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CSR CONTRIBUTIONS OF PUBLIC AND PRIVATE SECTOR BANKS: A COMPARATIVE STUDY

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Abstract

In India Banking sector has undergone many changes and development with India becoming the fast growing economies of the world, Bank organisation realise that only Government will not able to get success in its endeavour to uplift the down trodden society. Just because of development of Banking sector it has never failed to meet the demand of the Nation for them customer satisfaction play vital role. Corporate Social Responsibility gaining more & more importance now a day because Market Scenario is changing. Due to globalisation, ethical consumerisation all such factor act as a flame into Corporate Social Responsibility concept. Corporate Social Responsibility provide and ethical framework to develop innovative method for effective resources utilisation so that benefit in long term can be avail.

Indian Banks are making efforts in Corporate Social Responsibility areas but still there is a requirement of more emphasis on Corporate Social Responsibility. The main purpose of this study is to analysis of public and private sector Banks & those aspects of business which has not been studied by anyone. Here the study was done on the customer to find out which sector was more social responsible towards society their operations in the long run and their products and services are preferred by the customers. Gandhiji's concept of "trusteeship" for business has been a definite positive point in the evolution of Corporate Social Responsibility.

Keywords : Customer Satisfaction, Corporate Social Responsibility Banking Practice, Public & Private sector Bank

INTRODUCTION

Business are an integral part of society, and have a critical and active role to play in gender equity and women empowerment, promotion of education, improving maternal health, combating HIV-AIDS & employment enhancing vocational skills. It is recognized the world over those integrating social, environmental and ethical responsibilities into the governance of business ensures their long term success, competitiveness and sustainability. The programme of an organisation should be judged beyond the financial parameters. The authorities need not only focus on the financial performance but to examine into the Corporate Social Responsibility of the organisation. This also make business sense as companies with effective Corporate Social Responsibility have image of society responsible companies, achieve sustainable growth in their operations in Carrale (1991) presented his Corporate Social Responsibility model as a pyramid as shown in figure(1). He once again uses his original historical explanation for the relative weighting saying "to be sure all these kind of responsibility have always existed to some extent, but it has only been in recent years that ethical and philanthropic functions have taken significant place (P.40)

RURAL DEVELOPMENT

About 75% of Indian population lives in rural area about 80% of this population is depend on agriculture for its livelihood. Agriculture accounts for about 37% of the national income. The development of rural area and agriculture and its rapid development of the economy as a whole. In this regard, India has succeeded in developing one of the largest Rural Banking systems in the world. The two most prominent measures are rural commercial Bank. Branch expansion, thus moving from class Banking to mass Banking and secondly priority sector lending and the formulation of specific development programmes and action plan to facilitate credit flow to the rural sectors. Despites these measures, as per the



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debt & Investment survey, Government of India (1992) about 36% of the rural households are found to be outside the fold of institutional credit.

HDFC has started a “Village adaptation” scheme to improve the investment ultimate in Indian Villages. Public sector Bank network spread all over India, covers all the rural and hilly areas. These Banks meticulously implement the various schemes to rural and low income urban public under priority lending, near about 56% of the priority schemes are being funded to rural population. Some of the projects to name a few are, wind mills, biogas plants, solar power, Agro waste, Briquette etc. Hodgson and ogrizek (2002) viewed that Banks have an inherent social responsibility to know the concept of KYC (Know Your Customer). In June 2008, a survey was carried out by TNS India & the times foundation, the findings of the survey revealed the private sector was more involved in CSR activities than the public Government sectors. The leading areas that corporations were involved in were livelihood promotion, education, health environment, and women’s empowerment. Economic environment does not play vital role But Corporate Social Responsibility remains a factor for many companies. Though it is a voluntary strategy to help. Benefit a firm’s bottom line or a tool to placate regulators, Corporate Social Responsibility is here to stay.

MODEL OF CORPORATE SOCIAL RESPONSIBILITY:-

Model	Focus	Champions
Ethical	Voluntary commitment by Co. To Public welfare	M.K. Gandhi
Statist	State ownership and legal requirements determine CR	Jawaharlal Nehru
Liberal	Corporate Responsibilities limited to private owners	Milton Friedman
Stake holder	Companies’ respond to the need of stakeholders customers empedyers, communities etc	R.Edward Freeman

Source: **Carroll, A. B.** (1991)

CUSTOMER SATISFACTION

Customer satisfaction includes fulfilment of need of customer related to product and services. It is a measure of how different product and services provide by any organisation meet the expectation of a customer. It get vary from person to person and service to service. A customer can be deferred as a user or potential user of banking services. A customer would include an account holder or a person carrying out casual business transaction with a Bank. The efficiency of a Banking sector depends upon how best it can deliver services to its target customer. In order to service in the competitive environment and provide continual customer satisfaction the Banking service provider are required to frequently increasing the quality of services. In Banking business it is seen that only 5% increase up customer retention can extend 35% profitability.

