may not be equally aware of all the social issues like environmental aspects, human rights, consumer protection, and societal responsibilities of corporations and so on. The objective of this study was to measure the perception level and awareness of respondents regarding the CSR activities in general and also regarding the CSR services they are benefitted from the banks in general. The study reveals that the respondents have a reasonable understanding about corporate social responsibility and the CSR efforts put forth by the banking institutions. Further this study shows that the respondents have a clear cut opinion about the priority issues that needs immediate attention of the banks. The respondents are well aware of their needs and also regarding the services provided to them by the bank. The present signs show that these solutions are getting to become more popular within the future.

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