CSR-A COMPARATIVE STUDY OF PUBLIC VERSES PRIVATE BANK

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INTRODUCTION

CSR and Business Ethics

Business and corporate social responsibility are very important topics. The reasons to do business ethically and in the thesis of the society are: corporate belief systems, common sense and government regulations.

Ethics in Business

There are a number of instances where organizations have used their operations on ethical standards. A number of accidents have made it evident that how harmful unethical methods could be. The organizations must operate ethically to main in the business. The government sector must work in an used way to build a trust among public that they are on the right path Business ethics is important in other areas also, like as medical field for ensuring quality services from quality essential Focusing on business ethics prevents the structure of any of any tragedies or mishaps.

Social Responsibility in Business

Social Responsibility is very crucial for a business, to increase productivity and generate profits. The environment and the society face a number of disasters and to prevent or cure them: business must make efforts to earn people's trust. These business efforts can make the world a better place to live in.

The senior vice president for law and public affairs of the General Electric Co.,Benjamin W. Heinemann gave 3 elements of CSR in the Wall Street Journal:- "1) Strong, sustained economic performance. 2) Rigorous compliance with financial and legal rules, and 3) Ethical and other citizenship actions, beyond formal requirements, which advance a corporation's reputation and long-term health". The responsibility of corporate is not just to act honestly and to comply with the legal regulations. It is much more than that and the third element of CSR explain this clearly.

The first two elements of CSR are apparent because a good business performance benefits the employees as well their shareholders. But people have a mentality that if a business is during well,it is by default doing social service too. If a business does not meet people's demands. It will not succeed. The situations must also play the role of a damage curator. To show their commitment towards social welfare. The advocates of CSR believe that being ethical and socially responsibility is not only about acting legally but it is also about developing relationship with their stakeholders, this will not bring success to organization but it will also develop a good situation and trust among people.CSR and ethics are often used together but there is a slight difference between the two. Ethical organizations are concerned for the protection of the environment, their employees, suppliers and customers. On the other hand, businesses following CSR operate by partnering with the development groups and the local communities and they include SRI (Socially responsible investment) in their operations as well.

Ethics and Corporate Identity

The corporate identity is an organization's real personality, which a number of organizations develop through branding, because of which the responsibility factor has become prominent in forming a corporate identity. According to the Carroll's also, the ethical and discretionary responsibilities are becoming important with the changes happening in the environment.

Participatory Business Ethics

Business ethics followed in a participatory way, on a continuous basis and which includes all the ethical norms. Trends issues and virtues are known as participatory business ethics. It is all about getting to know about the stakeholder relationship through a distributed process. To manage knowledge and to execute organizational learning the participatory business ethics form explanations and values attached to ethical behaviors, through a continuous process.

CSR and Business Ethics

Business ethics is a key component of CSR. Good ethics and good business are too different things. A good business responsibility is believed to be good ethics and sustainability. To operate in a socially responsible manner is the best thing to do, as people generally look out for such a quality in the organization they buy product of work with or do business with.

1) People want to buy from ethical businesses. If we take the wholesale sector for instance, it has been seen that the eco-friendly product manufacturers get more orders as compared to other manufacturers because consumers have become smart now. People have now started to buy products from socially responsible organizations and such products don't cost the organization and its consumers that much.

2) People want to work for ethical businesses: People get attracted to work for such companies that are ethically and socially sound. Employees feel motivated to work harder for a company that provides a good environment to work in.

3) People want to partner with ethical businesses: Businesses like to partner and do business in such a manner that it results in a

Greater good of the people. As the stakeholder are becoming aware about the socially responsible businesses these days the organizations have to meet their entire social and ethical responsibilities tenginously.

Factors affecting CSR activities

Corporate social responsibility is an approach toward an ethical management of business, i.e. an organization provides environmental protection services to the society, having wages to the workers and assures transparency of economic and social information among the public. CSR activities include improving the relationship of the environment and the society as well. The leading factors driving CSR are mentioned below.

1) **Business Prosperity:** If a business prospers, it makes CSR programs more attractive (European Working Conditions Observatory).An organization having more than 250 employees have got more knowledge about CSR practices, as compared to smaller organizations. Big organizations also have the sources and knowledge to execute social programs on a big level and they can also recruit CSRconsultants for suggestions, if required.