Present Study:

The present study is both descriptive and analytical in nature. After having gone through review of literature researcher came to know that the Corporate Social Responsibility play vital role that motivate in renovation and reconstruction of Banking sector so that Banking organisation able to carter the increasing demand of the society most of the writer have given their view regarding aspect of Corporate Social Responsibility but none of them has gone through the comparative



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study of Corporate Social Responsibility towards its staff which is the root of business ethics. The present study is one the consideration of Corporate Social Responsibility especially to those aspects of the business which has not been studied by anyone as before.

Research Methodology:

In the view of the above mention research work of customer of the sample Bank were surveyed.

Following were identification as the objective of the study:

- 1) To study related to Corporate Social Responsibility is taken care off in Banks.
- 2) To compare the initiative of public and private sector Bank towards its customer.
- 3) Study related to satisfaction level of different stakeholder.
- 4) To give suggestion to public & private sector Banks for Corporate Social Responsibility

Two types of Data are used in present study:

- 1) Primary Data
- 2) Secondary Data

- (1) **Primary data** are collected with the help of questionnaire served to 400 respondents for observing customer perception towards the Banking organisation as Banks provide various services to customer.
- (2) **Secondary data** are collected from various website, annual reports, books & magazines, newspaper & other relevant publication

During the research work of present study sample size of 450 customers has been taken to review the option on Corporate Social Responsibility. The Bank included in the study conducted on the concept of Corporate Social Responsibility includes both public & private Bank as shown in Table1. Corporate Social Responsibility initiatives taken by Banks were measured in term of attributes, namely, facility provided, e-banking, m-banking, PAP RTGS, loan facility, women welfare, behaviour of employees, dealing of employee, ATM facility, credit / debit card facility, Bank Draft facility, Locker facility, CCE (Customer Care Executive) facility, trade services.

The questionnaire was formulated for customers to get more reliable data and realistic answer from their view point regarding Corporate Social Responsibility initiative in banking sector.

TABLE OF SAMPLE SIZE

Public Bank	Private Bank
State Bank of India	Axis Bank
Punjab National Bank	Bank of Rajasthan
Allahabad Bank	Federal Bank
Bank of India	HDFC Bank
Dena Bank	ICICI Bank
UCO Bank	Jammu & Kashmir Bank
Industrial Development Bank	Karnataka Bank
Canara Bank	KarurVysya Bank
Bank of Baroda	Kotak Mahindra Bank
Oriental Bank of India	ING Vysya Bank

R⇒ Rural

Analysis & Interpretation

U⇒ Urban

Responsiveness of customer



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1	Attribute	Customer	Public Bank		Public Bank	
			Satisfied	Dissatisfied	Satisfied	Dissatisfied
2	CCE Customer Care Executive	R	28.71	71.29	56.17	43.83
		U	79.11	20.89	97.41	2.59
3	Behaviour of Bank employees	R	25.72	74.28	59.46	40.54
		U	86.73	13.27	96.66	3.34
4	Dealing of Bank employees	R	17.34	82.66	89.64	10.36
		U	75.66	24.34	65.67	34.33
5	Facility provided	R	75.64	24.36	64.37	35.63
		U	77.96	22.04	92.41	7.59
6	ATM facility	R	60.39	39.61	69.96	30.04
		U	84.11	15.89	95.69	4.31
7	Advancing Loan facility	R	75.23	24.77	51.12	48.88
		U	74.11	25.89	74.16	25.84
8	E-Banking facility (Internet)	R	39.14	60.86	35.14	64.86
		U	56.14	43.86	54.14	45.86
9	M-Banking (Mobile)	R	61.74	38.26	49.11	50.89
		U	89.64	10.36	87.77	12.23
10	Credit Card facility	R	77.11	22.89	76.77	23.23
		U	81.86	18.14	84.11	15.89
11	Debit Card facility	R	74.67	25.33	75.14	24.86
		U	84.11	15.89	87.17	12.83
12	Locker facility	R	72.14	27.86	69.14	30.86
		U	89.18	10.82	84.54	15.46



