

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

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ABSTRACT

Corporate Social Responsibility (CSR) is the self-regulation adopted by business organisations compatible with the law, ethical principles and international practices. CSR is fundamentally an ethical concept intended to serve society in general and secure the financial interests of shareholders and stakeholders in particular. The core of CSR is “बहुमुख विकासो गंतव्यः” (Multi-dimensional Development) and “society at large should be served.” Adopting a robust and coherent CSR strategy is integral to sustainability and sustainable development. In the changing global business landscape, integrating CSR and sustainability is a prerequisite towards creating a sustainable and socially responsible business. For enabling businesses to satisfy, social expectations in today’s business landscape. The interconnection between CSR and sustainability is essential, focal and crucial. In a fast-changing business environment, sustainability and stability are as much needed as reform, perform and transform. Sustainability brings out stability in the requirements of the environment and aims at conserving the resources provided by nature. CSR strategies contribute to sustainability and assist business organisations to achieve social, economic and environmental performance. In the above context, the present study makes a modest attempt to conceptualise CSR, sustainability, and sustainable development as well as interpret and analyse the connection and interdependence between CSR and sustainability. This study finds that CSR practices can more meaningfully contribute towards the accomplishment of sustainability and Sustainable Development Goals (SDGs) if business organisations adopt a long-term comprehensive approach to yield productive results. The scholar finds that CSR needs to align with an organisation’s objectives and values to operate socially and sustainably.

KEYWORDS: CSR, Sustainability, Sustainable Development, Business Organisation, Society.

Introduction

CSR Strategies are concerned with organisational policies that open the door to sustainability and help business organisations achieve social, economic and environmental performance. It is the ethical behaviour of the companies for the improvement and advancement of society at large. It is a powerful driver and catalyst of sustainability. By prioritizing ethical principles, CSR can contribute to a sustainable future in an era where the business landscape is becoming more socially and environmentally accountable, CSR strategies need to be used alongside a more holistic and long-term sustainable strategy. Sustainability aims at leaving systems capable of continued existence. CSR and sustainability need to be aligned to meet social challenges. As CSR entails social facets of sustainability, it can create a socially sustainable organisation. For creating sustainable and socially responsible businesses, the combination of CSR and sustainability is of utmost importance. CSR is certainly essential to bringing about changes and accomplishing sustainability and sustainable development. Purvis, Ben, et. al. (2019) describes sustainability’s dimensions as environmental, economic and social. CSR activities are connected to achieving society’s expectations in an ethical and responsive way.¹ Keeping in view the interconnectedness of CSR and sustainability, the present scholar intends to focus on how CSR

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practices and sustainability are connected and complementary to each other. Further, it aims to interpret that CSR is not a peripheral activity, but rather CSR and sustainability are discretionary and critical components for corporate image.

Literature Review

The literature on CSR, sustainability and sustainable development is broad and extensive and many scholars and academicians have devoted their studies to discussing, analysing and interpreting the concepts. Bowen (1953)², suggests that businesses should consider the social implications of their decisions and that businesses are accountable to social expectations. While Davis and Blomstrom (1966)³ emphasise on the impact of CSR on the social system, Fitch (1976)⁴ defines CSR in terms of solving social problems. Again, Carroll (1980) put forward his CSR model which aims at implementing CSR practices and activities and Fifka (2009) presents a business-oriented definition of CSR. Further, Lee (2002), Morrison and Mujtaba (2010), Low and Ang (2013), Choi and Yu (2014), Diptayan Bhattacharya (2019), Singh, et. al., (2021) have expressed their views on different aspects of CSR. Besides, there is no dearth of study materials on the topics under consideration. The Brundtland Report⁵ defines sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” Heckerts (1999), Dyllick and Hockerts (2002), Ethrenfeld (2005), Porter and Kramer (2006), Caster and Rogers (2008), and Pfeffer (2010) have devoted their studies to the concept of sustainability. While Patil, et. al., (2017)⁶ have investigated the effect of CSR on socio-economic development, Kahraman Akdogu (2017)⁷ has explored the connections between CSR and sustainability in the global economy. Again, Mitra and Chatterjee (2020) have elaborated on Indian companies' contribution to the SDGs. The present study differs from the above-mentioned studies in the sense that it seeks to integrate CSR and sustainability and intends to assert that some areas concerning CSR, sustainability and sustainable development require clear pathways for more in-depth studies.

