

Analysis of Corporate Social Responsibility in Indonesian Banking (Comparative Study between Government Banks and Private Banks on the Indonesian Stock Exchange in 2022)

Rizka Inayatul Ummah^{1*}, Miya Dewi Suprihandari², Rika Yulianti³, Agus Subandoro⁴

¹⁻⁴Mahardhika College of Economics Surabaya

Email: ¹⁾ rizkainayah357@gmail.com, ²⁾ mixadewi@stiemahardhika.ac.id

ABSTRACT

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This research aims to analyze and compare the implementation of Corporate Social Responsibility (CSR) between government banks and private banks in Indonesia in 2022. CSR is a company's commitment to contribute to sustainable economic development by paying attention to social and environmental responsibilities. This study uses a qualitative approach with a case study method, and analyzes annual reports and sustainability reports from several leading government and private banks in Indonesia. The research results show that there are significant differences in CSR implementation and reporting between government banks and private banks. Government banks tend to focus more on social programs and community development, while private banks place more emphasis on environmental aspects and business sustainability. These findings provide insight for policy makers and bank management in designing CSR strategies that are effective and appropriate to their respective contexts.

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1. Introduction

Corporate Social Responsibility (CSR) has become an important component in modern company operations, including in the banking industry (Du et al., 2010). CSR not only functions as a marketing tool or an effort to improve the company's image, but also as a form of company commitment to sustainable economic development by considering social and environmental responsibilities (Jamali & Mirshak, 2007). In Indonesia, the role of banking in the economy is very strategic, so the implementation of CSR in this sector is an interesting and relevant topic to study. Banking in Indonesia consists of government banks and private banks, each with different characteristics and approaches in carrying out their operations. Government banks, which are state-owned, often have a greater social mandate, while private banks, which are profitability-oriented, tend to have greater flexibility in implementing CSR (Tran, 2014).

2022 is a year full of challenges and opportunities for the banking sector in Indonesia, with various global and domestic economic dynamics. This year, issues related to the environment, social and governance (ESG) are increasingly becoming a major concern for investors, regulators and the public. Therefore, it is important to understand how state banks and private banks in Indonesia implement their CSR in this context.

This research aims to analyze and compare the implementation of CSR between government and private banks in Indonesia in 2022. Through a qualitative approach with case study methods, this research will examine the annual reports and sustainability reports of several leading government and private banks in Indonesia. By understanding the differences and similarities in CSR implementation between these two types of banks, it is hoped that the results of this research can provide valuable insight for policy makers and bank management in designing CSR strategies that are effective and appropriate to their respective contexts.

2. Literature Review

This section contains the theories used or relevant literature.

2.1. Definition and Concept of Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a concept in which companies integrate social and environmental concerns into their business operations and in their interactions with stakeholders. According to Carroll (1991), CSR consists of four main components: economic, legal, ethical and philanthropic responsibilities. Economic responsibility refers to a company's obligation to generate profits. Legal responsibility is the obligation to comply with laws and regulations. Ethical responsibility refers to practices that are not regulated by law but are considered important by society. Philanthropic responsibilities involve activities that support the well-being of the community, such as charitable donations and volunteer programs.

2.2. Implementation of CSR in the Banking Sector

Banks have a unique role in implementing CSR because they function as financial intermediaries that influence various economic sectors. According to research by Scholtens (2009), banks can promote sustainable development through credit policies that support environmentally and socially friendly projects. Banks can also adopt environmentally friendly internal practices, such as reducing paper and energy use. Research by Chih et al (2010) show that banks that are active in CSR tend to have better financial performance. They argue that CSR can improve customer reputation and loyalty, ultimately increasing profitability. However, CSR implementation in banking may vary depending on the type of bank and local context.

2.3. Differences in CSR between Government Banks and Private Banks

Previously, Previous research shows that there are significant differences in CSR approaches between government banks and private banks. State banks, due to state ownership, often have a stronger social mandate. According to research by Rahman Belal & Owen (2007), government banks tend to focus more on programs that support national social and economic development. They are more likely to invest in infrastructure, education, and health projects. In contrast, private banks are more flexible and often profitability-oriented. Research by Hossain & Khan (2016) show that private banks are more likely to invest in projects that improve corporate image and have a direct impact on business profits, such as environmental sustainability and technological innovation projects.

2.4. CSR Framework and Standards

Various frameworks and standards have been developed to assist companies, including banks, in implementing CSR. The Global Reporting Initiative (GRI) is one of the most widely used international standards for sustainability reporting. GRI provides guidelines for companies to report their economic, environmental and social impacts in a transparent and accountable manner. In Indonesia, the Financial Services Authority (OJK) has also issued regulations encouraging CSR practices in the banking sector.

ISO 26000 is another international standard that provides guidance on social responsibility. ISO 26000 includes seven key principles: accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the law, respect for international norms, and respect for human rights. Banks in Indonesia can use this standard as a reference for developing and implementing their CSR policies.

2.5. Empirical Study of CSR in Indonesian Banking

Empirical research on CSR in Indonesian banking shows that CSR implementation still varies. A study by Hermawan & Mulyawan (2014) found that although many banks have adopted CSR practices, there are still differences in the intensity and focus of CSR programs between government banks and private banks. State banks tend to report more on social activities, while private banks focus more on environmental initiatives. Research by Veronica Siregar & Bachtiar (2010) also shows that transparency and CSR reporting in Indonesian banking still needs to be improved. They emphasized the importance of adopting international standards such as GRI to improve the quality of CSR reporting.

