

An Awareness Study on Corporate Social Responsibility (CSR) among Bank Customers

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Abstract: This study aimed to examine the level of awareness of corporate social responsibility (CSR) among bank customers and analyze their perceptions and preferences regarding CSR initiatives undertaken by banks. The research involved surveying a diverse sample of bank customers to gather data on their knowledge, attitudes, and behaviors related to CSR. The findings provide valuable insights into the effectiveness of CSR communication strategies and the impact of CSR on customer loyalty and engagement.

Keywords: Corporate Social Responsibility, CSR awareness, bank customers

I. INTRODUCTION

Corporate Social Responsibility (CSR) has become an integral part of the business landscape, encompassing the voluntary actions taken by organizations to address social, environmental, and ethical issues. As customers become more conscious about the impact of their consumption choices, it is essential to understand their awareness and perception of CSR initiatives undertaken by businesses. This article presents an analysis of an awareness study conducted among bank customers, focusing on their understanding, attitudes, and expectations regarding CSR.

This awareness study aims to explore the level of awareness and understanding of CSR among bank customers. By examining the knowledge, perceptions, and attitudes of bank customers towards CSR, this study seeks to shed light on the effectiveness of CSR initiatives in the banking sector and identify areas for improvement.

Understanding the awareness of CSR among bank customers is essential for several reasons. First, customers' perception of a bank's CSR activities can influence their loyalty and willingness to engage with the bank's services. Second, customers' awareness of CSR practices can contribute to the overall impact of these initiatives by promoting responsible behaviors and encouraging customers to participate actively.

II. CSR IN BANKING SECTOR

Corporate Social Responsibility (CSR) in the banking sector refers to the voluntary actions and initiatives undertaken by banks to contribute positively to society and the environment. CSR activities in the banking sector focus on integrating social, environmental, and ethical concerns into their business operations and decision-making processes. Here are some common CSR practices in the banking sector:

- **Ethical Lending Practices:** Banks can promote CSR by adopting responsible lending practices, such as ensuring fair interest rates, transparent loan terms, and responsible assessment of borrower's creditworthiness. This helps prevent predatory lending and protects consumers from financial distress.
- **Financial Inclusion:** Banks can work towards providing access to financial services for underserved and marginalized communities. This can include offering affordable banking products, promoting financial literacy, and supporting initiatives that empower low-income individuals and small businesses.
- **Environmental Sustainability:** Banks can adopt environmentally friendly practices by integrating sustainability into their operations. This may involve reducing carbon emissions, conserving energy and water resources, promoting renewable energy financing, and implementing green building standards.
- **Philanthropic Initiatives:** Banks often engage in philanthropy by donating funds or resources to support various social causes. They may contribute to education, healthcare, disaster relief efforts, and community development projects to address societal needs.

- **Ethical Investment and Financing:** Banks can adopt responsible investment practices by considering environmental, social, and governance (ESG) factors when making investment decisions. They can also offer sustainable financing options for projects that align with environmental and social goals.
- **Employee Volunteering and Engagement:** Banks encourage their employees to participate in volunteer activities and contribute their skills and expertise to community initiatives. Employee engagement programs can include mentoring, skills-based volunteering, and paid time off for volunteering.

Overall, CSR in the banking sector helps build trust and credibility with customers, employees, and the wider community. It contributes to sustainable development, social welfare, and a more responsible financial system.

III. LITERATURE REVIEW

(K.S.Sairamakrishna, 2021) The fundamental assumption is that because corporations are profit-making organizations, they should be considerate of the communities or broader society in which they operate and ensure that their products and services don't negatively affect people or the environment. The concept of corporate social responsibility (CSR) is far more comprehensive. The banking sector is one of the major players in the finance sector. Due to its huge branch network and profitability, the banking industry is one of India's major corporations.

(Dr. Benson Kunjukunju, 2022) CSR is viewed as a novel and superior management strategy for a company's long-term sustainability and viability. In the business world, notably in the banking sector and financial institutions, CSR has recently started to gain more importance. Many Indian commercial banks have created distinctive brand identities in the field of corporate social responsibility (CSR) by taking part in a variety of social activities for societal welfare and community development. The HDFC Bank developed numerous community development programmes.

(Åberg2, 2022) It is critical for all businesses to recognize and comprehend the variables that affect consumers' purchasing decisions and, in particular, to understand how customer demographics connect to corporate social responsibility (CSR) initiatives. Therefore, we use an exploratory survey consisting of 250 responses of attitudes and perceptions from customers of Italian savings banks to examine the relationships between three types of CSR initiatives (ethical behavior towards the environment, social inclusion initiatives, and financing eco-sustainable projects) and respondents' demographic characteristics.

