

Impact of Corporate Social Responsibility on Customer Satisfaction in Banking Service

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Abstract

The aim of this research is primarily to examine the roles of Corporate Social Responsibility (CSR) initiatives in the banking sector and how customers perceive this effort, what they expect and how they would benefit from the implementation of CSR activities. Corporate Social Responsibility (CSR) as a field of study and a framework for the role of business corporations and financial institutions in society. The paper on “IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON CUSTOMER SATISFACTION IN BANKING SERVICE” The paper aims to explore the perception of the customer on CSR in banking service and finding out the level of awareness related to among the bank customer in the study area. It also aims at analyse the overall banking service quality as perceived by the consumers. Finally, the paper aims to find out the relationship between corporate social responsibility and customer satisfaction and their influence on service quality.

Keywords: Corporate social responsibility, level of awareness, banking service, customer satisfaction,

INTRODUCTION

The banking system in India is considered to be significantly different from that of other Asian nations because of the country's unique geographic, social, and economic characteristics. Liberalization and deregulation of the financial sector, coupled with rapid technological advancement and improved communication systems, have contributed to the integration process. As a result, banks are now faced with very high and intense competition. With hot winds of competition blowing across Indian banking industry, developing a symbolic relationship with customers has become more important. The perceptions of the customer have undergone a sea change, and customers are more demanding. Since customers are the heart of any service industry, delivering superior service to the customer is increasingly important today.

There is growing recognition of the significant effect the activities of the private sector have on society on employees, customers, communities, the environment, competitors, business partners, investors, shareholders, governments and others. It is also becoming increasingly clear that firms can contribute to their own wealth and to overall societal wealth by considering the effect they have on the world at large when making decisions. Corporate social responsibility (CSR) is also often referred to as business responsibility and an organisation's action on environmental, ethical, social and economic issues.

CSR in banking

The merits of corporate social responsibility (CSR) for companies include increased profits, enhancing customer loyalty, trust, enhancing the brand attitude and skirmishing negative publicity, In light of these

known optimistic effects, CSR strategies have been embraced by the international banking community. Yeomans (2005) studied the recently signed Equator Principles agreement which supports socially responsible development of 30 major international private banks investment in socially responsible activities. Scott (2006) studied the varied bank investment in socially responsible initiatives. The extensive adoption of CSR by the global banking community suggests we may be reaching a situation where parity has once again returned to the banking sector.

LITERATURE REVIEW

The concept of CSR does not currently have a specific cast-in-the-stone definition or description as it tends to assume different meaning depending on the context within which it is used or applied. A wide range of definitions therefore exist, which reflect the different perspectives and priorities of the stakeholders involved in the CSR debate. The primary goal of business has traditionally been seen as meeting the economic expectations of the owners of the business (shareholders). According to Friedman, 'There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game' (Friedman, 1962). Therefore, business performance is usually measured in economic terms – revenue, profit, share price and earnings per share. As far back as 1956, Frances X Sutton described managerial views of business responsibility. He explained that the corporation is responsible for managing the needs, expectations, interests, claims and rights of diverse groups among them employees, customers, suppliers and the local plant community - rather than solely enhancing the wealth of shareholders (Holmes, 1976). This encourages conscious effort by executives towards the integration of the economic and social considerations in decision making.

OBJECTIVE OF THE STUDY

- To find out the awareness of corporate social responsibility among the bank,
- To analyse the overall banking service quality,
- To find out the practices relating to corporate social responsibility,
- To find out the opinion about corporate social responsibility,

METHODOLOGY

This type of research being descriptive in nature, questionnaire method of data collection was followed primary method of data collection from different categories of employees are collected various aspects. Around 50 samples are selected in a systematic manner.

RESEARCH DESIGN

This study is applicable to the corporate social responsibility of the Theni district banks located at rural and semi urban areas. The researcher proposes directly visit the banks and collected the necessary data with the help of pre-tested interview schedule. As the numbers of employees are large, the researcher decided to adopt convenient sampling for collecting information from 50 employees as sample respondents of bank. The required data are collected from the respondents by the studying in the bank during the banking hours.

