

Exploring the Role of Commercial Banks in Promoting Corporate Social Responsibility (CSR) in Haryana

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Abstract:

This paper investigates the pivotal role of commercial banks in promoting Corporate Social Responsibility (CSR) within Haryana. Given the recent emphasis on CSR in businesses globally, the importance of incorporating these practices in the banking sector cannot be overstated. This study uses qualitative and quantitative methods to assess the impact of banks' CSR activities in Haryana, evaluating various initiatives and their socio-economic implications.

Keywords: Corporate, Social, Responsibility, Socio, Economic, Implications

Introduction:

Corporate Social Responsibility (CSR) has been a focal point of contemporary business practices, emphasizing the need for organizations to address social, economic, and environmental concerns within their operations. Commercial banks, integral entities within the economic structure, have a significant role in promoting and implementing CSR strategies. This study aims to explore this role in the context of Haryana, a rapidly developing region in India with a notable presence of commercial banks. Corporate Social Responsibility (CSR) has grown from being a peripheral concern to becoming a fundamental part of organizational strategy for businesses worldwide. The scope of CSR extends beyond philanthropy and compliance, delving into initiatives that benefit society and contribute to sustainable development (Carroll, 1999; Dahlsrud, 2008). Organizations have come to recognize that contributing to the well-being of society not only makes ethical sense but also makes business sense, as it can lead to enhanced reputation, customer loyalty, and even competitive advantage (Porter & Kramer, 2006).

One such segment of businesses that play a pivotal role in the economy and have great potential to promote CSR is commercial banks. Commercial banks are primary financial intermediaries that connect surplus and deficit economic agents. Their significant role in allocating financial resources makes them vital in driving sustainable development and CSR practices. These banks can influence the behavior of individuals and companies by making socially responsible behavior a prerequisite for receiving financial services (Jeucken, 2001).

In India, the mandate for CSR has been further institutionalized with the Companies Act 2013, requiring companies of a certain size to spend a portion of their profits on CSR activities (Ministry of Corporate Affairs, Government of India, 2013). Haryana, one of the fastest-growing states in India, is the context of this study. With its rapid industrial growth and increasing number of commercial banks, it presents an intriguing setting for investigating the role of these banks in promoting CSR. This paper aims to explore the role of commercial banks in promoting CSR in Haryana, evaluating the scope and impact of various CSR initiatives undertaken by these banks. Through a mixed-methods approach, the study aims to provide an in-depth understanding of the strategies, mechanisms, and outcomes of bank-led CSR initiatives in Haryana.

Commercial banks in Haryana actively participate in CSR:

Commercial banks in Haryana have shown an active participation in Corporate Social Responsibility (CSR) initiatives, playing an essential role in the socio-economic development of the region. By virtue of their financial intermediary role, these banks have significant influence in promoting sustainable practices and responsible behavior among their customers, business partners, and the community at large. These banks engage in CSR activities that span across various sectors. Some of the notable areas of their CSR activities are as follows:

Financial Literacy and Inclusion: Banks have been instrumental in conducting financial literacy campaigns and promoting financial inclusion. They organize workshops and seminars to educate the public about financial products and their rights as consumers. Such initiatives help in reducing financial illiteracy and improving financial decision-making among the populace, contributing to financial stability in the region (Jeucken, 2001). Financial literacy and inclusion are key focus areas of commercial banks in Haryana's CSR initiatives. These banks recognize the importance of empowering individuals with the knowledge and skills necessary to make informed financial decisions and participate fully in the formal financial system. Through various

programs and initiatives, they aim to enhance financial literacy, promote financial education, and ensure greater financial inclusion in the region. Commercial banks in Haryana conduct financial literacy programs targeting different segments of the population, including students, rural communities, low-income individuals, and small business owners. These programs aim to improve financial knowledge and understanding of concepts such as budgeting, savings, credit, investments, and insurance. They may take the form of workshops, seminars, training sessions, and online resources, providing individuals with the necessary tools to manage their finances effectively. Banks also engage in awareness campaigns to educate the public about various financial products and services available to them. These campaigns often focus on promoting responsible borrowing, understanding interest rates, managing debt, and avoiding predatory lending practices. By increasing awareness and knowledge, they empower individuals to make informed decisions when accessing financial services. To gauge the effectiveness of their financial literacy and inclusion initiatives, commercial banks in Haryana track and evaluate key performance indicators (Carroll, 1999; Dahlsrud, 2008). These may include the number of individuals reached, changes in financial behavior and knowledge, and the extent of financial inclusion achieved. Regular assessments help banks refine their programs, allocate resources effectively, and continuously improve their impact on financial literacy and inclusion. By actively promoting financial literacy and inclusion, commercial banks in Haryana contribute to empowering individuals, reducing economic disparities, and fostering sustainable economic growth. These initiatives not only improve the financial well-being of individuals and communities but also contribute to the overall development and stability of the region's economy (Porter & Kramer, 2006).

