

## FROM PHILANTHROPY TO SUSTAINABILITY: THE EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY IN BUSINESS RESEARCH

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### Abstract

This research examines the evolution of Corporate Social Responsibility (CSR) from a philanthropic approach to sustainability in business. In the early stages, CSR was mostly realised in the form of donations or social support that was sporadic and not integrated with the company's core business strategy. However, along with the increasing awareness of the importance of sustainability, many companies began to adopt a more strategic and integrated approach to CSR. This research shows that sustainable CSR implementation not only provides social and environmental benefits, but also creates significant business value, including enhanced reputation, customer loyalty, and operational efficiency. Thus, the transformation from philanthropy to sustainability in CSR reflects an important shift where social responsibility becomes an integral part of business strategy that contributes to the achievement of sustainable economic, social, and environmental goals.

**Keywords:** Philanthropy, Sustainability, Evolution, Corporate Social Responsibility.

### Introduction

Corporate Social Responsibility (CSR) has long been an important topic in the world of business and management. Traditionally, CSR is known as a corporation's effort to give back to society through various philanthropic initiatives, such as charitable donations or ad hoc social responsibility programmes.

Corporate Social Responsibility (CSR) is a concept where companies take responsibility for the impact of their business activities on society and the environment. Basically, CSR encompasses proactive measures taken by companies to ensure that their operations have a positive impact not only economically, but also socially and environmentally. (Sarkar et al., 2021).. CSR programmes can include a wide range of initiatives such as carbon emission reduction, responsible waste management, support for education and public health, and improvement of local community welfare. CSR is not just a philanthropic activity or charitable donation, but an integral part of a business strategy that also focuses on long-term sustainability. (Jing & Moon, 2021).

Furthermore, the implementation of CSR can provide various benefits to the company itself. By adopting CSR practices, companies can enhance their reputation and brand image, which in turn can help attract and retain customers, and increase customer loyalty. In addition, companies that demonstrate a real commitment to social responsibility are often more attractive to investors who are increasingly concerned with sustainable and

ethical business practices. CSR can also be an effective tool to improve employee engagement and morale, which in turn can increase productivity and reduce turnover. (Chakamera, 2020). Overall, CSR helps to create sustainable and harmonious value between businesses and the wider society. However, over time, the concept of CSR has undergone a significant transformation, moving towards a more continuous and structured approach, known as sustainability. (Agrawal, 2023).

The development of Corporate Social Responsibility (CSR) has undergone a significant transformation from traditional philanthropy to a more strategic focus on sustainability. In the beginning, CSR was often associated with philanthropic activities or donations made by companies for charitable purposes, such as making donations to orphanages or supporting social initiatives in the form of financial assistance. These activities are more reactive in nature and are done sporadically to fulfil community expectations or as a form of corporate social responsibility. However, as awareness of environmental and social issues increases, as well as demands from consumers and other stakeholders, companies are beginning to integrate CSR practices into their core business strategies. (Martin, 2024).

Today, CSR is shifting from a reactive to a proactive approach, focusing on sustainability in line with a company's long-term goals. This shift is characterised by efforts to incorporate economic, social and environmental aspects into every business decision. Companies are not only concerned with financial returns, but also the long-term impact of their actions on the planet and society. (Mitra et al., 2021). For example, they implement environmentally friendly business practices, strengthen ethical supply chains, and collaborate with local communities for empowerment programmes. This transformation towards sustainability not only helps companies meet regulatory demands and higher consumer expectations, but also contributes to sustainable and responsible socio-economic development. (Sauerwald & Su, 2024).

This change is fuelled by a growing awareness of pressing environmental and social issues, such as climate change, resource scarcity and social inequality. Stakeholders, including consumers, governments and investors, are increasingly demanding that companies take responsibility not only for financial returns but also for the social and environmental impacts of their operations. This pressure is forcing companies to integrate sustainability principles into their core business strategies, rather than as a secondary or optional activity. (Zasuwa, 2022).

