

Analyze the Impact of Corporate Social Responsibility on Socio-Economic Empowerment in National Capital Regions and Haryana

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Abstract

Over the past few decades, Corporate Social Responsibility (CSR); a concept relatively new to India; has gained significant momentum and emerged as an essential element of responsible business conduct. Initially seen as voluntary philanthropy, CSR has now become a strategic business practice, particularly among large corporations and contributing in different social-economic issues in India. Its similar impact has also noticed in the National capital Regions and Haryana. Therefore, present study is conducted with the aim evaluate the role of Corporate Social Responsibility and its challenges in socio-economic empowerment of the society in National Capital Regions and Haryana. This study has adopted a descriptive research design using both quantitative and qualitative approaches. It is explored that CSR in India has deep roots in traditional philanthropic values, but its modern form took a structured shape with the enactment of the Companies Act, 2013. It is further highlighted that Corporate Social Responsibility (CSR) has emerged as a pivotal component of modern business strategy, with organizations increasingly integrating social, environmental, and ethical considerations into their operational frameworks. This paper explored the evolving landscape of CSR initiatives, emphasizing their transformative impact on sustainable development and found the measurable improvements in access to education, healthcare, and livelihood opportunities for disadvantaged groups. Furthermore, the paper highlights major challenges hindering the effective implementation of CSR in India. Author provided insightful suggestions to strengthen CSR practices, improve community engagement, and ensure sustainable social impact through integration of social and adopting collaborative approach.

Keywords- Corporate Social Responsibility, Regulatory Framework, Socio-economic Empowerment, Stakeholders, Collaborative Approach and Partnerships, Livelihood Enhancement, Social Empowerment.

Introduction

Corporate Social Responsibility (CSR) has emerged as a vital component of contemporary corporate strategy, highlighting a company's responsibility to operate in a manner that is economically viable, socially inclusive, and environmentally sustainable. In India, the concept of CSR has gained increasing traction; not only due to the country's unique socio-economic landscape but also in response to evolving regulatory frameworks and growing stakeholder expectations. This research paper seeks to explore the impact and effectiveness of CSR initiatives in fostering sustainable development in India, with particular attention to emerging trends, implementation challenges, and evolving best practices. Over the years, the notion of CSR in India has witnessed a significant transformation; from being a voluntary philanthropic activity grounded in cultural values like dharma (duty) and sadbhavana (goodwill), to becoming an institutionalized and strategic business function.

Understanding Corporate Social Responsibility

Corporate Social Responsibility (CSR) has become an integral part of modern business discourse, with organizations increasingly recognizing the importance of aligning their operations with broader societal and environmental goals.

Although there is no universally accepted definition of CSR, most interpretations emphasize the voluntary integration of social and environmental concerns into corporate decision-making and stakeholder engagement.

According to the European Commission's Green Paper for Promoting a European Framework for Corporate Social Responsibility, CSR is defined as a voluntary initiative where companies incorporate social and environmental considerations into their operations and interactions. This perspective underscores CSR as a self-regulated model of responsible business conduct rather than a purely legal obligation.

The World Business Council for Sustainable Development (WBCSD) takes this notion further by describing CSR as a "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." This definition highlights CSR as an ethical imperative that extends beyond profit-making to encompass social development and well-being.

Kotler and Lee offer a more pragmatic view, defining CSR as "a commitment to improve community well-being through discretionary business practices and contribution of corporate resources." They emphasize the role of corporate social initiatives; structured activities undertaken by companies to support social causes; as a core component of CSR strategy. Despite the diversity of definitions, a common thread runs through all interpretations: CSR reflects a company's commitment to sustainable and ethical business practices. It involves more than occasional philanthropy; it is about embedding social responsibility into the core of corporate governance and operations. While the conceptual boundaries of CSR may vary across contexts and stakeholders, it is generally accepted as a vital approach to achieving sustainable outcomes and fostering long-term value creation for both business and society. Pioneering Indian companies such as the Tata Group, Birla Group and some of the corporate historically engaged in social welfare, inspired by ethical leadership and community-oriented principles. However, the formal codification of CSR came with the enactment of the Companies Act, 2013. This legislation marked a watershed moment by making CSR expenditure mandatory for certain companies, requiring them to allocate at least 02.00 percent of their average net profits over the preceding three years towards CSR initiatives.

