

“Effect of Demographics of Bank Managers on their Perceptions

about Corporate Social Responsibility

Practices in Selected Banks of Rajasthan.”

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ABSTRACT

Banking sector has always been the mainstay of the Indian economy. It has contributed tremendously in the socio-economic development of both urban and rural India alike. Corporate Social Responsibility (CSR) has become the buzzword in the corporate world over the past two decades. Bank managers are entrusted with the responsibility of implementation of CSR. In this empirical research, a sample of 50 managers of public and private sector banks located in Rajasthan has been drawn. The analysis involves seeing the effect of demographics of bank managers on their perception of CSR practices being followed by their respective banks. It has been found that these banks are doing a commendable job in their jurisdiction by judiciously spending the CSR budget. It is suggested that banks should undertake a social audit and also receive feedback from the beneficiary groups to further improve the effective utilization of CSR fund.

Keywords : Corporate Social Responsibility, Banking Industry, Perception

Introduction

The service sector is an important segment of Indian economy. Particularly banking sector has been the mainstay of Indian economy, even during the period when the world was undergoing economic depression. Corporate Social Responsibility is the recent buzz word which is focused on upliftment of the society through financial, social and environmental considerations. All over the world business organisations are using CSR as a branding tool. Particularly in India the regulatory Framework stipulates spending 2% of the profit on CSR for those companies which are having net worth of Rs. 500 crore or more; or turnover of Rs. 1000 crore or more; or net profit of Rs 5 crore or more during any financial year is compulsory.

Banking industry in India has been tirelessly serving the urban and rural customers for meeting their financial requirements. RBI in 2007 expressed that CSR requires the reconciliation of social and environmental concerns by organizations in their business tasks and

furthermore in co-operations with their partners. The fundamental areas for CSR practices in Indian banks are regular out in the public and private segment banks. The main areas for CSR practice in Indian banks are common in public sector and private sector banks. “These areas include children welfare, community welfare, education, environment, healthcare, poverty eradication, rural development, vocational training, women's empowerment, protection to girl child and employment” (Kaur, 2016).

In recent years an attempt has been initiated to ensure socially responsible behaviour of banking sector in a more organized manner. The CSR in Indian Banking Sector is aimed towards addressing the financial inclusion, providing financial services to the unbanked or untapped areas of the country, the socio-economic development of the country by focusing on the activities like, poverty eradication, health and medical care, rural area development, self-employment training and financial literacy trainings, infrastructure development,

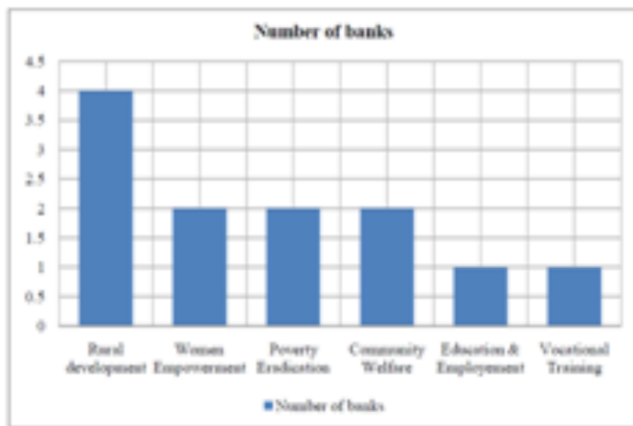
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education, and environmental Protection etc. RBI also insisted upon taking measures for sustainable development of economy through realizing the dire necessity of CSR.

Figure 1 reports the thrust areas of the public-sector banks. Indian public-sector banks most actively participate for improvement of regional imbalances through initiating various activities for promotion of rural development.



Source: Dhingra, D & Mittal, R. (2014). CSR Practices in Indian Banking Sector, *Global Journal of Finance and Management*, 6(9), 853-862.

However, the core areas for reporting CSR activities are slightly different in both types of banks. The analysis of three core activity areas as depicted by these banks reflected some prominent fields for CSR activities. These areas could be shown by the following Charts. The X axis of chart represents the fields and the Y axis of the chart represents the number of banks, claiming these areas, out of the selected sample. Besides it, they principally focus on the issues of gender equality through women's empowerment. Against these backdrops an attempt has been made in the present research paper to :

- To review the related literature in the field of CSR in banking sector
- To analyze the effect of experience of respondents bank managers on their perception about CSR in banking sector
- To take stock of prevalent CSR practices in selected bank branches of Rajasthan.