This research examines the evolution of CSR from a philanthropic approach to a more sustainable strategy. With increasing attention to sustainability in business, this research seeks to answer how this change has affected CSR practices in various industries, as well as its impact on overall business image and performance.

## **Research Methods**

The review in this study uses the literature method. The literature research method, or literature review, is a systematic approach used to identify, evaluate, and synthesise

published research on a particular topic. This method involves collecting data from various sources such as books, academic journals, articles, reports, and other relevant documents related to the research question. (Raco, 2018); (Sugiyono, 2010). The process usually begins with the formulation of a clear research question, followed by a thorough literature search using online databases and library resources. Once the literature is collected, the researcher evaluates the validity and relevance of each source, compiles a summary of key findings, and identifies any gaps or future research needs. A comprehensive literature review not only provides an in-depth understanding of the topic under study, but also helps inform the theoretical and methodological framework for further research. (Nasution, 1996).

## **Results and Discussion**

### **The Development of CSR from Philanthropy to Sustainability**

The development of Corporate Social Responsibility (CSR) from traditional philanthropy to a sustainability focus is an evolution that reflects companies' increasing awareness of their role in society. Initially, CSR was synonymous with ad-hoc or incidental philanthropic activities, where companies made financial or material donations to charitable organisations, orphanages or other social causes. These initiatives were often motivated by goodwill or public pressure, without a planned or structured effort to bring about long-term change. (Branco, 2021).

Over time, growing awareness of the impact of business operations on the environment and society has driven a shift from a simple philanthropic approach to the integration of CSR in business strategy. The growth of environmental and social movements at the global level, as well as the implementation of stricter regulations, is forcing companies to take more responsibility for the impact of their activities. Consumers who are increasingly aware of social and environmental issues have also begun to demand greater transparency and responsibility from corporations. In response, companies have begun to develop more holistic and strategic CSR programmes, which not only focus on philanthropic activities but also address sustainability in their business operations. (Lee & Huang, 2020).

This transformation towards a sustainability focus encompasses three main dimensions: economic, social and environmental. In the economic dimension, companies are starting to adopt practices that support increased efficiency and innovation, which not only generate profits but also have a positive impact on stakeholders. On the social aspect, companies focus on empowering local communities, improving the quality of life of employees, and safeguarding human rights in their supply chains. (Debnath & Chatterjee, 2023).. Meanwhile, in the environmental dimension, companies seek to minimise the negative impacts of their operations through environmentally friendly practices, such as reducing carbon emissions, managing waste effectively, and using resources responsibly (Kaźmierczak & Chatterjee, 2023). (Kaźmierczak et al., 2022)..

This shift not only creates added value for companies in terms of reputation and customer loyalty, but also contributes to sustainable development globally. Companies that integrate sustainability into their business strategy often enjoy long-term competitive

advantages, such as increased operational efficiency, reduced risk, and greater opportunities for innovation. Thus, the evolution of CSR from philanthropy to sustainability reflects a paradigm shift in the business world that increasingly recognises that social responsibility and sustainability are no longer optional extras, but essential components of long-term business success. (Weetman et al., 2020)..

While many companies have progressed in integrating sustainability principles into their business practices, the CSR journey is not without challenges. One of the main challenges is to ensure that CSR strategies do not become mere marketing tools or symbolic acts, but reflect a real and sustainable commitment to social and environmental impacts. Transparency and accountability are key to running genuine and effective CSR programmes. Companies need to innovate to find strategies that fit their core values and communicate their progress openly to the public and relevant stakeholders. (Basavaraj & P, 2021).

In addition, building partnerships with governments, local communities, and non-profit organisations is becoming increasingly important in achieving sustainability goals. This collaboration allows various parties to share resources, knowledge and expertise, which can amplify the positive impact of CSR programmes. As more companies move in this direction, it is hoped that a business ecosystem will be created that supports sustainable development in a comprehensive and lasting way. (Fonseca & Carnicelli, 2021)..

