CHAPTER 1
INTRODUCTION: CONCEPTUAL FRAMEWORK AND RESEARCH METHODOLOGY

1.1 Introduction:-

The Corporate social responsibility (CSR) has assumed great trust over the ancient integer of ages (Kautilya strongly believed that economic prosperity without any ethical anchoring was not sustainable) and today CSR is surfacing gradually and gaining its acceptance by business across the globe. For being reason CSR is one of the most important topic to the government, to non- government and to business itself. The old proverb, “Everybody talks about society, but nobody does anything about it,” is not valid in this era of globalization because Almona (2005)\(^1\) alleged that the role of business worldwide and specifically in the development economies has evolved over the last few decades from classical “Profit maximizing” approach to a “Social responsibility” approach, where business are not only responsible to its stakeholders but also to all of its stakeholders in a broader inclusive sense\(^2\).

One can identify so many reasons for shifting the role of business from classical concept to a responsible business concept, but negative impression of stakeholders on the enterprise would get a higher priority among others. In one hand, enterprises create wealth and job opportunity for the society and on the other; they pollute and destroy environment and ecology with devastating impact on human health and biodiversity worldwide\(^3\). Corporate social responsibility is represented by the contributions undertaken by companies to society through its core business activities, its social investment and philanthropy programmes and its engagement in public policy. In recent years CSR has become a fundamental business practices and has gained much attention from executive management teams of larger international companies. They understand that a strong CSR program is an essential element in achieving good business practices and effective leadership. Companies have determined that their impact on the economic, social and environmental landscape directly affects their relationships with stakeholders. In practice, the banking sectors


\(^2\) Almona, C.P; (2005), Ibid.

\(^3\) Almona, C.P; (2005), Ibid.
are not out of the area of business world because it has direct or indirect relationship to the government, non-government and business sectors. Trotta et al. (2005)\(^4\) in a conceptual paper, “Banking reputation and CSR: a stakeholder value approach”, pointed out that CSR is an important reputational driver, able to create economic value overtime. Inspite of that a large number of companies appear increasing engaged in a serious effort to define and integrate CSR in to all aspects of their business Zu and Song; 2008\(^5\), the banking sector has been quite slow in considering the consequences of the issue of sustainability. In this context, there is value added in exploring CSR perceptions in Indian banking context and gauging the extent, and level to which CSR practices in Indian Banking has matured beyond the boundaries of compliance and public relation.

The banking sector of India involves 26 Public Sector Banks, 21 Private Sector Banks and 36 Foreign Banks. The research has emphasized on private as well public sector banks and CSR practices. Now the Private banking sectors are very competitive. To get this competitive advantage, public sector banking also using CSR as a instrument. Sarker’s study (2012)\(^6\) pointed out that CSR can increase both long term profitability and sustainability of the company as well as enhance the reputation of the organization. Carrol and Buchholtz (2003)\(^7\) defined CSR as the economic, legal, ethical and philanthropic expectations placed on organizations by society at a given point in time. Therefore CSR a practiced by the banks has two separate dimensions; First and the direct philanthropic one is the outright grants provided by them. The second supports mainstream commercial activities like providing micro-credit to the rural poor. The findings of Narwal (2007)\(^8\) suggest that banks have an objective view-point about CSR activities concentrating mainly on education, balanced growth, health, environmental, marketing and customer satisfaction and conclude that irrespective of location, the nature of CSR activities undertaken by

\(^4\)Trotta, A.A; Iannuzzi, G., Cavallaro and S, Dell’atti ( 2005), ‘Banking reputation and CSR: a stakeholder value approach’ available at : http://www.google.com
\(^7\)Carroll, A.B. and Buchholtz, A.K.;(2003), ‘Business and society, ethics and stakeholder management”, fifth edition, USA; South-Western.
Banks is found to be similar. Then it is worth to study in Indian banking context that what is a actual spending of banks on CSR? What is focus areas of CSR activities of banks? What CSR activities are practiced by Indian banks and to what extent? What is a perception of banks employees towards CSR in respect of methods of discharging, types of CSR activities performed, motives of providing CSR activities, and awareness on various CSR models. How bank report the CSR activities? What is a perception of bank employees on inside and outside hurdles faced by bank while practicing CSR activities?

All these must be studied in the light of Private Sector Banks and Public Sector Banks. Therefore an attempt is made by researcher to study and assess the perception of bank employees towards above issues.

Corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The subject of CSR has risen to the top on the agenda of policymakers, managers and social activities in recent times. Economic, trade and commerce and social concerns are increasingly impacting an organization’s economics, brand and reputation standing. One motivation for it is the emerging legislation on corporate governance, compulsory minimum number of non-executive directors, nominating women director and disclosure of greater detail of the operations and finances of an enterprise. The three keys to an effective CSR policy are commitment, clarity and congruence with corporate values. The role of government in relation to CSR, the drivers of CSR, the adoption level and end results of CSR must be studied well to moving towards world class business achievement. It is expected from corporate including banking to perform/ adopt following 20 CSR activities.

1) Rural development   2) Women development
3) Poverty eradication   4) Community welfare
5) Education promotion   6) Children welfare
7) Environment promotion   8) Health care
9) Vocational training   10) National donation
11) Natural calamities funds  12) Support of senior citizen
13) Support to activities related  14) Adoption of village for
to customers satisfaction  for development
15) Sports sponsorship  16) Arts and Music development
17) Adoption of girl child  18) Infrastructure facility
19) Pure drinking water facility  20) Supports to culture activities

In the above cited CSR activities, there must be investigation about to what extent and level CSR activities are practiced by Indian Public Sector Banks and Private Sector Banks. These activities are referred community development related CSR. But only society is not the stakeholders of CSR. Leadership, employees/workplace, accountability, market place/customers, stakeholders etc are the stakeholders of CSR. Hence along with community development, extent of and level in CSR and its variation must be studied and assess. CSR towards leadership vision, employees, customers and accountability by taking maximum indicators and attributes will judges fair and sound CSR performance. Studying only taking into account the community development indicators, is the partial study on extent and level of CSR therefore this study increased scope and attempted to study and assess the extent of and levels in CSR based on 5 dimension namely leadership vision, employees, accountability, customers and community development.

Reserve Bank of India, the main regulatory authority of Indian Banking sector has also taken some initiatives towards CSR in the banking industry and circulated a notice on December 20, 2007\textsuperscript{9} for all the Scheduled commercial banks in India, with Title “Corporate Social Responsibility, Sustainable development and non- Financial reporting, role of banking.” Regarding the banking sector Bhatt (2008)\textsuperscript{10} stated that banks do not exist in a vacuum. They make a large contribution to the country’s GDP growth meet the demand of the growing middle class, contributed to infrastructure spending and reach out to the semi-urban and rural areas.

\textsuperscript{9} Reserve Bank of India, Circulated notice on December 20, 2007 for all the scheduled commercial banks in India with title,” Corporate Social Responsibility, Sustainable development and Financial reporting-Role of banking”.

\textsuperscript{10} ‘Indian Banks beyond CSR’, The Times of India, June 16, 2008.
The Reserve Bank of India stressing the need of CSR since 2011; and suggested the banks to pay special attention towards integration of social and environment 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\textsuperscript{11}.

Another reason fuelling this rapid adoption of CSR is the state of the Indian society. Though India is one of the fastest growing economies, socio-economies problems like poverty, illiteracy, lack of healthcare etc. are still ubiquitous an the government has limited resources to tackle these challenges. This scenario has opened up several areas for banking to contribute towards social development.

Today, CSR in India has gone beyond merely charity and donation. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the company’s business expertise. Employees become the backbone of these initiatives and volunteer their time and contribute their skill, to implement them. CSR programs could range from overall development of a community to support specific causes like education, environment, healthcare etc.

