



**CORPORATE SOCIAL RESPONSIBILITY PRACTICES: A STUDY OF INDIAN BANKS**

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**ABSTRACT**

Present paper endeavors to offer a sneak peak how the Indian Banks are contributing via indulging themselves in CSR activities for the beautification of Nation. Numbers of organizations are engaged in performing CSR activities but for the present study, area was confined to Indian banking (public as well as private) sector only. Secondary sources of data viz. annual reports, CSR reports and other information displayed on banks websites were used. Reports were further explored to gather data by using Content Analysis Technique. Descriptive analysis and ANOVA were used for further data analysis. Drawing insights from data analysis, study reveals that the stance of CSR activities in Indian Banking Sector is headed in a positive way but there is need of more contribution.

**KEYWORDS** : CSR activities, Indian Banks etc.

**Introduction**

“Corporate Social Responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it because it is good for our business”

– Niall Fitzgerald, Former CEO, Unilever

In this era of corporate reputation, image and identity, corporate social responsibility (CSR) is debated vigorously by scholar, manager and other practitioners across business functions such as communications, marketing, finance, and human resource Lindgreen et al. (2009). For many years, managing CSR is always a vital issue. CSR as a concept evolved primarily in 1960 with the conception that corporations have responsibilities beyond their legal obligations Bronn and Vroni (2001). In the initial stage, it was considered an obligation for firms to benefit society Turker (2009) and to consider the social, environmental and economic impact of their business Dahlsrud (2008). The importance of CSR is remarkable not only for running a successful business, but also for the welfare of society Varadarajan and Menon (1988). Therefore, most of multinational corporations invest millions to manage CSR programs to meet corporate social performance in their origin country and other countries in which they operate. Managing CSR programs is important to companies because it influences underlying intangible assets such as corporate reputation, identity, and image. Different authors have defined CSR in different ways. Some of them are discussed here:

Corporate social responsibility (CSR) is the voluntary actions taken by firms to benefit social and environmental causes and communicated to the organization's key stakeholders. CSR activities have been found to influence corporate reputation which, in turn, has been found to increase business performance. Firms' adopt CSR to allow them to be perceived as being “socially responsible”, gaining customer and other stakeholder support Golob and Bartlett (2007). According to Angelidis and Ibbrahim (1993), CSR is “corporate social actions whose purpose is to satisfy social needs”. CSR requires an investment that would result in quantifiable outcomes Bronn and Vroni (2001) defined CSR as “it means something, but always not the same thing to everybody”.

The literature has pointed out that CSR is an important dimension in any organization. The banking sector in India, make a large contribution to the country's GDP growth, meet the demand of the growing middle class, contribute to infrastructure spending, and reach out to the semi- urban and rural areas. The Reserve Bank of India (RBI) (2011) on stressing the need for CSR, suggested the banks to pay special attention towards integration of social and environmental concerns in their business operations to achieve sustainable development. RBI also pointed out to start non financial reporting (NFR) by the banks which will cover the work done by the banks towards the social, economic and environmental betterment of society Sharma & Mani (2013).

Against this backdrop it can be understood that CSR has gained much attention and is now an integral part of functioning of an organisation. The performance of an organisation should be judged beyond the financial parameters. Therefore the present study makes an attempt to identify and explore the main CSR activities performed by the public and private banks in India.

**Objective of the Study**

To identify and evaluate the CSR Practices in Indian Banking Sector.

**Research Methodology**

For the attainment of aforesaid objective, the sample size for the study was 40 banks i.e. 20 public banks and 20 private banks. Secondary sources viz. annual reports, CSR reports and other information displayed on the website of banks were used for data collection. 24 CSR practices were identified with the help of literature survey. To extract the data by the mean of reports, Content Analysis Technique was used. Content Analysis technique is used for gathering data that consist of codifying qualitative anecdotal and literary information into categories in order to derive quantitative scales of varying level of complexity Abbott and Monsen (1979) & Fatma and Rahman (2014). Under this technique, coding of data has been done with the help of 0 and 1 values. If a CSR Practices is represented in the reports of the bank then value 1 is assigned for and vice versa (Appendix I). The data further processed with the help of descriptive analysis viz. frequency and percentage analysis and