3. Methodology

3.1. Research Approach

The Research Methods section contains the types of methods or types of approaches used, descriptions of qualitative and/or quantitative data, data collection procedures, and data analysis procedures.

3.2. Research Subjects and Objects

The subjects of this research are several leading governments and private banks in Indonesia. The research object is the annual reports and sustainability reports of these banks which will be published in 2022.

3.3. Data Collection Techniques

Data was collected through documentation techniques, namely by collecting and analyzing annual reports and sustainability reports from selected government and private banks. These documents were selected because they contain relevant information regarding the CSR policies, programs and achievements of each bank

3.4. Data Analysis Technique

The data that has been collected is analyzed using the content analysis method. Content analysis was used to identify key themes and patterns in CSR reporting from state and private banks. The data analysis steps are as follows:

a. Coding Data

Annual and sustainability report documents from each bank were coded to identify sections relevant to CSR implementation.

b. Categorization

The coded data is then categorized based on the main themes that have been identified, such as social, environmental and economic responsibility.

c. Comparison

Categorized data is compared between government banks and private banks to identify differences and similarities in CSR implementation.

d. Interpretation

The comparison results are then interpreted to understand how these differences and similarities influence CSR implementation in the two types of banks.

3.5. Validity and Reliability

To ensure the validity and reliability of the data, researchers triangulated the data by comparing the results of content analysis with relevant literature and cross-checked it with additional information from other sources, such as interviews with CSR experts and media analysis.

3.6. Research Procedure

a. Selection of Research Subjects: Selecting several leading government banks and private banks in Indonesia based on their asset size and reputation in implementing CSR.

b. Data collection: Collect annual reports and sustainability reports from the bank's official website or through direct requests to the bank concerned.

c. Data analysis: Conduct content analysis of these reports to identify key themes and patterns in CSR reporting.

d. Reporting Research Results: Compile the results of the analysis in the form of a research report which includes a comparison of CSR implementation between government banks and private banks, as well as interpretation of these results.

4. Results and Discussion

4.1. Implementation of CSR in Government Banks

State banks in Indonesia demonstrate a strong commitment to social responsibility and community development. Based on the analysis of the 2022 annual report and sustainability report, there are several main findings related to CSR implementation in state banks:

- a. **Focus on Social Development:** State banks tend to have CSR programs that focus on social development, including education, health and community empowerment. Programs such as scholarships for outstanding students, building health facilities in remote areas, and skills training for underprivileged communities are some examples of frequently reported initiatives.
- b. **Collaboration with Government and Non-Governmental Organizations:** Many government banks collaborate with local governments and non-government organizations (NGOs) to implement CSR programs. This collaboration allows banks to maximize the social impact of their programs.
- c. **Transparent and Detailed Reporting:** Annual reports and sustainability reports of state banks are generally more detailed in reporting CSR activities. They provide quantitative and qualitative data that shows the achievements and impact of CSR programs.

4.2. Implementation of CSR in Private Banks

Private banks in Indonesia show different approaches in implementing CSR. Based on the analysis of the 2022 annual report and sustainability report, the following are the main findings regarding CSR implementation in private banks:

- a. **Focus on Environmental Sustainability:** Private banks tend to focus more on programs that support environmental sustainability. Initiatives such as reducing carbon emissions, using renewable energy, and waste management are some examples of CSR programs commonly reported by private banks.
- b. **Innovation and Technology:** Private banks often integrate innovation and technology in their CSR programs. For example, several banks report using technology to improve energy efficiency in their head offices and branches, as well as the development of environmentally friendly financial products.
- c. **Results Oriented Reporting:** Private bank CSR reports tend to be more oriented towards the results and impact of the programs they implement. They often include key performance indicators (KPIs) to measure the success of CSR programs.

The research discussion explains the summary of research results, linkages with concepts or theories and other relevant research results, interpretation of findings, research limitations, and implications for concept or scientific development.

4.3. Comparison of CSR Implementation between Government Banks and Private Banks

A comparison between government banks and private banks in terms of CSR implementation shows several significant differences and similarities:

- a. **Differences in CSR Program Focus:** Government banks tend to focus more on social programs and community development, while private banks place more emphasis on environmental and sustainability aspects. This reflects the different social mandates between the two types of banks.
- b. **Collaborative Approach:** State banks more often involve the government and NGOs in implementing CSR programs, while private banks tend to be more independent and rely on internal innovation.
- c. **Transparency and Reporting:** Both types of banks demonstrate a commitment to transparency in CSR reporting, but with different approaches. State banks are more detailed in reporting activities and social impacts, while private banks focus more on measurable results and achievements.

4.4. Implications of Research Findings

The findings of this research have several important implications for stakeholders in the banking sector:

- a. Policy maker: The results of this research can help policy makers in formulating regulations that support more effective and sustainable CSR implementation in the banking sector.
- b. Bank Management: State banks and private banks can learn from each other's CSR approaches to improve their programs and social impact. Government banks can adopt some innovative practices from private banks, while private banks can increase cooperation with governments and NGOs.
- c. Investors and Stakeholders: These findings provide insight for investors and other stakeholders regarding CSR practices in Indonesian banking, which can influence investment and partnership decisions

5. Conclusion

This research shows that there are significant differences in CSR implementation between government banks and private banks in Indonesia in 2022. Government banks tend to focus more on social programs and community development, while private banks place more emphasis on environmental aspects and business sustainability. By understanding these differences and similarities, it is hoped that stakeholders can design CSR strategies that are more effective and appropriate to the context of each bank.

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