In the context of above, it is significant to assess and know the behavior of Indian Banking towards CSR practices, its extent, level, performance and perception etc based on primary data as well as secondary data. Performance of CSR or extent of CSR towards leadership vision, employees, customers, accountability and community development must be studied in depth. The efforts are made in the present study in this direction. Now-a-days across the globe, banking sector is under massive pressure from its shareholders, investors, media, NGOs, as well as its employees and customers to carry out business in a responsible and ethical manner. There is a shift

from charity to responsibility. At international level, study of Emily Demasi (2011), Dara O’Rourke(2004), Rahman and Iqbal(2013) etc on various countries shows a great concern of CSR and Banking sectors. At Indain level also few studies like Saxena (2012), Senthikumar et al. (2011), Sharma (2011), Mahapatra (2012), Tamragundi (2012), Sarita Moharana (2013) etc are made an attempt to investigate Indian Banking behavior or attitude to investigate Indian Banking behavior or attitude towards CSR practices. Inter banking CSR and inter-state banking CSR needs to assess time to time for future course of action. Hence researcher intent to assess the extent of CSR in Public Sector Banks and Private Sector Banks and compare them to know the current status of CSR in Indian banking.

The world is waking up to Indian’s crucial role as the largest democracy and as a dynamic economy. Thanks to reforms and global business opportunities, today India is one of the fastest growing economies in the world. According to the Mckinsey estimates (Sen Gupta and Nundu,2005) Indian’s Gross domestic product (GDP) in the 1993-2003 period at 8.4 percent and during 2005-2014 at 6.7 percent respectively. However; a billion people is still far off from achieving many of its goals in India. The socio-economic background of the country shows a ghastly image in several areas, e.g. public health, primary education and literacy, women empowerment, HIV/AIDS and poverty eradication. According to socio-economic and

12 Emily, Demasi; (2011), ‘A comparative analysis of Corporate social responsibility in commercial bank- A case studies from the United states and United Kingdom”, master of Arts dissertation submitted to the McAnulty College and Graduate School of Liberal Arts.
13 Dara O’Rourke, (2004),’Opportunities and Obstacles for Corporate Social Responsibility in Developing countries’, world bank group, university of california Berkeley.
caste census (Times of India-2015), 92 percent rural homes in India run on less than Rs.10,000 per month, it means income of 92 percent rural household is less than Rs.10,000 per month. Nearly three quarters of all rural household’s income of the highest earning member is Rs.5,000 or less per month. SECC report show that 49 percent of rural household’s signs of poverty and 51 percent of household have manual casual labour as the source of income. Data of urban also almost all similar to village. 18 hours electricity is off in village whereas 8 to 10 hours at urban level. 51 percent don’t have access to essential drugs and 40 million childrens are out of school. The disparity between the rich and the poor has increased. On the other hand, the highest fiscal deficit continues to complicate the task of conducting counter-cyclical fiscal policies and augmenting out lays on the much needed social and physical infrastructure and poverty alleviation programs. Further, central government cut down the social sectors share to meet interest liabilities. All these are areas that need attention as to leverage higher economic growth levels and CSR could be one of the instruments for sustainable development and uplift to India upward living standard direction. However these poor indicator not hold Indian’s achievements. As per Forbes magazine’s five people of India origin including LSE-Listed Vedanta groups billionaire chief Anil Agarwal and Wipro’s Azim Premji have been numbered among Asia’s to Philanthropists. There are 1.2 million non-government organizations (NGOs) in India and it has more than 87000 millionaires in dollar terms and over 0.7 million people earning more than 2 million (INR) a year (Gopalan 2008) ; yet almost half of Indian women are still illiterate.

Keeping in view the strengths of Indian industries at one side, crisis in health care, underprivileged unemployment, poor agriculture performance on the other hand, it seems that banking business can play a vital role to solve the aforesaid problem by promoting corporate social responsibility (CSR). In this context the European Commission repeated the voluntary character of CSR in its white paper, stating that ‘CSR is a concept whereby companies integrate social and environmental concerns in

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their business operations and in their interaction with their stakeholders on a voluntary basis (EC, 2002).

Therefore in the present study an attempt is made by researcher to measure, identify, compare and assess (1) the perception of bank employees towards CSR practices in selected Public Sector Banks and Private Sector Banks (2) extent of and levels in leadership vision, employees, accountability, customers and community development related CSR practices adopted in selected Public Sector Banks and Private Sector Banks by taking samples from Mumbai.

1.2 Statement of the problem:

This study attempts to know, compare and assess the extent of and levels in CSR practices adopted in selected Public Sector Banks and Private Sector Banks and as well as perception of bank employees towards CSR adoption practices. Some questions are raised and an attempt is made in the present study. The raised questions are as under.

1. What is a perception of bank employees towards CSR?
2. To what extent leadership vision related CSR practiced?
3. To what extent employees and accountability related CSR practiced?
4. To what extent customers and community development related CSR practiced?
5. What level has been achieved in CSR practices in leadership vision, employees, accountability, customers, and community development dimension by Public Sector Banks and Private Sector Banks?
6. What are the variations in the CSR practices?
7. What types of CSR activities- economic, legal, ethical, philanthropical are practiced by Indian Public Sector Banks and Private Sector Banks?
8. What CSR activities are performed by Indian banking?
9. Whether bank employees are aware about CSR model with reference to Indian context?
10. Who framed CSR policy and is it framed properly?
11. What is a reporting method adopted by banks on CSR?

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12. Does CSR a tool to improve bank image’s and customer network?
13. Are bank performed CSR activities as per Ten principles of Companies Act, 2013?
14. How bank discharging CSR activities and in which format?
15. What are the inside and outside hurdles faced by bank while performing CSR activities?
16. Are CII play any role in initiating CSR activities? And are bank formulating organizational strategies for effective practicing CSR?
17. What types of employees related CSR activities are performed?
18. Usage of CSR in enhancing the ladder of loyalty?
19. Are accountability related CSR activities are performed by banks and if so what extent and level?
20. To what extent community development related CSR activities are performed by bank?

Now-a-days across the globe, banking sector is under massive pressure from its shareholders, investors, media, NGOs as well as its customer to carry out business in a responsible and ethical manner. There is a shift from charity to responsibility. There is a shift from ethical models to liberal and stakeholder’s model suggested by Milton Friedman and Edward Freeman. While doing the literature review it is found that very limited research is undertaken on CSR practices in Indian Banking sector, especially in Mumbai area. Hence researcher made an attempt to study CSR practices in these area selecting Public Sector Banks and Private Sector Banks. To highlight the current CSR extent and level status and to seeks answers of above questions, a statement of problem is made as under:

“A Comparative Analysis of Corporate Social Responsibilities in selected Public Sector Banks and Private Sector Banks”.

Although the Ministry of Corporate Affairs (MCA) of India has issued corporate social responsibility voluntary guidelines 2009, with effect from 1st April, 2014, section 135 under Companies Act, 2013 is mandatory for all the companies irrespective of their status. CPSE Guidelines (revised) on CSR and sustainability become mandatory with effect from 01 April, 2013, but the guidelines are superseded by section 135 of Companies Act, 2013.
This ‘mandatory’ guidelines for CSR has changed perception of companies including banking. Therefore studying the spatial performance of CSR with across the ownership of banking is relevant and need of the hour.

1.3 Why is CSR relevant today?

CSR is an important business strategy because, wherever possible, consumers want to buy product from companies they trust; suppliers want to form business partnerships with companies they can rely on; employees want to work for companies they respect; and NGOs, increasingly, want to work together with companies seeking feasible solutions and innovations in areas of common concern. Satisfying each of these stakeholder groups allow companies to maximize their commitment to another important stakeholder group, their investors, who benefit most when the needs of these other stakeholder groups are being met. CSR as a strategy is becoming increasingly important for businesses today because of three identifiable trends:

1. Changing Social expectations:-

Consumer and society in general expect more from the companies whose product they buy. This sense has increased in the light of recent corporate scandals, which reduced public trust of corporations, and reduced public confidence in the ability of regulatory bodies and organization to control corporate excess.

2. Increasing affluence:-

This is true within developed nations, but also in comparison to developing nations. Affluent consumers can afford to pick and choose the products they buy. A society in need of work and inward investment is less likely to enforce strict regulations and penalize organization that might take their business and money elsewhere.

