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Ethics on corporate Social Responsibility and organizational development in banking Industry of Nepal

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Abstract

Introduction: Banks are service oriented organization. They are the financial bodies which are related with the development of society. These institutions are the driving factor for Nepalese economic growth and development. Banks have integrated their activities for social development. So, they are the bodies for earning social fidelity. However, with these discrete roles, responsibilities also mount alongside. Banks are thus responsible for social upliftment. The process of leading development with inclusive social development is known as Corporate Social Responsibility (CSR). In today's commercial world, corporate sectors like banks can only be successful through the coordinative efforts of social development. Hence, ethics and CSR plays vital role in maturing banking industry of Nepal.

Objectives: In the mean-time of pandemic, banking industry has to perform swiftly through integrated workforce. This can only be possible by communal coordination and business to public (B2P) approach. This enhances the better outcome. So, the main objective of this research is to explore the needs of ethics on corporate social responsibility and organizational development in banking industry of Nepal.

Design: Research regarding the banks is also crucial for understanding the economic norms and development of society. Thus, these researches have to be done carefully with in-depth study. So, for this research researcher has selected convenience sampling method. The researcher has designed self-structured questionnaire for collecting data from field. This research uses quantitative research design for analyzing research queries precisely. Likewise, research defines the results through statistical tools through SPSS software.

Findings: Banks are the exemplary corporate institutions that reveal the ideas for other bodies to conduct the business. Corporate Social Responsibility (CSR) is asks of today's corporate world and Nepalese banks has to admit those facts. CSR can help to build relationship among the society where organization performs their business. CSR links business with society thus is the crucial factors for enhancing success in service-oriented sectors such as banks. The research shows the relationship between CSR and organizational development. It directs the Nepalese corporate sector into positive direction. Thus, organizational development can be achieved through ethical practices and CSR.

Practical Implication: Research describes about the current needs of business industry. It associates linking business for communal development. As link of business in communal bodies are possible through CSR activities. Thus, research highlights the focus on CSR activities for enhancing success in banking industry. Hence, research has practical importance for policy maker and banking institutions. Since, it subdues the need of today's globalized business sector.

Originality/ Value: This research paper is the native work as the data for research is collected through primary source. Likewise, research has high value and worth as it addresses the scenario of based on contemporary context. It is original work of researcher as research draw results from data collected through questionnaire survey.

Keywords: Corporate Social Responsibility, Banks

Paper type: Research Paper

1. Introduction

Banks is the financial institution that works for society. Banks provide financial services to society for assisting need of investment. Banks are related to development of society so they are service oriented social institutions. Banks therefore has social responsibility towards society. Connection with society also helps banks to strengthen the business growth of banking industry (John, Fernandes, Misra, & Maxwell, 2018). Banks has to direct their activities in social development as banks are for society. If bank perform their ethical duties than communal development is possible (Callejas-Albinana, Martinez-Rodriguez, & Callejas-Albinana, 2017). Likewise, for banking institution ethical responsibility or ethics on corporate social responsibility (CSR) helps to build social relationship which helps to enlarge banking performance. CSR also helps in organizational development. Therefore, research has enlightened the study of CSR for organizational development in Nepalese banking industry.

1.1.Objective of the Study

The objective of the study on the topic “Ethics on Corporate Social Responsibility and organizational development in banking industry of Nepal” are:

- To analyze the organizational development in commercial bank of Nepal.
- To evaluate the ethics on corporate social responsibility in commercial bank of Nepal.

1.2.Hypothesis of the Study

The hypothesis of the study on the topic “Ethics on Corporate Social Responsibility and organizational development in banking industry of Nepal” are:

H1: There is positive association between organizational development and ethics on environment.

H2: There is positive association between organizational development and ethics on economic.

H3: There is positive association between organizational development and ethics on social.

1.3.Problem Identification

Nepalese banks are the service-oriented industries which are directed towards social enrichment of public. The banks can be successful through the integration of society. Thus, banks have to perform their duties ethically. Similarly, banks in contemporary sector are the outreach of social cooperation. Banks have to know their customers, only then banks can achieve organizational development. Thus, in contemporary context, the hot topic of discussion can be whether banks are performing their activities ethically (Dastidar, 2016). Consequently, through various success stories of multi-cooperate around the world, it is clearly known that organizational development is possible through corporate social responsibility. In mean time, the mind-boggling query is regarding the Nepalese banks and their social duties for social welfare (John, Fernandes, Misra, & Maxwell, 2018). It also raises debate regarding ethics on CSR and it is fruitfulness in banking development. Thus, research has tried to answer the queries through in-depth research.

