

**Original Article**

**Sustainable Business Practices and CSR: Bridging Intent with Development Outcomes**

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**Abstract:**

Corporate Social Responsibility (CSR) has increasingly emerged as a fundamental element of corporate governance and strategic planning, particularly in quickly developing nations like India. The combined influences of regulatory requirements and global sustainability initiatives, especially the United Nations' Sustainable Development Goals (SDGs), have created an advantageous environment for collaborative execution. Despite the evident thematic alignment between CSR programs and SDG targets, a notable gap in implementation remains in practice. This study rigorously analyses the alignment, integration, and effectiveness of CSR in promoting the SDG agenda within the Indian corporate sector. This research conducts a thorough analysis of CSR filings, bolstered by qualitative case studies of prominent corporations and a mapping framework aligned with SDG indicators, revealing the intricate disparity between corporate objectives and actual development impacts. The results indicate fundamental problems in project design, monitoring systems, stakeholder involvement, and the strategic vision for CSR execution. In conclusion, the paper presents a comprehensive approach and practical recommendations designed to convert CSR into a significant catalyst for sustainable development and a credible ally in achieving the SDG 2030 agenda.

**Keywords:** *Corporate Social Responsibility, Sustainable Development Goals, Development Outcomes, Impact Assessment, CSR-SDG Alignment, India*

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**Introduction:**

In the contemporary landscape of global capitalism, corporations are no longer insulated entities operating in pursuit of shareholder profits alone. They are increasingly being held accountable for their broader societal, environmental, and economic impact. Nowhere is this

transformation more evident than in the expectations surrounding the corporate contribution to sustainable development. At the heart of this global evolution lies the United Nations' 2030 Agenda for Sustainable Development, a visionary framework composed of 17 Sustainable Development Goals (SDGs) and 169

targets, calling upon all sectors—including private enterprise—to collaborate in eradicating poverty, reducing inequalities, combating climate change, and ensuring peace and justice worldwide.

India, as one of the fastest-growing economies and home to a vast, diverse population facing multifaceted developmental challenges, occupies a critical space in this discourse. The alignment between national development priorities and the SDGs is both imperative and urgent. Recognizing the transformative potential of the private sector, the Indian government enacted Section 135 of the Companies Act, 2013—a landmark legislation making CSR spending mandatory for companies that exceed specified financial thresholds. This legal provision, unparalleled globally, mandates that qualifying firms allocate at least 2% of their average net profits from the past three years toward CSR activities.

This statutory obligation has repositioned CSR in India from an optional philanthropic gesture to a central element of corporate governance and strategic identity. Simultaneously, it presents a fertile opportunity to leverage corporate capital, innovation, and outreach capabilities to catalyze progress on the SDGs. On paper, the convergence of CSR with the SDG framework offers a powerful model for sustainable, inclusive growth.

However, beneath this strategic alignment lies a more complex reality. A growing body of evidence suggests a significant implementation gap: while corporations frequently espouse alignment with the SDGs in their CSR narratives, the translation of these commitments into

measurable, scalable, and transformative development outcomes is often deficient. This gap is not merely rhetorical; it is deeply embedded in the structural design, execution mechanisms, and evaluation frameworks of CSR initiatives.

Grand declarations of support for SDG themes—education, health, sanitation, environment—often mask superficial or isolated interventions that lack community involvement, contextual understanding, or long-term viability. This dissonance between corporate intent and development outcomes raises critical questions: Are CSR investments truly advancing sustainable development, or are they largely serving reputational and compliance functions? What barriers—strategic, institutional, or operational—prevent corporations from realizing the full potential of their CSR agendas in alignment with the SDGs?

This study aims to examine these concerns through an extensive review of CSR practices among prominent Indian corporations.

1. The objective is to evaluate the extent of connection between CSR actions and the SDG framework.
2. Analyse the fundamental causes of the disparity between declared intentions and actual developmental results.
3. Formulate a strategy roadmap to improve the integration, effectiveness, and accountability of CSR initiatives in fulfilling the SDG 2030 objective.

This study aims to connect academic research with policy significance, contributing to the literature on CSR and sustainable development while providing practical insights for

practitioners, regulators, and development partners.

### Literature Review:

The academic discussion on CSR and sustainable development is extensive, yet inconsistent in exploring its interaction within the Indian context. The theoretical foundations of CSR have transitioned from the classical Friedmanite perspective, which asserts that a business's only obligation is profit maximisation, to stakeholder theory, legitimacy theory, and institutional theory, all of which highlight the diverse responsibilities of corporations to society and the environment.

