

Corporate Social Responsibility: A Comparative Study of SBI Bank and ICICI bank in India

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Abstract: This paper contemplates the data of one Public Sector Bank – State Bank of India (SBI) and one Private Sector Bank - Industrial Credit and Investment Corporation of India (ICICI). It is an effort to study the corporate social responsibility (CSR) activities of prominent banks in India and compare their CSR spending from the year 2014-2015 to 2020-21. This study is based on descriptive research design and secondary data collected from annual report of respective bank from website and different literatures are reviewed. Least Square Method is used for approximating CSR spending for the financial year 2021-22. The analysis shows that, these banks are making efforts for the implementation of CSR as per the new Companies Act, 2013, but are not spending their 2% share of profits on CSR. The banks are not spending the whole CSR expenditure which is been allocated for this purpose. There is a need for better CSR activities by the banks which is possible by adding more and more social development issues link with corporate sector.

Keywords Banking Sector, Corporate Social Responsibility, Financial Institution, Public Sector Banks, SBI, ICICI

1. Introduction

The concept of corporate social responsibility is not new in India; it has got its evidence with the Gandhain trusteeship model which later on with the passage of time has led to a more of philanthropic approach of corporates. These days corporate social responsibility (CSR) is evolving in its meaning and in practice and many a times is taken more as a strategic tool by the corporates rather than the multistakeholder approach which is the veritable meaning of corporate social responsibility. The classical view of CSR was narrowly limited to philanthropy and then it got shifted to more of business-society relations specifically referring to the contribution which a corporate or firm provides for solving social problems. Corporates very often use CSR initiatives as part of their "image repertoire" when dealing with the threat of boycotts. This somewhere has deformed the essence of doing any corporate social responsibility.

With the introduction of new Company act 2013, India became the first country in the world to have legislation for compulsory CSR spending. The new legislation of Banks Act 2013 requires certain class of banks to spend at least 2 % of their three year average annual net profit towards CSR activities.

2. Corporate social responsibility

World Business Council for Sustainable Development defined CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”. CSR is a growing and essential part of an administration’s overall strategy. It is basically a voluntary compliance of social and ecological responsibility of companies. Under this concept, the companies decide voluntarily to contribute to a better society (to payback the society) and a cleaner environment. It is a concept whereby companies incorporate social and various environmental concerns into their business operations, strategy and their interaction with their stakeholders on a voluntary basis.

3. Literature Review

Some researchers have studied the CSR activities of companies in different countries across various industries and have given observations on the basis of their results. **Rozanova 2006** did his research work in Canada and Russia on the Portrayals of corporate social responsibility: A comparative analysis of a Russian and a Canadian newspaper. He found that thematic diversity seen in the interpretations of corporate social responsibility in the two newspapers tells us about the

