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Anevaluation of CSR Practices and Stakeholdere Ngagement in Karnataka's Public Sector Banking Sector

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ABSTRACT
This research assesses the impact of corporate social responsibility (CSR) initiatives on stakeholder engagement within public sector banks (PSBs) in Karnataka. CSR has evolved into a regulatory and strategic imperative for Indian banks; however, its efficacy in promoting substantive stakeholder engagement is still inadequately examined, especially within regional frameworks. A quantitative, cross-sectional research design was employed, gathering data from 141 respondents across various PSBs in Karnataka via a structured questionnaire that included demographic information and CSR-related items. Cronbach's Alpha was used to check the instrument's reliability, and SPSS was used to do descriptive statistics, correlation, and regression analysis. The results show that CSR activities, especially those that help the community, protect the environment, and work with NGOs, make stakeholders more trusting, loyal, and aware. Nonetheless, the findings indicate inconsistent integration, with external initiatives being prioritized over internal stakeholder engagement and communication.

Keywords: Corporate Social Responsibility (CSR), Stakeholder Engagement, Public Sector Banks (PSBs), Karnataka Banking Sector, Sustainable Development, Community Development, Environmental Sustainability, CSR Practices in India, Banking and Society, Organisational Legitima

INTRODUCTION:

Background of CSR in Banking

Corporate Social Responsibility (CSR) is becoming more and more important in all kinds of businesses, including banks. People around the world expect banks and other financial institutions to make money and be responsible for the environment and society [1]. This expectation is especially strong in banking because banks have a direct impact on financial inclusion, economic growth, and sustainable development [3]. CSR has changed quickly in India, especially since the Companies Act (2013) made it mandatory for businesses, including banks, to spend 2% of their profits on CSR activities. Because they are owned by the government and have social responsibilities, public sector banks (PSBs) have historically worked on projects related to rural development, literacy, healthcare, and protecting the environment. Their prominent role ensures that CSR in the Indian banking sector is not merely a voluntary contribution but also a part of national development planning. They play pivotal role in enabling companies to integrate CSR in their banking operations.

1.2 Relevance in India's Public Sector Banks

Because PSBs are so common in both cities and rural areas of India, CSR is even more important for them. People in these communities often go to these banks first when they need financial services. PSBs' CSR programs often work to close gaps in education, healthcare, women's rights, and long- term jobs. Investments in financial literacy and rural development, for instance, are meant to help the bigger goal of inclusive growth. By making CSR a part of their main business, PSBs not only meet legal requirements, but they also improve their image as socially responsible organizations. However, it is still up for debate how much these programs really help with sustainable development and getting stakeholders involved, which makes people wonder how effective they will be in the long run.

1.3 Problem Statement

The concurrent literature implies that many of the CSR efforts in Indian banking are highly discretionary rather than regulatory-influenced. Banks often care more about being seen and following the rules than about making a real difference in society. As a result, their programs are not sustainable or have measurable benefits. This criticism is especially important for PSBs, which have both commercial and developmental goals. Even though they are required to spend money on CSR, it's still not clear if these efforts really build trust, get stakeholders involved, and promote sustainable practices. Consequently, there exists an urgent necessity to rigorously evaluate CSR in PSBs to ascertain whether it is genuinely transformative or merely superficial.

1.4 Research Gap

Engaging stakeholders is an important factor in how well CSR works. Stakeholder theory says that businesses add value when they actively balance the needs of their employees, customers, and the community. However, existing evidence suggests that gaps persist in stakeholder awareness and participation in banking CSR. Customers often remain unaware of CSR initiatives, while employees may not feel adequately engaged in their planning or implementation. At the national level, several studies have examined CSR in Indian banking, but few empirical investigations have focused specifically on Karnataka. The state's banking landscape is distinctive due to its mix of high-tech urban centres and rural communities, each with unique expectations from banks. This creates an opportunity to explore CSR activities and stakeholder engagement within a regional context, which has so far received limited scholarly attention.

1.5 Research Objectives

In response to the research gap, this study focuses on two objectives:

1. To analyse CSR activities of selected Indian public sector banks.
2. To analyse the stakeholder engagement levels in CSR among Indian public sector banks.

These objectives allow the study to move beyond descriptive analysis of CSR expenditure and examine how CSR initiatives are perceived, implemented, and connected to stakeholder outcomes.

1.6 Significance of the Study

The study makes contributions to both scholarship and practice. Academically, it adds to the growing body of literature on CSR in developing economies by focusing on PSBs in Karnataka, a context that has not been sufficiently explored. It tests the applicability of stakeholder theory in a regional Indian setting, generating empirical evidence that may inform comparative studies. Practically, the research offers bank managers and policymakers actionable insights into improving CSR design, communication, and stakeholder engagement. By demonstrating whether CSR can enhance stakeholder trust and involvement, the study provides a roadmap for banks seeking to build stronger social legitimacy and sustainable operations.

LITERATURE REVIEW

2.1 CSR Practices in the Banking Sector

The evolution of corporate social responsibility (CSR) in banking has been deeply influenced by the dual pressures of regulatory mandates and stakeholder expectations. The Companies Act of 2013 made CSR spending required for some businesses in India, including banks [3]. This made CSR more institutionalized. Public sector banks (PSBs) have historically played a pivotal role in executing socially oriented initiatives, frequently emphasizing financial inclusion, rural development, and welfare projects [10] These efforts show that banking CSR is in line with national development goals, but research shows that the effects often only lead to compliance instead of transformative sustainability practices [7].