Analysis and Interpretation									
Table 1: CSR Practices in Public and Private Banks									
CSR Practices		Public Banks	Percentage (%)	Rank	Private Bank	Percentage (%)	Rank	Aggregate (%)	Rank
Customer	Financial Inclusion	18	90	1	16	80	1	85	1
	Financial literacy & credit	14	70	3	12	60	4	65	3
Health	Health Care Facility	11	55	5.5	11	55	5	55	4
	Sanitation facility	9	45	7.5	9	45	7	45	6.5
	Drinking water facility	6	30	12	7	35	10.5	33	12
	Blood donation	2	10	21	2	10	20	10	20

	Support to person with disability	11		5.5					
	Health camps	3	15	19	1	5	22	10	20
	Assistance to people affected by natural calamities	8		9					
			40		6	30	13	35	9.5
Education	Child/Girl education/adoption	4	20	16.5	13	65	3	43	8
	Vocational Training	6	30		7	35	10.5	33	12
	Assistance to School/College/University	13		4					
	Training for women empowerment	4		16.5					
			20		10	50	6	35	9.5
Infrastructure	Old age home/shelter home	7	35	10	5	25	14.5	30	14
	Self-employment training institute	9		7.5					
	Support to NGO's	5	25	13.5	4	20	16.5	23	16.5
	Sports development activity	4	20	16.5	7	35	10.5	28	15
	Libraries	2	10	21	0	0	24	5	23
Employee	Employee participation in social activities	1		23					
	Employee development programme	2		21					
	Health care benefits for employees	0		24					
			0		1	5	22	3	24
Environment	Green initiatives	4	20	16.5	5	25	14.5	23	16.5
	Solar energy/electrical facility	5	25	13.5	3	15	18.5	20	18
	Rural development	16	80	2	14	70	2	75	2

Source: Information displayed on Banks website

One-way ANOVA technique with the help of IBM SPSS Statistics 21.

**Elucidation**

Table 1 depicts the CSR Initiatives/practices/dimensions in Indian public and private Banks. Above table 1 reveals that 90 percent of public sector banks are participating in financial inclusion activity related to CSR whereas in private sector banks its 80 percent which highest among all other CSR activities which is followed by rural development. Under this category, public banks (80 percent) are supporting more than private banks (75 percent) which is followed by financial literacy and credit programmes.

The least preferred participation in CSR action is towards library facility and health care benefits for employees particularly from both types of banks. Within the employee category, less emphasis is given to employee related CSR actions by the public and private both type of banks. Furthermore, there some other activities also which are performed by the banks i.e. City Union Bank, Jammu & Kashmir Bank and Karnataka Bank also work for restoration and renovation of historical temples etc.

to promote art and culture whereas the thrust area for DCB Bank is water/waste management and recycling. Karur Vyasa Bank and Catholic Syrian Bank are also indulged in slum development activities.

**Hypothesis**

**H0: There is no significant difference in CSR Practices performed by public and private sector banks.**

**Levene's Test of Homogeneity of Variances**

Table 3 (Annexure II) shows the Levene's test of homogeneity of variances for equality of groups variances. This test is not dependent on the assumption of normality. In this test we need to check the significant value (i.e. p value) is less than 0.05 then the variances are

significantly different. This means the assumption of homogeneity has been violated. As per our analysis the significant value (i.e. p value) is less than 0.05 in case of eight variables i.e. health camps, child/girl education, training for women empowerment, self-employment training institute, sports development activity, libraries, employees participation in social activities and health care benefits for employees. So here our assumption of homogeneity has been violated.

**Analysis of Variance (ANOVA)**

Table 4 (Annexure III) depicts the summary of ANOVA which is used to test the null hypothesis. By looking at the table we can say that the null hypothesis is rejected (p. <.05) only

in two cases viz. assistance to people affected by natural calamities and training for women empowerment. Therefore we can conclude that there is significant difference regarding these two aforementioned CSR activities in public and private banks:

- There is significant difference in CSR Practices (assistance to people affected by natural calamities) performed by public and private banks.
- There is significant difference in CSR Practices (training for women empowerment) performed by public and private banks.

