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CORPORATE SOCIAL RESPONSIBILITY AS A CATALYST FOR INNOVATION: INSIGHTS FROM EMERGING MARKETS¹

AUTHORED BY - SANIKA JAVDEKAR

Abstract:

Corporate Social Responsibility has transformed from an obligatory action to a more creative pathway for companies to give back to the society and environment in which they function. More recently, companies are looking out for intensive and complex strategies to involve various components of the company to take part in Corporate Social Responsibility activities. With evolving technology, strategies and ideas companies seek out for an aspect of something new that will make them stand out from the crowd. The author, through this paper, would like to highlight how CSR practices inspire optimum performance of the company, employee satisfaction and encouragement along with enhancement of knowledge about the external factors of the company, how CSR can increase the innovation of an organisation, integrate various operations to reach and repair niche areas that require help, what schemes can be implemented to ensure smooth and steady functioning and implementation of CSR activities, what laws govern CSR and what reforms can be proposed. The paper would explore the advantages and shortcomings faced by companies while implementing CSR programs, how through introduction of various laws companies can be stopped from exploiting the current norms and analyse various case studies for better understanding of the topic.

Keywords: CSR, environment, strategy, innovation, schemes

Introduction:

During the earlier times when Industrialisation became a boom, a lot of companies based their camps in India, thereby increasing the production, supply, and demand for indigenous as well as gourmet goods and services. This led to increased economy, standard of living because of a massive increase in employment. Transnational trade gained momentum

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and thus brought the world closer. However, what we soon realised that this process happened at the cost of our environment. Environment was getting exploited, there struck an urgent need to strike a balance between industrialisation and safeguarding our resources. Organisations realised the need for natural resources to use them for production and manufacturing of various goods and services. If we fail to find a balance it will be impossible to sustain the vigour of industrialisation. The concept of corporate social responsibility, or CSR, has drawn a lot of interest lately as companies have realized how important their actions have an influence on society and the health of the planet. The term corporate social responsibility (CSR) describes a company's commitment to carrying out its operations in a way that is moral and ethical, taking into account the objectives of several consumers, such as consumers, workers, communities, and the surroundings. While improving the image of an organization and reducing negative effects are linked to corporate social responsibility (CSR), there is also increasing attention in how CSR affects creativity and innovative thinking in the work environment. Because corporate social responsibility (CSR) has the capacity to help firms, it is important to investigate how CSR affects innovative thinking and creativity. In today's ever evolving corporate world, invention and originality are critical factors for achievement. They help businesses stay profitable, create new products, processes, and procedures, and adjust to changing consumer demands. Companies may use their knowledge of how CSR activities impact imaginative thinking and creative thinking to develop an atmosphere of continuous enhancement and obtain an edge over competitors.²

Literature Review:

In the last several years, corporate social responsibility, or CSR, has become increasingly popular. Businesses all over the world are including CSR efforts into their primary revenue-producing plans. These projects frequently take many forms, including giving to charities and becoming involved in the neighbourhood to greater and more complex efforts focused on responsible hiring and the preservation of the environment. But even with its broad acceptance and what seem to be well-meaning motivations, corporate social responsibility (CSR) is unable to sufficiently tackle some of the most important, today's global problems. Even though CSR projects are frequently praised for their beneficial effects, a growing body

² Ejoro Ejoro and Patrick A. Omoile, "Corporate Social Responsibility on Innovation and Creativity in Workplace", (November 2023), Research Gate, https://www.researchgate.net/publication/377252455_Corporate_Social_Responsibility_on_Innovation_and_Creativity_in_the_Workplace

of research is required to determine actual efficacy as well as any potential drawbacks. Reevaluating the present CSR system and proposing potential modifications is necessary in order to improve its efficacy. This may involve encouraging more cooperation among business, the government, and nonprofit organizations in order to address worldwide problems in a more thorough manner. Furthermore, corporate social responsibility (CSR) must become a primary element of the company's overall business plan, including ecological and social considerations into all aspects of making decisions, rather than being an additional function. In the end, CSR needs to go from a collection of discrete actions to a more planned, well-coordinated, and effective strategy that tackles the fundamental root causes of the difficulties at stake if it is effective in addressing global-level concerns. To ensure that corporate social responsibility (CSR) transcends its existing constraints and emerges a potent instrument for constructive change across the globe, this transition will need for an adjustment in both mentality and behaviour.

What is Corporate Social Responsibility:

“A self-policing business concept known as "corporate social responsibility" (CSR) assists an organization in being held accountable for its actions by the general population, those it serves, and itself.”³ With the help of Corporate Social Responsibility schemes, workshops, volunteering, etc. organisations can strive to benefit the society and environment alongside promoting their business and laying a foundation of a strong goodwill. To keep an eye on these activities and their results, the company is usually responsible for providing facts and evidences to its shareholders and stakeholders. A company must realise the effects of its functioning on the environment and try to control the damage. It can do so by reducing effluents and materials in the environment, switching to alternative usage of machinery and materials that are less harmful to the environment and mankind. While doing so a company must ensure it is fair and ethical. It shall not be biased and must look after its profits as well as preventing the environment.

