

Corporate Social Responsibility in India Compared to Global Practices: A Comparative Study

SRINIVASA RAO VEMPALI¹, Prof A NARASIMHA RAO²,
Prof B MOHAN VENKATA RAM³

¹Research Scholar, Department of Commerce & Management Studies, Andhra University
E-mail: shrini.vempali@gmail.com
ORCID: 0009-0001-9670-3397

² Professor, Department of Commerce & Management Studies, Andhra University
E-mail: addada@rediffmail.com

³ Honorary Professor, Department of Commerce & Management Studies, Andhra University
E-mail: bmohanvram@gmail.com

Abstract

This study compares Corporate Social Responsibility (CSR) practices in India with global models, focusing on how different contexts influence CSR goals, design, and implementation. Unlike voluntary CSR adoption in developed economies, India mandates CSR spending for certain firms under the Companies Act, 2013. Using a mixed-method approach, the research analyzes qualitative and quantitative data from public and private sector organizations in Visakhapatnam, Andhra Pradesh, including stakeholder interviews, employee surveys, and CSR report reviews. Findings show Indian CSR is shaped by philanthropy and regulation, while global models prioritize stakeholder capitalism, ESG integration, and SDG alignment. Public sector CSR in India tends to align with government welfare programs, whereas private firms are shifting toward strategic, innovation-driven initiatives. The study notes growing convergence with global practices, especially in ESG adoption and tech-based impact assessment, but highlights gaps in measurement, strategy, and stakeholder engagement. It concludes that India's CSR framework can achieve greater impact by merging traditional values, regulatory mandates, and strategic innovation, moving from compliance-driven to purpose-driven approaches.

Keywords: CSR, India, global CSR, strategy, compliance, regulation, SDGs, ESG, public-private differences

1 Introduction

CSR has emerged as composite ethical, social, environmental and governance factor in business decisions though it's roots are from philanthropy (Mosca & Civera, 2017). It is usually voluntary in nature reflecting brand reputation, stakeholder involvement and risk management in developed countries (Min Foo, 2007). With the growing importance of Environmental, Social, and Governance (ESG), CSR has further been formalized making organisations to report non-financial performance and align with UN Sustainable Development Goals (SDGs) (Palma, 2025).

Transparency, accountability and stakeholder involvement remain as basic themes though organisations follow different approaches in different regions. Alongside pursuing profits, businesses are encouraged to address social issues by Creating Shared Value (CSV) model (Menghwar & Daood, 2021). However, even in well regulatory systems, multinational companies (MNCs) face pressure to maintain high CSR standards globally (Gugler & Shi, 2009). CSR has moved from optional to essential aspect making businesses to make it their core element of their corporate strategy and in efforts to attain global SDGs. CSR in the western world was merely voluntary in nature. India's diverse culture, integrated economy and corporate regulations have influenced the evolution of CSR in India. The Indian traditions of charity and social duty have exemplified the early industrialists like Tata and Birla. They have funded education and healthcare out of moral obligation (Panda, 2018). Global corporate governance standards were introduced by the 1990's liberation movement. However, India became the first country to mandate CSR spending through Landmark Companies Act, 2013. It required the eligible companies to allocate 2% of profits for social cause (Bhaduri & Selarka, 2016).

CSR in India, thus transformed from voluntary to mandatory. This pushed companies to participate in education, health and rural development. As public sector firms are mostly aligned CSR with government welfare schemes, private firms adopt more strategic, innovation driven approaches (Srinual, 2025). Furthermore, the Indian companies have already integrated global architectures like SDGs and ESG metrics, ensuring measurable impact (Garg & Vidyapith, 2025). The COVID-19 crisis further accelerated CSR's role in healthcare and digital inclusion (Gagliardi & Tomaselli, 2025). Today, Indian CSR blends traditional philanthropy, regulatory compliance, and modern strategic responsibility (Dutt, 2024).

2 Importance of comparing Indian CSR with global models

Comparing Indian CSR with global models highlights key differences and opportunities for improvement. India follows a regulation-driven approach for CSR practices (Mandal, 2022) as against voluntary global practice related to innovation and brand value (Steenkamp, 2014). The contrast relates corporate behaviour, social impact and sustainability to the regulations. The Indian companies not only compliances with global standards in ESG alignment, transparency and stakeholder engagement but also go beyond including the aspects like Creating Shared Value (CSV) exploring inclusive growth and innovation. The effectiveness of CSR increases with Cross-border collaboration and alignment with SDGs (Iguchi et al., 2025).

