

An Empirical Study on Corporate Social Responsibility (CSR) in the Banking Sector

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Abstract: CSR development has accumulated tremendous dynamism over the past number of years and is presently viewed as the most discussed topics by the government, non-government and business itself. This paper inspects people's comprehension, desires and appraisal of the corporate social obligation (CSR) of HSBC Bank. This study has been conducted among the stakeholders and beneficiaries of the HSBC Bank. Reviews have been directed utilizing organized polls to fundamentally analyze the subjective impression of the significance, reasons and different parts of CSR errands of HSBC. This study proposes that a more exhaustive and others conscious association of the regular individuals in the CSR exercises is required, which would not just satisfy the expected objectives and targets of the corporate associations additionally guarantee a fruitful and sustainable advancement of the society.

Keywords: CSR, CSR Practices, CSR issues, HSBC Bank, Corporate Sustainability

1. Introduction

In recent years the concept of Corporate Social Responsibility (CSR) is spreading very rapidly in the whole world and all the sectors including banking. This prevalence is because the fast pace of globalization and social development appeals to all corporations, big or small, local orientation, to take their CSR into account by improving the social and environmental performance (Qi Lai, 2006) [1]. Corporate Social Responsibility (CSR) in banks has become a worldwide demand. Nowadays, by recognizing CSR, banks from all over the world endorse programs of educational, cultural, and environmental, as well as health initiatives. Besides, they implement sponsorship actions towards vulnerable groups and charitable nonprofit organizations (Persefoni Polychronidou et al., 2013) [2]. As a matter of fact, many studies have explored the status of CSR in banks. Management without minding the needs and desire of partners in a group won't be focused contrasted and the individuals who do in the 21st century. Demand for responsibility and straightforwardness from both public and private parts has become elevated. In the older days' management is seeking for survival and profits. Nowadays management concerns managing financial and nonfinancial results with awareness of risk and maintenance of transparency. Accordingly, Corporate Social Responsibility (CSR) has had the meet significance of corporate budgetary execution. The study is primed to seek the CSR activities of HSBC Bank and its awareness among the employees along with the CSR

activities. HSBC is a global banking and financial service organization headquartered in the United Kingdom. HSBC termed as the world's local bank is doing and has done many CSR activities around the world. They have joined with many communities worldwide and worked together for the betterment of society and its stakeholders. They have made people around the world aware of the environment, education, health and the different needs of society.

2. Literature survey

The World Business Council for Sustainable Development in its publication "Making Good Business Sense" by Lord Holm and Richard Watts defined CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. Green Paper (2001) focused that, CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis. It also reveals that CSR has some internal dimensions such as human resources management, health and safety at work, adaptation to change and management of environmental impact and natural resources. The external dimensions include local communities, business, partners, suppliers and consumers, human rights and global environmental concerns. [3] Dusuki and Dar (2005) identifies several driving forces behind the growing trend towards CSR initiatives like growing market pressure on social and ethical issues, regularity pressure, increased power of communication etc. Sharma (2011) in a study named CSR Practices and CSR Reporting in Indian banking sector mention CSR recognizes an organization's commitment to operating in a socially responsible manner. But CSR activities of developing nations are not so healthy. Particularly in the financial sector, there is no presence of stringent provisions regarding compliances and reporting of CSR [4]. Wise and Ali (2009) in a paper entitled Corporate Governance and Corporate Social Responsibility with a unique reference to commercial banks pointed out that Corporate Social Responsibility is connected with corporate governance and moral business method. Good corporate governance is expected to underpin effective and efficient corporate social responsibility within firms [5]. Masud and Hossain (2012) has conducted a review among 10 business banks and found that 100 banks reported their CSR exercises

however 60% banks took an interest in endorse CSR zone as per budgetary act [6]. (Habib et al. 2007) in another study found that CSR is widely accepted as a strategically important issue for the sustainable growth and competitiveness of business nowadays. CSR practices by banks not only improve their own standards but also affect the socially responsible behaviours of other businesses [7]. The advantages of CSR for companies, including increased profits, customer loyalty, trust, positive brand image and combating negative publicity, are evidenced (Brown and Dacin 1997; Sen and Bhattacharya 2001) [8]. Rahman (2009) shows that most of the business houses, particularly banks are not aware of the benefits of CSR. They have not integrated CSR in their routine operations; rather they considered it as a matter of occasional charity or promotional activities.

A. Objectives of the study

The major objectives of the study are:

- To gather the knowledge about CSR activities of HSBC Bank
- To know whether the activities are helping society as a whole; and
- To identify the major areas where CSR activities are performing by HSBC Bank.

3. Research methodology

A. Sampling design

For this study, 30 respondents from five branches of HSBC Limited are randomly selected. 6 respondents from every branch of the bank are randomly selected as sample size.

