

A Study on evaluating impact of Corporate Social Responsibility on Satisfaction of Private bank customers in South Mumbai region.

Virani Charmi¹, Dr Balaji B Kamble²

¹Research Scholar (Nirmala Memorial Foundation College of Commerce & Science)Asst. Prof. (KES' B K Shroff College of Arts & M H Shroff College of Commerce)

²Research Guide, I/C Principal Shri Chinai College of Commerce and Economics

Abstract:

Corporate Social Responsibility (CSR) is the plan that pushes companies in playing a positive role in the community by providing social and environmental upliftment. The aim of this study is to analyse effect of CSR on Customer satisfaction (CS) of private bank. SEM technique using SMART PLS have been used for the current study. It is seen that CSR significantly influence Customer satisfaction of private bank. Further studies can be conducted by evaluating impact of CSR on customer satisfaction using moderator constructs (Type of bank).

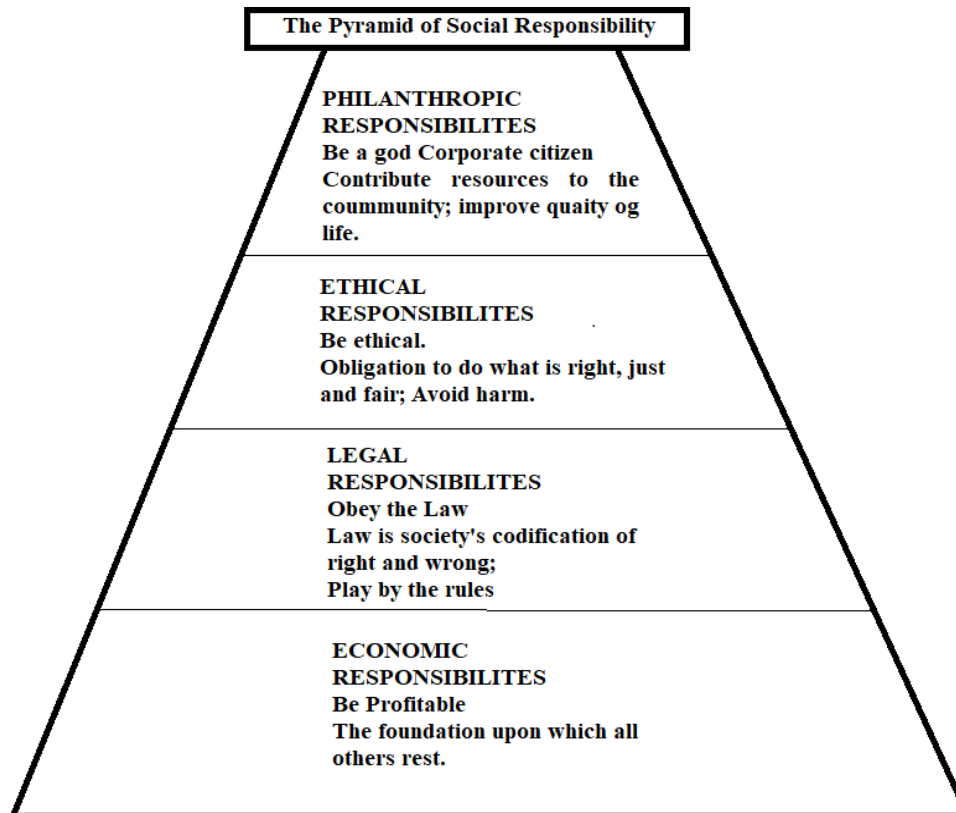
Keywords: *CSR, Customer Satisfaction, Banking Sector, Structural Equation Model (SEM).*

Introduction

Banking in India has been evident since ancient times and can be traced back to its roots through various scriptures available from the past. Modern banking, or the current banking system, can be traced back to the 18th century when it started to emerge. A bank that was initially started in 1770, known as the Bank of Hindustan, was one of the first banks in India; this bank was operational till 1832 and was later liquidated in the same year. In 1786, Another Bank of India was started, but failed to run smoothly and was liquidated in 1791. State Bank of India is a far-reaching and the oldest running national bank in India. It was initially started as the Bank of Calcutta and was relabelled later as the Bank of Bengal. Two other banks Bank of Bombay, and the Bank of Madras was initiated in 1840, formed in 1843. These three banks were merged, and one bank was formed known as the Imperial Bank of India in 1921 and later was named the State Bank of India in 1955. Several other public banks, such as the Punjab National Bank, initiated in 1894; Canara Bank and Bank of India, initiated in 1906; and various other banks. India, as of now, has 12 public sector banks, of which five banks have their headquarters in Maharashtra. Private Banks' history also dates back to 1904 when City Union Bank was formed in Tamil Nadu. Other private banks include the HDFC Bank, ICICI Bank, Kotak Mahindra Bank, Yes Bank, Axis Bank, IDBI Bank and a few more. Currently, there are 21 Private Banks in India. There are 43 rural banks in India for various states of the country, and many foreign banks that are originally from outside of India but have branches in the country.

