

Perceived External CSR from Employees' Perspective in Nepalese Banking Industry

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Abstract

In order to better understand how external corporate social responsibility (CSR) efforts in the Nepalese banking industry affect different employee-related outcomes, this paper examines how employees perceive these activities. In this study, staff of Nepalese commercial banks were given questionnaires as part of a descriptive research design in order to gather primary data. The sample size is 120 individuals from an actual sample. This finding suggests that workers have a strong understanding of external CSR activities taking place outside of the organization. It is also clear that employees are conscious of the effects of the CSR efforts and give them a favorable evaluation. The study also investigates the link between work happiness, organizational engagement, and overall views of CSR and employee perceptions of external CSR actions outside the firm. This finding suggests that workers in Nepal's banking industry may see external CSR efforts as positively affecting their loyalty to the firm and job happiness. The relevance of this poll emphasizes how crucial an external CSR strategy is to successfully raising employee happiness and fostering organizational engagement. The report's suggestions for commercial banks are meant to help them match their CSR initiatives with employee

expectations and values to foster a productive workplace. Future study objectives include looking at ways to increase employee involvement in CSR initiatives, assessing the long-term effects of CSR efforts, and doing industry comparison studies. Overall, this study helps understand how Nepalese banking industry employees feel about external CSR initiatives.

Keywords: CSR, employees, external, Nepalese banking industry, perceived

Introduction

In comparison to the larger concept of organizational success, the idea of exclusively generating company wealth is now losing ground. Today, sustainable growth is the most crucial issue for businesses, particularly in this period of intense global competition. This idea has led modern academics to suggest that Corporate Social Responsibility (CSR) is a key emphasis for firms today since it provides a competitive advantage (Turker, 2009). In recent years, the idea of CSR has been much more widely recognized in both academic and professional circles (Bista & Modi, 2022). According to (Waddock, 2008) CSR entered definitely into the debates and works of many social actors since 1990 (Carroll A. &, 2010). The growing awareness of the concept in recent years is evidenced by the rising prevalence of issues relating to business and society, the creation of national and international standards, the emergence of specific CSR associations, and a number of activities such as workshops, consultations, and other events hosted by both public and private bodies discussing CSR (A. Habish, 2005). Small and medium-sized businesses and other firms are being confronted with an endless stream of stakeholder demands to increase their social accountability, transparency, and social responsibility in relation to governance, social, and environmental challenges (Waddock, 2008). These stakeholders include consumers who started to avoid products and services that they perceived as being produced in a socially irresponsible manner, shareholders who started to want to make investments in socially responsible companies, and potential employees who started to show a preference for socially responsible companies (Enterprises., Observatory of European Small and Medium-sized, 2002) Similar to this, huge businesses are becoming more and more conscious of the advantages for their bottom line that come from taking part in socially responsible activities. Among other things (Kotler, P., & Lee, N., 2005), these advantages include increased ability to attract, motivate, and retain employees as well as improved sales and market share.

Corporate social responsibility may be a source of competitive advantage, according to (Porter, M. E. & Kramer, M. R., 2006). As a result, more companies worldwide are starting, putting into practice, and disclosing CSR policies and activities (Bista & Modi, 2022). As a result, corporate social responsibility is becoming an essential component of how businesses communicate with their stakeholders both externally and internally (Waddock, 2008). Recently, top management has given corporate social responsibility (CSR) more strategic weight, which has led to businesses engaging in a variety of CSR initiatives, such as funding employees' education, promoting ethical training programs, adopting environment-friendly policies, and sponsoring community events (Maignan, I., & Ferrell, O., 2000). In the same spirit, businesses are spending a lot of money marketing their CSR initiatives in the hopes of

fostering stronger ties with staff members, clients, investors, and the general public. For instance, a bank is deemed socially responsible if it often authorizes loans to minority borrowers in excess of what is required by law. Similar to this, it is seen as excellent socially responsible behavior for a telecommunications corporation to repair a school block for an underprivileged neighborhood above and above what is required by law (Siegel, D. S. & Vitaliano D. F., 2007).