3. Globalization:-

The growing influence of the media sees any mistakes by companies brought immediately to the attention of the public. In addition, the internet fuels communication among like-minded groups and consumers- empowering them to spread their message, while giving them the means to co-ordinate collective action for eg. Product boycott.
These three trends combine with the growing importance of brands and brand value to corporate success to produce a shift in the relationship between corporation and consumer, in particular, and between corporation and all stakeholder groups, in general. The result of this mix is that consumers today are better informed and feel more empowered to put their beliefs into action. From the corporate point of view, the market parameters within which companies must operate are increasingly being shaped by bottom-up, grassroots campaigns. NGOs and consumer activists are feeding, and often driving, this changing relationship between consumer and company.

CSR is particular important within a globalizing world because of the way brands are built on perceptions, ideals and concepts that usually appeal to higher values. CSR is a means of matching corporate operations with stakeholders’ values and demand, at a time when these values and demands are constantly evolving. CSR can therefore best be described as a total approach to business. CSR creeps into all aspects of operations. Like quality, it is something that you know when you see it. The businesses should be genuinely and wholeheartedly committed to quality management and control. The danger of ignoring CSR are too dangerous when it is remembered how important brands are to overall company value; how difficult it is to build brand strength; yet how easy it can be to lose brand dominance. CSR is therefore also something that a company should try and get right in implementation.

1.4 Indian Banking Sector and importance of CSR in banking sustainable development :-

Banking in India in modern sense has originated in the last decades of the 18th century. In the year 1969 there was a revolution in Indian Banking Sector. 14 private banks were nationalized in 1969 on 19th July by the Central Government head by Prime Minister Smt. Indira Gandhi. In 1955, State Bank of India was nationalized. The main moto of nationalization was to provide better quality service to the customers. Again in the year 1980 another 7 private banks were nationalized. The need for the nationalization was felt mainly because private commercial banks were not fulfilling the social and developmental goals of banking which are so essential for any industrializing country. Mainly the Indian Banking sector is made up two types of banks. One is commercial banks another is co-operatives banks. Commercial banks
include PSUs Banks, Private Sector Banks, Foreign Banks, and Regional Rural Banks, Cooperative Banks include urban co-operatives and state co-operative Banks. The main aim of banks is to profit maximization but now a days situation has been changed. The aim changed profit maximization to do more and more CSR activities.

National Bank Financial Group is deep engaged in creating the greatest possible value not only for investors, but also for its employees, clients and the communities where it is present. In this sense, CSR is a fundamental value. In all the sectors of activity and whatever the business context it integrate the social dimension, ethics and the environment with economic considerations so that business continue to be a powerful engine of social and economic development. Over the past few years the concept of CSR has been changing. There has been as apparent transition from giving as an obligation or charity to giving as a strategy or responsibility. Like private banks, nationalized banks are not profit oriented. They gave more emphasis on CSR rather making profit.

At present there are 26 public sector banks, 21 private sector banks and 36 foreign banks. Adoption of appropriate prudential, regulatory, supervisory, and technological framework on par with international best practices enables strengthening of the Indian Banking system. Enhancement of customer services, application of technology, implementation of Basel II, improvement of risk management systems, implementation of new accounting standards, enhancement of transparency and disclosures and compliance with kyc aspects etc are broad challenges before Indian banking sectors. Further performance efficiency functions of banking is major challenges. Here CSR policy works as a standard of built-in self-regulating mechanism and ensure their harmony with banking law, ethical standard and international norms. Heal (2004) stated that banks could clearly benefit from applying some of the most elementary ideas of CSR to their own human resources policies and community involvement. State regulatory bodies, media, NGOs, customers, have significantly addressed social responsibility issues in banking sector

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(Bhattacharya et al. 2004). However, Indian banks are not responding in the expected manner on CSR. Rating of CSR activities of Indian banking sector has been done by karmayog in recent years and it show that CSR rating have a great diversity. The banking sector is considered the backbone of an economy and the performance of the sector is a measure for the new Companies Act, 2013; CSR has been mandatory for a certain class of companies in India. A report by NGO Box on CSR spending of 19 Indian banks (covered in survey) reveals that the banking sector is yet not prepared for two percent of the net profit spending on CSR projects as they have spend just 0.70 percent of their net profit spending on CSR projects. Hence, study on CSR bank-wise, State-wise, activity-wise, performance-wise, stakeholder-wise, satisfaction-wise, area cover-wise, preference-wise, etc. is needed.

Need/Importance for Corporate Social Responsibility can be stated as under.

1. In today’s fast-changing world, banking organization ability to successfully operate and hold competitive edge in the market place often hinges on its ‘license to operate’ within a community. Establishing a bank of goodwill is, therefore, very important for banking business to survive. Further, the process of globalization creates competition among financial organization to perform according to the internationally compatible trade practices, so this instigates them to divert their available resources to do more social activities. Therefore, need for CSR arises.

2. The positive outcome that can arise when banking sector adopt a policy of CSR, enhanced the need for CSR (Berad, 2011). There are certain benefits of CSR to company/banking company, community and environment protection as under:-

(A) Benefits to Company:
- Improved financial performance;
- Lower operating cost;
- Enhanced brand image and reputation;
- Increased sales and customer loyalty;


• Greater productivity and quality;
• More ability to attract and retain employees;
• Reduced regulatory oversight;
• Access to capital;
• Workforce diversity;
• Product safety and decreased liability.

(B) Benefits to the Community and the General Public:
• Charitable contribution;
• Employee volunteer programs;
• Corporate involvement in community education, employment and homelessness programs;
• Product safety and quality.

(C) Environment Benefit:
• Greater material recyclability;
• Better product durability and functionality;
• Greater use of renewable resources;
• Integration of environmental management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labeling.

3. There are various reasons apart from benefits for implementing CSR activities by banking sectors. Some of them can be as under:-

1. CSR build brand loyalty.
2. CSR attracting and retaining quality employees.
3. CSR strengthening mission-critical partnerships.
4. CSR smoothing the path for entering new markets.
5. CSR appealing to the growth number of socially responsible investors.
6. CSR polishing to the public image and enhancing the reputation of corporations.
7. CSR creating better job opportunities and investing in innovations.
8. CSR maintaining social commitment and connection between business ethics and social aspects.
9. CSR maintaining better relationship between various entities.
10. CSR help for sustainable business growth in the long run.
11. CSR help to make the employees better corporate citizens.

4. Different experts proved that there is a positive relationship between financial performance and CSR, observed by Shah by citing some examples (2013)\textsuperscript{28}, Ghoul et al. (2011)\textsuperscript{29} proved that investment in employee relations, environmental policies and product strategies contribute to lowering cost of equity. Cruz (2009)\textsuperscript{30} show that investment in previous social responsibility activities is capable of increasing profit, reducing risk and environmental impacts. Lin et. al (2009) improved profitability in long-run. Therefore it can be said that CSR is also something that a bank or company should try and get right in implementation. Company’s who better understand their social responsibilities and who begin to more adequately explore how they can build CSR into strategy are likely to reap the rewards of improved competitive positions in the future, to the benefit of their shareholders but also to the benefit of society at large, pointed out by shah (2013)\textsuperscript{31}. In the light six strategy dimensions, CSR offers a means to systematically explore ways in which social responsibilities can be built into strategy. Futher Shah (2013)\textsuperscript{32} argued why is CSR relevant today.

1.5 Significance of the present study:-

1. CSR initiatives in India are now taken by many companies specially manufacturing and industry, but there is a very little study done in the financial sector, especially the Indian Banking industry, where the major challenges is to create more awareness towards socially responsible investment (Shah, 2013)\textsuperscript{33}. There are few banks doing work in the field of CSR like environment, healthcare education, women empowerment, etc. The Annual reports and websites of few banks are providing information’s about their CSR activities but many websites is found not updates regularly and few

\textsuperscript{31} Shah, Asheesh (2013), Ibid , p. 50.
\textsuperscript{33} Shah, Asheesh (2013), Ibid
not having any disclosure norm or adoption of any CSR policy. Therefore a study based on primary data indepth is needed in this context.

2. CSR is getting more importance nowadays, not only in industrial sector but in banking sector also. The present study is based on primary data and assessed status of CSR adopted by private and public sector banks in Mumbai and compare CSR extent and levels between Public Sector Banks and Private Sector Banks. Therefore study is significant from research scholars, academic, society, bankers, RBI, industrial estate and policy makers point of view.