Overview of CSR Provisions under Section 135 of the Companies Act, 2013-India

The enactment of Section 135 of the Companies Act, 2013 marked a significant step in institutionalizing Corporate Social Responsibility (CSR) in India, making it one of the first countries in the world to mandate CSR spending for qualifying companies. This legal provision aims to ensure that businesses play a proactive role in addressing social and environmental concerns, thus fostering inclusive and sustainable development. The CSR provisions apply to any company, including its holding or subsidiary, that meets any of the following financial criteria in the immediately preceding financial year, such as; net worth of Rs. 500 crore or more, turnover of Rs. 1,000 crore or more, NET profit of Rs. Five crore or more, activities permitted (schedule vii)

CSR initiatives must be aligned with Schedule VII of the Act, which includes, but is not limited to, such as; eradicating hunger, poverty, and malnutrition, promoting education, gender equality, and women's empowerment, ensuring environmental sustainability and ecological balance, protecting national heritage and art, promoting rural and slum area development and supporting disaster relief and healthcare. Every qualifying company must spend at least 02.00 percent of the average net profits made during the three immediately preceding financial years on CSR activities. About the unspent CSR Funds, If the allocated CSR funds are not fully spent within the financial year; these Funds related to ongoing projects must be transferred to a designated Unspent CSR Account within 30 days of the end of the financial year and used within the next three years.

Significant motivations, drive organizations to engage in CSR activities

Some of the major motivational and driving forces, which make the organizations to engage in CSR activities, include, such as;

- **Community Development-** Companies often engage in CSR to contribute to the well-being of the communities where they operate, such as, Education, Healthcare, Rural development and Infrastructure. These initiatives help create a stable, supportive local environment, building trust and goodwill among stakeholders.
- **Consumer Expectations and Satisfaction-** CSR helps businesses; to meet consumer demands for ethical sourcing and sustainable practices, Build customer loyalty and trust and Enhance brand value.
- **Employee Engagement and Retention-** Strong CSR programmes reduces employee turnover by fostering a positive work environment workers take pride in being associated with a socially responsible employer.
- **Reputation and Brand Image-** CSR helps safeguard a company's reputation in a highly transparent and connected world.
- **Regulatory Compliance and Legal Requirements-** In many countries, including India (under the Companies Act 2013), CSR have become mandatory for certain large companies.
- **Competitive Advantage-** CSR can lead to Enhanced market opportunities, Greater investor confidence, Strengthened supplier and partner relationships and Socially responsible companies often have an edge in both domestic and global markets.
- **Environmental Sustainability-** CSR motivates eco-friendly production processes, waste reduction and recycling and investment in renewable energy and sustainable resources.
- **Corporate Ethics and Values-** Many firms implement CSR to reflect their core values and ethical beliefs. These align business goals with societal values, support long-term vision and mission and contribute to a sense of organizational purpose.
- **Globalization and Supply Chain Pressures-** Companies implement CSR to meet global benchmarks, ensure socially responsible supply chain practices and avoid boycotts or exclusion from international markets.

Moreover, many organizations view CSR as a pathway to achieving long-term sustainability. Beyond fulfilling obligations, CSR programs reflect a company's commitment to broader societal goals. Involvement in social initiatives fosters goodwill, improves stakeholder relations, and contributes to overall business resilience.

Review of Related Literature

- **Shyam, R. (2016).** Highlighted that over the years, Corporate Social Responsibility (CSR) has gained significant traction in India, evolving into a fundamental business practice. Author explored the development of CSR in India, outlining major policies and examining the role of SMEs in these initiatives. This study emphasized the importance of integrating CSR into business strategies to promote socio-economic development in India.
- **Ahmed, F., Thabassum, N., & Gupta, R. K. (2024).** examined the relationship between stakeholders and CSR implementation in the leather footwear industry, specifically focusing on employees' perceptions. The findings revealed that stakeholders such as the environment, customers, owners/shareholders, and the community positively influenced CSR implementation. The study suggested that managers should address the identified issues to improve CSR initiatives in the industry.
- **Tiwari, P. K., & Gupta, R. K. (2024).** Examined the evolution, regulatory framework, trends, and challenges of Corporate Social Responsibility (CSR) in India. CSR in India has evolved through a combination of cultural, regulatory, and societal influences. The important findings of the study indicate a shift towards strategic CSR, focusing on sustainability, impact measurement, and stakeholder collaboration. It is concluded that despite these advancements, challenges such as limited awareness, reporting difficulties, and the need for innovative solutions persist in India's CSR landscape.

