

# **An Analysis of Employee's Perception towards CSR (Corporate Social Responsibilities) Practices by Banks during Pandemic**

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## **Abstract**

*The researchers are doing research on Corporate Social responsibility from last six decades years, and in this era of competition & globalization is becoming increasingly important. Along with other sectors the banking sector too has understood the importance of CSR. The main objective of this paper is to understand the perception of employees of Banks towards CSR practices and how private & public banks in India are contributing to society through CSR practices.*

*Most banks has recognized the importance of CSR and has started implementing social and environmental programs for the benefit of both –bank as well as society (Yen Thi Hoang, Tran, 2014). This research paper aims at the knowing the perception of employees toward importance of CSR & analyzing the spending of by Private & public banks In India. In India, the banks play an important role. This study suggested that more research must be conducted in this area to know the real impact of CSR practices on society and on banks itself. This research paper highlights the main CSR activities or practices of banks and their spending. For analyzing spending and CSR Activities data was collected from annual reports of the banks and for analyzing the perception of the employees towards CSR, a questionnaire was designed and employees were asked to fill the same. This study reveals that the banks included in the study are spending the CSR budget on education, skill development & rural development & on health sector. This that the employees believe that their banks are is quite serious in implementing CSR research also reveals practices.*

**Key Words:** *Corporate Social Responsibility, Sustainability, Private Banks, Employees Perception, CSR Practices*

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## **I. Introduction**

Business as an entity exists and operates in a social environment. The Corporate is making wealth and profit due to the use of society's resources. In this context, the logic of the idea of Corporate Social Responsibility (CSR) is to give back to the Society what the Corporate morally owe to it. It constitutes a legitimate contribution of the Corporate towards socio-economic development of society.

CSR is a notion developed principally in 1960 with the idea that different organizations have responsibilities beyond their legal commitment (Bronn and Vrioni 2001). Generally, CSR is defined as a commitment of businesses to socio-economic development through contribution to the quality of life of their employees, local communities and the society at large. CSR, also known as Corporate Social Performance, is a form of business self-regulation and which is very deeply integrated into business model (Dhingra & Mittal, 2014).

CSR as a concept has become very important worldwide for the socio-economic development of the societies in which the businesses operate. The role of financial institutes including banks in the sustainable development of the India is very important the way they have financed the economic and development activities (Chowdary, Das, & Sahoo, 2011).

As per World Business Council for Sustainable Development- Corporate Social Responsibility is continuing commitment by business to behave ethically and contribute to economic development. It improves the quality of life of the people and their families. The European Commission advocates CSR as not only fulfilling legal expectations, but also investing more into human capital, the environment and relations with stakeholders.

### **CSR in India**

Traditionally in India CSR has been seen as philanthropic activity not related to business, but now this ideology has changed. Now corporate sector has started taking CSR as their one of responsibilities towards people. The organizations have started taking CSR as a tool to have a positive impact on the environment and stakeholders (Lenthe, Szegedi, & Tatay, 2015).

The social & economic development of the countries depends upon the level of social responsibilities of that country's business sector and India is the first country in the world which has made CSR as a statutory obligation for all business. (Subudhi, 2021) As per the new reports of different international research organizations, India will be the most populated country in the world by 2024, and about twenty one percent of the population is still below the poverty line. Though India developing very fast but it has still major problem like insufficient educational institute health care facilities. There are so many areas where business can play its role in the development and wellbeing of people (Parthiban R, Aiswarya, & Dinesh, 2018).

### **Provisions under the Companies Act, 2013:**

Under the Companies Act, 2013 it is a mandatory provision to provide a contribution of 2 percent of the average net profits of companies. CSR is required and applicable according to Sub-Section 1 of Section 135 of Companies Act, 2013. during the three immediately preceding financial years, on CSR activities

- Net worth of the company to be Rs 500 crore or more.
- Turnover of the company to be Rs 1000 crore or more.
- Net profit of the company to be Rs 5 crore or more

## **II. Review of Literature**

Corporate Social Responsibility (CSR) has become very vital in a global economy and has acquired attention from all the organizations of the world (Ali et al., 2020). The structural changes and reforms like CSR can become successful within firms if these changes can be aligned with the overall strategies of the firms (Tanusree Jain and Dima Jamali, 2016). Social responsibilities of business in society are more important as they are distinct from maximizing shareholders value. The term CSR is contradictory in nature with the objective of business (Alfred North Whitehead, 2015). The CSR performs better if frontline employees have an understanding with the organization and with customers as why organizations support CSR (Daniel et al., Gundlach and Wilbie, 2014)