CSR mandates that businesses give back to the community, notably through profit-sharing with charitable organizations, limiting business dealings with suppliers or contractors that share the organization's values, encouraging employee charitable contributions, or

³ Jason Fernando, “What is CSR? Corporate Social Responsibility Explained” (March 06, 2024), Investopedia, <https://www.investopedia.com/terms/c/corp-social-responsibility.asp>

organizing campaigns for fundraising. A business may have designs to become more trustworthy, humanitarian, and ecologically conscious; however, those goals need to be supported by capital investments in initiatives, grants, or research into goods, involving the invention of merchandise that promote environmental responsibility, the hiring of a diverse workforce, the implementation of DEI, civic engagement, or initiatives related to the environment.⁴

What is Innovation:

Innovation happens when there is scope of improvement and upgradation. For any possible problem, there exists a solution and as innovate the solution shall be the better chance a company has to benefit the environment. Innovation reflects progress. A company can use its resources to propose innovative ideas, processes and products to augment company's competency. Different perspectives and ideas can be implemented at any stage of a Corporate Social Responsibility plan of action since it has a wide scope. Thorough research and market study while understanding the needs of the external environment can add to the implementation of effective CSR activities. Promoting a collaborative environment within the organization boosts productivity, gives businesses an advantage over their competitors, and helps them adjust to an atmosphere that is evolving all the time.⁵ An organization can take the help of its investors and stakeholders to jot down various ideas for forming a Corporate Social Responsibility scheme and can also indulge in extensive analysis and research to understand how it will impact the environment and ultimately the goodwill of a company.

Synergy between CSR and Innovation:

Corporate Social Innovation (CSI) is a contemporary approach that reflects how organizations are utilizing their resources to create and implement innovative solutions aimed at solving both internal and external challenges. It is an evolution of the concept of Corporate Social Responsibility (CSR), where companies commit to giving back to society in ways that align with their ethical and moral values. While CSR can often be viewed as a broad, overarching vision for how a company interacts with its community and environment,

⁴ Ibid

⁵ Ejiro Ejoh and Patrick A. Omoile, "Corporate Social Responsibility on Innovation and Creativity in Workplace", (November 2023), Research Gate, https://www.researchgate.net/publication/377252455_Corporate_Social_Responsibility_on_Innovation_and_Creativity_in_the_Workplace

Corporate Social Innovation is about the strategic implementation and development of those goals through practical, measurable actions.⁶ At its core, Corporate Social Innovation focuses on the dual objectives of profitability and social impact. Organizations, especially large corporations with significant resources at their disposal, are increasingly expected to move beyond traditional business models that prioritize profit maximization for shareholders. Instead, they are being asked to find ways to contribute to the resolution of social and environmental issues while maintaining financial viability. This shift requires a deep integration of ethical values into business practices, and it often involves stakeholders from various sectors, including employees, customers, communities, and investors. Stakeholders are not merely passive observers in the process; they are integral participants who take part in initiatives from inception to execution, ensuring that solutions are sustainable and impactful. A distinguishing feature of Corporate Social Innovation is the proactive approach organizations take in addressing challenges. Rather than responding reactively to societal expectations or government regulations, companies that embrace CSI identify potential issues early on and use their creativity, expertise, and resources to develop solutions. This could involve creating new products or services, improving operational processes, or even collaborating with other organizations, including non-profits and government bodies, to tackle larger systemic problems such as climate change, inequality, and access to education. One of the most compelling examples of this model in action is the rise of Certified B Corporations, or B-Corps. These organizations are committed to balancing profit with purpose, striving to make decisions that positively impact workers, customers, communities, and the environment. Unlike traditional companies, B-Corps are evaluated and certified by a third-party non-profit organization, B Lab, which measures a company's entire social and environmental performance. This certification process requires companies to meet high standards of transparency, accountability, and social responsibility. B-Corps represent a growing movement of businesses that believe in using their power to solve social problems rather than solely focusing on profit generation. The concept of Corporate Social Innovation is grounded in the belief that business can be a force for good, and that innovation does not have to be limited to profit-driven objectives. As global challenges become more complex, the need for innovative solutions from all sectors of society grows. Companies that adopt CSI are not only contributing to a better world but are also positioning themselves to be more resilient, adaptive, and sustainable in the long term. In this way,

⁶ Luca Collina, Mostafa Sayyadi, Micheal Provitera, "Corporate Social Innovation: The Convergence of Business Innovation and Social Good", (12th December, 2023), <https://cmr.berkeley.edu/2023/12/corporate-social-innovation-the-convergence-of-business-innovation-and-social-good/>

Corporate Social Innovation aligns the interests of business, society, and the environment, creating a win-win situation for all involved. By focusing on ethical decision-making and inclusive stakeholder engagement, businesses can foster a culture of innovation that drives both profitability and positive social change.

