

Corporate Conscience Or Compulsion? A Critical Review Of Csr And Governance In Pharmaceutical Companies Post 2013

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ABSTRACT

The implementation of the Companies Act, 2013, marked a fundamental transformation in corporate social responsibility practices within Indian pharmaceutical companies, converting CSR from voluntary ethical initiatives to mandatory legal obligations. This research critically examines how pharmaceutical companies have adapted their CSR strategies following the statutory mandate requiring 2% of average net profits to be invested in social development activities. Through comprehensive analysis of 45 pharmaceutical companies and primary research involving 200 industry stakeholders, this study investigates the evolving dynamics between corporate conscience and legal compulsion in shaping CSR governance structures.

Our findings reveal three distinct CSR implementation models emerging post-2013: compliance-driven approaches focused primarily on meeting legal requirements, strategic-integration models that align CSR with business objectives, and conscience-led initiatives that exceed mandatory expectations. While legal mandates have ensured baseline CSR expenditure of approximately ₹2,847 crores annually by pharmaceutical companies in 2023-24, questions persist regarding the authentic impact versus mere compliance-driven spending. The research demonstrates that companies adopting strategic-integration approaches achieve superior outcomes in both social impact metrics and long-term financial performance.

However, significant challenges remain, including concerns about drug pricing accessibility, sustainable healthcare infrastructure development, and genuine community engagement versus tokenistic CSR activities. The study contributes to existing literature by developing a comprehensive framework for evaluating CSR effectiveness in the pharmaceutical sector and provides practical recommendations for enhancing governance structures to balance legal compliance with meaningful social impact.

Keywords: Corporate Social Responsibility, Companies Act 2013, Pharmaceutical Industry, Corporate Governance, Healthcare Access, Regulatory Compliance, Social Impact

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INTRODUCTION

Corporate social responsibility has undergone a remarkable transformation in India following the enactment of the Companies Act, 2013. Prior to this landmark legislation, CSR remained largely within the realm of voluntary corporate initiative, driven primarily by company conscience and stakeholder pressure rather than legal mandate. The pharmaceutical industry, traditionally characterized by its mission to improve human health, has historically demonstrated varying levels of commitment to social responsibility, ranging from charitable donations to comprehensive community health programs.

Section 135 of the Companies Act, 2013, fundamentally altered this landscape by mandating that companies meeting specific financial thresholds must allocate at least 2% of their average net profits from the preceding three years toward CSR activities. This statutory requirement, unprecedented globally in its scope and enforceability, positioned India as the first country to legally mandate corporate social responsibility. For pharmaceutical companies, this legislation presented both opportunities and challenges, particularly given their unique

position at the intersection of commercial enterprise and public health responsibility.

The pharmaceutical sector in India represents a significant economic force, with the industry valued at approximately ₹4,70,085 crores (US\$ 55 billion) as of 2024, and projected to reach US\$ 130 billion by 2030. This industry employs millions of people directly and indirectly, while serving as a critical component of India's healthcare infrastructure. The sector's inherent connection to public health makes CSR particularly relevant, as pharmaceutical companies possess both the resources and expertise to address pressing healthcare challenges facing Indian communities.

However, the transition from voluntary to mandatory CSR has raised fundamental questions about the nature of corporate responsibility itself. Does legal compulsion truly foster genuine social commitment, or does it merely create a compliance-driven approach that prioritizes meeting regulatory requirements over achieving meaningful social impact? This tension between conscience and compulsion becomes particularly pronounced in the pharmaceutical industry, where companies must balance commercial viability with ethical obligations to improve healthcare access and affordability.

The post-2013 period has witnessed significant changes in how pharmaceutical companies structure their CSR initiatives, governance mechanisms, and stakeholder engagement strategies. Companies have established dedicated CSR committees, formalized policy frameworks, and implemented monitoring systems to ensure compliance with legal requirements. Yet beneath these structural changes lies a more complex reality involving varying levels of commitment, different strategic approaches, and divergent outcomes in terms of social impact.

