

Effective Factors on Social Responsibility as a Moral Component in Bank

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Abstract

Introduction: Social responsibility is one of the important components in professional ethics and as to the role of banks in economic system; social responsibility of banks includes strategic results for companies. Therefore, in the current research, effective factors and causes on social responsibility in business banks of Iran are studied.

Material and Methods: The current research was qualitative. The statistical society was two parts. The first part included marketing and financial experts of banks, professionals, managers and supervisors of districts and experts of governmental and nongovernmental business banks and the second part included bank stakeholders which among them, 18 persons were chosen as sample by snowball method and reaching to saturation. Data collection tool is deep interview. Finally, data were analyzed by method of content analysis and coding and using 2020 Max QDA software.

Results: Based on the obtained results in relation with effective factors on social responsibility of banks by method of content analysis, 3 categories, 12 concepts and 45 secondary codes were identified.

Conclusions: As to the research findings, it is recommended to constitute special work groups to expand and develop social responsibility to investigate and impart favorable approaches.

Keywords: Professional Ethics, Social responsibility, Bank

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INTRODUCTION

Concept of corporate social responsibility (CSR) is one of the significant concepts in professional ethic field and it has long and various backgrounds. For centuries, there is possibility of tracking evidences related to business societies about society; however, formal texts about social responsibility are product of twentieth century and especially the recent 50 years [1]. Confusion regarding CSR definitions may be an important problem. Unfortunately, any kind of effort for making a fair definition is challenging because there is no methodology whether it is really unfair or no [2]. However, as to the researcher's view in this study, some definitions of other researchers about social responsibility have been used; social responsibility of business include economic, legal, ethical and voluntary expectations that society have at a specific time from organization [1, 3]. The components of these social responsibilities have decreasing importance hierarchically. Based on this fact that economic

responsibility is considered as a base and basis and all the other responsibilities imply on economic responsibility and it is expected the firms act in law framework. So, legal responsibility is as the second layer of the pyramid. In the following, ethical responsibility is posed and at the top of this pyramid is humanitarian responsibility. In this line, more we get near to the top of this pyramid, the importance of these components is decreased. World bank define corporate social responsibility such as: corporate social responsibility is a term that define organization commitment to being responsible to all beneficiary groups related to itself in all the activities and actions" [3]. Some researchers define corporate social responsibility as activities that are performed to advance some social aims which are above financial aims [4, 5]. Another group of authors define social responsibility as this: corporate social responsibility means the firms have duty toward constituent groups in the society, other than shareholders and above what is recommended through

described law and contraction of union [6, 7]. Corporate social responsibility has many benefits for firms. Corporate social responsibility can have a positive effect on consumers' attitude to firm and what it suggests [8]. Also, based on researchers' consensus, the consumers' perceived value has a positive effect on customer satisfaction. This issue shows if the customer perceives that the firm give importance to social responsibility and the same value that the customer has for the society, the firm also gives to the society and knows itself responsible to the society, this issue will have effect on his satisfaction of the firm and as a result, his loyalty amount [9]. Banking system plays important role in economic development [10, 11]. Banks act as financial mediators in society: they price and rate financial assets, they supervise borrowers; they manage financial risks and organize the payment system [12]. As financial institutes have charge of supervision and control of lending and capital flow, financing the projects and insurance policies and measures, they can exert influence in how their supported businesses work. Therefore, social banks can force enterprises to respond regarding social and environmental issues and dilemmas which are results of businesses. So, lack of attention of banks to their social responsibilities and functional outcomes can have significant investment and credit risks for them [13]. A researcher [14] has investigated CSR activities in more than 30 banks in different countries and he found, CSR activities have improved significantly during 2000 and 2005.

