



## A study on innovative practices to corporate social responsibility: A contemporary perspective

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### Abstract

In the dynamic landscape of global business, Corporate Social Responsibility (CSR) has evolved beyond traditional philanthropic activities to encompass innovative, strategic initiatives that align with core business objectives. This study explores contemporary approaches to CSR, emphasizing how organizations are integrating innovation into their CSR practices to address environmental, social, and governance (ESG) challenges. By analysing case studies across various industries and regions, the research highlights how companies leverage technology, stakeholder engagement, and sustainability-driven models to create shared value. The study also examines the role of innovation in enhancing brand reputation, customer loyalty, and long-term competitiveness. Findings suggest that innovative CSR practices not only contribute to societal well-being but also drive business transformation and resilience in an increasingly conscious global economy. This paper provides a comprehensive understanding of the trends, challenges, and future directions of CSR from a contemporary and innovative perspective.

**Keywords:** Corporate Social Responsibility, Innovation in CSR, Sustainability, Stakeholder Engagement, Business Competitiveness

### Introduction

In an era defined by rapid globalization, pressing environmental concerns, and growing social consciousness, Corporate Social Responsibility (CSR) has transformed from a peripheral initiative into a strategic priority for contemporary businesses. Once confined to philanthropy and regulatory compliance, CSR now encompasses a wide array of innovative practices designed to generate long-term value for both society and enterprises. Increasingly, companies are embedding social and environmental considerations into their core strategies driven by evolving stakeholder expectations, regulatory demands, and the pursuit of sustainable competitive advantage. This study explores the modern landscape of CSR with a particular focus on innovative practices being adopted across diverse industries. These include the application of digital technologies for social impact, the development of inclusive business models, the implementation of green innovations, and the formation of community-based partnerships. By analysing these emerging approaches, the research aims to understand how organizations are redefining responsibility and accountability amid 21st-century challenges. The objective of this study is to provide meaningful insights into how innovation is reshaping CSR, through the examination of successful case studies and the identification of key drivers and barriers to adoption. Ultimately, the research seeks to contribute to the ongoing discourse on sustainable business by offering a contemporary perspective on how innovation can enhance both corporate performance and societal well-being.

### Review of Literature

Corporate Social Responsibility (CSR) has evolved significantly from philanthropic and compliance-based practices to more integrated, strategic, and innovative

approaches (Porter & Kramer, 2006). Recent literature emphasizes how innovation within CSR enhances not only societal well-being but also corporate sustainability and competitiveness.

#### 1. On The Evolution of CSR: From Obligation to Strategy

Early studies framed CSR as a voluntary activity aimed at improving community relations and corporate image (Carroll, 1991). However, contemporary perspectives view CSR as a strategic tool for value creation. Porter and Kramer (2011) advocated the new concept of *Creating Shared Value* (CSV), that blurs the line between societal impact and business success, encouraging firms to embed social concerns into their core strategies.

#### 2. On Innovative CSR Practices: A Shift in Paradigm

Innovation in CSR has taken several forms: technological innovation, social innovation, process innovation, and product/service-based CSR. Nidumolu, Prahalad, and Rangaswami (2009), opined that sustainability can be a key driver of innovation, as companies seek to reduce environmental impact while discovering cost-effective business solutions. IBM's "Smarter Planet" initiative and Unilever's "Sustainable Living Plan" are examples of how CSR can be integrated innovatively into business operations and product design.

#### 3. On CSR and Technological Innovation

Emerging technologies by name artificial intelligence, blockchain, and the Internet of Things (IoT) are increasingly being used to enhance transparency, reduce waste, and enhance stakeholder engagement in CSR activities (George *et al.*, 2020). Blockchain, for instance, has been utilized to ensure ethical sourcing in supply chains, as demonstrated by companies like De Beers and Nestlé.

#### **4. On Stakeholder-Centric Innovations**

Innovative CSR also involves co-creating solutions with stakeholders. Freeman's (1984) stakeholder theory has evolved to include participatory and collaborative CSR innovations. For example, Patagonia's environmental activism and use of recycled materials reflect a stakeholder-driven approach that incorporates customer feedback and environmental concerns directly into product development.

