

An Investigation on Corporate Social Responsibility Practices in Banking Sector: Special Reference to State and Private Banks in Batticaloa District

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Author's contribution

The sole author designed, analyzed and interpreted and prepared the manuscript.

Article Information

DOI: 10.9734/AJEBA/2018/40874

Editor(s):

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(2) Linh H. Nguyen, Vietnam.

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Complete Peer review History: <http://www.sciencedomain.org/review-history/24955>

Received 22nd February 2018

Accepted 4th May 2018

Published 4th June 2018

Original Research Article

ABSTRACT

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. It provides several different approaches to empower the communities that help to build a better economic infrastructure for mankind and nation security. Although companies may achieve remarkable efforts with unique business possibilities sometimes these companies are much more enthusiastic in carrying out CSR initiatives. Considering this approach, it can be said that CSR is not only based on how to treat the human resources but also it can provide support for the environmental aspects. This particular study ensures the current methodologies for knowing the basic need for CSR. 19 banks are selected (inclusive government and private banks), of which the employees are asked certain questions using 5-level Likert scale whereby data are generated to get information regarding the CSR pattern and consequently proposed outcomes are statistically assessed. This study concludes that corporate social responsibility includes economic, ethical, legal, and discretionary responsibilities. Further results assess how each sector of the bank shows their specific responsibility, for example legal responsibilities are much higher in state banks than that of private banks, similarly private banks show much higher rate of economic responsibility than the state banks etc. Furthermore the study results help to unfold the innovative proposals of CSR at every sector, so that CSR can bring up a better nation.

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Keywords: Corporate social responsibility (CSR); state banks; private banks; economic infrastructure.

1. INTRODUCTION

1.1 Background

Nowadays the concept of CSR – Corporate Social Responsibility is an important issue both in the academic discussions and in business practice. Jones, Comfort, and Hillier [1] defined corporate social responsibility (CSR) as “managing the business process to produce an overall positive impact on society”. According to Wood [2], CSR refers to “viewing business and society as the interwoven entities rather than distinct entities”.

Meanwhile awareness level on social issues is increasing among the society and customers since the past few decades. In this respect customers have become more socially conscious [3,4]. Therefore, society and customers expect the businesses to operate in a socially responsible way.

Similarly, Mohr et al. [5]; as well as Sen and Bhattacharya [6] showed that customers expect the marketers to be socially responsible in their duty. Maignan [7] also found that consumers are more likely to buy from a company that is socially responsible. Market-oriented businesses have to undertake CSR activities addressing customers' expectations as per the socially responsibility of the marketers. Hence the aim of the paper is analyzing the corporate social responsible practices of banking organizations in Battialoa District.

1.2 Problem Statement

An organization can add value to society by being socially responsible in its activities. Kotler [4] proposed that marketing is a social process and it has to consider the societal benefits and social value. Therefore, marketers have the responsibility to be involved in social activities to add value to society

Maignan [7] claimed that the marketing actions with the social dimension generate consumers' and society's support for the organization. She confirmed the appropriateness of corporate social responsibility as an instrument to market the organization to consumers and society. Therefore, organizations are expected to undertake socially responsible.

Abratt and Sacks [8,9] also found that current level of CSR issues, being addressed by companies were not satisfactory and therefore customers' expectations on social responsibility should be further incorporated. Research performed by Hejase et al. (2017) shows that “some Lebanese corporations may not be applying CSR with the appropriate activities to impact Lebanese consumers: (p. 17).

However, if an organization is not moving to CSR activities, customer expectations for such activities will not be incorporated and satisfied by the organization. It results in unmet customer expectations. Insufficient commitment and poor interest shown by the market-oriented companies in addressing CSR issues will turn away the customers who are responsive and conscious to social issues.

This has been examined in few countries and in certain contexts. In many countries and in many contexts, it remains unclear. An absence of this knowledge will leave marketers in ambiguity in adopting measures leading to CSR in organization. In Sri Lankan context, so far very few research has been done to determine the extent of corporate social responsibility, particularly in the banking sector.

