

Research paper title:

Study of the awareness about “Corporate Governance” and “Corporate Social Responsibility” of banks among bank’s customers and employees.

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Abstract: - Corporate Social Responsibility (CSR) is an idea and associated actions taken up by the business organizations who believe that there is a responsibility to “give back” to the society and the environment in which the business organizations is operating.

The CSR concepts emanate from the fact that any business organization apart from making profits from its operations should show accountability towards the well being of the surroundings, the environment, the people affected directly or indirectly and should do “something good” for them.

Though the CSR concepts are not new and have been in existence in one form or other since historical times, the concept has further evolved in modern days. Still it is yet to command a standard definition or a fully recognized set of criterion because there is no standard definition of “something good”.

With the given understanding that business organizations have a key role of job and wealth creation in society, CSR is generally understood to be the way an organization achieves a balance between economic, environmental, and social imperatives while they address the expectations of the shareholders and the stakeholders.

While any business organization try to comply with laws and regulations on social, environmental and economic objectives set by the legislations and legal institutions, CSR is often understood as involving the commitments and activities those extend beyond this foundation of compliance with laws. In fact the key feature of the concept is the way businesses engage or involve the shareholders, employees, customers, suppliers, governments, nongovernmental organizations, international organizations, and others into the organization.

With above background and specific focus on Indian Bank's CSR activities, we are trying to study and analyze about the awareness of general public (Bank's customers) and the bank employees about the CSR.

1. Objective of Research Study:

- a. To study the awareness of **customers** of Indian banks about bank's Corporate Governance policies and Corporate Social Responsibility activities. The sampling includes customers of Indian Nationalized banks and Private Banks.
- b. To study the awareness of **employees** of Indian banks about bank's Corporate Governance policies and Corporate Social Responsibility activities. The sampling includes employees of Indian Nationalized banks and Private Banks.
- c. Comparative analysis of awareness among bank's customers and employees.

2. Hypothesis

- I. **Ho:** There is adequate knowledge among Indian population (**especially bank customers**) about Corporate Social Responsibilities of banks.

Alternative hypothesis H1: There is lack of general awareness among Indian population (bank customers) about Corporate Social Responsibilities of banks.

- II. **Ho:** There is adequate knowledge among Indian **bank employees** about Corporate Social Responsibility of banks.

Alternative hypothesis H2: There is lack of general knowledge Indian bank employees about Corporate Social Responsibility of banks.

- III. **Ho:** There is significant difference in level of awareness about CSR between bank customers and bank employees.

Alternative hypothesis H3: There is no significant difference in level of awareness about CSR between bank customers and bank employees

3. Research Design:-The exploratory character of this study can be considered inadequate to measure hypothesis or generalize the results.

But there are positive evidences that awareness about the Corporate Governance Policies and CSR activities will make a positive impact on overall adaptability of these concepts among business organizations in general and banking industry in particular.

4. Practical implications –

The business organizations take up CSR initiatives to help various social, environmental and national causes like:

- a. Eradicating poverty,
- b. Promoting education,
- c. Creating employment opportunities,
- d. Hygiene and health,
- e. Economic benefits to population in under-developed and distant locations and so on.

In turn, these help business organizations in building good rapport with society and the society also reciprocates positively to business organization's good intentions and actions. It creates a psychological bonding between the two and hence ultimately benefits the organization in building strong brands and therefore attracts more customers.

5. Originality/ value – This study is very first measurement to gauge the awareness among the general public as well as employees of banking community.

It is, also, one of the few studies examining CSR awareness that will ultimately assess the effectiveness of set of corporate social responsibility actions adopted by the banks in India.

6. **Expected Contribution:**

This study will put more focus on strengthening the successful adoption of CSR practices by the business organizations in general and banks in particular. The level of awareness among general public, the society and the banking community will give good returns. More the society is aware about the CSR initiatives; more will be the gain for business organization in terms of increased customer base and stronger brand value.

This study will also help to bringing the importance of good CSR initiatives in banks so as to implement CSR in proper segments of the society.

This will also increase employees' confidence, feel good factor and a sense of satisfaction that their own organization is giving back "something good" to the society.

