
Study of Corporate Social Responsibility Practices of Private and Public sector banks in India: A Comparative Evaluation

Dr. Bhaumik Nayak

Assistant Professor of Management at Brahmachari Wadi Trust Institute Of Business Administration, Ahmedabad, Gujarat, India

Abstract

Corporate Social Responsibility has received unique importance and become crucial to any corporation's decision making process. In today' socio-economic business environment, issues related to social responsibility and sustainability are receiving great significance. Due to its growing importance CSR also has very critical role in Banking Sector Company's strategic decision making. This paper explains the Corporate Social Responsibility practices framework in India and analyse the CSR practices of private sector banks and public sector banks in India and found that banks are doing a great job in the field of CSR. One of the major purpose of this study is to undergo a through comparative analysis of both private and public sector bank with respect to CSR Performance and spending of Banks behind CSR activities.

Key Words: CSR, Public Banks, Private Banks, CSR Beneficiaries

1. Introduction

Social Responsibility of commercial enterprise refers to what a commercial enterprise does over and above the statutory requirement for the advantage of the society. The word “Responsibility” emphasizes that the commercial enterprise has a few ethical duties in the direction of the society. CSR, additionally referred to as Sustainable Responsible Business (SRB), or Corporate Social Performance, is a shape of company self-law included right into a commercial enterprise model.

Industrialization and commercialization of carrier quarter have explored bright avenues of development to a kingdom however on the turn aspect it has rooted the usage of non-renewable strength sources, worldwide warming, inexperienced residence fueloline undertaking and

growing tiers of waste that have dangerous outcomes to the era coming next. The developing issues for sustainable improvement, environmental overall performance, encompassing pollutants manipulate and control of herbal assets has given mass reputation to the idea of Corporate Social Responsibility (CSR). The integration of CSR ideas in working sports of commercial enterprise may be very tons important to make sure sustainable improvement of an economy. In the monetary quarter numerous worldwide projects like United Nations Environment Programme Finance Initiative, Global Reporting Initiative, Equator Principles and Collective Declaration on Financial Institutions are underway to make sure the adoption of CSR practices in ordinary commercial enterprise operations. These projects have favorably tuned up evolved international locations to act in a socially accountable way. But in growing nations, there may be a loss of targeted and powerful movements to the modern-day need. In addition to this a totally confined studies paintings has been carried out to research the CSR practices in growing and rising nations. In truth the educational booklet in this fiery trouble is more often than not western centric. Belal (2001) referred to that maximum of the CSR research performed up to now have been withinside the context of evolved international locations inclusive of Western Europe, america and Australia and we nevertheless understand too little approximately practices in smaller and rising international locations. In this context, the existing paper tries to have a look at the stairs initiated through Indian business banks to symbolize their efforts on this arena. Further this paper research the perceived variations of CSR practices as regards to Public quarter banks and Private Sector Banks.

1. Literature Review

Sharma (2011) made an try and examine CSR practices and CSR reporting in India with unique connection with banking quarter and concluded that banking quarter in India is displaying hobby in integrating sustainability into their commercial enterprise fashions however its CSR reporting practices are a ways farfar from delight.

Ventura and Vieira (2007) made a observe to apprehend the dynamics of institutionalizing company social duty withinside the subject of Banking Organizations in Brazil and located that

from being an remoted marginal motion, CSR withinside the beyond ten years is now a based motion in banking organizations.

Narwal (2007) made a study to spotlight the CSR projects taken through the Indian Banking Industry. The findings recommend that banks have an goal view-factor approximately CSR sports. They are concentrating specially on education, balanced growth (exclusive strata of society), health, environmental advertising and marketing and purchaser delight as their middle CSR sports. Moreover, there are research targeted on improvement of scales or tool for measuring the company social duty sports of the firms.

Abbott and Monsen (1979) evolved a company social involvement disclosure scale, primarily based totally at the evaluation of annual reviews of the Fortune 500 groups. They have used six regions beneathneath evaluation as: environment, products, same opportunities, personnel, network involvement, and different disclosures.

Ullman (1985) and Waddock and Graves (1997) used the KinderLydenberg Domini (KLD) score system, in which every agency withinside the S& P 500 is rated on 8 attributes namely; worker relation, product, network relation, environment, remedy of ladies and minorities, nuclear electricity and navy contracts.

Sharma (2011) has given a listing of middle thrust regions for reporting CSR sports through the Indian banks as: kids welfare, network welfare, education, environment, healthcare, poverty eradication, rural improvement, vocational training, ladies's empowerment, and safety to lady child, employment. The score of the CSR sports of Indian banking quarter has additionally been carried out through Karmayog, an NGO. As consistent with the document of the Karmayog 0.33 of surveyed 36 banks could not even stable a score of three at a scale of zero to 5, most effective one financial institution ought to acquire degree 5. The researchers have additionally tried to discover the relation among CSR and monetary overall performance of the banks.