Thus, there exists a clear knowledge gap which becomes a problem to marketers in fostering the socially responsible business behaviour. The lack of such knowledge traps the marketers in the banking industry in an unclear and difficult situation to satisfy expectations of the customers who are responsive to socially responsible issues.

Therefore, the following research is advanced in: *To what degree Sri Lankan banking organizations are socially responsible?*

1.3 Scope of the Study

In many developing countries, the financial sector has undergone several changes after economic liberalization and economic reforms. In line with these reforms, banks and other financial institutions that play a pivotal role in an economy have adopted market-led transformation process and marketing practices. As a consequence, customers have become more demanding regarding service quality thus pushing the banks further towards customer orientation [10].

On the other hand customers of the financial institutions expect the banks and finance companies to be socially responsible and to contribute to the community wellbeing (McDonald & Thiele, [11]; Narwal, [12]). Therefore banks have made significant investments in CSR activities and other community-oriented issues in order to respond to the expectations of their customers. For instance, some banks have entered into agreements to support socially-responsible development (McDonald & Thiele, [11]). Furthermore, banks and other financial institutions have adopted socially responsible business culture [13]. Thus corporate social responsibility has become important business practice and organisational culture among financial institutions. It can be seen in Sri Lanka that banks, finance companies and leasing companies make their contribution towards corporate social responsibility with considerable investments.

Sri Lankan financial institutions practice corporate social responsibility. Therefore Sri Lankan banking sector has been considered for this study to examine corporate social responsibility practices. Therefore, scope of this study has been limited to the Sri Lankan banking Sector.

1.4 The Significance of the Study

It has now become an expectation of the society and customers that organizations must be involved in socially responsible activities. Meanwhile, it is commonly known that satisfied customers will add value to an organization thereby adding value to the shareholder's wealth and the organization's profitability. Therefore it is necessary for marketers to meet expectations of their customer to ensure their satisfaction.

On the other hand if market-oriented companies ignore this problem or pay less attention on socially responsible activities, it will result in unmet customer expectations thereby lacking in value addition to shareholders' wealth and profitability. Moreover, Werther and Chandler [14] claimed that if the marketer do not address CSR issues, customers will lose trust in them. Abratt, and Sacks [8,9] emphasized that long run profitability could only be achieved if long-run customer satisfaction and welfare were ensured. Therefore there is a need for a market-oriented business to address social issues by involving in CSR activities. This study will give basic knowledge to marketers to initiate CSR activities.

There is an emerging expectation to the society and customers over the business to express socially responsible business behavior in their operations [15]. As such socially responsible business behavior is increasingly seen as an essential feature for the long-term survival of companies [16]. Similarly, Vaaland and Heide [17] highlighted that socially responsible business behavior is prerequisite for business growth and corporate reputation. Socially responsible behavior of business is considered to be a market place behavior which will ensure the success of the organization in the market. Therefore findings of this study will provide useful recommendations to marketers to develop socially responsible business behavior which will create long term customers satisfaction and business survival in the market.

In summary it can be stated that this research is significant to the marketing practitioners and managers, because findings of this study will guide them to examine, to what extent they could move towards CSR activities thereby adding value to customers, marketers and shareholders. In addition, this research will add knowledge as to how socially responsible business behavior can be established with special reference to components of market orientation that corresponds to social responsibility. This research attempts to make a bridge for this knowledge gap, thereby adding new knowledge to the existing body of knowledge. Hence this research significantly contributes for the enhancement of knowledge and therefore will be useful in practice too.