B. Data source and collection procedure

Primary data was collected through a direct personal interview by means of the questionnaire. The questionnaire contains 10 specific questions. In order to take the answer of the questions from the respondents, there is used a 05 point Linker scale ranging from 01 to 05. In which 05 indicates “strongly agree”, 04 indicates “agree”, 03 indicates “Neutral”, 02 indicates “disagree”, 01 indicates “strongly disagree”. It is an easier approach to collect data. Moreover, secondary data from different reports and magazines, newspapers, different books, publications, journals and internet are also used for conducting this research. For this study respondents from five branches of HSBC are randomly selected.

C. Analyzing procedure

The data collected from all the sources have been critically analyzed with mathematical evaluation in order to get a proper understanding of the problem and provide the readers with as much detail as possible about the topic and its analysis. The data has also been analyzed to avoid duplication and the reliability and validity of the sources have also been taken into consideration when collecting the data. Various statistical tools such as the Z test, weighted average, standard deviation, arithmetic means, percentage analysis etc. are used for

processing the data. For Z test the following formula is used: The following formulas are used for calculating different values:

$$\text{weighted avg.} = \frac{\text{strongly disagree} * 1 + \text{disagree} * 2 + \text{neutral} * 3 + \text{agree} * 4 + \text{strongly agree} * 5}{\text{number of respondents}}$$

$$SD, \delta = \sqrt{\frac{\sum fd^2}{n} - \left(\frac{\sum fd}{n}\right)^2}$$

$$\delta x = \frac{\delta}{\sqrt{n}}$$

$$Z \text{ test} = \frac{x - \mu}{\delta x}$$

4. Data analysis and findings

A. Major CSR expenditure by HSBC

Table 1
Total CSR Expenditure of HSBC

Year	Expenditure (In Crore)	Growth Rate
2010	7.69	-
2011	9.02	16.20%
2012	10.72	18.84%
2013	13.38	24.81%
2014	16.00	19.58%

Source: Annual report of HSBC (2010-2014)

According to the above table, it has been observed that HSBC expended their CSR activities which increased year by year. Total CSR expenditure of HSBC limited was 7.69 crores, 9.02 crores, 10.72 crores, 13.38 crores and 16.00 crores in 2010, 2011, 2012, 2013 and 2014 respectively for the educational infrastructure development program, health, environment, art & culture, sports etc. The trend analysis depicts that, the growth rate of CSR activities of HSBC is increased day by day. In 2011 the growth rate of CSR activities is 16.20% in comparison to 2010. Similarly, in 2012, 2013 and 2014 the growth rate is 18.84%, 24.81% and 19.58% in comparison to 2011, 2012 and 2013 respectively.

B. Sector-wise CSR Expenditures by HSBC Limited

1) CSR in the Education sector

There are some events in the education sector which was sponsored and organized by HSBC which are following as in Table 2.

Education is a pre-requisite for the overall development of the country. Keeping this view in mind, HSBC Bank Limited has been giving priority to the education sector. Awarding scholarship and fellowship to meritorious students, helping the development of infrastructural facilities, providing essential educational equipment etc. are some of the aspects included in the program. In 2010 HSBC spends Tk. 2.17 crore in the education sector. The sector-wise CSR expenditure in education by HSBC is increasing day by day. From the diagram, we see that HSBC’s CSR expenditure in education sector increasing day by day. The growth rate of CSR expenditure is fluctuating every year.

Table 2

Events
The Young Entrepreneurs Awards 2008 (YEA)
Workshop on Presentation Skill
School of Hope
Library for children's education
Disabled Welfare Society
Rajarbag Police Lines Higher Secondary School
Book distribution
Scholars Special School
BERDO
An education fund for SEID Trust
Talent Hunt Program
CDC
HSBC prothom Alo Language Competition
HSBC Young Entrepreneur Awards
Future First Fund to HASAB
Educational Scholarship to Meritorious students of RPOWAB

Table 3

CSR Expenditure of HSBC in the Education sector

Year	Expenditure (In Crore)	Growth Rate
2010	2.17	-
2011	2.88	32.71%
2012	3.07	6.59%
2013	3.18	3.58%
2014	4.95	55.66%

Source: Annual report of HSBC (2010-2014)

C. CSR in the Environment sector

There are some events in the environment sector which was sponsored and organized by HSBC. Which are followings as in Table 4.