2) **Business Situation:** According to Peter Weidman, situational conditions drive the organizations to take CSR actions. For instance, business executives take actions on the occurrence of external conditions as they believe that people will understand their CSR developments. The social standard that violate an organization's reputation (like child labor allegations) also drive organizations to make CSR efforts. CSR practices can also be undertaken to compete with other organizations.

3) **Business Management:** The behaviors of executives, towards CSR, resulting in the execution of CSR actions (Lina Song and LiangrongZu).

CSR affecting factors

The factors affecting the purpose of CSR are:-

1) **Ethical consumerism**: People are now very much aware about the ethical and unethical practices of organizations with the CSR transparency. Consumers look for products that are made on ethical grounds. I.e. product by organization that are ethical and the organizations that produce eco-friendly good quality and low priced goods.

2) **Laws and regulations**: The rules and regulations made by the government make the organizations work ethically and they could harm their reputation on could even face if they don't follow these rules.

3) **Ethics training**: Now-a-day, various organizations have started providing training to their employees on ethical practices, so that they understand the requirements. Benefits and nature of ethics. Ethics training leads to increased motivation towards CSR practices.

4) **Globalization:** With the increase in globalization organizations are becoming ethically and socially responsible to sustain and compete with other ethical companies.

The factors that affect CSR negatively are as follows:-

1) **At the society level**- CSR gets affected with the following factors.

a) When an organization experiences lack of financial incentives.

b) Lack of consumer and peer support

c) When the government and the society doesn't put pressure on organizations to practice CSR.

2) **At the corporate level-** CSR gets affected with the following factor.

a) When an organization lack the spirit to take initiatives and a lack of innovative ideas.

b) When an organization is slow in identifying and responding to the coming opportunities.

c) When the organization's focus is more on the goals of a short-term level.

d) Lack of good management leaders.

Human Resource & CSR

The HR department of an organization plays a very crucial role in the adoption of CSR programs, as it is capable of supervising and managing the execution of CSR strategies and documenting their values The HR technologies on the other hand are helpful in decision the

organizations carbon footprints', in protect the environment. The areas taken care of by the HR departments, to manage CSR in an organization are:-

1) **Implementing Green Practices for CSR**

a) Helping the victims of natural disasters by collecting donations food, etc.

b) Recycling bottles, cans and paper in the organization and identifying the efforts of all the departments.

c) Shutting down of computers, printers and light, when not in use and encouraging the use of laptops to save electricity.

d) Taking transportation easy for the employees by providing transit passes and sharing transportation success, to save transit costs.

e) Encouraging brown bagging in the organization to make the lives of employees healthier.

f) Instead of taking trips or going to the sites for meetings, organizations can adopt teleconferencing to communicate.

2) **Encouraging CSR Culture**

The HR departments promote the culture of CSR by beginning with increasing the enthusiasm of young employees towards CSR which leads to a friendly competition and smooth programs execution. In the past there were a number of big and reputed organizations losing the trust of their stakeholders and the employees started getting used to the culture of misconduct in organizations the culture of stable benefits. Permanent jobs and pensions are now substituted with new learning goals and pay for performance approach. CSR can also recruit new quality staff and can take society's help to change a bad situation into a good one. It helps in changing the image of business by portraying that they are not only focused on profits but are also concerned about the society. The organizations encouraging social activities. To develop good relationships with the employees and the society, an organization can motivate its employees to

get involved in social programs like food banks walkathons. Etc. sponsor social events and volunteer days and can also encourage employee involvement in charitable acts.

3) Celebrating CSR Success

Celebrating the success of CSR programs is necessary to gain sustainability and it brings meaning to these programs. It encourages the execution of CSR, with the help of HR practices of businesses. Publicizing the success of business develops trust and understanding among different cultures and it also develops and image of socially responsible business.

4) Key Areas of CSR

The three key areas of corporate social responsibility to be taken care of are:-

a) **Training and Development**: The training and development programs conducted by an organization signify that it values the society. Such programs encourage employee involvement in CSR programs, forms a relationship between an organization's products and services and the community and it also control and sustain CSR programs.

b) **Community Relations:** The community relation can be improved by the HR department, through the introduction of charity and reward programs and persuasion of the indulgence of society and social activities, For example, an organization can send newsletters or emails to circulate the names of the employees involved in building community relations and providing rewards to such employees on a monthly basis.

c) **Global CSR Platform:** To succeed and measure the success of a CSR plan, a global CSR policy is very crucial. This is possible with the easily accessible Internet based HRIS. If an organization want to create an organized global workplace, it is important to follow a single HR policy that helps in developing a sound CSR plan.