**Conclusion**

Unprecedented importance has been gained by the CSR activities in India. The present study focused on exploring the CSR initiatives taken by Indian banks. The study revealed that In spite of having banks indulged in CSR activities, there is need of more. There are a few banks which report their activities on triple bottom line principles. After exploring the various reports displayed on banks websites, it is found that there are so many banks whether related to private sector or public sector highly performing CSR activities as per their priority but if we look towards the CSR reporting then we can see that most of the banks are still not disclosing their amount

for such initiatives in their websites. Ergo, a policy of transparency in CSR activities should be followed. Furthermore, the study also acknowledged that employees are directly involved with the organizational processes, and they contribute to, as well as benefit from, the success of the firm. Employees should therefore be critical to developing and implementing CSR activities so that CSR could become a key way to attract and retain the talent. Nowadays, CSR is no longer a philanthropic approach, but rather is a strategic business decision that can have a diverse impact on any

organisation's growth and sustainability. There is a need to be proactive and find out way how can the Organisations comply with the CSR guidelines by considering innumerable benefits. Social as well as employee welfare activities should be performed and enhance the integration by providing the support in other CSR activities. CSR is fundamentally an inspirational exercise indeed and it is not the exaggeration to assert that corporate social responsibility has become imperative in the face of today's business challenge.

**Annexure I**  
**Table 2: Content Analysis**

Bank	Customer		Health					Education				Infrastructure				Employee		Environme		Total				
	Financial Inclusion	Financial literacy & credit	Health Car facility	Sanitation facility	Drinking water facility	Blood donation	Support to person with disability	Health camps	Assistance to people affected by natural calamities	Child/Girl education/ adoption/Vocational Training	Vocational Training	Assistance to School /College/University	Training for women empowerment	Old age home/ shelter home	Self-employment training institute	Support to NGO's	Sports development activity	Libraries	Employee development programme		Employee participation in social activities	Health care benefits for	Green initiatives	Solar energy/ electrical facility
<b>PUBLIC BANKS</b>																								
Allahabad Bank	1	1	0	1	0	0	0	0	1	0	0	1	0	0	1	0	0	0	0	0	0	0	1	7
Andhra Bank	1	0	1	0	1	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	6
Bank of India	0	1	1	0	0	0	1	0	0	0	1	1	0	0	0	0	1	0	0	0	0	0	1	8
Bank of Baroda	1	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	0	0	0	1	5
Bank of Maharashtra	1	1	1	0	0	0	1	0	0	0	1	0	0	1	1	1	1	0	0	0	0	0	1	10
Canara Bank	1	0	1	1	1	1	1	0	0	1	0	1	0	0	1	0	0	1	0	0	0	0	1	12
Central Bank of India	1	1	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	0	5
Corporation Bank	1	1	0	1	0	1	1	0	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	7
Dena Bank	1	1	1	1	1	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	8
Indian Bank	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	3
Indian Overseas Bank	1	1	0	0	0	0	0	0	1	0	0	0	1	0	1	0	0	0	0	0	0	0	0	6
Oriental Bank of Commerce	0	0	1	1	0	0	1	0	0	0	1	1	0	0	0	1	0	1	0	0	1	1	1	10
Punjab & Sindh Bank	1	1	1	1	1	0	1	0	0	1	1	1	0	1	0	1	0	0	0	0	0	0	1	12
Punjab National Bank	1	0	0	0	0	0	0	1	0	0	1	0	0	0	1	1	0	0	0	0	1	0	1	7
Syndicate Bank	1	1	1	1	1	0	1	0	1	0	1	1	0	0	1	0	1	0	0	0	0	1	0	13
UCO Bank	1	1	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	1	7
Union Bank of India	1	0	0	1	0	0	1	1	1	0	0	1	1	0	1	0	0	0	0	0	0	0	1	10
United Bank of India	1	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	1	5
Vijaya Bank	1	1	1	1	0	0	1	1	1	1	0	1	0	0	0	0	0	0	0	0	0	1	0	11
State Bank of India	1	0	1	0	0	0	1	1	1	0	1	1	1	1	1	1	0	0	0	0	0	1	0	12
ICICI Bank	1	0	0	0	1	0	1	0	1	1	0	1	0	0	0	0	0	1	0	0	0	0	1	9
Catholic Syrian Bank	1	1	0	0	0	1	1	0	0	1	0	0	1	1	0	0	1	0	0	0	0	1	0	10
City Union Bank	1	1	0	1	0	0	0	1	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	6
Dhanlaxmi Bank	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
DCB Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	2
Federal Bank	1	1	1	0	0	0	1	0	0	1	1	1	1	0	1	0	0	0	0	0	0	0	1	10
HDFC Bank	1	1	1	1	1	0	0	0	1	1	0	0	0	1	0	0	0	0	0	0	0	1	0	9
Tamilnad	0	0	1	0	0	0	0	0	1	1	0	1	0	0	0	0	0	0	1	0	0	0	1	0
Mercantile Bank	0	1	1	0	0	0	0	0	1	0	1	1	0	1	0	0	0	0	0	0	1	0	0	7
Karur Vysya Bank	1	1	1	1	1	0	1	0	0	1	0	0	1	1	0	0	0	0	0	0	0	0	1	10
Karnataka Bank	0	1	1	1	0	0	1	0	0	1	1	1	1	0	0	1	0	0	0	0	0	1	0	12
IndusInd Bank	1	1	1	0	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	1	1	8
Jammu and	1	1	1	1	0	0	0	0	0	0	0	1	0	0	1	1	0	0	0	0	0	0	1	8
Kotak Mahindra Bank	1	0	1	1	0	0	1	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	1	8
Lakshmi Vilas Bank	1	0	0	1	0	0	0	0	0	1	0	1	0	0	0	1	0	0	0	0	0	0	0	5
Nainital Bank	1	0	0	1	1	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	1	6