7. **Summary of Findings and Conclusions:**

- I. The awareness of general public (**bank's customers**) is low (about 18% of respondents have heard about Corporate Governance and about 22% have heard about CSR).
- II. The awareness about CSR is a little higher in comparison to CG.
- III. The awareness level is directly proportional to educational background. The study shows that higher is the education level, more people are aware about CG and CSR.
- IV. While people have general awareness about CG and CSR, the awareness is significantly lower about CG and CSR activities of their banks. Only 3.4% of respondents were aware about the CG and CSR of the banks with whom they have account.
- V. **Bank employees** have better awareness about CG and CSR as compared to general public. Approximately 41% of bank employees know about CG while 48% know about CSR.
- VI. Among bank employees, the awareness is proportional to seniority. Senior officials were more aware than the junior or mid level officials. 26% of the executive level officials (below managers) know about CG in

comparison to 60% of Managers/ Sr. managers, 75% AVPs/ VPs and 100% CxOs knew about CG. Similarly percentage of employees knowing about CSR were 32%, 69%, 84% and 100% respectively for executives, managers, AVPs/ VPs and CxO.

8. Recommendations:

There is urgent need to increase the awareness about CG and CSR among general public and the bank employees. The current level of awareness is not well spread.

India being such a vast country with diversified social and economic strata, national and private banks in India should focus more on the socio-economic causes and their CSR policies should be strengthened to benefit country as a whole.

Banks should Include CSR as integral part of corporate strategy. It should also keep reporting the CSR activities, internally and externally, on a long-term basis, with regular reviews.

This in turn will help banks in attracting more and more customers by way of good publicity.

9. Areas of Future Research Study:

- a) The geography and area covered for the purpose of this study is confined to Delhi NCR region only. All respondents belong to the common region so the result may be biased.
- b) Further study on other geographies may give more data for analysis and the results will be closer to real situation.
- c) Sample size can be further increased for more accurate analysis.
- d) The respondents are not taken in equal numbers based on age, sex, profession and parenting style, leading to unidirectional result.
- e) Further study can be done by collecting data from foreign bank's employees and analyze to compare with above findings.

Note: Please refer Annexure-I and II for data analysis.

ANNEXTURE - I

(Data and Analysis about Banks customers*)

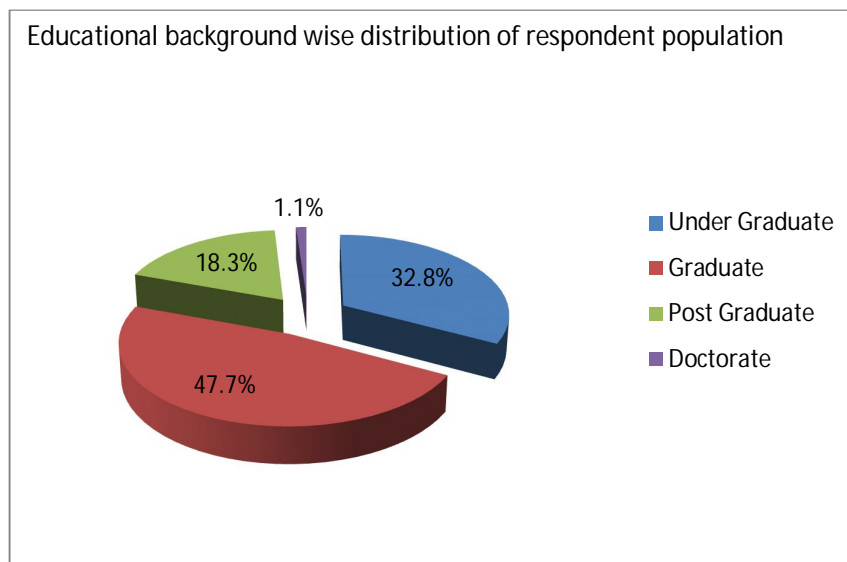
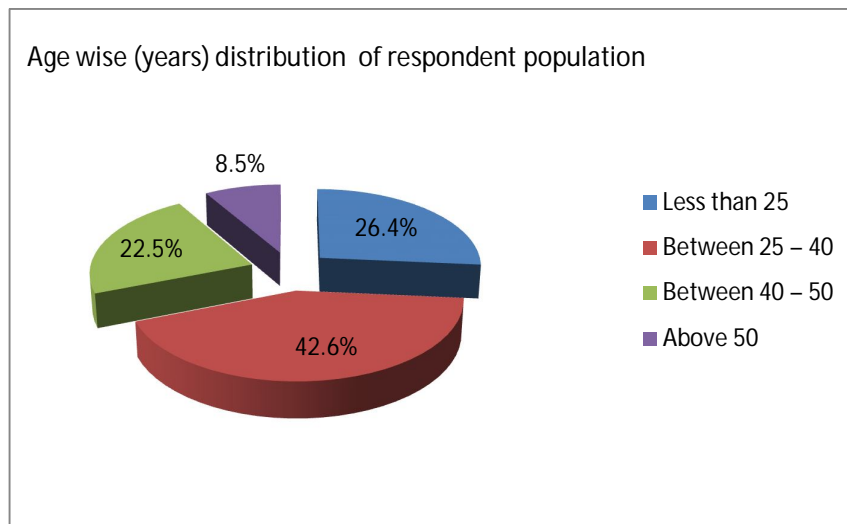
*Person who has at least one account in any bank.