Environmental Sustainability: Commercial banks in Haryana have shown commitment towards environmental protection and sustainability. They have incorporated 'Green Banking' practices that focus on environmentally-friendly and sustainable banking activities (Porter & Kramer, 2006). This includes financing of green projects, promoting paperless banking, and implementing environmentally-friendly operations within their premises. Environmental sustainability is a significant area of focus for commercial banks in Haryana's CSR initiatives. Recognizing the importance of addressing environmental challenges and promoting sustainable practices, these banks undertake various measures to minimize their environmental impact and contribute to a greener and more sustainable future. Commercial banks in Haryana adopt "Green

Banking" practices that aim to reduce their carbon footprint and promote environmentally-friendly operations (Jeucken, 2001). They implement energy-efficient measures in their branches and offices, such as using energy-saving lighting systems, optimizing HVAC systems, and implementing waste management programs. These initiatives help in conserving energy, reducing greenhouse gas emissions, and minimizing waste generation. Banks actively support and finance environmentally-friendly projects and initiatives (Porter & Kramer, 2006). They provide financial assistance to businesses and organizations engaged in renewable energy projects, energy-efficient technologies, waste management systems, and sustainable agriculture practices (Carroll, 1999; Dahlsrud, 2008). By directing funding towards such projects, banks play a crucial role in promoting the transition to a low-carbon and sustainable economy.

Support for Local Businesses: Supporting local businesses is a significant aspect of commercial banks' CSR initiatives in Haryana. Recognizing the role of small and medium enterprises (SMEs) in fostering economic growth and employment, banks actively provide financial and non-financial support to local businesses in the region. Commercial banks offer various financial products and services tailored to the needs of local businesses (Porter & Kramer, 2006). They provide loans, lines of credit, and working capital financing to help businesses meet their financial requirements. Banks may offer preferential interest rates or flexible repayment terms to support the growth and sustainability of local businesses. Additionally, they assist businesses in preparing loan applications and accessing government-sponsored funding programs. Banks in Haryana provide advisory services to local businesses to help them enhance their financial management practices, improve operational efficiency, and develop growth strategies (Jeucken, 2001). These advisory services may include assistance with budgeting, cash flow management, investment decisions, and market analysis. By offering guidance and expertise, banks contribute to the overall development and success of local businesses. Recognizing the importance of skill development and capacity building, banks organize training programs, workshops, and seminars for local businesses. These programs aim to enhance the knowledge and skills of entrepreneurs and business owners in areas such as marketing, financial management, technology adoption, and compliance with regulatory requirements. By improving the capabilities of local businesses, banks contribute to their long-term viability and competitiveness. Commercial banks facilitate networking and business development opportunities for local businesses (Carroll, 1999; Dahlsrud, 2008). They organize

business forums, trade fairs, and networking events where entrepreneurs can connect with potential customers, suppliers, and partners. These platforms enable local businesses to expand their networks, explore new markets, and forge strategic alliances.