Objectives of the Study

The present study has the following objectives:

- To conceptualise CSR, sustainability, and sustainable development.
- To examine the role of CSR as an imperative to sustainability.
- To suggest measures to accelerate ethical CSR practices to achieve social, economic and environmental performances.
- To encourage future academic research on a developing and fast-going concept of CSR and sustainability.

Research Problems

Research problems as identified in the present study are mentioned below: -

- Lack of unified, consistent and universal consensus and understanding of the terms CSR, sustainability and sustainable development.
- Diverse outlook and efforts of various participants regarding the contribution and accomplishment of SDGs.
- CSR spending is seen as an enforced burden on the part of business organisations.
- Frequent violations of ethical principles, values and regulations by the businesses.

Methodology

The present study is normative, not empirical; qualitative, not quantitative. Hence, the research methodology adopted herein is that of description, interpretation, analysis, and prediction. Original works on CSR, sustainability and sustainable development have been consulted. Besides, articles published in different journals have also been taken into account as secondary sources. The information collection system is online.

Conceptualising CSR

CSR is mainly concerned with achieving sustainability. Its main objective is to fulfil the changing expectations of society ethically and responsibly. CSR is a self-regulating business practice that helps an organisation to be socially accountable to itself, its stakeholders and the public.⁸ It entails service to society in a responsible, fair, transparent and ethical way. It is a centre-piece of an organisation's strategy and positive relationships can be expected from CSR. As business organisations depend on society for their

existence and sustenance, CSR strategy includes humanitarian, social welfare and environmental concerns. The core of CSR strategy is “doing good is good for business.” It includes helping control costs, improving a business’s brand, attracting top-quality talent and facilitating financial success. It aims at building the image of a business enterprise making the best use of resources; creating and increasing public relations, and protecting the nation’s ecology; and, above all, contributing to the nation’s sustainable development. Centrality, specificity, proactivity, voluntarism and visibility are the features of CSR.⁹

CSR has been defined by different scholars in different ways. The essence of CSR is that it reflects social imperatives and consequences of business success. Bowen, (1953), well-known as the “father of CSR” refers to CSR as the obligation of businesses to pursue those policies to make those decisions or to follow those lines of action which are desirable in terms of the objectives and roles of our society.¹⁰ Up to the 1970s, the focus of CSR was mainly on the company’s obligation to work for the betterment of society. Later, the focus shifted to social responsiveness- the capacity of business organisations to respond to social pressures and expectations. Carroll (1979), stated that social responsibility encompasses economic, legal, ethical and discretionary expectations of society.¹¹

In the 1990s, a wide range of scholars such as Wood (1991), Carroll (1991), Burke and Logsdon (1996), Froome (1997), Reed (1999) and many others explored varying degrees of responsibility to society through CSR practices. Further, Hopkins (2003), Derald (2007), Matten and Moor (2008), Field (2009), Onichukwe (2015), Basir (2022) etc. devoted their studies to the concept of CSR. Various CSR models and theories such as Carroll’s 1.0 model, Visser’s 2.0 model, and Busra Malasia’s employee framework have been taken into account considering the fact that CSR is an evolving and fast-growing concept and CSR awareness among consumers and stakeholders is on the rise. The ISO 26000 norm links CSR with sustainability. CSR entails, “the responsibility of an organisation for the impacts of its activities on society and environment through transparent and ethical behaviour....” The pivotal point of CSR is “do-goodism” and it contributes to a more responsible and equitable corporate landscape. In sum, CSR strategies play a pivotal role in a business organisation’s socially viable practices and addressing environmental, social and environmental concerns. The concept of CSR rests on the fact that organisations should consider not only their profitability and growth, but also the interests and well-being of society as a whole. CSR focuses on what is done with profits made and whether they are utilised for the greater good of society in an ethical way.¹² In an era of contest and conflict, co-operating and creating CSR practices can help address the expectations of the community by combining the notion of sustainability and the generation of shared value in the contemporary age of digital transformation. For developing effective CSR policies, business organisations should ensure the five steps as shown in the Figure 1 given below: -



