The Relationship between Corporate Social Responsibility Disclosure and Financial Performance: BSE Bankex Banks

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ABSTRACT: *This study has been taken up to understand the relationship between corporate social responsibility disclosure and profitability of the Bankex Banks in India. The study employs both qualitative and quantitative measures for the purpose of analysis. As a quantitative measure, the study employs Pearson's Correlation and regression analysis. Amount of CSR disclosureis used as the dependent variable and profitability ratios (revenue, net income) as the independent variables.The CSR Disclosure ratio has been calculated using a content analysis based on the Global Reporting Initiative framework (GRI) to rate Bankex Banks on their CSR engagement. Firm size is used as the control variable as it has direct effects on profitability. Data has been collected for six years from 2013-2018. The results of the analysis indicate that there is no strong degree of association between CSR disclosure and profitability variables and that CSR disclosure is not a strong predictor of financial performance for the BSE-Bankex listed banks.*

Key Words: *Corporate Social Responsibility, Profitability, Pearson's Correlation, Multivariate Regression,BSEBankex Banks.*

I. Introduction

Over the past fifty years, Corporate Social responsibility (CSR) had been gaining importance. CSR, in its broad sense encompasses a wide range of sustainability related topics such as human rights, environmental conditions, corporate governance, working conditions and all that would enforce a change towards reaching the goals of sustainability. CSR, being a broader concept differs based on each country, each sector and each company. According to Financial times CSR can be defined as "*a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.*"

Firms can engage in CSR in two ways. One way is by providing funds and resources for worthwhile social causes. The second way is by producing products or by offering services that are in the best interests of the society.

CSR has gained its importance because, a business that takes CSR seriously, signals that the business takes wider interest in issues concerning the society and that the business does not only focus on the profit margins. This would attract customers, who share the same value. Socially responsible policies by a good business would create positive relationships with customers, thereby increasing sales and profits.

CSR Disclosure or Sustainability Reporting is of interest to a diverse range of stakeholders and has gained importance, as it is aimed to ensure transparency of organizational activities. A sustainability report is an organizational report that gives information about economic, environmental, social and governance performance. Non-profit organizations like GRI (Global Reporting Initiative) emphasizes on economic, environmental and social sustainability by providing sustainability reporting framework for companies and organizations to prepare globally accepted sustainability reports. Is there a direct relationship between CSR disclosure and profitability? This paper is an attempt to understand the relationship between CSR disclosure and profitability of a firm.

II. REVIEW OF LITERATURE

To understand and gain conceptual and research oriented knowledge, along with the econometrics used in the previous work a thorough review of the available literature is imperative.

2.1 Responsibility and Profitability

Findings by Nyugen et al. (2017), indicate that shareholder value can be maximized by increasing CSR activities. Bajic and Yurtoglu (2016) find a significant relationship between firm value and CSR measure, but the impact of CSR is very less on profitability. However the authors claim that the parameters used to

measure CSR might face the problems of omitted variable bias. Manchiraju and Rajgopal (2017) suggest that firms should not be forced to spend on CSR. When a firm is forced to spend on CSR activities, it might create a negative impact on the shareholder value. CSR spending should be a voluntary activity for the firm to maximize shareholder value.

Hategan et al. (2018), explain the relationship between "*doing well*" (profit) and "*doing good*" (CSR). Studies by Waddock and Graves (1997) suggest that there is a positive relationship between prior financial performance and Corporate social performance (CSP) supporting the "*slack resource availability*" theory. CSP is also said to positively influence future financial performance. This supports the theory that CSP and good management influence each other positively.

While the above literature speaks about the positive influence of CSR on profitability and vice versa, a few studies indicate negative and neutral relationships. For instance Sebastian et al. (2015) prove empirically that the hypotheses on the positive relationship between CSR and profitability measured using accounting and market based indicators may be rejected. According to Cheung and Mak (2010), for a sample of commercial banks, there exists no definitive relationships between CSR and financial performance.

While the causal relationship between CSR and profitability had been either positive, negative or neutral in the above mentioned literature, Hirigoyen and Rehm (2015) show that there exists a negative causal relationship between greater social responsibility and financial performance and that no causality runs from financial performance to CSR.