Comparative global studies demonstrate that corporate social responsibility (CSR) in banking has manifested in diverse forms contingent upon socio- economic contexts. A study demonstrated that financial institutions in the Czech Republic incorporate CSR into their competitive strategies [8], whereas another research emphasized the reputational advantages that multinational enterprises (MNEs) gain from CSR in developing regions [1]. Furthermore, a study showed that banks in Africa that adopt CSR have a competitive edge, which shows how important it is strategically [12]. However, the Indian public banking sector is still different given that CSR is often seen as a legal requirement rather than a way to get ahead of the competition. The conflict between the symbolic compliance and genuine social impact persists as a frequent critique in the literature.

The difference between Indian and global practices shows both problems and chances. PSBs are in a good position to direct CSR funds to areas that will have a big impact, like teaching people about money and making sure everyone has access to technology. However, studies show that they aren't doing a good job of following through, keeping an eye on things, and making sure they fit with sustainable finance frameworks [24]. The message is clear: Indian banks need to move away from separate, charitable CSR activities and toward strategies that are more integrated and focused on sustainability and that create both social and financial value.

2.2 CSR and Stakeholder Engagement in Banking

Freeman's stakeholder theory stipulates that companies must balance the desires of all stakeholders, beyond shareholders [14]. This shows that engaging stakeholders is key to CSR effectiveness. In the banking industry, CSR has become an important way to build trust, loyalty, and alignment among stakeholders. CSR initiatives in Indian banks positively affect customer satisfaction and attitudes [22], whereas employee perceptions of CSR bolster organizational commitment in Ghanaian community banks [18]. Genuine CSR practices produce favorable halo effects on customer perceptions of service quality [4].

Employees are especially important when it comes to making CSR work. Studies highlight that when employees are actively encouraged to participate in CSR, it fosters engagement, trust, and loyalty [5, 9]. Internal CSR strengthens employee engagement through trust-building mechanisms, which is critical for service-driven industries like banking. For customers, however, awareness and communication remain persistent challenges. Many consumers are unaware of CSR initiatives, undermining their potential impact [23]. Recent evidence also confirms that communication gaps hinder stakeholder engagement, particularly in areas such as green banking and digital CSR communication [11, 13].

Critically, while banks in India undertake diverse CSR initiatives, stakeholder engagement often lags in depth and consistency. Engagement remains uneven, with employees often more integrated into CSR efforts than customers. This points to a gap between the execution of CSR activities and the translation of those activities into stakeholder trust and involvement. For PSBs in Karnataka, closing this gap requires stronger CSR communication strategies, tailored stakeholder outreach, and participatory mechanisms that include customers and communities alongside employees.

2.3. CSR, Sustainability, and Financial/Social Performance

A significant body of literature explores the link between CSR, sustainability, and financial outcomes. In the Indian context, CSR spending positively impacts firm performance, though earnings management may moderate this effect [2]. Another study similarly demonstrated that CSR disclosures influence banks' financial performance, mediated by institutional quality [3]. Globally, CSR positively affects financial performance through employee satisfaction and loyalty [25], while the impact of CSR on performance across consumer and industrial sectors is different [16], highlighting the context-specific nature of the relationship.

In addition to financial performance, CSR has also been linked to sustainability transitions. The literature emphasised the challenges of aligning financial systems with sustainability goals [20], while other studies discussed the ambiguities surrounding the definition of sustainable finance in policy contexts [19, 20]. The study by Mohamed Buallay et al. showed regional differences in sustainability reporting practices in banking [19], highlighting the uneven global landscape. At the same time, studies raise concerns over CSR authenticity. However, that CSR in banks can sometimes mask underlying risks ("greenwashing") [21], while the predictive value of ESG indicators in identifying financial distress.

These results indicate that CSR can improve both financial and non-financial results, but it only works if it is real, open, and in line with sustainability frameworks. For Indian public sector banks (PSBs), where corporate social responsibility (CSR) is often driven by compliance, the challenge is to show that CSR efforts not only meet legal requirements but also lead to measurable benefits for stakeholders and performance. This gap shows how important it is to have integrated CSR reporting and strong evaluation systems that connect social investments with both financial stability and stakeholder trust.

2.4. Challenges and Emerging Trends in CSR Practices

Although CSR has been demonstrated to be valuable in terms of creating positive brand image, there are a number of problems that make it less effective in the banking industry. Resource limitations, absence of definitive impact assessment, and insufficient stakeholder engagement are persistent challenges, especially in developing economies. Indian PSBs are dedicated to CSR spending, but they often have trouble with fragmented implementation and poor monitoring systems [7]. People sometimes say that CSR efforts are just symbolic gestures and not real ways to be environmentally friendly [16].

At the same time, new trends are changing how banks accomplish CSR. Digital technologies are becoming a bigger part of CSR strategy, making it easier to be open, talk to stakeholders, and keep track of impacts. The literature emphasized the influence of digital technology in transforming CSR communication [16], whilst another study illustrated the utilization of social media platforms to augment consumer participation with CSR activities [17]. At the same time, global financial authorities are calling for better reporting of environmental, social, and governance (ESG) issues. The European Banking Authority has made it mandatory for banks to disclose ESG risks, which shows that they are moving toward standardization and accountability.

These trends are important because they give Indian PSBs both chances and challenges. Indian PSBs run the risk of lagging behind international banks in their pursuit of digital transparency and ESG integration if CSR is still viewed simply as a compliance exercise. PSBs must modernize CSR by integrating digital technologies, increasing transparency, and collaborating with stakeholders to stay credible and competitive. If public sector banks are to improve stakeholder involvement and create sustainable financial systems, they must transition from compliance to innovation in CSR activities.

