

A Study on the Customer Perception Towards Corporate Social Responsibility in Banking Sector

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Abstract: Corporate social responsibility aims to achieve social goals, be it philanthropic, activist, charitable or supporting or volunteering ethical practices. It is deeply related to customer loyalty and satisfaction. While every other company follow corporate social responsibility to a great extent, banking industry also seems to have impacted from this. There is a smaller number of researches that has been done on corporate social responsibility with regard to the banking sector. It is very important for banks to follow CSR practices as with recent failure of several banks, there is a need to display a good reputation and trust in the minds of the customers. The study aimed to study the awareness of customers towards corporate social responsibility and also to study the concern of bank towards the society.

Keywords: Customer Perception, Banking Sector, Corporate social responsibility.

1. Introduction

Corporate social responsibility is a private business self-regulation. It aims to achieve social goals, be it philanthropic, activist, charitable or supporting or volunteering ethical practices. Since last decades corporate social responsibility has become a mandatory scheme at regional and international levels. Other names for corporate social responsibility are corporate sustainability, sustainable business, corporate science or responsible business. It is deeply related to customer loyalty and satisfaction.

The Government has also applied various initiatives for Corporate Social Responsibility which are as follows:

- As per the Companies Act, 2013 the corporate social responsibility practices are mandatory for every company. According to Section 135 of the Companies Act of 2013, a company having net worth of ₹ 500 crores or more or turnover of ₹ 1000 crores or more or a net profit of ₹ 5 crores or more shall spend at least 2 percent of the average net profits made during three immediately preceding years. In case of failure they must specify the reason.
- In case of foreign company balance sheet filed under sub clause (b) of sub-section (1) of section 381 is required to contain an annexure regarding report on corporate social responsibility.

- While every other companies follow corporate social responsibility to a great extent, banking industry also has been impacted from this. Banks opting for corporate social responsibility can be adherence to law, ethical standards, various schemes for low income group, women, children under 18 years of age or senior citizen etc.

2. Review of literature

Following are some of the reviews of the studies which have been previously undertaken in the field of Corporate social responsibility to have a better understanding about the topic:

- N. Senthikumar et. al. (2011), in their paper titled “Impact of corporate social responsibility on customer satisfaction in banking service”, used a different approach towards CSR in Banking service. The aim of the study was to analyze the overall banking service quality as perceived by the consumers, to identify the mediating factor for banking service quality and to find out the relationship between the corporate social responsibility and customer satisfaction. The study suggested that management should ensure that the banking environment should concentrate on fair and prompt service to their customers. Corporate Social Responsibility positively influences customer satisfaction towards banking service quality.
- Ramandeep Mann and Karamjeet Singh, in their paper titled “Corporate social responsibility and financial Performance: A study of Indian banking sector”, analyzed the role of corporate social responsibility in Indian banking sector as a whole. The authors studied the relationship between corporate social responsibility and corporate financial performance. The objectives of the study were to study the CSR Practices comparatively in Public and Private Sector Banks and to analyze the impact of CSR variables on financial performance indicators. Except PNB, SBI and Syndicate Bank from public sector and ICICI & HDFC from Private sector others are not doing well in CSR practices. The study also concluded that collectively private sector banks are performing better than the public sector banks in community

development, employee welfare and environment protection.

3. Statement of the problem

It can be said from the above literature reviews that research on corporate social responsibility has been conducted but has only been limited to the corporate sector majorly. With recent failure of several banks, there is a need to display a good reputation and trust in the minds of the customers.

4. Benefits of the study

This research study proposes to understand the concept of corporate social responsibility from the consumer's perspective. The study is an analysis of how far the consumers in India are aware and affected by this concept done by public sector banks. The research is conducted with probing questions on social ethics performed by the banks.

5. Objectives of the study

Following are the Objectives of the study:

1. To study the awareness of customers towards corporate social responsibility.
2. To study various corporate social responsibility practices of public sector banks of India.

6. Methodology

To accomplish the above stated objectives of the study primary and secondary data were taken into consideration. Primary data was collected through questionnaires as well as Secondary data was collected through annual reports of various banks and reports on CSR surveys by other institutions. The Sample size for the above study was selected by adopting convenience sampling technique and the number of respondents was 52.

7. Scope of the study

The research was conducted to determine or analyze the perception of customers of the public banks regarding corporate social responsibility. The key players of the study were the customers of the banks.