Need and Relevance of the Study

The present study provides a comprehensive exploration of the impact of Corporate Social Responsibility (CSR) initiatives in the northern states of India, specifically focusing on Haryana and Delhi. Additionally, the study brings to light several challenges faced in the implementation of CSR activities, particularly in the domain of social services,

including issues related to community engagement, transparency, and institutional capacity. Furthermore, it serves as a foundational reference for future research, encouraging more evidence-based and scientifically driven analysis in the evolving field of CSR and its role in socio-economic development.

Objectives of the Study

- To evaluate the role of Corporate Social Responsibility in socio-economic empowerment of the society in National Capital Regions and Haryana.
- To analyze the challenges and issues related to innervations of Corporate Social Responsibility in socio-economic empowerment of the society in National Capital Regions and Haryana.
- To suggest solutions to make Corporate Social Responsibility more effective with its social services in National Capital Regions and Haryana.

Research Methodology and Design

This study has adopted a descriptive research design to analyze the impact of Corporate Social Responsibility (CSR) using both quantitative and qualitative approaches. Data is gathered from various research papers and case studies, based on primary sources. Study is also supported by some another sources of the secondary data including, newspaper articles, government publications, and industry reports, ensuring comprehensive and reliable insights.

Analysis and Major Findings

It is found that in recent decade, the role of Corporate Social Responsibility (CSR) initiatives in enhancing the quality of life in various northern Indian states, particularly in regions like Haryana and the National Capital Region (NCR). CSR activities in these areas have been designed to address the specific needs of local communities, focusing on major sectors such as healthcare, education, skill development, livelihood generation, environmental sustainability, and access to clean water. These efforts have been further strengthened through collaboration with government bodies, local administrations, and independent agencies to support vital initiatives. Thus, CSR has become a pivotal driver of community well-being and empowerment, contributing significantly to social development in northern India. In light of the above, the author has explored the major areas of intervention by CSR in northern regions of India, particularly in Haryana and the NCR. These interventions are designed to address the unique challenges faced by local communities and contribute significantly to their socio-economic development. Major areas of CSR intervention include, as point wise given below-

Major Findings and Summary of CSR Interventions in Northern India

- **Community-Centric and Needs-Based Approach-** CSR initiatives in Northern India are largely needs-driven, focusing on improving quality of life through targeted interventions. Projects are often tailored to the specific challenges of rural and semi-urban communities, ensuring relevance and long-term impact.
- **Multi-Stakeholder Collaboration-** CSR programs are frequently conducted in collaboration with government bodies, local administrations, and independent agencies. This collaborative approach enhances resource utilization and alignment with national development schemes, such as the Integrated Child Development Services (ICDS) and Swachh Bharat Mission.
- **Healthcare and Sanitation-** CSR has played a pivotal role in eradicating poverty, hunger, and malnutrition, promoting preventive and curative healthcare, improving sanitation infrastructure and supporting Swachh Bharat Kosh and ensuring clean drinking water access. These interventions contribute directly to improving health indicators in underserved areas.
- **Education and Livelihood Enhancement-** A major area of CSR investment is in Improving access to education, including special education, providing vocational training to women, youth, and Persons with Disabilities and promoting livelihood generation and entrepreneurship.

- **Gender Equality and Social Welfare-** CSR efforts also focus on, promoting gender equality, establishing homes for orphans, women, and senior citizens and supporting marginalized and vulnerable groups through infrastructure and programmatic interventions.
- **Environmental Sustainability-** A significant number of CSR projects is directed toward ecological conservation, agro forestry, and biodiversity and water conservation and river rejuvenation projects (e.g., ganga cleaning initiatives). These efforts support long-term ecological balance in the region.
- **Preservation of National Heritage and Culture-** Organizations are also contributing to Restoring historical structures and Promoting traditional arts and crafts. This supports cultural preservation and encourages tourism and local craftsmanship.
- **Support for Armed Forces and Their Families-** CSR activities extend to welfare of war veterans, widows, and dependents of armed forces. This demonstrates corporate recognition of national service and sacrifice.
- **Promotion of Sports-** Corporate funding is directed toward training athletes, particularly in rural and underrepresented sports and promoting Paralympics and Olympic sports.
- **Contributions to Government Relief Funds-** Companies actively contribute to, the Prime Minister's National Relief Fund, Pm Cares Fund and similar initiatives.
- **Research and Development Support-** Public institutions like IITs, DRDO, ICAR, and CSIR do investment and strengthens India's innovation and research infrastructure.
- **Rural and Slum Development-** CSR is instrumental in implementing rural development programs focused on sustainable growth, undertaking slum area redevelopment and enhancing housing and sanitation in urban fringes.
- **Disaster Management-** Corporate entities also participate in Disaster relief, reconstruction, and rehabilitation activities in times of natural or human-induced calamities.