diversity of institutional and cultural conditions in the two countries that shape the economic, social, and political sphere in both the countries, in a different way. CSR was discussed in application to the activities of the extremely famous oil companies and their relations with the government, the topics that seem to reporters self-evidently meaningful. The meaningfulness and newsworthiness of these business-government interactions in Russia is protected by the configuration of the media control system, when the governmental officials have appropriate access to the media and their opinions are easily screened by the journalists. **Narwal 2007** did his research in Indian banking industry and concluded that banks have a neutral view-point about CSR activities. They are concentrating mainly on education, balanced growth (different sections of society), customer satisfaction, environmental marketing and health as their core CSR activities. The Indian banking industry is found to be adopting a cohesive approach by combining CSR with the eventual customer satisfaction. Irrespective of the location, the kind of CSR activities undertaken by banks is found to be more or less similar. Banks have taken various CSR initiatives for the development of society. **Das 2011** revealed that in insurance industry related to their CSR practices. The study found that the non-life insurance companies disclosed relatively less social information (about CSR practices) than life insurance companies. The study also reveals that public life insurers disclosed significantly more social information than the other life insurance companies. Private General insurance companies disclose more social information as the difference significant. **Gupta 2011** compared the consumer stakeholder view on CSR in USA and in India. There is a considerable slice of US consumers who are completely unaware of socially responsible companies (CSR part of companies) compared with their Indian counterparts who failed to recognize the CSR initiatives of multinational companies (MNC's). Samples from both the countries have also showed a positive level of CSR responsiveness. Corporate responsibility in India is evaluated more in terms of economic orientation concern as more important than their US counterparts. There is a growing awareness of CSR gaining momentum in India. **Kathy et al., 2012** did his research in Australia on Corporate governance and environmental reporting. The analysis found a significant positive relationship between the degree of environmental reporting and the proportions of independent and female directors on a board. The analysis did not support a negative relationship between the extent of environmental reporting and institutional investors and board size as seen in the prior studies, rather, it showed a positive relationship. **Narwal and Singh, 2013** conducted a comparative study of the CSR practices among MNC's and Indian companies. Indian companies are more into those kinds of CSR activities which are related to cleanliness campaigns, social audit, ethical business practices, women empowerment and also environmental marketing got the priority, indicating thereby their responsiveness towards the environmental issues, whereas MNC's are at second place in these activities. As far as the other CSR activities are concerned it can be concluded that MNCs and Indian companies are involved in more or less same kind of CSR activities to the same spirit. The CSR practice of sustainable development has got third place for MNCs whereas second place for Indian companies. **Anibe and Comelo, 2014** has done research in Indian tourism industry as to the self-reporting system in tourism sector. In India's tourism industry the CSR is currently limited to corporate self-reporting on indicators of the company's own choice or to the minimum statutory requirement by regulatory bodies. This industry has yet to move beyond that traditional philanthropy to catch the contemporary principles of CSR which include community empowerment, multi-stakeholder engagement, and corporate transparency. In the absence of stringent regulatory policy oversight and pressure from local civil society, company reports present a one-way channel of communication of the company's perception and practice of CSR. **Rahman 2014** did a web based research in Indian banking industry on building corporate identity using corporate social responsibility. The findings concluded that CSR activities are an important tool for market practitioners to differentiate themselves from their competitors (to give an edge) and build a good corporate image. Results are pretty much consistent with previous studies, for example Bravo, *et al.*, (2012) who examined the CSR activities of Spanish banks using the web based information and Castelo and Lima (2006), who examined the same for Portuguese banks. **Ulutas et al., 2016** did their research in construction industry in U.K and Turkey as to find the CSR practices. The results revealed that construction companies are aware of the increasing importance of the CSR; however, company scale and the characteristics of the country have great impact on CSR preferences. Irrespective of the differences in the approaches all firms take with regard to CSR domains and CSR types, ethical domain and the social orientation have become prominent for CSR initiatives in both the UK and Turkey. **Rahman et al., 2016** conducted their study in Bangladesh banking industry to see the effect of employee CSR attitudes on job satisfaction and organizational commitment. He found that employee CSR attitudes predominantly affect employee satisfaction in relation with the bank and with their employer's CSR efforts. The result shows that employees' perception of CSR practices implemented in an organization enhances their sense of obligation not only toward the organization but also to their associated co-workers. **Gandhi and Kaushik, 2016** did his research on socially responsive consumption behaviour. The study shows that when consumers identify their personal contribution to the betterment and development of society then they are inclined to purchase socially responsible products. Therefore firms planning to offer such products must associate this feeling of personal contribution of the consumer with the brand's promotion to make the brand

appealing to the consumer on moral grounds. The result shows that firms should target the younger population which is also a major decision maker for purchase of various products in the households to promote socially responsible products. **Chapple and Moon, 2005** did a web based research in seven countries on Corporate Social Responsibility (CSR) the result shows that Multinational companies are more likely to go for CSR than those operating solely in their home country but that the profile of their CSR tends to reflect the profile of the country of operation rather than the country of origin. CSR does vary significantly among Asian countries. There is a positive association between globalization and CSR.