Margolis and Walsh (2002) mentioned in his observe that 100 twenty- posted research had been made among 1971 and 2001 which measures the connection among the company social duty and monetary overall performance. Heinz (1976), Bowman and Haire (1975), Waddock and Graves (1997), Cochran and Wood (1984), Mcguire et al. (1988) and Aupperle (1985) said a wonderful affiliation among the company social duty and the profitability of the groups. Lee and Douglas (1997) , Simpson and Kohers (2002), McWilliams and Siegel (2000), Marc et al (2003), and Allouche and Laroche (2005), Wu (2006), and Margolis et al (2007) accomplished diverse analyses and located an general wonderful impact among CSR and monetary overall performance. Ahmed et al. (2012) recommended that the CSR can boom each long time profitability and sustainability of the banks in addition to beautify the popularity of the banks. Keffas and Oulu-Briggs (2011) located that, the banks which include CSR have higher asset quality; capital adequacy; and are greater green in coping with their asset portfolios and capital. McDonald and Thiele (2007) of their observe on the connection among CSR and purchaser consequences located that the CSR techniques and purchaser delight have a wonderful courting. However, Vance (1975) located an inverse courting among the company social duty and the profitability of the groups in quick run.

2. Research Methodology

Research Methodology refers to complete research plan as how and why the entire research was carried out.

3.1.OBJECTIVES OF THE STUDY

1. To study CSR Speding of Public Sector Banks.
2. To study CSR Spending of Private Sector Banks.
3. To study the differences between CSR practices by Public and Private Sector Banks.
4. To Study Difference between Spending behind CSR by Public and Private Sector Banks.

3.2 RESEARCH HYPOTHESIS

1. H0: There is a significant difference between CSR policy and strategy of public sector banks and private sector banks.
2. H1: There is no significant difference between CSR policy and strategy of public sector banks and private sector banks.
3. H0: There is a significant difference between CSR Spending of public sector banks and private sector banks with reference to CSR
4. H1: There is no significant difference between CSR Spending of public sector banks and private sector banks with reference to CSR.

4. Analysis and Interpretations

4.1 ANOVA

We want to know Bank wise difference in the mean spending on CSR. 8 banks are taken for the study so one way ANOVA was applied. 4 Public sector banks and 4 Private sector banks are taken into consideration based on their spending behind Corporate Social Responsibility activities.

Spending on CSR (In Crore Rs.)					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	395291.243	7	56470.178	11.114	.000
Within Groups	284545.901	56	5081.177		
Total	679837.144	63			

Table 1 shows the result of the ANOVA which indicate the F value 11.114 with p value 0.000. Here p value is less than 0.05 so t test is statistically significant at 5 percent level of significance and null hypothesis is rejected. It can be conclude that there is significant difference in the mean spending on CSR with reference to company.

Table 2 provides the company wise mean spending on the CSR. From the table 2 it is observed that HDFC bank has the highest mean spending on CSR followed by ICICI bank , AXIS bank and SBI bank where BOI and BOB has the lowest mean spending on CSR in the study period.

Table 2 Descriptives				
Spending on CSR (In Crore Rs.)				
	N	Mean	Std. Deviation	Std. Error
SBI	8	105.90000	40.632632	14.365805
CANARA BANK	8	27.72325	9.258068	3.273221
BOB	8	16.08250	8.211443	2.903183
BOI	8	6.68500	4.613034	1.630954
ICICI BANK	8	148.90875	31.568472	11.161140
AXIS BANK	8	107.90250	39.321179	13.902136
HDFC BANK	8	251.74375	187.637937	66.340029
INDUSIND BANK	8	35.49250	32.760721	11.582664
Total	64	87.55478	103.880055	12.985007

Individual one to one comparison has been done through the post hoc ANOVA which is shown in the table 5. Table 5 indicates that there is company wise difference also there in the spending pattern on CSR.

5. Conclusion

From the above discussion it can be said that both public and private sector banks are very much focused towards Corporate Social Responsibility activities and they are spending significant amount of their earning towards CSR. Banks have understood the positive Social. Economic and Marketing Impact of such CSR activities. Above study show that though both Public and Private Sector banks are very much involved in CSR activities but still there is significant difference between both Public and Private sector banks as far as spending behind such CSR practices.

Private sector banks are spending more than public sector banks. Still contribution of State Bank of India towards CSR activities is significant and can be comparable with other private sector Banks.