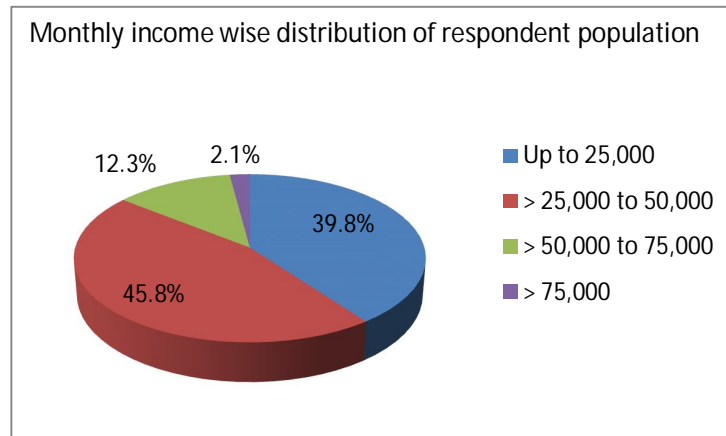
i. Total number of respondents (Banks customers *): **530**

Male: **343** (64.7% of total respondents)

Female: **187** (35.3% of total respondents)

Below are distribution of the respondent populations based on Age, Education and monthly income:

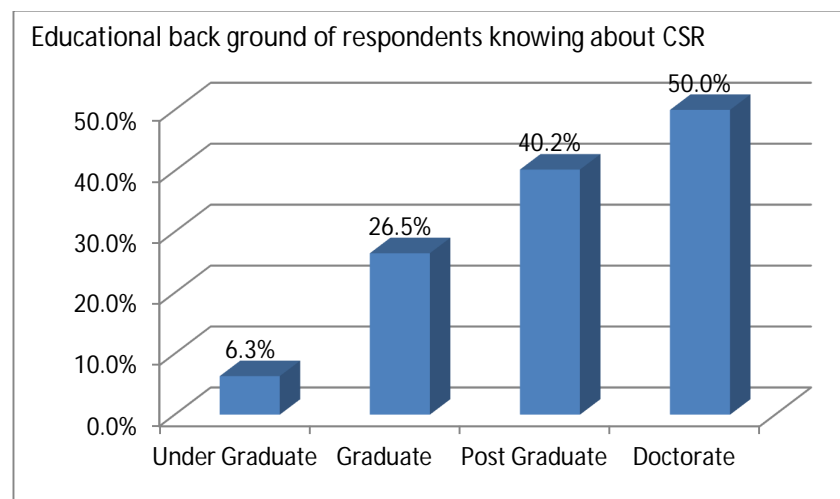




- ii. 22.6% of customer respondents have heard about Corporate Social Responsibility (CSR).

Out of which 6.3% are under graduates, 26.5% Graduates, and 40.2% Post Graduates and 50% Doctorate.