2.2 Sustainability Reporting:

How to measure the amount of CSR activities by a firm? Is there a relationship between the firm's profitability and the level of CSR activities, a firm engages in? To answer these questions, understanding the social responsibility reporting norms becomes very essential.

Like Corporate social responsibility, corporate social reporting also has vague definitions. Sustainability reporting terms used by researchers all over the world include Corporate Social reporting, Integrated reporting, social accounting, Triple Bottom Line reporting etc. which more or less share the same concepts. "*The TBL is an accounting framework that incorporates three dimensions of performance: social, environmental and financial.*" "*The TBL dimensions are also commonly called the three Ps: people, planet and profits.*" (Slaper and Hall 2011). According to King Code on Governance Principles (King, III), "*Sustainability of a company means conducting operations in a manner that meets existing needs without compromising the ability of the future generations to meet their needs. It means having regard for the impact that the business operations have on the economic life of the community in which it operates. Sustainability includes environmental, social, and governance issues.*" "*Triple bottom line*" reporting, cannot be measured by a single number. Rather it "*expresses performance by a myriad of measures - some quantitative, some qualitative - in order to provide a more robust picture*" ((Sherman, W Richard, JD, LLM & CPA, 2012). Thus the values in TBL reporting cannot be added or subtracted and arrived at a net value which is unlike financial reporting. Thus a tradeoff between the environmental, social and economic impacts cannot be possible. Also comparing the performance of one aspect of company A with the same aspect of company B is not TBL reporting. Hence a standardized framework for sustainability reporting became necessary. Thus Global Reporting Initiative has come out with a "*comprehensive framework*" which ensures companies disclose both quantitative and qualitative information in their sustainability reports. The G3 Guidelines have 79 performance indicators out of which fifty are core. The assurance level of GRI reports can be classified into three types.

i) Self-declared
ii) Verified by GRI
iii) Externally verified by third party

An externally verified report is indicated by a "+" symbol followed by the level of disclosure which can be A (high level of disclosure), B (moderate level of disclosure) and C (least level of disclosure). Therefore a company with an A+ is considered to have a highest level of disclosure.

2.3 Social Responsibility reporting in different countries:

Different countries follow different reporting practices. In South Africa, it is mandatory for the 450 companies listed in the Johannesburg Stock exchange to comply with king III for preparing integrated reports (Anria S. van Zyl, 2013). According to the KPMG International Survey of Corporate Responsibility Reporting 2011, "*Ninety-five percent of the 250 largest companies in the world (G250 companies) now report on their corporate responsibility activities, two-thirds of non-reporters are based in the US. Traditional CR reporting nations in Europe continue to see the highest reporting …..*"

"*Expecting that countries with higher regulative pressures, such as France, will lead to a minimum-requirement type of disclosure, while countries with more liberal markets, such as the USA, will present higher quality disclosure, counter-theoretical evidence was found in the results, indicating that French firms exhibit*

higher quality disclosure than US firms on average." (Elise Perrault Crawford & Cynthia Clark Williams (2010)). Among developing countries, Malaysia is an infant when it comes to sustainability reporting. "*Malaysia is largely down to the lack of pressure from, or expectation of, various stakeholders to provide such information. Although the pressures are increasing, they are nowhere near as strong as they are in Europe and the USA.*" "*In particular, it was found that the least reported CSR themes were the environment and energy and that most CSRR disclosures are declarative and non-quantitative.*"(Paul, Thompson &Zarina, Zakaria (2004). A research on commercial banks of Bangladesh, to check if they are inline with GRI, reveals that the Bangladesh banks disclose more on the social aspects followed by decent works and labourpractises and environmental issues. "*Furthermore, the disclosures of product responsibility information and the information for human rights are rather scarce in banks' reporting; on the subject of FSS-specific disclosures, only seven items out of 16 are disclosed by all sample banks*". (Md. Habib-Uz-Zaman Khan et al (2011). However the research reveals that Bangladesh banks' level of reporting on social aspects is in line with international standards. Libya is still in the embryonic stages of CSR.

Although India has a low GDP, India is said to rank high in CSR. Also India ranks first in CSR reporting among the seven countries in Asia. South Korea ranks the second followed by Thailand and Singapore. Malaysia and Philippines share the fourth place with Indonesia occupying the last position in CSR reporting. (Chapple & Moon (2005)). However, India is far behind in CSR reporting when compared to the western countries.