2.0 Review of Literature :

The literature in the field of Corporate Social

Responsibility has significantly grown in the past few years. An attempt was made to collect the literature from different sources including web resources. The review provides an insight into the nature of researches which have taken place in the field of Corporate Social Responsibility in recent years

Padhiyar (2018) suggested that “the concept of CSR has undergone metamorphosis to include accepting of moral responsibilities towards the stakeholders. Therefore, the fact of CSR has to be carefully devised keeping in mind the specifics of the organization and the kinds of demands that can be made upon it as a corporate citizen by all its relevant stakeholders.”

As per **Kumar (2017)**, “CSR has grown in importance both academically as well as in the business sense after many discussion and research. It captures a spectrum of values and criteria for measuring a company's contribution to social development. As the term “CSR” is used constantly, many harmonizing and overlapping concepts, such as business citizenship, business beliefs, stakeholder management and sustainability, have emerged.

CSR in India has been continuously influenced by national and global guidelines. The provision of Companies Act, 2013 made CSR activities compulsory for the certain categories of companies in India. **Bordoloi & Mukherjee (2017)** examined a comparison of CSR practices of select corporate public sector commercial banks and private sector commercial banks

According to **Bala Kalyan (2017)**, “Banking sector is treated as to be the back bone of the Indian economy. While the Indian economy is yet to catch strength, the Indian banking system continues to deal with improvement in asset quality, execution of sensible risk management practices and capital adequacy. The paper focuses on the impact of reforms and analysis in Indian banking system.

Birjepatil (2016) discussed on benefits of being socially responsible, is the increased involvement in the community. A positive corporate image builds customer trust and attracts new customers for the business. In an era where profit margins are stretched thin throughout all industries, this unique idea of serving others ends up

servicing the corporation at the same time. There is a need of strong ability to attract and retain the esteemed employees of the corporate by social responsibility

According to **Rathi(2016)** a bundle of social initiatives are available for the corporate to express its responsiveness towards its various stakeholders. The findings of the study show social initiatives measures taken by selected steel manufacturing organizations for fulfilling their corporate social responsibility. **Jamali et al. (2016)** presented a multilevel review of the literature on CSR in developing nations and highlighted the key differentiators and nuanced CSR-related considerations that qualify it as a distinctive field of study. The paper ends by underlining how the specific forms of CSR in the developing world are invariably contextualized and locally shaped by multi-level factors and actors embedded within wider formal and informal governance systems.

In the opinion of **Cheruvath et al. (2016)** Corporate Social Responsibility is the mechanism through which the corporate organizations have executed their philanthropic visions for social welfare. It is a powerful way of making sustainable competitive profit and achieving lasting values for stakeholder as well as shareholder. The paper concluded that the contribution of financial institutions including banks to sustainable development is paramount, considering the crucial role they play in financing the economic and developmental activities of the world.

According to **Fatma & Rahman, (2016)** growing attention to corporate social responsibility (CSR) activities in the marketplace, seeks to demonstrate how corporate social responsibility (CSR) initiatives influence customer purchase intention in context of Indian retail banking. Findings suggest that corporate ability has a strong effect on customer purchase intention while CSR activities were found to exert influence on customer purchase intention in cases where the customer was aware of such activities being conducted.

Kothari (2015) focussed society –oriented activities that are primarily of benefit to general public It includes social performances directed towards the well-being of employees like improvement of employment

practices, training working condition, promotion, policies, provision for job enrichment schemes, recruitment, of SC/ST other under:- privileged minorities and employee related performance.