Fig. 1: Effective CSR Policy Steps

Conceptualising Sustainability

The word 'sustainability' has been derived from the Latin word- 'sustinere' sus (up), and tenere to hold). In other words, "to sustain" means to maintain, support, uphold or endure. The Oxford Dictionary defines sustainability as the property of being environmentally sustainable; the degree to which a process or enterprise is able to be maintained the degree or continued while avoiding the long-term depletion of resources of nature.¹³ Sustainability has its roots in sustainable forest management, which was developed by Carlowitz (1645-1714). He used the term with regard to the long-term responsible use of natural resources. The linkage between sustainability and development and the shift from the conservation of forests to the conservation of environmental resources may be traced back to Ernst Basler's (1972) work, "Strategy to Progress".¹⁴ He explained the ways and means to sustain the world for future generations. The term sustainability refers to exploring the availability of conducive conditions to meet the requirements of society at large. It means meeting our own needs without compromising the ability of future generations to meet their needs. It is not just about environmentalism, equity, and development. White Ehrenfeld (2005), states that sustainability makes it possible to develop all the manifestations of life. Rogers (2008) holds that the achievement of a nation's goals is the essence of sustainability. Again, Paulraj (2011) relates sustainability to the intersection of economic, environmental and social superiority.¹⁵ Sustainability has been followed by many cultures of history with an objective to maintain a balance according to the changing landscape. It refers to a long-term goal which can guide decisions at the individual, national and global levels. Tips for driving sustainability have been depicted in the Figure 2 given below:

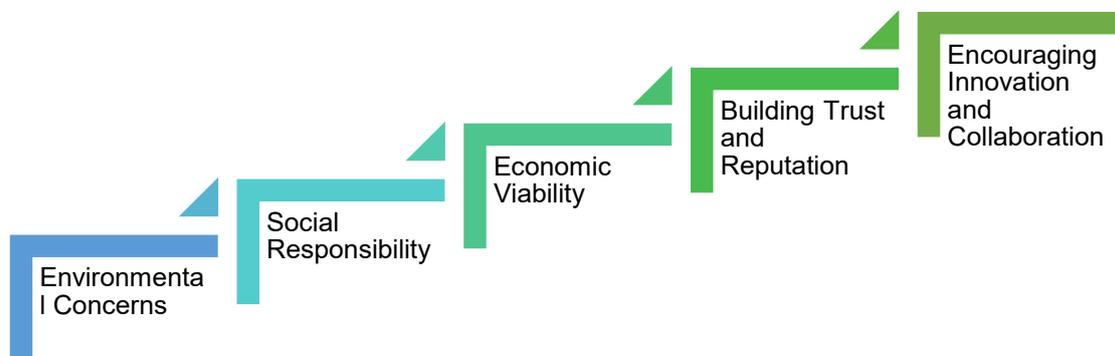


Fig. 2: Tips for Driving Sustainability

Sustainability and Sustainable Development

The terms sustainability and sustainable development are interconnected and often used to mean the same thing. Sustainability has been the biggest issue and remained at the forefront of development policy. But when we compare both terms, it can be deduced that while sustainability refers to long-term goals, sustainable development refers to processes and pathways to achieve the goals. Further, sustainability is a general and broader concept; sustainable development focuses mainly on human well-being; sustainability aims to leave a system capable of continued existence, sustainable development is a historical process that refers to the unfolding of human history; sustainability has three dimensions social, economic, environmental; sustainable development concerns a holistic, system-based approach to ensure sustainability. UNESCO has interpreted these two concepts thus: "Sustainability is often thought of as a long-term goal while sustainable development refers to the processes and pathways to achieve it." In 1992, the Earth Summit Outlined the building of a just, sustainable and peaceful global society in the 21st century. The Agenda 21 emphasises public participation in decision-making for achieving sustainable development. In September, 2015, the UN adopted- "Transforming the World: The

2030 Agenda for Sustainable Development” including 17 SDGs and underscored how the agenda could be achieved at the global level. Examples of sustainable development include- green space, solar energy, sustainable finance etc.

