

TURNING CSR INTO CORPORATE SOCIAL INNOVATION (CSI): A PATHWAY TO SUSTAINABLE DEVELOPMENT IN EMERGING ECONOMIES

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ABSTRACT:

Corporate Social Responsibility (CSR) has rapidly evolved into Corporate Social Innovation (CSI), marking a shift from compliance-driven philanthropy to creative, strategic initiatives aimed at sustainable development, especially in emerging economies. This qualitative research examines how corporations harness CSI to produce social value, drive inclusive growth, and foster environmental stewardship, drawing on a rich array of empirical cases and rigorous analysis. The study explores institutional drivers, stakeholder involvement, and operational hurdles in scaling CSI within the uniquely challenging environments of emerging markets. Results highlight how CSI, when aligned with core business strengths, yields replicable, scalable benefits for both corporate success and societal wellbeing.

Keywords: *Corporate Social Responsibility, Corporate Social Innovation, Sustainable Development, Emerging Economies, Stakeholder Engagement, Qualitative Research*

INTRODUCTION

The last decade has witnessed profound changes in the domain of corporate citizenship, with CSR practices increasingly maturing into CSI—a proactive, solution-oriented approach to business-society relations. CSI marks the transition from donating resources to actively innovating with social purpose, especially in regions where institutional infrastructures are weak yet challenges are acute. This paper investigates the mechanisms, drivers, and impacts of CSI in emerging economies, focusing on research questions concerning practical differentiation from CSR, enablers and barriers, scaling strategies, and tangible pathways to sustainable development.

LITERATURE REVIEW:

The Evolution of CSR to CSI

Corporate Social Responsibility (CSR) has undergone a significant transformation since its formal conceptualisation in the mid-20th century. Initially rooted in philanthropy and charitable giving, CSR was largely reactive, focusing on mitigating harmful corporate externalities and contributing resources to communities impacted by business activities (Bowen 1953; Carroll 1999). In the 1960s and 1970s, academic perspectives expanded, incorporating stakeholder theory and ethical business practices, encouraging companies to consider the wider social implications of their operations beyond profit maximisation (Freeman 1984).

During the late 20th century, CSR began to embed into corporate strategy, driven by globalisation pressures, regulatory shifts, and increasing social awareness (Porter and Kramer 2006). Firms moved beyond philanthropy, engaging in sustainability across environmental, social, and governance (ESG) realms. However, CSR remained primarily focused on compliance and risk management, often disconnected from core business models (Carroll and Shabana 2010).

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The emergence of Corporate Social Innovation (CSI) represents the next evolution in this trajectory, positioning social impact and sustainability as drivers of innovation within corporate DNA (Phills, Deiglmeier, and Miller 2008; Morsy et al. 2024). CSI integrates innovative product and service design, business model innovation, and collaborative ecosystems to address social and environmental issues at scale while creating competitive advantage (Prabawani et al. 2023). Unlike traditional CSR, CSI is proactive and systemic, seeking to generate shared value through new approaches to service delivery, market creation, and stakeholder engagement (Porter and Kramer 2011).

Recent studies emphasise that CSI involves a shift in organisational culture—embracing experimental mindsets, tolerating failure, and adopting holistic performance metrics that go beyond financial accounting to include social impact and environmental sustainability (Ebrahim, Battilana, and Mair 2014; Saka-Helmhout et al. 2024). Through multi-sector partnerships and co-creation with stakeholders, CSI catalyses systemic change, contributing to social innovation ecosystems and long-term development goals (Westley, Olsson, and Folke 2011; Nicholls and Murdock 2012).

CSI IN SUSTAINABLE DEVELOPMENT IN EMERGING ECONOMIES

The challenge of sustainable development in emerging economies is complex, involving the integration of economic growth, social equity, and environmental resource management under conditions of institutional voids, market fragmentation, and poverty (Khanna and Palepu 2010; London and Hart 2004). Scholars argue that traditional CSR approaches often fall short in these contexts, being insufficiently adaptive, localised, or innovative (Eneh and Nkamnebe 2012).

CSI emerges as a powerful mechanism to bridge these gaps, leveraging corporate innovation capabilities to co-develop solutions tailored to local socio-economic realities while aligning with global sustainability frameworks such as the United Nations Sustainable Development Goals (Rao-Nicholson 2017; Berkouwer et al. 2023). Empirical research on multinational subsidiaries and local firms demonstrates how CSI promotes social inclusion, enhances market access, and drives environmental sustainability through innovative technologies, services, and business models (Chu et al. 2024; Adomako et al. 2024).

Contextualization is critical. CSI initiatives must be culturally informed and institutionally sensitive for success. This often requires cross-sector collaboration with governments, NGOs, and social enterprises to overcome regulatory uncertainty and infrastructure deficiencies (Tingli et al. 2025; Stewart Investors 2024). Moreover, CSI can catalyse broader institutional development by fostering entrepreneurial ecosystems and empowering marginalised communities (Seelos and Mair 2005; Nicholls and Opal 2005).

However, challenges persist—particularly in financing, governance, and measurement. Access to sustainable finance remains constricted for many enterprises, limiting scalability (Prabawani et al. 2023; Climate Policy Initiative 2025). Weak regulatory enforcement and policy ambiguity hinder long-term CSI investment and impact continuity (Chu et al. 2024). Academics emphasise the need for rigorous, transparent social performance measurement frameworks that combine financial and social metrics to build credibility and stakeholder trust (Eccles and Krzus 2018; Morsy et al. 2024).