2. LITERATURE REVIEW

2.1 Concept of Corporate Social Responsibility

In the past several Decades, the concept of the "Corporate Social Responsibility" has become an important concept among the managers. Since 1930 the business people and the business magazines have been addressing various issues related to the corporate social responsibility of businesses. Although varying views and definitions were advanced to the Concept of CSR, the pioneer definition was given by Bowen [18]. He viewed CSR as the obligations of business people to develop policies, decisions and actions based on values and benefits of society. Even though his definition was the initial work on the subject literature; areas, duties and limitations of business responsibilities were not

identified clearly. Hence his definition was considered as an unclear and ambiguous definition. After 1950 discussions and articles on CSR became widespread. Therefore several authors forwarded different definitions and views on corporate social responsibility. Definitions of the subsequent authors also were somewhat similar to that of Bowen [18]. Davis [19] suggested that “social responsibility is businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (p. 70). Even though view of Davis [19] is similar to that of Bowen [18] in terms of interest and benefits of society, Davis [19] has emphasized that CSR is beyond direct economic interest of the business. Thus if an organization is interested in CSR practices, it must expand the scope beyond economic benefits such as profits and must pay attention on social benefits. In that sense organizations prime focus is profit making but it must not endanger the social well-being. Though scope was expanded in the definition of Davis [19], still it was not satisfactory and comprehensive in presenting the entire responsibilities of growing business sector. Since the scope of business responsibilities was widened further, businesses were expected to incorporate some more responsibilities. Therefore new definitions were forwarded. McGuire [20] claimed that the businesses have responsibilities to society which extend beyond economic and legal obligations. Though he admitted the arguments of previous scholars, he suggested to move beyond legal obligations. Hence there arises an idea that CSR is beyond legal obligations. Previous literature on CSR limited its scope only beyond economic benefits of the firm but subsequently it was realized that CSR is beyond legal obligations.

Davis and Blomstrom [21] described the social responsibility as a person’s obligation to consider the effects of his decisions and actions on the society as a marketer. Though Davis and Blomstrom’s [21] view on corporate social responsibility was similar to the previous definitions, there is slight difference which is the consideration given over the whole social system. Thus whole social system consists of not only the society but other constituents as well. Hay and Gray [3] considered CSR as the organization’s obligations to concern over its stakeholders inclusive of stockholders, workers, customers, suppliers, creditors, and community. These two definitions on CSR have given broader and advanced view of CSR.

Organizations depend on various stakeholders and therefore socially responsible organization must concern over various stakeholders. Thus responsibilities for various stakeholders are coming under the CSR domain. Carroll [22] has proposed a clear view for social responsibilities of businesses. He included legal, economic, ethical, and discretionary expectations of the society under CSR. In addition to the economic and legal responsibilities, businesses must concern over ethical and discretionary expectations of the society. In that sense scope of CSR was further expanded in literature.

According to Wood [2], CSR refers to viewing business and society as the interwoven entities rather than distinct entities. Wood’s [2] perception on CSR was similar to that of previous scholars. Likewise, Mohr et al. [5] perceived CSR as companies’ commitment to minimizing any harmful effects to society and maximizing its long term benefits. Thus CSR has the simple meaning as the integration of social concerns in to the business process. But this definition is no longer valid because of the various stakeholders concerns and their interest acquired in to the CSR literature.

It is important for the organizations to interact with its various stakeholders. Stakeholder group is known as any group or individual who can affect or be affected by achievement of an organization’s objectives [23]. As organization has many stakeholders, present day, organizations should be responsible to all such stakeholders. It is necessary for organizations to consider the issues concerning all of their stakeholders under the CSR domain. In recent literature, CSR is considered from the stakeholders’ point of view. Therefore Schiebel and Pochtrager [24] have identified six responsibilities of CSR. These responsibilities comprise the concerns for customers, employees, business partners, environment, communities and investors. Then managing all these six areas of responsibilities is considered as CSR. Silberhorn and Warren [25] also have considered issues concerning different stakeholders such as community, suppliers, customers, employees in their operationalization of CSR. Then CSR has to be studied or perceived from stakeholders’ point of view. In summary it can be noted that the Concept of Corporate Social Responsibility came into practice in early 1950’s and subsequently various definitions were advanced. One significant improvement in these definitions is that the

scope of the corporate social responsibility has expanded in the past. Thus arguments on CSR have grown from economic interest to stakeholders' interest.