2.5 Summary

The literature suggests that CSR in the banking sector has evolved significantly but continues to face challenges, particularly in the Indian public sector context. While PSBs are active in implementing CSR activities, their practices often lack integration with sustainability frameworks and fall short in engaging stakeholders fully. Studies

consistently show that stakeholder trust and loyalty are closely tied to authentic, well- communicated CSR initiatives, yet gaps in awareness and participation remain. Moreover, the link between CSR and financial/social performance reinforces the strategic value of CSR, but only when practices move beyond symbolic compliance. Emerging trends in digitalisation and ESG integration highlight the future direction of CSR in banking, emphasising the need for transparency, stakeholder co-creation, and alignment with global standards.

METHODOLOGY

3.1 Research Design

The study employs a quantitative, cross-sectional research design. This design enables the collection of measurable data from a defined sample at a single point in time. A quantitative approach is particularly suited to this research because it allows for statistical testing of the relationships between CSR activities and stakeholder engagement, aligning directly with the stated objectives. The cross-sectional nature ensures a snapshot view of stakeholder perceptions, which is appropriate given the study's scope and time constraints.

3.2 Population and Sample

The target population includes employees and customers of public sector banks in Karnataka. These groups were chosen because they represent the primary stakeholders affected by CSR initiatives, employees through participation and customers through service delivery and awareness. A total of 141 respondents participated in the survey, providing a diverse dataset across gender, age, education, job role, and tenure with banks. The sample size is sufficient for conducting both descriptive and inferential statistical analyses, ensuring the robustness of findings.

3.3 Sampling Technique

The study adopted a purposive convenience sampling method. Respondents were selected based on their accessibility and willingness to participate. While this technique limits the generalisability of findings beyond the studied population, it ensures that the sample consists of individuals who have direct exposure to and experience with CSR initiatives in PSBs. This enhances the contextual relevance of the data.

3.4 Data Collection Method

Data were collected using a structured questionnaire divided into two sections. The first section covered demographic information, including gender, age, education level, job role, and years of association with the bank. The second section comprised eight items on CSR and stakeholder engagement, measured using a five- point Likert scale (1 = strongly disagree to 5 = strongly agree). Four items focused on CSR activities, including community projects, environmental sustainability, collaborations, and resource allocation, while four items measured stakeholder engagement, including employee involvement, customer awareness, trust, and communication clarity. The instrument was designed based on established CSR and stakeholder engagement literature to ensure theoretical alignment.

3.5 Reliability and Validity

The reliability of the questionnaire was tested using Cronbach's Alpha. Both CSR and stakeholder engagement constructs achieved alpha values above 0.70, confirming strong internal consistency. This demonstrates that the items within each construct were measuring a coherent dimension. Validity was reinforced by grounding the survey items in established theoretical frameworks, particularly stakeholder theory, ensuring that the questionnaire captured the constructs it intended to measure.

3.6 Data Analysis Tools

The study used statistical analysis, such as descriptive and inferential statistical analysis via SPSS software to generate quantitative findings pertinent to the stipulated research objectives designed to understand 12 Indian banks' CSR activites and stakeholder engagement. A summary of responses to CSR and stakeholder engagement items was given by descriptive statistics like means and standard deviations. The significance and strength of the relationships between CSR initiatives and stakeholder engagement were examined using Pearson's correlation. Lastly, the predictive impact of CSR initiatives on stakeholder engagement was investigated using linear regression analysis. Both descriptive and inferential insights are made possible by these approaches, which directly address the goals of the study.

3.7 Ethical Considerations

The entire research process was guided by ethical principles. All respondents gave their informed consent, and participation was entirely voluntary. No identifying information was recorded, protecting the participants' confidentiality and anonymity. Respondents received guarantees that the data they submitted would only be utilized for scholarly research. By taking these steps, the study was guaranteed to adhere to ethical guidelines and respect the rights of its participants.

RESULTS & ANALYSIS

This chapter is set up to provide information about the demographics of the participants as well as the descriptive and inferential statistics derived from the statistical analysis of survey datasets gathered from 141 participants.

4.1 Demographic Details

A set of five open-ended questionnaires was created to evaluate the participants' demographic information in areas like gender, age group, education level, job role, and years of affiliation with their respective banks. The percentage analysis results are shown in the next section to provide a comprehensive view of the sample population:

Options	Count	Percentage
Male	80	56.31%
Female	53	44.69%

Table 1: Gender Statistics

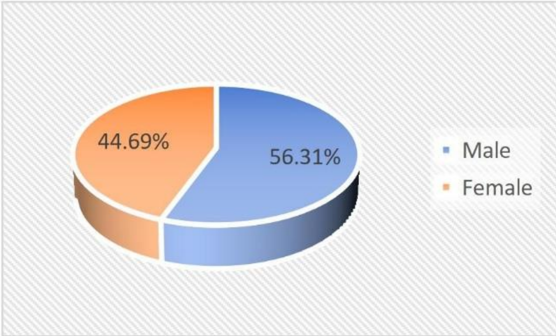

Table 1: Gender Statistics

Figure 1: Gender Distribution of Bank Employees

The gender profile of respondents shows that 56.31% are male and 44.69% are female. This indicates a reasonably diverse workforce, though respondents provide institutional memory. This balanced spread ensures that CSR practices can be evaluated from multiple generational perspectives, making engagement strategies more comprehensive. still slightly male-dominated. The strong female representation highlights inclusivity in the banking sector and reflects growing recognition of gender diversity. For CSR engagement, this distribution suggests that gender-sensitive approaches will strengthen inclusivity and ensure that initiatives resonate across all groups.