Corporate Social Responsibility (CSR) is the idea or a pursuit format that assists companies to be humanly aware of the communities that require their assistance for the fulfilment of their needs; it assists a company

in playing a constructive role in the neighbourhood and considering the ecological and social consequences of business decisions. It is a concept that broadens the duty of companies past the interest of stakeholders, owners, customers, employees, etc., spotlighting the obligation to incorporate the effect of business ventures on the natural habitat and society. The Banking sector is the same when it comes to Corporate Social Responsibility. A foundational model which might be asserted in the aftermath of this discussion is a four-part model figure (Carrol, 1991). The Pyramid of Social Responsibility i.e.



Source Carrol, 1991.

The Indian banking sector is actively undertaking CSR practices, focusing on and furthering environmentally safe and socially responsible investments and lending customs. The banks also take up initiatives towards sustainable development. They have also started reporting non-financial reports associated with work in social, environmental and economic accounting. The majority of CSR-related activities that the banking sector considers are towards community and children welfare, education, healthcare, environment, rural development, poverty elimination, women empowerment, rural development, upliftment of the girl child, vocational training, etc. As mentioned earlier, most of the banking sector works towards development and has been doing so for a few years now, benefiting the people.

Review of Literature

1. Maqbool, S., & Zameer, M. N. (2018). This study explored the association between financial performance and corporate social responsibility in India. From its study, factual evidence exemplifies separate work. The research considered twenty-eight Indian commercial banks for ten years. It is evident

that CSR effects advantageously stock returns and profits. It is not optional; a long-term business strategy and results will be visible in the long run. The corporate business world redesigned the relationship between the stakeholders from stockholders. Therefore, it is a driving force towards magnifying financial performance.

2. **Mehta, M., & Chaugule, K. (2014).** The paper examined the corporate social responsibilities of the banking sector with special reference to ICICI Bank. The paper focused on understanding the work done by the ICICI bank towards its CSR initiatives for developing society and the environment. ICICI bank has invested money as a CSR initiative for health at birth, primary education and microfinancing. There are several programs that the bank undertakes for CSR, such as Blood donation drives, nutrition programs, English language programs, health training and support program, outpatient health care, rural self-employment training institutes, etc. The authors conclude the paper by stating that the companies now realise the importance and benefits of incorporating sustainability. CSR initiatives have various positive effects on the company's development as they raise the goodwill of the company in the eyes of the stakeholders and customers. It helps in retaining customers and employees as well as growing the company.

3. **Sharma, E., & Mani, M. (2013).** In this study, the authors have considered corporate responsibility activities by Indian commercial banks. It contributes financial support to the socio-economic of the country, like helping remove poverty, medical aid, rural development, skill-based training for self-employment, education and overall development. The survey has been constructed on data collected from annual reports. Thirty banks have been selected, of which 10 are private, 15 are public sector, and 5 are foreign banks. Although Indian banks are trying their best, they must emphasise CSR more.

4. **Singh, N. et al. (2015).** The authors scrutinized the position of the Indian banking sector towards corporate social responsibility in achieving development goals. The authors believe that the banking sector is one of the most emerging sectors of the economy, contributing to various aspects of the nation's development mainly by providing support towards education. Several banks take the initiative to supply free books to those in need, establishing primary schools and providing scholarships to rural area children. The paper further states that one of the biggest Private banks, ICICI, has contributed millions towards the upliftment of elementary education. Various other private and public banks are funding CSR towards several worthwhile causes, also keeping more focus on education. The authors conclude the study by pointing out that the banking sector plays an important role in the economy's contribution. Hence, every bank needs to take up CSR initiatives to gain customers and also towards their growth.

5. **Tripathi, M. M., & Rana, K. (2017).** The authors examined the impact of corporate social responsibility on the performance of public and private sector banks in India. The paper aimed to determine the relationship between CSR dimensions and bank performance. The findings of this study indicated a significant positive effect on the performance of the banks. However, there is a need for creating awareness among the employees towards being responsible towards the environment and society. There is also a need for the institutions to be Enlightened through conferences and seminars that more than just making a profit and growing their organisations is needed; they need to be aware of the community's social needs and the environment.

6. **Veerabrahmam, B., & Ramesh, S. (2020).** The author has focused on CSR spent on operating profit in the banking industry, which plays a vital role in the country's economy. Globally, banks are aiding

educational, cultural, financial, and health through CSR. Even support non-profit organisations. In brief, it is used for the good of humanity. This way, it has a strong impact on its operating profit. CSR differs from area to area, business to business, and industry to industry. It will enhance the credibility of the banks to gain customers.

7. **Venugopal, N., & Kunjukunju, B. (2018).** The researchers have focused on recognising beneficiaries regarding CSR and their input on it. Corporate social responsibility is that obligation for the welfare of society. Commercial banks have taken many initiatives. New rules have been applied to introduce CSR. The industry can work on its own or through any NGO having a background of at least three years, their own NGO, or partner resources with other companies. As per the new companies act 2013, CSR has become mandatory.

Objectives of the Study

To analyse the impact of corporate social responsibility on customer satisfaction of private sector bank.

Hypothesis

Ho: CSR does not significantly influence Customer satisfaction of private bank.

H1: CSR significantly influence Customer satisfaction of private bank.