This research addresses these complexities by examining how pharmaceutical companies have navigated the transition from voluntary CSR to mandatory compliance, analyzing the governance structures that have emerged, and evaluating the effectiveness of different CSR implementation models. The study is particularly timely given ongoing debates about healthcare accessibility, drug pricing, and the role of pharmaceutical companies in addressing India's persistent health inequities.

Our investigation seeks to answer several critical questions: How have pharmaceutical companies restructured their CSR governance following the 2013 Act? What factors distinguish effective CSR programs from mere compliance exercises? How do different implementation models affect both social outcomes and corporate performance? And perhaps most importantly, can mandatory CSR frameworks successfully foster authentic corporate conscience, or do they inevitably lead to mechanistic compliance that undermines genuine social commitment?

The significance of this research extends beyond academic inquiry to practical implications for policymakers, corporate leaders, and civil society organizations involved in shaping India's CSR landscape. As the country continues to refine its regulatory framework and companies adapt their strategies, understanding the dynamics between conscience and compulsion becomes crucial for maximizing the social impact of corporate resources while maintaining the commercial viability necessary for sustainable business operations.

OBJECTIVES

This research aims to achieve the following specific objectives:

- **Primary Objective:** To critically analyze the evolution of CSR practices in Indian pharmaceutical companies following the implementation of Section 135 of the Companies Act, 2013, with particular focus on the tension between voluntary corporate conscience and mandatory legal compliance.
- **Secondary Objective 1:** To examine the governance structures and implementation mechanisms adopted by pharmaceutical companies to manage their CSR obligations, including board committee compositions, policy frameworks, and monitoring systems established post-2013.
- **Secondary Objective 2:** To evaluate the effectiveness of different CSR implementation models (compliance-driven, strategic-integration, and conscience-led) in

achieving measurable social impact while maintaining commercial viability.

- **Secondary Objective 3:** To assess the financial implications and resource allocation patterns of mandatory CSR spending in pharmaceutical companies, analyzing how the 2% requirement has influenced budget planning and strategic decision-making.
- **Secondary Objective 4:** To identify key challenges and opportunities facing pharmaceutical companies in balancing legal compliance with authentic social responsibility, particularly in areas of healthcare access, drug affordability, and community engagement.

SCOPE OF STUDY

The boundaries and limitations of this research are defined as follows:

- **Geographical Scope:** The study focuses exclusively on pharmaceutical companies operating in India and registered under the Companies Act, 2013, with manufacturing facilities or significant business operations within Indian territory.
- **Temporal Scope:** The research examines the period from 2013 to 2024, with particular emphasis on the transformational changes occurring in the first decade following the implementation of mandatory CSR provisions.
- **Sectoral Limitations:** While the study focuses on pharmaceutical companies, it includes both domestic and multinational corporations with Indian subsidiaries, covering companies engaged in drug manufacturing, biotechnology, medical devices, and related healthcare products.
- **Company Size Parameters:** The research primarily examines companies meeting the CSR eligibility criteria under Section 135, namely those with net worth exceeding ₹500 crores, turnover above ₹1000 crores, or net profit surpassing ₹5 crores in the preceding financial year.
- **Methodological Boundaries:** The study employs both quantitative analysis of publicly available CSR data and qualitative assessment through stakeholder interviews, limiting itself to information accessible through official channels and voluntary participant cooperation.
- **Variables Included:** CSR expenditure patterns, governance structure changes, board committee compositions, policy implementations, social impact metrics, and stakeholder perceptions form the core variables under investigation.
- **Variables Excluded:** The study does not examine individual drug pricing strategies, specific patent policies, or detailed financial performance metrics beyond those directly related to CSR activities and their outcomes.

LITERATURE REVIEW

Theoretical Foundations of Corporate Social Responsibility

The conceptual framework of corporate social responsibility factors already drove substantial CSR engagement. This has evolved significantly over the past several decades, with historical context becomes crucial for understanding how the scholars proposing various theoretical models to understand the sector adapted to mandatory requirements.

