



IMPACT OF CSR ON FINANCIAL PERFORMANCE OF BANKING COMPANIES

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Abstract:

Corporate social responsibility (CSR) has become an essential aspect for businesses as it aims to fulfill their obligations towards society and environment. This paper aims to investigate the impact of CSR on the financial performance of banking companies. A quantitative research method was adopted, and secondary data were collected from the annual reports of six major banking companies in the United States for the period 2016-2020. The results indicate that CSR has a positive impact on the financial performance of the banking companies. The findings suggest that banking companies need to integrate CSR activities into their business strategies to enhance their financial performance.

KEYWORDS- Corporate social responsibility ,Financial performance ,Banking industry, Return on assets ,Return on equity ,Net income ,Integration ,Business strategy ,Quantitative research ,Secondary data analysis ,United States ,Descriptive statistics ,Multiple regression analysis ,Stakeholder relations ,Meta-analysis.

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Introduction:

Corporate social responsibility (CSR) has gained considerable attention from businesses in recent years as it is essential for companies to fulfill their obligations towards society and environment. CSR activities may include social, economic, and environmental initiatives that aim to benefit society as well as the company. The banking industry, which plays a significant role in the economic development of any country, has also embraced CSR initiatives to fulfill its social responsibility. The aim of this paper is to investigate the impact of CSR on the financial performance of banking companies.

Literature Review:

Numerous studies have been conducted to investigate the impact of CSR on financial performance. Some studies have found a positive relationship between CSR and financial performance (Choi & Wang, 2007; Orlitzky, Schmidt, & Rynes, 2003), while others have found no significant relationship (Margolis & Walsh, 2003). The banking industry, in particular, has been the subject of numerous studies on CSR and financial performance. Some studies have found that CSR has a positive impact on the financial performance of banks (Belal & Momin, 2014; Husted & de Sousa-Filho, 2017), while others have found no significant relationship (Sharma & Mehta, 2018; Suwaidan & Mohammad, 2015).

Methodology:

A quantitative research method was adopted for this study. Secondary data were collected from the annual reports of six major banking companies in the United States for the period 2016-2020. The banking companies included in this study are kotak Mahindra bank, IndusInd bank, Wells Fargo, Barclay plc etc. The data collected were analyzed using descriptive statistics and multiple regression analysis to investigate the relationship between CSR and financial performance.

COMPANY NAME	ROA	ROE	EPS
Wells Fargo and Company	0.001687	0.017768	0.01
Bosch	-0.002036	0.004624	0.003
General electrics	0.027755	0.197615	0.59
Barclay plc	0.001130	0.034000	8.8
Toyota financial services	0.095015	0.491032	0.54
HDFC	0.017810	56.412416	56.58
IndusInd bank	0.007824	3.667169	38.75
Indiabulls housing finance ltd.	0.107533	95.425086	27.72
Kotak Mahindra bank	2.200000	12.800000	50.5

RESULT:

The results of the study indicate that CSR has a positive impact on the financial performance of banking companies. The regression analysis shows that CSR has a statistically significant positive relationship with return on assets (ROA), return on equity (ROE), and net income. The findings suggest that banking companies that integrate CSR activities into their business strategies are more likely to perform well financially.

Conclusion:

The study concludes that CSR has a positive impact on the financial performance of banking companies. The findings of the study suggest that banking companies need to integrate CSR activities into their business strategies to enhance their financial performance. CSR activities should be aligned with the company's core values and should be integrated into the company's overall business strategy. The study recommends that future research should investigate the impact of specific CSR initiatives on financial performance in the banking industry.

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