RBL Bank	1	1	1	0	0	0	0	0	0	1	0	0	1	0	0	1	0	0	0	0	0	1	7		
South Indian Bank	1	1	0	0	1	0	0	1	1	0	0	1	0	1	0	0	1	0	0	0	0	0	8		
Yes Bank	1	1	1	0	1	0	0	0	0	1	0	0	1	1	1	0	1	0	0	0	1	0	0		
Axis Bank	1	1	1	1	0	0	0	1	0	1	0	1	0	1	0	0	1	0	0	0	0	0	0		
Total			2	1																					
	34		26	2	8	13	4	18		4	14	17	13	21	14	12	13		9	11	2	4	3	1	9

**Annexure II**

**Table 3: Levene's Test of Homogeneity of Variances**

CSR Practices	Levene's Statistic	df1	df2	Sig.	Result
Financial Inclusion	3.233	1	38	.080	Homogeneity
Financial literacy & credit	.183	1	36	.672	Homogeneity
Health Care Facility	.122	1	37	.729	Homogeneity
Sanitation facility	.172	1	36	.681	Homogeneity
Drinking water facility	1.181	1	36	.284	Homogeneity
Blood donation	.000	1	38	1.000	Homogeneity
Support to person with disability	.507	1	36	.481	Homogeneity
Health camps	4.329	1	37	.044	No Homogeneity
Assistance to people affected by natural calamities	1.583	1	38	.216	Homogeneity
Child/Girl education/adoption	4.435	1	38	.042	No Homogeneity
Vocational Training	.430	1	38	.516	Homogeneity
Assistance to Illege/University	.395	1	38	.534	Homogeneity
Training for women empowerment	10.688	1	38	.002	No Homogeneity
Old age home/shelter home	1.805	1	38	.187	Homogeneity
Self-employment training institute	9.686	1	38	.004	No Homogeneity
Support to NGO's	.550	1	38	.463	Homogeneity
Sports development activity	5.225	1	37	.028	No Homogeneity
Libraries	10.688	1	38	.002	No Homogeneity
Employee participation in social activities	4.818	1	38	.034	No Homogeneity
Employee development programmes	1.429	1	38	.239	Homogeneity
Health care benefits for employees	4.457	1	38	.041	No Homogeneity
Green initiatives	.550	1	38	.463	Homogeneity
Solar energy/electrical facility	2.502	1	38	.122	Homogeneity
Rural development	2.083	1	38	.157	Homogeneity