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13	Bank Draft	R	76.77	23.23	74.19	25.81
		U	77.89	22.11	76.54	23.46
14	PAP (Payable at Par facility)	R	46.14	53.86	56.69	43.31
		U	86.14	13.86	84.69	15.31
15	RTGS (Real Time Gross Settlement)	R	26.14	73.86	21.74	78.26
		U	64.76	35.24	59.60	40.40
16	Trade Services	R	68.96	31.04	54.47	45.53
		U	77.93	22.07	72.11	27.89
17	Travellers Cheque facility	R	74.68	25.32	73.48	26.52
		U	84.96	15.04	85.96	14.04
18	Bill of Exchange facility	R	84.96	15.04	79.46	20.54
		U	87.48	12.52	80.91	19.09
19	Deposit Outstation cheque facility	R	83.48	16.52	78.96	21.04
		U	86.41	13.59	81.94	18.06
20	Farman Welfare	R	81.43	18.57	74.65	25.35
		U	76.11	23.89	69.14	30.86

FINDING & SUGGESTION ;

- 1) It was found that large no. (97.41%) of urban respondents in Private Bank were satisfied with the CCE Services. But a very low no. of rural employees (28.71%) were satisfied with the CCE Services.
- 2) It was found that 97.41% of the respondents got proper attention when they entered into a public bank on the other hand, a high percentage (97.41%) of the respondents laid that the behaviour of the Private Bank employees towards customer was proper.
- 3) However, a great deal of dissatisfaction in the behaviour of the employees in both the sectors towards of the rural customers was seen.
- 4) A large no. of urban respondents (77.96%) in public banks and 92.41 %in private banks were satisfied with the way of dealing of the Bank employees. However with regard to rural population only.
- 5) However, the satisfaction level of the rural population with regard to the facilities provided were 75.64% for the public sector Banks and 64.37% for the private sector banks.



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- 6) 84.11% of the urban users had positive experience regarding ATM facility in the public banks & 95.69% in the private Banks while 60.39% of the rural users were satisfied with the ATM facility of the public bank and 69.96% will the facility at the private banks.
- 7) From the above table it was found that advancing loan facility is low to it almost same in both public and private sector bank for urban people but their was variation of percentage in rural respondent (public sector 75.23 % & private sector 51.12%) due to various economic factor.

SUGGESTION:

- It is suggested that bank employees should maintain well behaviour with the customer because customer is just like god who bring the business to the concern.
- Customers are the king of various areas. Customers are the stakeholder and each and every business concern has some responsibility towards its stakeholder.
- It is recommended that banking employees to be fair in dealings. Employees should not do manipulation and any type of unfair fractionous as customer will loss faith towards bank.
- Each & every aspect related to bank dealing should be provided to customer's proper supervision on the sale staff should be kept by reviewing their dealing.
- Timely proper feedback should be taken from the customer about the bank & customer oriented approach should be used.
- All the facility that are provided to the customer must be reviewed timely bases & updating must be provided to customer.
- Bank branches should be open in rural areas so that rural population also get the advantages of facility provided by the banks.
- It is also suggested that the banks should pay proper attention towards the maintenance of ATMs proper working, availability of cash, sewer breakdown should be minimised.
- Create awareness in rural & urban population regarding the latest facility provided by bank. How to avail these opportunity, now to get benefit from the latest facility all such provided.

CONCLUSION :

Clearly Corporate Sector has various sector as such financial sector and banking sector, society has many expectation from these sector. Customer satisfaction vary according to the nature of services and higher customer satisfaction is shown area like:- dealing of bank employees, E-Banking, M-Banking Credit/Debit card facility, bill of exchange facility, traveller cheque facility.

Public sector Bank customer were more satisfied with their Banks because of facility provided by them, with their reputation, reliability and prices which charge by these banks on services like cheque/cash deposit, cheque/cash withdraw ATM use charges, transaction unit charges, M-Banking charges. Although both public & private sector bank customer are satisfied with their banks but due to difference of response. Both public and private sector bank should concentrate on weak area in order to meet their customer expectation and this study focus on issue other then corporate Social responses, corporate power and corporate compliance, corporate activities and corporate disclosures of information will continue to concern an increasing number of people in the community. Clearly, the emerging multipurpose corporation will demand multipurpose goal and synergy policies that accomplish more than a single goal at a time. This compile the banking



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corporation also to develop new measures of performance instead of focussing on the single bottom line of profit as in the past, these organisations are expected to focus attention on multiple bottom lines- social, environmental, political and ethical-which are all inter connected.

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