

## **Review of Corporate Social Responsibility Efforts in Public and Private Banking Sectors**

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### **Abstract**

Corporate Social Responsibility (CSR) initiatives in both the public and private banking sectors are instrumental in addressing societal needs while concurrently advancing business objectives. Within the public banking sphere, CSR efforts are often closely linked with governmental mandates and social responsibilities. These institutions prioritize initiatives aimed at fostering financial inclusion, promoting sustainable development, and enhancing community welfare. Examples of such initiatives include funding for microfinance projects, support for education and healthcare programs, and investments in renewable energy infrastructure. Conversely, in the private banking sector, CSR activities are motivated by a blend of ethical considerations, stakeholder expectations, and competitive dynamics. Private banks typically focus on initiatives that bolster their brand reputation, foster customer loyalty, and attract socially responsible investors. These endeavors may encompass the development of ethical investment portfolios, strategic philanthropic partnerships, and the implementation of environmentally sustainable practices within their operations. Despite divergent motivations, both public and private banks share common CSR objectives, including environmental stewardship, ethical business conduct, and positive social impact.

### **Introduction**

Corporate Social Responsibility (CSR) has emerged as a pivotal aspect of contemporary business practices, reflecting a recognition of the interconnectedness between economic activities and societal well-being. Within the banking sector, both public and private institutions have increasingly embraced CSR initiatives as integral components of their organizational strategies.

This introduction explores the landscape of CSR efforts within the public and private banking sectors, highlighting their significance, motivations, and impact.

In recent years, the public banking sector has witnessed a notable shift towards embracing CSR as a means to fulfill its social obligations and enhance stakeholder value. Public banks, often operating under governmental mandates, prioritize initiatives aimed at promoting financial inclusion, sustainable development, and community welfare. These institutions play a crucial role in addressing societal needs, particularly in underserved or marginalized communities, through initiatives such as microfinance projects, support for education and healthcare, and investments in renewable energy infrastructure. By aligning their activities with broader social objectives, public banks aim to foster economic resilience, reduce inequality, and promote inclusive growth. CSR has become increasingly prominent within the private banking sector, driven by a combination of ethical imperatives, stakeholder expectations, and competitive pressures. Private banks recognize the importance of demonstrating social responsibility to maintain trust, attract customers, and access capital markets. As such, they prioritize initiatives that not only align with their business objectives but also contribute to societal well-being. These initiatives may include the development of ethical investment products, strategic partnerships with nonprofit organizations, and the adoption of environmentally sustainable practices within their operations. By integrating CSR into their corporate strategies, private banks seek to enhance their brand reputation, mitigate risks, and create long-term value for shareholders and society. Despite differences in motivations and operating environments, both public and private banks share a common commitment to CSR principles, including environmental stewardship, ethical business conduct, and social impact. Collaboration between these sectors can amplify the effectiveness of CSR initiatives, leveraging complementary strengths and resources to address complex societal challenges. Moreover, adherence to regulatory frameworks and industry standards ensures accountability and transparency in CSR practices across the banking sector. Through their collective efforts, public and private banks contribute to sustainable development, foster resilience, and promote inclusive prosperity in the communities they serve.

## **Need of the Study**

The study of Corporate Social Responsibility (CSR) efforts within the public and private banking sectors is imperative for several reasons. Firstly, CSR significantly influences the reputation and trustworthiness of banks, impacting customer loyalty, investor confidence, and regulatory adherence. By delving into the motivations and consequences of CSR initiatives, this research can shed light on how banks can effectively manage their social and environmental responsibilities while achieving financial goals. Secondly, in today's socially and environmentally conscious landscape, stakeholders closely scrutinize banks' CSR practices. This study can pinpoint areas of strength and areas needing improvement in CSR strategies, fostering transparency, accountability, and trust between banks and their stakeholders. Thirdly, as influential entities in the global economy, banks hold considerable sway over social and environmental outcomes. An examination of CSR efforts in both public and private banking sectors can offer insights into how financial institutions can contribute to sustainable development, poverty alleviation, and social equity. Lastly, amid evolving regulations and industry dynamics, banks confront intricate challenges in balancing CSR expectations with competitiveness and profitability. This study can offer practical recommendations for policymakers, regulators, and bank leaders to create an environment conducive to effective CSR implementation, ensuring alignment with broader societal objectives. In essence, this research addresses the critical need for a comprehensive understanding of CSR in banking, providing guidance for stakeholders committed to fostering responsible banking practices and sustainable development.