4. OBJECTIVE OF THE STUDY:

1. To study the CSR activities of the leading Public Sector bank - SBI and leading Private Sector bank –ICICI in India.
2. To Compare the amount spent by the State Bank of India (SBI) and Industrial Credit and Investment Corporation of India (ICICI)

5. RESEARCH METHODOLOGY:

5.1 Research Design

Descriptive research design is used for the study.

5.2 Data Collection & Classification

To meet the objective the data for the study is collected through annual report of India CSR Report of Socio Research & Reform Foundation (NGO) for the year 2014-15. Data use in this paper is secondary, which is compiled from the annual report& website of the leading Indian Public sector bank –SBI and Leading Private Sector bank -ICICI. Various review of literature is also referred for the study

5.3 Date Analysis Tools

Tools include Percentage, Chart and Least square method on CSR activities.

5.4 Time- Period

7 years from 2014-15 to 2020-21 is used for the study.

6. CSR PRACTICES BY SBI & ICICI

The most of the banks mainly focuses for CSR initiatives in the area of education, community development and Health Care. (Patra and De, 2014).

Since 1973, SBI had social responsibility as a key and integrated aspect of its corporate strategy. Every year 1% of its previous year’s net profit are kept aside for the CSR initiatives. The focus areas of SBI’s CSR activities are supporting Health, Skill Development, Education and Persons with Disabilities, Environment Protection and Livelihood Creation. Bank donates, stretcher trolley, wheel chair medical equipment’s to large number of hospitals and, supporting old age homes, support surgeries for poor, conducting awareness & free health check-up camps for women, computers, donating note books, School buses/Vehicles, donate for animal ambulance & set up operation theatre for injured animals and also support reputed NGOs engaged in skill development & development work in rural areas and many more.

In 2008, ICICI group set up ICICI Foundation for inclusive growth which emphases on key areas: financial inclusion, Skill development and sustainable livelihood education and health care. As of march 31, 2016, ICICI Foundation had trained over 60,000 youth through skill development initiatives and separate toilets for boys and girls in 100 schools in Chhattisgarh to increase enrolment, attendance and health.

STATE BANK OF INDIA			ICICI BANK	
Year	CSR contribution	PAT	CSR contribution	PAT
2014-2015	115.80	13101.57	153.00	11175.35

2015-2016	143.92	9950.65	172.00	9726.29
2016-2017	109.82	10484.10	182.00	9801.06
2017-2018	112.96	6547.45	170.30	6777.42
2018-2019	22.70	862.00	92.20	3363.30
2019-2020	27.47	14488.00	134.20	7930.81
2020-2021	144.88	20410.00	200.50	16192.68