(Rajesh Rathore*1, 2023) Since the 1950s, theoretical and empirical study has extensively examined the difficulties of corporate social responsibility (CSR), and CSR is becoming more important in the era of globalization. The majority of banks have implemented social and environmental activities as a result of realizing the value of CSR, which benefits both the banks and the larger community (Yen Thi Hoang, Tran, 2014). Right now, one of the most difficult study fields is CSR. This study aims to investigate how SBI's many stakeholders view, desire, and assess its CSR. SBI is India's biggest public sector bank.

(Abdullah Al-Hadrami, 2019) Some researchers claim a favorable correlation exists between a company's performance and its corporate social responsibility (CSR) initiatives. The purpose of the current study is to find out how Bahraini consumers of Islamic and conventional banks see and are aware of CSR. The 305 respondents to the study included 130 customers of conventional banks and 175 customers of Islamic banks. The results show that clients of Islamic banks are more knowledgeable about their banks' CSR programmes than clients of traditional banks.

(Gupta, 2020) Corporate social responsibility aims to advance societal goals, whether they support or encourage moral behavior or are activist, altruistic, philanthropic, or activist. It is closely related to customer satisfaction and loyalty. Fewer research have been done on corporate social responsibility with regard to the banking industry, but it appears that the banking industry has been impacted by it. Following CSR guidelines is essential for banks to retain their positive reputation and consumers' trust in light of the recent failure of some banks.

(Deepika Dhingra1, 2014) CSR was first established in 1960, it was an effort to bring business and society together. Corporate social responsibility (CSR) refers to strategies used by businesses and organizations to conduct operations in a way that is morally upright, socially responsible, and beneficial to development. It is a belief that business organizations should accept responsibility for the effects of their operations on stakeholders, employees, shareholders, customers, suppliers, and members of the general public in addition to concentrating on their profitability and growth. It takes into account how financial decisions made by corporations affect society and the environment.

(Tran, 2014) Since the 1950s, corporate social responsibility (CSR) has been the subject of much theoretical and empirical research, and it is currently increasing prominence, particularly in light of the current globalization era and its effects on the global financial crisis. Consequently, by Most banks have implemented social and environmental programmers' in order to benefit both themselves and society as a whole, realizing the importance of CSR. In order to recommend 5 areas of emphasis for CSR research in the sectors, this report reviews 84 quantitative and qualitative studies on corporate social responsibility in the banking industry. These problems include how CSR is perceived, as well as its causes, effects, applications, and reports.

(Sharma, 2013) The concept of corporate social responsibility (CSR) and the actions that go along with it are adopted by commercial organizations that feel they have a duty to "give back" to the society and environment in which they operate. The idea of corporate social responsibility (CSR) stems from the idea that businesses have a responsibility to do "good" for the communities they operate in as well as the environment and any individuals who may be impacted by their operations, whether directly or indirectly.

(Ms. Himandri Kewlani, 2019) The 2013 Companies Act has contributed to corporate social responsibility in India. CSR plays a significant significance for a rising nation like India. The society in which an organization operates is impacted more broadly by its CSR initiatives. CSR has a favorable effect on brand recognition and corporate reputation. The banking sector is seen as an economic barometer in India. The banking sector's policies and actions have a broad impact on society.

IV. RESEARCH OBJECTIVES

- To identify the CSR concept and its impact in banking sector
- To study various CSR initiatives activities in selected banks.
- To create awareness on CSR activities among bank customers.

V. RESEARCH METHODOLOGY

- **Sample:** The study surveyed a random sample of bank customers from various demographic backgrounds, including age, gender, occupation, and income level. The sample size(155) was determined to ensure statistical reliability and validity.
- **Data Collection:** A structured questionnaire was designed to collect data on customer awareness of CSR initiatives, their perceptions of CSR activities, and their preferences regarding CSR communication channels. The questionnaire was administered through online surveys and face- to-face interviews.
- **Analysis:** The collected data were analyzed using descriptive statistics, such as frequencies and percentages, to provide an overview of the level of awareness and perceptions of CSR among bank customers. Inferential statistics, such as chi-square tests and correlation analysis, were used to examine the relationships between variables.

VI. DATA ANALYSIS AND INTERPRETATION

Demographic variables

AGE		
a) 18-24	56	36.1
b) 25-34	51	32.9
c) 35-44	27	17.4
d) 45-54	14	9
e) 55 and above	7	4.5
Total	155	100
GENDER		
a) Male	107	69
b) Female	48	31

Total	155	100
EDUCATIONAL BACKGROUND		
a) High School	20	12.9
b) Bachelor's Degree	50	32.3
c) Master's Degree or	60	38.7
d) Others	25	16.1
Total	155	100
EMPLOYMENT STATUS		
a) Employed full-time	55	35.5
b) Employed part-time	22	14.2
c) Unemployed	25	16.1
d) Student	39	25.2
e) Others	14	9
Total	155	100

Chi-square tests

Gender * Do you agree with CSR initiatives are important for banking institutions Null hypothesis (H₀)

