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**OVERCOMING CSR CHALLENGES IN THE AGE OF  
GLOBALIZATION**- Shriyadeep Gupta<sup>1</sup>**ABSTRACT**

Organizations in the twenty-first century cannot restrict themselves to creating and promoting goods and services without thinking about their impact on society. They need to be more socially responsible if they want the trust of their clients, staff, and the general public. Integration of ethnic minorities into the workplace and community is a key corporate social responsibility (CSR) issue that needs to be addressed.

The paper's goal is to take a closer look towards CSR in the era of globalization. Also examine the challenge facing CSR in light of globalization by using cases from world economies and strategic analysis of those issues. We will also explore how CSR leaders are overcoming the challenges.

**GLOBALIZATION AND CSR**

The term "globalization" refers to a dynamic set of social processes that are transforming our current social condition of "nationality" into one of "globality," which is characterized by strong global economic, political, cultural, and environmental interconnections that effectively make the majority of the existing borders and boundaries worthless. It has changed the way businesses connect with their customers, Competitors, and devises corporate strategies. Because of globalization, companies can reach customers globally and offer their goods or services to a larger population. Better opportunities for growth and financial gain are created, but companies are also under pressure to reconsider their impact on the societies in which they operate.

Globalization has a significant impact on corporate social responsibility (CSR) of commercial activities, particularly through the shifting and diminishing of national political authority. Economic, legal, ethical, and charitable social responsibility is the four categories of CSR. These four CSR components can be visualized as a pyramid, with economic obligations at the

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base and the profit motive serving as the main motivator.

In order to properly understand CSR in the context of globalization, it is important to keep in mind that the latter has emerged as a novel phenomenon and has transformed into a dynamic aspect of global economic activity. Globalization is also not a single factor or a process that moves just in one direction, which can eventually cause a shift in the socioeconomic environment. Instead, it is a complex framework of various but connected advancements and changes within social, cultural, technological, and economic systems.

## A CLOSER LOOK

Globalization has been shown to raise fresh questions about the scope of responsibility. The responsibility of organizations is assumed which required to be reflected in the process of creating value because companies found themselves connected to various other parties and locations in rather complex ways, and the effects were indirectly concerned with remote parties that are not typically taken into account in stakeholder analysis.

In the perspective of the organizational environment, CSR thus constitutes a controversial topic. While it is expected to add substance by demonstrating that the goods given by businesses are "ethical" and can't hurt the common person, the reality may reflect the opposite.

The concept of corporate social responsibility (CSR) holds that companies should be aware of their influence on the communities they serve and actively work to advance society as a whole. Companies can use a variety of frameworks to move toward adopting social responsibility into their operational procedures. This can assist them in deciding when to prioritize profits, when to prioritize their values, and how to strike a balance between their two conflicting goals.

*“Corporate Social Responsibility” ensures that a company’s economic growth is beneficial to all its stakeholders, including suppliers, employees, and customers, while minimizing its impact on the environment.<sup>2</sup>*

Is it always the case that these efforts at corporate social responsibility are made in good faith? Or are they merely attempting to enhance the public's perception of the business in order to increase profits?

Leaders face a significant task in figuring out how to create a strategy that can actually achieve high goals; few have succeeded. However, some innovative businesses have succeeded to overcome this obstacle, and smart partnering is now recognized as a means of simultaneously

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<sup>2</sup><https://prowly.com/magazine/corporate-social-responsibility-examples/>

creating revenue for the business and society.

Cases suggest that businesses may be damaged by factors other than the legal and political settings, as in the case of Volkswagen's reputational problem related to emissions in 2015. They are dependent on the society in which they live and work, as well as on the development of globalization. Not just in a single state, but also within their operational area, transnational corporations are subject to pressure and reputational losses.

This research is anticipated to explore the globalization and CSR concepts, their key theories, and case studies of businesses like Volkswagen to assess the effects of CSR. The following is the working thesis for this study: In a globalized environment, transnational firms can utilize CSR as a chance to control risks and enhance their reputation, which will positively impact their business. It was selected because it includes the key concepts of the relationship between CSR and globalization.