3. Most of the researcher has concentrated on umbrella type CSR. The coverage of indicators for findings out extent is very limited say 5 to 6; that too only activities towards society. But other stakeholders like employees, customers/ market, leader/ CEO, shareholders and society at large must be considered and then extent must be studied and assessed. This study attempts to find out the adoption of CSR, extent of CSR, level of CSR, differences in CSR, perception of bankers to leadership, employees (work place), accountability, customers (market place), and community relations or development. Hence significant of this study is very great.

4. The present study is unique as it compare the Public Sector Banks’ and Private Sector Banks’ CSR and found out real status which will helpful to plan future course of action and enhance image of banking sector.

5. There is a requirement of continuous research in the banking sector in general and CSR activities in particular. The present study “A Comparative analysis of Corporate Social Responsibilities in selected Public Sector Banks and Private Sector banks” will try to fill the some of gaps.

6. This study is useful to individual, employees of the banks, management of banks, companies, government, future researchers, professional learners, NGO’s etc.

7. The study will help the selected and the other bank whether a private sector banks or a public sector banks to frame more CSR policies and to implement the CSR activities in a more effective manner.

8. The structure and models of CSR in developing countries like India, presented herein offer Indian academician and readers a conceptual and practical implication of the system. For bank employees- managers/ CEOs, officers and
other staff seeking available guidelines/solution to extent their organization’s investment in CSR, the present research can serve as a resourceful guide to the many aspects understanding trusts in CSR. For researchers interested in the areas of CSR practicing and prospective models, the thesis introduces them to a rich field for future research.

1.6 Objectives of the study:

The main objectives of the present study are as under:

1. To study and assess the perception of bank employees towards Corporate Social Responsibility practices in selected Public Sector Banks and Private Sector Banks in Mumbai.

2. To measure, identify, compare and assess the extent of and levels in leadership vision related corporate social responsibility practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai.

3. To measure, identify, compare and assess the extent of and levels in employee related corporate social responsibility practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai.

4. To measure, identify, compare and assess the extent of and levels in customers related corporate social responsibility practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai.

5. To measure, identify, compare and assess the extent of and levels in accountability related corporate social responsibility practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai.

6. To measure, identify, compare and assess the extent of and levels in community development related corporate social responsibility practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai.

7. To measure, identify, compare and assess the extent of and levels in corporate social responsibility practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai.
1.7 Hypothesis of the study :-

The following hypotheses are formulated for testing purpose.

**Hypothesis – 1:** Extent of corporate social responsibility practices adopted in private sector banks is higher than that of public sector banks.

**Hypothesis – 2:** Moderate level corporate social responsibility practices are adopted in selected banks (i.e. Private and public)

**Hypothesis – 3:** There is no significant difference on corporate social responsibility practices adopted between selected public sector banks and private sector banks.

1.8 Research methodology:-

Following is the research methodology employed in the present study.

1.8.1 Research design of the study:

The chart 1.1 shows the adopted research design in the present study.

**Chart 1.1**

<table>
<thead>
<tr>
<th>Research design</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Research purpose</td>
</tr>
<tr>
<td>2. Research method survey</td>
</tr>
<tr>
<td>3. Research sample</td>
</tr>
<tr>
<td>4. Sample size</td>
</tr>
<tr>
<td>5. Sampling techniques used</td>
</tr>
<tr>
<td>6. Data collection</td>
</tr>
<tr>
<td>7. Primary data collection</td>
</tr>
<tr>
<td>8. Secondary data collection</td>
</tr>
<tr>
<td>9. Statistical tools used for data analysis and interpretation</td>
</tr>
<tr>
<td>10. Conclusion</td>
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</tbody>
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1.8.2 Universe of the study:-

Indian Banks, their branches and employees are the universe as under:-

1. There are 26 Public sector banks and 21 Private sector banks.
2. In order to study CSR, 2 Public sector banks and 2 Private sector banks are selected. There are in all 641 bank branches consist of SBI 236 branches, BOB 117 Branches, HDFC 128 Branches and ICICI 160 Branches in Mumbai is the Universe.
3. Employees who are working in SBI, BOB, HDFC and ICICI banks branches in banking are considered as universe in Mumbai.
4. 10,256 employees consist of SBI 3,776, BOB 1,872, HDFC 2,048 and ICICI 2,560 who are working in Mumbai branches of these banks is also universe.
5. For the present study purpose, 2 Public sector banks namely SBI and BOB and 2 Private sector banks namely HDFC and ICICI are selected randomly. Therefore employees who are working in these banks and in their branches in Mumbai are the universe. Furthermore, 20 each branches per banks are selected purposefully and randomly for the study purpose and hence universe is 440 employees of SBI, 320 employees of BOB, 280 employees of HDFC and 240 employees of ICICI total being 1280 employees is the universe.

1.8.3 Scope and area of the study:

Mumbai is selected as the study area. There are 26 public sector banks, out of 26, public sector banks; two are selected for study purposefully to represent public sector banks. Two selected banks are State bank of India and Bank of Baroda.

There are 21 private sector banks in India, out of 21, for our study purpose 2 Private sector banks are selected as a representative of private sector banks. The selected private banks are HDFC and ICICI. Branch manager, officer and clerk i.e. Bank staffs or employees are covered in the study area as sample. 1 Branch manager, 2 officers and 2 clerks are covered in the study area. 20 locations from Mumbai are selected. In other words 20 branches of State Bank of India, Bank of Baroda, HDFC
and ICICI banks and 5 staff member from each branch are covered total being 400. Thus scope of the study is as under.

1. Employees, who are working in State bank of India, Bank of Baroda, HDFC and ICICI of Mumbai is the population/universal (i.e sample)
2. Mumbai (here 20 locations) is the study area.
3. Twenty locations of Mumbai namely, Dalal Street or Gate of India, CST/General Post Office, Masjid, Byculla, Dadar, Kurla, Ghatkopar, Bhandup, Mulund, Chembur, Nariman Point/Mantralaya, Cuff Parade, Churchgate, Bandra, Santacruz, Vile Parle, Andheri, Jogeshwari, Goregaon, Girgaon(Parel) are selected.
4. 20 State Bank of India Branches in Mumbai, 20 Bank of Baroda Branches in Mumbai, 20 HDFC Branches in Mumbai and 20 ICICI branches in Mumbai from above mentioned locations are covered in the study.
5. 2 Private Sector Banks and 2 Public Sector Banks are covered.
6. Overall this study is extensive and purposeful.

1.8.4 Samples and sample size:

Out of 26 Public sector banks and 21 Private sector banks, 2 banks from each category are selected randomly; namely SBI, BOB, HDFC and ICICI who are operating in Mumbai city. At present they have 641 branches operating in Mumbai. They are SBI 236, BOB 117, HDFC 128 and ICICI 160. Out of these 80 Branches, 20 each per banks are selected randomly.

Twenty Branches of HDFC, Twenty Branches of ICICI, Twenty Branches of SBI and Twenty Branches of BOB were selected. Total 80 Bank Branches are selected by using simple random sampling method.

