Impact of Corporate Social Responsibility on Financial Performance: A Study of Public Banks

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Abstract

Purpose: Corporate social responsibility (CSR) enhances business development. Researchers have debated CSR's ability to generate economic value. It is believed that socially responsible companies outperform those that do not implement CSR. This study explores the relationship between CSR and the financial performance of public banks.

Design/ Methodology/approach. Secondary data has been gathered over the course of 6 years (2018–2023) from a group of 13 public banks.The content analysis (CSR disclosure index) was collected from yearly reports of the public banks. We then used a correlation and regression analysis to examine the link with banks' performance indicators.

Findings: The study's findings suggest that corporate social responsibility (CSR) has either no effect or a negative effect on the financial performance of a public bank.

Research Limitations: As the study is primarily concerned with public banks, it is possible that assumptions on the outcomes for the banking industry will not be applicable.

Practical Implications: The study underscores the managerial implications of corporate social responsibility (CSR) activities, addressing both their advantages and drawbacks. Additionally, it contributes to the existing literature on the relationship between CSR and financial performance at the bank level.

Keywords: CSR, CSR Index, financial performance, public banks.

Introduction

Investigating corporate social responsibility (CSR) and company financial results has sparked interest among both scholars and the business community. Furthermore, business as a concepthas adapted over the decades throughout the world's biggest crisis; making profits is no longer fundamental. So, corporations are responding to growing social pressure by expanding their activities to serve a purpose in society. CSR is an instrument for social justice and a long-term strategy for

relationship-building between the company and society. CSR initiative helps businesses to generate revenue. It in the sense that corporate social responsibility (CSR) helps create a brand reputation, boosting customer loyalty, increasing the efficiency of employees, as well as minimising environmental risks. Entities that implement sustainable initiatives may experience an increase in their financial performance in the long run.Some previous research [1, 2, 3] shows that stakeholders have a great influence on firm performance as they have leverage on the primary resources of a firm which provide revenue to them[4], which may lead to the conclusion that the stakeholder's role is crucial forthe correlation between financial performance with corporate social responsibilityto perform towards a positive direction, and companies should identify prime stakeholders before endeavouring corporate social responsibility initiatives to attract the right investors and stakeholder's and thus maximise the long-term profit.

Sceptics, on the contrary, argue that there might be an imbalance as far as being socially accountable and firm performance (FP) are concerned. They assert that engaging in the pursuit of social responsibility could redirect resources away from the basic company operations, from which short-term profitability may suffer. Studies suchas [5, 6, 7, 8, 9] found fragile and/or ambiguous links, leading them to believe that CSR implication on economic performance might differ as per the industries as well as different variables. As they make important points to refute the notion that being socially responsible can lead tobetter results, some of these arguments are that companies limit their financial benefit by endeavouring costly and riskier returns with corporate social responsibility initiatives; instead, businesses should only focus on core business activities (primary strengths). Further, they claim that CSR can create divergence among stakeholders, as some stakeholders might value the social and environmental efforts attempted by a company, while other stakeholders place more emphasis on financial returns. It is crucial to remember that sceptics raise valid points, and while the debate is still ongoing, it becomes essential to consider it for the sustainability and positive improvements of society in modern business.

Though many previous studies have emerged on the topic of CSR and financial performance (FP)across various areas, our study will focus on public banks in India. The study endeavors toMaqbool and Zameer[3], who study CSR's contribution to Indian banking's financial performance. We focus on public sector banks to answer these questions: Does corporate social responsibility disclosure affect the Indian public banks' performance, or there is not even a relationship to begin with?

In response to the above discussion, the study's aims are:

1. To determine the correlation between public banks' performance andcorporate social responsibility disclosures
2. Evaluate the impact of corporate social responsibility on the Indian public banks' performance.

Literature Review

To a better understanding of the study, a vital re-examination of theories and studies related to the link between social responsibility and profits must be explored.