The relationship between business operations and social obligations. Carroll's (1991) pyramid of CSR remains one of the most influential frameworks, categorizing corporate responsibilities into economic, legal, ethical, and philanthropic dimensions. This hierarchical model suggests that companies must first fulfill their economic obligations before progressing to higher levels of social responsibility, a perspective that becomes particularly relevant when examining mandatory CSR regimes.

Stakeholder theory, as developed by Freeman (1984) and subsequently refined by numerous scholars, provides another crucial lens for understanding pharmaceutical CSR. This theory posits that companies have obligations not only to shareholders but to all stakeholders affected by their operations, including patients, healthcare providers, communities, employees, and regulatory bodies. In the pharmaceutical context, this expanded view of corporate responsibility aligns naturally with the industry's health-focused mission, though it also creates complex trade-offs between commercial interests and social obligations.

The legitimacy theory offers additional insights into pharmaceutical CSR, suggesting that companies engage in social responsibility activities to maintain their social license to operate. Suchman (1995) identified three types of legitimacy: pragmatic, moral, and cognitive, each of which plays a role in how pharmaceutical companies approach their CSR obligations. The mandatory nature of CSR under Indian law adds complexity to this framework, as companies must navigate between genuine legitimacy-seeking behavior and compliance-driven activities.

Historical Development of CSR in India

Corporate social responsibility in India has deep historical roots, with business houses like Tata and Birla engaging in philanthropic activities long before formal CSR frameworks emerged. Balasubramanian et al. (2005) traced the evolution of Indian CSR from traditional charity-based approaches to more strategic, business-aligned initiatives. This historical perspective reveals that the 2013 legislation built upon existing traditions while introducing unprecedented legal mandates.

The Voluntary Guidelines on CSR released by the Ministry of Corporate Affairs in 2009 represented an important precursor to the mandatory framework. These guidelines, later refined in 2011 as the "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business," established nine core principles that would eventually influence the statutory requirements under Section 135. The transition from voluntary guidelines to mandatory requirements reflects a broader global trend toward regulatory approaches to corporate responsibility.

Pharmaceutical companies played a significant role in shaping India's pre-2013 CSR landscape. Companies like Dr. Reddy's Laboratories, Sun Pharma, and Cipla had established community health programs and charitable foundations well before the legal mandate, suggesting that industry-specific

The Companies Act, 2013, and Its Implementation

Section 135 of the Companies Act, 2013, introduced a comprehensive framework for mandatory CSR that was unprecedented in its scope and enforceability. Dharmapala and Khanna (2018) provided one of the most detailed analyses of the Act's provisions, noting that it required eligible companies to spend at least 2% of their average net profits on specified activities listed in Schedule VII. This mandate applied to companies exceeding specific financial thresholds, affecting approximately 6,000-8,000 companies initially.

The Act's Schedule VII outlined permissible CSR activities across diverse areas including health, education, environmental sustainability, rural development, and poverty alleviation. For pharmaceutical companies, activities related to healthcare, medical research, and public health infrastructure became particularly relevant. The legislation also required companies to establish CSR committees comprising at least three directors, including one independent director, thereby institutionalizing CSR governance within corporate structures.

Subsequent amendments to the CSR Rules in 2014, 2021, and 2022 refined implementation requirements, addressing issues such as unspent fund management, ongoing project definitions, and impact assessment mechanisms. These regulatory refinements reflected the government's ongoing efforts to optimize the framework based on initial implementation experiences.

CSR in the Pharmaceutical Industry: Global Perspectives

International research on pharmaceutical CSR provides valuable context for understanding the Indian experience. Leisinger (2005) examined the unique ethical obligations of pharmaceutical companies, arguing that their role in preserving human life creates heightened social responsibilities compared to other industries. This perspective suggests that pharmaceutical CSR should be evaluated using different criteria than traditional corporate social responsibility.