1.8.4.1 Banks and bank branches selections:

Selection of samples and sample size procedure is presented in chart 1.2
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Item</th>
<th>Nos.</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Selected Banks</td>
<td>04</td>
<td>State Bank of India, Bank of Baroda, HDFC and ICICI out of 47 banks (Public 26 and Private 21)</td>
</tr>
<tr>
<td>2.</td>
<td>Private Sector Banks</td>
<td>02</td>
<td>HDFC &amp; ICICI (out of 21)</td>
</tr>
<tr>
<td>3.</td>
<td>Public Sector Banks</td>
<td>02</td>
<td>State Bank of India and Bank of Baroda (out of 26)</td>
</tr>
<tr>
<td>4.</td>
<td>No. of bank branches selected from private sector banks – 20 each (20 x 2)</td>
<td>40</td>
<td>Locations are Nariman Point, Mantralaya, Churchgate, Cuff Parade, Bandra, Santacruz, Vile Parle, Andheri, Jogeshwari, Goregaon, Girgaon, Dalal Street/Gate of India, CST/General Post Office area, Masjit, Byculla, Dadar, Kurla, Ghatkopar, Bhandup, Mulund, Chembur.</td>
</tr>
<tr>
<td>5.</td>
<td>No. of Bank branches selected from public sector banks – 20 each (20 x 2)</td>
<td>40</td>
<td>Public sector banks branches for 2 selected banks are 353 i.e SBI-236 and BOB-117. Private sector banks branches for 2 selected banks are 288 i.e. HDFC 128 and ICICI 160 respectively.</td>
</tr>
<tr>
<td>6.</td>
<td>Selected location</td>
<td>20</td>
<td>As per point 4 &amp; 5 col. Particulars</td>
</tr>
<tr>
<td>7.</td>
<td>Total bank branches selected i.e. 4 each location (4 x 20)</td>
<td>80</td>
<td>SBI, BOB, HDFC and ICICI have 641 branches in Mumbai. SBI have 236 branches, BOB have 117 branches, HDFC have 128 and ICICI have 160 branches in Mumbai. Out of them 80 are selected. Hence sample size of present study from bank branches is 12.48 percent of total universe(i.e 641).</td>
</tr>
</tbody>
</table>
1.8.4.2 Bank employee’s selection:

At present in 641 bank branches of selected banks, 10256 employees are working; consist of SBI 3776 employees, BOB 1872 employees, HDFC 2048 employees and ICICI 2560 employees respectively; As 20 branches are selected per banks, their employees are 1280; consist of SBI 440, BOB 320, HDFC 280 and ICICI 240 respectively. Out of these 400 employees are selected 100 per bank. It means in all 400 employees of the banks, consisting of 200 from private sector bank and 200 from public sector banks are selected as sample. From each bank 100 employees are selected. Sample is drawn from branch manager, officers and clerks in the ratio of 1:2:2. Sample size selected from employees is presented in Chart 1.3 as under:

| Chart 1.3 |
| Final Sample size (i.e employees) |

<table>
<thead>
<tr>
<th>Banks</th>
<th>Particulars</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A) Private Sector Banks</td>
<td>200; Each branch 5 employees 5 x 40 = 200</td>
</tr>
<tr>
<td>(a) HDFC</td>
<td>(a) Each Branch (5 x 20 = 100)</td>
</tr>
<tr>
<td>(b) ICICI</td>
<td>(b) Each Branch (5 x 20 = 100)</td>
</tr>
<tr>
<td>(B) Public Sector Banks</td>
<td>200; Each bank 5 employees, 5 x 40 = 200</td>
</tr>
<tr>
<td>(a) SBI</td>
<td>(a) Each Branch 20 x 5 = 100</td>
</tr>
<tr>
<td>(b) BOB</td>
<td>(b) Each Branch 20 x 5 = 100</td>
</tr>
<tr>
<td>(C) Total samples employees</td>
<td>400 (05 x 80 = 400)</td>
</tr>
<tr>
<td>(D) Manager : officer: clerk</td>
<td>In the ratio 1:2:2</td>
</tr>
</tbody>
</table>

Thus sample and sample size is selected as

1) Branches and employees of Public sector banks and Private sector banks.
2) (a) Percent of Public sector banks selected to universe (26): 7.69 i.e 2 x 100/26.
   (b) Percent of Private sector banks selected to universe (21): 9.52 i.e 2 x 100/21.
   (c) Percent of bank branches selected to universe (641): 12.48 i.e 80 x 100/641
   (d) Percent of employees selected to universe (1280): 32.74 i.e 400 x 100/1280
1.8.5 Sources of data collection:

The researcher has selected a mix approach to collect the necessary data for the study. A combination of primary and secondary data was collected and used in the present study.

1.8.5.1 Secondary source of data:

Secondary data has been collected from various Journal, books, magazines, annual reports of banks, RBI, website of CSR and Banks, periodicals, research articles, newspaper, unpublished research work on CSR like M.phil, Ph.D. and shodhganga.

1.8.5.2 Primary source of data:

The primary data was collected by using questionnaires, observation, discussions, emails, and personal interviews. The questionnaire was administered among bank employees (i.e. selected branches, managers, officers and clerks). Piolt survey was also conducted before selection banks and employees as samples.

1.8.6 Statistical tools and techniques used:

For the processing the data the Excel has seen used. The research objectives and each question from the questionnaire were analyzed separately to understand the employees’ perception towards CSR practices in the private and public sector banks. Frequency and frequency converted into percentage, average, chi-square, comparative approach etc. were used. Hypotheses were tested by using chi-square test.

1.8.7 Data analysis and interpretation:

Data is interpreted and analyzed with the help of frequency distribution and frequency converted into percentage, tables, graphs, charts, average, chi-square test and comparative approach and then logical conclusions are drawn.

1.9 Conceptual framework of Corporate Social Responsibility:

The present study is a modest attempt to know and compare CSR practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai. But before do so, it is essential to know and understand what CSR mean? What are its models? What are its indicators or attributes? What are its features and constitutes? In
other words, ‘conceptual framework’ of CSR practices must be understand first. This is presented through following sections.

1.9.1 Meaning and definitions of Corporate Social Responsibility:

The concept of CSR generally means the social and local development of the community and taking initiative to preserve the environment and culture. The idea of CSR first came up in 1953 when it became an academic topic Bowen’s ‘social responsibilities of the businesses. Since then there has been continuous debate on the concept and its implementation as well as its importance and benefits. Although the idea has been around for more than half a century, there is still no clear consensus over its meaning and its definition and constituents. Rahman (2011)\textsuperscript{34} has evaluated CSR definitions from 1953 to 2008 and presented chronologically and findout 10 dimension around it CSR acts.

CSR is a concept that has attracted worldwide attention and acquired a new resonance in the global economy. In this context, World Business Council for Sustainable Development, define 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,” (Holme and Watts, 2000)\textsuperscript{35}

Similarly a World Bank (2002)\textsuperscript{36} defined CSR as the business obligation to provide renewable economic development through co-operation with employees, their families, the local community and society in a manner enhances their livelihood and consequently leads to beneficial business and development. In the word of Smith (2002)\textsuperscript{37} the integration of business operations and values whereby the interests of all stakeholders including customers, employees, investors, and environment are reflected in the organization’s policies and actions.

Regarding CSR meaning Kok et.al. (2001)\textsuperscript{38}, add that CSR is the obligation of the firm to use its resources in ways to benefits society through committed participation as a member of society, taking into account society at large, and improving welfare of society at large independently of direct gains of the company.

This variation stems in part from the lingering confusion as to what CSR precisely entails. Ultimately two major camps in the CSR debates can be delineated. The first camp believes rather firmly that a corporation is a legal construct and has only the two responsibilities bestowed by the law creating it, namely making money for owners and obeying relevant rules (Greenfield, 2004)\textsuperscript{39}. Another group believes that corporations act intentionally via the intentional actions of their members and hence bear the duties and obligation of any good person or citizen, but on a corporate scale (Hancock, 2005\textsuperscript{40}, Goodpaster and Matthews, 2003\textsuperscript{41}, Pettit, 2005\textsuperscript{42}). The first view translates into a narrow conception of corporate responsibility as simply entailing economic and legal responsibilities, while the second translates into a broader conception of CSR entailing a wider range of economic, legal, moral, and philanthropic responsibility (Jamali and Mirshak, 2007)\textsuperscript{43}.

Thus social ethics, sustainable development, quality of reporting and performance, welfare activities for stakeholders or society, corporate social performance, corporate social finance performance, environmental impact assessment, extractive industrials transparency initiatives, UN global impact, million goals, Ten Principles, global reporting initiatives, human development index, international labour standards, Kyotoprotocol, ISO-1400, ISO-9000, OHSAS 18001, all these concept are directly and indirectly correlated to Corporate Social Responsibility; stating that CSR is very wide concept. It has four phase evolution namely, (1) Charity merchant, (2)

\textsuperscript{40} Hancock, J. (2005),’Introduction:Why This Subject? Why This Book?’, in J.Hancock, Investing in Corporate Social Responsibility: A guide to best practices, Business Planning and the UK’s Leading Companies(Kogan Page, London), pp1-4.
Trusteeship, (3) declaration of social responsibilities of business and (4) post liberalatization and corporate citizen.