Several prior studies researched thelinkage between being socially responsible in new ventures and the long-term profit of firms. Using variables involving financial performance, the long-term orientation scale, and corporate social responsibility measurement as proxies of the study, they found that a long-term approach is key and positively affects start-up projects through financial performance. Otherwise, the long-term orientation has a minor impact on corporate social responsibility and firms' growth [10].Another study done in India investigated the effect of CSR implementation in the banking sector[10]. The research emphasises the lack of the majority of banks' ability to properly reproduce CSR policies as per RBI guidelines. A higher amount allocated to corporate social responsibility seems to be observed in public banks; still, better results in planning and arrangements for corporate social responsibility have been made by private banks. Moreover, banks have failed to disclose critical information regarding their corporate social responsibility policies. Some otherongoing project on social responsibility and firms' growth[11] the authors claim a correlation among three variables: firm disclosure, firm performance, and CSR performance. They stated that through corporate social disclosure, the company communicates the social

activities to the stakeholders, which rewards them with better financial performance alongside corporate social responsibility performance. Corporate social disclosure plays an intermediate role between the two other factors [12] narrows the development of social responsibility in India's finance sector. They observed an issue regarding factors of corporate social responsibility rating because some banks' social practices are not up to standard, which leads to difficulty in comparing banks. Moreover, according to the study, among banks, some falsely report their corporate social responsibility practices to gain appreciation. Additionally, Pradhan, 2016 also studiesIndia's CSR-firm performance nexus. Mixing variables regarding firms' growth, corporate reputation, along with the social responsibility index, the author highlights that depending on a firm's intensity of being socially responsible, it can alter the corporate reputation and corporate performance about the Indian economy[4]. The study believed that a long-term reputation has a better effect on financial performance than a short-term reputation effect, which showed no relationship with financial performance. It seems reasonable to presume, based on the findings, that the stakeholders of well-known firms hold no bargaining power. Lastly, advertisements have a lasting effect, as stakeholders' purchase decisions are based on socially responsible firms[13], studiedthe implication of online corporate social responsibility concerning Turkey's banking sector, highly listed and larger firms spent more on their corporate social responsibility activities as compared to small or not-listed firms, according to their online disclosures. The finding revealed a lack of corporate social responsibility information on bank websites, especially both environmental and energy improvement. Salehi et al., 2018 also study the correlation between social contribution and long-term economic growth in Iran[14]. There was an inverse correlation between both concepts on an immediate basis; as corporate social responsibility is a highly funded expense, it might be costly, affecting the finances of the firm. However, a firm looking for long-term profitability goals might use corporate social responsibility as financial value. Other research conducted within India [15] gives an insight into the before and after mandatory eras of corporate social responsibilityas well as the effect that it had on profitabilityin both periods. First, findings indicated that the regulations established have a high impact on corporate social responsibility intensity. Indeed, mandatory firms spend more on their corporate social responsibility activities, as the Act stated, as compared to voluntary firms, whose spending is reduced over time. CSR spending is sensible to instructional pressures such as government. Lastly, a positive relationship has been found between firm performance and the pre-regulations. It is argued that firms are so focused on spending the 2% on major activities that they forget others, such as employee welfare and training. Additionally, Garg and Gupta, 2020) study focusses on mandatory expenditures and their impact on the profitability of public and private Indian corporations[16]. They found that firms that meet the requirement of mandatory corporate social responsibility expenditure have lower market performance in contrast to businesses that fall short in fulfillingexpenditure compliance, whether it is public or private (especially in private). Contradictory, Dash and Das, 2020study examining the social responsibility contribution and the revenue growth interaction in Indian private banks found that mandatory corporate social responsibility of private banks affects their financial performance moderately and that banks should rather contribute to it as an obligation to differentiate themselves from competitors[17]. Another study highlights a framework between firm performance, financial inclusion, and mandated corporate social responsibility expenditure of Indian banks. To which the results showed that individually or assessed together, corporate social responsibility expenditures and financial inclusion share no connection or association. with firm performance except for a negative association with the stock market as an individual assessment[18]. The result translates to a lack of banks to lessen social disparity and aim for economic growth. The recent study of Bag and Omrane, 2022sheds light on the corporate social contribution and Indian firm growth link, it shows that corporate social responsibility practices improve profitability and stock market returns, which makes corporate social responsibility a long-run strategy approach[19]. Bashir, 2022analyses the significance of corporate reputation in relation to corporate

social contribution and corporate growth, as some elements of corporate reputation are still unclear. Unfortunately, the result failed to find a strong link with the firm's profitability; nonetheless, the author suggested that advertising on social media tends to increase corporate reputation in India[20].