25–35	39	27.66%
36–45	47	33.33%
46–55	34	24.11%
56–65	21	14.89%

Table 2: Statistics related to Participants' Age

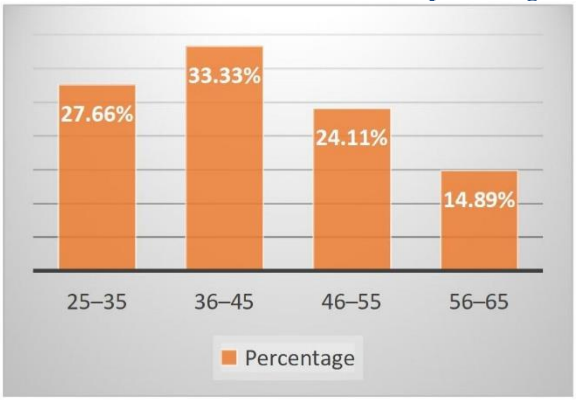

Figure 2. Age Group Breakdown of Participants

The age distribution reveals that 33.33% of respondents are aged 36–45, followed by 27.66% aged 25–35, 24.11% aged 46–55, and 14.89% aged 56–65. The dominance of middle-aged employees indicates that the workforce is largely comprised of experienced professionals in their peak career stage. Younger employees represent a strong pipeline of emerging talent, while older respondents provide institutional memory. This balanced spread ensures that CSR practices can be evaluated from multiple generational perspectives, making engagement strategies more comprehensive.

Options	Count	Percentage
High School	18	12.77%
Bachelor's	74	52.48%
Master's or higher	49	34.75%

Table 3: Statistics related to Respondents' Education level

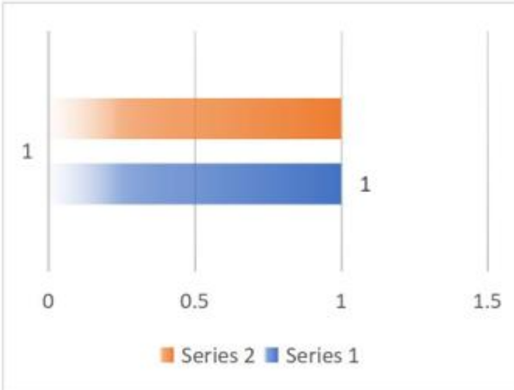

Figure 3: Educational Qualifications of Respondents

In terms of educational qualifications, 52.48% hold bachelor's degrees, 34.75% have a master's or higher, and 12.77% are high school educated. The predominance of graduates and postgraduates suggests that most respondents bring a strong academic foundation to their evaluation of CSR activities. This may lead to more informed and critical assessments of sustainability practices. At the same time, the inclusion of participants with lower education levels ensures that grassroots perspectives are represented, supporting CSR strategies that are accessible to all.

OPTIONS	COUNT	PERCENTAGE
<1 YEAR	12	8.51%
1–5	43	30.50%
6–10	46	32.62%
>10	40	28.37%

Table 4: Work Experience Statistics

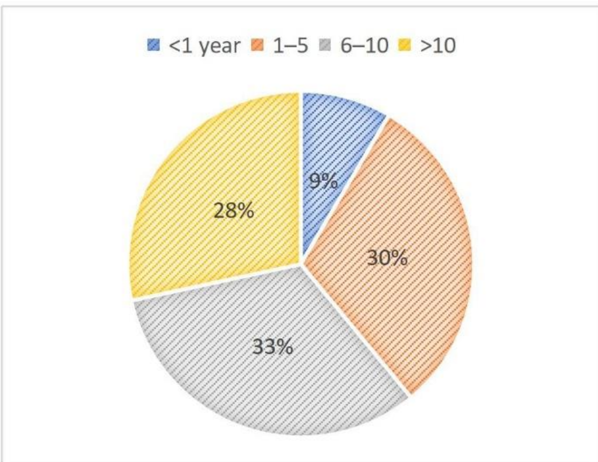

Figure 4: Tenure with Bank: Experience Levels

The tenure statistics show that 32.62% of respondents have been with their bank for 6–10 years, 30.50% for 1–5 years, 28.37% for more than 10 years, and only 8.51% for less than a year. This reflects a highly experienced workforce with strong institutional attachment. Such tenure diversity ensures that CSR practices are assessed by employees who have witnessed long-term changes as well as by newer entrants who bring fresh insights. The implication is that CSR strategies must align with both legacy expectations and innovative approaches.

Options	Count	Percentage
Customer Service	34	24.11%
Managerial	38	26.95%
Executive	27	19.15%
Administrative	24	17.02%
Other	18	12.77%

Table 5: Statistics pertinent to Participants' Job Role

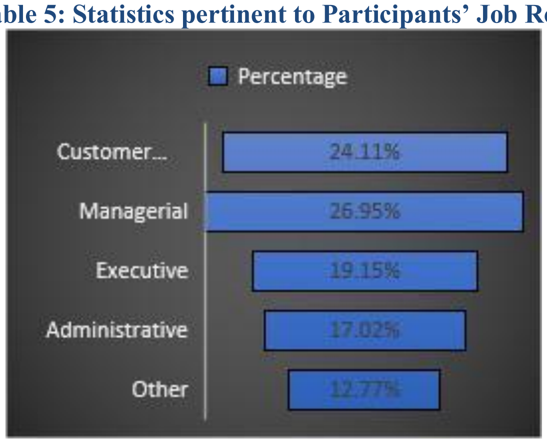

Figure 5: Job Role Composition in Public Sector Banks

Job role distribution indicates that 26.95% of respondents are in managerial roles, 24.11% in customer service, 19.15% in executive roles, 17.02% in administrative positions, and 12.77% in other categories. This wide range indicates that both frontline staff and decision-makers have different opinions about CSR. While customer service respondents make sure that firsthand stakeholder experiences are recorded, the high managerial representation suggests that strategic perspectives are accurately represented. A thorough grasp of CSR involvement in public sector banks is provided by this extensive role mix.