In conclusion, the transformation of CSR from a philanthropic activity to a sustainability strategy reflects the long journey of businesses in understanding and fulfilling their social responsibilities. This evolution shows that CSR is now not just about giving back to society, but also about how business operations can support economic, social and environmental sustainability simultaneously. With a holistic and integrative approach, CSR can become an important pillar in addressing global challenges, such as climate change and social inequality, and pave the way for a more inclusive and sustainable future. Companies that successfully adopt this approach not only contribute positively to society and the environment, but also build a strong foundation for their own long-term success.

### **Advantages of Sustainable CSR Implementation**

Sustainable implementation of Corporate Social Responsibility (CSR) brings various benefits to companies, in terms of reputation, stakeholder relations, operational efficiency, and increased long-term profits. Firstly, one of the main benefits is the enhancement of the company's reputation. When a company demonstrates a real commitment to responsible business practices, it can strengthen its positive image in the eyes of consumers, investors and the wider community. A good reputation often translates into higher customer loyalty, enhancing a company's competitive position in the marketplace. (Borger & Costa, 2022).

Secondly, implementing sustainable CSR also helps in building and strengthening relationships with various stakeholders. Successful CSR programmes usually involve collaboration with local communities, governments, and non-profit organisations. Through these partnerships, companies can create a strong network of support, which not only helps in executing social and environmental programmes but also builds trust and mutually

beneficial cooperation. This co-operation can also lead to new initiatives that require collective solutions to complex social or environmental problems. (Borger & Costa, 2022).

Third, sustainable CSR promotes improved operational efficiency. By adopting environmentally friendly business practices, such as waste reduction, improved energy efficiency, and responsible use of resources, companies can reduce operational costs in the long run. Investments in green technology and work process innovation can also trigger the development of new products and processes that are more efficient and sustainable, allowing companies to operate with fewer resources and negative impacts on the environment. (Wu & Jin, 2022).

Fourth, another benefit is increased labour attractiveness. Many employees today, especially the younger generation, seek employment in companies that share their values and ethics, including a commitment to sustainability and social responsibility. Efficient CSR implementation not only helps in attracting top talent but also improves employee engagement and retention. Employees who are proud to work for a responsible company tend to perform better and be more loyal, which in turn increases the company's overall productivity and profits. Thus, sustainable CSR not only provides short-term benefits, but also builds a foundation for future business growth and sustainability (Goel, 2021).

Furthermore, sustainable CSR practices also have a positive impact in terms of innovation and long-term value creation. When companies proactively seek ways to reduce negative impacts on the environment and society, they often find new opportunities for innovation. These innovations are not only limited to the development of new products or services but also include more efficient and environmentally friendly business processes. As such, CSR can be a key trigger for sustainable business transformation, which is important in the face of global challenges such as climate change, resource scarcity, and social inequality. (Ramkissoon et al., 2020)..

In addition, a sustainable CSR programme can increase employee engagement and participation in various social and environmental initiatives. This involvement not only fosters employees' sense of pride and loyalty towards the company, but also enhances their ability to work collaboratively in teams. These programmes often involve employee training and development, which in turn has a positive impact on their productivity and competence. By empowering employees to contribute to CSR initiatives, companies can also enrich organisational culture and create a more inclusive and innovative work environment. (Gutterman, 2020).

It is important to appreciate that business sustainability is not only measured through short-term financial gains, but also through the resulting long-term impact on the environment and society. Companies that successfully implement sustainable CSR often enjoy a competitive advantage that is difficult for competitors to replicate. Moreover, companies that are committed to social responsibility are also better equipped to deal with increasingly stringent government regulations related to environmental and social issues. Proper implementation of CSR can assist companies in meeting these compliance standards, while reducing legal and reputational risks. (Burga & Rezania, 2021).