Theoretical background

CSR Concept

Corporate social responsibility might have been defined or conceptualised in several ways in the past. One of the most prominent definitions states that corporate social responsibility is "the entire range of obligations a business has to society; it must embody the economic, legal, ethical, and discretionary categories of business performance[21]." In the given definition, Carroll suggests that businesses should fulfil four fundamental aspects to connect to society and thus harvest a performance.Later, in 1984Freemanintroduced a new approach to CSR that serves as "the stakeholder theory"[22]. The concept explains the power that stakeholders have over the business, and it implies that a firm that contributes productive input from stakeholders may accomplish its own desired results, which is profitability [23]. Thus, strategically, managers use social activities to capture stakeholders' support and consequently achieve performance. What has been said shows that corporate social impacts and corporate growth links might exists [24]. The essence of the interaction between corporate ethical obligation and profits is unclear or non-existent; what is more, they suggested that being socially responsible doesn't help or hurt a company in terms of profitability. May studies have conducted some research on this relationship.

Given that our study highlights the public banks of India, a brief summary of the corporate social contribution practiced in India [5, 25, 26, 27, 28, 29, 30].

Corporate Social Responsibility in India

As a pioneer nation in adoptingcorporate social responsibilityas an act in 2013, India received mixed responses working towards sustainable development as the act, which is under the Companies Act, Section 135, reports on provisions for expected corporate social responsibilityexpenditures. Obviously, the significance of investing incorporate ethical behaviour was recognized by the Indian government, as this provision was made to increase the scale and scope of corporate social responsibilityactivities and thus encourage businesses to be a part of them. Thus, corporations are legally bound to allocate 2% of their average net profit to social activities. The motion takes effect only when companies achieve a net profit of Rs. 5 crore and above, total revenue of Rs. 1000 crore and above, and a net worth of Rs. 500 crore and above. A clause that also requires companies to establish a corporate social responsibilitycommittee of three or more directors is part of the requirement for the mandated corporate social responsibility initiatives. The committee helps to formulate and execute activities more effectively. The mandatory Act of corporate social responsibilityallows a company to have a meaningful impact on society in India. Several activities address an array of social issues, including supporting education for underprivileged children, sanitation, skill development, providing healthcare, women's empowerment, and more. What's more, the act requires the companies to actually disclose those activities as well as their spending in their annual reports. This is an important criterion as it allows companies to gain trust among stakeholders, and according to the industry and context, it leads to the enhancement of financial performance.

Testing of Hypotheses

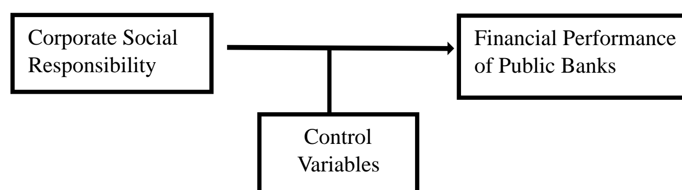
H01:There is no CSR disclosure (CSR Index) and Indian public banks' performance correlation.

H02:There is no corporate social responsibilityand Indian public banks' performance association.

H11:There is CSR disclosure (CSR Index) and Indian public banks' performance correlation.

H12:There is corporate social responsibility and the Indian public banks' performance association.

Figure 1: Proposed Framework



Research Methodology

Sample and Data Source

As a means of the research to investigate the nexus of corporate social contributionand public banks' profitability, included in the sample are all 13 public bank companies listed in the NIFTY index.Using empirical research that focuses on quantitative data to examine the association between the two concepts, the present study uses secondary data, in which data concerning financial performance was taken from the database of the Centre for Monitoring the Indian Economy (CMIE), while pieces of information concerning corporate social responsibility disclosure index have been gathered from the official websites of listed companies, whether from the annual report itself or the business responsibility report. Six-year span is covered in the research, starting with the financial year of 2017-18 to 2022-23.

Table -1 List of Public Banks

Canara Bank	Punjab National Bank
Union Bank of India Bank of India	Bank of Baroda
Jammu & Kashmir Bank	Central Bank of India
Punjab & Sind Bank	Bank of Maharashtra
Indian Bank	UCO Bank
Indian Overseas Bank	State Bank of India

The empirical analysis of this paper is based on three sets of variables: dependent, independent, and control variables. The dependent factors represent the financial indicators of performance, namely, return on equity, return on capital employed, and return on assets. Likewise, the corporate social responsibility disclosure index refers to the independent factor, a scoring technique that identifies any social performance undertaken by the listed banks. Finally, the control variables represent the age and firm size (total assets) of the listed banks.