4.2 Descriptive Statistics

Frequency statistical tests were used in the study to determine the mean and standard value of each question's replies. In this case, each variable (for example, VAR00001, VAR00002..) stands for a distinct survey question (for example, Q1. Q2…). Initially, descriptive statistics were used to compile and comprehend the broad patterns in replies to every survey question. The research gives a summary of how participants viewed CSR initiatives and stakeholder engagement by computing means, standard deviations, minimum and maximum values. Finding central patterns and response variability is crucial for laying the groundwork for further in-depth inferential analysis in the parts that follow. The results are displayed in the table below:

	VAR00001	VAR00002	VAR00003	VAR00004	VA
N Valid	141	141	141	141	14
Missing	0	0	0	0	0
Mean	3.3191	3.5745	3.3688	3.6525	3.

Std. Deviation	1.33801	1.37962	1.43632	1.30923	1.
Minimum	1.00	1.00	1.00	1.00	1.
Maximum	5.00	5.00	5.00	5.00	5.

Table 6: Frequency Statistics

The descriptive statistics demonstrate that all 141 responses were valid, with no missing data, thus yielding a comprehensive dataset for analysis. The average scores range from 3.25 (VAR00005— employee encouragement) to 3.65 (VAR00004- resource allocation). This means that most people agreed with the statements. The standard deviations range from 1.23 to 1.43, which means that the answers are not too different from each other. This shows that stakeholders have different views, but not too much. The scale distribution also shows that responses span the full Likert range (1–5), evidencing the richness of opinion among participants.

The slightly higher means for CSR-related items (VAR00002 and VAR00004) suggest that stakeholders perceive environmental sustainability and resource allocation as the most visible CSR practices of public sector banks. By contrast, lower means on stakeholder engagement items (VAR00005 and VAR00008) indicate that while CSR activities are recognized, the banks may still face challenges in fully engaging employees or clearly communicating CSR objectives. The moderate standard deviations across items confirm that while there is overall agreement, individual opinions vary, which may relate to differences in respondents' roles (customers vs. employees) or their exposure to CSR initiatives.

These findings imply that public sector banks in Karnataka are perceived as moderately strong in CSR implementation but somewhat weaker in ensuring stakeholder involvement and awareness. This suggests a potential gap between CSR activity execution and stakeholder communication or participation. For managerial practice, the descriptive results highlight the need to reinforce communication strategies and deepen stakeholder engagement programs to align with existing CSR commitments. From a research perspective, these statistics provide a reliable foundation for correlation and regression analyses, as the items show variability sufficient for meaningful statistical testing.

Inferential Statistics

As part of the inferential statistical tests, the study conducted Cronbach's Alpha, Correlation, and Regression Analysis. The results for each tests are shown below:

Cronbach's Alpha Test Results:

Before moving to correlation and regression analysis, it is necessary to establish the reliability of the measurement scales. Cronbach's Alpha was conducted to assess the internal consistency of the items measuring CSR activities and stakeholder engagement. This test ensures that the survey items grouped under each construct are statistically coherent and measure the same underlying dimension. High reliability strengthens the validity of the findings and justifies the use of composite variables in further statistical tests.

CSR Activities

Below are the results obtained from the Cronback's Alpha tests on the questions and reprtinent datasets on CSR Activities:

		N	%
Cases	Valid	141	100.0
	Excludeda	0	.0
	Total	141	100.0
a. Listwise deletion based on all variables in the procedure.			

Table 7: Case Processing Summary

Cronbach's Alpha	N of Items
.831	4

Table 8: Reliability Statistics

	Mean	Std. Deviation	N
VAR00001	3.3191	1.33801	141
VAR00002	3.5745	1.37962	141
VAR00003	3.3688	1.43632	141
VAR00004	3.6525	1.30923	141

Table 9: Item Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
VAR00001	10.5957	11.843	.672	.781
VAR00002	10.3404	11.512	.684	.775
VAR00003	10.5461	11.635	.625	.803
VAR00004	10.2624	12.124	.656	.788

Table 10: Item-Total Statistics

Mean	Variance	Std. Deviation	N of Items
13.9149	19.821	4.45211	4

Table 11: Scale Statistics

The case processing summary confirms that all 141 responses were valid with no exclusions, ensuring a complete dataset for reliability testing. The Cronbach's Alpha value for the CSR Activities construct is reported as 0.831, which is well above the recommended threshold of 0.70. This indicates that the four items measuring CSR practices, community development, environmental sustainability, NGO collaboration, and resource allocation, demonstrate good internal consistency. Thus, the items collectively measure a unified concept of CSR activities in public sector banks.

The item statistics show mean values ranging from 3.31 to 3.65, with standard deviations around 1.3– 1.4, suggesting moderate variation in responses and a tendency towards agreement. The corrected item-total correlations fall between 0.625 and 0.684, confirming that each item correlates strongly with the overall scale. Importantly, the "Cronbach's Alpha if Item Deleted" values (0.775– 0.803) are all lower than the overall alpha (0.831), which demonstrates that every item contributes positively to the scale's reliability. No single question weakens the construct, and all should be retained for analysis.

The combined evidence indicates that CSR Activities can be validly represented as a single composite variable in subsequent analyses. The high reliability means that responses are consistent and not driven by random error, lending credibility to regression and correlation results. For public sector banks, the implication is that CSR activities are perceived by stakeholders as a cohesive set of practices rather than fragmented initiatives, reinforcing the argument that CSR should be approached holistically.