Factors affecting Corporate Social Innovation:

Corporate Social Responsibility (CSR) can have a big impact on innovation and creativity in the workplace. One of the key factors is organizational culture. If a company values social responsibility and supports new ideas, it can help employees feel more inspired to be creative. Leadership also plays a crucial role—when leaders are committed to CSR, they set a positive example and provide the necessary resources for innovation. Employee attitudes toward CSR are important as well. If employees believe the company's CSR efforts are genuine and aligned with its values, they're more likely to feel proud of their work and engage in creative thinking. In addition, when CSR initiatives align with the company's core business goals, they can lead to new opportunities by addressing social and environmental issues. Good communication is another factor. When CSR efforts are communicated clearly to employees and stakeholders, it helps everyone understand the purpose behind them, boosting motivation and creativity. Lastly, engaging external stakeholders in CSR activities can bring fresh ideas and different viewpoints, sparking collaboration and innovative solutions. In short, a supportive culture, strong leadership, positive employee attitudes, and clear communication all contribute to how CSR can enhance innovation and creativity within a company. Hence, a number of factors influencing CSR and Innovation are as follows:

- a) To encourage innovation a company must encourage CSR activities through workplace motivation and engagement along with awareness. When workers understand that their company is a responsible entity, that inculcates a sense of pride and purpose, ultimately increasing workplace commitment, enhanced understanding and better job satisfaction. This will help employees invest more of their energy in CSR and innovation activities.
- b) The way that employees view and feel about corporate social responsibility (CSR) has a big impact on how innovative and creative they are. Staff inspiration and participation in innovative projects are increased when they have favourable perceptions of CSR activities, such as genuineness, openness, and compatibility with company values.

- c) Harnessing the impact of CSR in fostering innovation and creativity requires that CSR activities and a company's fundamental business approach to be in sync. Strengthening the importance of accountability for society and the environment, they become deeply rooted in the corporation's own identity when integrated into its strategic goals. This alignment guarantees ensuring the efforts are independent of the main operations of the business.
- d) Participation from stakeholders along with efficient information are essential to the effective implementation of CSR programs in fostering innovative thinking and creative thinking. Clear and efficient discourse about corporate social responsibility (CSR) programs within as well as outside the organization increases motivation among workers, dedication, and knowledge. Involving participants in CSR initiatives, such as staff members, clients, and outside collaborators, encourages the sharing information, thoughts, and varied viewpoints, which fosters creativity and teamwork.
- e) To make sure that CSR activities have an impact in fostering innovation and creative thinking, evaluation and tracking of CSR results are crucial. To evaluate the effect of CSR programs on outcomes connected to creativity, businesses must set up suitable criteria and assessment processes. Companies may discover opportunities for development, make informed choices, and constantly improve their corporate social responsibility (CSR) practices to promote creativity and inventiveness through tracking the consequences and results of their CSR operations. The subgroup of CSR study literature known as implementing corporate social responsibility has only looked at metrics that are not financial in nature, such as image of the company.

Case Analysis:

1. Outdoor apparel brand BYC Co. Ltd. is renowned for ingeniously fusing technology with Corporate Social Responsibility (CSR). The corporation prioritizes ecological through programs such as the Common Threads Initiative, which promotes reuse of products and cuts consumption. This program promotes an eco-friendly attitude and encourages consumers to minimize, reuse, and recycle their apparel, which is in line with the company's basic ideals. In addition to lessening the company's environmental impact, this dedication to sustainability has sparked innovation in its processes and products. One of the main ways BYC Co. Ltd. has combined

innovation with CSR is by fostering a work environment that inspires staff members to approach sustainability in novel ways. Workers are given the freedom to experiment with novel, environmentally friendly materials, leading to the creation of innovative goods that appeal to customers who place a high value on environmental responsibility. Furthermore, the organization actively promotes environmental activism and encourages staff members to support causes that share the company's beliefs. This emphasis on innovation and corporate social responsibility has produced a work atmosphere that encourages originality and forward thinking. The company's performance in the market and reputation has both benefited from its emphasis on sustainability. Customers that care about the environment are drawn to businesses that share their beliefs, and BYC Co. Ltd. has developed a solid reputation around its dedication to corporate social responsibility. In addition to making, it stands out in the crowded outdoor apparel industry, the company's ability to include CSR throughout its cutting-edge approach has produced effective product advancements that appeal to its target market. In conclusion, BYC Co. Ltd.'s success has been largely attributed to its innovative and CSR-focused business model. The firm has improved its brand, created a creative working culture, and satisfied the demands of environmentally concerned customers by supporting sustainability and innovation.⁷