Table: 1 - PAT and CSR Expenditure (Rs. In Crores) as on 31st March

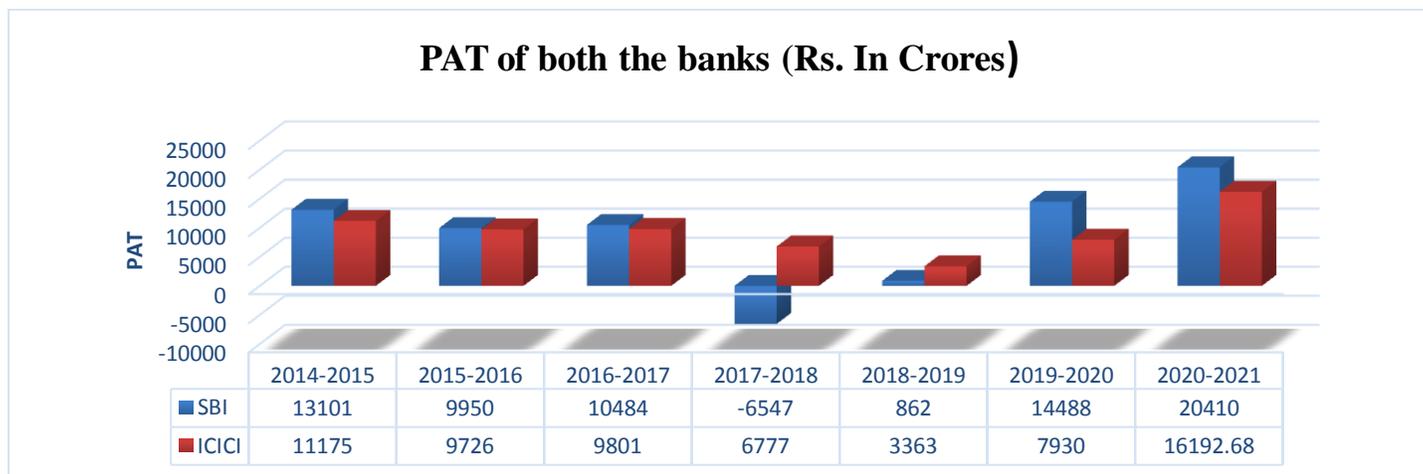
(Source: Annual Report of respective Banks)

YEAR	SBI (% OF PAT SPENT ON CSR)	ICICI (% OF PAT SPENT ON CSR)
2014-2015	0.88	1.36
2015-2016	1.45	1.77
2016-2017	1.05	1.85
2017-2018	1.72	2.51
2018-2019	2.63	2.74
2019-2020	0.18	1.69
2020-2021	0.70	1.24

Table: 2 - % of PAT spent on CSR (Rs. in Crores) by SBI & ICICI

1. Analysis and Interpretation:

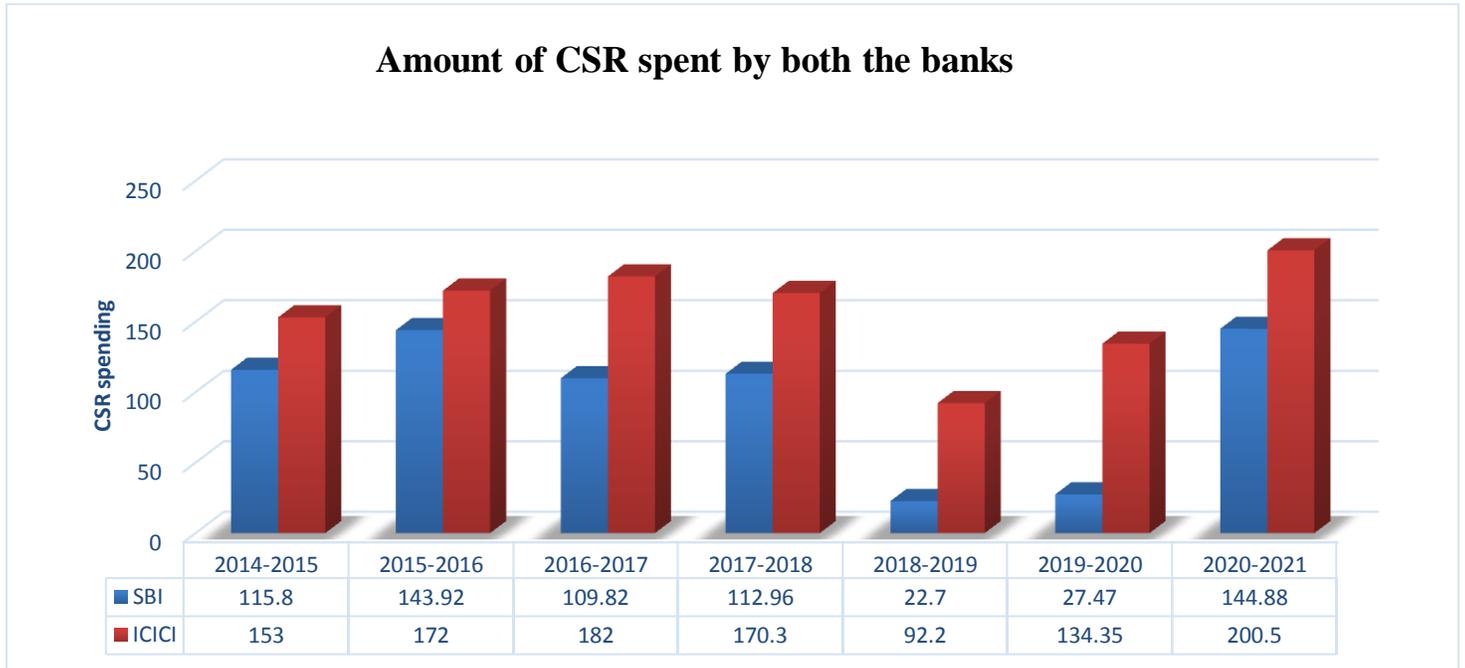
Chart: 1 – PAT of both the banks (Rs. In Crores)