TOOLS FOR DATA ANALYSIS

The study used following financial tools for analysis

- Percentage analysis
- Chi square analysis
- Multiple regression

FINDINGS

Table -1 Demographic Factor of the Respondents

S.NO	VARIABLE	MAJORITY CATEGORY	PERCENTAGE
1	Age	25(35-40)	50
2	Gender	35(male)	70
3	Marital status	30(married)	60
4	Educational qualification	25(PG)	50
5	Religion	30(Hindu)	60
6	Native	35(other than Theni)	70
7	Years of experience	25(5-10yrs)	50
8	Monthly income	25(30000-40000)	50
9	Previous experience	45(yes)	90
10	Types of family	35(nuclear family)	70

The above table shows that the majority of the employees are in the age group of 35-40, (50%) mostly (70%) married male (60%). They have a monthly income of 30000-40000/ (50%), and most of their designations are supervisors (80%). Most of the employees are experience in the group of 5-10yrs (50%). Most of the 35 employees are (70%) other than theni district. Most of the employees are dependent on nuclear families (70%).

Table –2 Awareness about Corporate Social Responsibility

S.NO	VARIABLE	MAJORITY CATEGORY	PERCENTAGE
1	Are you familiar with the term corporate social responsibility	45/50 (YES)	90
2	If yes, is your bank practicing it	35/50 (YES)	70
3	Our bank is a socially responsible bank	40/50 (S.A)*	80
4	The CSR activities of the bank are conducted on a regular basis	30/50 (A)**	60
5	Our CSR activities are closely related to our banking strategy	30/50 (S.A)*	60
6	The following factors motivated your bank to undertake CSR		
I	Ethical and moral reasons	25/50 (S.A)*	50
ii	To improve community relations	25/50 (N) ***	50

Iii	To improve customer loyalty	30/50 (S.A)*	60
Iv	To improve employee motivation	35/50 (S.A)*	70
V	To improve relations with business partners/ investors	25/50 (S.A)*	20
Vi	To improve economic performance	35/50(S.A)*	70
Vii	Pressure from third parties (e.g. clients or competitors)	25/50(S.A)*	50
Viii	To avail of public incentives (e.g. tax incentives)	20/50(S.A)*	40
Ix	To preserve or improve the reputation of the bank	25/50(S.A)*	50
X	A commitment to reducing the bank's impact on the environment	25/50(S.A)*	50
Xi	To give something back to the community	35/50(D)*****	70
7	The following act as a barrier to furthering your bank's CSR activities		
I	Lack of time	30/50(S.A)*	60
Ii	Lack of money	25/50(S.A)*	50
Iii	Not related to the activities of the bank	20/50(N)***	40
Iv	CSR is not an issue for a bank of this size	30/50(S.D)*****	60
V	Lack of human resources	30/50(S.A)*	60
8	Activities- customers		
I	Our bank give service and accurate information	25/50(S.A)*	50
Ii	Our bank retrieve the customer complaints in a timely manner	30/50(S.A)*	60
Iii	Our bank provide service quality in assurance	25/50(A)**	50
Iv	Our banks committed to value the customers	20/50(S.A)*	40
V	Our bank considered the disabled customer	20/50(D)*****	40
9	Activities-employees		
I	Our bank encourage the employees to develop required skills and to continue in long term careers	35/50(S.A)*	70
Ii	Our bank ensure adequate steps that are taken against all forms of discrimination	25/50(A)**	50
Iii	Our bank consult employees in decision making skill	25/50(S.A)*	50
Iv	Our bank committed to the safety, health and welfare measure in the work environment	25/50(N)***	50
V	Our bank ensure a work/life balance to every employees	30/50(S.A)*	60
10	Financial performance		
I	The impact of the CSR activities of the bank on the financial performance of the bank	40/50(S.A)*	80
Ii	The financial implications of CSR are experienced	30/50(A)**	60

	in the long term		
Iii	A bank must first be profitable before undertaking CSR	20/50(S.A)*	40