## **CHALLENGES FACED BY CSR IN THE ERA OF GLOBALIZATION**

There is currently no single regulator that would direct the proper CSR initiatives of global corporations. CSR measures are currently optional for businesses, and they frequently indicate insufficient regulatory responses to unfavorable social and environmental externalities. The data suggest that CSR offers businesses a number of possibilities to pass themselves off as environmentally friendly.

Therefore, CSR in the context of globalization is a strategic move that aids firms in avoiding the likelihood of public regulations by compromising the overall goal. The prosperity of society in industrialized and emerging nations is threatened by such a CSR strategy.

The Consideration of transnational companies, which continuously create new ecosystems and have an impact on the locations in which they operate, complicates the issues of CSR in the context of globalization. Production networks, global value chains, and supply chains are examples of these ecosystems.

The effects of how CSR and globalization interact are problematic for the entire world community. As in the case of Korea, CSR may frequently be introduced briefly due to international regulatory demand. It has been proved that the domestic government of the nation uses coercive pressure on businesses, which causes them to use CSR as a quasi-tax or a government job creation mechanism, which may not have any positive effects on the creation of truly effective measures of CSR.

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CSR efforts pose a variety of difficult problems for firms in the context of globalization. There are significant strains on the ability of the global economy to function due to the current level of global trade imbalance. Globalization has not produced favorable conditions for businesses to practice effective CSR because it has not been successful in managing money flows that have emerged as a result of existing economic imbalances. Whatever opinions may be on the future of CSR, there is strong evidence to support the idea that the global political economy is currently experiencing turbulence and disruption.

## **STRATEGY ANALYSIS**

It has become clear that globalization is crucial to the development of CSR practice and discourse in both developing and developed nations. The impact of internationalization, modernization, and globalization processes is related to the development of activities targeted at enhancing CSR efforts across many sectors. Global firms are expected to promote their CSR efforts despite the obstacles in order to establish credibility, enhance their brand's reputation, and improve their overall financial success.

A framework for social responsibility that ensures the interaction of patterns relating to economic, legal, moral, and philanthropic affairs should be part of the conceptual understanding of CSR. Businesses would use corporate social responsibility to protect not only for their brand's reputation but also to stay out of legal trouble with governments and communities affected by the activities of large organizations.

Lack of accountability and responsibility norms are the key factors contributing to unethical practices and negatively affecting both society and the environment. To ensure that businesses adopt beneficial and good social improvement initiatives, there should be a market-oriented CSR approach with political rationale in place.

In general, the viewpoints on the issue should be reconfigured to trace the limitations in the policies and practices of a multinational organization in order to overcome the challenges of CSR in the context of globalization.

Understanding the challenges of CSR in the context of globalization, which has resulted in the marginalization of communities that lack the social or economic ability to create prosperity, is crucial for completing the reconfiguration.

## **HOW CSR LEADERS CAN OVERCOME CHALLENGES**

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Many businesses struggle to quantify the impact of their corporate social responsibility (CSR) programs. It might be challenging to determine the worth of your efforts because some benefits, including increased customer loyalty and improved reputation, are tough to quantify<sup>3</sup>.

The difficulties can sometimes appear tremendous. However, any CSR lead may overcome the pressures and exceed expectations with the correct assistance and support.

As long as you have a clear goal and take the necessary steps to achieve it, you could build a better company without being perfect. In fact, if consumers believe a company has a strong mission, they are 6 times more likely to defend it in the event of a mistake. Put that into practice, and you'll be well on your way to success.

Engaging team members from the beginning is one of the best strategies to get support for your CSR initiatives from the entire company. Consider organizing a working group to discuss strategies for achieving your CSR goals. After this, let the stakeholders know that their ideas are becoming realities.

Inform everyone about your growth and achievement, both great and small. Be sure to regularly highlight important developments through a variety of media, whether it be your monthly newsletter, business calls, or annual impact report. Share the dark moments as well. Because nothing ever happens exactly as planned, being honest about it both internally and externally builds confidence and helps other CSR leaders expand the beneficial effects of their companies.

## **CORPORATE SOCIAL RESPONSIBILITY IN INDIA**

CSR in India is still quite young<sup>4</sup>. It is one of the least understood practices in the Indian development sector. The reach and efficiency of CSR practices are further enhanced by a lack of knowledge, poorly trained staff, a lack of accurate data, and a lack of specific information on the types of CSR activities, coverage, policy, etc.