Studies from developed markets reveal diverse approaches to pharmaceutical CSR. In the United States, companies like Merck and Pfizer have established extensive access programs and charitable foundations, driven primarily by reputational considerations and stakeholder pressure rather than legal mandates. European pharmaceutical companies have increasingly integrated ESG (Environmental, Social, and Governance) criteria into their business strategies, responding to investor demands and regulatory expectations.

The concept of "shared value" proposed by Porter and Kramer (2011) has gained traction in pharmaceutical CSR discussions, suggesting that companies can create both social and economic

value simultaneously. This framework appears particularly relevant for pharmaceutical companies, where innovations in drug development, manufacturing efficiency, and access programs can simultaneously benefit society and shareholders.

Impact Assessment and Effectiveness Studies

Measuring the effectiveness of CSR initiatives remains a significant challenge across industries, with pharmaceutical CSR presenting unique complexities. Agrawal and Hockerts (2021) developed a framework for assessing pharmaceutical CSR impact that considers both quantitative metrics (such as patients reached, facilities established, and health outcomes achieved) and qualitative factors (including community engagement, capacity building, and sustainability).

Several studies have attempted to evaluate the social impact of mandatory CSR in India. Mitra (2020) analysed CSR expenditure patterns across sectors, finding that while total compliance cost rather than a strategic investment, leading to spending increased significantly post-2013, impact measurement remained inconsistent. The pharmaceutical sector showed relatively high levels of CSR spending as a percentage of profits, though questions remained about the strategic alignment and long-term sustainability of these investments.

Research by Sharma and Kiran (2017) specifically examined pharmaceutical CSR effectiveness, using case studies from five major Indian companies. Their findings suggested that companies with well-established CSR programs prior to 2013 achieved better outcomes in the mandatory regime, indicating the importance of organizational capability and experience in determining CSR success.

Governance Structures and Implementation Models

The establishment of CSR governance structures has become a critical area of research following the 2013 legislation. Bhasin et al. (2015) analysed the composition and functioning of CSR committees across various industries, finding significant variation in committee effectiveness. In the pharmaceutical sector, committees typically included members with healthcare or public policy backgrounds, reflecting industry-specific expertise requirements.

Three distinct implementation models have emerged in the literature: compliance-driven approaches that focus primarily on meeting legal requirements, strategic-integration models that align CSR with business objectives, and conscience-led initiatives that exceed mandatory expectations. Each model reflects different philosophical approaches to the relationship between corporate conscience and legal compulsion.

The choice of implementation model appears to correlate with various organizational factors, including company size, ownership structure, leadership philosophy, and stakeholder pressure. Multinational pharmaceutical companies operating in India often adopt strategic-integration approaches, leveraging global best practices and resources, while domestic companies show greater variation in their chosen approaches.

Challenges and Criticisms

Despite its ambitious scope, mandatory CSR in India has faced various criticisms and implementation challenges. Bansal and Thakur (2019) identified several issues including inadequate impact measurement, limited stakeholder engagement, and excessive focus on compliance over outcomes. In the pharmaceutical context, additional challenges relate to the complex relationship between CSR activities and core business operations.

The tension between drug pricing and CSR activities has attracted particular attention. Critics argue that pharmaceutical companies cannot claim genuine social responsibility while maintaining high drug prices that limit access for economically disadvantaged populations. This criticism highlights the broader debate about whether CSR should complement or substitute for core business practices in achieving social objectives.

Another significant challenge involves the sustainability of CSR initiatives beyond the mandatory spending requirement. Research suggests that some companies treat CSR as a poorly designed programs with limited long-term impact.

Research Gaps and Positioning

While existing literature provides valuable insights into mandatory CSR implementation, several gaps remain, particularly regarding the pharmaceutical industry's unique characteristics and challenges. Limited research has examined the specific governance mechanisms adopted by pharmaceutical companies to manage their CSR obligations, or how these structures have evolved in response to regulatory changes. Furthermore, most existing studies focus on aggregate CSR spending patterns rather than detailed analysis of implementation approaches and their differential impacts. The relationship between corporate conscience and legal compulsion remains under-theorized, particularly in contexts where companies must balance commercial objectives with social responsibilities.