2.1 Purpose of the Study

Exploring and analysing critically the role of CSR in achieving sustained competitive advantage in Indian companies with those across the globe is the main purpose of this study. The implementation of CSR, motivation and outcomes have become the important tools to understand how businesses are perceiving CSR. This study aims to explore how CSR is conceptualized and practiced in India, particularly in the post-legislation era following the Companies Act, 2013. Further the study also investigates whether these practices align with global models or diverge. The research attempts to understand stakeholder engagement, organizational behaviour and strategies of integration CSR into core business model. To evaluate the relation between CSR and its impact on company and society, the study examines both public and private sectors. This study also provides the necessary recommendations to various companies in understanding the relevance of CSR in diverse cultural and organisational settings.

3 CSR in Global Context

CSR has become an important aspect in relating organisation to the wider world in shaping business strategies not just for profit-making but in contributing to the society. Companies are expected to provide commitments to ethical standards, social well-being and environmental preservation, as their financial aspects have now become cross-national (Freeman & Hasnaoui, 2011). In the interconnected world, societies are expecting companies to act as the providers of positive change.

3.1 Explicit vs. Implicit CSR

CSR can be seen in two distinct paths that the companies choose in addressing social issues, namely, explicit and implicit. If the CSR of a company are taken voluntarily by designing and communicating policies and programs actively, then it is explicit in nature. The practices are aimed to create social impact with the objectives or values are unique, clearly visible and well-promoted. In contrast, implicit CSR develops within the cultural and regulatory landscape of a society. Companies engage with social responsibilities not out of corporate self-direction, but because these norms, rules, or expectations are woven into the everyday fabric of business and societal interaction. In essence, explicit CSR stands out through its visible, strategic choices made by organizations, while implicit CSR naturally shapes business conduct through collective standards and ingrained societal norms. Table 1 shows the comparison between explicit and implicit CSR models.

Table 1 Comparison between explicit and implicit CSR models

Aspect	Explicit CSR (U.S. model)	Implicit CSR (European model)
Definition	Voluntary corporate policies, programs, and strategies addressing social and environmental concerns	Values, norms, and rules embedded in the institutional framework (laws, collective agreements, social norms)
Driver	Market forces, corporate initiative, stakeholder pressure	Institutional framework, government regulations, societal expectations
Nature	Voluntary, philanthropic, company-led	Mandatory, collective, society-led
Focus	Corporate self-regulation, branding, competitive advantage	Welfare state model, social cohesion, broad societal welfare
Examples	U.S. firms creating CSR programs for education, health, environment to enhance reputation and competitiveness	European companies complying with strong labor laws, social security systems, environmental regulations, and social partnership traditions
Visibility	Highly publicized CSR reports and initiatives (often used for differentiation/PR)	Less visible, CSR is integrated into legal compliance and institutional obligations
Primary Motivation	Strategic choice to improve image, attract customers/investors, and gain competitive edge	Social contract, shared responsibility, legitimacy through compliance with institutional norms

Explicit CSR is more communicative and strategic while implicit CSR is more normative and institutionalised. However, both aim to address societal needs.

3.2 Strategic CSR and Creating Shared Value (CSV)

Both CSR and CSV explain the way businesses get involved with the society. CSR and CSV both respond to the idea that businesses should generate a positive impact, yet they approach this goal in distinctive ways. Generally, through philanthropy, community outreach outside core business activities and sustainability projects, CSR forces organisations to take steps to support social, ethical and environmental initiatives. On the other hand, CSV relates profit and social good by infusing value creation for society within a company's main business model. It aims at strategies that benefit both the company and its stakeholders in tangible, measurable ways. It intertwines those causes with competitive edge, so the success of the enterprises become linked to broader societal progress while supporting the social cause.

3.3 ESG Reporting and SDG Alignment

The alignment of Environmental, social and governance (ESG) reporting and Sustainable Development Goal (SDG) is becoming a necessary tool for organisations to check their commitment towards responsible and sustainable growth. The following Table 2 illustrates ESG reporting with SDG alignment.