1.4.Rationale of the Study

Organizational development is very significant in enhancement of dropped Nepalese economy. It is crucial aspect in banking industry as Nepalese banks are suffering from problem of financial loss due to extreme competitiveness prevailing in Nepalese corporate sector. To cut the edge of this competitive banking scenario, banks have to focus on fulfillment of social responsibility. Likewise, banking industry performance can be enhanced through social integration with community. So, this research is co-related with ethics on corporate social responsibility and organizational development of banks of Nepal. This research is helpful for providing the solution of dropdown banking performance in Nepal. Thus, research is very crucial for enhancing banking development in Nepal.

1.5.Scope of the Study

The research helps in array of multi-dimensional sectors. As research contributes in new array of research field related to ethical aspect. This research is very important for understanding new field of ensuring banking performance in Nepal. This research is also helpful for policy development of financial institutions. Likewise, research also provides new search ground for upcoming researcher to find innovative ideas on banking development. It also contributes on other sectors such as statistics, policy making and investment. Research thus, has wider reach in various sectors.

2. Social Cognitive Theory for Career Promotion

Social Cognitive Theory is new emerging theory in field of organizational development. This theory relates career promotion with the core concept of organizational development. It relates career with interest, choices and success which are basic elements that organization search for achieving organizational goal from their personnel. This theory also associates array of factor with organizational development (Foley & Lytle, 2015). Additionally, this theory states that without career promotion organizational development is impossible. Hence, research of contemporary context can enlist social cognitive theory as essence for ethical aspect and career promotion which further ensure organizational development. It can be shown in diagram as below:

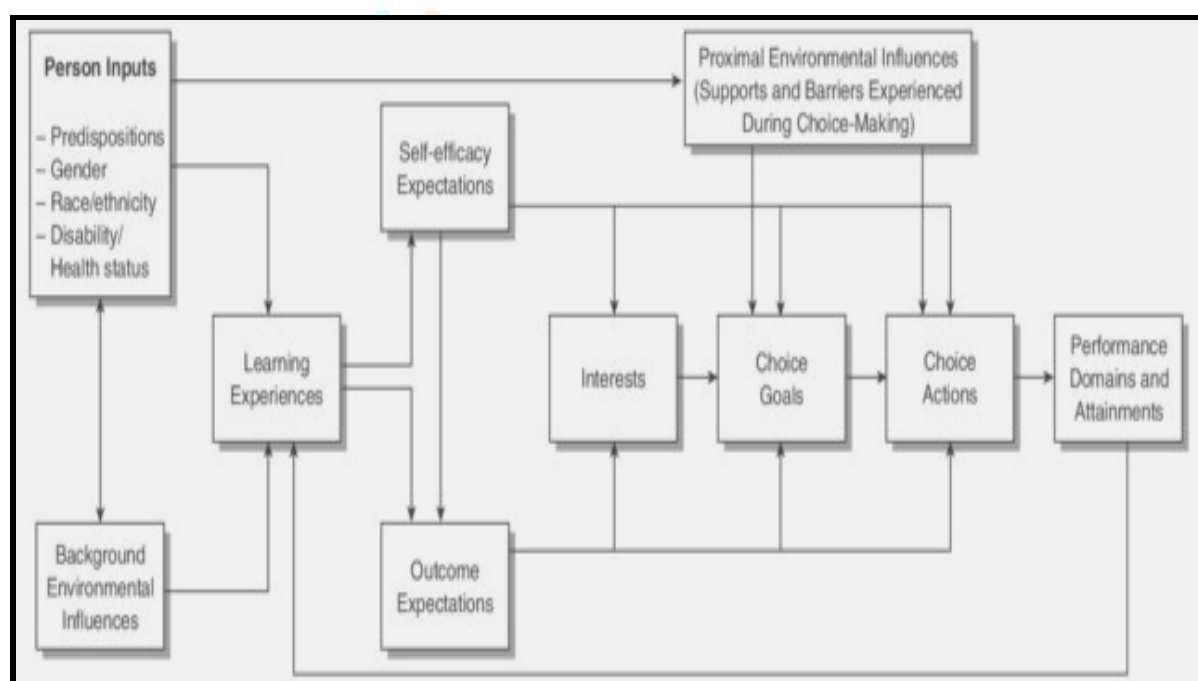


Figure 2. Source: Foley, Pamela F. & Lytle, Megan C. (2015)

3. Literature Review

The literature review is the past analysis of previous scholar's writing published in various articles and journals. Research is widened by literature review and it also helps to find the prevailing gaps in research sector of bank. In contemporary context, literature review also provides extensive knowledge on the related field done by prior researcher. In this research to established the findings through in-depth studies, researcher has studied various dimension associated with subject matter.