Research Methodology

Data has been collected from 125 private bank customers using structured questionnaire. (at effect size, statistical power 0.9, number of latent variables=2, number of observed variables=10 and probability level=0.05 the minimum required sample size=119). Non probability purposive sampling have been used for the current study. Both primary and secondary data collection techniques have been used for the current study. The technique used for the current study is structural equation model and the tool used for the analysis is SMART PLS.

Anticipated effect size:	<input type="text" value="0.3"/>	?
Desired statistical power level:	<input type="text" value="0.9"/>	?
Number of latent variables:	<input type="text" value="2"/>	?
Number of observed variables:	<input type="text" value="10"/>	?
Probability level:	<input type="text" value="0.05"/>	?
<input type="button" value="Calculate!"/>		
Minimum sample size to detect effect:	119	
Minimum sample size for model structure:	100	
Recommended minimum sample size:	119	

Data Analysis and Interpretation

Table No:1 Reliability and validity

Path	Beta coefficient	T value	P value
Corporate social responsibility → customer satisfaction	0.880	57.341	0.000

P (value) < level of significance 5% thus Ho is rejected and H1 is accepted indicating significance impact of corporate social responsibility (CSR) on customer satisfaction (CS) of private bank in south Mumbai region.

Conclusion

After reviewing the past literature, it was observed that private banks are ahead while contributing towards CSR activities. The analysis of this study indicated that all these initiatives taken up by the banking sector have a significant effect on customer satisfaction. The customers show a positive attitude towards all these initiatives carried out by the bank, which leads to an increase in trust and satisfaction towards the services provided by the banking sector. Apart from providing customer satisfaction, these initiatives also help in the reputation, employee retention and loyalty of the banks. The public banks need to learn from these private banks and work towards building their CSR activities so that they can accomplish what the private banks already have. CSR activities have a pragmatic effect on customer satisfaction and the banking sector is customer oriented. This will lead towards enhancing the customer contentment of the banks of the public sector. It is noteworthy such CSR activities have double benefits as it impacts the growth of the community socially as well as develops the environment all in this in turn impresses the customer which again leads to customer loyalty and trust.

References

1. Platonova, E., Asutay, M., Dixon, R., & Mohammad, S. (2018). The impact of corporate social responsibility disclosure on financial performance: Evidence from the GCC Islamic banking sector. *Journal of Business Ethics*, 151(2), 451-471.
2. Kiliç, M., Kuzey, C., & Uyar, A. (2015). The impact of ownership and board structure on Corporate Social Responsibility (CSR) reporting in the Turkish banking industry. *Corporate Governance*.
3. Maqbool, S., & Zameer, M. N. (2018). Corporate social responsibility and financial performance: An empirical analysis of Indian banks. *Future Business Journal*, 4(1), 84-93.
4. Veerabrahmam, B., & Ramesh, S. (2020). Corporate Social Responsibility and Banking Sector-an Impact Analysis. *UGC Care Group I Listed Journal*, 10(3), 2278-4632.
5. Sharma, E., & Mani, M. (2013). Corporate social responsibility: An analysis of Indian commercial banks. *AIMA journal of Management & Research*, 7(1/4), 0974-497.
6. Sharma, S. K., & Tomar, A. (2013). Corporate Social Responsibility and Sustainable Development. *Journal of Indian Research*, 1(4), 112-114.

7. Rahman, M. A., & Islam, M. A. (2019). Corporate social responsibility and sustainable development: a study of commercial banks in Bangladesh. *Applied Economics and Finance*, 6(2), 6-14.
8. Mehta, M., & Chaugule, K. (2014). Corporate Social Responsibility: A Case Study of ICICI Bank. *Sai Om Journal of Commerce & Management. Volume 1, Issue 2.*
9. Tripathi, M. M., & Rana, K. (2017). Impact of Corporate Social Responsibility on Performance of Public Sector and Private Sector Banks in India. *Shodhaditya Institute of Management studies and Research. Volume 4, Issue 1.*
10. Singh, N., Srivastava, R., & Rastogi, R. (2015). Lighting the lamp of education: Role of Indian banking sector towards the corporate social responsibility in achieving development goals. *International Journal of Multidisciplinary and Current Research*, 3(2015), 440-446.
11. Venugopal, N., & Kunjukunju, B. (2018). Corporate Social Responsibility Practices of Commercial Banks in India. *Journal of Advance Management Research, Volume. 6, Issue 1.*
12. KAUR, P. (2017). Corporate social responsibility: a contribution by Indian banks. *International Journal of Business and General Management*, 6(5), 87-104.
13. Moharana, S. (2013). Corporate social responsibility: A study of selected public sector banks in India. *IOSR Journal of Business and Management*, 15(4), 1-9.
14. Saxena, S. (2016). A comparative study of corporate social responsibility (CSR) of private and public sector banks. *World Wide Journal of Multidisciplinary Research and Development*, 2(1), 21-23.
15. Patel, Swapnil & Japee, Gurudutta. (2020). A Comparative Study of Selected Private and Public Sector Bank with Special Reference to Corporate Social Responsibility in India. 21. 3336-3350.