2.2 Areas of Corporate Social Responsibility (CSR)

Even though concept of Corporate Social Responsibility has gained significant attention in academic literature and in business practice since 1950s, at the initial stage the concept was not clearly defined. Up to late 1970s, there remained unclear picture over the different dimensions or responsibilities of businesses.

Carroll [22] quoted that "the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (p. 500). In his elaboration on CSR, he identified four main responsibilities for business which are economic, ethical, legal and discretionary responsibilities. Thus Carroll [22] has integrated economic interest-stressed by Davis [19] as well as the legal obligations emphasized by McGuire [20] and has forwarded to a comprehensive definition. Therefore his definition was accepted by the subsequent authors.

Furthermore Carroll [22] suggested four responsibilities which can be looked at from stakeholders' point of view. For instance expectations of the business partners, customers, employees, environment, communities and investors can be categorized under any of these four dimensions. Thus his definition on CSR fulfills the expectations of contemporary researchers who try to perceive CSR from stakeholders' point of view.

2.3 Economic Responsibility (ER)

Economic responsibility refers to the obligation for a business to be profitable and productive [7]. Profit is the prime consideration of shareholders, investors and lenders, and they are also part of the society. Moreover, they are also stakeholders and they have interest in the operations of organization. Thus profit making comes under the theme of responsibility. As such organizations want to be productive, so that it will reduce wastage and provide goods and services for consumption of society. Therefore, economic responsibility that encompasses profit and productivity becomes the fundamental responsibility for businesses.

2.4 Legal Responsibilities (LR)

According to Carroll [22] legal responsibility means business compliance with legal system whilst making profit. Namely organizations must achieve its economic goal within the legal framework. For instance, businesses are expected to abide by the laws relating environmental protection, consumer protection, labour rights and payments of tariffs etc. Thus, compliance with such laws will ensure the interest and satisfaction of different stakeholders. Therefore, obedience to laws is considered as a part of business responsibility.

2.5 Ethical Responsibilities (ER)

In addition to fulfilling economic and legal responsibilities, businesses are expected to fulfill ethical responsibilities as well (Carroll, [22]; Hohnen, 2007). Ethical responsibilities is required for the business to abide its activities, policies and practices to the expected norms defined by the members of the society such as consumers, shareholders, employees, community [26]. These norms, standards and expectations are not coded in the laws but abiding to these will ensure the concerns, rights and interests of the various stakeholders. Moreover, more attention is being paid on the ethical aspects of business now a day. Therefore, it is very important for businesses to adopt ethical considerations into business.

2.6 Discretionary Responsibilities (DR)

Final responsibility of the business suggested by Carroll [22] is discretionary responsibilities. According to him discretionary responsibility is the voluntary contribution of business to the betterment of community. Discretionary responsibility is not mandated by law but it is voluntarily done in interest of society. Since societal support is necessary for businesses survival and functioning, it is the society's expectation over the business to care for the needs of community. Therefore, in present business arena, it has become a normal practice for businesses to get involved in philanthropic activities. For example businesses are providing funds for destitute people, social welfare programmes etc. to ensure social interest.

3. CONCEPTUALIZATION AND METHODOLOGY

3.1 Conceptualization

Based on the survey of the literature, the following conceptual framework was developed. This framework of concept explains the dimensions of corporate social responsibility.

The figure depicts the dimensions of corporate social responsibility. According to figure, corporate social responsibility is the construct. Corporate social responsibility can be measured in terms of economic, legal, ethical and discretionary responsibilities as suggested by Carroll [22].

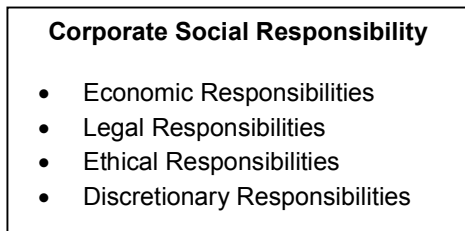


Fig. 1. Conceptual model

3.2 Operationalization

Economic, legal, ethical and discretionary responsibilities have been identified as variables for corporate social responsibility. This section presents as to how each of the variables was measured. Indicators have been identified for each variable and measurements have been given for each indicator. Following tables present all variables, indicators and measurements of this study.