It explored that CSR in northern India is broad-based, particularly in NCR and Haryana multidimensional, and deeply integrated with national development goals. These initiatives, when guided by local needs and implemented in collaboration with stakeholders, significantly contribute to the socio-economic empowerment of communities across the region.

Challenges before Corporate Social Responsibility in India

- **Limited Understanding and Implementation of CSR-** Despite the growing emphasis on CSR in India, there is still a lack of proper understanding of the concept among many stakeholders.
- **Lack of Community Participation-** One of the most significant barriers to successful CSR implementation is the limited participation of local communities.
- **Need for Local Capacity Building-** There is a shortage of skilled and efficient NGOs, particularly in rural and remote areas, which hampers the scaling and effectiveness of CSR initiatives.
- **Transparency and Trust Issues-** Transparency issues emerged as a major concern among both companies and implementing partners. Many local organizations reportedly fail to share detailed information on fund utilization, program outcomes, and audit mechanisms.
- **Scarcity of Organized NGOs in Remote Areas-** Another persistent challenge is the lack of well-organized NGOs in remote or underdeveloped regions.
- **Visibility over Impact-** The research also highlights the issue of the "visibility factor," where CSR efforts are driven more by publicity and branding rather than long-term grassroots impact.

The effectiveness of CSR in India is currently limited by a combination of systemic and structural challenges. Addressing these challenges is essential for aligning corporate efforts with genuine development outcomes.

Suggestions and Social Work Application

To improve CSR implementation in northern states, particularly in Haryana and Delhi, focus on strategic alignment with

local needs, following suggestions are given-

- Align CSR with local priorities- Conduct a needs assessment of the specific regions in Haryana and Delhi to identify areas where CSR initiatives can have the greatest impact.
- Coordinate with government schemes- Partner with local government initiatives and programs to ensure synergies and avoid duplication of efforts.
- Focus on sustainable development goals: Align CSR projects with the Sustainable Development Goals (SDGs) to address global challenges and ensure long-term impact.
- Use the National CSR Portal effectively- Leverage the National CSR Portal to track and report on CSR activities, ensuring transparency and accountability.
- Implement robust monitoring and evaluation mechanisms- Track the progress and impact of CSR projects using clear indicators and metrics.
- Regularly report on CSR performance- Communicate the results of CSR initiatives to stakeholders, including the public, employees, and investors.
- 3. Community Engagement and Participation:
- Involve local communities in project planning- Conduct consultations with community members to understand their needs and priorities.
- Establish community monitoring committees- Empower local communities to monitor and assess the impact of CSR projects.
- Support community-based organizations- Partner with local NGOs and community-based organizations to implement CSR projects and build capacity within the community.
- Prioritize education and skill development- Invest in programs that improve access to quality education, vocational training, and employment opportunities for the youth and women.
- Enhance healthcare infrastructure and access- Support initiatives that improve healthcare infrastructure in remote areas and provide access to affordable healthcare services.
- Promote environmental sustainability- Implement projects focused on reducing pollution, conserving natural resources, and promoting renewable energy.
- Improve rural infrastructure- Invest in projects that upgrade rural roads, improve sanitation, and provide access to clean water and electricity.
- Use technology to deliver need-based information- Use digital platforms to provide information on government schemes, health and sanitation, and other relevant topics.
- Promote technology-based solutions for sustainable development- Support initiatives that use technology to address challenges in areas like agriculture, waste management, and renewable energy.

Apart from the above, in northern states, particularly in Haryana's NCR area, the integration of Corporate Social Responsibility (CSR) with social work practice can be instrumental in improving the performance of the actions of CSR, which involves leveraging corporate resources and expertise to address social challenges and improve community well-being. This collaboration would be successful to ensure more sustainable and impactful socio-economic development initiatives through CSR.

Conclusion

It is concluded that Corporate Social Responsibility as a core component of the business philosophy, with initiatives spanning education, environmental sustainability, healthcare, and community development, with its impact; has seen with lot of tangible improvements in the different sectors in the northern States of India. However, there are some practical and corporate issues, which should be rectified to accelerate the effectiveness of CSR in societal empowerment in the region. Such interventions would be helpful with strategic partnerships, integration with social work and collaborations,

to generated qualitative, long-lasting benefits across diverse social sectors, positioning the industry as a responsible and impactful corporate citizen to the region.

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