

## Conscience or Commerce: Analyzing the Dichotomy of Corporate Social Responsibility (CSR) Execution for Strategic Brand Building versus Intentional Social Impact.

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### Abstract

The Company's Act of 2013 has made CSR activities mandatory for the corporates. With that India became the first country in the world to make corporate social responsibility though with certain conditions based on profit/net worth/turnover. Hence companies started spending on corporate social responsibility. It was not that companies earlier did not spend for different social welfare activities. However after the implementation of the act, companies stated spending for CSR but more than genuine concern it happens to be marketing tool to create a brand image which has societal concern. But the findings of the study show that CSR activities carried by the companies are merely done to follow the company's act compliances, create a brand image and consider it as an obligation. Hence genuine concern for the society is questioned. The researcher has taken samples size of 250 respondents mostly senior executives with BSE/NSE listed companies.

**Key words:** corporate, social, responsibility, marketing, Company's act

### I. Introduction

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders (UNIDO). Corporate Social Responsibility (CSR) is often defined as corporate responsibility, corporate citizenship, social enterprise, sustainable development, triple-bottom line, corporate ethics, and in some cases, corporate governance. (World Bank). Thus companies while making economic profits need to do something for the society also. The contribution to society is contribution to all the stakeholders of the company. Now a day's customers perceive good companies based on their eco-friendly products and other activities which are environment friendly or not. As on date companies are doing many activities right from showing their concern for environment to health and hygiene, concern for children, women, old aged, physically handicapped as well as plants and animals. Their overall CSR spending's has been increasing on year to year basis. The overall CSR spending's has increased from Rs. 24965 crore in FY 2019-20 to Rs.34908 crore in FY 2023-24 (PIB, GOI). The researchers in this research paper have tried to understand the perception of the companies towards their CSR spending. There can be no denying the fact that CSR spending's of the companies impact the internal and external environment, however the extent of its impact matters. Hence the researchers have also tried to understand the impact of CSR practices by companies on internal and external environment.

## **II. Literature Review**

The authors have gone through different texts, research articles, government reports and other literatures to understand and develop conceptual understandings of the subject of study, All these literatures have helped the researchers to redesign their thoughts about the subject and ignite a subject of enquiry. Olga H Astara et al. (2015) in their study have focused upon the impact of CSR on their profitability and also have made a comparative analysis of those not adopting CSR practices. The findings of their study show that companies adopting CSR practices are more efficient and they use this as a tool to promote themselves. Aman Kumar et al. (2026) have studied about the role of corporate social responsibility in achieving sustainable marketing performance. The authors have done reviews of literature using an integrated approach using Theory Context Characteristics Methodology Framework and bibliometric analysis covering 162 articles. It was found that research related to CSR practices in marketing has been conducted mostly in western countries. The different types of CSR practices followed by companies are environmental, financial, ethical, philanthropic, legal, customer and employee focused. C. S. Tellez (2017) has focused upon the relationship between CSR and Marketing. The authors have found that various schools of marketing thought have offered valuable inputs on its relationships with the concepts of CSR. S. K. Das & Manas Pandey (2022) have studied the impact of corporate social responsibility by Indian corporates. The key objective of the study is to review the company's CSR investment in sustainability, disclosures, governance etc. The findings of the study show that companies from private sector invest more in CSR activities while Public sector companies invest more on environment. J. Sarkar and S. Sarkar (2015) have studied CSR as a tool to bridge the welfare gap. The authors have taken a sample of 500 BSE listed companies during the period 2003-2011. The authors have found that the provisions of the Company Act 2013 have been designed in such a way that it fulfills the objectives of company, shareholders and the society. According to the author, the existing provisions do not distort the economic objectives of the company. The spending of 2% of profit after tax on social welfare is a cap. This automatically exempts the smaller companies. The companies which do not want to spend the required amount on its own then they can either form trusts or can transfer the amount to the Prime Minister's Relief Fund. However there are certain challenges in coordination, duplication of the projects by companies in a particular area. There can be unbalanced spending's where certain areas will get more welfare expenditures in relation to few areas. P. Debnath and P. Chellasamy (2022) have studied about the issues and challenges of CSR activities in India. The authors have largely investigated the CSR practices by companies during pandemic. The authors found that there is lack of societal participation, less transparency in CSR spending's, failure to plan and execute strategically, and lack of consensus. P. Chhabra and Sonia Gulliani (2022) in their study have focused upon corporate social responsibility as a tool for brand building. The author found that there is positive relation between CSR activities by a company and brand building. S. Vibha and Vinita Agarwal (2020) have studied about CSR as a sensational tool of brand equity with respect to FMCG brands in India. The authors have collected data from a sample size of 400 customers from 10 FMCG brands. The findings of the study show that there is positive relation between CSR practices and brand equity. Companies with higher CSR spending are having higher brand equity. O. Adewole (2024) has studied CSR as a tool for brand communication. He has examined as to how consumer perceptions can lead to value creation from CSR practices by an organization. The findings of the study are in line with existing literatures as CSR practices have positive impact and implications on consumers. CSR engagement creates social value and helps in attainment of financial success. Thus the author is of the view that CSR practices can create proper positioning of the brand and positive image as perceived by the consumers, the public and the entire society.