Table 2: ESG Reporting with SDG Alignment

Aspect	ESG Reporting	SDG Alignment
Definition	Framework for evaluating a company's non-financial performance in Environmental, Social, and Governance areas	Global goals (17 SDGs) set by the UN to achieve sustainable development by 2030
Origin	Driven by investors, financial markets, and regulators	Established by the United Nations in 2015
Primary Purpose	To assess corporate risks, opportunities, and sustainability performance for investors and stakeholders	To guide governments, businesses, and societies in achieving inclusive and sustainable growth
Scope	Focused on measurable, company-specific performance indicators (e.g., carbon footprint, labor practices, governance)	Broader development agenda covering poverty, health, education, environment, equality, and partnerships
Stakeholders	Primarily investors, regulators, rating agencies, and corporate governance bodies	Governments, NGOs, communities, businesses, and global institutions
Nature of	Company-level disclosure through	Voluntary contribution mapping by

Reporting	sustainability or annual reports (often audited or standardized)	companies to demonstrate how CSR/ESG initiatives support SDGs
Metrics	Quantitative KPIs (e.g., GHG emissions, board diversity, supply chain ethics)	Qualitative and quantitative mapping to 17 SDGs and 169 targets
Examples	A firm reporting on renewable energy usage, employee diversity, or anti-corruption policies	A company linking its CSR projects to SDG 3 (Good Health), SDG 4 (Quality Education), or SDG 13 (Climate Action)

The metrics and reporting architectures from ESG quantify Sustainability performances. On the other hand, SDGs provide the set goals of the organisation which inspire and contextualize within its global development vision (Ayyoob & Sajeev, 2024).

3.4 Compliance-Driven vs. Strategic Models

If CSR is adhered only to fulfilling legal and regulatory mandates then it is Compliance-Driven CSR. It often drives companies to adopt a reactive mind to avoid penalties or reputational damage. It not only limits CSR to mandatory spending but also philanthropy. On the other hand, if the company’s core objectives are integrated with the social and environmental activities then it is a strategic CSR which creates a shared value for both the society and the organisation. A long-term impact, innovation and competitive advantages are obtained as responsibility is imbibed in day-to-day activities and decision making. These firms address external pressure and use social challenges for growth and differentiation. Thus, CSR is transformed from cost centre to a source of sustainable value.

3.5 Sectoral Practices: PSUs vs. Private Companies

CSR activities in India display prominent differences between Public Sector Undertakings (PSUs) and private companies. The difference is due to their respective frameworks and mandates. CSR in PSUs as part of their social responsibility, are mostly based on the policies of the government far before legal mandates were introduced. They are closely monitored by the public along with government bodies as they require high accountability and transparency. The responsibility lies with the CSR committees in these organisations. However, are often a mixture of strategic business goals and regulatory compliances. Private organisations

have a strategic choice of CSR areas while PSUs need to address pressing social needs within their operational regions. The following Table 3 compares the CSR in public and Private companies.

Table 3: Comparison of CSR in Public and Private organisations

Aspect	Public Sector Undertakings (PSUs)	Private Companies
CSR Orientation	Compliance-driven, guided by government policies and mandates	Strategy-driven, often aligned with brand image, competitiveness, and stakeholder expectations
Focus Areas	Rural development, health care, education, sanitation, skill development, environment protection	Education, environment, innovation-driven projects, community development, employee welfare, philanthropy
Approach	Standardized and broad-based, aiming at socio-economic development across regions	Tailored and innovative, often focusing on niche areas that align with business goals
Decision-Making	Bureaucratic, hierarchical approvals, alignment with government schemes	Board-driven, flexible, often influenced by CSR committees and corporate strategy
Implementation	Large-scale projects, often in collaboration with government agencies or NGOs	Partnership-based with NGOs, foundations, startups, and social enterprises
Accountability	High emphasis on compliance reporting to the Ministry of Corporate Affairs and CAG audits	Reporting through sustainability/annual reports, ESG disclosures, and global frameworks (e.g., GRI, SDGs)
Examples	ONGC's investments in rural infrastructure, NTPC's education and healthcare programs	Infosys Foundation (education & healthcare), Tata Group (community development, sustainability), Reliance Foundation (health & environment)

The CSR activities in PSUs are guided by government policies focusing on broader social welfare goals such as education, healthcare, rural development, sanitation and environmental protection. These efforts are implemented on a larger scale, standardized may involve collaboration with NGOs or other departments. The approach is merely compliance driven. Private firms, on the other hand, follow strategy-driven approach. The activities are designed to support brand image, stakeholder expectations and competitiveness upholding innovation,

employee welfare and community development. They are more flexible involving NGOs, start-ups and social enterprises. Accountability in private firms relied on sustainability reports and global frameworks while PSUs follow strict compliance reporting to the government bodies.