3.0 Research Methodology :

The research is followed by two stage research design. In the first stage Exploratory Research Design was used and in second phase Causal Research Design has been used. A structured questionnaire was prepared to elicit responses from bank managers of selected banks from southern Rajasthan. For the above purpose both public and private sector banks have been taken. For selection of Bank Officers Judgemental sampling method has been used. (Duckworth (1962)

The list of selected banks chosen for the study purpose was from Udaipur, Banswara, Dungarpur, Chittorgarh, Pratapgarh and Sirohi of Southern Rajasthan of India. A total of 50 Bank branches were selected from which one officer responsible for Corporate Social Responsibility activity was chosen using judgement of the researcher. The research response rate of near 90% was obtained as 44 usable filled up responses were received

4.0 Analysis of Results :

Analysis of data collected from bank managers or senior officers of CSR activities. Instruments for measuring the performance of bank of the CSR activities of bank are developed specifically for the purpose of this study. The influence of variables like type of bank and experience of the respondents are studied with the help of suitable statistical tools. The result are focused and interpreted in the framework of the parameter.¹³²The bank managers/senior officers play vital role in implementing CSR policies of their respective banks. They find need of the society and propose the investment plan to the higher authority of the bank. They manage the CSR practices of the bank.

4.1 Respondent's Profile :

The respondent profile is based on the responses obtained from the questionnaire for Bank Managers/Senior officers.

Working experience of the bank managers/senior officers with their respective banks also plays effective

role in implementation of CSR policies of the banks.

Table 1 depicts the frequency distribution of the experience of the respondents

Table 1 - Experience of the respondents

S.No.	Experience (In years)	Number	Percentage
1.	Up to 10	6	13.64
2.	10-20	12	27.27
3.	More than 20	26	59.09
	Total	44	100.00

The researcher has collected data from well experienced bank managers/senior officers. 59.09% respondents have more than 20 years of experience,

27.27 % respondents have experience within 10 to 20 years and remaining 6 respondents have experience less than 10 years.

The data obtained are presented graphically in figure 2

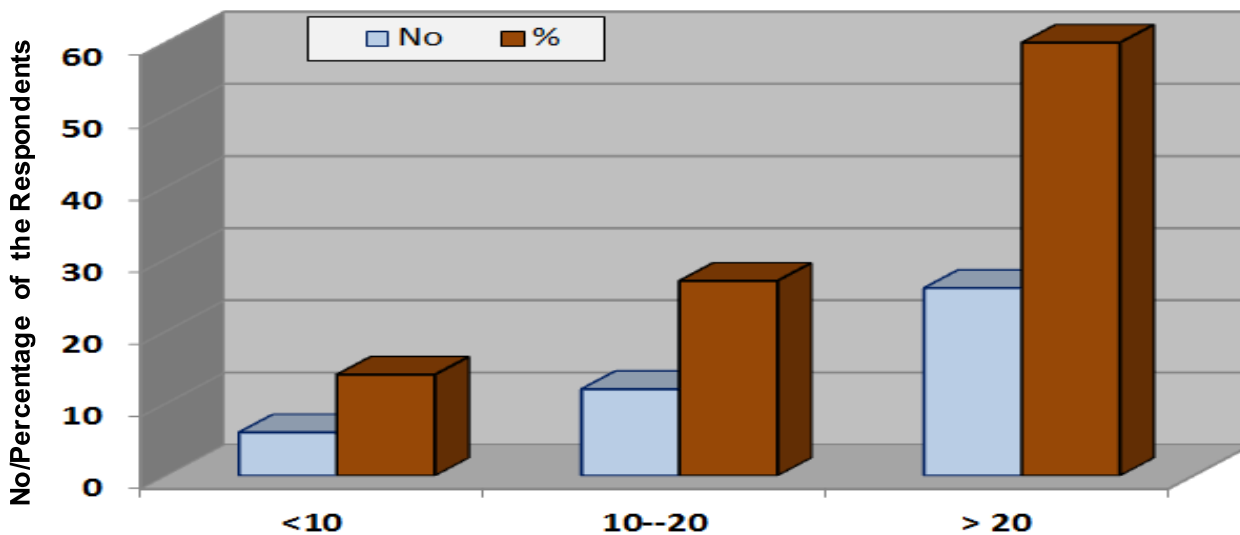


Fig. 2 Experience of the Respondents

4.2 Effect of Experience of the respondents on their performance on CSR activities

In the banks under study, the responding bank managers/senior officers are classified according to their experience with the bank, in three categories i.e. highly

experienced (experience of more than 20 years), moderately experienced (experience within 10-20 years) and relatively less experienced (experience less than 10 years).