A good HR policy must offer effective CSR mechanisms and work flexibility to the employees to the employees, as this is helpful in making them successful in fulfilling their social responsibility in this changing environment. HRIS is effective in improving, communication

between the employers and employees, achieving CSR quality and efficiency and managing, planning and controlling CSR goals.

HR Initiatives: Internalizing CSR

The employee involvement in CSR programs indicates how important the HR's role is in these programs. Social responsibilities can be sustained in the culture of organizations as the support of HR initiatives, like

1) HRM should build a formal policy for regulating sustainable practices, by indulging the employees. For instance, British gas introduced employee fundraising led to an increased employee satisfaction and retention and an improved company image in the society.

2) The employee induction program must be designed in such a way that it exhibits the company's CSR policy. The top management should also exhibit their commitment towards CSR. The employees can be kept informed about the changing CSR policies of the organization through newsletters, emails and other CSR tools.

3) The performance Management System must have the ability to measure CSR initiatives. So that the employees are rewarded and appraised on their good behaviors and deeds.

Corporate Social Responsibility: A Legal Perspective

Organizations are searching for business opportunities outside their own operating country, as globalization is influencing the corporate worldwide. Recently, CSR has been acknowledged as a form of business governing body and it has been recognized internationally with the standards and guidelines set by the International Labor Organization (ILO), organization for Economic Co-operation and Development and the United Nations.

Brand image and value are organizations most important assets which are why CSR is focused more on developing trust and loyalty among their customers, employees and shareholders. Corporate social responsibility is applicable to a vast array of corporate practices practice mainly multinational organizations operating in adverse environments and social surrounding.

CSR Advantages

CSR is based and focused on sustainable development, i.e. organization must take decisions based on long term and direct outcomes of its environmental and social practices and also economic factors like dividends or profits. It also controls the danger of uncontrolled development by meeting the demands of the current generation, without harming resources for the generations to come. Organizations take internal as well as external activities, to report their involvement in the ethical business activities for the development of a healthier society and a secure environment for their operating nations. CSR reporting often lack in the labor relations and rights area and therefore, CSR should be focused more on the improvement of organization industrial relations.

The most crucial CSR problems are related to the link between a good governance of the society and CSR. The limitations on voluntary CSR activities and business responsibilities, in terms of law, depend on a good CSR program for public governance. Without the drivers of corporate enforcement, the laws that are setting the grounds for business conduct and are handling irresponsible behaviors won't prove effective.

a) **Public Sector Banks in India**

In India the banks in the public sector are regulated and governed by the Government. Some of the examples of public banks in India are: Syndicate Bank, Bank of Baroda, Canara Bank and SBI (State Bank of India). Public banks are operating in India since decades and these banks have always offered quality products and services to each and every market segment. Public banks in India are leading the Indian banking industry. The public banks have 75% of its advances in the banking sector of India. The public banking sector in India has progressed a lot in the past few decades.

The united Bank of India is counted among the 14 major public sector banks, which were being nationalized in the year 1969, The United Bank of India Ltd. Was its predecessor, which was an amalgamation of Hooghly Bank Ltd. (1932), Comilla Union Bank Ltd. (1992), Bengal Central Bank Ltd. (1918) and Comilla Banking Corporation Ltd. (1914) and was developed in the year 1950.

An Indian government's undertaking, the Oriental Bank of Commerce (OBC) offers commercial, NRI and domestic banking services to its customers. It is executing a project called 'Grameen Project' in the Hanumangarh district of Rajasthan and Dehradun district of Uttar Pradesh, which is focused on disbursing small loans to its customers. OBC has also selected five specialized branches for women entrepreneurs and has executed a 14-point action plan to strengthen the credit delivery for women.