Another researcher [15] indicates in his research, since more and more researches about CSR are emerging in academic literature in developing countries, it is important to ensure about paying attention to contexts in which research is conducted; so, realizing local researches as to the particular economic and social conditions is important. Meanwhile, the performed researches mostly are conducted by experts or customers viewpoint, while this research has examined and analyzed the gap of both views and investigating effective factors on social responsibility in banks with two experts and customers' view as a group of stakeholders. Identifying effective factors on social responsibility in business banks of the country, as to particular local, economic and social conditions assist by reinforcing these factors, the society has more suitable view and approach to apply social responsibility in banks. So, as to the material which has been noted regarding social responsibility especially in banks and as to gap of the current research, importance of identifying these factors is felt well. Therefore, in this study, we are going to

respond this question that: which are effective factors on social responsibility in business banks of Iran?

MATERIAL AND METHODS

The current research is qualitative research and it is a kind of conventional- qualitative content analysis.

The statistical society of this research constitutes of two sections. The first section is masters, experts, (marketing and financial experts of banks, experts, managers and supervisors of districts and experts of governmental and nongovernmental commercial banks) that in their job deal with social responsibility directly and the second section is banks' customers (as a group of stakeholders). Due to qualitative nature of this study, a particular number of samples continue till we get to saturation of data. Therefore, as to snowball sampling, the researcher got to data saturation by interviewing 18 persons (9 customers and 9 bank experts). The demographic characteristics of interviewees (gender, education, age group, income groups of customers and job background work experience and work experience related to social responsibility of bank experts) has been provided in Table 1.

To collect data from the banks' reports, documents and sites have been used but the main tool for gathering data in this study is Semi-structured In-depth Individual Interview. Some main questions of this interview include: what is your definition about banks social responsibility? What do you think about why banks social responsibility is important? In your idea, which factors have caused forming social responsibility in banks? In your idea, which factors will influence on banks social responsibility? The main reason of choosing method of interview to collect information, in addition to being in proportion with research methodology were unavailability of related field researches, lack of existence of effective factors on social responsibility in the studied area especially in Iran banks. The interviews were recorded by voice recorder and after finishing all the interviews, they were implemented in written form. Finally, the interviews were analyzed and coded by Max QDA 2012 software.

As it was observed in Table 2, the total number of all the registered codes by both individuals (researcher and participant in the research) was equal with 43, the total number between these codes was 17 and the total number of disagreements between codes was 9. So, reliability between two coders by using the noted formula is 79% which is higher than 60%, so, Trustworthiness of coding is approved.

Table 1. Demographic Characteristics of Interviewees

	Customers	Experts
Gender		
Male	3	2
Female	6	7
Education		
Undergraduate	1	1
Graduate	4	3
Ph.D.	4	5
Age group		
25-34	2	0
35-44	6	6
45-54	1	3
55-56	0	0
Income groups		
1-2 M	3	-
2-3 M	3	-
3-4 M	0	-
4-5 M	1	-
More than 5 M	2	-
Work experience of experts		
Less than 5 years	-	0
5-9ys	-	3
10-14ys	-	3
15-20ys	-	2
More than 20 years	-	1
Work experience related to CSR		
4-5ys	-	4
5-6ys	-	3
6-7ys	-	0
7-8ys	-	2

Table 2. Results of Investigating Reliability between Two Coders.

Row	Title of Interview	Total Number of Data	Number of Agreement	Number of Disagreement	Reliability of Retest (%)
1	A1(first interview)	20	8	3	80%
2	A5 (fifth interview)	11	4	2	72%
3	E7(sixteenth interview)	12	5	4	73%
	total	43	17	9	79%

RESULTS

Based on the obtained findings, effective factors on social responsibility in the current study include 3 categories of "banking industry condition", "change of bank view toward social responsibility" and "increasing society's expectations" which have been extracted from 12 concepts and 45 secondary codes. Codes, concepts and categories of the research have been provided in Table 3.

