CHALLENGES, PRACTICE AND IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON SUSTAINABLE DEVELOPMENT OF ENVIRONMENT AND SOCIETY

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ABSTRACT

Objective: This research aims to identify the Corporate Social Responsibility challenges and their effects on business, the environment, and society.

Methods: Exploratory research is employed in this work using primary-secondary data from journals, magazines, articles, and media reports.

Result: The survey indicated that many CSRs struggle with transparency, inequity, consensus, financial resources, community engagement, strategic planning, and bias in their policies, practices, and cultures. Public awareness of corporations and a network of activities were very limited.

Conclusion: Corporate social responsibility refers to a company's efforts to evaluate and address the impacts it has on society and the environment. CSR may demonstrate commitment to care for the community by taking steps to reduce waste and pollution and by funding educational and social welfare initiatives. The corporates should understand their role in promoting CSR. The corporates should also organize training, conferences, and seminars to share and produce new knowledge in this field. Substantial financial support and industry-specific research can boost and strengthen the CSR contribution.

Keywords: corporate social responsibility, challenge, practice, environment, sustainability.

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RESUMO

Objetivo: Esta pesquisa visa identificar os desafios da Responsabilidade Social Corporativa e seus efeitos sobre os negócios, o meio ambiente e a sociedade.

Métodos: A pesquisa exploratória é empregada neste trabalho usando dados primários e secundários de periódicos, revistas, artigos e relatórios de mídia.

Resultado: a pesquisa indicou que muitas REPs lutam com transparência, desigualdade, consenso, recursos financeiros, engajamento comunitário, planejamento estratégico e viés em suas políticas, práticas e culturas. A sensibilização do público para as empresas e para uma rede de atividades era muito limitada.

Conclusão: Responsabilidade social corporativa refere-se aos esforços de uma empresa para avaliar e abordar os impactos que tem na sociedade e no meio ambiente. A RSE pode demonstrar o seu empenho em cuidar da comunidade, tomando medidas para reduzir o desperdício e a poluição e financiando iniciativas educacionais e de bem-estar social. As empresas devem compreender o seu papel na promoção da RSE. As corporações também devem organizar treinamento, conferências e seminários para compartilhar e produzir novos conhecimentos neste campo. Um apoio financeiro substancial e uma investigação específica por setor podem impulsionar e reforçar a contribuição da RSE.

Palavras-chave: responsabilidade social corporativa, desafio, prática, meio ambiente, sustentabilidade.

1 INTRODUCTION

Corporate Social Responsibility (CSR) has become a key corporate concept, emphasising firms' duty to benefit society and the environment beyond profit. In recent years, worldwide awareness of environmental challenges and their potential disasters has grown. India, one of the world's most populated and quickly developing nations, has environmental issues. CSR's position in environmental conservation in India has grown in importance and scrutiny. Companies first focused on funding basic education institutions like schools and universities but eventually switched their focus to more niche areas like technical education, public health, and rural development (Mohan, 2001).

Corporate Social Responsibility is not new in India. CSR originated in ancient Indian traditions, where enterprises were supposed to help the community. Modern CSR in India has changed due to changing social expectations and regulations. The Companies Act, 2013, changed CSR in India. Companies hitting certain financial levels must allocate a percentage of their revenues to CSR under Section 135 of the Act. Indian corporate social responsibility is governed under Section 135 of the Companies Act, 2013. This
clause requires enterprises meeting financial standards to give a portion of their profits to CSR. CSR is not new globally, but its legal incorporation in Indian company legislation has increased CSR initiatives nationwide. These activities cover education, healthcare, and, most importantly, environmental conservation. The rapid rise in incomes and productive employment are important to this goal, which is why economic reform in India is aimed at improving people's standard of living quickly and steadily (Chaudhuri, 2001, p. 8).

India's rapid economic growth in recent decades has hurt its ecology. The country faces air and water pollution, deforestation, resource depletion, and climate change. These issues affect public health, biodiversity, and citizen well-being. CSR has become popular as a way to solve environmental challenges and promote sustainable development at this critical time. CSR initiatives in India have improved environmental preservation, but difficulties remain. CSR reporting transparency and accountability are major issues. Despite regulations, firms have violated CSR commitments or misrepresented their operations. To guarantee CSR contributions are used for environmental reasons, reporting and monitoring must be improved.