1.9.2 Models of Corporate Social Responsibilities:

To understand what is CSR and it’s work. The researcher studied different models related to CSR. This section deals with the various model related with the CSR. The different models are as follows:-

1.9.2.1 Business interaction with society
1.9.2.2 Griffin model on degree of social responsibility
1.9.2.3 CSR threshold model
1.9.2.4 Ethical conduct and the responsible responsiveness grid model
1.9.2.5 The strategic CSR model
1.9.2.6 Integration model
1.9.2.7 Kazemi and Estanesti model
1.9.2.8 Khan’s 60 variables model
1.9.2.9 CSR practicing models in India

A brief explanation of the above models are covered in this section.

1.9.2.1 Business interaction with society model:

This model is developed on Carroll, Elkington and Smith models. Carroll model includes four stages at which the business interact with the society, economic, legal, ethical and philanthropic. Elkington model includes three stages economic, environment and social. Smith model include the stakeholders like shareholders, employees, customers, suppliers, community, further generation. This model is presented in Chart 1.4.
1.9.2.2 Griffin’s model on degree of social responsibility:

Griffin’s model is based on social contribution, response, obligation and opposition (CROO); which can be rank from low to high levels. The model is as follows (Chart 1.5).

Chart 1.5
Griffin’s model on degree of social responsibility

1.9.2.3 CSR Threshold model:

This based on competitive advantages as every organization is different in their values, principles, ethical approach, CSR initiatives. CSR Threshold model is as under.

Chart 1.6
CSR threshold model: Competitive advantage

![CSR Threshold Model Diagram]

Source: Adopted from Wether, W.B; and David Chandler, (2006), The Business level CSR Threshold.

The focus of this approach is cost-benefit analysis.

1.9.2.4 Ethical conduct and the responsible responsiveness grid model:

This model describes a relationship between social responsibility and social responsiveness. (a) Social responsibility implies a static condition of having assumed an obligation. (b) Social responsiveness implies a dynamic, action oriented process at which stakeholders needs are met. Model is as under.

Chart 1.7
Ethical Conduct and Responsible Responsiveness Grid

![Ethical Conduct and Responsible Responsiveness Grid]

1.9.2.5 The Strategic CSR model:

This model is developed by Werther, which depends upon 7 factors such as (1) aspiration, (2) intent, (3) Environment, (4) Competencies, (5) Corporate operation, (6) implementation and (7) initiation. The developed model is given in Chart 1.8.


1.9.2.6 Integration model:

Carroll’s 1979 and 1991 theoretical framework and Wood 1991 theoretical framework is referred integration model. The two model of Carroll (1979/1991) and Wood (1991) are not different to each other in fact if studied deeply they both are complementary to each other. Carroll’s categories i.e Economical Responsibility, Legal Responsibility, Ethical Responsibility and Discretionary Responsibility can be viewed as the domains within the Wood’s Principles, Process and Outcome. This can be presented in Chart 1.9.
**Chart 1.9**

An integration of two model

<table>
<thead>
<tr>
<th>Domains</th>
<th>CSR principles</th>
<th>Processes of responsiveness</th>
<th>Outcomes of corporate behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cell 1: Economic</td>
<td>Social legitimacy</td>
<td>Environmental assessment</td>
<td>Social impacts</td>
</tr>
<tr>
<td></td>
<td>Public responsibility</td>
<td>Stakeholder management</td>
<td>Social programs</td>
</tr>
<tr>
<td></td>
<td>Managerial discretion</td>
<td>Issues management</td>
<td>Social policies</td>
</tr>
<tr>
<td>Cell 2: Legal</td>
<td>Social legitimacy</td>
<td>Environmental assessment</td>
<td>Social impacts</td>
</tr>
<tr>
<td></td>
<td>Public responsibility</td>
<td>Stakeholder management</td>
<td>Social programs</td>
</tr>
<tr>
<td></td>
<td>Managerial discretion</td>
<td>Issues management</td>
<td>Social policies</td>
</tr>
<tr>
<td>Cell 3: Ethical</td>
<td>Social legitimacy</td>
<td>Environmental assessment</td>
<td>Social impacts</td>
</tr>
<tr>
<td></td>
<td>Public responsibility</td>
<td>Stakeholder management</td>
<td>Social programs</td>
</tr>
<tr>
<td></td>
<td>Managerial discretion</td>
<td>Issues management</td>
<td>Social policies</td>
</tr>
<tr>
<td>Cell 4: Discretionary</td>
<td>Social legitimacy</td>
<td>Environmental assessment</td>
<td>Social impacts</td>
</tr>
<tr>
<td></td>
<td>Public responsibility</td>
<td>Stakeholder management</td>
<td>Social programs</td>
</tr>
<tr>
<td></td>
<td>Managerial discretion</td>
<td>Issues management</td>
<td>Social policies</td>
</tr>
</tbody>
</table>


**1.9.2.7 Kazemi and Estanesti model:**

The theoretical framework of their model is Vilanova et.al. (2008)\(^4^4\). The improved dimension and criteria of the model is presented in Chart 1.10.

---

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace</td>
<td>1. Practicing non-discriminatory policy&lt;br&gt; 2. Education and empowerment of the staff&lt;br&gt; 3. Balancing life and work for the staff&lt;br&gt; 4. Encouraging staff to report violation of principles and values&lt;br&gt; 5. Staff safety and health&lt;br&gt; 6. Equal job opportunity policy&lt;br&gt; 7. Encouraging staff to volunteering social activities</td>
</tr>
<tr>
<td>Accountability</td>
<td>1. Dialog and interaction with the beneficiaries&lt;br&gt; 2. Disclosing organization’s information and performance&lt;br&gt; 3. Informating and evaluation of anti-bribery regulations&lt;br&gt; 4. Reporting social and environmental impacts of the organization&lt;br&gt; 5. Receiving certificates and standards</td>
</tr>
<tr>
<td>Market place</td>
<td>1. Encouraging clients to use services and products responsibly&lt;br&gt; 2. Evaluating business partners based on CSR criteria&lt;br&gt; 3. Equal opportunities for partners to support social programs&lt;br&gt; 4. Considering CSR criteria in contracts&lt;br&gt; 5. Considering environment conditions while giving loans and financial services</td>
</tr>
<tr>
<td>Community relations</td>
<td>1. People’s knowledge and education the services and financial affairs of banks&lt;br&gt; 2. Giving financial services and loans on non-discriminatory basis nationwide&lt;br&gt; 3. Taking actions in favour of poor people to have easier access to financial services&lt;br&gt; 4. Making decisions in order to support local communities and less prosperous areas&lt;br&gt; 5. Measuring society’s overall view of the organization’s performance</td>
</tr>
</tbody>
</table>

1.9.2.8 Khan’s 60 variables model:
Khan (2010) developed 60 variables consisting of 7 dimensions model for measuring extent of CSR practicing and reporting:

1.9.2.9 CSR practicing models in India:-
In India, (1) cause-related marketing, (2) creation of ancillary units/preferencial buying, (3) volunteerism, (4) micro-credit, (5) stakeholder involvement, (6) philanthropy, (7) provision for employment, (8) updating skills of socially disadvantaged groups, (9) five year plan –IRDA model, (10) Ghandhi and Nehru welfare model, (11) RBI and Ten principles company model, (12) Public distribution system e.g. (Rs. 2 kg Rice PDS), (13) Karmyogi rating model, (14) SRA model etc. CSR models are in operation.

1.9.3 Measures and indicators of Extent of CSR practices:
This section state the various measures and indicators of CSR supposed to be practiced by any organization, including banking organization. Carroll (1979) selected four indicators, referred responsibility. They are Legal responsibility, Ethical responsibility, Economic responsibility, and Discretionary responsibility.