3.3 Methodology

This research applied quantitative methodology using a survey questionnaire distributed to a selection of banks in Sri Lanka. As observed in Table 1, the survey covers all four measures related to CSR.

3.4 Sample Selection

According to the report the Central Bank of Sri Lanka [27], the banking sector of Sri Lanka comprised of 2 major categories, such as licensed commercial banks (LCBs) and licensed specialized banks (LSBs). As per the report up to January 2016, there were 25 LCBs and 7 LSBs in Sri Lanka. Among those 25 LCBs, there are 12

Table 1. Operationalization of corporate social responsibility

Variable	Indicators	Measurement
Economic responsibilities	Profitability	Successful at maximizing profits and improve economic performance
	Long term success production cost control	Plan for long term success Striving to lower operation cost
Legal responsibilities	Legal compliance	Employees act within the standards defined by the law Refraining from bending laws to improve profit Seeking to comply with all laws regulating hiring and employee benefits Ensuring that products meet all legal standards Meeting all environmental regulations
Ethical responsibilities	Ethical concerns	Respect for ethical principles has priority over economic performance Commitment to well defined ethical principles Fairness toward co-workers and business partners is an integral part of the employee evaluation process. Salespersons and employees are required to provide full and accurate information to all customers.
Discretionary responsibilities	Social concerns	Contribution towards community empowerment Participation in charitable activities Play a role in society that concerns over society beyond profit generation Allocation of some resources to charitable activities

Source; Carroll [22]

LCBs and 07 LSBs in Batticaloa district. Hence this study is limited to the banks of Batticaloa district only, thus 19 banks' main branches were considered as the study population. Therefore, the researcher distributed the questionnaire to the whole population (staff of 19 banks in Batticaloa District). The survey used a 5-level Likert scale ranging from "Strongly Disagree" to "Strongly Agree" to collect all the participants' responses. Random variables were assigned to the aforementioned scales as follows:

1. Strongly disagree
2. Disagree
3. Neither Agree nor Disagree
4. Agree
5. Strongly agree

3.5 Data presentation, Analysis and Evaluation

Descriptive analysis was used for data analysis. Hence, under the descriptive analysis, standard deviation and mean were derived from the analysis of samples. Further, this research used the SPSS version 22 "Statistical Product and Service Solutions" software (Hejase and Hejase, 2013, p. 58). Moreover, criteria shown in Table 3 were adopted. Furthermore, criteria shown in the table were adopted to evaluate mean values. This was established to determine the degree of corporate social responsibility.

3.6 Hypotheses Development

Based on the review of the various literature the following hypothesis is developed for the study purpose

Hypothesis 01 (H1):

There is significant difference in CSR between state and private banks in Batticaloa district.

Hypothesis 02 (H2):

There is a significant such difference in Economic responsibility between state and private banks in Batticaloa district.

Hypothesis 03 (H3):

There is significant difference in Legal responsibility between state and private banks in Batticaloa district.

Hypothesis 04 (H4):

There is significant difference in Ethical responsibility between state and private banks in Batticaloa district.

Hypothesis 05 (H5):

There is significant difference in Discretionary responsibility between state and private banks in Batticaloa district.