#### **5. On Sustainability Reporting and Impact Measurement**

Corporate reporting has transformed through integrated and digital reporting frameworks. Innovations like real-time CSR dashboards and use of Global Reporting Initiative (GRI) or Sustainability Accounting Standards Board (SASB) regulations have improved accountability and trust (KPMG Survey of Sustainability Reporting, 2022).

#### **6. On Sector-Specific CSR Innovations**

The nature of innovative CSR differs by industry. In the energy sector, firms are investing in renewable technologies; in finance, ESG (Environmental, Social, Governance) investing is reshaping portfolio management; in tech, ethical AI is emerging as a CSR frontier (Eccles & Klimenko, 2019).

#### **7. On Barriers and Challenges**

Despite the opportunities, challenges remain in implementing innovative CSR, including resource constraints, lack of awareness, regulatory uncertainty, and short-term profit pressures (Jamali & Mirshak, 2007). These obstacles require both top-down and bottom-up approaches to drive cultural change and stakeholder alignment.

#### **Advantages of Corporate Social Responsibility with Innovative Practices**

Innovative approaches to Corporate Social Responsibility (CSR) are transforming traditional business models, making CSR more strategic, integrated, and impactful. These contemporary innovations offer multiple advantages, not only for businesses but also for society and the environment.

##### **1. Enhanced Brand Reputation and Customer Loyalty**

One of the most significant advantages of innovative CSR is the strengthening of brand image. Consumers increasingly favor brands that demonstrate genuine commitment to social and environmental issues. Unique CSR initiatives—such as sustainable packaging, carbon neutrality, or ethical sourcing differentiate companies in competitive markets and foster customer loyalty.

Example: Starbucks' commitment to ethical sourcing and community building has strengthened its global brand identity.

##### **2. Improved Operational Efficiency and Cost Savings**

Many CSR innovations—especially those related to sustainability—lead to increased efficiency and reduced operational costs. For instance, energy-efficient technologies, waste reduction practices, and supply chain optimization contribute to cost savings while minimizing environmental impact.

Example: Toyota's investment in hybrid and fuel-efficient technologies has both reduced emissions and lowered operational costs.

#### **3. Increased Employee Engagement and Retention**

Innovative CSR practices have a positive impact on employee morale and play a key role in attracting top talent. Employees are more inclined to remain with organizations that reflect their personal values and provide meaningful opportunities to engage in social and environmental initiatives through their work. Companies that prioritize CSR often experience reduced employee turnover and increased productivity, as a strong sense of purpose enhances workplace engagement and loyalty.

Example: Salesforce's employee volunteering programs and equal pay initiatives have been linked to higher employee satisfaction.

#### **4. Access to New Markets and Investment Opportunities**

CSR innovation opens up access to untapped markets, especially in developing regions. It also attracts impact investors and ESG-focused funds. Companies that prioritize responsible practices are increasingly preferred by socially responsible investors.

Example: Organisations listed on sustainability indices (e.g., Dow Jones Sustainability Index) often receive favourable investment ratings.

#### **5. Regulatory Compliance and Risk Mitigation**

By proactively addressing social, Economical and environmental concerns through innovative CSR, companies can stay ahead of regulatory requirements and reduce legal risks. Transparency in CSR practices also helps mitigate reputational risks in the event of crises.

Example: Unilever's proactive sustainability reporting has positioned it as a leader in responsible business conduct.

#### **6. Fostering Innovation and Competitive Advantage**

CSR-driven innovation often leads to the development of new products, services, and business models. These innovations provide a competitive edge, as they meet emerging consumer demands for ethical and sustainable products.

Example: Tesla's innovation in clean energy and electric vehicles is deeply rooted in a CSR mission to reduce dependence on fossil fuels.

#### **7. Building Stronger Community and Stakeholder Relations**

Innovative CSR helps build trust and stronger collaborations with local communities, NGOs, and other stakeholders. Collaborative social initiatives can enhance a company's license to operate and ensure long-term support from key stakeholders.

Example: Coca-Cola's water stewardship projects have improved relations with communities in water-stressed areas.