Wood’s theoretical framework (1991) considered principle of motivation and selected 3 principles of CSR such as (1) Institutional principles e.g legitimacy, (2) Organizational principles e.g Public responsibility and (3) individual principles, e.g. managerial discretion. Thus he used 3 indicators and measures CSR extent and its practices. On the other hand, integration model covers Carrolls’ and Woods’ parameters and measures the extent of CSR practices. Khan et al. (2009) studied ‘Corporate Social Responsibility (CSR) reporting: A study of selected banking companies in Bangladesh’. They considered 19 indicators and found out the CSR

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reporting practices for selected banking companies in Bangladesh. Seven activities are selected by Maharana (2013) 49 for studying existing CSR practices in selected nationalized banks in India and to suggested model for best CSR practices. The selected activities are (1) education, (2) health, (3) environment, (4) rural development, (5) children welfare, (6) social community welfare, (7) women empowerment. The selected banks are State Bank of India, UCO bank, Allahabad bank, bank of Baroda, and Andhra bank and the period of study is one year (2009-10).

A comparative analysis of CSR practices in Ten selected Private Commercial bank in Bangladesh is undertaken by Rahman and Iqbal (2013) 50 by selecting 10 attributes. They are as under.

1. Beautification of cities
2. Education of rootless children
3. Accommodation for slum dwellers
4. Publicity related to women’s right and anti-dowry practices
5. Feeding and clothing and rehabilitation of rootless children
6. Grants to organizations engaged in treating cleft-lips
7. Grants to the organization engaged in treating acid victims
8. Technical and Vocational training to labour for export to HR
9. Infrastructure of sports and training at national level and
10 Providing relief during various natural disasters.

Broad areas covered by study are education, healthcare, sports, arts and culture, humilities and disaster relief and environment. Two Iranian Private Banks study on CSR dimension to recognize and prioritize is comprehensive one. To identify and rank CSR practices. 28 criteria/ attributes/ indicators are selected by Kazemi and Estanesti (2011) 51. They are classified into five dimension namely leadership (vision), workplace, accountability, market place and community relations.

Each dimension have 6, 7, 5, 5, and 5 criteria or attributes. Extent of CSR, ranking of CSR and prioritizing of CSR dimension is studied and assessed. A model is developed by them to measure and identify CSR practices. Another important study on CSR practices and its measures is of Khan (2010)\(^{52}\). 60 items/ statement/ attributes are selected and extent of CSR practices and its relationship with corporate governance is studied. Sixty items are classified suitably into 7 dimension as under.

1. Contribution to health sector (1 to 13 statement),
2. Contribution to education sector (14 to 24 statement),
3. Activities for natural disaster (25 to 29 statement),
4. Other donations (30 to 37 statement),
5. Activities for employees (38 to 49 statement),
6. Environmental issues, and (50 to 54 statement),
7. Product/services/ statements (55 to 60 statement).

Corporate social responsibility reporting index is calculated and by using multi-variate analysis, the relationship is tested.

Thus various studies on CSR practices have selected minimum 7 and maximum 60 items/ statements/ indicators/ attributes/ criteria. Most of studies covered one management ownership-Private or Public. A summary of debates on CSR in respect of theory, alternate view of the corporate, related issues and activities and indicators is presented by Sable (2007)\(^{53}\) very systematically, which in turn help to know the reciprocate relationship between various CSR stakeholders.

1.9.4 Selected model for the present study purpose and its measures and indicators:

Every organization is different in their values, principles and ethical approach. Their preferences vary from organization to organization. CSR policy of different organization also depends on the environment of organization, attitude of manager towards it and many other factors. If a organization is well established it can frame a


good CSR policy and able to implement it effectively, whereas if an organization is not well established, it is fighting to survive in the competitive world, than the CSR policy and implementation of it will not be effective (e.g. Indian Public Sector Banks).

In this context, on the basis of above cited studies related to CSR practices, and models employed by them and measures and indicators considered by them, the present study selected required model, and its measures and indicators for identifying the extent and level of CSR practices in selected Public Sector Banks and Private Sector Banks in Mumbai. The model developed by Kazemi and Estanesti (2011) is suited to India context and based on it, a model of CSR extent is developed for the present study. In the model 40 indicators are selected and they are divided into 5 dimension (1) leadership, (2) employee, (3) customer, (4) accountability and (5) community development. Selected model for present study is as under, and referred here Kanchan model.

Chart 1.11

Employed model of CSR extent and level: Kanchan model

![Chart 1.11](image)

Chart 1.12 gives detail selected measured and indicators as per dimension of CSR.

---

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Indicators of CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Leadership vision</strong></td>
<td>1. Using organizational (banking) mission for CSR performing purpose 2. Formulating organizational strategies for effective practicing CSR 3. Managing CSR affairs to produce, an overall impact on society 4. Sensitizing banking business on social development (i.e. CSR) 5. CII’s role in initiating CSR practices and models.</td>
</tr>
<tr>
<td><strong>2 Employees</strong></td>
<td>1. Safe working environment 2. Providing equal training and development opportunity to employees 3. Providing equal Job opportunity and rotation policy to employees 4. Encouraging staff to report violation of principles and values 5. Providing non-discriminating promotion, transfer and welfare policy for staff 6. Staff safety and health</td>
</tr>
<tr>
<td><strong>3 Customer</strong></td>
<td>1. Encouraging clients to use services and products responsibly 2. Customers grievance and complaints department maintained separately 3. Customer’s complaints addressed and resolved promptly and effectively 4. Usage of CSR in enhancing the ladder of loyalty i.e partner 5. Considering CSR criteria in contracts 6. Customers are involved in CSR policy assuming ‘Customer is the king of market’</td>
</tr>
<tr>
<td><strong>4 Accountability</strong></td>
<td>1. Reporting dialog and interaction with CSR beneficiaries 2. Reporting proportion of women directors on the board 3. Reporting information and performance on employment to reserve categories</td>
</tr>
</tbody>
</table>
Thus 40 indicators are selected to understand the extent of and level in CSR practices and compare them. 40 indicators are divided into 5 main measures referred here dimensions. Further two each Public Sector Banks and Private Sector Banks are selected.

1.9.5 Definition of selected measures and indicators:

1.9.5.1 Public Sector Banks:
The State Bank of India (SBI) and Bank of Baroda (BOB) together referred here Public Sector Banks.

1.9.5.2 Private Sector Banks:
Industrial Credit and Investment Corporation of India (ICICI) and Housing Development Financial Corporation (HDFC), together called here Private Sector Banks.

1.9.5.3 Perception of bank employees towards CSR:
Perception is a process by which bank employees organize and interpret their sensory impressions in order to give meaning to their practiced CSR activities. It is feeling of bank employees towards CSR.

1.9.5.4 Ten Principles of CSR as per Companies Act, 2013:
Performing ten prescribed activities namely (1) health care and sanitation, (2) promoting education, (3) promoting gender equality, (4) environment sustainability, (5) promotion of natural heritage, art and culture, (6) armed forces measures, (7) promotion of rural sports, (8) donation to national relief fund, (9) fund to technology and (10) rural development project is known as ten principles of CSR provided by Companies Act, 2013.

1.9.5.5 Customers of Public Sector Banks and Private Sector Banks:
Customers defined as to constitute a customer, there must be some recognizable course or habit of dealing in the nature of regular banking business. In simple words user of SBI, BOB, ICICI and HDFC banking services are referred here customers of Public Sector Banks and Private Sector Banks.
1.9.5.6 Leadership vision dimension related CSR practices:

Leadership vision related CSR practices means using organizational/ banking mission for CSR performing purpose, formulating organizational strategies for effective practicing CSR, managing CSR affairs to produce an overall positive impact on society, sensitizing banking business on social development, and CII’s role in initiating CSR practices effectively and systematically. It means performing or adopting these activities by Public Sector Banks and Private Sector Banks effectively and systematically referred leadership related CSR practices. Higher the ‘yes’ responses higher the extent of CSR practices adopted in above measures and indicators.

1.9.5.7 Employee dimension related CSR practices:

Adopting or performing of safe working environment, providing equal training and development opportunity to the all employees, equal job opportunity and rotation policy to all employees, encouraging staff to report violation of promotion, transfer and welfare policy for staff and practicing safety and health is known as employees dimension related CSR practices. Higher the ‘yes’ responses on above indicators means higher the extent and level adopted or performed.