Methods of Research Trustworthiness

In this research to investigate validity, in the end of research process, the findings were provided to some interviewees (two individuals of customers and two individuals of experts) and the feedback was got about realized interpretations from different aspects of the reality which has been described; and at the end, they were studied and reviewed and some cases have been indicated for final revision and change. Reliability refers to the range of repeatability of the research findings. One

way of indicating reliability is that another researcher can follow the way of applied decision by the researcher clearly and shows research consistency. So, the researcher by providing all the raw and analyzed data to the expert masters and by pundits' precise audit, correctness of research steps was approved. In addition, in order to compute reliability of conducted interviews, intra thematic agreement method has been used. To do this, a PHD student of state management was asked to engage in the research as research cohort (for coding); the necessary points for coding the interviews were reminded to him (her). In each of the interviews, the codes which were similar, specified as agreement and the codes were dissimilar, specifies as disagreement. After coding the three interviews, percent of intra thematic agreement which is used as reliability index was computed by the following formula:

$$\text{percent of intra thematic agreement} = \frac{\text{number of agreement} \times 2}{\text{total number of codes}} \times 100\%$$

The obtained results have been provided in Table 2. In spite of wide studies in social responsibility and banking areas, effective factors on social responsibility and their implementation in Iran banks have not been attended as enough. Based on the results of the current research, it was determined, the first effective category on banks social responsibility, the category of banking industry conditions includes: economic nature of bank, range of bank activity, competitive pressure of banking industry, banks' social responsibility in international arena, declines of the country banking industry and lawful

obligations of benevolent aspects. A researcher [16], in his review study has dealt with effective obstacles and motivations on social responsibility and one of the motivations of social responsibility which he notes is "availability of resources (financial, temporal and human), "institutional framework" (increasing pressure from top to bottom such as public and private regulations, rules about behavior of firms and association behaviors among firms which are under influence of CSR) that are in line with findings of the current research.

Table 3. Codes, Concepts and Categories.

Row /Category /Concepts	Secondary Codes
Condition of banking industry	
Economic nature of bank	Highlighted role of banks in economy Accepting more social responsibility with more consuming resources High accessibility of bank to financial resources Considering suitable budget for bank affairs (spending significant expense for publicity)
Range of bank activity	Broad communication with the general public Broad communication with economic experts of the society
Competitive pressure of banking industry	High pressure competition of banks in providing distinct facilities and services Many numbers of banks and financial institutes Continuous observation of competitors in social responsibility area
banks social responsibility in international arena	Highlighting social responsibility in universal processes Getting model from foreign banks International standards in social responsibility area
declines of the country banking industry	underdevelopment of the country banking system in social responsibility area in comparison with international banking system
Lawful obligations of benevolent	Board of directors' approval Technical loan of marriage Good loan accounts Limited approval of central bank
bank management' will	superior management' will row managers' will Mental and intellectual growth of bank managers Managers familiarity with social responsibility topics Tendency to solve part of society problems
Changing the bank's view to social responsibility	
Increasing awareness to the results of applying social responsibility in bank	Durability and stability of bank due to observing social responsibility Reinforcing the relation with stakeholders due to observing social responsibility Being assured against damages due to observing Social responsibility Popularity of brand due to social responsibility Helping to improving phase and mental image of bank
Branding with social responsibility	Branding with less expense by using social responsibility Being effective of indirect publicity
Increasing society expectations	
Stakeholders' Demand	Costumers' Demand from the banks Nongovernmental institutions' Demand Increasing stakeholders' expectations Attention to public thoughts
Increasing social awareness	Wide use of internet and information Increasing abroad travels Comparing banking system with updated banking system of the world People's ability to supervise the bank
Interesting to benevolent affairs	Interest in mass media to social responsibility area Interest in doing good work Interest in development of the country Sense of involving in society development Influencing on public stakeholders

Another researcher [16] notes the main economic factors (such as public financial state of the enterprise, health of the economy and level of competition with firms), "presumably influence on the firm's performance on methods of social responsibility and it is in the same line with availability of financial resources in economic nature of bank in our research; obligations in different countries are various and they are effective on performing social responsibility by the firms. A researcher [17-19] indicates about range of bank activity: in every economic system, banks have significant effect on society and in banking industry; the number of people which are impacted by financial activities are much more than other sections. They include the shareholders, the investors, the borrowers, depositors, managers, employees. Several stakeholders who use bank services have caused long term communication with them. Therefore, this relation is a long-term commitment and it is not a systemic relation that happens just one time and it is decayed easily.