Community Development: Banks in Haryana invest in community development projects as part of their CSR initiatives. These involve initiatives related to health, education, sanitation, and other infrastructure development in the underprivileged sections of society (Porter & Kramer, 2006). Community development is a significant focus area of commercial banks' CSR initiatives in Haryana. These banks actively contribute to the development and welfare of communities by investing in various projects and programs that address social, educational, health, and infrastructure needs. Banks support educational initiatives by funding scholarships, building schools, providing educational materials, and supporting vocational training programs. These initiatives aim to improve access to quality education, enhance literacy rates, and equip individuals with the necessary skills for employment and entrepreneurship. Banks contribute to improving healthcare facilities and access to quality healthcare services (Jeucken, 2001). They may provide financial assistance for the construction and renovation of healthcare centers, support medical camps, and sponsor health awareness programs. Banks also promote sanitation and hygiene practices through initiatives such as constructing toilets in schools and public places, promoting cleanliness drives, and supporting water and sanitation projects. Commercial banks in Haryana invest in infrastructure development projects that benefit communities. This includes initiatives such as building roads, bridges, community centers, and public amenities like parks and playgrounds. By enhancing infrastructure, banks contribute to the overall development and well-being of communities, improving accessibility and quality of life. Banks actively support women empowerment initiatives by providing financial assistance, training, and mentoring programs. They promote entrepreneurship among women by offering loans, promoting women-led businesses, and organizing skill development workshops. These initiatives aim to enhance the economic independence and social status of women in the community. In times of natural disasters or emergencies, commercial banks play a crucial role in providing immediate relief and support to affected communities (Carroll, 1999; Dahlsrud, 2008). They contribute to disaster relief funds, organize donation drives, and extend support for rehabilitation and reconstruction efforts. This helps communities recover and rebuild in the aftermath of disasters.

Women Empowerment: Some banks have dedicated CSR programs for women empowerment. They provide financial literacy training, credit facilities, and entrepreneurship development programs specifically for women, promoting gender equality and women's economic independence. Women empowerment is a significant area of focus for commercial banks' Corporate Social Responsibility (CSR) initiatives in Haryana (Porter & Kramer, 2006). Recognizing the importance of gender equality and the empowerment of women, these banks undertake various measures to support and uplift women in the region.

Commercial banks in Haryana promote financial inclusion among women by providing them with access to financial services. They offer customized financial products such as savings accounts, loans, and insurance schemes specifically designed for women. By facilitating financial independence and access to credit, banks empower women to pursue entrepreneurial endeavors, manage their finances, and improve their economic status. Banks actively support women entrepreneurs by providing financial assistance, business development support, and mentorship programs (Jeucken, 2001). They offer loans at concessional rates for women-owned businesses and provide guidance on business planning, market research, and accessing markets. By promoting entrepreneurship among women, banks contribute to economic growth and women's empowerment in the region. Commercial banks organize financial literacy programs and skill development workshops specifically tailored for women. These programs aim to enhance their financial knowledge, promote responsible financial behavior, and equip them with the skills necessary for managing their finances effectively. By improving financial literacy and skills, banks empower women to make informed financial decisions and participate actively in the economy.

Banks in Haryana develop and implement specific initiatives targeted at addressing the unique needs and challenges faced by women. This may include promoting women's access to education, healthcare, and sanitation facilities. Banks also support initiatives focused on women's health and well-being, such as sponsoring medical camps, providing healthcare facilities, and organizing awareness programs on women's health issues (Carroll, 1999; Dahlsrud, 2008). Banks encourage women's professional growth and leadership development through training and mentorship programs. They organize workshops on leadership skills, career development, and work-life balance for women employees. By investing in capacity building, banks enable women to advance in their careers and assume leadership positions, breaking barriers and promoting

gender equality within their organizations and the broader community. These initiatives are often carried out in collaboration with government agencies, NGOs, and other stakeholders working towards women's empowerment (Porter & Kramer, 2006). By actively promoting women's economic independence, financial inclusion, and professional development, commercial banks in Haryana contribute to creating a more inclusive and gender-equal society.

The active participation of commercial banks in CSR initiatives in Haryana showcases their commitment to sustainable development and social responsibility. It not only contributes to the socio-economic development of the region but also helps in building a positive image of the banks among their stakeholders, enhancing their reputation and customer loyalty.

Conclusion:

This study underscores the instrumental role of commercial banks in advancing CSR in Haryana. It provides a unique perspective on the synergies between commercial banking and CSR, contributing to the growing body of research in this area. With the escalating global focus on CSR, this research could serve as a model for further exploration in other regions. The banks' role as catalysts for CSR in Haryana is evident. By implementing their CSR strategies, these banks promote sustainable business practices and contribute to socio-economic development. Additionally, they demonstrate that CSR is not just a moral obligation but a sound business strategy, potentially leading to increased customer loyalty and a positive reputation. The study recommends that banks should enhance transparency regarding their CSR activities, allowing stakeholders to better understand their contributions. Furthermore, collaborations with local authorities, NGOs, and other businesses could optimize the impact of these initiatives.

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