Original Researcher Article

Influencing Factors of Corporate Social Responsibility: Pathways toward Sustainable Business

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ABSTRACT

In today's competitive and interconnected business environment, organizations are increasingly being evaluated not only on their financial performance but also on their social and environmental responsibilities. Corporate Social Responsibility (CSR) has played a crucial approach for aligning business growth with societal expectations and sustainable development goals. Companies across sectors are now adopting CSR initiatives to build trust, enhance reputation, and contribute positively to stakeholders. However, the extent and effectiveness of CSR practices are shaped by multiple factors such as organizational culture, leadership vision, government regulations, stakeholder pressure, consumer awareness, and global sustainability trends. While CSR is often seen as a strategic tool for achieving long-term competitiveness, the way businesses design and implement CSR activities differs widely based on these influencing elements. This study makes an attempt to examine the major internal and external factors that drive CSR practices and evaluates how these factors create pathways toward sustainable business models. The findings are expected to provide deeper insights into the role of CSR in strengthening corporate accountability, improving stakeholder relations, and promoting sustainable business growth.

Keywords: Corporate Social Responsibility CSR, Sustainable business, CSR initiatives. Influencing Factors of CSR

INTRODUCTION:

In the modern business world, companies are judged not only by their financial results but also by how they care for society and the environment. This has made Corporate Social Responsibility (CSR) an important part of business practices. CSR means that businesses take responsibility for the impact of their activities and try to contribute positively through ethical behavior, social initiatives, and sustainable use of resources. Earlier, CSR was often linked only with charity and donations. Today, it has become a key strategy for building trust, improving brand image, and achieving long-term growth. Many businesses adopt CSR activities to meet government rules, attract customers, and create goodwill among stakeholders. At the same time, factors within the company, such as leadership values, organizational culture, and employee involvement, strongly influence how CSR is planned and carried out. This study focuses on identifying these key factors that influence CSR and explains how they help businesses move toward sustainability. By studying both internal and external influences, the research highlights how CSR can improve accountability, strengthen relationships with stakeholders, and support long-term responsible growth. The insights from this work will be useful not only for researchers and policymakers but also for business leaders who want to balance profit with responsibility.

Objectives of the Study:

- This study's main objective was to study and determine how different factors Influence the Corporate social responsibility
- The study's secondary objective is to how CSR practices contribute to building pathways toward sustainable business growth

LITERATURE REVIEW:

Corporate Social Responsibility (CSR) has become an important area of study in management and sustainability research. The literature suggests that CSR is not only about philanthropy but also about creating value for businesses and society.

The impact of CSR varies with firm size and industry type (Lopez et al., 2020). While CSR disclosure has expanded, risks of greenwashing and "greenhushing" remain a concern, suggesting the need for credible impact assessment mechanisms (Joshi, 2025; Zervoudi et al., 2025). CSR increasingly interacts with technological change. Digital transformation enhances CSR performance by improving ESG data quality, stakeholder transparency, and moderating CSR–performance relationships (Le et al., 2022; Zhang et al., 2024). Moreover, CSR influences sustainability largely through green innovation and green supply-chain management (Singh & Gupta, 2023).

Firms with systematic stakeholder engagement demonstrate stronger CSR commitments (Adomako et al., 2022). For multinational enterprises, institutional environments—such as democracy levels and local stakeholder expectations—shape the scope and disclosure of CSR activities (Nguyen & Kim, 2023). Policy reforms have become powerful external drivers. The European Union's Corporate Sustainability Reporting Directive (CSRD) expanded requirements for double materiality, value-chain emissions, and standardized reporting (European Commission, 2023). In India, amendments to the Companies Act in 2021 strengthened compliance, mandating impact assessments and clear treatment of unspent CSR funds (Ministry of Corporate Affairs, 2021). A consistent positive link emerges between CSR and financial outcomes. In India, CSR initiatives have been shown to improve long-term firm performance, particularly when mediated by innovation (Sharma, 2024). Similar findings are evident globally across industries (Kumar & Park, 2021).

RESEARCH METHODOLOGY:

Research Gap: This research seeks to address these gaps by examining the different factors influencing CSR and by evaluating how these factors contribute to creating sustainable business pathways in the Indian business environment.

Research Type: Utilizing statistical test factor analysis, exploratory research is carried out to investigate the components (FA).

Sample Size & Data Collection: Facts were gathered from both primary and secondary data sources.

Research journal, newspaper articles, government reports, magazines, industrial reports and other real material in published form are examples of secondary sources. Primary data is gathered by a survey of 1000 employee from industries in Maharashtra state of India, utilizing structured interviews with closed-ended questions and responses on a Likert scale (1-Strongly Disagree to 5-Strongly Agree). SPSS is statistical software that is used to process primary data.

Limitations:

The study relies on responses and data shared by organizational representatives and stakeholders, which may be subject to bias, selective disclosure, or differing interpretations of CSR activities. CSR is influenced by rapidly changing global sustainability trends, stakeholder expectations, and government regulations. Hence, the findings may reflect the conditions prevailing at the time of the study but may need revalidation in the future.