3.1.Dependent Variable

Multi-dimensional research done in the field of banking institutions has defined organizational development with different aspects. But organizational development has not been addressed as dependent variable for any research. Hence, research has enlisted organizational development as dependent variable. This research thus studies organizational development with ethical aspect for understanding the importance of CSR in Nepalese bank.

Organizational Development

Organizational development is the essence of any corporate working in Nepal. In recent time, business cannot be done without fair conduct. Organizational development is impossible without ethical value and authenticity in modern period if organization want to run business with perpetual existence (Leonard, 2019). Hence, development of organization depends upon the ethical constraints of environment, social and economic aspects (Asikhia, 2016).

3.2.Independent Variable

Independent variables are all the related variables which are uses to examine the impact on dependent variables by the changes happen on variables. The quantitative research methodology is adopted in research to test the variable precisely. So, to test hypothesis statistically, ethics on environment, ethics on economy and ethics on social are taken as independent variables.

Ethics on Corporate Social Responsibility

Ethics plays significant roles in development of banking industry. Banks being the part of society has to take ethical consideration very seriously (Dastidar, 2016). Failure of ethical adaptation by banks in Nepal can boycott the growth of banking *industry* in period of time (John, Fernandes, Misra, & Maxwell, 2018). Thus, banks have to follow the ethical role for ensuring environmental responsibility, social responsibility and economical responsibility.

- **Ethics on Environment**

Banks have to work on the favorable environment for enhancing the organizational development (Climent, 2018). Banks can change the surrounding through various activities (Martinez, Rambaud, & Oller, 2020). Therefore, for enhancing banking growth also, banks need to focus on development of environmental ethics (Nitsche, 2017). Environment is the primary influencer for institution development (Callejas-Albinana, Martinez-Rodriguez, & Callejas-Albinana, 2017).

- **Ethics on Economy**

Banks are the social institutions which understand the need of economy (Bozovic, 2017). They are the backbone of Nepalese economy. Banks therefore has to work in such a way that Nepalese economy is directed in corrective path (Kour, 2017). Banks can also help in guiding economy in favorable balance. Bank being the responsible institution has to direct their activities for economic development for enhancing national development (Villa, 2015). Thus, ethics on economy is one of the integral parts of organizational development for banking *industry*.

- **Ethics on Social**

Banks are the organization which provides services to customer for social growth. It is the institution which render social service (Menezes, 2016). Banks thus, have to focus on social development for banking development. Banks and society are solely connected with each other. Banks can grow their business by social integration (Thiam, 2015). Banks helps in raising living standard of society (Arbizu, 2018). So, banks have to consider social ethics and timely provide attention on fulfillment of Corporate Social goals (Radek & Petr, 2017).

3.3.Conceptual Framework of the Study

Conceptual framework is the structured outline on which researcher carry the innovative ideas to carry on research work. It is outline of set ideas. It is the means for developing the research in corrective way in chronological order. Conceptual framework is the essence of scientific research work. In this research, through conceptual framework researcher has presented research ideas through study of distinctive variables.

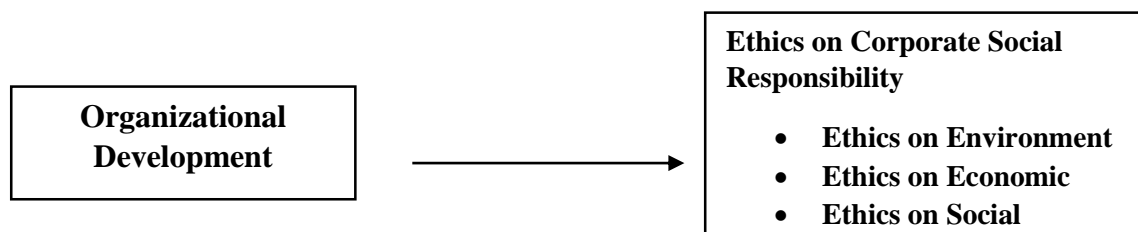


Figure 3.3. Conceptual Framework of the Study

4. Research Methods

The explorative and the descriptive research method is used for the survey. The present research is based on the primary data analysis. The data is collected from the selected 21 commercial bank in Kathmandu valley in Nepal. Due to the increasing number of COVID cases researcher selects the data from the selected commercial bank from the Kathmandu valley only. The dependent variable in the study is organizational development whereas, the independent variable in the study is ethics on corporate social responsibility which include the factors i.e., ethics on environment, ethics on economic and ethics on social. The positive or negative association is proved through the organizational development and the ethics on environment, ethics on economic and the ethics on social.