Table 2. List of banks in Batticaloa District

Licensed commercial and specialized banks in Batticaloa District		Type(state/private)
01	Amana Bank PLC	Private Bank
02	Bank of Ceylon	State Bank
03	Commercial Bank of Ceylon PLC	Private Bank
04	DFCC Bank PLC	Private Bank
05	Hatton National Bank PLC	Private Bank
06	National Development Bank PLC	Private Bank
07	Nations Trust Bank PLC	Private Bank
08	Pan Asia Banking Corporation PLC	Private Bank
09	People's Bank	State Bank
10	Sampath Bank PLC	Private Bank
11	Seylan Bank PLC	Private Bank
12	Union Bank of Colombo PLC	Private Bank
13	MCB Bank Ltd.	Private Bank
14	Lankaputhra Development Bank Ltd.	State Bank
15	National Savings Bank	State Bank
16	Sanasa Development Bank PLC	Private Bank
17	State Mortgage and Investment Bank	State Bank
18	Housing Development Finance Corporation Bank of Sri Lanka	State Bank
19	Pradeshiya Sanwardhana Bank (RDB)	State Bank

Table 3. Evaluation criteria for the mean values

Range	Degree
1≤X≤2.5	Low level
2.5< X≤3.5	Moderate level
3.5<X≤5.0	High level

4. FINDINGS AND DISCUSSION

Table 4 shows the mean values of CSR and its dimensions characterizing the banks in Batticaloa district. As shown in the Table 4, the banks in Batticaloa district have higher CSR practices (Mean Value 4.11). The banks in the Batticaloa region are highly concentrated on legal responsibility (Mean Value 4.26) followed by Discretionary responsibility. Hence Ethical and Economic responsibility also shows the high level among the banks in the study area such as 4.16 and 3.87 along with Standard deviation.

4.1 Findings on Corporate Social Responsibility (CSR)

Table 5 shows that CSR has a mean value of 4.11 with a standard deviation of 0.34. This implies that CSR of Banks in Batticaloa district is at a high level. When comparing the information between state banks and private banks, the mean value for state banks is 4.08 with a standard deviation of 0.22 whereas the mean value for private banks is 4.15 with a standard deviation of 0.38.

H1: *There is significant difference in CSR between state and private banks in Batticaloa district*

The considerable value for the t-statistics regarding the differences between the mean values is 0.089 which is greater than 0.05. Therefore, the null hypothesis of H 01 is not rejected and it can be concluded that there is no significant differences in CSR between state and private banks in Batticaloa district.

The considerable value for the t-statistics regarding the differences between the mean values is 0.089 which is greater than 0.05. Therefore, we considered the null hypothesis of H1 also and it can be concluded that there is no significant differences in CSR between state and private banks in Batticaloa district.

4.2 Findings on Economic Responsibility (ER)

Table 6 displays that Economic responsibility has a mean value of 3.87 with a standard deviation of 0.52. This indicates that ER of Banks in Batticaloa district is at a high level. When comparing the information between state and private banks, the mean value for state banks is 3.77 with a standard deviation of 0.42 whereas the mean value for private banks is 3.96 with a standard deviation of 0.53.

Table 4. Summary of the findings on the corporate social responsibility

Variables	Mean	Std. dev	Category of the bank	Mean	Std. dev
CSR	4.11	0.34	State banks	4.08	0.22
			Private banks	4.15	0.38
ER	3.87	0.52	State banks	3.77	0.42
			Private banks	3.96	0.53
LR	4.26	0.47	State banks	4.39	0.33
			Private banks	4.13	0.42
ERE	4.16	0.46	State banks	4.21	0.47
			Private banks	4.10	0.45
DR	4.17	0.02	State banks	3.94	0.35
			Private banks	4.39	0.17

Source-Data analysis

Table 5. Corporate social responsibility (CSR)

Variables	Mean	Std. dev	Category of the organization	Mean	Std. dev	t statistics	Sig. value
CSR	4.11	0.34	State banks	4.08	0.22	-1.899	0.089
			Private banks	4.15	0.38		

Table 6. Economic responsibility (ER)

Variables	Mean	Std. dev	Category of the organization	Mean	Std. dev	t statistics	Sig. value
ER	3.87	0.52	State banks	3.77	0.42	-1.926	0.042
			Private banks	3.96	0.53		

Source-Data analysis

H2: There is significant difference in Economic Responsibility between state and private banks in Batticaloa district.