This research addresses these gaps by providing a comprehensive examination of pharmaceutical CSR governance post-2013, analyzing different implementation models and their outcomes, and developing a framework for understanding the dynamic relationship between mandatory requirements and voluntary corporate conscience. The study's contribution lies in its sector-specific focus, longitudinal perspective, and integrated analysis of governance, implementation, and impact dimensions.

RESEARCH METHODOLOGY

Research Philosophy and Approach

This study adopts a pragmatic research philosophy, recognizing that both quantitative and qualitative approaches are necessary to comprehensively understand the complex phenomenon of CSR transformation in pharmaceutical companies post-2013. The pragmatic approach allows for the integration of multiple data sources and methodological tools, enabling a more complete analysis of the relationship between corporate conscience and legal compulsion.

The research employs a mixed-methods design that combines quantitative analysis of publicly available CSR data with qualitative insights gathered through stakeholder interviews and case study analysis. This methodological triangulation strengthens the validity of findings by corroborating evidence from multiple sources and perspectives.

Research Design

The study utilizes an explanatory sequential mixed-methods design, beginning with quantitative analysis of CSR expenditure patterns and governance structures, followed by qualitative investigation to explain and contextualize these patterns. This approach enables the identification of broad trends across the pharmaceutical sector while providing deeper insights into the mechanisms and motivations underlying observed changes.

The longitudinal nature of the study, covering the period from 2013 to 2024, allows for analysis of both immediate adaptations to the mandatory CSR framework and longer-term evolutionary patterns. This temporal dimension is crucial for understanding how companies have moved beyond initial compliance to develop more sophisticated CSR strategies.

Data Collection Methods

Secondary Data Collection: Comprehensive analysis of publicly available CSR information from 45 pharmaceutical companies registered under the Companies Act, 2013. Data sources include annual reports, CSR reports, board resolutions, and filings with the Ministry of Corporate Affairs. The selection criteria focused on companies meeting CSR eligibility requirements and having at least three years of post-2013 CSR implementation data.

Primary Data Collection: Structured interviews with 200 stakeholders across the pharmaceutical CSR ecosystem, including:

- 75 corporate executives (CSR heads, board members, senior management)
- 50 implementation partners (NGOs, social enterprises, consulting organizations)
- 45 beneficiaries and community representatives
- 30 regulatory and academic experts

Interviews were conducted using semi-structured questionnaires tailored to each stakeholder category, focusing on governance changes, implementation challenges, impact assessment, and perceptions of the mandatory CSR framework.

Sampling Strategy

Secondary Data Sampling: Purposive sampling was employed to select 45 pharmaceutical companies representing diverse characteristics including company size (large, medium, small), ownership structure (domestic, multinational), geographical presence, and therapeutic focus areas. The sample includes companies from all major pharmaceutical hubs in India.

Primary Data Sampling: A combination of purposive and snowball sampling techniques was used for stakeholder interviews. Initial contacts were established through professional networks and industry associations, with subsequent participants identified through referrals. Efforts were made to ensure geographical diversity and representation across different pharmaceutical subsectors.

Data Collection Instruments

Document Analysis Framework: A standardized template was developed for extracting and coding information from corporate reports and regulatory filings. Key variables include

CSR expenditure amounts, governance structure details, activity categories, implementation mechanisms, and disclosed impact metrics.

Interview Guides: Separate semi-structured interview guides were developed for each stakeholder category, incorporating questions about governance changes, strategic approaches, implementation challenges, effectiveness perceptions, and recommendations for improvement. Interviews typically lasted 45-60 minutes and were conducted both in-person and virtually.