The public sector banks of India are: Andhra Bank, Allahabad Bank, Bank of Baroda, Bank of Maharashtra, Bank of India, Canara Bank, Corporation Bank, Central Bank of India, Dena Bank, Indian Bank, IDBI Bank, Indian Overseas Bank, Punjab & Sind Bank, Oriental Bank of Commerce, Punjab National Bank, UCO Bank, Syndicate Bank, Union Bank of India, Vijaya Bank and United Bank of India.

b) **Private Sector Banks in India**

The private banks are operating in India since 15 years. The government has no role in the regulation of private banks. Some of the examples of private banks in India are IDBI bank, ICICI, HDFC and UTI bank. With the optimal utilization of technology, the private banking sector in India has earned a strong position in the banking sector of India. Private banking sector holds 18.2% share in the Indian banking sector. The foremost private bank that opened up in India was Induslnd bank. This bank is developing continuously since then and is the most flourishing private bank of India. On the other hand, IDBI is the 10th biggest bank that is developing globally and is among the topmost financial establishments in the sub-continent.

Since the beginning of the Indian banking system, private banking was being practiced. Induslnd Bank was the first and the fastest growing private bank, which was established in India. On the other hand, IDBI (private bank) ranks as the tenth largest development bank of the world and has promoted India's world-class banking institutions. The Housing Development Finance Corporation (HDFC) Ltd. Was the first private bank of India that received an in principle approval by RBI for setting up private banks in India, when also come under the RBI's policy of 'liberalization of the Indian banking industry' in 1994, HDFC bank. Ltd established a registered office in Mumbai and in the year 1993, it started operating as a scheduled commercial bank.

In 1930, another Indian private bank, ING Vysya was established and it opened up its first branch in Bangalore in the year 1934, ING Vysya earned many credits to its account, by its constant establishments of new banking standards and its patronage over these years. The private banks in India are UTI Bank, Bank of Rajasthan, Bank of Punjab, Catholic Syrian Bank, City Union Bank, Centurion Bank, Dhanalakshmi Bank, Federal Bank, Development credit Bank, HDFC Bank, Induslnd Bank, ICICI Bank, ING Vysya Bank, Karnataka Bank, Jammu & Kashmir Bank, KarurVysya Bank, South Indian Bank, Laxmi Vilas Bank and United Western Bank.

REVIEW OF LITERATURE

Corporate Social Responsibility (CSR) has been an important area of every industry whether it is producing items as small as pins or as big as aero planes. In view of this, many researchers have been proposed many concepts about CSR and developed many theories depending on the type of industry, the geographical conditions and also based on the type of Governments and culture. This chapter reviews the research and literature on Corporate Social Responsibilities of business abroad and India. The degrees of social commitment of Andalusia public universities, which represent a valid surrogate of the situation on a national level in Spain, through a detailed analysis of their strategic plans, are measured in 1957. The main finding of the study focuses on the low degree of social commitment showed by Andalusia public universities. Corporate Social Responsibility is considered a global new trend in today's business world. This trend is recent and organizations have been struggling to understand their social responsibility roles, as it's not an easy task because of the immediate expectations of the changing market. Furthermore, social responsibility projects have gained a consensus because both organizations and non-profit organizations think that these projects need to be implemented to create a strong brand communication of corporate. That's why, many companies start to give importance to these projects.

SerdarPirtini&ŞakirErdem: Aim is to analyze the content of the official web sites of several national and global firms, by first stating the names of their projects and looking at their aims, and then defining the results they have achieved. Drawing empirical evidence from indigenous firms, this study explores the meaning and practice of CSR in Nigeria. It was found that

indigenous firms perceive and practice CSR as corporate philanthropy aimed at addressing socio-economic development challenges in Nigeria. This finding confirms that CSR is a localised and socially embedded construct, as the 'waves', 'issues' and 'modes' of CSR practices identified amongst indigenous firms in Nigeria reflect the firms' responses to their socio-economic context.

Objectives

1. To analyses the difference between public and private banks in corporate social responsibility activities

2. To give suggestions for enhancing the role of banks in promoting economically and socially sustainable business that will decide the direction of future growth

3. To compare CSR practices of the selected banks.

Public Sector Bank Performance in area of CSR- when we go for comparison of public and private sector bank than we find that the amount of spending in the field of CSR is much higher of PVT bank in the comparison of public sector bank . but if we findthe area of only public sector bank than we find that in all these 6 bank SBI play a virtual role in the field of CSR.From the year 2012-13 to 2014-15 SBI spend a huge amount for CSR and still now the amount of SBI is much better than to other bank.Canara Bank also contributing a handsome amount in the field of CSR.if we see with the constant eyes than we find the amount of CSR contributed by the public sector bank is increasing year to year.