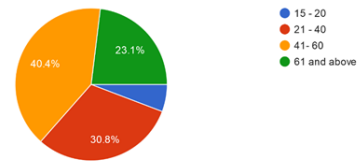
8. Limitation of the study

Following are some limitations of the study:

1. Bias can be a major issue regarding any research. These biases can lead to inaccuracies in the data.
2. The entire study was limited and focused only on the customers of the public banks in the country.

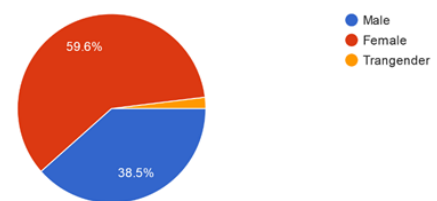
9. Interpretation and analysis

A. Age:



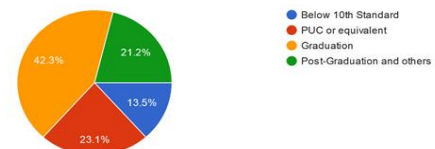
The above pie-chart is the age wise respondent of the research which depicts that majority of respondent customers are between 41 - 60 years of age with 40.4% of the total respondents. This shows that the people who belong to this age group are more exposed to the concept of corporate social responsibility.

B. Gender



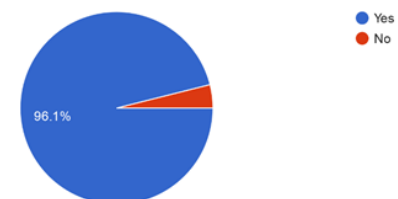
This pie-chart depicts the gender wise respondents of the survey questionnaire of the research. It is quite clear from the chart that around 59.6% of the entire respondents were the male respondents out beating the female respondents that is only 38.5% and around 1.9% were transgender. This shows that more males are aware about the concept of corporate social responsibility than females.

C. Education level



The above pie-chart shows the education level of the respondents of the survey questionnaire of the research. The pie-chart depicts that 42.3% of the total respondents in the survey are graduates, which shows that the majority of respondent customers who are graduates, have a good acquaintance with the concept of corporate social responsibility.

D. Awareness about corporate social responsibility



The above pie-chart shows the percentage of awareness of respondents about the concept of corporate social responsibility. It depicts that 96.1% of the entire respondents

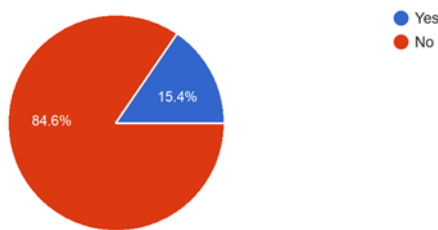
are aware of the concept of corporate social responsibility whereas the rest 3.9% are not aware about it. This shows that the concept is widely prevailing in the market.

E. Level of awareness about corporate social responsibility

N	49
Mean	8.204
Minimum	4
Maximum	10

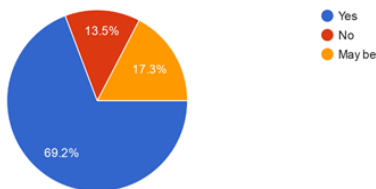
The above frequency table shows the level of awareness, respondents of the research have, with regard to the concept of corporate social responsibility. The mean of total number of responses is 8.204, which shows that the customers are a lot more acquainted to this concept.

F. Awareness regarding the companies act of 2013 policy, pertaining to corporate social responsibility



The above frequency table depicts the percentage of awareness regarding the regulation and policies of corporate social responsibility provided by the government under the companies act 2013. It depicts that 84.6% of the total respondents are not aware of the policy whereas 15.4% are aware of the policy, which further depicts that the customers need to have an awareness about government policies which are especially made for their well-being.

G. CSR practices as a tool to improve image of banks



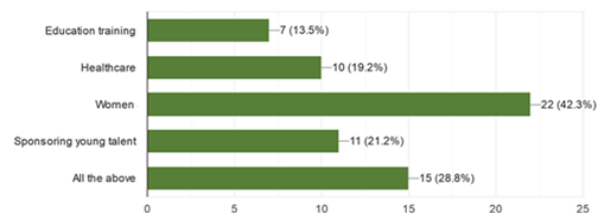
The above frequency table depicts the respondent's percentage wise opinion that CSR practices improve image of banks. It depicts that 69.2% of the total respondents think that CSR practices improve image of banks followed by 13.5% who are not sure and 17.3% who think that CSR practices does not improve image of banks. This further depicts that a socially responsible company attract the customers and they want to be a part of such companies.