The several organizations in India involved in diverse issues such as health care, education, rural development, sanitation, micro credit and women empowerment under the banner of CSR (Ahmad 2013). It seems that CSR in India has been evolving in domain of profit distribution however there are challenges of implementing CSR in India. These are lack of community participation in CSR activities, issues of transparency, non-availability of well organized NGOs, narrow perception towards CSR initiatives, non-availability of clear CSR guidelines and lack of consensus on implementing CSR issues (Besad, 2011).

The implementation of CSR have a significant impact of inclusive growth of the corporate especially in the case of corporate image and profitability but the level of CSR engagement varies according to factors such as nature and size of business; ownership patterns; commitment by leadership; legal obligation; national culture and stakeholders' pressures ((Athreya, Ahmad 2009) The corporate social responsibility influences consumer trust and that trust in turn influences consumers' subsequent actions. The intermediate variables between corporate social performance and corporate financial performance are in favour of CSR (Sergio et al., 2008).

CSR activities and moral standards in the banking industry induce social duty and ethics which helps the banks in communicating and marketing their bank with stakeholders. CSR as an important driver of reputation of any institution and also creates economic value over time (Burianová and Paulík 2014, Trotta et al. 2012). CSR can be considered as a source to have a competitive advantage and an increase in the organization's credibility with stakeholders and also to build a long-term reputation with customers (Holder-Webb et al. 2009). CSR does not affect the company's goodwill and reputation, but also has an adverse effect on the financial performance (Gautam and Singh 2010).

In the present economic conditions, CSR is the most appropriate solution for integrating the moral and ethical principles in the banking industry (Attila Turi et al. 2014). The execution of CSR and moral standards in the banking industry prompts for social duty and ethics which has become an appropriate marketing apparatus to communicate with the stakeholders (Burianová and Paulík 2014). The change in perception of customer about the organization is one of the key reasons and growing importance of CSR practices (Dusuki and Dar (2005). CSR has many advantages for the banking sector (Abagial McWilliams et al. 2003),

### Objectives of the Study

1. To analyze the CSR practices of Indian Banks in general during pandemic
2. To analyze the perception of the employees of banks in India towards CSR activities during pandemic.

### III. Research Methodology

Research is aimed at doing systematic enquiry into providing information to solve problems (cooper and Schindler, 2002:14). Different information's have different requirements, and because of difference in the availability of time and patterns have given way to the developments of various types of research methodologies. The reason behind the use of any method of research is to generation of optimum results. This study is based on primary as well as on secondary data collected from the following banks-

- HDFC Bank Ltd
- ICICI bank Ltd
- State Bank Of India
- Bank of Baroda
- Canara Bank

The secondary data has been collected from annual reports, websites and other published reports of banks. Where as the primary data has been collected through questionnaire from the respondents having statements to which respondents have to give their opinion ranging between 1-5 level and agreement ranging from Not agree to strongly agree. Since it was not feasible to examine the entire universe so the representative sample of 380 employees from the above mentioned private banks from Gurugram & Delhi (India) only. Respondents were asked to fill questionnaire personally.

### Data Analysis

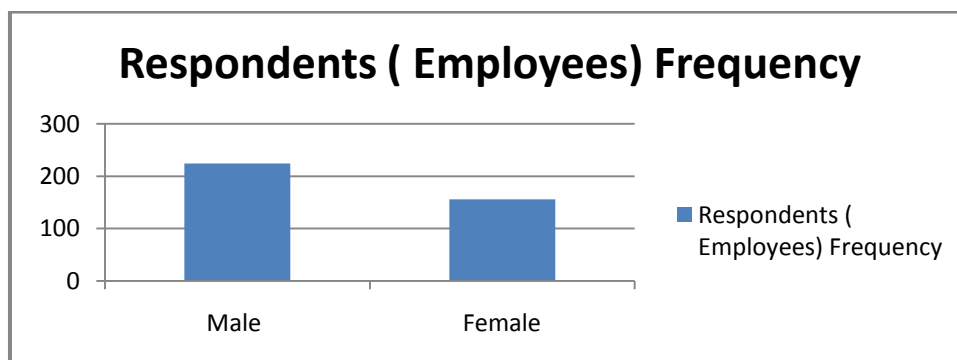
To know the perception of respondents towards Banks CSR practices they were asked to evaluate each factor first on statements ranging from not agree to strongly agree and then they have to evaluate their perception level with each factor on 1-5 scale. The responses are analyzed by calculating the mean value and the results are presented in the subsequent discussion