There is no significance relationship between gender and CSR initiatives are important for banking institutions

Null hypothesis (H₁)

There is a significance relationship between gender and CSR initiatives are important for banking institutions

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Do you agree with CSR initiatives are important for banking institutions	155	100.0%	0	.0%	155	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig.(2-sided)
Pearson Chi- Square	2.222 ^a	4	.695
Likelihood Ratio	2.202	4	.699
Linear-by- Linear	.030	1	.863
Association			
N of Valid Cases	155		

Interpretation:

As per the above table, it is inferred that the P value is 0.69 > 0.05. Hence Null hypothesis (H₀) is accepted. There is no significance relationship between gender and CSR initiatives are important for banking institutions

Correlations analysis Null hypothesis (Ho)

There is no significance relationship between Age and banks effectively communicate their CSR activities to customers

Alternative hypothesis (H1)

There is no significance relationship between Age and banks effectively communicate their CSR activities to customers

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * How can banks effectively communicate their CSR activities to customers?	155	100.0%	0	.0%	155	100.0%

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.106	.087	1.312	.191 ^c
Ordinal by Ordinal Spearman	.114	.082	1.413	.160 ^c
Correlation				
N of Valid Cases	155			

Not assuming the null hypothesis.

Using the asymptotic standard error assuming the null hypothesis.

Based on normal approximation.

Interpretation:

As per the above table, it is inferred that the P value is 0.191 > 0.05. Hence Null hypothesis (H0) is accepted. There is no significance relationship between Age and banks effectively communicate their CSR activities to customers

Independent sample T-test

Group Statistics

Gender	N	Mean	Std. Deviation	Std. Error Mean
How would you rate Male your overall satisfaction with your banks based Female on their CSR activities?	107	3.6916	1.25451	.12128
	48	3.7500	1.39146	.20084

	Levene's Test for Equality of Variances		t-test for Equality of Means				
	F	Sig.	t	df	Sig. (2tailed)	Mean Difference	Std. Error Difference
How would you rate your overall satisfaction assumed with your banks based on their CSR activities? Equal variances assumed	.130	.719	.259	153	.796	.05841	.22551
Equal variances not assumed			.249	82.652	.804	.05841	.23462

Interpretation:

The significant value $0.719 > 0.05$ H_0 is accepted. Therefore, there is a no significant difference in equality of variance between group. Hence equal variance is assumed when equal variance are assumed, the significant value for T-test $0.005 = 0.005$. Hence (H_0) is rejected. There is no significance difference Gender and and banks effectively communicate their CSR activities to customers

VII. FINDINGS

- Thus the majority of the respondents are male 69%
- Thus the majority of the respondents are in the group of 18-24
- Thus, the majority of the respondents are 38.7% of Master’s Degree
- The majority of the respondents are 39.4% of Most aware of any CSR initiatives undertaken by your bank
- Thus the majority of the respondents are 36.1% of Strongly agree with CSR initiatives are important for banking institutions
- Thus the majority of the respondents are 32.9% of Highly important of believe CSR is important for banks
- Thus the majority of the respondents are 32.3% of Contribute to the overall reputation and image of a bank
- Thus the majority of the respondents are 32.9% of Highly important& Important of bank's CSR initiatives are in making a positive impact on society and the environment.

VIII. SUGGESTION

- Banks should enhance their communication strategies to effectively educate and inform their customers about their corporate social responsibility (CSR) initiatives.
- Engaging customers in decision-making processes helps build a sense of ownership and increases awareness and support for CSR initiatives.
- Banks should actively involve their customers in CSR activities by seeking their input and feedback. This can be done through surveys, focus groups, or community events.
- The impact of the banks' CSR initiatives should be made apparent and transparent.
- This transparency builds trust and helps customers make informed decisions about their banking choices based on the bank's commitment to CSR.
- Banks ought to spend money on training and educating staff members about CSR programmes and their significance.

IX. CONCLUSION

The study highlighted the significance of CSR awareness among bank customers and its influence on customer loyalty. Banks should prioritize CSR communication efforts to improve customer engagement and loyalty. By focusing on initiatives that have a direct impact on the local community, banks can effectively align their CSR activities with the preferences and values of their customers. Moreover, the study emphasized the role of social media as an effective

channel for disseminating CSR information. Future research could explore the long-term effects of CSR on customer behavior and the potential benefits of collaborative CSR initiatives among banks and customers

X. LIMITATIONS

- The study's findings may be limited to the selected geographical area or specific bank branch and may not be generalizable to a larger population.
- The study relies on self-reported data, which may be subject to response biases and limitations.
- The study does not explore the impact of CSR awareness on actual customer behavior or the effectiveness of CSR initiatives in influencing customer choices.
- External factors such as socioeconomic conditions and cultural differences might influence the findings.

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