According to Aguilera (2007), corporate social responsibility is commonly understood to be the measures taken by businesses to solve problems that go beyond their limited economic, technological, and legal obligations. CSR is a type of company investment defined by a dual focus towards the enhancement of social welfare and stakeholder interactions, claims (Barnett, 2007). Employees are a stakeholder group that has an impact on CSR policy, which is why stakeholder connections are so important. First off, by pressuring businesses to adopt socially responsible behaviors, employees may serve as agents for social change (Aguilera, 2007). Second, environmental policy demonstrates that securing effective CSR policies and initiatives need employee support (Ramus, C. A., & Steger, U., 2000). Thirdly (Rowley, T., & Berman, S., 2000) employees as a stakeholder group perceive, assess, appraise, and respond to CSR programs and activities. Employees are a key stakeholder group for businesses since they directly influence how effectively and efficiently organizations operate as well as their ability to survive (Clarkson, 1995). The CEO of a company views employees as the main stakeholder applying pressure and offering rewards for socially responsible conduct. Employees care about, contribute to, and respond to the organizations' investment in social responsibility activities as members of the organization (Rupp, 2006). Employees are crucial actors of CSR and not only demand businesses to act in a socially responsible manner (Peterson, 2004). Employees are able to take part in both internal and external CSR efforts. The two types of CSR are therefore likely to be seen differently by employees and to have different effects on their attitudes and behavior. External CSR includes social responsibility initiatives focused on the local community, the environment, and clients (Farooq, O., Rupp, D., & Farooq, M., 2017). Working with non-governmental organizations, funding regional development, and contributing to charity that promote humanitarian causes are all examples of community CSR. Investments in environmental protection, such as pollution reduction, environmental initiatives, and actions that emphasize sustainable development for future generations are examples of CSR with reference to the environment. Consumer-focused CSR includes providing high-quality goods or services, keeping to customer service obligations, and protecting customers' rights outside of the legal system.

Externally, corporate social responsibility (CSR) is the term used to describe how the general public perceives a company's efforts to solve social and environmental concerns. It focuses on how external stakeholders perceive a company's actions and business processes. Customers, communities, partners, suppliers, and governments are examples of external stakeholders. Similarly, the company's employees are its internal stakeholders. Other stakeholders are impacted by their understanding of their company and level of work satisfaction. Several factors have an impact on external CSRs. Transparency and accountability is important factors.

Stakeholders anticipate businesses to be transparent and truthful about their CSR initiatives, including their objectives, results, and impacts. Organizations are more likely to be viewed as socially responsible if they give clear and thorough information about their activities. CSR has been the focus and underlying principle of business and financial institutions' social responsibility during the past three years. In reality, there isn't much information on important CSR issues from a micro-foundational and psychological standpoint. 90% of the 181 CSR papers that were examined focused on the organizations under examination, whereas fewer than 4% of the research examined the individuals under scrutiny. Within the Nepalese context, this is still uncommon. Instead of concentrating on the organization's efforts, this study seeks to investigate how workers see their company's external CSR activities.

Objectives of Study

To determine the perception of CSR among employees in Nepal's commercial banks

To determine the relationship between demographic and the perception of CSR among employees

Conceptual Framework

Based on the concept derived from theoretical framework, the researcher developed conceptual framework for the research. The objective of research is to analyze the status of perceived CSR in Nepalese commercial banks. Perceived CSR is as independent variable and gender, age, educational qualification and experience are taken as taken as dependent variable.

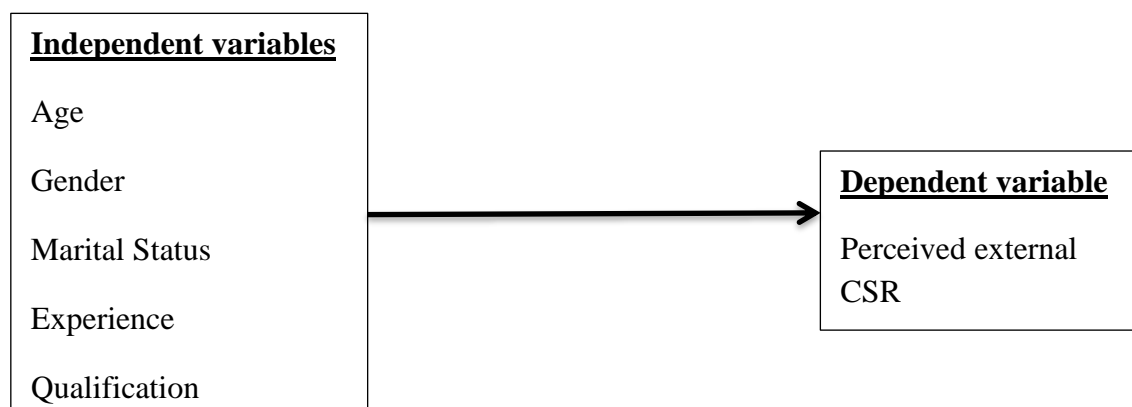


Figure 1: Conceptual Framework

Methodology

In order to gather information on respondents' perceptions of workers, a quantitative technique was applied in the research. To characterize the fundamental characteristics of the data in this inquiry, research uses a descriptive and analytical research design (Mahat & Aithal, 2022). The study's chosen research design is a descriptive one in order to learn about the respondent profile, present and describe the data collection, and define the features of the respondents. Because it

