



THE ASSESSMENT OF A NEPALESE BANK IN TERMS OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

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Abstract

CSR is an approach which bridges the gap between organisation and the external environment. We know that organizations cannot perform their business activities in isolation; they have to consider various dimensions in order to accomplish the desired corporate goals. Every organization has some responsibility towards the society therefore, performing business activities by coordinating every aspect, generating profit and at the same time focusing on the upliftment of the community is a difficult task for any corporate house- big or small. It has been found that in Nepal many companies are practicing CSR activities and is same for Nepalese banks too, but an extensive, in-depth and continuous work is required for the all round development of society and nation at large.

This study is based on one of the leading private bank of Nepal, head-office located in the capital city 'Kathmandu'. For this study, the Qualitative data was gathered from 34 Executives, 55 Assistant Level Employees and 25 customers. The data derived from the survey provided a map of what, why, when, where and how, the bank has been able to deliver its efforts for the upliftment of the society which ultimately adds to the development of the country. The basic aim was to derive a relationship between the Bank and its role in fulfilling its social obligations.

Key Words: Bank, Corporate Social Responsibility, Employees, Nepal.

Note: To maintain the confidentiality of the Bank, as asked by the authorities, the researcher has used a hypothetical name of the Bank i.e. XYZ Pvt.Ltd.



1. Introduction of Corporate Social Responsibility (CSR)

CSR is a generalized concept of what constitutes “good” or “desirable” business behavior. It relates to what can be judged “morally” or “ethically” good (Vaaland *et al.*, 2008). It is often linked with the term ethical behavior, sustainable development, corporate governance, good governance, the environment, and philanthropic ideas (Ioanna *et al.*, 2005). It emphasizes the intimacy of the relationship between the corporation and society (karjee, 2011).

The concept of CSR is not new one and its focus has changed from time to time according to changing needs of business and societies. In 1960, CSR was an outcome of an attempt to link business with society. The underlying expectation in this era was to apply the resources in a socially responsible manner, and promotion of social welfare along with the economic development (Sharma, 2011). Later on to enlarge the periphery of CSR from pure economical boundaries, in 1970's CSR was identified as the compliance to business ethics. The concept was to maximize profit without deception or fraud to any party and lying within the rules and regulation of the state (Sharma, 2011). CSR has become a commonly used strategy by organisations that are discussed in media and various other related fields which provides an opportunity to achieve competitive advantage.

The European Commission gives a well-established definition of CSR as: “...a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” The management literature has acknowledged social responsibility as an important corporate duty (Quinn, Mintzberg, & James, 1987). (Arlow & Gannon, 1982; Ullmann, 1985) have argued that the significance of CSR in corporate decision making lies within the relationship between a firm's social and ethical policies or actions and its financial performance. Council for Sustainable Development defined CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”

2. CSR IN BANKING SECTOR

Banks are also engrossed with various commitments towards fulfilment of Corporate Social Responsibility (CSR) to manage its diverse roles in society, as producer, employer, customer and citizen in a responsible manner. How a Bank meets its corporate responsibility goals is influenced by its history, vision of the founder, culture, experience, philosophy and its laws and regulations. However, Banks are under enormous pressure from its stakeholders, investors, media along with its customers to carry out business in a socially responsible and ethical way. CSR is not mandatory in Nepal and all the bank that have made the disclosure of social responsibility have been doing it in voluntary basis.

Social responsibility refers to the obligation of a firm, beyond that required by law or economics, to pursue long term goals that are good for society (Ioanna *et al.*, 2005). A bank undertakes to maximize profit for stakeholders who contributed funds to set it up. It must obtain optimum liquidity to meet depositors demand. It is obliged to satisfy the legitimate deficit sector demand for credits. The bank must comply the regulators' requirements to continue in business. Above all, for the bank to be seen as a good corporate citizen, it has to contribute to the maximum development of the economy as well as satisfy its immediate community (Nwankwo,1991; Joseph, 2008).