The stakeholder theory (Freeman, 1984) posits that corporations have responsibilities not only to shareholders but also to a wider array of stakeholders, including employees, communities, customers, and future generations. Legitimacy theory posits that corporate social responsibility serves as a means for firms to acquire, sustain, or restore legitimacy in the perception of stakeholders (Suchman, 1995). Institutional theory posits that the adoption of CSR is shaped by social conventions, legislation, and mimetic forces within various industries (DiMaggio & Powell, 1983).

Barney (1991) contended that intangible assets—such as brand reputation and ethical goodwill—can confer a durable competitive advantage. CSR investments augment these assets, improving market valuation and bolstering investor trust. Empirical evidence indicates that CSR improves brand reputation, employee morale, consumer loyalty, and financial

performance (Waddock & Graves, 1997; Pradhan, 2016). Nevertheless, the data is less definitive regarding the impact of CSR on sustainable developmental outcomes, particularly with statutory CSR in India.

Most studies emphasise the characteristics, magnitude, and frequency of CSR expenditures rather than their effects or alignment with national development agendas or Sustainable Development Goals (SDGs).

Maqbool and Zameer (2018) demonstrate the beneficial effect of CSR on the financial performance of Indian banks, whereas Sarkar and Sarkar (2015) propose that CSR can mitigate welfare disparities in underprivileged areas. Nevertheless, both studies inadequately assess CSR's contribution to the direct advancement of SDG aims. A 2021 KPMG analysis indicates that a fraction of Indian corporations clearly align their CSR operations with SDG indicators, reflecting a superficial degree of integration.

Orlitzky et al. (2003) performed a meta-analysis of 52 studies, revealing a positive bidirectional correlation between corporate social responsibility (CSR) and financial performance. Eccles et al. (2014) shown that companies with robust sustainability strategies surpass their counterparts in stock market and accounting performance criteria. McWilliams & Siegel (2000) warned that unstrategic CSR expenditures may result in resource misallocation, adversely affecting shareholder value. Savitha and Bhat (2024) examined corporate social responsibility practices in India, highlighting the obligatory stipulations of the Companies Act 2013.

Bharti (2023) discovered that 15 of the 17 Sustainable Development Goals

are directly addressed by Corporate Social Responsibility initiatives in India, namely in the domains of education, healthcare, and poverty alleviation.

The literature indicates a notable deficiency: although theoretical rationales for CSR-SDG alignment are robust, empirical investigations evaluating this alignment and its efficacy are limited.

### Objectives of the Study:

1. To methodically evaluate the congruence of business CSR programs with the United Nations Sustainable Development Goals (SDGs).
2. To examine the reasons that lead to the discrepancy between stated CSR aims and quantifiable developmental results.
3. To provide pragmatic tactics and legislative measures that can augment the efficacy of CSR in advancing SDG implementation.

### Research Methodology:

This study employs a mixed-methods approach, combining quantitative content analysis with qualitative case studies to offer comprehensive insights on the CSR-SDG relationship.

**Selection of Samples:** The research analyses 50 Indian corporations that are among the top in CSR spending from 2016 to 2023. These companies encompass various sectors, including manufacturing, banking, information technology, pharmaceuticals, and fast-moving consumer goods. Companies were chosen based on the availability of extensive CSR declarations and sustainability reports.

**Sources of Data:** Primary data include CSR reports submitted to the Ministry of Corporate Affairs (MCA), independent sustainability reports, and integrated annual reports. Secondary data sources including NITI Aayog's SDG India Index, industry whitepapers, and third-party evaluation studies from NGOs and consultancy firms.

**Analytical scheme:** CSR initiatives were aligned with relevant SDGs utilising a coding scheme based on UN SDG indicators. Each effort was assessed on a 4-point scale across four criteria: SDG alignment, outcome measurability, community engagement, and sustainability. The investigation encompassed an in-depth examination of five case studies to investigate the subtleties of high-impact and low-impact CSR efforts.

### Discussion:

The results indicate a paradox in corporate social responsibility practices. Although Indian firms are legally obligated and increasingly inclined to promote development objectives, their endeavours often fail due to strategic, structural, and operational discrepancies.

**Strategic Discrepancy:** There is a predominant emphasis on "low-hanging fruit"—Sustainable Development Goals that are simpler to execute and document. While education and healthcare are significant, they predominantly overshadow corporate CSR priorities, leaving transformative objectives such as climate action, gender equality, and sustainable institutions with insufficient focus.

**Inadequate Monitoring and Evaluation Systems:** Many firms lack comprehensive

frameworks to evaluate the true impact of their CSR initiatives. The dependence on input-oriented metrics diminishes the credibility and efficacy of their initiatives. The lack of linkage with national SDG metrics hinders comparison and transparency.