In conclusion, implementing sustainable CSR brings many benefits to companies, ranging from improved reputation and stakeholder relations, operational efficiency, to better labour attraction. Sustainable CSR also fosters innovation and long-term value creation, which is critical to meeting global challenges. In addition to improving employee engagement, CSR helps companies comply with regulations and mitigate risks. Therefore, sustainable CSR serves not only as a business strategy tool, but also as a foundation for the company's future growth and sustainability.

### **Challenges and obstacles in implementing sustainable CSR strategies**

The implementation of sustainable CSR strategies is often faced with a variety of complex challenges and obstacles. One of the main challenges is the difficulty in integrating social and environmental goals with the company's core business strategy. Many companies are still struggling to find a balance between fulfilling social responsibilities and pursuing financial returns. (Gutterman, 2020). This confusion is often caused by a lack of understanding of how CSR can deliver long-term business value, and not just an additional cost. In addition, a lack of vision and commitment from top management can also hinder CSR progress, as without support from the highest levels, CSR initiatives often do not receive adequate attention and resources. (Burga & Rezanian, 2021).

The second challenge is the issue of engaging diverse stakeholders. When implementing a CSR strategy, companies must be able to identify and engage a wide range of stakeholders who have interests that may be diverse and sometimes conflicting. For example, investors may be more focused on profitability, while local communities are more concerned about social and environmental impacts. Meeting these different expectations requires effective communication and high transparency, which can often be a bottleneck if companies do not have efficient communication channel mechanisms in place. These barriers can also be exacerbated by pressure from the public, media and activist groups demanding increasingly high standards of social and environmental responsibility (Krkač et al., 2014). (Krkač et al., 2021)..

The next challenge is the availability of resources, whether financial, human or technological. Sustainable CSR requires long-term investments that often affect a company's cash flow. Not all companies, especially small and medium-sized enterprises, have sufficient access to resources to implement comprehensive CSR initiatives. In addition, the skills and knowledge required to effectively manage and implement CSR programmes may not always be available within the organisation, requiring training or recruitment of more competent staff in this area. Another barrier is the technological adaptation required to increase the efficiency and impact of CSR programmes, which can be challenging, especially for companies that have not modernised in terms of technology. (Aureli et al., 2021).

Finally, the sustainability of any CSR initiative often depends on the company's ability to monitor and evaluate its impact on an ongoing basis. Many companies experience barriers when it comes to measuring and reporting on the effectiveness of their CSR

programmes. The lack of standardised tools and frameworks for assessing CSR impacts can make it difficult for companies to demonstrate sustainable results to stakeholders. Without the ability to accurately monitor and evaluate the effects of these initiatives, it is difficult for companies to make the necessary adjustments and improve their CSR programmes over time. Ensuring that each CSR measure keeps pace with the changing business landscape and societal needs also requires companies to remain flexible and responsive, which is not always easy to do.

## Conclusion

The evolution of Corporate Social Responsibility (CSR) from philanthropy to sustainability shows that the corporate approach to social responsibility has undergone a significant shift. In the early stages, CSR was mostly manifested in the form of philanthropy, where companies donated or supported various social activities as a form of their moral responsibility. However, this approach was often sporadic and not integrated with the company's core business strategy. Over time, companies began to realise that sustainable social responsibility can provide long-term benefits not only to society and the environment, but also to the sustainability of the business itself. Companies began to adopt a more strategic approach, where social and environmental objectives are integrated with business objectives, creating shared value that provides a broader positive impact.

Research in the business field shows that companies that successfully implement sustainable CSR strategies tend to gain various competitive advantages. These advantages include enhanced reputation, customer loyalty, operational efficiency, and better access to markets and capital. In addition, companies with a strategic and sustainable CSR approach are also better able to deal with global challenges such as climate change, resource scarcity, and shifting consumer preferences that are increasingly concerned with social and environmental issues. Thus, the evolution from philanthropy to sustainability in CSR reflects an important transformation where companies no longer see social responsibility as a mere obligation, but as an integral part of business strategy that contributes to the achievement of sustainable economic, social, and environmental goals.

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