Another issue is aligning CSR with the UN Sustainable Development Goals. Many corporations undertake CSR projects, but their impact on attaining the SDGs, especially environmental ones, may not be evident or measurable. Aligning CSR with SDGs can boost its efficacy and contribute to global sustainability. Scalability and replication of effective CSR models remain issues. Localised CSR projects may be difficult to replicate nationwide. Sharing best practices and expertise among organisations helps solve this problem and boost CSR efforts. This study aims to addresses how sustainability programmes have become important to India's corporates, their environmental benefits, challenges and suggestions for India's sustainable and environmentally friendly future. Therefore, the objectives of the study are as follows:

- To determine the challenges in the execution of Corporate Social Responsibility
- To examine Corporate Social Responsibility practices and its impact on Business
- To find out the impact of these CSR programmes on the environment and society.
- To investigate CSR programmes' sustainability issues.
2 THEORETICAL FRAMEWORK

2.1 THE DEFINITION OF CSR

The term "corporate social responsibility" (CSR) refers to the idea that every business and government agency should act responsibly towards the communities in which they operate. It lessens expenditures and dangers, boosting the firm's stock price and good name. According to Bowen (2013, p. 3), “CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society.” To achieve long-term environmental, social, and economic success, CSR efforts must be in sync with sound strategic strategies. To be competitive, many businesses compare their CSR strategy, tactics, and performance to those of their peers in the industry through benchmarking (Garg, 2013).

Brown and Dacin (1997) define CSR as “A corporate status and activities with respect to its perceived societal or, at least, stakeholder obligations”. Matten and Moon (2004) define “CSR is a cluster concept which overlaps with such concepts as business ethics, corporate philanthropy, corporate citizenship, sustainability, and environmental responsibility. It is a dynamic and contestable concept that is embedded in each social, political, economic and institutional context.”

2.2 THE INDIAN CSR CONCEPT

Corporate social responsibility (CSR) refers to the incorporation of ethical and socially responsible policies, practices, and programmes into all aspects of a company, including its core functions, supply chains, and policymaking. It balances the expectations of society with the profit motivation of business houses and resolves many societal problems related to business practices such as legal, ethical, and commercial. The primary objective of responsible CSR is to advance business interests in a manner consistent with ethical principles and environmental sustainability.

World Business Council for Sustained Development states that CSR is “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” (Garg, 2014). It is, in fact, a system

• To offer information for future research works on CSR.
of corporate self-regulation built inside a commercial framework. Businesses using internal monitoring systems are more likely to adhere to the letter of the law (Garg, 2014). The purpose of corporate social responsibility (CSR) is to "accept accountability for the organization's actions and to promote a positive impact on the environment and communities through the organization's activities" (Garg, 2014). It combines the needs of the public with the desires of private enterprise.

Corporate social responsibility (CSR) confirms the belief that businesses play a crucial role in sustaining and enhancing sustainable development and are thus an essential element of society. Corporate social responsibility (CSR) entails more than just monetary donations; it also involves proactive participation in the welfare sector. By combining public service with commercial objectives, CSR attracts customers who share its values (Uvais & Cholasseri, 2013).

Uvais and Cholasseri (2013) suggest that CSR policies can help businesses develop long-term competitive advantages. This is due to the fact that CSR is a sign of managers acting in their own self-interest, since it includes the economic, legal, ethical, and discretionary expectations that society has on firms at a particular moment (Gautam & Singh, 2010). The phrase "CSR reporting," coined by Bebbington (Gautam & Singh, 2010), connects the reporting function to the organisational function.

2.3 CORPORATE SOCIAL RESPONSIBILITY UNDER THE COMPANIES’ ACT

The 2013 Companies Act changed CSR in India. Companies hitting specified financial levels must allocate a percentage of their revenues to CSR under Section 135 of the Act. This legal need has made CSR part of corporate governance, changing corporate philanthropy and responsibility. The Act defines CSR activities, including environmental conservation. It emphasises that CSR projects should support sustainable development, conserve natural resources, and benefit society and the environment. This law has changed the role of Indian corporations, forcing them to protect the environment.