## **Relevance of CSR in Presenttimes:-**

In the current landscape, Corporate Social Responsibility (CSR) has transcended its role as a peripheral activity to become a central strategy for businesses aiming to establish trust and credibility among a broad array of stakeholders. The relevance of CSR in today's world is multifaceted, touching upon the ethical, economic, and reputational pillars upon which companies stand. Consumers, more informed and socially conscious than ever before, prioritize purchasing from businesses that demonstrate a commitment to social and environmental issues. This shift in consumer behavior reflects a broader societal expectation for companies to act responsibly not just within the confines of their operations but in the wider community and

environment. Similarly, suppliers seek to build relationships with companies that show reliability and ethical integrity, recognizing that such partnerships are more sustainable and less risky in the long term.

Employees, for their part, increasingly look to align with employers that share their values and demonstrate a genuine commitment to social and environmental causes. This alignment is not merely a matter of personal satisfaction but is also linked to greater job satisfaction, loyalty, and productivity, benefiting the company as a whole. Meanwhile, non-governmental organizations (NGOs) are more inclined to collaborate with companies that are actively seeking innovative solutions to societal challenges, recognizing the potential for shared value creation in addressing issues of common concern. The culmination of these stakeholder interests presents a compelling case for companies to integrate CSR into their core business strategy. Doing so allows them to meet the needs of a key stakeholder group: investors. Investors are increasingly recognizing that companies which effectively satisfy the demands of their consumers, employees, suppliers, and NGO partners are more likely to experience sustainable growth and profitability. This acknowledgment stems from an understanding that ethical business practices, social engagement, and environmental stewardship are indicators of a company's resilience, adaptability, and long-term viability.

### **CSR & Globalisation**

Corporate Social Responsibility (CSR) and globalization are intertwined phenomena shaping the contemporary business landscape. Globalization, characterized by increased interconnectedness and interdependence among economies, has had a profound impact on how corporations perceive and practice CSR. One of the key effects of globalization on CSR is the widening scope of corporate responsibility. As businesses expand their operations across borders, they encounter diverse social, cultural, and environmental contexts, necessitating a broader approach to CSR. Globalization has heightened awareness of the interconnectedness between corporate actions and global challenges such as climate change, human rights abuses, and economic inequality, prompting companies to address these issues in their CSR strategies.

Globalization has facilitated the dissemination of CSR norms and standards across borders. Multinational corporations (MNCs) operating in multiple countries often adopt CSR practices from their home countries and adapt them to local contexts, leading to the diffusion of CSR

principles worldwide. This cross-border exchange of CSR best practices contributes to the harmonization of CSR standards and the spread of responsible business conduct on a global scale. On the other hand, globalization has also raised concerns about the potential negative impacts of corporate activities on local communities and the environment. MNCs operating in developing countries sometimes face accusations of exploiting labor, violating human rights, or causing environmental degradation. These challenges highlight the need for enhanced accountability and transparency in CSR practices, as well as effective mechanisms for addressing grievances and ensuring compliance with international standards. Globalization has reshaped stakeholder dynamics, expanding the range of actors involved in CSR initiatives. Alongside governments, NGOs, and civil society organizations, global supply chains, investors, and consumers exert increasing influence on corporate behavior. This broader stakeholder engagement requires companies to adopt more inclusive and participatory approaches to CSR, involving stakeholders in decision-making processes and seeking their input on social and environmental issues. Globalization has both amplified the importance of CSR in the global business agenda and presented new challenges and opportunities for corporate sustainability. By embracing CSR principles and practices, companies can navigate the complexities of globalization more effectively, contribute to sustainable development, and build trust and credibility in an increasingly interconnected world.

