

GREEN BANKING AND CORPORATE SOCIAL RESPONSIBILITY: A STEP TOWARDS SUSTAINABLE DEVELOPMENT

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ABSTRACT

Corporate Social Responsibility (CSR) is rapidly gathering momentum in the private, public and non-profit sectors over the last few years. Corporate social responsibility (CSR) refers to strategies by which corporations or firms conduct their business in a way that is ethical, society-friendly and beneficial to the community in terms of development. Corporate Social Responsibility is exhibiting a very attractive theme among the business organizations. In this competitive environment, most of the organizations have implemented CSR practices and other remaining is trying to implement it. The present study shows various CSR practices namely: equal opportunities for employees, customer and employee satisfaction, occupational safety and health of employees, social benefits for employees, environmental protection, and degree of interest in CSR have been identified on the basis of existing literature and expert's opinions. "Green" has become a business buzz word and a platform of marketing communication/ecological factors with an aim to protect the environment and conserve natural resources. This paper has focussed on assessing the awareness and preference of customer for green banking products. In this paper an attempt has been made to explore Corporate Social Responsibility as a new trend of Green banking. The aim of this research paper is to find out the importance of Corporate Social responsibilities and to ascertain the impact of CSR on Green banking in achieving the objectives. The study has also advanced suggestions to improve Green banking service mechanism and also the role of CSR to accomplish the objective of Green banking.

Keywords: *Corporate Social Responsibility, Customer, Satisfaction, Green Banking.*

Introduction

Corporate Social Responsibility can be understood as the due diligence expected from the organizations in everything it does and in the interest of all the stakeholders of the organization. In other words, where it may be interpreted as mere social initiatives undertaken, in actuality it covers entire gamut of activities covering all the functional aspects as well as the ethical practices. An organization has to protect & preserve the interest of its stakeholder's right from research to maintaining long term key relationship with its key parties. CSR simply refers to strategies corporations or firms conduct their business in a way that is ethical and society friendly. In the nutshell, CSR is what the organizations do over and above its mandatory requirements & business obligations towards society. Apart from being a hygienic element for survival and progress, CSR is also mandatory for specific companies under the companies act. Section 135 of the Companies Act, 2013 deals with CSR and under this section every company having net worth of Rs. 500 crores or more or turnover of Rs. 1000 crores or more or net profits of rupees five crores or more during any financial year, has to constitute a CSR Committee to recommend its activities for discharging CSR in a manner that the company would spend at least 2 percent of its average net profits of the company made during the three immediately preceding financial years, in pursuance of its CSR policies.

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Reserve Bank of India (RBI), which is the central bank of the country and the regulator for banks in India, has also asked the banks to pay special attention towards integration of social and environmental concerns in their business operations. At present there is an increasing awareness about CSR, sustainable development and Non Financial Reporting, as a result of RBI circular in the year 2007, December, directed banks to undertake CSR initiatives for sustainable development. Green Bank is a bank, which considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources. It is also recognised as ethical bank or sustainable bank. Their purpose is to perform banking activities but with an additional plan towards taking care of earth's ecology, environmental, and natural resources including biodiversity. Green banking covers a different area, but in general refers to how environment friendly a bank. The new generation banks are having a missionary zeal to protect the planet.

Literature Review

Suresh (2008) initiative taken by Indian bank for green banking can include giving loans to only those companies which abide by environmental safety standard. Sari Behl (2012) highlighted that green banking can be a mean to create awareness in internal and external subsystem and impact education to attain sustainable growth. Nath, Nayak, & Goel (2014) highlighter that paperless banking, online banking, mobile banking, mass transportation system, green cards made up of recycled plastic, green buildings, investing in low carbon technologies, adopt environmental standards for the lending and financing are some of the initiative that can help banks in promoting green banking strategies. It is evident from the literature that some studies have been conducted in relation to green banking initiatives of various industries at international and national level. However, there is a dearth of such studies in banking sectors in India. No search has been conducted in Himachal Pradesh. Realizing this need and gap in this area the present study has been conducted.

Objectives of the Study

- To examine the awareness level of respondents about the concept of CSR & green banking initiatives.
- To analyse the opinion of respondents regarding the usage of green banking channels.
- To study the perception of customers about the role of CSR in green banking & recommend suggestions.

Research Methodology

The study is based on primary as well as secondary data. The secondary data was collected from Books, Journals, Internet, Magazines, and Newspaper reports. Primary data were collected through questionnaires, personal interview and also by observation methods. In all, 50 respondents of Shimla district, the State Capital of Himachal Pradesh involved in green banking in different places was taken as a sample selected on the basis of convenience sampling. Questions were framed to study the status, perception and problems of customers regarding CSR and green banking. While selecting the sample an utmost care has been taken to ensure that the respondents of different age, religion, educational background and family income, etc. are included. Consistent with the study objectives, different techniques like, percentage methods and averages have been used to analyze the data. In case of certain hypothesis, an advanced statistical technique such as Chi square test, Standard deviation and Skewness has also been used. Interpretation of data is based on rigorous exercises aiming at the achievement of study objectives.