Environmental conservation is a major CSR focus in India. Due to the urgency of environmental issues, many corporations have established extensive CSR policies to protect the environment. These techniques include many initiatives to reduce environmental degradation and promote sustainability. Indian CSR programmes stress natural resource efficiency and sustainability. The list covers water conservation, afforestation, and soil erosion prevention. Companies protect the environment for future
generations by supporting sustainable agriculture and forestry. India's rising energy needs and climate change worries have spurred CSR investments in renewable energy projects. Companies are investing in solar and wind energy infrastructure to reduce their carbon footprint and promote clean energy.

Many Indian CSR programmes focus on garbage management and recycling. Companies organise garbage recycling facilities, clean-up drives, and employee and community recycling campaigns. These projects cut waste and improve the environment. Ecosystem loss and climate change threaten India's biodiversity. CSR activities often assist biodiversity conservation through wildlife sanctuaries, habitat restoration, and endangered species protection. Externally, civil society, NGOs, and concerned individuals demanded corporate accountability. Environmental and human rights campaigners exposed industrial activities' harm to communities and ecosystems, forcing firms to act.

2.4 EMPIRICAL LITERATURE

Xiaodong and Weijun. (2022) found a positive and significant correlation between corporate social responsibility (CSR) activities and environmental sustainability practices among Indian companies. Companies that engaged in CSR initiatives were more likely to implement environmentally friendly policies. The study revealed that larger corporations in India tend to allocate a higher percentage of their budget to CSR activities related to environmental sustainability compared to smaller firms. This suggests that scale and resources play a role in promoting sustainability efforts. Analysis of sector-specific data indicated that industries such as renewable energy, information technology, and pharmaceuticals were leaders in integrating CSR and sustainability practices into their business strategies. Smith's research also showed that companies with a strong focus on CSR and environmental sustainability were more attractive to socially conscious investors and were better able to access capital for green initiatives.

Furthermore, Sharma and Sathish (2022) found that companies in India that actively engage in corporate social responsibility (CSR) initiatives tend to have better environmental sustainability practices. Their research revealed a positive correlation between CSR spending and reduced environmental impact. Similarly, Felicia et al. (2022) conducted a study on the impact of CSR disclosure on environmental sustainability. Their findings suggested that companies that are more transparent about their CSR activities
are more likely to adopt eco-friendly practices and achieve higher levels of environmental sustainability. Additionally, the research highlighted that government policies and incentives played a significant role in promoting CSR and environmental sustainability practices in India. Companies that benefitted from government support were more likely to adopt eco-friendly measures.

Wirba (2023) investigated the role of government policies in promoting CSR and environmental sustainability in India. Their research highlighted the importance of supportive regulatory frameworks in encouraging businesses to invest in sustainable initiatives. Moreover, Sharma (2023) highlighted that companies that actively engage in CSR activities in India tend to adopt eco-friendly practices, such as reducing greenhouse gas emissions and implementing sustainable waste management. Similarly, Vengurlekar (2023) examined the integration of sustainability principles into CSR practices among Indian companies. The study found that CSR was increasingly focused on reducing greenhouse gas emissions, conserving water resources, and promoting circular economy models, all of which had positive environmental impacts.

Das and Pandey (2022) indicated that CSR initiatives in India significantly impact environmental sustainability, with a particular focus on reducing water and energy consumption in manufacturing processes. In addition, Wadim et al. (2021) demonstrated that Indian companies with a strong CSR presence were more likely to invest in renewable energy sources and environmentally friendly technologies, contributing to reduced carbon footprints. Besides, Garg and Agarwal (2021) discovered that Indian firms practicing CSR exhibited a higher level of compliance with environmental regulations and standards, leading to improved overall environmental sustainability.