6. References

1. Abbott, W. F. and Monson, J. R. (1979), "On the measurement of corporate social responsibility: self-reported disclosure as a method of measuring corporate social involvement", *Academy of Management Journal*, Vol.22, pp.501-515.
2. Addock, S.A., and Graves, S.B. (1997), "The Corporate Social Performance-Financial Performance Link", *Strategic Management Journal*, Vol.18 (4), pp. 303-319.
3. Ahmed, Homayara Latifa, Alam, Md. Jahangir and Jafar, Saeed Alamgir Zaman Sawlat Hilmi (2008), "A Conceptual Review on Corporate Governance and its Effect on Firm's Performance: Bangladesh Perspective", *AIUB Bus Econ Working Paper Series*, Vol.2008- 10, pp.1-24.
4. Allouche, J. and Laroche, P.(2005), "A meta-analytical examination of the link between corporate social and financial performance", *French Review of Human Resource Management*, Vol.57, pp.18-41.
5. Alexander, G.J. and Rogene, A. Buchholz (1978), "Corporate social responsibility and stock market performance", *Academy of Management Journal*, Vol.21 (3), pp. 479-486.
6. Bowman, E.H. and Haire, M. (1975), "A strategic posture toward corporate social responsibility", *California Management Review*, Vol.18 (2), pp.49-58.
7. Cochran, P.L. and Wood, R.A. (1984), "Corporate social responsibility and financial performance", *Academy of Management Journal*, Vol.27 (1), pp. 42-56.
8. Derwall, J., Gunster, N., Bauer, R., and Koedijk, K.(2004), "The eco-efficiency premium puzzles", *Financial Analyst Journal*, Vol.61 (2), pp.51-63.
9. Friedman Milton, (September 13, 1970), "The Social Responsibility of Business is to Increase its Profits", *The New York Times Magazine*, the New York Times Company

10. Hassan, Abul and Harahap, Sofyan Syafri (2010), “Exploring corporate social responsibility disclosures: the case of Islamic Banks”, International Journal of Islamic and Middle Eastern Finance and Management, Vol.3 (3), pp.203-227.
11. Heinze, D. C. (1976), “Financial correlates of a social involvement measure”, Akron Business and Economic Review, Vol.7 (1), pp.48-51. AIMA Journal of Management & Research, February 2013, Volume 7, Issue 1/4, ISSN 0974 – 497 Copy right© 2013 AJMR-AIMA
12. Hertz, Noreena. (2012), “Gradual demise of Gucci capitalism to be followed by responsible capitalism”, The Economic Times, 23rd January 2012.
13. Lee E. Preston and Douglas P. O’Bannon (1997), “The Corporate Social-Financial Performance Relationship: A Typology and Analysis”, Business and Society, Vol.36 (4), pp.419-429.
14. Margolis, J. D., and Walsh, J. P. (2003), “Misery loves companies: Rethinking social initiatives by business”, Administrative Science Quarterly, Vol.48, pp.268–305.
15. McDonald, L. M. and Rundle-Thiele, S.(2008), “Corporate social responsibility and bank customer satisfaction”, International Journal of Bank Marketing, Vol.26 (3), pp.170-182.
16. McGuire, J. B., Sundgren, A., and Schneeweis, T., (1988), “Corporate Social Responsibility and Firm Financial Performance”, Academy of Management Journal, Vol.31 (4), pp. 854-872.
17. McWilliams, A., and Siegel, D. (1997), “Event studies in management research:Theoretical and empirical issues”, Academy of Management Journal, Vol.40 (3), pp. 626- 657.
18. Narver, J. C.(1971), “Rational management responses to external effects”, Academy of Management Journal, Vol.14, pp. 99-115.
19. Narwal, Mahabir. (2007), “CSR initiatives of Indian banking industry”, Social Responsibility Journal, Vol.3 (4), pp. 49-60.
20. Rangarajan C, (2008), “Report of the Committee on Financial Inclusion”, Ministry of Finance, Government of India. Sharma, Nishi. (2011), “CSR practices and CSR reporting in

Indian banking sector”, International Journal of Advanced Economic and Business Management, Vol.1 (2), pp.

21. 58-66.

22. Ullmann, A. A. (1985), “Data in search of a theory: A critical examination of the relationships among social performance, social disclosure, and economic performance of U.S. firms”, Academic of Management Review, Vol.10 (3), pp. 540–557.

23. Vance, S. C. (1975), “Are socially responsible corporations good investment risks”, Academy of Management Journal, Vol.64 (8), pp. 18-24.

24. Ventura, E.C.F. and Vieira, M.M.F. (2007), “Social responsibility as a displacement of capitalism: evidences from banks in Brazil”, Electronic Journal of Business Ethics and Organisational Studies, Vol.12 (1), pp. 35-47.

25. Wu, M. L. (2006), “Corporate Social Performance, Corporate Financial Performance, and Firm Size: A Meta-Analysis”, Journal of American Academy of Business, Vol.8 (1), pp. 163–171.