The above table shows that 90% of the respondents are aware of CSR out of this 90%, 70% say that their bank is practicing it. 80% of respondents strongly agree to the fact that CSR is socially responsible bank and 60% agree that it can be conducted on a regular basis, followed by 60% strongly agree to the fact that CSR is closely related to banking strategy. 50% of the respondents strongly agree that it is ethical and moral and 50% of the respondents no opinion about community relation, 60% of the respondents strongly agree that customer loyalty (60%). CSR activities can be motivating employees (70%), business partners (50%), economic performance (70%) and bank reputation (50%).40% of the respondents' avail of public incentive. The majority of the respondents i.e 60%,50%,40%,60%,60% of the respondents that it create barrier to furthering CSR activities among banks, 60% of the respondents strongly agree that banks give service and accurate information, followed by 60% disagree the customer complaints in a timely manner, our bank provide good customer service quality, the majority of the respondents i.e 70%,50%,50%,50%,60% of the respondents it encourage employee careers, decision making skill and welfare measure of the employee, CSR highly financial performance respectively.

*S.A- Strongly Agree, **A- Agree***, N- Neutral****, S.D- Strongly Disagree, *****D Disagree

Table- 3 Chi-Square test

Variables	P Value	Significance
Age with CSR		
Age of the Respondents with the opinion that Awareness of CSR	22.222	.002
Age of the Respondents with the opinion that our bank is socially responsible bank	50.000	.001
Age of the Respondents with the opinion that CSR activities of the bank are conducted on a regular	73.333	.003
Age of the Respondents with the opinion that our CSR activities are closely related to our banking strategy	50.000	.002
Activities – Customers		
Age of the Respondents with the opinion that our bank gives service and accurate information	78.667	.004
Age of the Respondents with the opinion that our bank retrieves the customer complaints in a timely manner	66.667	.003
Age of the Respondents with the opinion that our bank provides service quality in assurance	68.000	.002
Age of the Respondents with the opinion that our banks committed to value the customer	1.050E2	.001
Age of the Respondents with the opinion our bank considered the disabled customer	70.000	.004
Activities – Employees		

Age of the Respondents with the opinion that our bank encourages the employees to develop required skills and to continue in long term careers	38.095	.001
Age of the Respondents with the opinion that our bank ensures adequate steps that are taken against all forms of discrimination	68.000	.004
Age of the Respondents with the opinion that our bank consult employees in decision making skill	78.667	.002
Age of the Respondents with the opinion that our banks are committed to the safety, health and welfare measures in the work environment	52.000	.003
Age of the Respondents with the opinion that our bank ensures a work life balance to every employees	1.000E2	.002
Educational Qualification with CSR		
Education Qualification of the Respondents with the opinion that Awareness of CSR	5.556	.004
Education Qualification of the Respondents with the opinion that our bank is socially responsible bank	12.500	.003
Education Qualification of the Respondents with the opinion that CSR activities of the bank are conducted on a regular	60.000	.002
Education Qualification of the Respondents with the opinion that our CSR activities are closely related to our banking strategy	33.333	.001
Activities – Customers		
Education Qualification of the Respondents with the opinion that our bank gives service and accurate information	50.000	.002
Education Qualification of the Respondents with the opinion that our bank retrieves customer complaints in a timely manner	33.333	.004
Education Qualification of the Respondents with the opinion that our bank provide service quality in assurance	40.222	.001
Education Qualification of the Respondents with the opinion that our banks are committed to value the customer	45.000	.003
Education Qualification of the Respondents with the opinion that our bank considered the disabled customer	1.000E2	.002
Activities – Employees		
Education Qualification of the Respondents with the opinion that our bank encourages the employees to develop required skills and to continue in long term careers	21.429	.001
Education Qualification of the Respondents with the opinion that our bank ensures adequate steps that are taken against all forms of discrimination	40.222	.002
Education Qualification of the Respondents with the opinion that our bank consult employees in decision making skill	50.000	.001
Education Qualification of the Respondents with the opinion that	1.000E2	.002