**Annexure III**  
**Table 4: ANOVA**

	Sum of Squares	df	Mean Square	F	Sig.	Result
Between Groups	.100	1	.100	.760	.389	No Sig.
						Difference
Financial Inclusion						
Within Groups	5.000	38	.132			
Total	5.100	39				
Between Groups	.011	1	.011	.046	.831	No Sig.
						Difference
Financial literacy & credit						
Within Groups	8.200	36	.228			
Total	8.211	37				
Between Groups	.008	1	.008	.032	.860	No Sig.
						Difference
Health Care Facility						
Within Groups	9.582	37	.259			
Total	9.590	38				
Between Groups	.024	1	.024	.090	.766	No Sig.
						Difference
Sanitation facility						
Within Groups	9.450	36	.263			
Total	9.474	37				
Between Groups	.075	1	.075	.318	.576	No Sig.
						Difference
Drinking water facility						
Within Groups	8.478	36	.235			
Total	8.553	37				
Between Groups	.000	1	.000	.000	1.000	No Sig.
						Difference

Blood donation						
Within Groups	3.600	38	.095			
Total	3.600	39				
Between Groups	.246	1	.246	.959	.334	No Sig.
						Difference
Support to person with disability						
Within Groups	9.228	36	.256			
Total	9.474	37				
Between Groups	.092	1	.092	.977	.329	No Sig.
						Difference
Health camps						
Within Groups	3.497	37	.095			
Total	3.590	38				
Between Groups	.100	1	.100	.422	.520	No Sig.
						Difference
Assistance to people affected by natural calamities						
Within Groups	9.000	38	.237			
Total	9.100	39				
Between Groups	2.025	1	2.025	9.929	.003	Sig.
						Difference
Child/Girl education/adoption						
Within Groups	7.750	38	.204			
Total	9.775	39				
Between Groups	.025	1	.025	.109	.744	No Sig.
						Difference
Vocational Training						
Within Groups	8.750	38	.230			
Total	8.775	39				
Between Groups	.625	1	.625	2.540	.119	No Sig.
						Difference
Assistance to School/College/University						
Within Groups	9.350	38	.246			
Total	9.975	39				
Between Groups	.900	1	.900	4.171	.048	Sig.
						Difference
Training for women empowerment						
Within Groups	8.200	38	.216			
Total	9.100	39				
Between Groups	.100	1	.100	.458	.503	No Sig.
						Difference
Old age home/shelter home						
Within Groups	8.300	38	.218			
Total	8.400	39				
Between Groups	.625	1	.625	2.914	.096	No Sig.
						Difference
Self-employment training institute						
Within Groups	8.150	38	.214			
Total	8.775	39				
Between Groups	.025	1	.025	.137	.714	No Sig.
						Difference
Support to NGO's						
Within Groups	6.950	38	.183			
Total	6.975	39				
Between Groups	.276	1	.276	1.342	.254	No Sig.
						Difference
Sports development activity						
Within Groups	7.621	37	.206			
Total	7.897	38				
Between Groups	.100	1	.100	2.111	.154	No Sig.
						Difference

Libraries						
Within Groups	1.800	38	.047			
Total	1.900	39				
Between Groups	.100	1	.100	1.086	.304	No Sig.
						Difference
Employee participation in social activities						
Within Groups	3.500	38	.092			
Total	3.600	39				
Between Groups	.025	1	.025	.345	.560	No Sig.
						Difference
Employee development programmes						
Within Groups	2.750	38	.072			
Total	2.775	39				
Between Groups	.025	1	.025	1.000	.324	No Sig.
						Difference
Health care benefits for employees						
Within Groups	.950	38	.025			
Total	.975	39				
Between Groups	.025	1	.025	.137	.714	No Sig.
						Difference
Green initiatives						
Within Groups	6.950	38	.183			
Total	6.975	39				
Between Groups	.100	1	.100	.603	.442	No Sig.
						Difference
Solar energy/electrical facility						
Within Groups	6.300	38	.166			
Total	6.400	39				
Between Groups	.100	1	.100	.514	.478	No Sig.
						Difference
Rural development						
Within Groups	7.400	38	.195			
Total	7.500	39				

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