2.4 Sustainability Reporting in India:

National Voluntary Guidelines:

The national Voluntary Guidelines (NVG), released by the Ministry of Company Affairs on December 2009 was developed by the Guidelines Drafting Committee (GDC) appointed by Indian Institute of Company Affairs. The NVG is based on the concept of "*Triple Bottom Line*" approach coined by John Elkington. The guidelines consist of nine principles, with core elements to help materialise them.

The nine principles obtained from the Ministry of Company affairs website is as mentioned under:

"Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the wellbeing of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner."

The NVG has also come out with a comprehensive BR framework that can be followed based on categorizing the business entities based on their reporting. They are:

a) Businesses that already have a BR report in place and that which follows international standards of reporting

b) Businesses that follow NVG fully or in part

c) Business that are yet to implement a BR report based on NVG

2.5CSR Disclosure and Financial Performance: A theoretical framework

According to the stakeholder theory (Freeman, 1984) and legitimacy theory (Suchman, 1995), a positive relationship between CSR disclosure and financial performance of the firm is expected. According to the stakeholder theory, an enterprise is expected to fulfill the demands of all the stakeholders by satisfying their needs in effective utilization of natural resources, controlling environmental pollution, limiting the waste of resources, providing workforce diversity and such CSR activities. Thus the stakeholder theory explains the influence of stakeholders on the sustainability of an enterprise. Legitimacy theory proposed by Suchman says that "*a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions.*"

Deegan and Blomquist (2006) support both the stakeholder theory and the legitimacy theory. Based on these theories several researchers have analyzed the relationship between CSR disclosure and financial performance. For instance Matuszak and Rozanska (2017) tried to find the relationship between CSR reporting and financial performance in the polish banking sector. Their results indicate two key findings.

Their first finding is that there exists a positive relationship between CSR disclosures, and their profitability as measured in ROA (Return on assets) and ROE (Return on Equity). There is a negative relationship between CSR disclosures and NIM (Net Interest Margin). The second finding indicates that Bank's CSR activities are not dominant predictor of their profitability when compared to the control variables.

Ahmed et al. (2016) studied the CSR disclosure on the financial performance of listed manufacturing firms in Nigeria. Their research examines the influence of the four dimensions of CSR disclosure on the EPS of the sample firms. The results of their study reveals that there exists a significant positive influence of CSR disclosure on EPS. Human resources, environment, community and product are the four CSR disclosure dimensions used in the analysis. The authors suggest that CSR disclosure should be seen by the management as an investment rather than as a liability.

III. RESEARCH QUESTIONS

Based on the above literature, the following are the research questions to be addressed

1. Do profitable firms disclose more of their CSR activities?
2. Does more of CSR disclosure increase profitability of the firm?

IV. HYPOTHESES FORMULATION

H1: There is a significant positive correlation between profitability and CSR disclosure of Bankex listed Banks

H2: CSR disclosure is a strong predictor of profitability in Bankex listed Banks

V. RESEARCH METHODOLOGY

5.1Population and Sample

BSE-Bankex listed banks are considered for the analysis. The banks HDFC, ICICI, Bank of Baroda, City Union Bank, Kotak Mahindra, Axis Bank, IndusInd Bank, Yes Bank, Bank of Baroda, Federal Bank and City Union Bank have been considered for the analysis. State Bank of India (SBI) has been excluded from the analysis because on April 01, 2017 The State Bank of Bikaner & Jaipur, State Bank of Hyderab ad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore, and BharatiyaMahila Bank were merged with State Bank of India. The balance sheet before the merger could not be compared with the consolidated balance sheet after the merger. Inclusion of SBI might not produce robust results. Therefore the nine banks listed in BSE-Bankex have been included for the analysis. The reason for selecting Bankex Banks is that it provides a combination of both public sector and private sector banks to analyze.