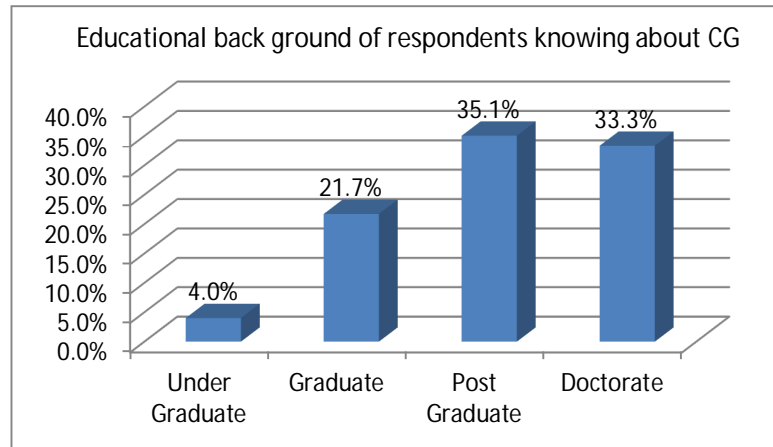
Doctorates are the highest percentage of population knowing about CSR (*though sample size of Doctorates is very small*).



- iii. 18.5% of customer respondents have heard about Corporate Governance (CG).

Out of which 4.0% are under graduates, 21.7% Graduates, 35.1% Post Graduates and 33.3% Doctorate.

Post graduates are the highest percentage of population knowing about CG.

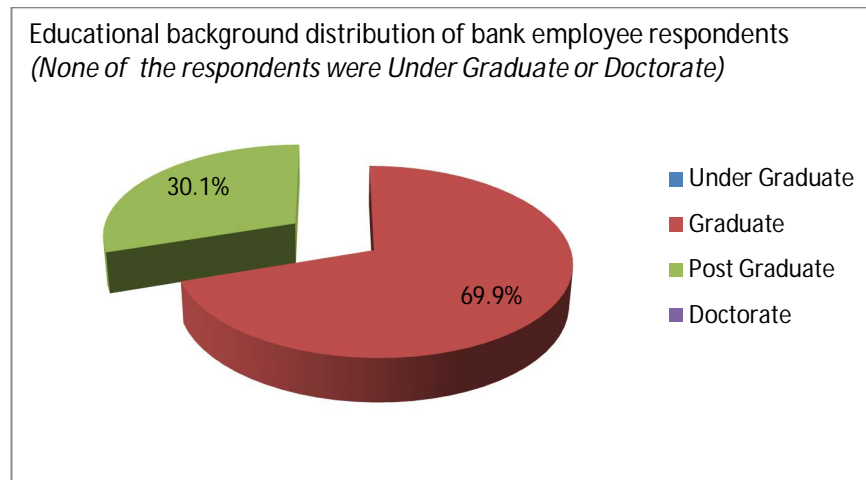
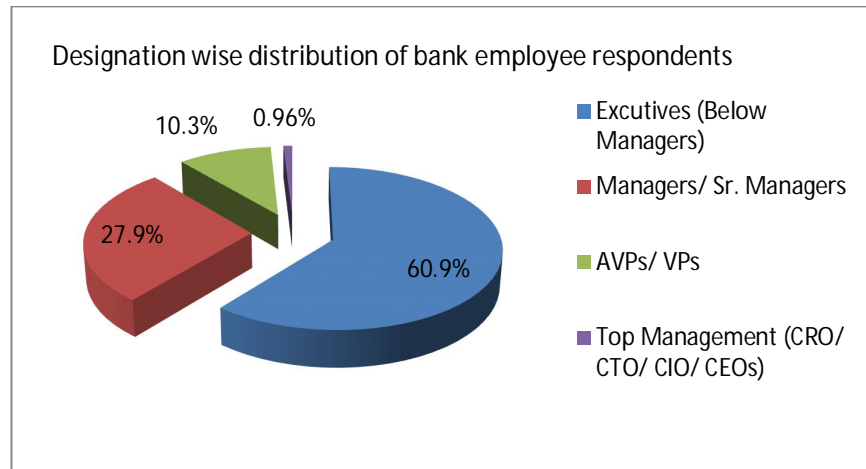