CSR: An Ethical Imperative to Sustainability

CSR is a commitment of business organisations that contribute to social sustainability. It needs to align with an organisation's purpose and values. CSR practices serve as an imperative to sustainability in the following ways:

- To begin with, for creating sustainable and socially responsible business enterprises, the combination of CSR initiatives and sustainable development is integral and pivotal. To meet the expectations of society with resources available can be termed as sustainable development. CSR strategies contribute to sustainability by assisting businesses to achieve environmental, social and economic performance. CSR accountability puts a greater task on business organisations to set out a clear CSR framework as per the changing expectations of society. It is an ethical behaviour of businesses for the upliftment and welfare of society as well as a valuable means to bring about changes and accomplish sustainability to a considerable extent.
- Second, sustainability relates to business organisations operating in a socially acceptable and environmentally friendly way. Environmentally sustainable business organisations preserve natural resources, minimise waste and reduce emissions through their CSR initiatives. By integrating sustainable practices into business operations and strategies, organisations can address environmental sustainability issues, promote environmental awareness and support initiatives for ecological preservation. Companies such as Walmart, Johnson & Johnson, Ford, Disney, Walgreen, Samsung and many others pursue various environmental sustainability activities owing to their CSR obligations.
- Third, the combination of CSR and sustainability also encompasses responsibility and makes a positive impact on society. CSR initiatives keep an eye on employee welfare, the interests of stakeholders and the requirements of society. By prioritising CSR policies, business organisations can build a strong relationship with their stakeholders and enhance their brand reputation. Businesses should set measurable sustainability goals that align with their business objectives by adopting CSR norms. Companies can contribute to the well-being of society through CSR strategies if they consider the impact of their actions on the communities they operate in. By incorporating CSR practices ethically, business organisations can not only drive sustainability but also generate long-term value for their key players and the people. In fine, effective CSR strategy can bring tremendous advantages to a business organisation in a socially responsible and sustainable way.
- Fourth, the linkage of CSR practices with sustainability does not mean sacrificing profitability. In fact, both CSR and sustainability help organisations operate in a way that assists them to be ethically profitable. CSR creates value via a good brand image and gives businesses a competitive edge. Sustainable profits and social responsibility can go hand in hand. By adopting ethical CSR practices, an organisation can strengthen the quality and confidence in products and services, as well as ensure certain levels of trust between consumers and management, enhance trusted collaboration and spur new investments. As a result, the organisation gets the benefit of business revenue. Thus, integrating CSR with sustainable practises is consistent with profit-seeking and CSR is an important component of sustainability by mandating it through statutory obligations.
- Fifth, CSR practises are a form of organisational strategy that contributes to sustainability and sustainable development, and assists businesses in achieving triple bottom-line performance—environmental, social and economic. Potter and Reinhardt (2007), hold the view that business organisations should reap the benefits of the combination of CSR and sustainability. The essence of sustainability is to bear the responsibility of acting and achieving the goals of evolving society.¹⁶ CSR contributes to sustainability by achieving a balance between social integrity, economic prosperity and environmental responsibilities in an ethical way. Implementing CSR initiatives presents vast opportunities for business organisations to innovate, enhance brand image, engage employees and contribute positively to society and the environment. CSR and sustainability are catalysts to create a just and equitable society.