The significant value for the t-statistics regarding the differences between the mean values is 0.042 which is less than 0.05. Therefore, alternative hypothesis of H2 is accepted and it can be concluded that there is significant difference in *Economic Responsibility* between state and private banks in Batticaloa district.

4.3 Findings on Legal Responsibility (LR)

Table 7 shows that legal responsibility has a mean value of 4.26 with a standard deviation of 0.47. This implies that legal responsibility of Banks in Batticaloa district is at a high level. When comparing the information between state and private banks, the mean value for state banks is 4.39 with a standard deviation of 0.33 whereas the mean value for private banks is 4.13 with a standard deviation of 0.42.

H3: There is significant difference in Legal responsibility between state and private banks in Batticaloa district.

The significant value for the t-statistics regarding the differences between the mean values is 0.461 which is greater than 0.05. Therefore, we do not reject the null hypothesis of H3, and it can be concluded that there is no significant differences in legal responsibility between state and private banks in Batticaloa district.

4.4 Findings on Ethical Responsibility (ERE)

Table 8 displays that Ethical responsibility has a mean value of 4.16 with a standard deviation of 0.46. This indicates that ERR of Banks in Batticaloa district is at high level. When comparing the information between state and private banks, the mean value for state banks is 4.21 with a standard deviation of 0.47 whereas the mean value for private banks is 4.10 with a standard deviation of 0.45.

Table 7. Legal responsibility (LR)

Variables	Mean	Std. dev	Category of the organization	Mean	Std. dev	t statistics	Sig. value
LR	4.26	0.47	State banks	4.39	0.33	-0.739	0.461
			Private banks	4.13	0.42		

Source-Data analysis

Table 8. Ethical responsibility (ERE)

Variables	Mean	Std. dev	Category of the organisation	Mean	Std. dev	t statistics	Sig. value
ERE	4.16	0.46	State banks	4.21	0.47	-2.688	0.016
			Private banks	4.10	0.45		

Source-Data analysis

Table 9. Discretionary responsibility (DR)

Variables	Mean	Std. dev	Category of the organization	Mean	Std. dev	t statistics	Sig. value
DR	4.17	0.02	State banks	3.94	0.35	-0.623	0.543
			Private banks	4.39	0.17		

Source-Data analysis

H4: *There is significant difference in Ethical Responsibility between state and private banks in Batticaloa district*

The significant value for the t-statistics regarding the differences between the mean values is 0.016 which is higher than 0.05. Therefore, alternative hypothesis of H4 is accepted, and it can be concluded that there are significant difference in *Ethical Responsibility* between state and private banks in Batticaloa district.

4.5 Findings on Discretionary Responsibility (DR)

Table 9 shows that Discretionary responsibility has a mean value of 4.17 with a standard deviation of 0.02. This implies that Discretionary responsibility of Banks in Batticaloa district is at high level. When comparing the information between state and private banks, the mean value for state banks is 3.94 with a standard deviation of 0.35 whereas the mean value for private banks is 4.39 with a standard deviation of 0.17.

H5: *There is significant difference in Discretionary responsibility between state and private banks in Batticaloa district*

The considerable value for the t-statistics regarding the differences between the mean values is 0.543 which is greater than 0.05. Therefore, we do not reject the null hypothesis of H5, and it can be concluded that there is no significant difference in *Discretionary responsibility* between state and private banks in Batticaloa district.

5. CONCLUSION AND RECOMMENDATION

As in table 4, CSR practices of the banking sector in Batticaloa district are at a higher level because mean value of overall CSR is 4.11. Hence banking sector entities are socially responsible. It indicates that their economic performance, the legal compliance, ethical practices and social concerns are at higher level.

Furthermore, out of the four measures of CSR, the mean values of Legal (4.26) and discretionary (4.17) responsibilities are more than the values of Ethical (4.16) and Economic (3.87) responsibilities in banks.