2. One of the best examples of a business combining innovation and Corporate Social Responsibility (CSR) is Google. Google conglomerate is one of its main CSR projects, and it focuses on utilizing technology to address urgent global issues including education access and climate change. The firm sponsors a number of initiatives through Google.org that make use of its technology know-how to advance sustainability, enhance resource accessibility, and strengthen communities throughout the globe. This illustrates how Google's CSR initiatives support the company's overarching goal of leveraging technology to advance society. One distinctive feature of Google's innovation and corporate social responsibility strategy is its 20%-time policy, which allows staff members to set aside 20% of their working hours for creative initiatives that fall outside of their regular duties.

⁷ Ejoro Ejoro and Patrick A. Omoile, "Corporate Social Responsibility on Innovation and Creativity in Workplace", (November 2023), Research Gate, https://www.researchgate.net/publication/377252455_Corporate_Social_Responsibility_on_Innovation_and_Creativity_in_the_Workplace

This strategy encourages entrepreneurship, where workers are allowed to experiment and create solutions that satisfy personal interests and organizational objectives. Google has fostered a creative and idea-generating atmosphere by giving its employees the time and room to experiment. The creation of ground-breaking products like Google Maps and Google Glass, both of which have had a tremendous influence on society, is the result of this creative work environment. Google Glass pushed the limits of wearable technology, while Google Maps transformed how people travel and discover the world. These developments demonstrate how Google's dedication to CSR and innovation produces goods and services that benefit society in addition to commercial success. In conclusion, Google combines innovation and CSR by creating an environment where staff members are encouraged to actively explore creative ideas and take on global challenges through programs like Google. Innovation and corporate social responsibility have produced goods that have changed the world, supporting the notion that companies may advance society and the economy by adopting ethical and progressive business practices.⁸

Setbacks experienced while integrating CSR with Innovation:

Although innovative and corporate social responsibility (CSR) have been successfully integrated by successful firms, there have also been difficulties and lessons discovered. Finding a way to balance short-term financial aims with long-term CSR and innovation objectives is a typical difficulty. It is imperative for organizations to have a sustainable approach that demonstrates the return on long-term investments in innovation and social responsibility while also integrating CSR activities with core business goals. Organizational transformation and a mentality shift are necessary for integrating CSR with innovation. Because they are uncomfortable with new procedures or because they are afraid of the unknown, some employees can oppose these changes. The use of efficacious change management tactics, including as leadership support, employee involvement, and communication, is vital in surmounting opposition and cultivating an innovative and socially responsible culture. Businesses that are successful have come to understand how crucial authenticity is to CSR initiatives.

⁸ Ibid.

Credibility is increased and stakeholder and employee involvement is encouraged when CSR activities are in line with corporate principles and really address social and environmental challenges. Including consumers, workers, and communities as stakeholders in the CSR process helps firms get new insights, come up with creative solutions, and forge closer bonds with their constituents. Businesses that combine innovation with corporate social responsibility have realized they need to constantly learn and adapt. To maximize the influence of corporate social responsibility (CSR) on innovation and creativity, it is essential to track and assess CSR programs, analyse results, and adopt a culture of learning and improvement. Organizations may improve their strategy, overcome obstacles, and seize new possibilities by being adaptable and receptive to input.

Conclusion:

The way social and environmental constraints changed over time produced a flexible corporate structure that gave rise to new business models. This development has expanded the reach of CSR. Therefore, CSR evolved from a protective or charitable side project to an integral element of the main business. The CSR-innovation relationship was impacted by these subsequent changes. This chapter examined how the idea of corporate social responsibility (CSR) has changed throughout the course of four ages: the marketing age, the philanthropic era, the greedy age, and the leadership age. Additionally, we discussed the connections between business innovation and various CSR versions. There is a connection between this and business competitiveness. If corporate social responsibility is viewed strategically, it might serve as a roadmap for a new innovation paradigm. The management viewpoints, which form the foundation of both CSR understanding and innovation activities, do, in fact, have an impact on the relationship between CSR and innovation. The social commitment of the management is not, however, a stand-alone component. It is impacted by the structure of institutions. Stated differently, it is contingent upon the legal, social, and economic constraints in addition to the digital revolution. In an economy modelled after a Matryoshka doll, decision-makers must foresee future developments by fortifying their social network. To produce shared value, boost their creativity, and better understand their surroundings, they must determine the appropriate times and people to work with. It is imperative for policymakers to take into account the ongoing evolution of corporate practices and technology advancements in order to effectively curb reckless behaviour. They can assist businesses in determining the best time for an appearance of the synergistic impact between innovation and CSR.