In summary, the literature situates CSI not merely as an evolution of CSR but as a transformative paradigm where business innovation becomes a core driver of sustainable development in emerging economies. Understanding this shift provides vital insight into how firms can align profit with purpose while addressing systemic, multidimensional challenges uniquely present in rapidly developing contexts.

RESEARCH METHODOLOGY

The study adopts a multi-case exploratory qualitative research design, focusing on primary and secondary data gathered across several emerging economy contexts. Key elements include:

DATA COLLECTION

In-depth, semistructured interviews were conducted with corporate executives, frontline managers, community leaders, and policy makers involved in CSI projects. Secondary data—including corporate sustainability reports, publicly available case studies, and peer-reviewed research—supported triangulation and depth. Snowball sampling identified direct and indirect stakeholders, ensuring diverse input across sectors and backgrounds.

ANALYTICAL APPROACH

Following the principles of Comparative Case Analysis (CCA) and thematic coding, interview transcripts and documents were coded for key drivers, implementation modalities, challenges, and impact outcomes. The use of qualitative software enhanced reliability through systematic coding and cross-checks. Inter-coder reliability checks further validated thematic patterns.

CASE SELECTION RATIONALE

Cases were selected based on demonstrated movement from CSR to CSI, geographic representation across emerging markets, and documented social/environmental impacts. Particular attention was paid to multi-country corporate initiatives and local social enterprise collaborations, ensuring context specificity and institutional diversity.

RESULTS AND DISCUSSION

DRIVERS OF CSI ADOPTION

The analysis found four consistent drivers of CSI adoption in emerging economies:

INSTITUTIONAL CONTRADICTIONS AND OPPORTUNISM:

Gaps in regulatory infrastructure and societal needs stimulate innovative solutions, positioning CSI as a lever for both competitive advantage and value creation.

RESOURCE LEVERAGING THROUGH CORE COMPETENCE:

Companies utilize unique commercial expertise in finance, technology, or supply chain management to design CSI interventions aligned with both profit and purpose.

STAKEHOLDER COLLABORATION:

Success often depends on deep multi-sector partnerships, empowering local actors and co-creating context-informed innovations.

SUSTAINABILITY ORIENTATION

CSI strategies frequently aim for integrated improvements in social equity, economic growth, and resource conservation, reflecting modern sustainability priorities.

BEST PRACTICES FOR IMPLEMENTATION

BOTTOM-UP CO-CREATION

Innovations developed with users, employees, and community members are more likely to scale and sustain.

SHARED-VALUE APPROACH

Aligning CSI project goals with business interests and community needs yields stronger stakeholder buy-in and resilience.

MEASUREMENT AND TRANSPARENCY

Use of social impact metrics (SROI, ESG ratings) ensures accountability and facilitates replication of success.

CAPACITY BUILDING

Training and knowledge sharing foster local ownership and institutionalisation of innovations..

BARRIERS AND CHALLENGES

Financial Constraints: Access to credit and investment for sustainable innovation remains limited, particularly in smaller enterprises and rural contexts.

Institutional Voids: Unstable policies and weak enforcement undermine scaling and impact potential.

Cultural and Normative Diversity: Diverse stakeholder expectations require adaptive designs and long-term relationship building.

CSI AS A PATHWAY TO SUSTAINABLE DEVELOPMENT

Empirical cases revealed direct and indirect benefits:

- Energy-efficiency projects in Africa lowered household expenses and improved health, demonstrating environmental and economic co-benefits
- Community-driven health and education projects fostered inclusion and improved metrics in regions with stark resource gaps.
- Green innovation initiatives by MNCs opened new markets and upgraded local value chains, showcasing CSI's systemic relevance.
- Positive returns for companies and communities alike, as documented in South Asia and Latin America, reinforce CSI's viability and developmental promise.

CASE STUDIES

- **Case 1: Burn Manufacturing in Kenya**

The "Jikokoa" cookstove project exemplifies CSI's impact on household health and economics. Despite high environmental returns, operational sustainability was challenged by capital constraints and market fragmentation.

- **Case 2: Health Innovation in India**

The Emergency Management and Research Institute (EMRI), founded via a public-private partnership, utilised a bottom-up innovation model to deliver emergency medical services. EMRI's interactive learning process overcame institutional voids and built legitimacy, catalysing broader institutional reforms and social value creation.

- **Case 3: MNC-led Green Innovation**

Firms with deep local engagement and board diversity drove broader, deeper social innovation, with positive associations between relationship learning, subsidiary autonomy, and effectiveness. Institutional legitimacy increased impact and reduced financial risk for multinational subsidiaries.

POLICY IMPLICATIONS

Maximising CSI's potential calls for strategic policy support: regulatory incentives, access to sustainable finance, platforms for stakeholder engagement, and knowledge exchange. Targeted government action, combined with international aid and local partnerships, can scale CSI and close institutional gaps in emerging economies.

CONCLUSION

CSI, building upon the foundation of CSR, emerges as a pivotal strategy for inclusive and sustainable growth in emerging economies. The study demonstrates that transitioning to CSI not only aligns profit with purpose but also fosters collaborative, innovative, and resilient solutions to complex societal challenges. Institutional support, adaptive partnerships, and rigorous evaluation are key to achieving impact at scale.

Future research should deepen quantitative assessment of CSI outcomes, explore cross-sector synergies, and further articulate the systemic implications for sustainable development. The paradigm shift from CSR to CSI offers a template for integrating corporate action with global development goals, advancing a more just and sustainable world.

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