Table - 2 Dependent and Control Variables Description

Type of variables	Name	Code	Description
Predicted Variables	Return on Asset	ROA	We use an accounting-based method to evaluate the financial ratio.
	Return on Equity	ROE	This metric can be used to determine how lucrative a company is.
	Return on Capital Employed	ROCE	This profitability index asserts the performance of a bank as a whole.
Control Variables	Age	Age	This refers to the years from the particular bank's incorporation up to the financial year covered in the study.
	Size	Log Asset	Refers to total assets(sum of all assets owned by a bank). We converted it into the logarithm value of total assets.

$$ROA = \frac{Net\ Income}{Total\ Assets}$$

$$ROE = \frac{Net\ Income}{shareholders'\ Equity}$$

$$ROCE = \frac{EBIT}{Capital\ Employed}$$

Age = current financial year of a bank – the bank's year of incorporation

Size = Logarithm of total assets

Independent Variable - Content Analysis

Following the previous author's perception of the social importance of the banking industry in India [3, 31 , an index is selected to measure the activities disclosed by banks. It consists of four categories, namely "community involvement," "environmental contribution," "workplace," and "diverse," covering 35 items. The scoring scale used in the study is [0 to 1]: 0 when the bank is not performing the activity and 1 when the activity is performed by banks.

$$\text{CSRDI} = \sum_{1}^{j} \cdot \sum_{i=1}^{n} / \text{dij}$$

CSR Score percentage of a bank $= \frac{\textit{Number of CSR items undertaken by bank}}{\textit{Total numbers of CSR items}}$

Panel Regression Proposed Model

To assess corporate social responsibility's impact on public banks' profitability, we examine the link between the return on asset variable and corporate social responsibility in equation number 1; subsequently, equation number 2 examines the link between the return on equity variable and corporate social responsibility, while last equation examines the relationship between the return on capital employed variable andcorporate social responsibility. Thus, the current study applies the models below to test H02 and H12.

ROA= 0+ 1CIS+ 2ECS+ 3WS+ 4DS+ 5Age+ 6LogAsset+ i (1)

ROE= 0+ 1CIS+ 2ECS+ 3WS+ 4DS+ 5Age+ 6LogAsset+ i (2)

ROCE= 0+ 1CIS+ 2ECS+ 3WS+ 4DS+ 5Age+ 6LogAsset+ i (3)

Whereas;

Whereas;

0 represents a constant, 1CIS is the community involvement score, 2ECS represents the environmental contribution score, 3WS is the workplace score, 4DS is the diverse score, 5Age, is the bank's age, whereas 6LogAsset is the logarithm of the total asset (size) and misrepresents the deviation error.

Study Results

Descriptive Analysis

In descriptive analysis (Table 3), results show the amount of involvement in the public banks' disclosure reports. It reflects, at the maximum value, community involvement at 80%, by an overall average of 29% and a standard. deviation around 25%;thus, public banks spend more on community activities when corporate social responsibility is a concern. Contradictorily, public banks are spending less on activities that involve the workplace, with a 20%workplace score, a 3% average, and a 5% standard deviation.

Table 4 gives the correlation matrix's results between variables. The grid shows that all financial performance variables share a significant correlation with corporate social responsibility variables, apart from the environmental contribution score, which does not show a significant correlation with all financial variables.More specifically, we found that ROCE positively correlated with community involvement scores, workplace scores, and diverse scores. Additionally, both ROA and ROE variables demonstrate significant positive correlation with the workplace score, yet they do not correlate with the community involvement score, environmental contribution score, or diverse score.Taking into consideration control variables such as log asset (size) and age's effect on banks' performance and corporate social responsibility, the log asset (size) significantly correlates with financial indicators as well as with community involvement score, environmental contribution score, diverse score, and workplace score. Similarly, age has a correlation with community involvement score, which is negative, and workplace; the rest of the variables associated with age have no correlation, including financial performance indicators.