5.2 Data and Sources of Data

For this study secondary data has been collected. Financial data has been obtained from MoneyControl. The time period chosen for analysis is from FYE (Financial Year Ending) March 2013 to March 2018. The reasons for choosing the time period is because, CSR disclosure has become mandatory in India only from August 13, 2012. According to Securities and exchange board of India circular dated August 13, 2012, "*BR Reports as part of the Annual Reports shall be mandatory for top 100 listed entities based on market capitalization at BSE and NSE as on March 31, 2012. Other listed entities may voluntarily disclose BR Reports as part of their Annual Reports*". To measure CSR disclosure we use the GRI reporting guidelines as a standard to rank the CSR activities of the BSE- Bankex listed banks. Information has been sourced from the annual reports of the selected bank's websites and have been categorized based on the GRI performance indicators. "Guidance on Alignment of the GRI G3.1 Guidelines, NVG s and BRR" report provided by the GRI Focal Point India has been used for reference.

5.3 Operationalization of variables:

To understand the relationship between corporate disclosure and financial performance, we use the following variables. To measure profitability, accounting based measures are used. CSR disclosure will be the dependent variable and the profitability variables Total Income, Net profit are independent variables used in the analysis. Firm size is the control variable used in the analysis. To measure firm size we use log of total assets.

5.4 Model Specification:

The regression equation used in this analysis is of the form

$$CSRDIS = \alpha\ (LNP) + \beta\ (LTI) + \omega\ (LTA) + C$$

Where

CSRDIS – Corporate Social Responsibility disclosure

LNP – Log of Net profit

LTI – Log of Total Income

LTA – Log of Total Assets

C- Constant

5.5 Statistical tools and econometric models

This section elaborates the proper statistical/econometric/financial models which are being used to forward the study from data towards inferences. The detail of methodology is given as follows.

5.5.1 Pearson's Correlation and regression analysis:

Pearson's Correlation gives the linear correlation between two variables. It is a statistical tool used to identify the degree of association between two variables. The regression analysis is a powerful tool used to understand the proportion of contribution of the independent variable or variables which predict the dependent variable. Regression equations helps in understanding the weightage of each independent variable and its significance in determining the dependent variable.

5.5.2 Content Analysis:

Content Analysis, also known as textual analysis is a qualitative research technique. The procedure followed involves segregating data into major and minor categories and analyzing them. The research demands such an analysis as sustainability reporting requires a blend of qualitative and quantitative data. A content analysis was done with GRI performance indicators on the "triple bottom line" aspects. The selected banks were analyzed for performance based on the 80 performance indicators mentioned in the GRI guidelines. The recent report launched by GRI, focal point India contains a comparative analysis table where an attempt has been made to match or link GRI guidelines with those of SEBI BRR and the NVG.

On comparing the SEBI BRR and NVG with GRI performance indicators, it is found that there is either a match or a link with 28 GRI performance indicators with respect to SEBI. Only 31 indicators match or link with the NVG guidelines. Out of the 80 performance indicators, only 28 were covered in SEBI BRR and 31 were covered in the NVG guidelines.Table 6.4 provides the results of the content analysis, which is used in disclosing the CSR activities.

VI. RESULTS AND DISCUSSION

6.1 Results of the Pearson's Correlation

Table 6.1: Pearson's Correlation

Table 1 Correlation

		LTI	LNP	CSRDIS	LTA
LTI	Pearson Correlation	1	.855**	.231	.983**
	Sig. (2-tailed)		.000	.093	.000
	Sum of Squares and Cross-products	9.911	9.441	.252	10.654
	Covariance	.187	.178	.005	.201
	N	54	54	54	54
LNP	Pearson Correlation	.855**	1	.326*	.810**
	Sig. (2-tailed)	.000		.016	.000
	Sum of Squares and Cross-products	9.441	12.316	.396	9.778
	Covariance	.178	.232	.007	.184
	N	54	54	54	54
CSRDIS	Pearson Correlation	.231	.326*	1	.157
	Sig. (2-tailed)	.093	.016		.256
	Sum of Squares and Cross-products	.252	.396	.120	.187
	Covariance	.005	.007	.002	.004
	N	54	54	54	54
LTA	Pearson Correlation	.983**	.810**	.157	1
	Sig. (2-tailed)	.000	.000	.256	
	Sum of Squares and Cross-products	10.654	9.778	.187	11.844
	Covariance	.201	.184	.004	.223
	N	54	54	54	54

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 6.1 gives the correlations of the variables. The correlation between Log of Total Income (LTI) and Log of Total Assets (LTA) is very high (0.983). The correlation between log of Total Income (LTI) and Log of Net Profit (LNP) is very high (0.855). This shows that the log of Total Income, a proxy used to measure profitability and log of total assets, a proxy used to measure the size of the firm are highly correlated. As per theory, it is quite obvious that the degree of association between firm size and profitability is very high. LTI and LNP are profitability ratios and so their degree of association is very high.