Stakeholder Engagement

Below are the results obtained from the Cronback's Alpha tests on the questions and reprtinent datasets on Stakeholder Engagement:

		N	%
Cases	Valid	141	100.0
	Excludeda	0	.0
	Total	141	100.0

a. Listwise deletion based on all variables in the procedure.

Table 12: Case Processing Summary

Cronbach's Alpha	N of Items
.756	4

Table 13: Reliability Statistics

	Mean	Std. Deviation	N
VAR00005	3.2553	1.23869	141
VAR00006	3.5887	1.30423	141
VAR00007	3.5674	1.35912	141
VAR00008	3.3901	1.36682	141

Table 14: Item Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
VAR00005	10.5461	9.950	.584	.683
VAR00006	10.2128	9.512	.601	.672
VAR00007	10.2340	9.781	.520	.717
VAR00008	10.4113	9.801	.511	.722

Table 15: Item-Total Statistics

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
13.8014	16.046	4.00575	4

Table 16: Scale Statistics

The case processing summary again reports 141 valid cases, confirming robust sample coverage. The Cronbach's Alpha value for Stakeholder Engagement is 0.756, which, though slightly lower than CSR Activities, still exceeds the 0.70 threshold, indicating acceptable reliability. This suggests that the four items measuring engagement, employee encouragement, customer awareness, trust and loyalty, and communication clarity, together capture a reasonably consistent construct. The slightly lower alpha indicates more variability in responses but remains strong enough for academic research.

The item statistics reveal means between 3.25 and 3.58, with standard deviations around 1.2–1.3, showing moderate variability. The corrected item- total correlations range from 0.511 to 0.601, suggesting that each item is moderately correlated with the total scale. Although the correlations are somewhat weaker than those for CSR, they remain satisfactory. Importantly, the "Alpha if Item Deleted" values (0.672–0.722) are lower than the overall alpha (0.756), indicating that no item detracts from reliability. All four items therefore contribute meaningfully and should be retained. The results validate Stakeholder Engagement as a reliable construct, though one that reflects more diverse perceptions compared to CSR Activities. This variability may be attributed to differences in how employees and customers experience engagement. Nevertheless, the scale remains statistically sound and can be confidently applied in regression and correlation analyses. For banks, this highlights that while stakeholder engagement is generally consistent, its multidimensional nature requires careful communication and reinforcement to ensure that all groups, employees, customers, and communities, are equally aligned with CSR goals.

4.4 Corrlation Test Results

To examine the strength and direction of association between CSR activities and stakeholder engagement, Pearson's correlation analysis was applied. This test is appropriate because it measures the linear relationship between two continuous variables. Identifying whether the relationship is weak, moderate, or strong, and whether it is statistically significant, provides preliminary evidence that CSR activities may influence stakeholder engagement, thereby justifying further predictive modelling using regression analysis.

		CSR_Acti vities	Stakeholder_Eng agement
CSR_Activities	Pearson Correlation	1	.762**
	Sig. (2-tailed)		.000
	N	141	141
Stakeholder_Engagement	Pearson Correlation	.762**	1
	Sig. (2-tailed)	.000	
	N	141	141

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

Table 17: Correlations

The correlation analysis reveals a strong positive relationship between CSR Activities and Stakeholder Engagement, with Pearson's r = 0.762, significant at the 0.01 level ($p < 0.001$). This indicates that as CSR practices of banks increase in intensity and visibility, stakeholder engagement also rises significantly. The strength of the coefficient suggests that CSR initiatives are closely associated with how employees, customers, and communities perceive their involvement with the bank.

The magnitude of the correlation reflects not just a statistical association but a substantive link between CSR practices and stakeholder perceptions. CSR Activities explain a large portion of the variance in engagement, which aligns with earlier literature suggesting that stakeholders are more willing to trust and engage with institutions that demonstrate social responsibility. The significance level ($p < 0.001$) eliminates the possibility that this association is due to chance, strengthening confidence in CSR as a valid predictor of engagement. Importantly, this strong correlation validates the rationale for proceeding with regression analysis, as it confirms the linear association between the constructs.

Practically, these results imply that banks that consistently invest in CSR gain higher trust, loyalty, and participation from their stakeholders. For public sector banks in Karnataka, where stakeholder trust is crucial, CSR can be leveraged as a strategic driver of engagement. This has regulatory and managerial importance, as banks can justify CSR budgets not only on ethical grounds but also as an investment in stakeholder relations. For academic research, the finding establishes a clear empirical foundation, confirming that CSR and engagement are statistically intertwined and should be explored further in predictive modeling.

4.5 Regression Test Results:

Regression analysis was used to determine the predictive power of CSR activities on stakeholder engagement. Unlike correlation, which only measures association, regression quantifies the extent to which variations in CSR activities explain changes in stakeholder engagement. This method directly addresses the second research objective by testing whether CSR activities can be considered significant predictors of stakeholder engagement among employees and customers of public sector banks in Karnataka.

Model	Variables Entered	Variables Removed	Method
1	VAR00004, VAR00001, VAR00003, VAR00002b	.	Enter

a. Dependent Variable: Stakeholder_Engagement
b. All requested variables entered.

Table 18: Variables Entered/Removeda

This table identifies the independent variables included in the regression model—four CSR activity dimensions (VAR00001–VAR00004), and clarifies that no predictors were removed, confirming the intended model specification. Interpretation of this table reassures the reader that the analysis was conducted with the complete set of CSR constructs, consistent with the study's objectives.

Analytically, the inclusion of all four predictors is significant because it ensures that the multidimensionality of CSR is captured rather than simplifying it into a single index. Each dimension, community development, environmental initiatives, NGO collaboration, and resource allocation, represents a distinct operational commitment of public sector banks. Their simultaneous inclusion allows for examining the relative strength of these aspects, avoiding the risk of overstating the role of one isolated domain.