Following six null hypotheses are formulated to

evaluate the performance on CSR activities.

H01 Perception of bank managers/senior officers among their different experience categories remains the same with regards to the factor 'Rural Development'

H02 Perception of bank managers/senior officers among their different experience categories remains the same with regards to the factor 'Environment'

H03 Perception of bank managers/senior officers among their different experience categories remains the same with regards to the factor 'Education'

H04 Perception of bank managers/senior officers among their different experience categories remains the same with regards to the factor 'Social welfare'

H05 Perception of bank managers/senior officers among their different experience categories remains the same with regards to the factor 'Finance'

H06 Perception of bank managers/senior officers among their different experience categories remains the same with regards to 'Aggregate score'

In order to test all the above six hypotheses for their difference of means at 5% level of significance as well as 1% level of significance, F-test using one way ANOVA have been applied. The calculated value of 'F' is compared with the tabulated value for 2,41 degree of freedom at 5% level of significance i.e. 3.15 and that of 1% level of significance i.e. 4.98 (one-tailed test).The results of analysis are presented in table 2.

Table 2 : Test of difference of means among different experience categories of respondents on performance of CSR activities

Null Hypothesis	Test	Value	Degree of freedom	Results level of significance	
				@ 5%	@ 1%
H01	F	1.641	2,41	Not significant	Not significant
H02	F	3.284	2,41	Significant	Not Significant
H03	F	0.056	2,41	Not Significant	Not significant
H04	F	4.992	2,41	Significant	Significant
H05	F	4.984	2,41	Significant	Significant
H06	F	3.113	2,41	Not significant	Not significant

The calculated value of hypothesis H02 is found significant at 5% level of significance but it is not found significant at 1% level of significance. As such the hypothesis is accepted. It concludes that the perception of bank managers/senior officers among their different experience categories remains the same with regards to

the factor 'Environment'.

The calculated value of hypothesis H04 and H05 are found significant at both the levels of significance i.e. 5% as well as 1% as such both the hypotheses are rejected. It concludes that the perceptions of bank managers/senior officers among their different

experience categories are not same with regards to the factor 'Social welfare' as well as 'Finance'.¹⁴⁸The calculated value of hypothesis H01, H03 and H06 are not significant at both the levels of significance. As such, all the three hypotheses are accepted. It concludes that the perception of bank managers/senior officers among their different experience categories are same with regards to the factor 'Rural development', 'Education' and aggregate score.

The rejected hypotheses H04 and H05 are further tested to identify the difference between the perception of bank managers/senior officers of three pairs of experience categories i.e. highly experienced (experience of more than 20 years), moderately experienced (experience within 10-20 years) and relatively less experienced (experience less than 10 years) with regards to the critical factor 'Social welfare' and 'Finance'.^{5.1 Post Hoc test for Critical Factor 'Social welfare'}

The hypothesis 'H04 : Perception of bank managers/senior officers among their different experience categories remains the same with regards to the factor 'Social welfare' is found significant at both the levels i.e. 5% as well as 1%. As such the hypothesis is rejected. It reveals that the perception of bank managers/senior officers among their experience categories differs with regards to the factor 'Social welfare'. This one way F-ANOVA test does not identify

the difference within the three experience categories i.e. highly experienced (experience of more than 20 years), moderately experienced (experience within 10-20 years) and relatively less experienced (experience less than 10 years) with regards to the critical factor 'Social welfare'

In order to identify the difference within the experience categories of the bank managers/senior officers, following three hypotheses are formulated.

H07 Perception of bank managers/senior officers between highly experienced and moderately experienced categories remains the same with regards to the factor 'Social welfare'

H08 Perception of bank managers/senior officers between highly experienced and relatively less experienced categories remains the same with regards to the factor 'Social welfare'

H09 Perception of bank managers/senior officers between moderately experienced and relatively less experienced categories remains the same with regards to the factor 'Social welfare'

These three hypotheses are tested by using 'Scheffe Test'. F value for comparison (F_c) is calculated for each pair of experienced categories and the calculated value is compared with table value of F at degree of freedom between 2 and degree of freedom within 41. The calculated value of F-Comparison for all the three hypotheses are presented in table 3.