- Sixth, long-term organisational success is deeply linked to sustainable and responsible CSR practices. CSR and sustainability have become integral to business ethics. CSR strategy can drive sustainability by integrating social and environmental concerns, creating shared value, engaging stakeholders, promoting supply chain sustainability and fostering collaboration. CSR leaders can create a positive impact by inspiring change, promoting responsible behaviour and fostering a culture of sustainability. Unilever's Sustainable Living Plan, Apple's Supplier Responsibility Program, IKEA's Invest in Wind and Solar Power, Dell's CSR Performance etc. showcase some inspiring examples of CSR as an engine of sustainability. In sum, a robust, coherent and ethical CSR strategy is pivotal for driving sustainability.
- Seventh, to advance the agenda of CSR and sustainability, business organisations need leaders equipped with a set of values, qualities and attitudes that distinguish them from the rest of the team. A new style of leadership is required for the accomplishment of the objectives of CSR and sustainability. In a contemporary volatile and complex global business landscape, there is an urgent need to produce leaders who shall find sustainable solutions to problems encountered by business organisations, navigate the immense opportunities created by AI, embrace value and respond skilfully to the expectations of society. Challenges of sustainability can only be overcome by a CSR leader's skills, competency, productivity and value-added measures. To quote Yuki (1998), "A leader can be considered effective if that leader succeeds in making an organisation to adjust to a changing environment through incessant revival."¹⁷
- Lastly, the evolving business environment has blurred the lines between CSR and environmental, social and governance (ESG). Modern MNCs and business organisations are focussing on sustainable practices and contributing actively towards environmental concerns. Technological developments have made it possible for companies to get feedback, review and assess the implications of their CSR initiatives. Sustainability demands persistence and business organisations should integrate CSR with business strategy. Businesses can subscribe and assist in the fabrication of a sustainable and inclusive society and create shared value for business and society.

Evaluation and Findings

CSR practices contribute to sustainability to a great extent and look to develop a future strategy. However, there are some limitations and challenges associated with CSR and sustainability. Critics argue that the lack of a systematic compliance chart makes it difficult to assess the implications of intertwining CSR and sustainability. CSR practices are complex posing a challenge in assessing their effectiveness. Further, many business organisations see CSR spending as an enforced burden, not in the larger interest of society and focus more on compliance than the impact. Moreover, it has been argued that sustainability is a vague term and has a reputation as a buzzword; that it is not possible to sustain everything, everywhere and forever; and that there are intrinsic and extrinsic sustainability barriers making it difficult to implement sustainability goals. Furthermore, the practice of deceptive marketing, greenwashing, can result in confusion and mistrust. Besides, some scholars call sustainability "a utopian ideal", impossible to pursue due to complex radical and dynamic issues. Despite the above limitations, sustainability is still a necessary and useful concept. The key findings reveal that the connection between sustainability and CSR activities can address the latest social expectations. On the basis of the above discussion, the following findings are worth mentioning:

- By incorporating the latest social expectations into the CSR framework, business organisations can contribute to a more sustainable world, as well as reap the benefits of long-term success.
- Environmental impact, such as reducing waste, conserving energy, utilising renewal sources can be minimised by integrating CSR and sustainability.
- Business organisations can come up with and prioritise transparency, fair practises, collaboration and consumer satisfaction in their CSR policies. Effective CSR initiatives will not only benefit people and the planet, but also help companies build trust, brand reputation and create long-term value.
- Mandatory contribution to the CSR spending should be embraced as an opportunity in the longer interest of society.
- Since long-term business success is closely linked to sustainable and responsible corporate practices, businesses should make CSR a core component of business strategy.

Conclusion

CSR and sustainability are becoming pivotal to the business ethos in the evolving business landscape. CSR needs to align with a company's purpose and value to operate in a socially and sustainable way. Both, CSR and sustainability are intertwined concepts that guide businesses towards responsible decision-making and actions to enable businesses to yield desirable and positive results for present and future generations. Emerging trends such as Development Impact Bonds (DIBs) and Pay-for-Performance to enhance transparency and accountability in CSR projects are milestones for amplifying the impact of CSR practices. Corporate Sustainability Due Diligence Directives adopted in May 2024 by the EU, aims at "achieving a just transition to sustainability."¹⁸ We are One Earth, One Family and we share One Future. For strong, sustainable, balanced and inclusive growth, the combination of CSR and sustainability can be the harbingers of socially accountable businesses and sustainability. It is imperative to perform actively and unitedly towards a greener, greater, more sustainable future to preserve people and our beautiful planet.

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