Table 4

Events
HSBC Climate Partnership
World Environment Day June 08
HSBC Environment Champions
HSBC in Celebrates World Environment Day 2009
Earth Hour
HSBC Climate Champion
Launching of HSBC- The Daily Star Climate Award-2010
Footprint Management
Corporate Social Responsibility Award
Time and Life – Ice Today Supplement
Lawachara Eco-park Sponsorship
Rainwater Harvesting Project

Table 5

CSR Expenditure of HSBC in the Environmental sector

Year	Expenditure (In Crore)	Growth Rate
2010	2.48	-
2011	2.93	18.14%
2012	3.17	8.19%
2013	4.11	29.65%
2014	4.17	1.45%

Source: Annual report of HSBC (2010-2014)

As a conscious corporate citizen, HSBC is not only promoting environment-friendly projects but also advising its clients to make their projects compliant as regards environmental issues. Consequently, HSBC initiates various programs such as HSBC Climate Partnership, World Environment Day, and Carbon Footprint Management etc.

Besides, HSBC also provided financial support for a number of environmental issues. The annual CSR expenditure of HSBC in the environmental sector is increasing day by day. In 2010 CSR expenditure was 2.48 crores. Similarly, 2011, 2012, 2013 and 2014 the CSR expenditure of HSBC was 2.93, 3.17, 4.11 and 4.17crores respectively.

The trend analysis also shows that the growth rate of CSR expenditure is fluctuating. In 2011 the growth rate was 18.14% but in 2012 the growth rate decreases by 8.19%. Again, in 2013 the growth rate again increased to 29.65%.

1) CSR in Cultural and other sectors

There are some other cultural events in another sector which was sponsored and organized by HSBC. Which are following as,

Table 6

Events
Supporting the visually impaired
HSBC-Kali Kolom Tarun Kobi Lekhak Purashkar
Painting Exhibition by Shahabuddin
HSBC Kali O Kolom Young Poets and Writers Award 2009
Winter Clothing Drive
HIV/AIDS/STD awareness training
HSBC runner up in prestigious Financial Times Sustainable Banking Awards
Outstanding Partnership Award 2009/10
Yahoo! Emotive Brand Awards 2009-10
Celebrating Tagore's 150th birth anniversary

Table 7

CSR Expenditure of HSBC in Cultural and other sectors

Year	Expenditure (In Crore)	Growth Rate
2010	3.04	-
2011	3.21	5.59%
2012	4.48	39.56%
2013	6.09	35.93%
2014	6.88	12.97%

Source: Annual reports of HSBC (2010-2014)

As a conscious corporate citizen, HSBC also provided financial support for a number of cultural and other issues. As a result, HSBC arranges different cultural programs such as HSBC-Kali Kolom Tarun Kobi Lekhak Purashkar, Celebrating Tagore's 150th birth anniversary, HIV/AIDS/STD awareness training etc. The annual CSR expenditure of HSBC in the environmental sector is increasing day by day. In 2010 CSR expenditure was 3.04crores. Similarly, 2011, 2012, 2013 and 2014 the CSR expenditure of HSBC was 3.21, 4.48, 6.09 and 6.88crores respectively.

The trend analysis also shows that the growth rate of CSR expenditure is fluctuating. In 2011 the growth rate was 5.59% but in 2012 the growth rate increases 39.56%. Again, in 2013 the growth rate again decreased by 35.93%.

D. Hypothesis Testing

To analyze the data the following hypothesis is highlighted in the following forms:

1) *IAI Hypothesis 01- CSR activities of HSBC bank is standard and is already performed*

Here, H0= CSR activities of HSBC Bank is not Standard; and H1= CSR activities of HSBC Bank is Standard. From the

total of our selected respondent, 13.33% are strongly agreed and 50.00% agreed with this statement. By calculation schedule, it is found that calculated Z value is 2.30 and the critical Z value is 1.96. Here, calculated Z value (2.30) is higher than critical Z value (1.96). So it is surely affirmed that H₀ is rejected and H₁ is accepted

2) *Hypothesis 02- CSR related department perform CSR activities effectively*

Here, H₀= Organization does not CSR activities effectively; and H₁= Organization performs CSR activities effectively. 73.34% respondents are agreed and 26.66% respondents disagree with this statement. From the mathematical analysis, it is highlighted that the calculated Z value is 4.65 and the critical Z value is 1.96. Here, calculated Z value (4.65) is higher than critical Z value (1.96). So H₀ is rejected and H₁ is accepted.

3) *Hypothesis 03- HSBC's management has a strong belief in CSR issues*

Here, H₀ = HSBC's management has not a strong belief in CSR issues; and H₁= HSBC's management has a strong belief in CSR issues. From our target respondents, 6.67% are strongly agreed and rest of the respondents 83.33% are agreed with this hypothesis. Here, calculated Z value (13.10) is higher than critical Z value (1.96). So it is asserted that H₀ is rejected and H₁ is accepted.