Table 3: Test of difference of means between different pairs of experience categories of respondents on performance of CSR activities

Null Hypothesis	Test	Value	Degree of freedom	Results level of significance	
				@ 5%	@ 1%
H07	F_c	2.97	2,41	Not significant	Not significant
H08	F_c	5.17	2,41	Significant	Significant
H09	F_c	3.11	2,41	Not significant	Not significant

The calculated value of F_c for H08 is found significant at both the levels but other two hypotheses are found insignificant at both the levels. It concludes that with regards to the factor 'Social welfare', perception of bank managers/senior officers between highly experienced and moderately experienced as well as moderately experienced and relatively less experienced categories remains the same. The difference is observed between highly experienced and relatively less experienced category of bank managers/senior officers

4.3 Post Hoc-test for Critical Factor 'Finance'

The hypothesis 'H05 : Perception of bank managers/senior officers among their different experience categories remains the same with regards to the factor 'Finance' is found significant at both the levels i.e. 5% as well as 1%. As such the hypothesis is rejected. It establishes the fact that the perception of bank managers/senior officers among their experience categories differs with regards to the factor 'Finance' This one way F-ANOVA test does not identify the difference between the three experience categories i.e. highly experienced (experience of more than 20 years), moderately experienced (experience within 10-20 years) and relatively less experienced (experience less than 10

years) with regards to the critical factor 'Finance'

In order to identify the difference in perception between the pairs of experience categories of the bank managers/senior officers, following three hypotheses are formulated.

H010 Perception of bank managers/senior officers between highly experienced and a moderately experienced category remains the same with regards to the factor 'Finance'

H011 Perception of bank managers/senior officers between highly experienced and relatively less experienced categories remains the same with regards to the factor 'Finance'

H012 Perception of bank managers/senior officers between moderately experienced and relatively less experienced categories remains the same with regards to the factor 'Finance'

'Scheffe Test' is used to test these three hypotheses. F value for comparison (F_c) is calculated for each pair of experienced categories and the calculated value of (F_c) is compared with table value of F at degree of freedom between 2 and degree of freedom within 41. The calculated value of (F_c) for all the three hypotheses are presented in table 4.

Table 4: Test of difference of means between different pairs of experience categories of respondents on performance of CSR activities

Null Hypothesis	Test	Value	Degree of freedom	Results level of significance	
				@ 5%	@ 1%
H010	F_c	4.99	2,41	significant	significant
H011	F_c	5.08	2,41	Significant	Significant
H012	F_c	3.11	2,41	Not Significant	Not significant

The calculated value of (F_c) for hypotheses H010 and H011 is found significant at both the levels as such these two hypotheses are rejected, but the hypothesis H012 is found insignificant at both the levels

i.e. 5% as well as 1%. As such the hypothesis is accepted. It concludes that with regards to the factor 'Finance', perception of bank managers/senior officers between highly experienced and moderately experienced

categories as well as highly experienced and relatively less experienced categories differs. The perception of bank managers/senior officers with regards to the critical factor 'Finance' is observed same between moderately experienced and relatively less experienced categories of bank managers/senior officers.

Suggestions are put forward to various banks to improve their CSR programmes and related activities.

5.0 Suggestions :

The researcher on the basis of the research study conducted, intensive literature review, deep thinking and consulting with the bank management offers following suggestions for effective implementation of their CSR programme.

- ❖ Banks should appoint a special field officer for monitoring their CSR programmes.
- ❖ They should conduct preliminary field study to identify the needs of the society before deciding about the budget for CSR activity.
- ❖ Regular feedback from the beneficiaries will help bank management to take further investment decisions.
- ❖ They should conduct social audit for knowing the effectiveness of the CSR programme.

6.0 Concluding Remarks

In view of the above discussion, it can be concluded that the concept and practice of Corporate Social Responsibility has come to stay. The banking industry is no exception to this. Recent amendments in the Companies Act have made it compulsory for stipulated organizations to spend 2% of their profit on CSR. Respondent banks in Rajasthan have done a commendable job in this field. Through the CSR budget, they have been able to bring about qualitative improvement in the socio-economic status of urban as well as rural-tribal belts of Southern Rajasthan. The researchers are sanguine that CSR will continue to make such positive changes in the future as well.

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