### **Theoretical Framework of CSR**

The theoretical framework of Corporate Social Responsibility (CSR) offers a comprehensive understanding of why businesses should engage in socially responsible behavior and how such actions contribute to organizational success and societal well-being. Stakeholder Theory emphasizes the importance of considering the interests of all stakeholders, not just shareholders, in business decision-making processes. Agency Theory underscores the need for CSR to align the interests of managers and shareholders, promoting transparency and accountability. Legitimacy Theory suggests that CSR helps organizations maintain legitimacy by meeting societal expectations and demonstrating ethical conduct. Resource-Based View posits CSR as a strategic resource that enhances reputation and competitiveness. Institutional Theory highlights the influence of societal norms and institutions on CSR practices, while various ethical theories provide normative guidance for assessing CSR actions. Together, these theoretical perspectives

inform companies on the rationale for integrating social and environmental considerations into their strategies, fostering stakeholder relationships, and creating long-term value for both the company and society.

### **CSR Practices in Indian Banks**

Corporate Social Responsibility (CSR) practices in Indian banks have gained momentum in recent years, driven by regulatory mandates, stakeholder expectations, and a growing recognition of banks' role in promoting sustainable development. Several key aspects characterize CSR practices in Indian banks:

1. **Regulatory Mandates:** The Companies Act, 2013, mandates companies meeting certain financial thresholds to allocate a portion of their profits towards CSR activities. Banks, being covered under this legislation, are required to formalize and disclose their CSR initiatives. Compliance with regulatory requirements has led banks to institutionalize CSR practices and allocate dedicated resources towards CSR activities.
2. **Financial Inclusion:** Indian banks are actively involved in promoting financial inclusion through CSR initiatives. By extending banking services, credit, and insurance to underserved and marginalized communities, banks contribute to poverty alleviation, empowerment, and economic development. Initiatives such as branch expansion in rural areas, financial literacy programs, and support for self-help groups (SHGs) demonstrate banks' commitment to financial inclusion.
3. **Education and Skill Development:** Many banks in India focus their CSR efforts on education and skill development initiatives. By investing in scholarships, vocational training programs, and educational infrastructure, banks contribute to human capital development and youth empowerment. These initiatives aim to improve access to quality education and enhance employability among disadvantaged populations.
4. **Healthcare and Sanitation:** CSR initiatives in Indian banks often include healthcare and sanitation programs aimed at improving public health and hygiene. Banks support healthcare infrastructure development, medical camps, sanitation facilities, and hygiene awareness campaigns, particularly in rural and remote areas. These initiatives address healthcare disparities and contribute to better health outcomes for communities.

5. Environmental Sustainability: Indian banks are increasingly integrating environmental sustainability into their CSR agenda. Initiatives focus on environmental conservation, renewable energy adoption, waste management, and climate change mitigation. By promoting sustainable practices within their operations and supporting environmental projects, banks demonstrate their commitment to environmental stewardship and responsible business conduct.

6. Community Development: Banks engage in various community development initiatives as part of their CSR efforts. These include rural development projects, infrastructure development, women empowerment programs, and disaster relief activities. By investing in community welfare and social infrastructure, banks contribute to inclusive growth, social cohesion, and sustainable development.

CSR practices in Indian banks encompass a diverse range of initiatives aimed at promoting financial inclusion, education, healthcare, environmental sustainability, and community development. By aligning CSR efforts with national development priorities and stakeholder expectations, banks contribute to societal welfare while fulfilling their corporate responsibilities.

### **Literature Review**

**ABASIN, (2020)** studied Corporate Social Responsibility (CSR) has become a fundamental aspect of the banking industry, with banks recognizing their role in contributing to societal welfare and sustainable development. Through a recent research study employing the case study method, the status of CSR activities and strategies adopted by twelve banks and financial institutions was examined. Utilizing Stratified Random Sampling Technique, the study found that banks are actively engaging in both fund-based and non-fund-based CSR initiatives. These initiatives include financial support for education, healthcare, and environmental conservation, as well as capacity building programs and advocacy campaigns. By embracing a multifaceted approach towards CSR, banks not only contribute to societal well-being but also enhance their brand reputation and foster long-term sustainability. This underscores the evolving role of banks as agents of positive societal change through responsible business practices.