#### **Challenges to Companies to innovate practices for Corporate Social Responsibility**

While innovative approaches to Corporate Social Responsibility (CSR) offer numerous benefits, they also present several challenges. These difficulties can hinder effective implementation, especially in environments with limited resources, regulatory ambiguity, or cultural resistance. Understanding these challenges is essential for developing practical and sustainable CSR strategies.

### 1. High Implementation Costs

One of the most significant barriers to adopting innovative CSR practices is the substantial financial investment they often require. Initiatives such as developing sustainable technologies, overhauling supply chains, and implementing ESG-compliant systems can be particularly costly—posing a major challenge for small and medium-sized enterprises (SMEs). For example, transitioning to renewable energy sources or adopting sustainable packaging solutions entails considerable upfront expenses, which many companies find difficult to justify in the absence of immediate returns on investment.

### 2. Lack of Awareness and Expertise

Many organizations lack in-depth knowledge or specialized skills to integrate innovation into CSR. Without proper training or strategic insight, CSR may remain superficial—focused more on marketing than on real impact. Small firms often struggle to go beyond basic philanthropy due to a lack of internal capacity for designing or managing innovative CSR models.

### 3. Cultural and Organizational Resistance

Innovative CSR often requires a shift in corporate culture and mindset, which can be met with resistance. Traditional business models that prioritize short-term profits may conflict with long-term sustainability goals, leading to friction within leadership teams and departments. Organizations entrenched in conventional practices may resist changes such as circular economy initiatives or stakeholder co-creation models.

### 4. Measuring Impact and ROI

Quantifying the social and environmental impact of innovative CSR initiatives remains a major challenge. Unlike financial metrics, CSR outcomes are complex and multi-dimensional, making it difficult to justify investments or prove effectiveness. Companies often struggle with aligning CSR activities to measurable Key Performance Indicators (KPIs), especially in areas like community well-being or biodiversity.

### 5. Lack of Regulatory Support or Incentives

In many countries, government policies or tax incentives do not sufficiently encourage CSR innovation. The absence of standardized frameworks, clear guidelines, or mandatory reporting requirements weakens motivation for businesses to go beyond compliance. Developing economies often have fragmented or weak CSR legislation, limiting structured innovation efforts.

### 6. Greenwashing and Credibility Issues

With increasing public scrutiny, companies may exaggerate or misrepresent their CSR innovations—a practice known as greenwashing. This undermines public trust and creates scepticism, even toward genuinely impactful initiatives. Overstated environmental claims without proof can backfire, damaging the brand and attracting regulatory attention.

### 7. Short-Term Profit Pressures

Public companies often face pressure from shareholders to deliver short-term financial results, which can limit

investment in CSR innovations that offer long-term value but slower payback. Executives may deprioritize sustainability investments during periods of economic downturn or market volatility.

### Corporate companies practicing innovative ideas for corporate social responsibility

#### Tata Group

The main Key Innovations from this group are Tata Power's Club Enerji which is a student-led program on energy conservation and climate change. Tata Trusts that Uses data analytics for healthcare and nutrition initiatives. Tata Steel which Employs drone mapping and AI in tribal development and afforestation. Tata integrates CSR into its business strategy using advanced tech and community involvement.

#### Infosys

The main Innovations on Infosys Foundation that Promotes education, healthcare, and rural development with a tech-driven approach and Green Building Campaign: in which Campus infrastructure is LEED and IGBC certified, setting sustainability benchmarks. Combines sustainable architecture and social programs, driven by data and corporate governance.

#### ITC Limited

Key Innovations are this group are e-Choupal which is a digital platform for farmers that improves supply chains and empowers rural communities and Solid Waste Management: which is "Wellbeing out of Waste" (WOW) initiative for urban recycling. Blends CSR with business value creation through digital and circular economy models.

#### Mahindra Group

Key Innovations of this group is Nanhi Kali where it Educates underprivileged girls across India. In addition to this Rise for Good: Focuses on innovations in healthcare access, digital inclusion, and environment. Emphasizes women empowerment and blends CSR with its brand philosophy "Rise".