Table-3 Descriptive Statistics

	N	Min.	Max.	Mean	Std. D.
ROA	78	-3	1.4	0.11	0.945
ROE	78	-76	18.7	7.75	21.5
Community involvement Score	78	0	0.8	0.29	0.245
Environmental Contribution Score	78	0	0.4	0.08	0.116
Workplace Score	78	0	0.2	0.03	0.054
Diverse Score	78	0	0.5	0.16	0.149
Log of asset	78	6	7.7	6.69	0.435
ROCE	78	-45	11	4.01	12.2
Age	78	63	128	99.88	18.0
Valid N (list wise)	78				

Table-4 Correlation Matrix

		ROA	ROE	ROCE	Community involvement Score	Environmental Contribution Score	Workplace Score	Diverse Score	Log of asset	Age
ROA	Pearson Correlation	1								
	Sig. (2-tailed)									
ROE	Pearson Correlation	.917**	1							
	Sig. (2-tailed)	0.000								
ROCE	Pearson Correlation	.893**	.975**	1						
	Sig. (2-tailed)	0.000	0.000							
Community involvement Score	Pearson Correlation	0.109	0.144	.183*	1					
	Sig. (2-tailed)	0.174	0.073	0.022						
Environmental Contribution Score	Pearson Correlation	0.019	0.022	0.057	.217**	1				
	Sig. (2-tailed)	0.813	0.784	0.477	0.006					
Workplace Score	Pearson Correlation	.166*	.208**	.198*	0.116	.309**	1			
	Sig. (2-tailed)	0.039	0.009	0.013	0.150	0.000				
Diverse Score	Pearson Correlation	0.095	0.127	.166*	.590**	.516**	.384**	1		
	Sig. (2-tailed)	0.240	0.114	0.038	0.000	0.000	0.000			
Log of asset	Pearson Correlation	.289**	.276**	.269**	.404**	.294**	.178*	.375**	1	
	Sig. (2-tailed)	0.000	0.000	0.001	0.000	0.000	0.026	0.000		
Age	Pearson Correlation	0.037	0.062	0.063	-.217**	0.145	.311**	-0.009	0.027	1
	Sig. (2-tailed)	0.646	0.440	0.436	0.006	0.070	0.000	0.912	0.741	
**. Correlation is significant at the 0.01 level (2-tailed).										
*. Correlation is significant at the 0.05 level (2-tailed).										

Source: IBM SPSS 29.0.1.0

Results of the Panel of Regression Model

Table 5, Table 6, and Table 7portray findings of regression for return on asset (ROA) as a dependent factor and corporate social responsibility index as an independent factor.

Table 5 presents the model summary of the ROA; in this, the R-value of the model indicates 33%, suggesting a moderate linear relationship between the relation between return on asset and the corporate social responsibility index. The estimated R-squared stands at 10%, which means that a change in independent variables will be tolerated by the return on asset variable at 10%. Table6represents the Anova table; in this table, the significance level= 0.008 (p-value < 0.05) proves the statistical significance of the whole regression (the influence of the variables on the ROA). According to the results of the coefficients in Table 7, the p-value represents more than 0.05 when it comes to the association of return on asset with independent variables: p-value of community involvement score = 0.92, p-value of environmental contribution score = 0.27, p-value of workplace score = 0.09, p-value of diverse score = 0.80, which concludes that the result fails to reject the null hypothesis H02. These results suggest that corporate social responsibility activities undertaken by public banks do not have a relationship with return on assets.

Table-5 : Return of Asset

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.329	0.108	0.072	0.9076

Source :Compilation by Author with the help of SPSS

Table -6 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.901	6	2.484	3.015	.008
	Residual	122.742	149	0.824		
	Total	137.643	155			

Source: Compilation by Author with the help of SPSS

Table -7 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.428	1.281		-3.456	0.001
	Community involvement Score	0.039	0.400	0.010	0.098	0.922
	Environmental Contribution Score	-0.842	0.763	-0.103	-1.105	0.271
	Workplace Score	2.690	1.557	0.155	1.727	0.086
	Diverse Score	-0.188	0.734	-0.030	-0.255	0.799
	Age	0.000	0.004	-0.002	-0.027	0.979
	Log of asset	0.649	0.190	0.299	3.411	0.001

Source: Compilation by Author with the help of SPSS

Table 8, Table 9, and Table 10portray the findings of regression for return on equity (ROE) as a dependent factor and corporate social responsibility index as an independent factor.