Significance of the Study:

The study offers practical insights into designing effective CSR strategies that not only ensure regulatory compliance but also strengthen stakeholder relationships, enhance corporate reputation, and contribute to long-term competitiveness. It emphasizes the need for businesses to move beyond symbolic or philanthropic efforts toward integrating CSR into their core strategy for sustainable growth.
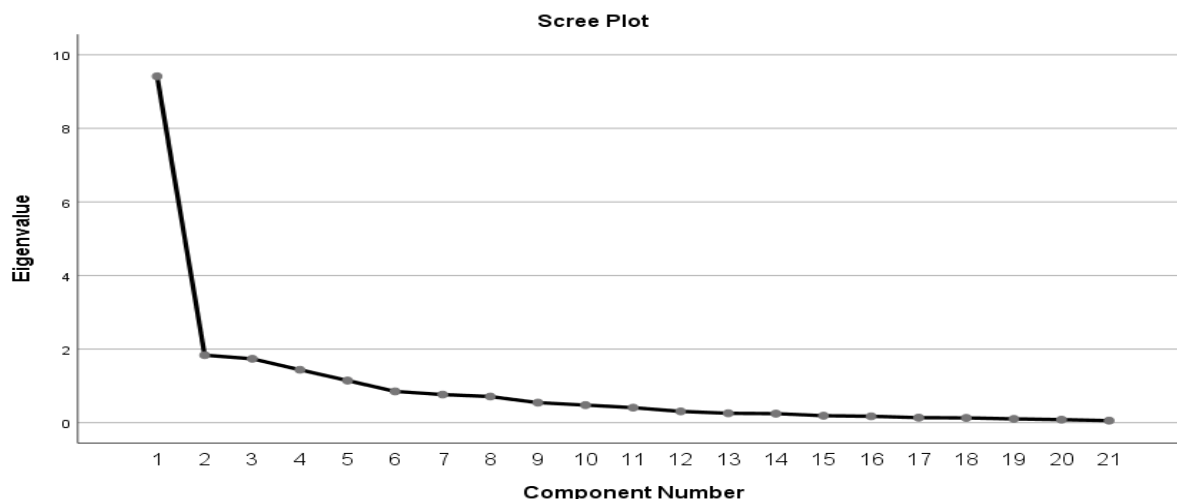
Statement of Problem:

Statement problem lies in identifying and analyzing the key influencing factors of CSR that determine its effectiveness and in assessing how these factors can create clear pathways toward building sustainable business models. Addressing this problem will help organizations design CSR strategies that go beyond compliance, foster accountability, and generate long-term value for both business and society.

Data Analysis & Interpretations:

25 variables are identified factors for corporate social responsibility. Based on their importance in the role of Corporate Social Responsibility, respondents provide responses on these criteria. 1-Not important to 5-Very important is the Likert scale. Factor analysis (FA) reduces these variables to a few factors.

Factor Analysis:

Table-1: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin study of Sampling Adequacy.		.819
Bartlett's Test of Sphericity	Approx. Chi-Square	1655.611
	df	210
	Sig.	.000

Source: Primary data analysis with SPSS

Table -1 reflect the sample adequacy (MSA), which in this analysis is 0.819, above 0.45. All variables more than 0.50 value when examined. All variables present as statistically significant and fulfil the sampling adequacy criteria of 0.819. All variables are factor wise analysis-ready.

Figure-1: Scree Plot

Source: Primary data analysis on SPSS

Figure-1 shows the scree plot of this study's 21 parameters. Starting from first element, the plot slopes toward downward and then gradually becomes horizontal. The curve's initial straightening indicates the mostly number of components to extract. Figure-3 shows four criteria for qualification. Four factors account for 68.68% of the variance of twenty-one variables.

Table-2: Total Variance Explained

Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Compon ent	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.414	44.829	44.829	9.414	44.829	44.829	4.015	19.118	19.118
2	1.835	8.738	53.567	1.835	8.738	53.567	3.946	18.789	37.907
3	1.737	8.271	61.838	1.737	8.271	61.838	3.388	16.134	54.041
4	1.437	6.842	68.681	1.437	6.842	68.681	3.074	14.640	68.681
5	1.145	5.453	74.133						
6	.850	4.047	78.181						
7	.764	3.636	81.817						
8	.710	3.382	85.199						
9	.544	2.591	87.789						
10	.477	2.270	90.060						
11	.408	1.942	92.001						
12	.307	1.462	93.463						
13	.255	1.216	94.679						
14	.246	1.171	95.850						
15	.190	.903	96.754						
16	.173	.824	97.578						
17	.137	.653	98.230						
18	.129	.614	98.845						
19	.104	.494	99.339						
20	.083	.394	99.733						
21	.056	.267	100.000						
Extraction Method: Principal Component Analysis.								