However the above results indicate that there is no strong degree of association between CSR disclosure (CSRDIS) and profitability. This is understood by the Pearson Correlation coefficient value of 0.231, with a p-value of 0.093. This indicates that that the degree of association between CSR disclosure and Log of Total income is only 23.1%. Also the degree of association between CSR disclosure and Log of Net Profit (LNP) is 0.326. This value indicates moderate correlation. Again the Pearson Correlation coefficient value of 0.157 between CSR disclosure and firm size indicates that the relationship between firm size and CSR disclosure is very weak.

Thus from the results of the Pearson's Correlation analysis, it can be concluded that

1. There is no strong degree of association between CSR disclosure and profitability (measured using net profit and total income).
2. There is a weak association between CSR disclosure and firm size.

6.2 Results of the Regression Analysis:

Table 6.2: Regression Analysis

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.339[a]	.115	.080	.0456375	.115	3.308	2	51	.045	.543

a. Predictors: (Constant), LNP, LTI

Table 6.3: Regression Analysis

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.014	2	.007	3.308	.045[a]
	Residual	.106	51	.002		
	Total	.120	53			

a. Predictors: (Constant), LNP, LTI

b. Dependent Variable: CSRDIS

The results of the regression analysis of table 6.2 indicates that there is no significant relationship between CSR disclosure and financial performance. This is clear from the very low R Square values obtained from the above tables, at 5% significance level.

Thus it could be concluded from the regression results that

1. Profitability is not a strong predictor of CSR disclosures.

6.3 Results of the Content analysis

Table 6.4 Content Analysis

Items	Category	Aspect	Number of performance Indicators			BOB	FEDERAL	CUB	AXIS	ICICI	HDFC	INDUSIND	KOTAK	YES
			GRI	SEBI BRR	NVG									
EC-1 to 9	Economic	|												
		Market Presence	3	1	1	0	1	1	1	1	1	1	1	1
		Indirect economic impacts	2	0	0	0	0	0	0	0	0	0	0	0

EN - 1 to 30	Environment													
		Materials	2	1	1	0	0	0	0	0	0	0	0	1
		Energy	5	3	5	0	0	3	3	3	3	3	3	3
		Water	3	2	2	#	#	#	#	#	#	#	#	#
		Biodiversity	5	0	1	#	#	#	#	#	#	#	#	#
		Emissions, Effluents and Waste	10	3	5	1	3	3	3	3	3	3	3	3
		Products and Services	2	2	0	1	1	1	1	1	1	1	1	2
		Compliance	1	0	0	0	0	0	0	0	0	0	0	0
		Transport	1	0	0	0	0	0	0	0	0	0	0	0
		Overall	1	0	0	0	0	0	0	0	0	0	0	0
LA - 1 to 15	Labor Practices and Decent Work													
		Employment	4	1	1	1	1	1	1	1	1	1	1	1
		Labor Management Relations	2	1	0	1	1	1	1	1	1	1	1	1
		Occupational Health and Safety	4	1	0	1	1	1	1	1	1	1	1	1
		Training and Education	3	2	2	2	0	2	2	2	2	2	2	2
		Diversity and Equal Opportunity	1	1	0	1	1	1	1	1	1	1	1	1
		Equal Remuneration for Women and men	1	0	0	0	0	0	0	0	0	0	0	0
HR - 1 to 11	Human Rights													
		Investment and procurement practices	3	0	1	0	1	1	1	1	1	1	1	1
		Non-Discrimination	1	0	1	1	0	0	0	0	0	0	0	1
		Freedom of association and collective bargaining	1	0	0	0	0	0	0	0	0	0	0	0
		Child Labor	1	0	1	1	1	1	1	1	1	1	1	1
		Forced and compulsory labor	1	1	1	1	1	1	1	1	1	1	1	1
		Security Practices	1	0	0	0	0	0	0	0	0	0	0	0
		Indigenous rights	1	0	1	1	0	0	0	0	0	0	0	1
		Assessment	1	0	0	0	0	0	0	0	0	0	0	0
		Remediation	1	1	1	1	1	1	1	1	1	1	1	1
SO - 1 to 10	Social Category													
		Local Communities	3	2	2	1	0	2	2	2	2	2	2	2
		Corruption	3	1	0	1	1	1	1	1	1	1	1	1
		Public Policy	2	0	1	0	0	1	1	1	1	1	1	1
		Anti-Competitive Behavior	1	1	0	0	1	1	1	1	1	1	1	1
		Compliance	1	0	0	0	0	0	0	0	0	0	0	0
PR - 1 to 9	Product Responsibility													
		Customer Health and Safety	2	1	1	1	1	1	1	1	1	1	1	1
		Product and service labelling	3	3	3	3	3	3	3	3	3	3	3	3
		Marketing Communications	2	0	0	0	0	0	0	0	0	0	0	0
		Customer Privacy	1	0	0	0	0	0	0	0	0	0	0	0
		Compliance	1	0	0	0	0	0	0	0	0	0	0	0
		TOTAL	80	28	31	19	19	27	27	27	27	27	27	31