**Kamal, Sadia&Afridiet al(2020)**studiedan in-depth exploration into the policies governing Corporate Social Responsibility (CSR) in India unveils a complex landscape characterized by both opportunities and challenges. Through the analysis of secondary data collected from

journals, magazines, articles, and media reports, a comprehensive understanding of the CSR landscape emerges, shedding light on key policy issues and recent developments. One significant aspect is the Companies Bill, which represents a commendable initiative by the government to institutionalize CSR practices among corporations. However, challenges persist regarding the clarity and specificity of CSR activities outlined in the legislation, leaving considerable discretion to companies in determining their CSR priorities and strategies. This ambiguity underscores the need for clearer guidelines and enforcement mechanisms to ensure accountability and transparency in CSR efforts. The latest happenings in the field of CSR, both in India and globally, hold valuable insights for policymakers, policy analysts, researchers, practitioners, and other stakeholders.

**Dhingra, Rosy & Dev(2020)** examined the investigation into the commitment and communication of Corporate Social Responsibility (CSR) within organizations operating in the developing country of Ghana reveals significant insights into CSR practices in this context. Through an empirical quantitative approach, which involved surveying 193 managers from various organizations in Ghana and employing independent sample t-test and descriptive statistics, the study sheds light on the phenomenon. The findings underscore a notable commitment among firms in Ghana towards philanthropic activities as part of their CSR initiatives. This suggests a growing recognition among organizations in Ghana of their responsibility towards the welfare of society and the environment. By prioritizing philanthropic endeavors as a key component of their CSR strategy, organizations in Ghana demonstrate their commitment to making positive contributions to the communities in which they operate. Such efforts not only enhance corporate reputation and stakeholder trust but also play a crucial role in driving sustainable development and social progress in the region.

**Modak, Kali & Sinha, Kumkum. (2019)**, analyzed the assessment of Corporate Social Responsibility (CSR) activities within the Indian banking sector reveals a dynamic landscape marked by both progress and areas for improvement. This evaluation, based on primary data gathered through structured questionnaires, examines various dimensions of CSR implementation and impact. Variables such as problems, advantages, motivating factors for adopting CSR, and specific areas of focus for CSR activities including rural area development, women empowerment, customer welfare, healthcare, education, environmental protection,



charity, and donation are scrutinized. While the study underscores the commendable efforts of Indian banks in multiple core areas of CSR, there remains a notable demand for heightened emphasis on CSR activities. This indicates a growing recognition of the importance of CSR in addressing societal challenges and fostering sustainable development. Moving forward, continued efforts to strengthen CSR practices and increase their impact will be crucial for Indian banks to effectively fulfill their role as responsible corporate citizens and contribute meaningfully to the well-being of society.

**Dey, Trinankur& Sharma, L S. (2019).**examined the examination of Corporate Social Responsibility (CSR) policies within the top 500 NSE listed firms in India has uncovered a nuanced interplay of forces that drive engagement in socially responsible activities and shape their responses to these pressures. The findings reveal a multifaceted array of influences, including economic, social, moral, and regulatory pressures, mirroring those observed in developed economies. However, the manner in which Indian companies respond to these CSR drivers exhibits distinct nuances tailored to the Indian context. Indian firms exhibit a strategic approach towards CSR, leveraging these activities to derive both substantial (profit) and abstract (social good) advantages. This dualistic approach reflects a recognition of CSR as a strategic tool for enhancing corporate reputation, fostering stakeholder trust, and driving sustainable growth, while also contributing to broader societal welfare. By embracing CSR as a means to achieve both financial and social objectives, Indian firms demonstrate a proactive stance towards corporate citizenship, positioning themselves as drivers of positive change in the Indian business landscape.