ANNEXTURE - II

(Data and Analysis about Banks Employees)

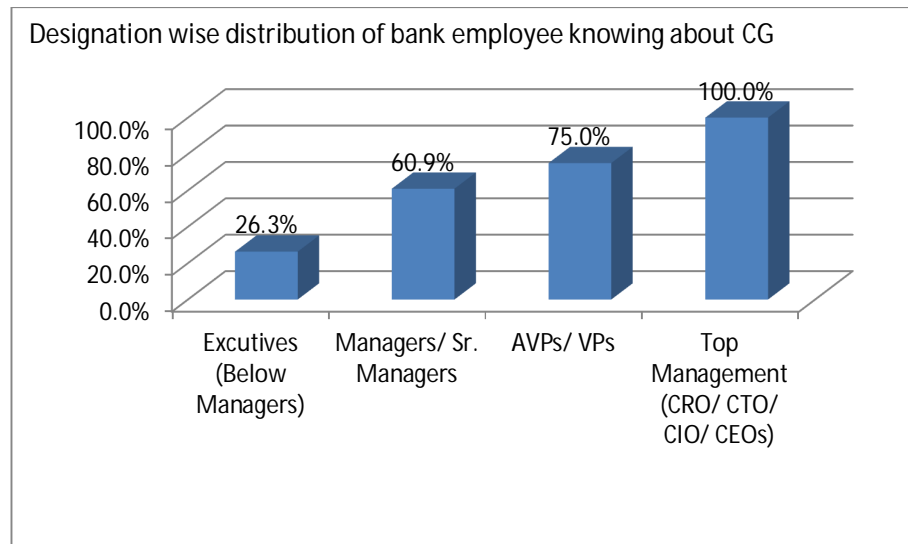
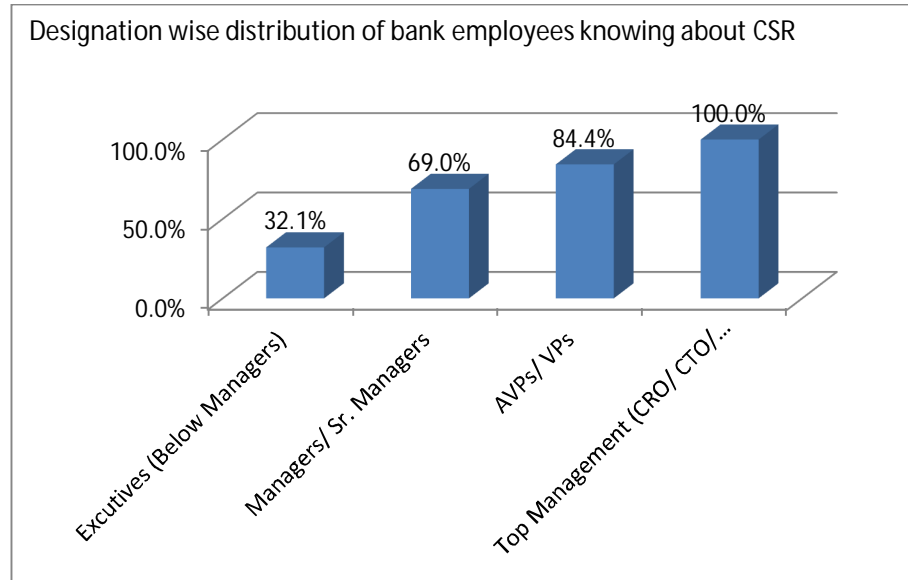
i. Total number of respondents (Banks Employees): **312**

Designation wise distribution	Count	% age
Executives (Below Managers)	190	60.9%
Managers/ Sr. Managers	87	27.9%
AVPs/ VPs	32	10.3%
Top Management (CRO/ CTO/ CIO/ CEOs)	3	0.96%



- ii. 151 of employees respondents (out of 312) have heard about Corporate Social Responsibility (CSR).

100% of top Management (CIO/ CTO/ CRO/ CEOs) know about CSR (*though sample size of tope management respondents is very small*).



References:

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Corporate Social Responsibility in Indian Banking sector (Mrs. Patil-Dake, Jayashree)

*** End of Report ***