Legal responsibility indicates the highest value among the banks in Batticaloa district. At the

same time the legal responsibility shows the high level in state banks than private banks. Furthermore, it was found that there is no such significant difference in Legal responsibility between state and private banks in Batticaloa district. Legal compliance plays an important role in CSR construct. Without the support and approval of the legal authorities, no business can survive in an environment. Therefore, legal system has to permit the existence of the business entity and the economic performance of entities has to be achieved with in the legal framework (Carrol [22]; Maignan et al., 1999; Schwartz & Carroll, [26].

It was found that the economic responsibility is high among the private sector banks than the state bank. It shows that the private banks are very keen on the cost-effectiveness of operational activities than the state banks. And also, there is significant difference in economic responsibility between state and private banks. Meanwhile, the mean value of economic responsibility shows 3.87, which is low when comparing with other three measures of CSR. The prime responsibility of a business is to be profitable and add value to shareholders who are the key stakeholders in a business. Only if an organisation is profitable and increases its economic performance, it can serve all other constituents in the organization and can fulfil other types of responsibilities.

Discretionary responsibility is also known as a social concern of the business. The results for the discretionary responsibility, also known as social concern of the business, shows the highest value among the banks. This result indicates that the CSR commitment and contribution is at higher level. In addition, these institutions have concentrated more on discretionary responsibilities than economic and ethical responsibilities. Furthermore, contribution towards community-oriented activities and charitable activities and resource allocations to such activities are at high level in private banks. This has led to the higher level of discretionary (philanthropic) CSR in private banks with slight difference from. Furthermore, it was found that there is no significant difference in Discretionary responsibility between state and private banks in Batticaloa district

Ethical responsibility of state banks is higher than the private banks. Thus, commitment towards ethical principles and consideration of ethical aspects of the employee evaluation process are

strictly followed in government banks. It has resulted in the significantly higher level of ethical consideration in Government banks. Furthermore, it was found that there is significant difference in Ethical Responsibility between state and private banks in Batticaloa district.

Finally, the Segregate analysis into State banks and Private Banks has shown the mean value of private banks (4.15) is higher than that of state banks (4.08). However, the significance value is greater than 0.05. Hence, there is no statistical significant difference in CSR practices between state banks and Private Banks in Batticaloa district.

5.1 Recommendation

This study has proven that the more a marketer incorporates needs and expectations of their customers, the more it becomes socially responsible. Furthermore, improving socially responsible business behaviour, which could attract and retain the segment of customers who are socially conscious. There are some segments of customers who base their purchase decisions on the socially responsible business practices [5] and they will be satisfied by adopting more CSR practices. This will be useful to the managers in the financial sector. Thus, the organisations can satisfy the needs and wants of customers, society and other various stakeholders in the financial sector. Which will ensure the continuous existence and growth.

Profit making is the prime responsibility for any business. Philanthropic activities undertaken at the expense of economic responsibilities will lead to the collapse of the entire business [7]. Therefore financial entities have to keep their economic performance above discretionary responsibilities. This will enable them to undertake all other types of CSR.

6. DIRECTIONS FOR THE FUTURE RESEARCH

During this study, the researcher encountered some areas for future research. This research has only been confined to the banking sector. Therefore the same the analysis can be extended to other service sector entities such as finance companies, insurance, travels agency and to manufacturing entities etc. It will give findings on the CSR practices of other business sectors. Thus comparative studies can be done

in the different industries and will fill the methodological gap.

Furthermore, this research has adopted Carroll's [22] measures for responsibilities to operationalize CSR. He has identified economic, ethical, legal, and discretionary responsibilities under CSR. This model has changed in the current literature and the contemporary researchers look at CSR from stakeholders' point of view (Maignan & Ralston, 2002; Schiebel & Pochtrager [24]; Silberhorn & Warren [25]). According to their definitions, more areas have been incorporated into CSR domain. It can be used to operationalize CSR. Hence CSR could be studied using the new operationalization on CSR.

COMPETING INTERESTS

Author has declared that no competing interests exist.

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