

Literature Review on Corporate Social Responsibility in Banking Sector

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Abstract: Corporate Social Responsibility is a concept whereby financial institutions consider the interests of society and the environment by taking responsibility for the impact of their activities on stakeholders, employees, shareholders, customers, suppliers instead of their profitability and growth. CSR bring many advantages for the banking sector it enhances banks reputation and financial performance. According to Company Act 2013, companies have to contribute to CSR practice out of its profits as it mandatory for them. This paper is based on the reviews of the different authors, in banking sector of India and other countries. An effort has been made to analyze the existing CSR practices of Banks in India. It has been found that the banks are directly engaged in CSR activities mostly in the area of Rural Development, Social projects, Education, Public health projects, Community Welfare, Women and Children development.

Keywords: CSR, Stakeholder, India, Environment Protection, Financial institutions.

INTRODUCTION

Corporate Social Responsibility refers to the efforts business organizations undertake to meet their responsibilities both as economic and social. Social Responsibility of an institution refers to what it does over and above what is required by law for the betterment of the society, community, employees, and stakeholders as a whole. Every business has a moral obligation towards society in which it operates.

Framework for effective CSR



Sources: - <http://www.ey.com>

At present there is a growing consciousness about CSR, Sustainable Development and Non-Financial Reporting, the credit goes to RBI in focusing the CSR practices in Indian Banking Sector, by passing a circular in the year 2007, December, directed banks to undertake CSR initiatives for sustainable development. The Companies Act 2013 has made a provision to spend 2% of the profits towards Corporate Social Responsibilities (CSR) for the corporate. Banking sector plays an important role in the economy as it helps in the development. Banks were also contributing out of their profits towards CSR.

Objective of the study: The objective of the paper is to review the banking sector contribution towards the Corporate Social Responsibility and to identify the areas in which banks were contributing.

Methodology of the study: This study is based on the extensive review of literature to find out the various factors in which banks were contributing. Thus, basically it is a review research paper.

REVIEW OF LITERATURE

S. No	Author	Year	Country	Topic	Research Methodology	Findings	Limitations
1.	Malik, N.	2016	India	CSR in Indian Banking Industry: Study on Attempts of HDFC banks	Secondary Data from websites of banks & reputed journals. Case Study of HDFC Bank	Banking Industry in India is giving due importance to the social responsibility & they try to provide all the important areas to be focused like health, education, sanitation.	Single Banks Study.
2.	Chiheve, H.	2013	Zimbabwe	Corporate Social Responsibility In Commercial Banks: A Case Of Gweru	Descriptive survey design Three commercial banks selected through stratified random sampling techniques Questionnaires, interviews and content analysis were used to gather data	It was found that banking executives and employees have very little knowledge of CSR standards although their practices are largely compliant with the standards. It was recommended that the banking sector should familiarise themselves with CSR standards and codes of best practice It was concluded that branch managers of commercial banks in the city of Gweru practise good CSR but not have the Theoretical and conceptual understanding	The sample taken for the study is very small.

S. No	Author	Year	Country	Topic	Research Methodology	Findings	Limitations
						of CSR.	
3.	Nidhi, G.	2016	India	CSR: An Analysis of Impact & Challenges in India	Challenge CSR- 1. Lack of communication participation 2. Need to build local capacities 3. Issues of transparency 4. Non-availability of well organized NGO's 5. Visibility factor	It was found the importance of CSR is increasing in Indian corporate scenario because organization have realize that their ultimate goal is not profit making beside this trust building is viable and assert able with societal relationship. It was found that there is a need for creation of awareness about CSR among general public to make CSR initiative more successful.	
4.	Abdillah, A. A. & Husin, N.	2016	Malaysia	A Longitudinal Examination Corporate Social Responsibility Reporting Practices among Top Banks in Malaysia	Secondary data, Sample: 5 banks (2005-2014)	The mandatory requirement of CSR disclosure seems to inspire the banks to further legitimize their position in the society by disclosing more information on their CSR activities. Factor for study are environmental discloser, human resource, community involvement	This is only an exploratory study focusing on a descriptive analysis of CSR discloser level.

S. No	Author	Year	Country	Topic	Research Methodology	Findings	Limitations
						discloser.	
5.	Hossain,M.A, Jolly,P.H & Islam,R.M	2015	Bangladesh	An Analysis on Corporate Social Responsibility Practices of Some Selected Private Commercial Banks in Bangladesh	Both primary and Secondary data were used. 7 Private Commercial Banks were taken under study questionnaire consisted of different questions on eight CSR dimensions	It was found that there is positive relationship among CSR practices and long term organizational development. PCB's are very aware about CSR performance And their contributions are increasing year to year.	During the study period it is difficult to collect every types of information of CSR.
6.	Wong,H. & Raymond	2015	Hong Kong	CSR Practices in Banking Industry	Secondary data 3 largest Banking Corporations of Hong Kong in the year 2013	Financial performance is not the only factor affecting the implementation of CSR. Government should include CSR requirements in banking ordinance to encourage banks to be more socially responsible.	Ranking of banks is different from year to year.
7.	Gupta, R. & Aggarwal, G.	2015	India	Corporate Social Responsibility: A Check on Indian Banks for Responsible Investment	Top 10 banks of India on the basis of income given by published data of run & Bradstreet (7public & 3 private sector bank) Content analysis	Total income and size of banks are very important factor in CSR contribution. Banks with high incomes contributes more. Concentration of social issues is more in	Limited period study (2013-14)