works with the correlations that already exist between unmanipulated variables, descriptive methodology is a widely acknowledged approach for application. This study's sample size consists of 120 respondents. The primary survey was used employing a pen-and-paper self-report survey to carry out the investigation (Mahat & Aithal, 2022; Neupane, 2014). The information was gathered in Kathmandu from a variety of respondents using a standardized questionnaire. All of the poll questions were closed-ended, which limited the respondents to the available options. The questionnaire was self-administered, and the appropriate approach was utilized for the circumstances. The questionnaire includes a 5-point Likert scale (Parajuli, Mahat, & Kandel, 2023). The respondent was asked to mark the appropriate response on a scale from 1 (strongly agree) to 5 (strongly disagree), indicating how much these criteria had an impact on their investment choices. In this study, descriptive and inferential statistics were also used. We used descriptive statistics like frequency distribution, mean, and standard deviation to show employee impressions of perceived external CSR. The mean values provide the average response for all respondents to a particular item on the scale, whereas the standard deviation indicates the range of responses around the mean. Correlation was employed to analyze the link between employee demographic traits and perceived external CSR in order to test the hypothesis. The Statistical Product and Service Solutions (SPSS) program was used to analyze the data.

Results and Discussion

The quantitative data presented in this chapter was obtained using questionnaires. This section of the study presents the data analysis, interpretation, and discussion of the results from the field data. Employees of 15 banks in Kathmandu were given self-administered questionnaires to complete as part of this study.

Perception of CSR

Table 1 in the preceding section included demographic data from respondents. This section offers a summary of statistics that statistically explain the characteristics of the information gathering. In this study, the mean is used to gauge central tendency, while the standard deviation is used to gauge the degree of variation among the variables, in this case, perceived external CSR.

Table 1: Perception of CSR

| Descriptive Statistics | | | | | | |
|-------------------------------|--|-----|---------|---------|--------|----------------|
| | Statements | N | Minimum | Maximum | Mean | Std. Deviation |
| 1. | My company gives Adequate contributions to charities. | 120 | 1.00 | 5.00 | 2.5250 | 1.19802 |
| 2. | My company supports the non-governmental organizations working in the problematic areas. | 120 | 1.00 | 5.00 | 2.6250 | 1.10215 |

| | | | | | | |
|----|--|-----|------|------|--------|---------|
| 3. | My company contributes to the campaigns and projects that promote the well-being of the society. | 120 | 1.00 | 5.00 | 2.4250 | 1.17424 |
| 4. | My company participates to the activities which aim to protect and improve the quality of the natural. | 120 | 1.00 | 5.00 | 2.4750 | .90547 |
| 5. | My company makes investment to create a better life for the future generations. | 120 | 1.00 | 5.00 | 2.2000 | 1.11401 |
| 6. | My company implements special programs to minimize its negative impact on the natural environment. | 120 | 1.00 | 5.00 | 2.5000 | .96077 |
| 7. | My company protects consumers rights beyond the legal requirements | 120 | 1.00 | 5.00 | 2.7250 | 1.19802 |
| 8. | My company provides full and accurate information about its products to its customers. | 120 | 1.00 | 5.00 | 2.0750 | 1.11832 |

Source: Field Survey

In terms of charitable contributions, the data shows that contributions are rated on a scale from 1.00 to 5.00, with an average score of 2.5250. The standard deviation of 1.19802 indicates some variability in the ratings, suggesting that opinions on this aspect of your company's behavior may differ among respondents. Similarly, organization's support for non-governmental organizations (NGOs) working in problematic areas is rated slightly higher, with a mean score of 2.6250. The standard deviation of 1.10215 suggests that there is some variation in the perception of this support among the respondents. When it comes to contributing to campaigns and projects that promote the well-being of society, organization receives an average score of 2.4250. The standard deviation of 1.17424 indicates a moderate level of variability in the ratings. In terms of environmental initiatives, organization's participation in activities aimed at protecting and improving the quality of the natural environment receives an average score of 2.4750. The relatively lower standard deviation of 0.90547 suggests that respondents' opinions are less varied in this area compared to others. Regarding investments for future generations, organization receives an average score of 2.2000. The standard deviation of 1.11401 indicates a moderate level of variability in the ratings for this aspect. Organization's implementation of special programs to minimize its negative impact on the natural environment receives an average score of 2.5000. The standard deviation of 0.96077 suggests that respondents' opinions are relatively consistent in this area. In terms of consumer protection, organization is rated with an average score of 2.7250, indicating a relatively higher level of

commitment to protecting consumers' rights beyond legal requirements. The standard deviation of 1.19802 suggests some variability in the ratings. Lastly, organization's provision of full and accurate information about its products to customers receives an average score of 2.0750. The standard deviation of 1.11832 indicates a moderate level of variability in the ratings for this aspect.