1.9.5.8 Customer dimension related CSR practices:

Practices such as (a) encouraging clients to use services and products responsibly, (b) maintain separately customer grievance and complaint department in banking, (c) addressed and resolved promptly and effectively customers complaints, (d) using CSR for enhancing the loyalty ladder, (e) considering CSR criteria in contracts, and (f) involvement of customer in banking policy supporting customer is the king of the market are effectively undertaken by Public Sector Banks and Private Sector Banks for customer then it is referred customer dimension related CSR practices. The higher the ‘yes’ responses, higher the extent of CSR practices or higher the CSR performance.

1.9.5.9 Accountability dimension related CSR practices:

The term social responsibility accounting, social audit, social information disclosing, CSR reporting, etc are synonymous of CSR. CSR accountability means the measurement and reporting of information concerning the impact of a concern and its
activities on society. Disclosing and reporting CSR activities and performance is referred accountability. Reporting dialog and interaction with CSR beneficiaries, proportion of women director on the board, and information and performance on employment to reserve categories are treated here accountability dimension related CSR practices.

1.9.5.10 Community development dimension related CSR practices:
Performing activities such as rural development, women empowerment, poverty eradication, community welfare, education promotion, children welfare, environment promotion, healthcare, vocational training, national donation, natural calamities donation, supporting senior citizen, supporting physical challenged persons, village adoption, supporting sports and infrastructure, supporting cultural arts and music, adoption of girl child, establishment of trust/ foundation/Ngo, farmers welfare, promoting socially deprived group, etc. are called community development dimension related CSR practices. Higher the 'yes' responses, higher the community development dimension related CSR practices performance.

1.9.5.11 Corporate Social Responsibility (CSR):
Meaning and definition of CSR given by Carroll and Buchholtze (2000)⁵⁵, World Business Council for sustainable Development is accepted for present study. CSR is defined as the economic, legal, ethical and philanthropical expectations placed on organizations by society at a given point in time. Therefore CSR a practiced by the banks has two separate dimensions, first and the direct philanthropic one is the outright grants provided by then and the second supports mainstream commercial activities like providing micro-finance to the poor. According to the World Business Council for sustainable Development, CSR relates to the activities undertaken by the businessmen continuously which improves the quality of life of not only the employees of the companies and their families but also the people in the society at large and ultimately contributes to the economic development. Vilanova et al. (2008)⁵⁶ divides CSR into five dimension- leadership, workplace, accountability,

market place and community relations. This model is used by Kazemi and Estanesti\(^{57}\). Based on these two models, present study developed model which is suitable to Indian banking CSR practices, referred as Kanchan model (40 K Model). Hence CSR means business obligation to enhance livelihood of leader/CEO (i.e entrepreneurs), employees, customers, community (society) development and consequently leads to accountability, beneficial business and development.

### 1.9.5.12 Extent of CSR:

The extent of CSR indicator means the percentage of yes responses to that indicator to total responses in the study i.e total number of responses/ sample size/ respondents. It means it can be measure in term of percentage as under.

\[
e = \frac{a}{b} \times 100
\]

where, 

- \(e\) = Extent of CSR, say rural development
- \(a\) = Number of yes responses
- \(b\) = Total responses of the study.

It means it is a CSR performance in percentage.

The average/ mean extent is calculated as under,

\[
\bar{X} = \frac{X_1 + X_2 + \ldots + X_n}{n} = \frac{\sum X}{n}
\]

where, \(X_1\) to \(X_n\) are indicators of CSR

\(\bar{X}\) = Average / Mean

\(n\) = Total respondents in the study.

Chi –square test \((\chi^2)\) is used for testing hypotheses. It is one of the simplest and most widely used parametric as well as non-parametric test.

It is calculated by using following formula:

\[
\chi^2 = \frac{\sum (O-E)^2}{E}
\]

where, 

- \(\chi^2\) = Chi-square,
- \(O\) = observed frequency,
- \(E\) = Expected Frequency

---

1.9.5.13: CSR practices:
Performance or adopting leadership, employees, customers, accountability and community development dimension related CSR practices.

1.9.5.14 Level of CSR practices:
It means to know the degree or extent of CSR practices performed/ adopted by Public Sector Banks and Private Sector Banks. In practice maximum degree or extent of CSR can be achieved upto 100 percent. This 100 percent may be called score and divided into equal 5 intervals.

It is expected 100 percent level to be achieved/ practiced by each indicator/ measure i.e here 40 of CSR practices and ultimately in CSR practices. This is called score i.e extent of CSR achievement. Based on this, whole (i.e 100 percent) is divided into 5 level assuming that low, average, moderate, high and very high level of CSR achieved/ practiced as under:

<table>
<thead>
<tr>
<th>Level</th>
<th>Range of score/ Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>0-20</td>
</tr>
<tr>
<td>Average</td>
<td>21-40</td>
</tr>
<tr>
<td>Moderate</td>
<td>41-60</td>
</tr>
<tr>
<td>High</td>
<td>61-80</td>
</tr>
<tr>
<td>Very High</td>
<td>81-100</td>
</tr>
</tbody>
</table>

Chart 1.13
Level of CSR practices.

1.10 Chapter Schemes:
The entire thesis is divided into 8 chapters.
1. Introduction: Conceptual framework and research methodology
2. Review of literature
3. Profile of the selected banks for the study
4. Perception of bank employees towards corporate social responsibility
5. Comparison of leadership vision and employees dimension related corporate social responsibility practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai.
6. Comparison of customers and accountability dimension related corporate social responsibility practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai.

7. Comparison of community development dimension related corporate social responsibility practices adopted in selected Public Sector Banks and Private Sector Banks in Mumbai.

8. Summary of findings, conclusion and suggestions.

The first chapter provides an insight about the meaning of corporate social responsibility (CSR) in Banking sustainable development, discussed the detail research methodology followed in the present study. Research design, objectives, significance of the study, hypothesis, method of data collection, the choice of questionnaire, scope of the study, period of the study, area, samples and sample size provided in the chapter. It also covers statistical tools and techniques used, in data interpretation, data analysis, selected indicators and measures of CSR also covered.

The second chapter deals with review of literature, theories, models, National and international level literature is reviewed by classifying in a suitable format.

The third chapter deals with profile of selected banks i.e SBI, BOB, HDFC and ICICI based on financial performance, focus areas, annual spending, activities and awards win etc.

The fourth chapter deals with perception of bank employees towards CSR which covers socio-economic profile of sample respondents in terms of age, occupation, gender, education, income, etc. The perception of banks employees towards CSR assessed on awareness of CSR models, policy defined and who framed policy of CSR, how bank report the CSR activities, impact of CSR on image, behavior and competitive advantages, Ten principles of Companies Act-2013, way of discharged CSR activities, forms and motives of CSR practicing and inside as well as outside hurdles faced by bank while practicing CSR.

The fifth chapter deals with the extent of and levels in leadership vision and employees dimension related CSR practices adopted in selected Public Sector Banks
and Private Sector Banks is measured and identified and then a comparison is made between two bank ownership.

Customers and accountability dimension related CSR practices adopted are measure, identify and compare in chapter six. The extent of and levels in is assessed between Public Sector Banks and Private Sector Banks in Mumbai.

Chapter seven deals with extent of and level in community development dimension related CSR practices adopted in Public Sector Banks and Private Sector Banks. Chapter 7 also assessed overall CSR practices adopted in two banks ownership as well as testing of hypothesis also covered in this chapter.

The last chapter starts with final conclusion derived from the study followed by necessary suggestions. The chapter concludes with space for further research in the subject.

1. **Limitations of the study:**

1. The topic understudy is very wide and complex one.
2. The topic is governed by mainly internal and external factors of banking sectors.
3. The survey is conducted only in Mumbai; hence result obtained may not applicable elsewhere.
4. Size of the sample considering banking network in Mumbai, is considerably small. It is only 2 private banks and two public sector banks, 80 branches only and 400 employees, 5 each from each branch.
5. Random error is inevitable while using sampling techniques.
6. As per RBI, minimum two percent profit of the preceding 3 previous years is kept aside for CSR activities; moreover in India CSR practices are mandatory.
7. The period of the study is 3 years, i.e. 2012-2014.