4 Current trends in India: SDG alignment

India has entered the top 100 countries in the 2025 SDG Index with notable progress in aligning the welfare programmes with global SDGs (PTI, 2025). The progress was through poverty reduction, healthcare access, clean energy and sanitation. The achievement was through the combined effort of government initiatives and increased corporate involvement. Some areas, like climate action, water resource management, environmental sustainability, still need more attention with intensified policy making and implementation. However, India march towards achieving the 2030 agenda heavily rely on the increased efforts in these critical areas.

5 Comparative Insights: India vs. Global CSR

In order to understand how different regulatory environments, influence corporate involvement in sustainable development, there is a need to compare India's mandatory CSR with that of the global voluntary initiatives.

5.1 Regulation: Mandatory vs. Voluntary

The legal obligation of CSR in India directed by the Companies Act, 2013 makes eligible private firms to follow structured and accountable social contributions. On contrary, most countries in the world follow voluntary approach based on ethical aspects, market expectations or brand reputation without statutory compulsion. It allows flexibility towards social responsibility but sometimes leading to less systematic engagement or inconsistencies.

5.2 Motivation: Compliance vs. Strategy

Firms that follow compliance-driven CSR focuses on fulfilling legal and regulatory requirements just to avoid penalties and avoid social obligations. This approach will only result in meeting limited, short-term and nominal commitments of the companies. While other

companies follow strategy driven CSR that integrates social responsibility into its business goals as they engage in fulfilling long term objectives and institute core values.

5.3 Strategic Integration and Value Creation

Beyond being philanthropic, CSR strategically integrates social and environmental aspects directly into company’s core business objectives and values. It helps firms to create a shared value for society along with stakeholders aligning sustainable development with business growth. It also ensures the companies to do well financially while doing good to environment and society, strengthening risk management and uplifting investor confidence. The following Table 4 compares CSR in Indian companies with global organisations.

Table 4: Comparison of CSR in Indian Companies with Global Organizations

Aspect	India	Global (U.S., Europe, Others)
Legal Framework	Mandatory CSR under Companies Act, 2013 (2% of average net profits of the last 3 years for eligible companies)	Mostly voluntary; CSR is guided by market forces, ESG frameworks, and stakeholder expectations
Approach	Compliance-driven with emphasis on community development, rural upliftment, health, education	Strategic CSR integrated into core business models, sustainability, climate action, and human rights
Focus Areas	Education, health care, sanitation, skill development, environment, rural development	Climate change, renewable energy, diversity & inclusion, human rights, global supply chain responsibility
Stakeholder Expectations	Driven by local communities, government mandates, and NGOs	Driven by investors, regulators, consumers, and international frameworks
Reporting	Annual CSR reports to Ministry of Corporate Affairs (MCA), CSR-1 filings, mandatory disclosures	ESG reporting standards like GRI, SASB, TCFD, and alignment with UN SDGs
Nature of CSR	Philanthropy + compliance, often project-based and region-specific	Sustainability-oriented, innovation-driven, often embedded into long-term corporate strategy
Corporate Motivation	Legal compliance, social legitimacy, brand trust in domestic markets	Global competitiveness, investor confidence, risk management, reputation in global supply chains

Examples	Reliance Foundation (health & rural), Tata Trusts (education), ONGC (infrastructure)	Microsoft (carbon neutrality), Unilever (sustainable living), IKEA (circular economy initiatives)
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6 Challenges and Opportunities in India

India’s journey in CSR presents both significant challenges and promising opportunities, shaped by regulatory mandates and evolving societal expectations.