## **III. Research Methodology, Research Design, Sampling and Data collection**

### **A. Objectives of the Study**

- a) To study the different types of CSR practices being followed by the companies in India.
- b) To study the companies perception towards the CSR spending.
- c) To study the impact of CSR practices of companies on Internal and external environment

**B. Type of Research study, Data collection and Sampling**

The researchers have tried to take a survey of 250 respondents mainly senior level executives from BSE/NSE listed companies through a questionnaire. The researchers have gone through different secondary sources of information to find out the various CSR practices followed by the companies. The research study is descriptive in nature. The sampling design was probability random sampling. The various statistical tools such as Excel, SPSS 21, AMOS were used in order to derive the results. The researchers have applied non parametric Friedman test to determine whether mean ranks of different variables differ or not as well as structural equation modeling to assess the dependability variables on another.

**IV. Data Analysis and Interpretation**

**I. Perception of the companies towards corporate social responsibility (CSR).**

**Statistical Test: Friedman Test**

<b>Ranks</b>	
	Mean Rank
CSR is only done to follow Company’s Act provisions	6.71
CSR can lead to an increase in brand image and profits	6.04
CSR is an obligation on the company	5.72
CSR is a marketing tool	2.34
CSR is genuinely followed by the companies to protect the environment and society	3.45
CSR comprises the set of activities companies carry	2.88
CSR is nothing new as companies have been doing many societal activities since a long time.	3.40
CSR is mainly done as competitors are doing	6.30

<b>Test Statistics<sup>a</sup></b>	
N	320
Chi-Square	1844.168
Df	8
Asymp. Sig.	.000

a. Friedman Test

Scaling technique for variable measurement: Data were collected using 9 items scaled independently on a 5 point measurement scale.

Level of Significance: 0.05

Since Friedman test is significant, the null hypothesis is rejected and hence it is concluded that variables measuring Companies perception towards CSR significantly differ in magnitudes of importance.

From the rank table, it can be seen that CSR is only to follow the company’s Act compliances has a mean rank of 6.71, CSR increases the company’s brand image and profit has a mean rank of 6.04, CSR as an obligation on the company has a mean rank of 5.72 and companies differentiates themselves with their competitors has a mean rank of 6.30. CSR is genuinely followed by the companies to protect the environment and society has a mean rank of 3.45. Hence it can be concluded that companies does not genuinely followed CSR activities for environment and society, rather they do as part of legal compliances, brand image and profit etc.

**II. Various CSR activities conducted by the respondent’s organizations**

**Statistical Test: Friedman Test**

Ranks	
	Mean Rank
Eco protection following government regulations	9.10
Educational campaign	8.15
Safety and sanitation drive	7.17
Providing clean and safe drinking water	7.19
Rain water conservation	5.61
Health care and hygiene campaign/project	6.56
Female Fetus	2.44
Clean surroundings	7.07
Female safety drive	5.34
Use of Sanitary pads	3.30
Benefits of daily exercise	2.87

Test Statistics <sup>a</sup>	
N	320
Chi-Square	2250.765
Df	10
Asymp. Sig.	.000

a. Friedman Test

Scaling technique for variable measurement: Data were collected using 11 items scaled independently on a 5 point measurement scale.

Level of Significance: 0.05

It is found that the various CSR activities conducted by the respondents’ organization significantly differ in magnitudes of importance.

From the rank table, it can be seen that Eco protection following government regulations has a mean rank of 9.10, Educational campaign has a mean rank of 8.15, safety and sanitation drive has a mean rank of 7.17,

Providing clean and safe drinking water has a mean rank of 7.19, while

Female fetus and benefits of daily exercise has the mean rank of 2.44 and 2.87 respectively.

Thus it can be concluded that the most of the respondents conducted CSR activities related to environmental protection, educational campaign, and sanitation drive while only few respondents support female fetus and daily exercise campaign.

### III. Different CSR practices followed by different companies' impact Internal and External Environmental factors.

H<sub>0</sub>: There is no positive impact of CSR practices on internal and external environmental factors.

H<sub>1</sub>: There is positive impact of CSR practices on internal and external environmental factors.

**Statistical Test:** Structural Equation modeling is performed to confirm the following linkages.

a) CSR practices and External Environment

b) CSR practices and Internal Environment

It is hypothesized that CSR practices (independent variable) will positively impact internal environment; CSR practices (independent variable) will also have positively impact external environment.

Structural Equation Modeling being a family of equations can handle multiple relationships (both dependent and independent) simultaneously. It is a two-step process: in the first step the measurement model is validated using CFA (Confirmatory Factor Analysis). CFA facilitates reliability and validity test. Once the measurement model shows a good fit; the SEM is validated.