Amount contributed by Public Sector Banks for CSR for the year 2012 to 2017

Name of Bank	YEAR				
	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**
SBI	117.00	148.93	115.80	143.92	109.82
PNB	3.24	2.93	3.75	6.76	2.72
CANARA	11.2	22.6	30.27	32.70	32.68
UNION	0.75	17.81	13.25	5.76	7.27
CENTRAL BANK	3.06	7.86	4.37	6.06	0
UCO	0.61	3.32	5.06	4.23	9.53

Representation of CSR expenditure of Public Sector bank from 2012 to 2017.
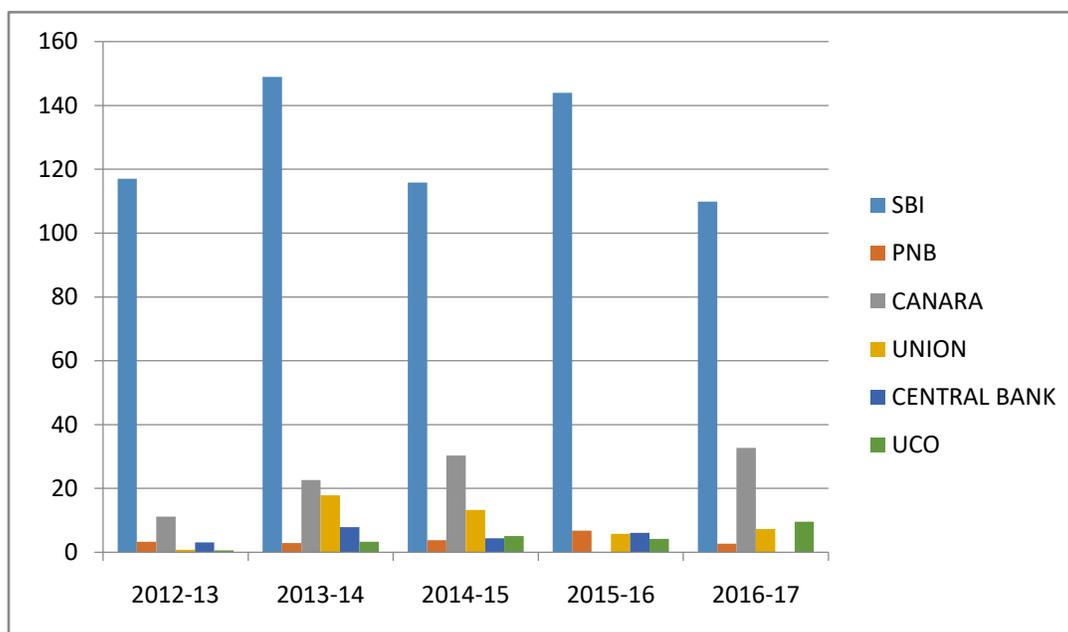

Private Sector Banks Performance in area of CSR- Role of private sector bank in the field of CSR is much better than to public sector bank. In private sector ICICI bank play a lead role in the amt of Spending. Axis bank also contributing a good amount and other bank also spendinga amount of profit in the area of social responsibility.

Amount contributed by Private Sector Banks for CSR for the year 2012 to 2017

Name of Bank	YEAR				
	2012-13	**2013-14**	**2014-15**	**2015-16**	**2016-17**
AXIS	42.42	70.72	123.22	163.03	196.0
HDFC	39.01	70.37	118.55	194.81	305.42
ICICI	156.0	196.0	156.0	172.0	182.0
YES	6.50	12.29	15.64	31.48	41.62
KOTAK	4.09	3.63	11.97	16.41	17.33
INDUSLND	9.13	12.69	17.54	26.80	33.81