6.1 Capacity, Fund Allocation, Partner Ecosystem

The skills and knowledge of CSR personnel and involvement of supporting agencies are crucial for capacity building. The implementing agencies like the Indian Institute of Corporate Affairs help organisations to design, execute and monitor welfare initiatives. The Companies Act also mandates eligible companies to allocate a minimum percentage of fund from their profits. However, the effectiveness of such initiatives depends in strategic disbursement of allocated funds on education, healthcare and such high-impact sectors. Involving NGOs, government agencies, local community groups will further ensure the success of the projects through local insight, expanding reach and fostering sustainable development goals.

6.2 Limited Impact Measurement

Impact measurement of CSR initiatives is a major challenge in India. Lack of strong frameworks to assess the true social and environmental outcomes limits organisations to effectively understand the impact of their initiative. They mostly rely on funding amounts or outputs such as number of beneficiaries. Long-term and qualitative impact become difficult to evaluate. Lack of standardized tools, insufficient expertise in evaluation and challenges in collecting reliable data, especially in remote or underserved areas further hampers the assessment. This further hinders the ability to refine and improve future CSR strategies and fail to establish the sustainable benefits of the initiatives.

6.3 Technological Opportunities

Technological opportunities in CSR in India are reshaping how companies design, implement, and measure their social impact. Digital tools like artificial intelligence, blockchain, and cloud computing are enhancing transparency, enabling real-time monitoring, and improving data accuracy, which translates into more effective and accountable CSR programs. Additionally, technology-driven initiatives promote digital inclusion by providing underserved communities with access to education, skills training, and digital resources, thus empowering them for future opportunities. By leveraging these advancements, companies can create more innovative, scalable, and measurable CSR outcomes, aligning business growth with societal development in the digital age.

6.4 Government Facilitation and Policy Alignment

Government bodies provide guidelines and oversight, facilitating alignment of corporate efforts with national development priorities such as education, healthcare, environmental sustainability, and rural development. Additionally, the government encourages collaboration among corporates, NGOs, and community organizations, fostering an enabling ecosystem to optimize CSR impact and promote sustainable growth across the country.

6.5 ESG and Stakeholder Capitalism

ESG principles have become central to the rise of stakeholder capitalism, which shifts business focus from solely maximizing shareholder returns to creating value for all stakeholders including employees, customers, communities, and the environment. ESG frameworks help companies evaluate and manage sustainability-related risks and opportunities, fostering transparency, accountability, and long-term resilience. In India, ESG practices are increasingly integrated into corporate strategies, reflecting growing regulatory mandates and investor expectations. This evolution supports a holistic approach where businesses contribute not only to economic growth but also to social equity and environmental stewardship, aligning with the broader goals of stakeholder capitalism for sustainable development and shared value creation.

7 Strategic Recommendations for Enhancing CSR and ESG Integration in India

The following are the strategic recommendations for enhancing CSR and ESG integration in India:

- Align CSR initiatives with long-term business strategy to create sustainable value for both society and the company.
- Strengthen impact measurement frameworks using data analytics and technology for transparent and accountable reporting.
- Foster multi-stakeholder partnerships with government, NGOs, and social enterprises to leverage expertise and scale impact.
- Build organizational capacity through training and development of skilled CSR teams for effective project implementation.
- Promote employee engagement in CSR activities to enhance workplace culture and social responsibility.
- Integrate ESG criteria into corporate governance and financial decision-making to attract responsible investments.
- Prioritize innovation in CSR projects, focusing on emerging areas like climate action, digital inclusion, and circular economy.
- Encourage transparent disclosures aligned with national and global sustainability standards to build stakeholder trust.

8 Conclusion

The way forward for CSR and ESG integration in India involves a seamless blend of the country's traditional ethos of social responsibility, evolving regulatory frameworks, and strategic value-driven business practices. Central to this progression is the alignment with the UN SDGs, which provide a universal blueprint for addressing global challenges such as poverty, inequality, climate change, and environmental degradation. By embedding SDGs within CSR and ESG

frameworks, Indian companies can not only comply with mandatory regulations but also drive innovation, inclusivity, and sustainability, thereby creating measurable social and environmental impact. This holistic approach fosters collaboration among corporate, government, and civil society, ensuring that business growth is inclusive and contributes meaningfully to India's sustainable development journey.

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