Banks can play a leading role to establish the CSR concepts in Nepalese business and corporations. More emphasis should be given on developing countries like Nepal, where CSR is at an infant stage of development. While tracing the trend of social disclosure, impacts of social and economic development on CSR practices, there is also a need to develop a framework for CSR reporting.

Banking sector is under considerable pressure from its stakeholders, investors, media as well as its customers to carry out business in a socially responsible and ethical manner. CSR is not mandatory in Nepal and all the banks that have made the disclosure of social responsibility have done it voluntarily. Among the disclosed information; Education, Training, and Welfare of underprivileged; Arts/heritage and Culture protection; Contribution to healthcare and environment; Contribution to Associations, Clubs and other organizations, etc were the most commonly reported CSR activities. Religious activities, Child and women



development, sports and games activities, blood donations were also the major area for CSR reporting. There are many banks in Nepal that perform CSR activities. Some of them are as follows:-

- Global IME Bank Ltd.
- Nepal Investment Bank Ltd.
- Standard Chartered Bank Ltd.
- NABIL Bank Ltd.
- Prime Commercial Bank Ltd.
- Machhapuchhre Bank Ltd.

3. Methodology

3.1 Objectives of Study

- To understand the role of XYZ Pvt.Ltd Bank towards its society.
- To identify various activities and programs set by XYZ Pvt.Ltd Bank and employee's involvement in such activities.
- To understand the level of employee satisfaction in relation with CSR activities.

3.2 Sources of Data

Primary data: Primary data was collected through Personnel Interviews, Questionnaire and Observations.

Secondary data: XYZ Pvt.Ltd profile, websites, magazines, handouts, articles were used widely as a support to primary data.

Sampling Frame: The sample size comprised of 34 Executives and 55 Assistant Level Employees .

A view of 25 customers was also taken to know about the welfare programs carried out by XYZ Pvt.Ltd.

A questionnaire was developed and questions were measured using different scales as per the requirement of every question. The sampling technique used was Stratified Sampling Technique which was distributed to the Executives, Assistant level Employees in the Bank. The questionnaire have "six" main headings which include different questions under each heading. Those 6 headings were:-

- Awareness among employees for CSR
- Employee involvement in CSR activities
- Responsible initiatives of the organisation towards CSR
- Encouraging Employees for community work
- Employees Incentives for social projects
- Occupational safety for employees

4. Analysis of Study

4.1 Awareness among employees for CSR

- What is the level of awareness in CSR activities initiated by the Bank?

The parameters for this question were- Fully aware, To some extent and Not at all. Here we found that 79.41% Executive were fully aware, 20.58% were aware to some extent whereas, 54.54% Assistant Level were fully aware, 40% were aware to some extent and the remaining 5.45% were not aware about it.

- What is the Attitude of participants towards CSR activity?

The parameters for this question were Highly satisfied, Satisfied, Neither satisfied nor dissatisfied, Dissatisfied, Highly Dissatisfied. Here we found that 55.88% Executive were Satisfied, 23.52% were Highly satisfied and



20.58% were Neither satisfied nor dissatisfied with the attitude of participants while conducting CSR activities and none of them were Dissatisfied or Highly dissatisfied where as 58.18% Assistant Level were Satisfied, 23.63% were Highly satisfied and 9.09% were Neither satisfied nor dissatisfied as well as Dissatisfied.

- What do you look in CSR activity?

This question was asked to the customers of the Bank. The parameters considered for this question were:- Good plans, Developmental activities, Public Relations, Involvement of local people. Here, 20% Customer believed there should be a good plan as well as public relation respectively, 32% believed there should be some development activities, and 28% Customers believed that there should be involvement of local people as well to develop the community.

- What are the different types of CSR activities that Employees are regularly engaged in?

The activities include: - Volunteer for Community support, Contribution to public welfare (Donation, and other activities), Blood Donation, Organising sports activities. Here we found that about 38.23% Executives were regularly engaged in activities relating to the contribution of public welfare , 26.47% were engaged for community support, 23.52% at organising sports activities and 11.76% were involved in activities like blood donation where as 32.72% Assistant Level were involved in blood donation programs, 27.27% at organising sports activities, 21.81% were volunteer for community support and 18.18% were involved in activities that contributes to the public welfare.