### Reliability and Validity

Reliability and validity tests are quality assessment for the instrument/scale used in measuring constructs under the study. They ensure that the measurement scales are trustworthy, effective and usable. Reliability is confirmed using cronbach's alpha. Cronbach's alpha value more than 0.7.25 indicates validity.

Validity is the ability of the scale to produce accurate result. It is the extent to which the measured indicators define the underlying constructs. Validity of the measurement tool is confirmed using average variance extracted. Average variable Extract (AVE) value more than 0.5, indicates validity.

Reliability Validity Scores are presented in a table below:

Constructs	Measured Indicators	Alpha	AVE
External Environment	6.25	0.981	0.88
Internal Environment	8.1	0.983	0.889
* CSR Practices	10.9	R>0.9	CVI>0.7 Content Validity Index

\* CSR practices are measured using single item scale. Hence test/retest is used to confirm reliability and content validity index suggested by C. H. lawshe. The above results show that instruments used under study is effective and usable for measurement purposes.

Assessing the model fit for structural model. Fit indices of structural model showed a good fit between hypothetical model and sample data (CMNI/DF = ...; RMSEA=....). All the fit indices suggest a good fit between hypothetical model and sample data. Hence the path coefficients and significance values are referred to for assessing the significance of linkages between CSR practices and internal environment and CSR practices and external environment. The Internal environmental factors are denoted by F2 and the external environmental factors are denoted as F1.

**Statistical Test results**

Environmental factors	CSR Practices	Estimate	S.E.	C.R.	P	Label
F1	Eco protection following government regulations	-0.031	0.016	-2.04	0.041	sig
F1	Educational campaign	-0.023	0.018	-1.288	0.198	ns
F1	Safety and sanitation drive	0.069	0.018	3.9	***	sig
F1	Providing clean and safe drinking water	0.116	0.028	4.155	***	sig
F1	Rain water conservation	-0.014	0.023	-0.6	0.548	ns
F1	Health care and hygiene campaign/project	-0.143	0.023	-6.291	***	sig
F1	Female Fetus	0.035	0.012	2.894	0.003	sig
F1	Clean surroundings	0.018	0.023	0.772	0.44	ns
F1	Female safety drive	0.073	0.023	3.137	0.003	sig
F1	Use of Sanitary pads	0.619	0.029	21.688	***	sig
F1	Benefits of daily exercise	0.147	0.023	6.502	***	sig
F2	Eco protection following government regulations	0.194	0.023	8.578	***	sig
F2	Educational campaign	-0.05	0.024	-2.088	0.047	sig
F2	Safety and sanitation drive	0.1	0.025	4.007	***	sig
F2	Providing clean and safe drinking water	0.162	0.039	4.107	***	sig
F2	Rain water conservation	-0.127	0.032	-3.943	***	sig
F2	Health care and hygiene campaign/project	0.035	0.032	1.124	0.0361	sig
F2	Female Fetus	0.095	0.017	5.482	***	sig
F2	Clean surroundings	-0.042	0.033	-	0.203	ns

				1.273		
F2	Female safety drive	0.37	0.033	11.18 1	***	sig
F2	Use of Sanitary pads	0.192	0.027	7.23	***	sig
F2	Benefits of daily exercise	0.157	0.031	5.024	0.01	sig

**Observation and Interpretation:** The test results from the above table showed that CSR practices such as Eco protection following government regulations, Safety and Sanitation drive, Providing clean and safe drinking water, Health care and hygiene campaign/project, female fetus, female safety drive, use of sanitary pads and benefits of daily exercise have positive impact on internal environmental factors as the value of P is less than 0.05, the level of significance.

The CSR practices such as Environment protection by adhering to the government laws related to pollution, Educational campaign related to various societal benefit issues, Safety and sanitation drive, Providing clean and safe drinking water, Rain water conservation, Health care and hygiene project, female fetus, female safety drive, use of sanitary pads, benefits of daily exercise also have positive impact on external environment factors as the value of P is less than 0.05, the level of significance.

### V. Findings and Conclusions

The researchers on the basis of findings have concluded that CSR practices are not followed in true spirit. Most of the respondents do agree that CSR practices are merely done to follow the company's act provisions and hence it is considered as an obligation. Few of the CSR practices followed by the companies are ecology protection, clean and safe drinking water, educational campaign, safety and sanitation drive etc. The CSR practices have positive impact on both internal and external environment. The CSR practices increases the brand image and profitability of the companies. The findings of the study can help the government, companies in understanding the real motives behind CSR practices.

### VI. Limitations and Future Scope of the Study

The researchers have studied the subject of CSR practices by the companies based only on selected parameters. The study is only limited to selected respondents from Pune and Mumbai. The researchers' perception regarding CSR practices may differ to certain extent than respondents. The study can be taken forward in case of larger sample size covering larger geographical area. The findings of the research will help the future researchers to carry out research study on the subject of study covering larger geography and population.

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