Representation of CSR expenditure of Private Sector bank from 2012 to 2017.
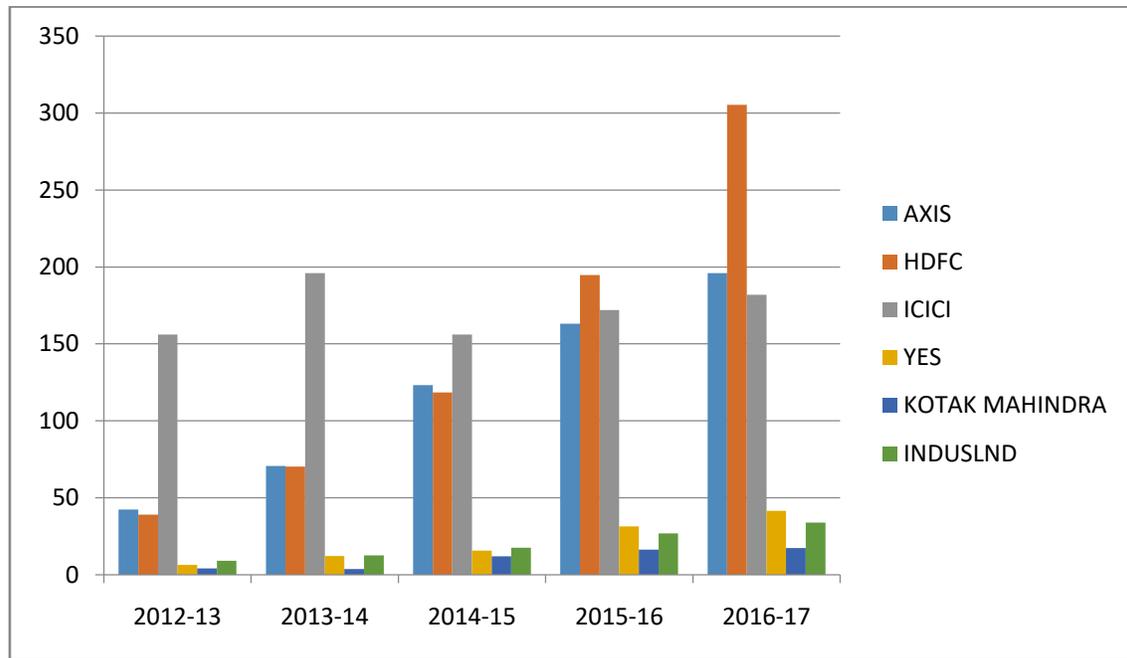
Conclusion

The topic of the research study, on which this report is based, is 'Corporate Social Responsibility in banks: comparative study of the selected private and public sector banks'. The selected private bank is the 'Industrial Credit and investment Corporation on India Limited' (ICICI) and the selected public bank is the 'State Bank of India' (SBI). It is a comparative study and the research is based on finding out as to which bank is more effective and efficient in practicing 'Corporate Social Responsibility' (CSR).

After looking at the topic and case of the research study, it becomes necessary to analyze the recently produced annual CSR reports of both the selected private and public banks, i.e. ICICI and SBI. The annual CSR reports of both the banks are included in this report in the 'appendices' section. The CSR survey of the banking industry, as mentioned in the ALMA Journal of Management and Research', has been referred for studying the selected banks' CSR quotient (mentioned in the appendices section).

According to the survey, ICICI scored an average score of 16, which is more than SBI's average CSR score, i.e. 12. This clearly tells that ICICI's CSR quotient is more than SBI. SBI and the ICICI Bank have both scored 13 in the last year's score (2011-12), which signify that both the banks gave equal efforts in executing their CSR activities. The CSR score of 2010-11 were: SBI – 14 and ICICI – 18, which signified two things.

1. The CSR performance of SBI and ICICI went down, where gets score went only one point down and ICICI went straight down to a score of 13, though the average score of ICICI is good, but looking at the last year's score, its CSR performance was not up to the mark. SBI too needs to increase its CSR focus for better results.

2. The second thing pointed out is that the SBI Group brought a significant improvement in its CSR practices and gave a neck-to-neck competition to ICICI Bank, by achieving the score of 13.

Therefore, it can be concluded that ICICI needs to work harder, to make its 'Foundation for Inclusive Growth' stronger SBI lags behind ICICI so to catch up: the bank needs to widen its CSR realm. The banks individually need to work harder, which is apparent but the truth is that the public banking sector is way higher in its CSR meter, as compared to the private banking sector.

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