Source: Primary data analysis with SPSS

Table-2 lists 21 factors and their Eigen values. Eigen values can help us choose the number of factors in addition to determining component importance. Latent root criterion retains four components. Factor solution extracts variance from the sum of squared factors (9.414+1.835+1.737+1.437). 44.829%, 8.738%, 8.271%, and 6.842% explain the trace, respectively. This solution's index demonstrates that the four factor solution's factor matrix accounts for 68.681% of the variation. The index for this solution is over 50%, indicating that variables are connected.

Table 3: Component Matrix

Component Matrix[a]				
	Component			
Component Matrixa	1	2	3	4
Environmental Sustainability	.612			.534
Community Development	.632	.619		
Employee Welfare	.686			
Ethical Business Practices	.690			
Legal & Regulatory Compliance	.654			
Philanthropy & Charity	.615			
Stakeholder Engagement	.690			
Sustainable Supply Chain	.653			
Human Rights Protection	.599			
Education & Skill Development	.680			
Healthcare Initiatives	.689			
Employee Volunteering Programs	.680		.553	
Green Innovations	.724			
Corporate Governance	.672		-.502	
Economic Responsibility	.656			
Customer Satisfaction & Protection	.621			
Cultural & Heritage Preservation	.696		.500	
Disaster Relief & Humanitarian Aid	.721			
Sustainable Finance & Investments	.711			-.544
Global Partnerships & SDGs Alignment	.639			
Innovation in CSR Reporting & Measurement	.719			
Extraction Method: Principal Component Analysis.				
a. 4 components extracted.				

Source: Primary data analysis on SPSS

Table 4: Component Transformation Matrix

Component Transformation Matrix				
Component	1	2	3	4
1	.540	.535	.483	.434
2	.704	-.622	-.277	.201
3	-.429	-.474	.435	.634
4	.171	-.318	.707	-.608

Source: Primary data analysis with SPSS

Table-3's far right shows the row sum of squared factor identified. The table's communalities demonstrate how much variance a variable's four components account for. Hair et al. (1998) suggest using communality to determine how much factor solution accounts for a variable's variance.

Table-5: Rotated Component Matrix

Rotated Component Matrix[a]				
	Component			
	1	2	3	4
Environmental Factors				
Environmental Sustainability (carbon footprint, renewable energy, waste reduction)	.795			
Green Innovations (eco-friendly products, green packaging)	.594			
Sustainable Supply Chain (ethical sourcing, responsible procurement)	.730			
Disaster Relief & Humanitarian Aid (environment-related disasters like floods, droughts, etc.)	.638			
Global Partnerships & SDGs Alignment (especially climate action & environment-related SDGs)	.540			
Biodiversity Conservation – Protecting ecosystems, afforestation, wildlife protection, and reducing habitat destruction.	.686			
Water Conservation & Management – Efficient water usage, rainwater harvesting, recycling wastewater, and protecting water bodies.	.544			
Social Factors				
Community Development (education, healthcare, infrastructure)		.745		

Employee Welfare (diversity, fair wages, inclusion)		.790		
Human Rights Protection (no child/forced labor)		.709		
Education & Skill Development (scholarships, training programs)		.658		
Healthcare Initiatives (vaccination drives, sanitation, mental health)		.553		
Governance & Ethical Factors				
Ethical Business Practices (fair trade, anti-corruption, transparency)			.576	
Legal & Regulatory Compliance (following CSR laws, global standards)			.642	
Corporate Governance (accountability, ethical leadership, board oversight)			.602	
Customer Satisfaction & Protection (data privacy, product safety, grievance handling)			.749	
Innovation in CSR Reporting & Measurement (impact assessments, sustainability indices)			.616	
Philanthropy & Charity (donations, grants, social welfare programs)			.686	
Economic & Philanthropic Factors				
Stakeholder Engagement (involving investors, customers, communities				.782
Economic Responsibility (job creation, contribution to GDP, local development)				.694
Sustainable Finance & Investments (green bonds, ESG-focused funds)				.661

Source: Primary data analysis on SPSS

Rotation reduces the number of factors when variables have significant loadings. Rotation simplifies analytical interpretation without changing anything. If one component's value is below 0.5 or the stated limit (which might be 0.6 if the researcher needs to include the intended factor loading), that variable may be considered for further investigation. This variable represents two components; hence it cannot measure a specific category.

CONCLUSIONS

The study examined the influencing factors of Corporate Social Responsibility (CSR) and identified four key dimensions through factor analysis: Environmental, Social, Governance & Ethical, and Economic & Philanthropic factors. Together, these four factors explained 68.68% of the variance, confirming their strong role in shaping CSR practices.

The results highlight that CSR is not confined to philanthropy but represents a pathway toward sustainable business. Environmental actions such as sustainability initiatives and resource conservation, social efforts like employee welfare and community development, governance practices involving ethics and transparency, and economic responsibilities through stakeholder engagement and sustainable finance all contribute to long-term business success.

Thus, the findings reinforce that companies adopting a balanced approach across these four dimensions can not only fulfill their CSR obligations but also build resilience, enhance stakeholder trust, and align with global sustainability goals. This provides a clear pathway for businesses to integrate CSR as a core strategy for achieving sustainable growth.

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