But things are now shifting. Companies are starting to understand that what is good for their employees' communities, health, and environments is also good for business.

### **1) Reliance Industries Ltd.**

In order to recover the eyesight of visually impaired Indians from the economically poor sections of society, Reliance Industries Ltd. launched a nationwide initiative known as Project

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<sup>3</sup><https://www.nibusinessinfo.co.uk/content/measure-effects-your-corporate-social-responsibility>

<sup>4</sup><https://indiacr.in/what-is-csr-mean-to-indian-corporate/#:~:text=CSR%20is%20a%20law%20in,Act%20on%201%20April%202014.>

**Drishti.****2) Dr Reddy's Labs-**

In 1999, the lab of Dr Reddy launched "LABS" (Livelihood Advancement Business School). It prepares poor children, including street children, for careers in the fields of technology, healthcare, hospitality, finance, and marketing. Students, faculty, network mentors, and resource mentors are the four different categories of volunteers that are involved.

Companies need to practice social responsibility if they want to maintain the crucial connections that support the expansion of their businesses in the newly developed global market, where there is intense competition and clients are well educated.

**INTERNATIONAL SCENARIO****PATAGONIA**

Outdoor apparel is the main focus of the American clothing company Patagonia, Inc. Patagonia has a strong reputation as an eco-friendly business. Patagonia is renowned for its efforts to live sustainably and as a B-Corporation. There is an article that discussed how Patagonia integrated their mission into their business. "Patagonia worked to provide the best product, avoid unnecessary harm and use the power of business to inspire and implement solutions to the environmental crisis"<sup>5</sup>. When the company is making decisions, Patagonia prioritizes its mission to reduce the environmental effect of its operations. The product lifecycle initiative aims to reduce, repair, reuse, and recycle. On the website, it also stated that Patagonia could repair worn-out clothes and create brand-new ones. People can now obtain one successful business concept because of Patagonia. Many rivals begin to build their businesses using Patagonia's strategy. Regarding this phenomenon, Patagonia considers partnering with its rivals and welcomes them to adopt its business strategy. It is believed that Patagonia to be a highly respectable business with significant social responsibilities.

"Environmental challenges have steadily limited firms' ability to generate value for customers, shareholders, and other stakeholders over the past 10 years"<sup>6</sup>. Corporations take care of environmental problems, but environmental problems also provide people's value. Similar to how it is previously indicated that Patagonia takes its CSR seriously, Patagonia also improves

<sup>5</sup><https://medium.com/@uwenglish199dw18/patagonia-an-environmental-giant-6f8e24429f3>

<sup>6</sup><https://hbr.org/2019/05/the-investor-revolution>

its reputation and raises awareness of its brand. Companies must incorporate this idea into their objectives and begin to engage with the environmental society in order to increase CSR.

### **Instances of violation of CSR Principles**

The Unilever Company<sup>7</sup> dropped 300 metric tons of mercury in the South Indian city of Kodaikanal in the year 2001. The Unilever website reads, "We are committed to conducting our business with integrity and with respect for the interests of our stakeholders," in contrast to the above activities. The management of our environmental impacts will continue to be improved, and we will seek to achieve our longer-term goal of creating a sustainable business.

In contrast to the above report, Unilever's website states: "All Unilever companies must comply with local laws and follow the same standards for consumer safety, health and safety at work and environmental protection.

The above instances show that emerging economies may have flexible regulations that serve to safeguard the interests of the local population. However, it is in the businesses best interests to look out for the welfare of the surrounding. The adverse publicity and media coverage have a significant negative impact on the general opinion of the company's product safety.

### **CONCLUSION**

Even though the initial intentions were opposite, the analysis showed that globalization has increased borders between nations and contributed to the rise of inequality. Globalization is currently at a critical point, with minorities now holding the majority of the world's wealth.

CSR is currently viewed as a crucial component of every organization's strategy and is incorporated into the strategic planning process. This is seen to provide a lot of advantages for an organization. Another essential component of this process is governance.

To ensure that businesses are held accountable in the context of globalization, specific control mechanisms are required. Incorporating reforms like a charity tax into the law would help organizations with strong market power to have equal access to opportunities. The ramifications for further study are enormous because CSR is still a problem in the context of globalization.

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