4.2 Employee involvement in CSR activities

- Does your involvement in CSR activities help in Career enhancement, are you satisfied with it?

The majority of the Executives about 44.11% were Neutral about it, 35.29% were Satisfied, 7% were Highly satisfied and no Executives were Dissatisfied whereas 60% Assistant Level were Neutral, 23.63% were Satisfied, 10.90% were Highly satisfied, 5.45% were Dissatisfied about the fact that by being involved in CSR activities leads to enhance career in future and provide ample opportunities for growth.

4.3 Responsible initiatives of the organisation towards CSR

- Are you satisfied with the view that the strategy of the bank is integrated into existing strategies that could help to fulfil CSR responsibility?

The majority of the Executives about 52.94% were Satisfied, 32.35% were Highly satisfied and 14.70% were Neither satisfied nor dissatisfied where as 45.45% Assistant Level were Satisfied, 29.09% were Highly satisfied, 21.84% were Nether satisfied nor dissatisfied and 3.36% disagree with it that the integration of corporate responsibility into existing strategies will help to take initiatives to carry out CSR activities.

- Are you satisfied with the role of Bank towards initiating CSR activities?

52.94% Executives were Satisfied, 26.47% were Neither satisfied nor dissatisfied and 20.58% were Highly satisfied with the role of organisation towards initiating CSR activities where as 34.54% Assistant Level were Satisfied, 30.90% were Neither satisfied nor dissatisfied, 23.63% were Highly satisfied, 9.09% were Highly dissatisfied and 1.81% were Highly dissatisfied.

- Is the initiative taken by the bank satisfactory for the development of the community?

52.94% Executives were Satisfied, 26.47% were Neither satisfied nor dissatisfied and 20.58% were Highly satisfied with the initiative taken by the bank for the development of the community where as 34.54% Assistant Level were Satisfied, 30.90% were Neither satisfied nor dissatisfied, 23.63% were Highly satisfied, 9.09% were Dissatisfied and 1.81% were Highly dissatisfied.



4.4 Encouraging Employees for Community Work

- Are you satisfied with the level of support and resources provided by the bank to carry out CSR activities?

50% Executives were Neither satisfied nor dissatisfied, 38.23% were Satisfied, and 11.76% were Highly satisfied regarding the level of sufficient support and resources provided by the bank where as 36.36% Assistant Level were also Neither satisfied nor dissatisfied, 32.72% were Satisfied, 20% were Highly satisfied and 10.90% dissatisfied with it.

- Are you satisfied with the training and development activities conducted by the bank for carrying out community activities?

50% Executives were Neither satisfied nor dissatisfied, 35.29% were Satisfied, 14.70% were Highly satisfied regarding training and development activities provided by the bank in carrying out the community activities where as 34.54% Assistant Level were Neither satisfied nor dissatisfied, 32.72% were Satisfied, 21.81% were Highly satisfied and 10.90% were Dissatisfied with it.

4.5 Employee Incentives for social projects

- What sort of incentives are provided to you by the bank for involving in CSR projects?

The parameters for this question were:- Cash, Promotion, Recognition, Increment. Here, 58.82% Executives believed that Recognition is the biggest initiative provided by involving in social projects, 23.52% go with Increments, 11.76% consider cash as a motivating as well as major incremental tool and 5.88% consider promotion. On the other hand, 43.63% Assistant Level go for Recognition, 23.63% consider Increment, 18.18% go with Cash and 14.54% Assistant Level consider Promotion as a basic incentive provided to them. This clearly indicates that the bank is focusing more on giving recognitions and increments and very less priority is being given to promotions and cash, which might be needed more by employees.

4.6 Occupational Safety for Employees

- Are you satisfied with the health and hygiene provided by the bank?

52.94% Executives were Satisfied, and 47.05% were also Highly satisfied with the health and hygiene facilities provided by the bank whereas 50.90% Assistant Level were also Highly satisfied, 38.18% were Satisfied, 9.09% were Neither satisfied nor dissatisfied and 1.81% were Dissatisfied towards it.