S. No	Author	Year	Country	Topic	Research Methodology	Findings	Limitations
						comparison to environmental issues.	
8.	Ahmed, K. M.	2013	Bangladesh	Corporate Social Responsibility Practices of Commercial Banks in Bangladesh: A Case Study on Southeast Bank Ltd.	Descriptive research Secondary data (Annual reports for the year 2012)	The practicing area of CSR in Southeast Bank Ltd. is mainly in education, health, community development. Banks establish a green school which is first in banking sector of Bangladesh. Banks promotes different donation program for develop the life styles of society.	The sample of the study is limited to only 4 banks.
9.	Yen, T. & Hoang, T.	2014		CSR in Banking Sector a Literature Review and New Research Directions	Review of 84 quantitative and qualitative research on Corporate Social Management in banking sector. Secondary data collected through articles	The study does great contribution to developing framework for a better CSR research and CSR status in many countries. The key barriers were found out that should be addressed are lack of awareness, lack of regulatory framework, motivational incentives and combined initiative framework.	Issues of CSR barrier, CSR models in the bank and successful factors in banking sectors are still poorly indicated; thus, there is a strong need for more research on the important issues.
10.	Vijay, P. & Divya,	2014	India	Impact of CSR	Primary data	Satisfaction	The sample

S. No	Author	Year	Country	Topic	Research Methodology	Findings	Limitations
	P.			Initiatives of Indian banking Sector	(questionnaires from 135 respondents) Secondary data from RBI websites and journals. Analytical and descriptive in nature	level of customers and stakeholders is increasing in banking sector through good CSR. There is high growth rate in deposits, loans, assets after the implementation of good CSR concepts.	for the study was very small.
11.	Dhingra, D., Mittal, G.	2014	India	CSR Practices in Indian Banking Sector	Public and private sector banks were studied.	The major thrust areas for CSR practices in Indian banks are common in public and private sector banks. Banks make false gestures in respect for socio-environment concerns.	Limited period study.
12.	Haldar, P.K. & Rahman, M.	2014	Bangladesh	An Insight into Corporate Social Responsibility Practices of Commercial Banks in Bangladesh	Primary data, Questionnaires on five likert's scale, secondary data, and sample: 17 banks stratified sampling.	Without socio economic development of the local communities, there can be no stability and sustainability for doing business so as to compete with the global markets. The CSR activities of the banks are sports, education development, humanitarians & disaster relief, entrepreneur	Limited time framework is the main hold back to carry out the research smoothly.

S. No	Author	Year	Country	Topic	Research Methodology	Findings	Limitations
						development program, health, environment, arts & culture, farmers welfare, green banking, Financial inclusion.	
13.	Moharana, S.	2013	India	Corporate Social Responsibility: A Study of Selected Public Sector Banks in India	5 nationalized banks were taken under study Primary as well as secondary data	To some extent, the concept of CSR has failed to take deep roots in India due to lack of coordination between banks, government and non-governmental organizational efforts.	Only public sector banks were studied
14.	Sethi, P.	2013	India	Social Reporting By Indian Banks and Foreign Banks- A Comparative Analysis	79 banks including 21 public, 22 private & 36 foreign banks. Multiple regressions is used to measure the impact of financial characteristics on banks CSR reporting initiative.	There is significant relationship between gearing and CSR reporting in Indian banking sector. Profitability and size of the banks have a major impact on CSR reporting.	Creates complexity in data collection.
15.	Singh, N. , Srivastava, R. & Rastogi, R.	2013	India	CSR Practices and CSR Reporting in Indian Banking Sector	Descriptive research design Random sampling technique 2 public & 2 private sector banks	Maximum number of bank whether related to private sector or public sector were highly perform CSR activities but most of the bank were not disclosing their	Study is limited up to 4 banks.

S. No	Author	Year	Country	Topic	Research Methodology	Findings	Limitations
						amount for such initiatives on their websites	

CONCLUSION

Through an extensive review of literature, it is clear that banks were contributing towards Corporate Social Responsibility and the areas of their contribution are environment, society, public health projects, women empowerment, rural development, human resource and community involvement. Not only in India banks were contributing towards CSR in foreign countries as well banks were performing very well towards CSR.

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