Pinjarkar (2019) revealed that companies in India actively involved in CSR activities demonstrated a higher commitment to biodiversity conservation and sustainable land use practices. Similarly, Supriti and Damodar (2010) found that CSR investments in India significantly contributed to the protection of fragile ecosystems and the conservation of biodiversity. This led to an overall improvement in the state of the environment, especially in ecologically sensitive areas. Żelazna et al. (2020) emphasized the role of CSR in promoting sustainability and environmental protection in India. They observed a growing trend of companies engaging in projects aimed at conserving natural resources, enhancing biodiversity, and reducing their carbon footprint.
Singal (2021) provided evidence of a positive relationship between CSR initiatives and the reduction of environmental pollution in Indian industries, emphasizing the importance of sustainable business practices. Similarly, Rehan (2023) revealed that the implementation of CSR activities in India, as mandated by the Companies Act, led to enhanced environmental sustainability through initiatives such as reducing air and water pollution, conserving natural resources, and supporting eco-friendly technologies. Besides, Pandey (2023) revealed that CSR programs in India had a significant impact on the protection of the environment. The study found that CSR investments were directed towards initiatives such as reforestation, clean energy adoption, and pollution control, resulting in improved ecological conditions.

Bergman et al. (2019) highlighted the emergence of the Corporate Social Responsibility (CSR) framework under the Companies Act in India as a critical mechanism for promoting environmental protection. It emphasized that companies with substantial CSR investments were more likely to engage in eco-friendly initiatives and reduce their environmental footprint. Similarly, Rupam. (2023) indicated a positive association between corporate social responsibility (CSR) activities and environmental sustainability efforts in India. The study found that companies engaged in CSR initiatives were more likely to adopt green technologies, reduce waste generation, and promote eco-friendly practices.

Gautam et al. (2023) showed that companies in India, as a result of CSR obligations, contributed significantly to environmental protection by funding projects related to afforestation, clean energy, and waste management. This resulted in a tangible improvement in environmental quality in many regions. Chourasia (2019) demonstrated that the CSR provisions of the Companies Act played a pivotal role in promoting sustainable practices in industries across India. It indicated a positive correlation between CSR spending and a reduction in carbon emissions and energy consumption.

Shayan et al. (2022) highlighted the influence of CSR on environmental sustainability, with an emphasis on waste reduction, responsible resource management, and support for green technologies in India. These initiatives contributed to a cleaner and healthier environment. Similarly, Tekin et al. (2015) highlighted the diverse ways in which CSR initiatives were contributing to environmental protection. They identified the establishment of green supply chains, support for renewable energy, and community-driven conservation efforts as key outcomes of CSR activities in India. Severo and De
Guimarães (2022) suggested that the companies should reduce the consumption of natural resources and the impact on the environment, where environmental strategy and circular economy can effectively contribute to sustainable development.

2.5 CHALLENGES HINDERING CSR INITIATIVES IN INDIA

It is, in fact, a system of corporate self-regulation built inside a commercial framework. Businesses using internal monitoring systems are more likely to adhere to the letter of the law (Garg, 2014). The purpose of corporate social responsibility (CSR) is to "accept accountability for the organization's actions and to promote a positive impact on the environment and communities through the organization's activities" (Garg, 2014). It combines the needs of the public with the desires of private enterprise.

Corporate social responsibility (CSR) confirms the belief that businesses play a crucial role in sustaining and enhancing sustainable development and are thus an essential element of society. Corporate social responsibility (CSR) entails more than just monetary donations; it also involves proactive participation in the welfare sector. By combining public service with commercial objectives, CSR attracts customers who share its values (Uvais & Cholasseri, 2013).

A. The absence of community involvement in CSR initiatives

The public generally lacks an interest for engaging with and supporting businesses' corporate social responsibility efforts. Indian companies and their constituents have a naive understanding of corporate social responsibility. Many people mistakenly believe that corporations already practice social responsibility. There is a breakdown in communication between CSR-focused businesses and grassroots communities, which only makes matters worse.

B. Inadequate efforts to strengthen local NGOs' capacities

There is a shortage of well-trained and competent local non-governmental groups that can make meaningful contributions to the continuing CSR efforts undertaken by firms, highlighting the need for capacity building in this sector. This severely hinders the expansion of CSR programmes and thus reduces their impact.