#### Reliance Industries

Key Innovations of this company are Jio Digital Literacy Program which aims to bridge the digital divide in rural India and Reliance Foundation: Uses satellite technology for agricultural advisories and disaster management. Leverages its telecom and energy arms to deliver large-scale impact through tech-enabled solutions.

#### Wipro

The Key Innovations of this group are Wipro Earthian which A sustainability education program for schools and colleges and Wipro Cares: Engages employees in volunteering and social projects. CSR is deeply embedded in Wipro's organizational culture, promoting systemic change in education and environment.

#### Hindustan Unilever Limited (HUL)

The Key Innovations of this particular group are Project Shakti which Empowers rural women as micro-entrepreneurs. In addition to this Water Conservation Initiatives where Partnered with NGOs to rejuvenate local water bodies and promote hygiene awareness. Connects

CSR with its product distribution model and supports sustainable community development.

### Larsen & Toubro (L&T)

Key Innovations being implemented by this group are Digital Skill Training Centres that Provides tech-enabled vocational training to underprivileged youth. Waste-to-Wealth Initiatives where they Promotes circular economy practices in construction and engineering. Integrates engineering excellence with scalable community impact

### JSW Group

Key Innovations of this group are JSW Foundation for the Uses sports as a vehicle for social development through its *Vijay Path* initiative. Another one is Sustainable Mining & Steel which Implements green tech and emission reduction tools in heavy industries. Combines CSR with sports, environment, and community upliftment in industrial zones.

### Biocon

Key Innovations are Biocon Foundation that provides affordable healthcare using mobile clinics, telemedicine, and public-private partnerships and eLAJ Smart Clinics where Health kiosks that collect and track real-time health data for rural populations. A biotech firm using healthcare innovations for underserved populations.

### Government cooperation for implementing Innovative Practices in Corporate Social Responsibility:

The Indian government plays a critical enabling role in advancing Corporate Social Responsibility (CSR) through regulatory frameworks, policy incentives, public-private partnerships, and platforms for innovation. Since the introduction of mandatory CSR spending under the Companies Act, 2013, the government has expanded its role to become a collaborative partner in fostering innovation and social impact.



### 1. Mandatory CSR under Companies Act, 2013

Section 135 of the Companies Act, 2013, mandates that companies with a net worth of ₹500 crore or more, a turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more must allocate at least 2% of their average net profits towards CSR activities. This legislation institutionalized CSR in India, making it the first country in the world to legally mandate CSR spending. By establishing a structured regulatory framework, the law also serves as an innovation incentive—encouraging companies to explore diverse, impactful, and scalable CSR models that go beyond traditional philanthropy.

### 2. National CSR Portal

Launched by the Ministry of Corporate Affairs (MCA), this portal enables public access to real-time data on CSR spending, sectors, geographies, and implementing partners. Innovation Support from government is Promotes transparency and encourages data-driven, need-based CSR planning using analytics tools.

### 3. Public-Private Partnerships (PPPs)

The government collaborates with corporates and NGOs in sectors like education, healthcare, sanitation, and skilling. Notable PPP examples include Swachh Bharat Abhiyan (Clean India Mission), Skill India Mission, Digital India etc Innovation Support can be expected in the form of PPPs

facilitate co-development of technology, infrastructure, and capacity building, especially in rural and underserved areas.

### 4. NITI Aayog Collaboration

NITI Aayog acts as a policy think tank, inviting CSR support for flagship government programs like Atal Innovation Mission (AIM), Aspirational Districts Programme. Innovation Support from government side may be Encourages corporates to adopt backward districts and invest in innovative development models using data, technology, and social entrepreneurship.

### 5. Sector-Specific Guidelines and Incentives

Government bodies offer guidelines and frameworks in key sectors like Incentives for green energy adoption in CSR, Alignment with National Education Policy (NEP) 2020 and Skill India and Health innovation: Support for digital health, e-health kiosks, and mobile health units. Innovation Support from Government is Sector-specific policies make CSR investments more impactful and aligned with national goals.

### 6. Tax Benefits and Financial Incentives

While direct tax benefits for CSR spending were removed post-2020, indirect benefits still exist, Exemptions for donations to government-backed initiatives (e.g., PM CARES Fund, Clean Ganga Fund). 80G tax deductions still apply for contributions to registered NGOs and trusts.