6.3.1 Observations from the content analysis:

6.3.1.1 Sustainability reporting by the Indian banking Industry:

On reviewing the annual reports of all the nine public and private banks in the Indian Banking Sector it is evident that no bank follows international standards in sustainability reporting. The Indian banks adhere to the National Voluntary Guidelines by the ministry of company affairs with federal bank being an exception.

6.3.1.2 Findings from the content analysis:

All the banks under analysis have a Business responsibility report in place. The BR report is either included in the annual report or available separately. Overall, the Business responsibility report prepared by all the public and private sector banks under study have adhered to the Clause 55 of the Listing agreement of SEBI. Although Federal Bank has won the Global CSR award 2011-2012, Golden Peacock award for Corporate Social Responsibility and 2nd Asia's Best CSR Practices awards. Federal Bank has not reported under Clause 55 of the listing agreement or used NVG guidelines. The "profile disclosures" and "disclosures on management approach" with respect to GRI standards is quite satisfactory. However the disclosures based on performance indicators of the Indian banking industry does not match with international standards. As the banking industry is not directly involved in the manufacturing of goods and services, they have not reported much on the environmental aspects. Almost all the banks have reported based on the 28 indicators mentioned in the SEBI BRR and the nine principles of NVG (31 indicators according to GRI). Thus, Indian banks cannot be certified at any level, if they had directly reported under GRI. Therefore it can be concluded that Indian Banks are reporting only at the national level and cannot be compared with international standards of reporting at present.

6.3.1.3 Limitations of the study:

The study has been restricted to only public and private sector banks of India listed in BSE-Bankex. The research paper also does not evaluate the sustainability performance of the banking industry. It is limited to only the way of sustainability reporting methods followed by banks. Better Statistical tools to measure and understand CSR disclosure calls for more research in this area.

6.3.1.4 Recommendations:

The study clearly reveals the fact that the sustainability reporting norms followed by the Indian banking industry does not match with the international standards. With the diverse challenges in hand, the sustainability reporting by the Indian banking sector is quite satisfactory with reference to the selected banks. However it is necessary that banks make an attempt to report in terms of global standards. This would help them

i) To provide clear, concise and crisp data to the interested parties.
ii) To improve their overall standard of Non-financial reporting
iii) To get more organised in terms of measuring the immeasurable
iv) To continuously relate, bench mark and therefore identify themselves with the global banking quality and standards

VII CONCLUSION:

The research work is an attempt to understand the relationship between profitability and CSR disclosure. The results of the quantitative techniques used in the research paper indicates that there is no strong association between the CSR disclosure and profitability of the BSE-Bankex listed banks. Although CSR disclosure is not a strong predictor of profitability, CSR disclosure should not be considered as a liability. CSR disclosure being mandatory and although based on the above analysis does not produce any monetary gains, it is an important parameter to measure the social responsibility of an enterprise.

As the number of CSR activities is increasing day-by-day, and having understood the importance of sustainability reporting, Indian banks need to work towards a better future, for the betterment of the economy, environment and the community as a whole. Although the sustainability reporting by the Indian Banks is quite satisfactory, raising them to international standards should be made mandatory at least in the near future as non-financial aspects of any business should be viewed as an impact on the globe and not as micro level impact.

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