From a practical standpoint, this table implies that CSR in the banking sector should not be seen as a one-dimensional practice but as an integrated portfolio of initiatives. Stakeholders (employees, customers, communities) are influenced by how banks distribute their CSR focus across these areas. By explicitly testing all four, the study provides managerial insights into which CSR elements most strongly resonate with stakeholders, supporting evidence-based prioritization for CSR policy and budget allocation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	7	5	57	65	5	47	4	1	0

Table 19: Model Summary

The Model Summary table reports R = .763, R^2 = .583, and Adjusted R^2 = .570. Interpretation of these results reveals that approximately 58.3% of the variance in stakeholder engagement is explained by the four CSR predictors. This is a substantial proportion in social science research, indicating a strong explanatory power. The adjusted R^2 confirms stability, as the value remains high despite penalising for the number of predictors.

Analytically, the R^2 highlights the strength of the CSR–engagement linkage. An effect size of this magnitude demonstrates that CSR activities are multidimensionality of CSR is captured rather than simplifying it into a single index. Each dimension, community development, environmental initiatives, NGO collaboration, and resource allocation, represents a distinct operational commitment of public sector banks. Their simultaneous inclusion allows for examining the relative strength of these aspects, avoiding the risk of overstating the role of one isolated domain.

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		9	6			
	Total	140.402	140			
a. Dependent Variable: Stakeholder_Engagement						
b. Predictors: (Constant), VAR00004, VAR00001, VAR00003, VAR00002						

not merely symbolic but have measurable consequences for stakeholder engagement. It suggests that CSR functions as a central driver of stakeholder perceptions, beyond other contextual factors not included in the model. Importantly, the relatively small gap between R^2 and adjusted R^2 signals that overfitting is not a concern, and each predictor contributes meaningfully.

In terms of implications, this table underscores that CSR investments yield tangible reputational and relational outcomes for banks. For public sector banks in Karnataka, where competition and public accountability intersect, allocating resources strategically towards CSR provides not only ethical value but also measurable engagement dividends. Policymakers within banks can thus justify CSR budgets not as compliance-driven expenditure but as strategic investments enhancing stakeholder trust, loyalty, and satisfaction.

The ANOVA table reveals that the regression model is statistically significant, with $F(4,136) = 47.45$, $p < .001$. Interpretation of this finding confirms that the CSR predictors, when considered jointly, account for variance in stakeholder engagement to a degree unlikely attributable to chance. In other words, the set of CSR activities provides a statistically sound explanation for differences in engagement levels.

From an analytical perspective, the ANOVA significance is crucial because it validates the overall model fit. Even if individual predictors vary in strength, the collective contribution is sufficient to establish CSR activities as a legitimate explanatory framework for stakeholder engagement. This reinforces the theoretical claim that CSR operates as a systemic construct rather than through isolated initiatives. Without such significance, the utility of examining individual betas would be limited, but here the ANOVA affirms the validity of subsequent coefficient analysis.

The implication is that public sector banks should treat CSR not as a piecemeal approach but as a comprehensive strategy. The model's overall significance suggests that banks derive engagement benefits from maintaining a balanced CSR portfolio. Managers, therefore, must ensure consistency across CSR domains to avoid diluting engagement outcomes. For policymakers, this result justifies continued regulatory emphasis on CSR disclosure and reporting, as the data empirically demonstrate the systemic impact of CSR on stakeholder engagement.

				nts		
		B	Std. Error	Beta		
1	(Constant)	1.059	.184		5.762	.000
	VAR00001	.136	.057	.182	2.407	.017
	VAR00002	.186	.056	.257	3.323	.001
	VAR00003	.182	.050	.261	3.664	.000
	VAR00004	.181	.056	.236	3.198	.002
a. Dependent Variable: Stakeholder_Engagement						

Table 21: Coefficients Results

The Coefficients table reports unstandardized (B) and standardized (β) values for each CSR predictor. Interpretation shows that all four predictors are statistically significant: VAR00001 (B = .136, β = .182, p = .017), VAR00002 (B = .186, β = .257, p = .001), VAR00003 (B = .182, β = .261, p < .001), and VAR00004 (B = .181, β = .236, p = .002). Each CSR dimension thus makes a unique positive contribution to stakeholder engagement.

Analytically, the standardized coefficients provide insight into relative importance. VAR00003 (β = .261) and VAR00002 (β = .257) emerge as the strongest predictors, followed by VAR00004 (β = .236) and VAR00001 (β = .182). This ranking indicates that collaboration with external organizations and environmental sustainability initiatives exert the greatest influence on stakeholder engagement. In contrast, while community development and resource allocation remain significant, their relative impact is smaller. This differentiation offers nuance, showing that not all CSR domains carry equal stakeholder weight.

The implications are strategic: banks aiming to maximise stakeholder engagement should prioritize strengthening external collaborations and visible environmental commitments, as these resonate most strongly. However, they must also sustain investment in community projects and

5.1 Linking CSR Activities with Stakeholder Engagement

The findings confirm that CSR activities of public sector banks in Karnataka significantly influence stakeholder engagement. The regression results indicated a positive predictive relationship, reinforcing stakeholder theory's assertion that organisations gain legitimacy by aligning their operations with societal expectations. The relatively high correlation between CSR and stakeholder engagement highlights that initiatives such as financial literacy programs, environmental campaigns, and rural development projects are not peripheral but central to building trust and credibility. This aligns with studies suggesting that well-designed CSR activities enhance organisational reputation and strengthen relational bonds with stakeholders.