H. The quality of services provided by public banks

N	52
Mean	8.096
Minimum	5
Maximum	10

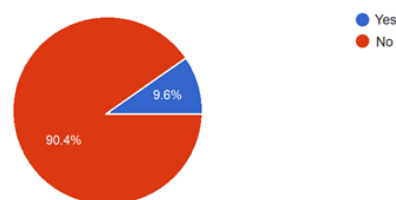
The above frequency table depicts the respondent's percentage wise opinion on quality of services of banks. It depicts that the mean of the total number of responses is 8.096 which further depicts that public banks are highly responsible and concerned towards the society and towards its customers.

I. Activities that public banks engage in with regard to corporate social responsibility



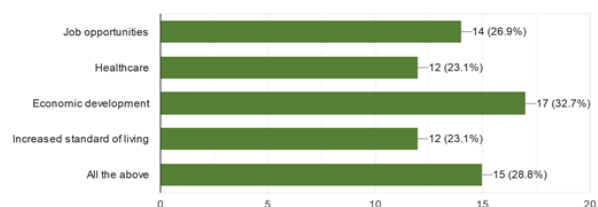
The above frequency table and bar graph depicts the respondent's percentage wise activities, public banks engage in with regard to CSR. It shows that 42.3% of the respondents feel that public banks create various policies and activities with regard to betterment of women which further inclines that the bank is extremely concerned towards the enhancement and development of women.

J. Advertisement of bank's CSR activities



The above frequency table depicts the percentage of awareness regarding the advertisement and other marketing activities of CSR activities done by public banks. It depicts that 88.4% of the total respondents are not aware of any advertisements of CSR activities done by public banks whereas 11.6% are aware of such activities. This further which shows that the banks have no or very less advertisement or promotional activities related to corporate social responsibility.

K. Various benefits from public banks regarding corporate social responsibility



The above frequency table and bar graph depicts the respondent's percentage wise benefits from the public banks regarding CSR. It shows that 32.7% of the respondents feel that public banks provide various benefits with regard to economic development whereas 28.8% of the total respondents think that public banks provide benefits of all kinds of CSR activities such as job opportunities, healthcare, economic development, increase in standard of living. This further incline that betterment of society and the economy is the biggest priority of the bank.

L. Level of satisfaction in the customers with bank's overall performance pertaining to corporate social responsibility

N	52
Mean	8.865
Minimum	5
Maximum	10

The above frequency table depicts the level of satisfaction of the respondents with the bank's overall performance related to CSR. It depicts that the mean of the total number of responses is 8.865 which further depicts shows that the public banks have proven to be standing firm to its promise of being socially responsible and sustainable towards the society as a whole.

10. Findings

- Through this survey it has been found that, majority of the respondents are males, and few were females, who belong to the age group of 21 to 60.
- Majority of the respondents have a high level of awareness about the concept of corporate social responsibility as well as public bank's participation on CSR activities, however, they are not aware about the regulation regarding CSR practices implemented by the government of India to be followed by companies, in the companies act 2013.
- Majority of the total respondents think that the quality of services of public banks are very high and this helps the

bank to improve its image among customers and the society.

- Majority of the total respondents think that public banks create various policies and activities with regard to women and provides economic development as a major benefit among its CSR activities.
- Majority of the total respondents are not aware of any advertisements of CSR activities done by the public banks; however, they are highly satisfied with bank's overall performance related to corporate social responsibility.

11. Suggestions

- The research can be further continued by increasing the sample size and age distribution.
- Further study may focus on identifying the perception of managers and employees on CSR practices of the bank.
- The public banks must increase its promotional activities and showcase its CSR practices to public as it is clear from the research that majority of the customers are not aware about the CSR practices and activities done by the bank.

12. Conclusion

The study and overall analysis reveal that concept of corporate social responsibility is gaining importance at every aspect though it is clear from the findings of the study that many people are not fully aware of corporate social responsibility. However, people support enterprises who are contributing towards the society whereas those enterprises will be isolated that are harming the interest of the society.

References

[1] N. Senthikumar et. al. (2011), "Impact of corporate social responsibility on customer satisfaction in banking service", African journal of business management, vol.5 (7), pp. 5-9.

[2] Ramandeep Mann and Karamjeet Singh (2014), "Corporate social responsibility and financial performance: A study of Indian banking sector."