4) *Hypothesis 04- bank protect the right of the customer in providing financial products*

Here, H₀= Bank does not protect the right of the customer in providing financial products; H₁= Bank protects the right of the customer in providing financial products. 60.00% of total respondents are agreed and 16.67% respondents are strongly agreed with this statement. Here, the calculated Z value is 6.19 and the critical Z value is 1.96. As a result, null hypothesis H₀ is rejected and alternative hypothesis H₁ is accepted.

5) *Hypothesis 05- without considering the financial performances bank spend on CSR*

Here, H₀= without considering the financial performances bank not spend on CSR; H₁= without considering the financial performances bank spend on CSR. From a total of our selected respondent, 63.34% are not agreed with this statement. By calculation schedule, it is found that calculated Z value is -1.92 and critical Z value is 1.96. Here, calculated Z value (-1.92) is lower than critical Z value (1.96). So it is surely affirmed that H₀ is accepted and H₁ is rejected.

6) *Hypothesis 06- bank has achieved significant position through CSR*

Here, H₀= Bank cannot achieve significant position through CSR; H₁= Bank has achieved significant position through CSR. From our total population, 13.33% are neutral and 23.33% are agreed that bank has achieved significant position through CSR. Here, calculated Z value (-2.79) is lower than critical Z value (1.96). So, H₀ is accepted and H₁ is rejected.

7) *Hypothesis 07- bank gives satisfactory emphasis on education contribution*

Here, H₀= Bank does not give satisfactory emphasis on education contribution; H₁= Bank gives satisfactory emphasis

on education contribution. From a total of our selected respondent, 60.00% are agreed and 20.00% are strongly agreed with this statement. By calculation schedule, it is found that calculated Z value is 6.64 and the critical Z value is 1.96. As the calculated Z value (6.64) higher than critical Z value (1.96), so it is argued that H₀ is rejected and H₁ is accepted.

8) *Hypothesis 08- environment contribution of HSBC is sound*

Here, H₀= Environment contribution of HSBC is not sound; and H₁= Environment contribution of HSBC is sound. 6.66% of our respondents are strongly agreed and 66.67% are agreed with the hypothesis. Here, calculated Z value (5.26) is higher than critical Z value (1.96). So it is surely affirmed that H₀ is rejected and H₁ is accepted.

9) *Hypothesis 09- contribution of HSBC in health sector increase people awareness*

Here, H₀= Contribution of HSBC in the health sector does not increase people awareness; H₁= Contribution of HSBC in health sector increase people awareness. From a total of our selected respondent, 6.67% disagree and 16.67% are neutral about this hypothesis. By calculation schedule, it is found that calculated Z value is 6.29 and critical Z value is 1.96. Here, calculated Z value (6.29) is higher than critical Z value (1.96). So, H₀ is rejected and H₁ is accepted.

10) *Hypothesis 10- CSR activities of HSBC creates a positive feeling in the consumer mind*

Here, H₀= CSR activities of HSBC does not create any positive feeling in consumer mind; H₁= CSR activities of HSBC creates a positive feeling in the consumer mind. From a total of our selected respondent, 83.33% are agreeing with this statement. By calculation schedule, it is found that calculated Z value is 9.61 and critical Z value is 1.96. Here, calculated Z value (9.61) is higher than critical Z value (1.96). So it is surely affirmed that H₀ is rejected and H₁ is accepted.

5. Conclusion

Banks regularly contribute to the financial improvement of a nation. Comparing with different Banks HSBC is likewise assuming driving part in financial advancement of the nation. From this analysis, it can be effortlessly said that CSR practices of HSBC have a more prominent role to bring the cozy relationship between the organization and society by contributing education, health, sports and culture sectors. In spite of the fact that the vast majority of the general population surmise that all organization are engaged in their business development instead of social commitment. By breaking down all data it can be effortlessly said that the sum contributed by HSBC for CSR activities is expanding, however, the development rate is slow. From the study, it is additionally found that ABBL contributes for the most part in Education, Environment, Disaster Management, Art & Culture, and others. HSBC is building a reputation, brand value, customer loyalty, employee motivation and retention by CSR activities. Absolute use on CSR activities of HSBC is step by step expanded and in this manner, the bank is focused on the reasonable advancement of groups yet the development rate of CSR consumption is

slow. In the event that the greater parts of the organizations approach to add to the general public like HSBC, it will make their social marking and also helping the general public. So it can be said that HSBC is a pioneer in Corporate Social Responsibility. But, from this study, it has been discovered that the acts of CSR exercises, for the most part, are bound to the education, environment, culture and others. This study further recommends some conceivable areas that corporate bodies might consider to consolidate in their CSR errands and needs. This can guarantee the general advancement of the nation.

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