Institutional Silos and Restricted Integration Corporate Social Responsibility divisions frequently function independently from essential corporate operations and strategic planning. This constrains the capacity for comprehensive solutions and diminishes the perceived validity of CSR as a developmental tool.

**Regulatory Adherence Superseding Strategic Vision:** The legislative impetus for CSR in India has unintentionally fostered a compliance-oriented mentality. Organisations frequently view Corporate Social Responsibility as a regulatory obligation rather than a strategic prospect for generating shared value. As a result, the developmental benefit of CSR is still not fully realised.

### Findings:

An review of the CSR declarations from 50 prominent Indian corporations between 2016 and 2023 uncovers significant trends regarding the correlation between CSR actions and SDG alignment. Despite growing rhetorical convergence with the Sustainable Development Goals, meaningful engagement is still limited and unevenly dispersed.

**Allocation of CSR Initiatives Across Sustainable Development Goals:** Analysis indicates that around 65% of CSR expenditures were focused on education (SDG 4), health (SDG 3), and sanitation

(SDG 6). Specifically, 35% of initiatives corresponded with SDG 4, followed by 20% with SDG 3, and 10% with SDG 6. Nonetheless, fewer than 2% of the efforts specifically targeted SDG 13 (Climate Action), SDG 5 (Gender Equality), or SDG 10 (Reduced Inequalities).

**Nature of Activities and Assessment:** Most CSR disclosures reported outputs instead of outcomes. For example, firms cited the quantity of schools constructed or pupils enrolled, but infrequently recorded enhancements in literacy rates or decreases in dropout rates. Merely 12% of companies implemented any type of third-party or independent assessment, with an even smaller proportion (8%) comparing their activities against SDG indicators.

**Community Involvement and Participation:** The planning of CSR was predominantly top-down. In 78% of the analysed organisations, there was minimal to no evidence of community involvement in the identification or co-creation of CSR initiatives. This disparity frequently resulted in context-agnostic strategies that did not provide enduring developmental effects.

**Continuity and Scalability:** Merely 16% of CSR initiatives were conceived with a focus on long-term sustainability. The majority were transient actions, including one-time contributions or infrastructure building lacking follow-up procedures. Moreover, scalability was constrained by the lack of collaborations with local governmental bodies or non-governmental organisations.

### Suggestions:

To convert CSR into a true catalyst for sustainable development, firms,



policymakers, and stakeholders must implement synchronised reforms and innovations.

Integrate Sustainable Development Goals into Corporate Social Responsibility Strategy Development Organisations ought to utilise SDG targets and indicators as the basis for CSR strategy formulation. It is essential to mandate the inclusion of a matrix that correlates each CSR project with designated SDGs, outputs, and KPIs in CSR disclosures.

Transition from Output to Outcome Focus Organisations ought to allocate resources towards comprehensive Monitoring and Evaluation (M&E) frameworks, encompassing Theory of Change models, baseline evaluations, and independent audits. Reporting must emphasise developmental results rather than superficial indicators.

Enhance Community Involvement Corporate Social Responsibility planning must actively include local communities, non-governmental organisations, and Panchayati Raj Institutions. Participatory design improves relevance, ownership, and sustainability of developmental initiatives.

Foster Strategic Alliances Partnerships with UN agencies, academic institutions, and development organisations can offer technical competence, monitoring mechanisms, and enhanced legitimacy to CSR activities.

Innovations in Regulation and Policy The Ministry of Corporate Affairs ought to require SDG reporting in the CSR portal. A national CSR-SDG convergence framework, with incentives for high-impact activities, can facilitate alignment and foster innovation.

### Conclusion:

Corporate Social Responsibility in India occupies a distinct legal and developmental domain. Although its capacity to foster sustainable development is significant, its present implementation is limited and disjointed.

This study highlights that the disparity between corporate goal and developmental outcomes is not solely a matter of resource allocation, but also involves strategy design, stakeholder engagement, and institutional capacity.

Addressing this disparity necessitates a mindset shift—from CSR as a mere compliance obligation to CSR as a driver of systemic transformation. When anchored in the SDG framework and propelled by purpose, collaboration, and accountability, CSR can transform into a powerful catalyst that significantly advances India's development trajectory and global sustainability objectives.

By doing so, the business sector will not only augment its legitimacy but also contribute to the establishment of a more egalitarian, inclusive, and sustainable future.

### Limitations:

The research is constrained by the accessibility and calibre of CSR filings. Numerous companies offer broad descriptions of activities devoid of outcome measurements. The alignment of CSR projects with SDGs may include a certain level of subjectivity because to the overlaps among the targets.

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