## 7. Recognition and Awards Innovation Support:

Encourages companies to partner with credible institutions and innovate through collaborations. Government initiatives like the National CSR Awards recognize companies for exemplary and innovative CSR practices. Government provides incentive through visibility and validation of pioneering CSR efforts.

## Measures to Suggest for Innovative Practices in Social Responsibility:

To enhance the effectiveness and innovation in Corporate Social Responsibility (CSR) practices in India, several strategic, policy-level, and operational measures can be implemented. These recommendations aim to strengthen impact, encourage creativity, and align CSR with sustainable development goals (SDGs).

### 1. Promote CSR-Driven Innovation Hubs

Suggestion: Establish CSR innovation hubs or incubation centers in collaboration with corporates, NGOs, and academic institutions.

*Impact:* Encourages R&D in social solutions, such as low-cost healthcare tech, sustainable farming methods, or inclusive education models.

### 2. Leverage Technology and Digital Platforms

Suggestion: Encourage the use of emerging technologies (AI, IoT, blockchain, mobile apps) in CSR delivery and monitoring.

*Impact:* Increases transparency, reduces leakages, and enhances real-time tracking of project outcomes.

### 3. Sector-Specific CSR Guidelines

Suggestion: Develop focused CSR playbooks for priority sectors like:

- Renewable energy
- Water conservation
- Digital literacy
- Women empowerment
- Rural entrepreneurship

*Impact:* Helps corporates channel funds innovatively in areas of national importance with contextual best practices.

### 4. Mandatory Impact Assessment for Large Projects

Suggestion: Mandate third-party impact assessments for CSR projects above a certain budget (e.g., ₹1 crore).

*Impact:* Promotes accountability and encourages evidence-based innovation.

### 5. CSR-Startup Collaborations

Suggestion: Facilitate partnerships between corporates and social startups through platforms like NITI Aayog's Atal Innovation Mission and Invest India.

*Impact:* Brings fresh ideas into CSR via technology-driven, youth-led ventures solving real-world problems.

### 6. Regional CSR Clusters

Suggestion: Form regional CSR consortiums to address common local issues, especially in Aspirational Districts.

*Impact:* Avoids duplication, encourages pooling of resources, and tailors solutions to local challenges.

## 7. National CSR Innovation Challenge Fund

Suggestion: Create a government-led fund to support innovative CSR proposals with high social impact and scalability.

*Impact:* Encourages bold, experimental ideas in underfunded areas like tribal welfare, mental health, or disability inclusion.

## 8. Capacity Building for NGOs and CSR Teams

Suggestion: Conduct regular workshops on social innovation, impact design, financial transparency, and digital tools.

*Impact:* Strengthens implementation capacity and fosters innovation culture among CSR stakeholders.

## 9. Introduce CSR Credits or Incentives

Suggestion: Provide recognition credits or tax incentives for companies demonstrating innovation in CSR outcomes, scalability, or sustainability.

*Impact:* Motivates corporates to move beyond compliance and experiment with high-impact solutions.

## 10. Stronger Integration with SDGs

Suggestion: Align CSR reporting with the United Nations Sustainable Development Goals (SDGs) using tools like the SDG Compass or ESG frameworks.

*Impact:* Makes CSR more strategic and outcome-focused, fostering global-standard innovation.

## Conclusion

Innovative practices in Corporate Social Responsibility (CSR) are no longer optional—they are essential for achieving sustainable and inclusive growth in India. As businesses increasingly recognize their role in addressing social and environmental challenges, the need to move beyond traditional philanthropy toward more creative, scalable, and technology-driven solutions becomes urgent. The measures suggested—ranging from the use of digital tools and startup collaborations to impact assessments and sector-specific strategies—are designed to reshape the CSR landscape into one that is more responsive, strategic, and results-oriented. Government support, cross-sector partnerships, and a stronger alignment with national priorities such as the Sustainable Development Goals (SDGs) can further amplify the impact of these innovations. By fostering a culture of innovation in CSR, India can transform corporate efforts into lasting social value, positioning businesses not only as economic engines but also as catalysts for equitable and sustainable development.

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