Interpretation:

The Profit after Tax (PAT) of SBI is not in a trend, rather gone negative in the year 2017-2018 and ICICI is in decreasing trend till 2018-2019 and then moving towards the increasing trend. In 2017-18, it can be seen from the chart that the PAT was decreased in both the banks.

Chart 2: Amount of CSR spent by both the banks



Interpretation:

The amount spent on CSR is showing increasing trend in both the banks except for the year 2019 and 2020. It is observed that in the financial year 2017 and 2018 both the leading banks having huge difference of 72.18 crores and 57.38 crores in their CSR expenditure towards society respectively.

Chart 1: Percentage of PAT spent on CSR by SBI bank

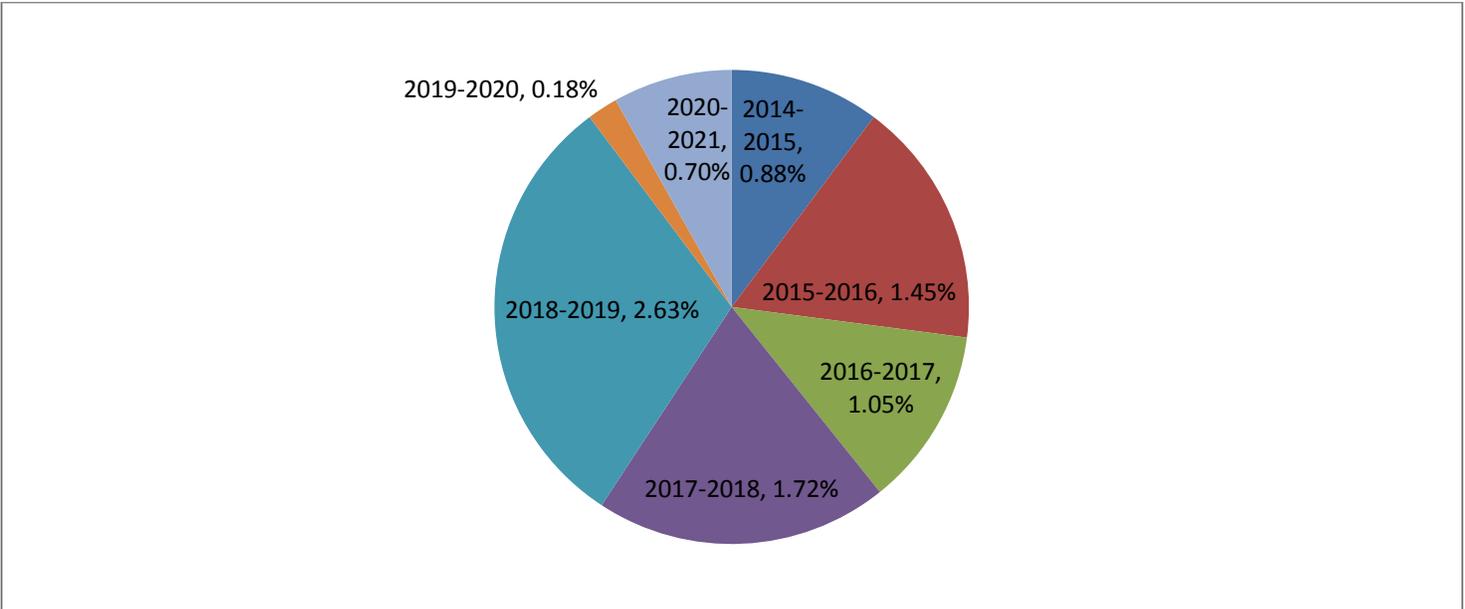
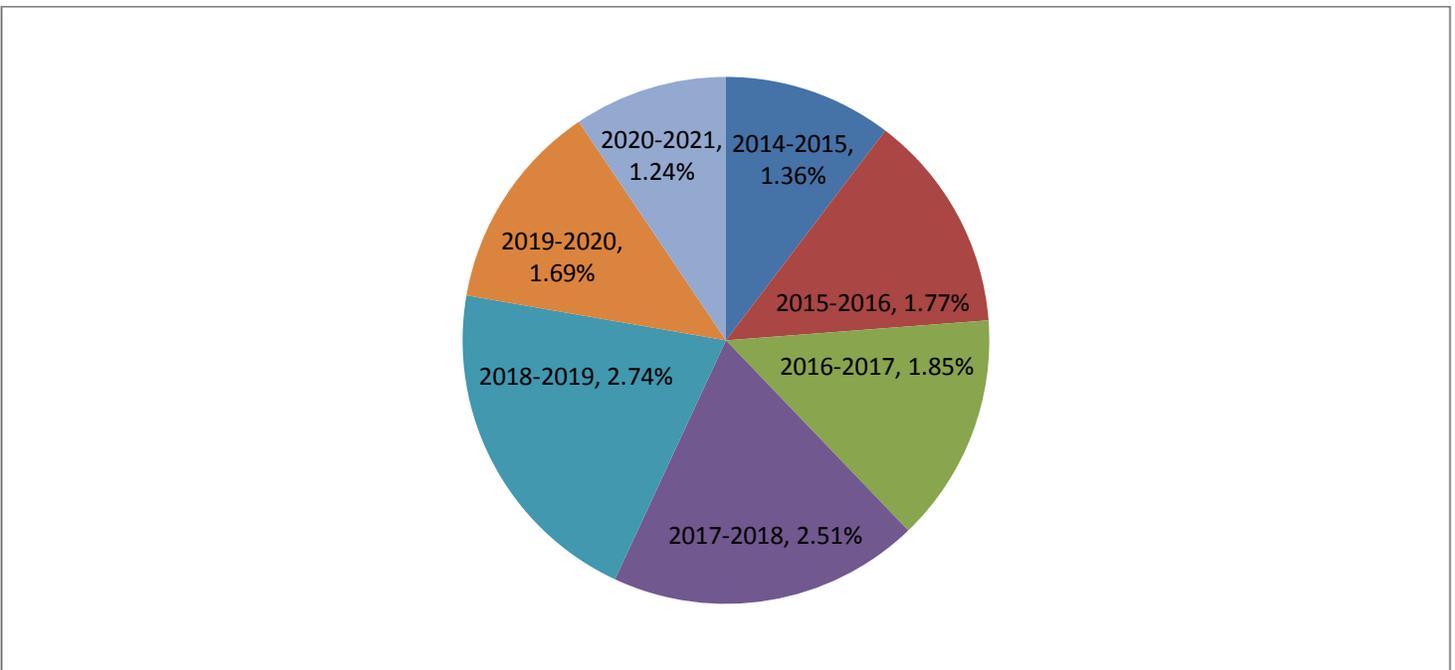


Chart 2 : Percentage of PAT spent on CSR by ICICI bank



Interpretation: The percentage of Profit after tax spends for CSR by ICICI is more compared to SBI.