### Demographic Profile of the Respondents (Employees)

Table-1

Respondents ( Employees)	
Gender	Frequency
Male	221
Female	159
Total	380

Figure-1



Out of 380 respondents (Employees) which were included in the study from the different branches of the banks there were 221 male & 159 female.

**Table -2 shows the mean value of perception of employees towards CSR Practices during pandemic**

Statements/Variables	Variables-V	Mean Value(out of 5) of responses of respondents (Employees)
Getting involved in solving social problems merely dilutes the primary strength and purpose of Banking business.	V1	2.8
CSR is a obligation of large multinationals rather than of banking sector	V2	2.6
Social programs adversely affect the profit performance of the Organizations	V3	2.8
Responsible organizations whether they are in manufacturing or service sector , have some responsibility towards people in their need	V4	3.8
CSR is more relevant to manufacturing industries	V5	2.9
CSR activities lead to increase in the goodwill of the Bank	V6	3.9
CSR can lead to brand image of the Bank	V7	3.9
It is the moral responsibility of service sector Organizations to reach out to people in their need	V8	4.2
Regular Financial Support was provided CSR practices by the Bank during pandemic	V9	3.9
Encouragement by the bank to participate in CSR practices during pandemic	V10	3.7
Helping people in their need is unconditional obligation of all business organizations	V11	4.1
Separate funds were was allocated for CSR Activities during pandemic	V12	4.2

As per Table 2 & data analysis, the mean value score of the shows that most employees agreed to the statement that separate funds were allocated for helping people & CSR during Covid19 pandemic .Most employees agreed that helping people in their need is the obligation of all business. Majority of the employees agree with the statement that CSR practices during pandemic by the bank for helping people has created a positive image of the bank in the market. A huge number of employees also agree with V10, V7&V4.

### CSR Practices of Banks during Covid19 Pandemic

The Covid19 pandemic has affected the people's life and health across globe. During pandemic all the organization tried to help people and address impact of pandemic on people through various practices. The government too made change in CSR policy that organizations can spend their CSR funds on activities to help people and system to address the impact of pandemic on people. \Banking sector of India along with other sectors has contributed greatly in CSR activities to help the public and hospital through donations, contributions and providing health support systems.

The table-3 below shows the role played by the banks during pandemic included in the study

Banks	Activities during Pandemic
HDFC	Contributed 18 million \$ to PM care fund Provided PPE kits ,Surgical masks and other equipments to hospitals
ICICI	Contributed approx. 10 million to PM care fund Provided surgical masks , PPE kits & Sanitizers to hospitals
State Bank of India	Contributed to approx 9 Million \$ for various CSR activities during pandemic Provided approx 4 million \$ to hospitals for setting up shift hospitals , ICU facilities & isolation centers
Bank of Baroda	Provided ex –gratia payment of 13,970 \$ to family of Business correspondent in case of loss of life due to Covid19 pandemic. Provided health insurance to BC
Canara Bank	Distributes PPE kits And masks to people involved in traffic control & health care in various cities Provided help to hospitals by providing surgical masks & PPE kits

### Findings & Conclusion

Banking sector plays a very vital role in the development of any country. The aim of the paper is to give an idea about the employee's views of CSR practices followed by bank in India. From the analysis of the primary data we can conclude that employees understand the importance of the CSR practices for the image of bank as well as for society. The analysis of primary data shows that employees feel that while implementing practices they face shortage of Human force so it is suggested to the banks to analyze this properly whether they have sufficient force to implement practices or not.

From the table 3 it is evident that all the banks were helping people and government during Covid19 pandemic in India by different ways. Some banks contributed huge amount to PM care fund to help the people and some contributed PPE kits, surgical masks and other related equipments. Some banks contribute to hospitals in setting up isolation centers and ICU facilities.

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