Table 8presents the model summary of the ROE; in this, the R-value of the model indicates 34%, suggesting a moderate linear relationship between the relation between return on equity and the corporate social responsibility index. The

estimated R-squared value stands at 12%, which means that a change in independent variables will be tolerated by the return on equity variable at 12%. Table 9represents the Anova table; in this table, the significance level=0.005 (p-value < 0.05) proves the statistical significance of the whole regression (the influence of the variables on the ROE). According to the results of the coefficients in Table 10, the p-value represents more than 0.05 when it comes to the association of return on equity with independent variables: the p-value of community involvement score = 0.58, the p-value of environmental contribution score = 0.19, the p-value of diverse score = 0.91, except for the workplace score in which the p-value = 0.03, which concludes that the results support Hypothesis H12. These results suggest that corporate social responsibility activities undertaken by public banks have a relationship with return on equity when it comes to workplace activities.

Table - 8 Return on Equity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.341	0.117	0.081	20.5449

Source: Compilation by Author with the help of SPSS

Table - 9 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8297.137	6	1382.856	3.276	.005
	Residual	62892.091	149	422.095		
	Total	71189.228	155			

Source: Compilation by Author with the help of SPSS

Table - 10 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-97.872	29.004		-3.374	0.001
	Community involvement Score	5.023	9.062	0.057	0.554	0.580
	Environmental Contribution Score	-22.661	17.260	-0.122	-1.313	0.191
	Workplace Score	75.129	35.248	0.190	2.131	0.035
	Diverse Score	-1.951	16.616	-0.014	-0.117	0.907
	Age	0.031	0.101	0.026	0.308	0.758
	Log of asset	12.790	4.305	0.259	2.971	0.003

Source: Compilation by Author with the help of SPSS

Table 11, Table 12,and Table 13portray the findings of regression for return on capital employed (ROCE)as a dependent factor and corporate social responsibility index as an independent factor.

Table 11presents the model summary of the ROCE; in this, the R-value of the model is 33%, indicating a moderate linear relationship between the relation between return on capital employed and the social initiative parameters. The estimatedR-squared value stands at 10%, which means that a change in independent variables will be tolerated by the return on capital employed variable at 10%. Table 12represents the ANOVA table; in this table, the significance level = 0.008 (p-value< 0.05) proves the statistical significance of the whole regression (the

influence of the variables on the ROCE). According to the results of the coefficients in Table 13, the p-value represents more than 0.05 when it comes to the association of return on capital employed with independent variables: p-value of community involvement score = 0.35, p-value of environmental contribution score = 0.34, p-value of workplace score = 0.08, p-value of diverse score = 0.92, which concludes that the result fails to reject the null hypothesis H02. These results suggest that corporate social responsibility practices undertaken by public bankslack any kind of interaction with the return on capital employed.

Table -11 Return on Capital Employed

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.329[a]	0.108	0.072	11.7515

Source: Compilation by Author with the help of SPSS

Table -12 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2494.157	6	415.693	3.010	.008[b]
	Residual	20576.562	149	138.098		
	Total	23070.719	155			

Source: Compilation by Author with the help of SPSS

Table - 13 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-50.489	16.590		-3.043	0.003
	Community involvement Score	4.824	5.184	0.097	0.931	0.354
	Environmental Contribution Score	-9.498	9.873	-0.090	-0.962	0.338
	Workplace Score	35.365	20.162	0.157	1.754	0.081
	Diverse Score	0.973	9.504	0.012	0.102	0.919
	Age	0.029	0.058	0.042	0.493	0.623
	Log of asset	6.254	2.462	0.222	2.540	0.012

Source: Compilation by Author with the help of SPSS

Discussion of the results

Correlating the corporate social responsibility index with banks' profitability indices (Table 4) reveals several interesting facts. We find that there is adequate evidence to support the statement that public banks 'performance and corporate social responsibility disclosure are related (hypothesis H11), However, in the case of the environmental contribution score, the grid reveals a non-existent significant relation with all three indices of banks' performance, which means that financial indicators are higher than the level of significance of 5%. In the case of the community involvement score, workplace score, and diverse score, results show a strong association via return on capital employed(ROCE), which implies that H11 has been supported. These results reflect the mixed effect of the existing literature regarding the two concepts[24, 32, 33]. Mishra & Modi[34] suggested that positive or negative corporate social responsibility will help to decrease or uplift financial risk, respectively.