our banks are committed to the safety, health and welfare measures in the work environment		
Education Qualification of the Respondents with the opinion that our bank ensures a work life balance to every employee	33.333	.004
Experience with CSR		
Experience of the Respondents with the opinion that Awareness of CSR	50.000	.003
Experience of the Respondents with the opinion that our bank is socially responsible bank	50.000	.001
Experience of the Respondents with the opinion that CSR activities of the bank are conducted on a regular	1.233E2	.002
Experience of the Respondents with the opinion that our CSR activities are closely related to our banking strategy	50.000	.005
Activities – Customers		
Experience of the Respondents with the opinion that our bank gives service and accurate information	1.287E2	.001
Experience of the Respondents with the opinion that our bank retrieves the customer complaints in a timely manner	1.000E2	.004
Experience of the Respondents with the opinion that our bank provides service quality in assurance	1.180E2	.003
Experience of the Respondents with the opinion that our banks are committed to value the customer	1.050E2	.002
Experience of the Respondents with the opinion that our bank considered the disabled customer	70.000	.004
Activities – Employees		
Experience of the Respondents with the opinion that our bank encourages the employees to develop required skills and to continue in long term careers	38.095	.003
Experience of the Respondents with the opinion that our bank ensures adequate steps that are taken against all forms of discrimination	68.000	.002
Experience of the Respondents with the opinion that our bank consult employees in decision making skill	1.287E2	.003
Experience of the Respondents with the opinion that our banks committed to the safety, health and welfare measure in the work environment	52.000	.004
Experience of the Respondents with the opinion that our bank ensures a work life balance to every employees	1.500E2	.002

From the above table it is found that Education, Age and experience are found to be significant with respect to Corporate Social Responsibility.

Table-4 Demographic variables influencing awareness about corporate social responsibility

Variables	R	R ²	Increment
Age	0.782	0.611	-
Gender	0.795	0.632	0.021
Marital status	0.809	0.655	0.023
Educational qualification	0.812	0.660	0.005
Types of family	0.891	0.794	0.134
Previous experience	0.956	0.915	0.121
Years of experience	1.000	1.000	0.015

From the above table it is found that age contributes to 61% relating to the awareness of CSR. It is concluded that age is most influencing factor with respect to the awareness of CSR.

CONCLUSION

The study clearly shows that awareness of corporate social responsibility is an important factor for successfully running banks. Corporate social responsibility is a suitable study for evaluating CSR activities towards bank organisation’s performance. Even though CSR is suitable study for evaluating the customers, employees and financial performance of the bank.

The study demonstrates that Corporate Social Responsibility (CSR) plays a significant and influential role in shaping customer satisfaction within the banking sector. Customers today are increasingly aware of the social, ethical and community-oriented initiatives undertaken by banks and expect these institutions to operate responsibly. The findings show that CSR activities—such as ethical practices, community development, environmental protection, accurate customer service, and inclusive policies—greatly enhance perceptions of service quality. Demographic variables like age, education and experience were also found to significantly influence CSR awareness, indicating that customer expectations vary across different groups.

Overall, the results highlight that CSR is not merely an external obligation but a strategic tool that strengthens customer loyalty, trust and long-term organisational performance. CSR initiatives directed towards employees—such as skill development, non-discrimination, workplace safety and work–life balance—further contribute to improved service delivery and customer satisfaction. The study concludes that banks adopting well-structured CSR practices can gain competitive advantage, enhance their reputation and build stronger relationships with stakeholders, making CSR an essential component of sustainable banking

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