Data Analysis and Results

- **Awareness of Respondents Regarding the Concept of CSR:** It can be observed from the table-1 that 76.7 percent respondents are aware about the concept of Corporate Social Responsibility, 6.7 percent are in part and 10 percent are not aware. It can be concluded that the majority of the respondents have knowledge about the CSR and only a little chunk of the respondent are not aware about the CSR, be must have to concentrate on that very little chunk of the respondent to educate about the concept of CSR.

Table 1: Awareness of Respondents Regarding the Concept of Corporate Social Responsibility

Rating Scale	Frequency	% of Respondent
Yes	46	76.7
No	6	10.0
In Part	4	6.7
Don't Know	2	3.3
Not Applicable	2	3.3
Total	60	100

Source: Field Survey 2020

Views of Respondents about Green Banking Initiatives

Table 2 shows the views of customers about green banking initiatives on the basis of attributes such as green building, less paperwork, energy efficient equipment, lending and raising money for local environmental initiatives and green banking services. The mean score of the responses relating to green banking initiatives is higher than the average standard score 3 on the five-point scale. The mean value, standard deviation and Skewness also support our findings. The calculated values of Chi-square test of goodness of fit are more than the table value at 5 percent level of significance for different attributes and the null hypothesis is rejected. It reveals that the opinions of the respondents are not equally distributed.

Table 2: Views of Respondents about Green Banking Initiatives

Attributes	Nature of Responses					Total	\bar{x}	S.D.	SKW	χ^2	P. Value
	S.A	A	U	D	S.D						
Green building	20 (33.3)	16 (26.7)	15 (25.0)	7 (11.7)	2 (3.3)	60 (100)	3.75	1.144	-0.540	17.83	<0.05
Less paperwork	27 (45.8)	25 (41.7)	4 (6.7)	3 (5.0)	1 (1.7)	60 (100)	4.23	0.908	-1.469	55.00	<0.05
Energy efficient equipment	25 (41.7)	14 (23.3)	8 (13.3)	7 (11.7)	6 (10)	60 (100)	3.75	1.373	-0.790	20.83	<0.05
Lending and raising money for local environmental initiatives	24 (40.0)	14 (23.3)	10 (16.7)	6 (10.0)	6 (10)	60 (100)	3.73	1.351	-0.772	18.67	<0.05
Green banking services.	25 (41.7)	14 (23.3)	11 (18.3)	6 (10.0)	4 (6.7)	60 (100)	3.83	1.264	-0.820	22.83	<0.05

Source: Field Survey 2020

Note: S.A. indicates Strongly Agree, A- Agree, N-Neutral, DA-Disagree, S.D- Strongly Disagree

It can be concluded on the basis of the above analysis that the opinion of the respondents is shifting towards strongly agree or agree side. It shows that green building, less paperwork, energy efficient equipment, lending and raising money for local environmental initiatives and green banking services play an important role about green banking initiatives in the banking sector.

Usage of Green Banking Channels

It is observed from table 2 that mean the value of views with regard to the use of ATM and paperless transactions is 3.43 and 4.50. It is higher than the mean, standard score 3 in five point scale table. The mean value, and standard deviation also support our findings.. This shows that the opinion of the respondents over the frequency of use of ATM is ranging between high to very high. The Chi-square test shows that the null hypothesis is rejected at the 5 percent level of significance. It is observed that the respondents use paperless transactions is moderate. Further, while analyzing the views of the respondents regarding the use of Internet banking, it is noted that the respondents do use Internet banking. The mean value 3.60 supports the above analysis. The Standard deviation is 1.476 and Chi-square is 22.16. Thus, it can be concluded that people use Internet banking very frequently. It is observed that the frequency of the use of Mobile banking is average. The mean value 2.18 and Standard deviation is 0.957. The calculated value of Chi-square is significant at the 5 percent level of significance, which shows the opinion of the respondents is not equally distributed.

Table 3: Opinion of Respondents Regarding the Usage of Green Banking Channels

Green Banking Channels	Nature of Responses					Total	\bar{X}	S.D.	χ^2	P. Value
	Very High	High	Moderate	Low	Not at All					
ATM	17 (28.3)	16 (26.7)	11 (18.3)	8 (13.3)	8 (13.3)	60 (100)	3.43	0.178	6.16	>0.05
Paperless transactions	21 (35.0)	29 (48.3)	6 (10.0)	3 (5.0)	1 (1.7)	60 (100)	4.50	0.572	50.66	<0.05
Internet Banking	23 (38.3)	18 (30.0)	9 (15.0)	4 (6.7)	6 (10.0)	60 (100)	3.60	1.476	22.16	<0.05
Mobile Banking	25 (41.7)	14 (23.3)	9 (15.0)	6 (10.0)	6 (10.0)	60 (100)	3.75	1.357	21.16	<0.05

Source: Field Survey 2020

Usage of Green Banking Channels On the Basis of Gender

An attempt was made to know the usage of green banking channels such as ATM, paperless transactions, Internet Banking and Mobile Banking based on gender. To test the awareness level of green banking based on gender, the following null hypothesis was proposed.