Based on the results of the research, the second effective category on banks social responsibility is change of bank view to social responsibility which includes concepts such as: bank management will, increasing awareness to results of applying social responsibility in banks and branding with social responsibility. Some of researchers [20] examine management mentality of social responsibility and indicate financial benefits such as maximizing profit and non-financial benefits such as intellect management; avoidance of being in risk, distinguishing the brands frequently has been identified as a motivation for social managers. These motivations cause the managers tend to apply social responsibility; since in the current research, manager's will is one of the effective factors on social responsibility. A group of researchers [21], knows one of the main motivations which influence on increasing business focus on CSR, as increasing stakeholders' awareness of ethical, social and environmental behaviors of the firms. Some of the researchers [22] in their research have examined how CSR influence on firms' image and they have found, there is a positive and significant relation between CSR and firm image. The outcome of this study is that there isn't any conflict between aims of maximum increasing the firm value and performing corporate social responsibility. Management should consider implementing CSR as firm's investment and competitive benefits and it causes the firms face and also the firms' performance is improved. Some other researchers [23], in their research pose: today competition in banking

industry has found non-financial nature. To maintain unique conditions in market, even an innovation with suitable result in doing services can't also make long term competitive benefit for banks and it causes, the banks pay attention more to the considered bank. To achieve this aim, most of the banks consider the important tool in business succession i.e., social responsibility.

Based on the research results, the third effective factor on banks social responsibility is increasing society's expectations that rely on concepts such as demanding stakeholders, increasing social awareness and interest in benevolent affairs. A researcher's research findings [24] show that between stakeholders' pressure and organizational culture, stakeholders' pressure is the most important power of influencing on CSR methods in construction industry of Poland. Some researchers [16] have examined motivations of social responsibility and it considers the most common aspect pro CSR in organization is "stakeholders' pressure", (a kind of pressure from relation with stakeholders and stakeholders' conversation from one or several stakeholders including public centered organization) which includes stakeholders' social demands, expectations and pressure.

Some researchers [25] have found in their study that awareness of CSR among people can have positive effect on the firm. For enterprises whose awareness of customers is little, this relation is negative or insignificant. Of course, for firms that have unfavorable previous credit, effect of awareness in value -CSR relation is reversed. Another group of researchers [26] in their study have dealt with relation between consumers' awareness of CSR activities and their purchasing aims. Results of this research indicate, there is positive and significant relation between these two parameters. This study show, CSR activities, corporate social involvement and share of local society influence on consumers' purchase intention while supporting and helping the environment by the firms have no effect on consumers' purchase intention.

Based on these results, it is suggested: in order to make clarity and suitable responding to stakeholders in forming strategies and planning social responsibility itself and a special workgroup in banks to extend and develop social responsibility to investigate and to impart favorite approach.

CONCLUSION

Banks have key role in institutionalizing social responsibility in societies. Role of banks as a facilitator

and motivator of wheels of economy and business, as generator institutes of wealth and also as providers of services for local, national and international societies indicate importance of these institutions in flowing mental movement of social responsibility throughout of the society. However, banking industry, for long term, has been considered as a part of environmental negative effects and significant and negligible social effects, but in the recent years, financial institutions have found extent of social and environmental applicable activities in institutions. Since financial institutions as well as the role that they have on evaluation management of their performance effects on society, they have vital role in encouraging and motivating their legal and corporate customers on responsible action and decreasing adverse social effect and their environmental activities.

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ETHICAL CONSIDERATION

Ethical issues (such as plagiarism, conscious satisfaction, misleading, making and or forging data, publishing or sending to two places, redundancy and etc.) have been fully considered by the writers.

CONFLICT OF INTEREST

The authors declare that there is no conflict of interest.

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