The interplay between corporate social responsibility and the efficiency of public banks was another target of the research, which has been done through regression analysis (Table 5and above). The results show no evidence to support the claim that corporate social responsibility is

beneficial to public banks' performance, as the banks' all three indices p-values exceed 0.05, leading to having no association with corporate social responsibility[35, 36, 9]. With the exception of the workplace CSR indicator, which has a positive correlation with ROE, still the latter is insufficient to provide definitive proof of the influence of CSR on business performance. Sekhon and Kathuria [37] found that as corporate social responsibility directly affects the company's cost of operation, managers should prioritise forecasting projects with long-term benefits for the company; those advantageous projects perhaps might strengthen the future firm's performance.

Overall, it seems that the results align with the results study of Dash and Kumar Das[17], who also found no impact between corporate social responsibility efficiency with the return on equity as well as return on assets of the private banking industry of India, leading to the conclusion that corporate social responsibility also has a restricted impact on the success of Indian private banks. Contradictory to the current study, Maqbool and Zameer [3] found a beneficial interaction between corporate social responsibility practices with the Indian banking sector profitability as well as market return, using a unique approach and generalising the public and private sector banks a like to verify the link between the efficacy of banks and corporate social responsibility. It is suggested by his research that by moving towards corporate social responsibility, the Indian banking sector creates a fluid of satisfaction between the stakeholders, thus benefiting banks.

Conclusion and Implications

This empirical study essentially seeks to investigate the implication of corporate social responsibility on banks 'efficiency using data from 13 public banks over the 2018–2023 period. Corporate social responsibility impact was measured based on an index of 35 items categorised into “community involvement score," “environmental contribution score," “workplace score," and "diverse score.” Results suggest that corporate social responsibility in public banks neither significantly increases nor minimises financial performance for the short-term. Although to obstruct a similar scenario in the long term, the management should prioritise and balance corporate social responsibility projects wisely; they should determine the most effective and efficient means of providing socially responsible practices that place emphasis on direct financial impact.

Limitations and Future Research

Although it enriches the current corpus that exists about ethical business practicesand economic performance, one should approach the research with caution. First, our study has targeted a particular industry as well as specific types of companies, which are public banks; therefore, assumptions about results for the banking industry as well as broadly may not be applied. Secondly, the CSR index does not consider the specification of a mandated or altruistic corporate social responsibility. Moreover, the index is subject to industry limitations. Thirdly, the sample size of the study is small. As per the above limitations, future studies should investigate other industries as well as different countries to have solid literature on the concept. Secondly, future studies may use surveys, questionnaires, expenditures, and index variables as corporate social responsibility measures. Similarly, other financial ratios, such as market value ratios, liquidity ratios, etc., can be used as our financial performance proxy. This study could also be applied in a private-sector bank in India. Further the study can be conducted with an intent to illustrate how the private and public sectors participated in social practices during the pandemic and how those activities have impacted the financial performance of both sectors. [17]

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Appendix. 1Corporate Social Responsibility Index

1. Community involvement:

- Opening or contributing towards educational institutions.
- Aid to flood/drought/disaster victims.
- Construction and maintenance of roads.
- Contribution for the promotion of art, culture, and sports.
- Provision of drinking water facilities.
- Contributing towards healthcare.
- Construction of temples, community halls, parks, and so on.
- Promotion of rural income generation schemes.
- Donations given, other social and community expenses

2. Environmental Contribution:

- Certified under ISO 14000 series.
- Going for land reclamation and afforestation.
- Installed effluent treatment plant.
- Going for rain harvesting programmers.'
- Recycling of pollutants and wastes.
- Engaged in eco-friendly products/ process.
- Efficiency in paper using.
- Power saving/energy conservation.
- Environment and pollution control-related expenses.

3. Workplace:

- Providing better working environment to the employees.
- Retirement fund benefit plans, i.e., gratuity, provident fund.
- Proper safety measures for accident-prone activities.
- Frequent training/development programmes for employees.
- Spending for the welfare of employees.
- Providing medical facilities to employees.
- Profit sharing/share ownership programmes for employees.
- Women Harassment at workplace.
- Staff welfare and training

4. Diverse:

- Redress of grievance of workers/shareholders/ employees.
- No child labour in employment.
- Different training programs for empowerment of youth.
- Welfare activities for SC/ST/ and disabled persons.
- Providing agriculture guidance/schemes.
- Financial inclusion schemes.
- Setting of orphanage home.
- Better customer service/customer guidance/after sale service.