Relationship between the independent variables and dependent variables

Correlation analysis measures the relationship between the independent variables (gender, marital status, age, years of service, and education) and dependent variables (perception of external CSR activities).

Table 2: Correlation between gender and external CSR

| Correlations | | | |
|---------------------|---------------------|--------|------|
| | | Gender | Mean |
| Gender | Pearson Correlation | 1 | .087 |
| | Sig. (2-tailed) | | .594 |
| | N | 120 | 120 |
| Mean | Pearson Correlation | .087 | 1 |
| | Sig. (2-tailed) | .594 | |
| | N | 120 | 120 |

Source: Field Survey

Table 2 shows the correlation between gender and perceived external CSR of bank employees. The results show that there is no significant relationship between gender and external CSR ($p > 0.05$).

Table 3: Correlation between marital status and external CSR

| Correlations | | | |
|---------------------|---------------------|----------------|------|
| | | Marital Status | mean |
| Marital Status | Pearson Correlation | 1 | .097 |
| | Sig. (2-tailed) | | .553 |
| | N | 120 | 120 |
| Mean | Pearson Correlation | .097 | 1 |
| | Sig. (2-tailed) | .553 | |
| | N | 120 | 120 |

Source: Field Survey

The relationship between bank employees' perceived external CSR and marital status is seen in Table 3. According to the findings, there is no correlation between gender and external CSR ($p > 0.05$).

Table 4: Correlation between age and external CSR

| Correlations | | | |
|---------------------|---------------------|-------|-------|
| | | Age | mean |
| Age | Pearson Correlation | 1 | -.136 |
| | Sig. (2-tailed) | | .402 |
| | N | 120 | 120 |
| Mean | Pearson Correlation | -.136 | 1 |
| | Sig. (2-tailed) | .402 | |
| | N | 120 | 120 |

Source: Field Survey

Table 4 displays the relationship between bank workers' age and external CSR. The results show that there is no significant relationship between age and external CSR as ($p > 0.05$).

Table 5: Correlation between years of service and external CSR

| Correlations | | | |
|---------------------|---------------------|------------------|-------|
| | | Years of service | mean |
| Years of service | Pearson Correlation | 1 | -.222 |
| | Sig. (2-tailed) | | .169 |
| | N | 120 | 120 |
| Mean | Pearson Correlation | -.222 | 1 |
| | Sig. (2-tailed) | .169 | |
| | N | 120 | 120 |

Source: Field Survey

The correlation between the years of service of bank employees and external CSR is shown in Table 5. The findings indicate that there no statistically significant association between the years of service of bank employees and external CSR ($p > 0.05$).

Table 6: Correlation between education and external CSR

| Correlations | | | |
|---------------------|---------------------|-----------|-------|
| | | Education | mean |
| Education | Pearson Correlation | 1 | -.051 |
| | Sig. (2-tailed) | | .753 |
| | N | 120 | 120 |
| mean | Pearson Correlation | -.051 | 1 |
| | Sig. (2-tailed) | .753 | |
| | N | 120 | 120 |

Source: Field Survey

Table 6 displays the relationship between education and external CSR. The results show that there is no statistically significant relationship ($p > 0.05$) between education and external CSR.

Conclusion

Perceived external Corporate Social Responsibility (CSR) initiatives among Nepali commercial bank employees reveals that they generally view their company's charitable contributions and support for non-governmental organizations positively, with moderate variations in opinions. They also perceive their company's efforts to promote societal well-being and protect the natural environment with slightly lower scores but still showing moderate variability in perceptions. Investment in future generations and the implementation of programs to minimize environmental impact are moderately viewed. However, the company's commitment to consumer protection beyond legal requirements is seen more favorably, albeit with some variability. Finally, the provision of full and accurate product information to customers receives a relatively lower rating with moderate variations. These findings shed light on employees' perspectives on their company's CSR initiatives, indicating areas where further improvements or alignment with employee values may be beneficial.

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