5. Findings of study

- 5.1** The practice of CSR activities in the Nepalese Banking sector is yet to be practiced at a large scale, and is also a new concept for the people who are living in the rural areas. Therefore employees find that it is a new concept yet to be accepted by the society and also should be conducted on voluntary basis at a large scale by the bank. Then only the employees can see their career path in this field.
- 5.2** Attitude of participants is satisfactory because employees feel that it is the responsibility of the bank to fulfil not only its legal obligations but also has to fulfil its social obligations. It is not possible without the coordination and positive attitude of the existing employee's.
- 5.3** Assistant level Employees were found to be significantly engaged in activities such as Blood Donation programmes and organising of sports activities. On the other hand Executives were involved mostly in activities that contributed in public welfare (Donations, and other activities) and community support programmes. This might be due to the increasing age and many other health problems. Majority of Executives were also less contributing in the blood donation programs and sports activities.
- 5.4** "Integration of corporate responsibility into existing strategies" is the major foundation that helps to take initiatives to carry out CSR activities of the bank.
- 5.5** The initiatives taken by the bank are satisfactory for the development of the community because its focusing areas are:- Poverty Alleviation, Environment, Education and Sports, Health, Literature, Culture and Art, and many other sectors in future.
- 5.6** To carry out CSR activities, timely acquisition of resources and co-operation from top management should be emphasized upon.



- 5.7 CSR Professionals or Expert teams should be appointed as trainers to provide training on regular basis so that new sectors, approaches, philosophies, etc., can be generated to make CSR activities more meaningful for the society at the same cost.
- 5.8 According to an individual's requirement, position, perception and experience; the incentives provided by the bank to perform CSR activities vary from one employee to another. This should be taken into consideration while planning the rewards.
- 5.9 Occupational safety for the employees is also taken care by providing proper health and hygienic work environment at work place.

6. Conclusion

As the CSR activities are slowly and steadily carried out, its focusing area is increasing day by day and employees are satisfied with the role of Bank towards initiating CSR activities by educating employees and society about the positive impact of such activities.

Our study too focuses upon some very basic and vital conclusions as discussed below:

- 6.1 Employees are being recognised both within and outside the bank due to the involvement in social projects. This has also realised the employees that they are a valuable part of their organization, so they seem to be more responsible for the job they perform.
- 6.2 The level of employee's participation has also increased although it does not provide any monetary benefits apart from some incentives.
- 6.3 The society is also becoming aware about the importance of CSR activities, because of the community work being carried out by the bank.
- 6.4 Employees regardless of their age, gender, caste, religion are being involved in CSR activities. They are even willing to work on public holidays for conducting such activities.
- 6.5 The participation of employees is satisfactory and it could be highly satisfactory if the bank introduces some new policies by which the employees can enhance their career by involvement in such social welfare programmes.

7. Recommendations

- 7.1 By conducting more CSR activities on regular intervals, employees from middle and lower level will be familiar and will slowly understand the benefits towards the society. At the same they will become more aware about the purpose and benefits towards conducting such activities.
- 7.2 The bank should provide some extra benefits to the employees who regularly participate in such activities.
- 7.3 Awareness about the CSR activities should be given to both the employees as well as to the society so that more people can be engaged for the upliftment of the society.
- 7.4 More of support and resources are to be provided by the top management employees to allow the smooth conduct of CSR activities on a large scale.
- 7.5 Although there are various sectors of major concern by the bank, like Education, Sports and so on, few more sectors such as adult literacy program, adopting a school in village, providing computers and free training for students on rural areas, free medical camps for backward regions also should be taken into consideration.
- 7.6 Career enhancement opportunities should be provided for those employees who regularly involve in CSR activities. This can prove to be a major motivational source.
- 7.7 Since many of the executives and other employees have highlighted that the bank is offering more of recognition and increments to those who actively participate in CSR activities, and less upon promotions and monetary benefits, therefore, the organization should identify the individual motives of all such employees and should reward them accordingly.



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