While the statistical analyses reveal a significant link, descriptive statistics indicate variability in how respondents perceive CSR. Certain initiatives, particularly those visible in community development and environmental sustainability, attracted stronger agreement, whereas internal stakeholder engagement showed relatively weaker results. This reflects earlier critiques that Indian PSBs often adopt CSR in a symbolic manner, focusing on compliance rather than integration into core strategies. Thus, although banks are effective in implementing outward-facing CSR projects, internal alignment with employees and customer communication remains underdeveloped. Previous research also shows that CSR disclosure and transparency enhance performance only when stakeholders perceive authenticity. These findings imply that Karnataka's PSBs need to move beyond expenditure reporting to embedding CSR as a cultural and operational philosophy.

5.3 Comparison with Existing Literature

The results correspond with Bansal, Garg and Singh (2023), who emphasise that CSR's success during crises such as COVID-19 stemmed from stakeholder-oriented strategies. Similarly, Adeyanju found that CSR initiatives in banks yield meaningful societal impact when strategically aligned. However, the study diverges from findings such as those of AlAjmi, Buallay and Saudagaran, who emphasise institutional quality as the main driver of CSR effectiveness. Instead, the Karnataka evidence underscores the importance of local stakeholder awareness and participation. This regional focus highlights the contextual factors shaping CSR outcomes, supporting the argument that CSR's impact varies across geographies and institutional environments.

5.4 Implications for Stakeholder Theory

The analysis contributes to stakeholder theory by demonstrating its practical application in Indian public banking. Stakeholder engagement was not uniformly distributed; employees reported mixed levels of involvement, and customers' awareness of CSR activities remained partial. This suggests that while CSR strengthens external legitimacy, its internal integration is incomplete. The findings resonate with Mitchell et al's model of stakeholder salience, which posits that organisations prioritise stakeholders based on power, legitimacy, and urgency. PSBs in Karnataka appear to prioritise communities and regulatory stakeholders, but employees and customers are less central to their CSR frameworks.

5.5 Practical Implications for Public Sector Banks

From a managerial standpoint, the results highlight both achievements and gaps. On one hand, PSBs fulfil regulatory obligations and create positive community visibility. On the other hand, CSR's full potential is constrained by insufficient communication and internal stakeholder involvement. Enhancing transparency, integrating employees in CSR design, and aligning CSR with customer-facing services can strengthen engagement. Moreover, digital platforms could be used to showcase CSR impact, ensuring broader awareness and trust, echoing insights by Fauzan and Jaroenwanit (2023). For policymakers, the study suggests that mandatory CSR spending should be complemented by monitoring mechanisms that evaluate not only financial outlays but also stakeholder perceptions and outcomes.

CONCLUSION

6.1 Summary of Research Objectives and Findings

This study aimed to evaluate corporate social responsibility (CSR) activities of public sector banks (PSBs) in Karnataka and their impact on stakeholder engagement. Guided by stakeholder theory, two key objectives were addressed: analysing CSR activities and assessing stakeholder engagement levels. The results, obtained through descriptive statistics, correlation, regression, and reliability tests, confirmed that CSR initiatives have a strong and positive influence on stakeholder trust, loyalty, and awareness. Activities such as community development, environmental sustainability, and partnerships with NGOs emerged as significant drivers of engagement.

6.2 Interpretation of CSR Effectiveness

Despite these positive results, the findings also reveal uneven implementation. Respondents strongly acknowledged external CSR activities, particularly in community and environmental domains, but showed weaker recognition of internal engagement, such as employee participation and customer awareness. This reflects the critique that CSR in Indian PSBs often appears symbolic and compliance-oriented. The evidence indicates that while PSBs effectively build external legitimacy, they struggle to embed CSR as part of their internal culture. This imbalance may limit CSR's long-term potential to enhance organisational trust and stakeholder loyalty.

6.3 Theoretical Contributions

The findings add empirical weight to stakeholder theory in the Indian public banking sector. Mitchell et al's salience model explains why PSBs prioritise communities and regulators as key stakeholders, often sidelining employees and customers. This selective approach shows how regulatory mandates and contextual pressures shape CSR practices in PSBs. The results extend existing literature by revealing that CSR outcomes in developing economies are shaped less by institutional quality and more by local stakeholder perceptions and inclusivity.

6.4 Practical and Policy Implications

The study highlights practical achievements and gaps. On the positive side, PSBs contribute visibly to education, healthcare, and environmental sustainability, enhancing their legitimacy and reputation. However, for CSR to achieve its full potential, banks must strengthen internal engagement through employee training, customer communication, and participatory planning. Greater use of digital platforms could enhance transparency and reach, amplifying trust in CSR activities. Policymakers may also need to rethink CSR regulation by incorporating qualitative indicators of stakeholder awareness and satisfaction, ensuring CSR goes beyond expenditure reporting.

6.5 Limitations and Directions for Future Research

The research is limited by its regional scope, purposive sampling, and cross-sectional design, which restrict generalisability and prevent analysis of changes over time. Future studies could expand the sample across multiple states, adopt longitudinal designs, and include qualitative methods such as interviews to explore stakeholder perceptions in more depth. Additionally, future inquiry could focus on the role of digital platforms and social media in amplifying CSR communication and stakeholder engagement in the banking sector.

6.6 Final Remark

In conclusion, CSR in Karnataka's PSBs is not merely a regulatory obligation but a meaningful driver of stakeholder trust and engagement. However, its current implementation reveals a stronger focus on external legitimacy than on internal inclusivity. For CSR to evolve from compliance to an embedded organisational philosophy, PSBs must integrate stakeholder participation across all levels. This transformation will not only strengthen trust and loyalty but also enable banks to contribute significantly to India's sustainable and inclusive development goals.

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