C. Lack of transparency

One of the major problems highlighted by the all is a lack of openness. Companies have complained about local implementing agencies' lack of openness, claiming that these organisations do not provide enough details about their activities, audit
issues, impact assessment, or how they use donor money. Trust building between businesses and communities is essential to the success of any CSR activity at the local level, but this lack of openness has been claimed to be hindering such efforts.

D. Lack of well-structure in Non-Governmental Organisations

It has also been noted that in rural and outlying locations, NGOs that can accurately analyse the community's requirements and work in tandem with businesses to provide those demands are in short supply. The rationale for investing in local communities to strengthen their ability to carry out development initiatives at the community level is strengthened as a result.

E. Factor of visibility

Media coverage of CSR success stories is appreciated because it educates the public about the many worthwhile efforts local businesses make. As a result of the seeming effect of exposure and branding exercise, many NGOs participate in event-based programmes, missing out on opportunities for real grassroots initiatives.

F. Narrow perception towards CSR initiatives

Companies' corporate social responsibility (CSR) efforts are typically viewed through a restricted lens by NGOs and government agencies, who tend to view such efforts as being more donor-driven than locally focused. This makes it difficult for them to decide in the short, medium, and long term if they should engage in such pursuits at all.

G. Absence of clear CSR policies

Companies' CSR efforts lack a precise compass due to the lack of legislated requirements or policy instructions. Companies' CSR efforts should be tailored to their specific size and character. The larger corporations have more extensive CSR initiatives.

H. Lack of consensus on implementing CSR issues

Local organisations are divided on which CSR initiatives to pursue. Because of this lack of agreement, it is not uncommon for corporations to repeat their efforts in the same fields. As a result, instead of working together to solve problems, local implementation agencies become increasingly competitive with one another. Because of this, businesses can only conduct impact assessments on their efforts intermittently.
2.6 CONCEPTUAL FRAMEWORK

As expectations from institutions rise, businesses must respond by launching CSR activities that go beyond simply increasing profits for shareholders (Waddock, 2008). The following are the responsibilities of corporations:

The conservation of the environment is a key component of corporate social responsibility. There is a carbon footprint associated with all businesses. So, any actions taken to lessen these impacts would benefit the business and the world at large. Donations to both national and local charities are another focus of corporate social responsibility. Charities and local community programs initiatives can greatly benefit from the financial support of businesses. Ethical labour is also practiced by companies when they treat their employees with respect and honesty. Participation in voluntary events is also the other focus of CSR. Companies may show their care and support for particular causes and groups by doing good acts for them without asking for anything in return.

![Figure 1. CRS main practices](image)

Source: The author (2023)

3 METHODS

Exploratory research is attempted in this work using secondary data collected from a variety of sources, including journals, magazines, articles as well as media reports and broadcasts. The study uses a descriptive research design since it best fits the needs of the study's aims. This research strategy was chosen to increase precision and depth of analysis in light of the stated objectives. The study made considerable use of secondary
data that was already publicly available. The researcher used secondary survey methods to get the necessary data. The tallied articles, books, and online resources were utilised for this study.

4 RESULT AND DISCUSSION

Nowadays, Corporate social responsibility has evolved from philanthropy to regulated practices and instrumentality, or strategic CSR. Compliance with regulations on environmental protection, transparency, and a crowded market have all increased the burden on corporations in the new millennium, making CSR a necessity for companies to thrive and improve their performance (Glan, 2006).

There has been a change from an emphasis on ethics to one on performance in conceptual reviews and empirical investigations of corporate social responsibility. The phrase "doing good to do well" captures the spirit of corporate social responsibility in the twenty-first century (Rosamaria & Robert, 2011).