**Shariq, Mohammad. (2019).** examined the investigation into the commitment and communication of Corporate Social Responsibility (CSR) within organizations operating in the developing country of Ghana reveals significant insights into CSR practices in this context. Through an empirical quantitative approach, which involved surveying 193 managers from various organizations in Ghana and employing independent sample t-test and descriptive statistics, the study sheds light on the phenomenon. The findings underscore a notable commitment among firms in Ghana towards philanthropic activities as part of their CSR initiatives. This suggests a growing recognition among organizations in Ghana of their responsibility towards the welfare of society and the environment. By prioritizing philanthropic endeavors as a key component of their CSR strategy, organizations in Ghana demonstrate their commitment to making positive contributions to the communities in which they operate. Such efforts not only enhance corporate reputation and stakeholder trust but also play a crucial role in driving sustainable development and social progress in the region.

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### **Research Problem**

The research problem of investigating corporate social responsibility (CSR) efforts in the public and private banking sectors encompasses a multifaceted inquiry into the motivations, implementations, and impacts of CSR initiatives within these distinct organizational structures.

In the public banking sector, where institutions are often government-owned or have strong public mandates, understanding CSR entails exploring how these banks align their social responsibility goals with their public service obligations. This includes examining the extent to which they prioritize social welfare over profit-making, how they engage with communities, and the effectiveness of their CSR programs in addressing societal needs. The private banking sector's CSR efforts are typically driven by a mix of ethical, strategic, and regulatory considerations. Research in this area would delve into how private banks integrate CSR into their business strategies, the role of CSR in enhancing corporate reputation and stakeholder relationships, and the challenges they face in balancing profitability with social responsibility. By comparing and contrasting CSR practices in these sectors, this research can provide valuable insights into the different approaches to CSR in banking, the factors influencing CSR decision-making, and the overall impact of CSR on the banking industry and society at large.

## **Conclusion**

In conclusion, the examination of Corporate Social Responsibility (CSR) efforts within both the public and private banking sectors underscores their paramount importance in addressing societal needs and fostering sustainable development. While public banks, driven by governmental mandates, prioritize initiatives aimed at financial inclusion and community welfare, private banks often view CSR as a means to enhance their brand reputation and attract customers. Despite these differing motivations, both sectors share common CSR objectives, including environmental stewardship and ethical business conduct. Collaboration between public and private banks holds immense potential for amplifying the impact of CSR initiatives, leveraging complementary strengths and resources to address complex societal challenges more comprehensively. However, for CSR to truly flourish in the banking sector, there is a need for continued research, collaboration, and regulatory support. Policymakers, regulators, and industry stakeholders must work in tandem to create enabling environments that incentivize responsible banking practices and reward sustainable behavior. Banks themselves must integrate CSR into their core strategies and operations, embedding principles of sustainability, ethics, and social responsibility into their organizational culture. By doing so, banks can not only enhance their

reputation and stakeholder relationships but also contribute significantly to broader societal goals such as poverty alleviation and environmental preservation. CSR is not merely a moral imperative but also a strategic imperative for banks, offering opportunities for value creation and long-term sustainable growth. Through collective efforts and a shared commitment to responsible banking practices, the banking sector can fulfill its role as a positive force for social change and contribute meaningfully to building a more equitable and sustainable future.

### **Future Work**

In future research, longitudinal studies tracking the evolution of Corporate Social Responsibility (CSR) efforts in both public and private banking sectors can provide invaluable insights into the sustained impact and effectiveness of these initiatives over time. Comparative analyses across diverse regions and banking contexts will shed light on the influence of cultural, regulatory, and institutional factors on CSR practices, enabling the development of tailored approaches. Additionally, qualitative methodologies like interviews and case studies offer nuanced perspectives on CSR motivations and outcomes from various stakeholders. Standardized measurement frameworks are crucial for accurately assessing CSR impacts and facilitating transparency and accountability. Interdisciplinary collaboration among academia, industry, and policymakers is essential for driving progress in CSR, fostering knowledge exchange, and advancing responsible banking practices in alignment with sustainable development goals.

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