7.1 LEAST SQUARE METHOD:

Uses of Least Square Method for predicting amount spend on CSR for 2021-22 for SBI

	Y	X	XY	X²
Year	Amount spent on CSR(in Crores)	Year= 2017-2018	0	
2014-2015	115.80	-3	-347.4	9
2015-2016	143.92	-2	-287.84	4
2016-2017	109.82	-1	-109.82	1
2017-2018	112.96	0	0	0
2018-2019	22.70	1	22.70	1
2019-2020	27.47	2	54.94	4
2020-2021	144.88	3	434.64	9
	677.48	0	-232.78	28

n = 7

Straight line Equation

$$y = a + b x$$

$$b = \frac{\sum XY}{\sum X^2} = -8.31$$

$$a = \frac{\sum y}{n} = \frac{677.48}{7} = 96.78$$

$$y = a + b x$$

$$y = 96.78 - 8.31 x$$

$$y (2021-22) = 96.78 - 8.31(4)$$

$$y (2021-22) = \text{Rs. } 63.54 \text{ crores}$$

Interpretation:

From the use of least square method the amount spend on CSR of SBI will decrease to Rs. 63.54 crores for the year 2021-22, this was Rs.144.88 crores for the year 2020-21.

Uses of Least Square Method for predicting amount spend on CSR for 2021-22 for ICICI

	Y	X	XY	X²
Year	Amount spent on CSR (in Crores)	Year=2017-2018		
2014-2015	153.00	-3	-459.00	9
2015-2016	172.00	-2	-344.00	4
2016-2017	182.00	-1	182.00	1
2017-2018	170.30	0	0	0
2018-2019	92.20	1	92.20	1
2019-2020	134.35	2	268.70	4
2020-2021	200.50	3	601.50	9
	1104.35		341.40	28

n=7

Straight line Equation

$$y = a + b x$$

$$b = \frac{\sum XY}{\sum X^2} = 12.19$$

$$a = \Sigma y / n = 157.76$$
$$y = a + b x$$
$$y = 157.76 + 12.19x$$
$$y (2021-22) = 157.76 + 12.19(4)$$
$$y (2021-22) = \text{Rs.206.52 crores}$$

Interpretation:

From the use of least square method the amount spend on CSR of ICICI will increase to Rs. 206.52 crores for the year 2021-2022, which was Rs.200.50 crores for the year 2020-21.

8. FINDINGS:

1. The difference in PAT amount of the SBI and ICICI is decreasing and in 2015-16, ICICI bank shows much effort in increasing their Net Profit.
2. The amount spend by ICICI is considerably more to what SBI has spent in last seven years.
3. The percentage of Profit after tax spent for CSR by ICICI is continuously increasing in contrast to SBI in last seven years.
4. From the Least Square Method, the estimated amount spent on CSR for the year 2021-22 is Rs.63.54 crores by SBI and Rs. 206.52 crores by ICICI. The highest contribution for CSR made by both the banks, SBI and ICICI bank is in the year 2020-2021 .

9. CONCLUSION:

The analysis of the leading banks show that both the banks are contributing for CSR practices and are trying to abide by the mandatory spending of 2% of PAT for CSR but this is not yet satisfactory. From the analysis, it is clear that after introduction of the new Company Act 2013, banks have definitely contributed and take part in the CSR Practices.

The Private Sector bank –ICICI has higher contribution as compared to the Public sector bank – SBI. Out of the allocated budget for CSR majority proportion emphasizes on education, community and health care, so it is suggested to have allocated proportion for each CSR practices mentioned in the new Company Act 2013. A lot many efforts are required towards CSR practices and banks must take their responsibility in more permissible manner. It is concluded with the suggestion that banks should strictly adhere with the 2% spending of PAT on CSR and set CSR practices and policy as an integrated part of their operations and activities.

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