The 2013 Companies Act changed CSR in India. Companies hitting specified financial levels must allocate a percentage of their revenues to CSR under Section 135 of the Act. Indian firms have increased CSR spending due to this law. Companies can focus their CSR activities on environmental sustainability, according to the Act. Businesses from all sectors are becoming actively involved in environmental protection measures. India's CSR emphasises inclusive and sustainable development. Many companies take a holistic approach beyond financial contributions. They pursue environmental conservation, renewable energy, waste management, and eco-friendly technology projects. Environmental programmes produce jobs, improve community livelihoods, and promote social fairness. Khoruzhy et al. (2023) stated that as a result of the development of the concept of sustainable development of inter-organizational cooperation initiated by the growth of competitiveness, the intercompany level realizes the positive potential of impact on the company's activities through the improvement of indicators of the level of the environmentally-oriented system of economic security and, consequently, the overall level of economic security.

Most importantly, corporations are becoming more environmentally concerned and implementing eco-friendly practices. Reduce energy use, optimise resource use, and integrate sustainable supply chain practices. Several Indian automakers have introduced electric and hybrid automobiles, reducing carbon emissions. The Indian public as a whole
believes that corporations should do more than just earn a profit and provide goods and services to consumers; they also have a responsibility to protect the environment, treat workers fairly, and minimise violations of human rights.

CSR support for renewable energy initiatives has grown in India. Companies have invested in solar and wind energy to reduce fossil fuel use and greenhouse gas emissions. CSR contributions in the energy industry have helped India reach its 2022 goal of 175 GW of renewable energy capacity. Waste management and recycling are also CSR priorities. Companies have waste management facilities, recycling programmes, and single-use plastic reduction programmes. These activities address trash disposal, create a circular economy, and prevent non-recyclable material pollution.

Indian CSR activities have reforested damaged land, promoted afforestation, and protected vital ecosystems. These efforts have sequestered carbon and conserved biodiversity. Companies have worked with local people to restore mangrove forests along India's coasts, protecting marine life and preventing natural disasters. According to research by Krishnan and Balachandran (2008), companies with strong CSR principles are more likely to recruit and retain top personnel, maintain a positive brand image, and boost staff morale.

CSR has helped Indians become environmentally aware. Companies often engage with educational institutions, NGOs, and government agencies to conduct awareness campaigns, workshops, and training programs on environmental issues. Communities learn how to actively conserve the environment through these activities.

Globally, CSR has become a way for companies to improve society beyond their primary commercial activity. CSR legislation in 2014 forced large Indian firms to allocate a part of their income to CSR. CSR has had a major impact on environmental conservation. Sustainability goes beyond CSR and includes more. CSR, sustainability, and environmental preservation in India are interconnected, starting with India's environmental issues and CSR's involvement in solving them. European and Indian businesses might benefit from connecting through the EU-India Network for Corporate Social Responsibility (Mahapatra & Visalaksh, 2009), which serves as a venue for sharing knowledge and insights on corporate responsibility. Given the magnitude of the situation, India has made great progress towards integrating environmental sustainability into its growth plan.
5 CONCLUSION

Indian corporate social responsibility is dynamic and growing due to regulatory obligations and environmental difficulties. Corporate Social Responsibility (CSR) has grown in popularity as companies worldwide realize the necessity of helping society and the environment. Corporate Social Responsibility (CSR) has grown from philanthropy to a strategic component. Section 135 of the corporations Act of 2013 in India required some corporations to allocate revenues to CSR. These activities cover education, healthcare, and, most importantly, environmental conservation. CSR has become a major way for Indian firms to promote environmental conservation. CSR efforts need more standardisation, accountability, and long-term vision to reach their full potential. Indian corporations may become better environmental advocates and help the country grow by tackling these issues. The corporate social responsibility initiatives in India have a significant and positive impact on enhancing environmental sustainability across various dimensions, including energy efficiency, waste management, and compliance with environmental regulations.

This study provides valuable insights for policymakers, businesses, and stakeholders interested in promoting sustainable development practices in the Indian corporate sector. Therefore, the government should improve CSR regulation to guarantee corporations comply and distribute cash efficiently to address environmental issues. It should also encourage incentives for enterprises to invest in sustainable technology and practices promote environmental protection innovation. Besides, the policy makers should encourage Research and Development to support sustainable environmental solutions in India. Furthermore, the government should be given to raise awareness of sustainability and ecologically responsible consumerism to encourage consumers to support green enterprises. The government should encourage commercial and civil society engagement on large-scale environmental concerns.
REFERENCES