H₀: There is no significant difference in gender and usage of green banking channels such as ATM, Paperless transactions, Internet Banking and Mobile Banking.

H₁: There is a significant difference in gender and usage of green banking channels such as ATM, Paperless transactions, Internet Banking and Mobile Banking.

The ANOVA test was used to analyse the usage of green banking channels based on gender and test the proposed null hypothesis. The details of the results of ANOVA test are reported in table 4.

Table: 4 Usages of Green Banking Channels among Different Gender of Customers

Green Banking Channels	Particulars	Sum of Squares	df	Mean Square	F	P Value
ATM	Between Groups	0.067	1	0.067	0.034	0.854
	Within Groups	112.667	58	1.943		
	Total	112.733	59			
Paperless transactions	Between Groups	0.067	1	0.067	0.082	0.776
	Within Groups	47.333	58	0.816		
	Total	47.400	59			
Internet Banking	Between Groups	29.400	1	29.400	24.291	0.000
	Within Groups	70.200	58	1.210		
	Total	99.600	59			
Mobile Banking	Between Groups	1.667	1	1.667	0.903	0.346
	Within Groups	107.067	58	1.846		
	Total	108.733	59			

Source: Computed Data.

The above table discloses that the level of significance is more than 5 percent in ATM, paperless transaction and mobile banking. It shows that gender wise there is no significant difference in green banking such as ATM, paperless transaction and mobile banking. But there is significant difference in gender and green banking such as Internet banking because p value is less than 0.05.

Perception of Customers about the Role of CSR in Green Banking: As it is evident from the table 5 that the customers play a distant role in banking organisations and influencing the bank functioning up to the large cognitive extent. It is an eminent challenge for bank organisations to tackle all relevant approaches regarding all aspect of CSR in green banking such as CSR conceived as a strategic tool to promote green banking, implementing of CSR should be the responsibility of bank, Government should provide training, impact of CSR on your green bank, and CSR is an unconditionally acceptance obligation. The table-5 depicts that mean value of customer's perception about the Corporate Social Responsibility is higher than the mean standard score i.e. 3 in five point scale. The Standard deviation and Skewness shows that the perception of the respondents is changing towards higher side of mean standard score. From table- 5 we get that Chi-square value is greater than table value at degree of freedom i.e. 4 and at 5% significant level =9.49, therefore our hypothesis is rejected, which means there is a significant difference in the perception of customers about the role of CSR in green banking.

Table 5: Perception of Customers about the Role of CSR in Green Banking

Attributes	Nature of Responses					Total	\bar{x}	S.D.	SKW	Kurts.	²	P. Value
	TGE	TME	TSE	DNK	NAA							
CSR conceived as a strategic tool to promote green banking	29 (48.3)	12 (20)	10 (16.7)	5 (8.3)	4 (6.7)	60 (100)	3.95	1.267	-0.987	-0.119	33.83	<0.05
Implementing of CSR should be the responsibility of bank	12 (20)	29 (48.3)	9 (15)	5 (8.3)	5 (8.3)	60 (100)	3.63	1.149	-0.962	0.281	33.00	<0.05
Government should provide Training	12 (20)	9 (15)	24 (40)	12 (20)	3 (5.0)	60 (100)	3.25	1.144	0.118	-0.733	19.50	<0.05
Impact of CSR on your green bank	12 (20.0)	13 (21.7)	12 (20)	21 (35)	2 (3.3)	60 (100)	3.20	1.218	0.184	-1.272	15.17	<0.05
CSR is an unconditionally acceptance obligation	32 (53.3)	10 (16.7)	4 (6.7)	3 (5.0)	11 (18.3)	60 (100)	3.81	1.567	-0.969	-0.705	45.83	<0.05

Source: Field Survey 2020 Note: TGE indicates To Great Extent, TME- To Moderate Extent, TSE- To Some Extent, DNK- Don't Know, NAA- Not at All.

Conclusion

People nowadays have become conversant with global warming and its penalty on human life. So change is the need of the hour for the continued existence and efforts should be made for the environmental management in a sustainable manner. Green banking is a practical way of future sustainability. This paper highlights customer perception and awareness about green banking initiatives. The study was conducted in Shimla district of Himachal Pradesh. It is evident that from the study that most of the customers are aware about green banking concept but they try to associate it with paperless work and recycling only. Internet banking is most important initiatives taken by banks for eco-friendly business practices. On the basis of the findings of this study we draw the conclusion that CSR has been successful in enhancing green banking products. The recent decision of the government to make 2% investment, by the corporate through CSR has added additional advantages to all the aspects of the economy. However, I would like to suggest the following measures in order to make CSR more effective and operational in banking sector.

- The government must start awareness programmes right from the initial level to the corporate level.
- Government must make corporate a party in all key decisions which are socially oriented.
- Economic development should be put before every corporate and they should be encouraged to accept responsibility in adverse conditions.
- Environmental up gradation and sustainability should be taken as a major task in collaboration with corporate.

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