5. Data sets and Data Collection Methods

The data is obtained from both primary and the secondary sources of data collection. Out of 27 'A' graded commercial bank in Nepal only 21 commercial banks in Kathmandu valley of Nepal are used for the purposive research work. The primary data is obtained from the 21 'A' graded commercial bank and the secondary data is obtained from the different related articles which is described on the literature review part.

6. Cronbach's Alpha

The Cronbach's alpha is finally tested again when the sample questionnaire which was distributed to the respondents is found to be reliable. The above table shows that the Cronbach's alpha through the following table:

Table 6. Cronbach's Alpha

Reliability Statistics	
Cronbach's Alpha	N of Items
.904	4

The table Cronbach's alpha is found to be .904 which is highly reliable for the data calculation.

7. Data Analysis

7.1. Descriptive Analysis

Descriptive analysis analyzes both dependent variables i.e., organizational development and independent variable's factors i.e., ethics on environment, ethics on economic and ethics on social through the highest and lowest mean.

Table 7.1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Organizational Development	105	10.00	39.00	26.5905	5.72393
Ethics on Environment	105	10.00	39.00	27.4095	6.52465
Ethics on Economic	105	10.00	37.00	27.0476	5.49192
Ethics on Social	105	10.00	37.00	25.3333	5.52906
Average	105			26.595225	5.81739

In the following table 7.1, descriptive analysis shows the highest mean on ethics on environment i.e., 27.4095 and the lowest mean on ethics on social i.e., 25.3333. The mean found on organizational development is 26.5905 and the mean found on ethic on economic is 27.0476. The selected 21 commercial bank must focus on ethics on environment. Employees in commercial bank has best responses on ethics on social.

7.2. Correlation Analysis

The Pearson correlation coefficient conducted in the following table shows the association between the dependent and the independent variable is positive or negative. The hypothesis is proved through the correlation analysis.

Table 7.2. Correlation Analysis

Correlations		Organizational Development	Ethics on Environment	Ethics on Economic	Ethics on Social
Organizational Development	Pearson Correlation	1	.777**	.685**	.590**
	Sig. (2-tailed)		.000	.000	.000
	N	105	105	105	105
Ethics on Environment	Pearson Correlation	.777**	1	.804**	.660**
	Sig. (2-tailed)	.000		.000	.000
	N	105	105	105	105
Ethics on Economic	Pearson Correlation	.685**	.804**	1	.707**
	Sig. (2-tailed)	.000	.000		.000
	N	105	105	105	105
Ethics on Social	Pearson Correlation	.590**	.660**	.707**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	105	105	105	105

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

H1: There is positive association between organizational development and ethics on environment.

The correlation coefficient between organizational development and ethics on environment is .777. It means organizational development has positive association with ethics on environment. Their corresponding p-value on organizational development and ethics on environment is 0.000 which less than alpha 0.01. Therefore, there is positive association between organizational development and ethics on environment. Thus, H1: There is positive association between organizational development and ethics on environment is accepted.

H2: There is positive association between organizational development and ethics on economic.

The correlation coefficient between organizational development and ethics on economic is .685. It means organizational development has positive association with ethics on economic. Their corresponding p-value on organizational development and ethics on economic is 0.000 which less than alpha 0.01. Therefore, there is positive association between organizational development and ethics on economic. Thus, H2: There is positive association between organizational development and ethics on economic is accepted.

H3: There is positive association between organizational development and ethics on social.

The correlation coefficient between organizational development and ethics on social is .590. It means organizational development has positive association with ethics on social. Their corresponding p-value on organizational development and ethics on social is 0.000 which less than alpha 0.01. Therefore, there is positive association between organizational development and ethics on social. Thus, H3: There is positive association between organizational development and ethics on social is accepted.

8. Conclusion

The ethics on corporate social responsibility and organizational development in banking industry of Nepal is found to have the positive association with each other. The descriptive analysis shows that the ethics on social has the better position in banking industry of Nepal whereas, the ethics on environment should be given more focus.

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