Data Analysis Techniques

Quantitative Analysis: Descriptive statistics were employed to analyze CSR expenditure patterns, governance characteristics, and activity distributions. Trend analysis examined changes over the study period, while correlation analysis explored relationships between organizational characteristics and CSR approaches. Statistical significance was tested at $p < 0.05$ level.

Qualitative Analysis: Thematic analysis was used to identify patterns and themes in interview data. Coding was conducted using both deductive approaches based on existing literature and inductive approaches allowing for emergence of new themes. Inter-coder reliability was ensured through multiple analyst involvement and regular calibration sessions.

Mixed-Methods Integration: Joint displays and meta-inferences were developed to integrate quantitative and qualitative findings, enabling comprehensive interpretation of results and development of practical recommendations.

Ethical Considerations

The research received approval from the institutional review board and adhered to established ethical guidelines for business research. Informed consent was obtained from all interview participants, with assurances of confidentiality and anonymity. Company-specific data was aggregated where necessary to protect commercial sensitivities while maintaining analytical value.

Participants were informed about the research purpose, potential risks and benefits, and their right to withdraw at any time. Data storage and handling procedures followed established protocols for protecting participant privacy and confidentiality.

Reliability and Validity Measures

Internal Validity: Multiple data sources and methodological triangulation were employed to corroborate findings and minimize bias. Regular peer debriefing sessions and expert consultations provided external validation of analytical approaches and interpretations.

External Validity: The sample's representativeness was enhanced through careful selection criteria and efforts to include diverse organizational and stakeholder perspectives. Findings were validated through comparison with industry benchmarks and similar studies where available.

Reliability: Standardized data collection instruments and analytical procedures ensured consistency across different data sources and time periods. Inter-rater reliability was tested for

qualitative coding, achieving acceptable agreement levels ($\kappa > 0.80$).

Study Limitations

Several methodological limitations must be acknowledged. The reliance on publicly disclosed CSR information may not capture all relevant activities or may reflect reporting biases. Interview data represents participant perceptions and experiences, which may be influenced by social desirability bias or incomplete information.

The study's focus on companies meeting CSR eligibility criteria may not represent the broader pharmaceutical industry, particularly smaller companies operating below mandatory thresholds. Additionally, the evolving nature of CSR regulations during the study period required careful attention to timing and context in data interpretation.

Access to commercially sensitive information was limited, potentially affecting the depth of analysis regarding strategic decision-making processes and resource allocation mechanisms. Finally, the study's scope was constrained to Indian pharmaceutical companies, limiting generalizability to other countries or regulatory contexts.

ANALYSIS OF SECONDARY DATA

Overview of Data Sources and Quality

The secondary data analysis encompasses comprehensive examination of CSR-related information from 45 pharmaceutical companies over the period 2013-2024. Data sources include annual reports, dedicated CSR reports, board meeting minutes, regulatory filings with the Ministry of Corporate Affairs, and stock exchange disclosures. The quality assessment revealed that data completeness and standardization improved significantly after 2016, reflecting companies' growing familiarity with reporting requirements and regulatory clarifications.

In 2023-2024, 24,392 companies in India contributed to CSR through 51,966 projects, spending around Rs. 29,987 crore in 14 development sectors, with pharmaceutical companies representing approximately 3.2% of this total expenditure despite comprising only 1.8% of eligible companies, indicating above-average CSR intensity in the sector.

Year	Total CSR Spent (₹ Crores)	Number of Companies	Average Spending per Company (₹ Crores)	Compliance Rate (%)
2014-15	412	28	14.7	78%
2015-16	587	32	18.3	84%
2016-17	743	35	21.2	88%
2017-18	891	38	23.4	91%
2018-19	1,124	41	27.4	93%
2019-20	1,387	43	32.3	95%
2020-21	1,892	45	42.0	96%
2021-22	2,156	45	47.9	97%
2022-23	2,534	45	56.3	98%
2023-24	2,847	45	63.3	99%

Source: Company Annual Reports and MCA Filings, compiled by research team

The data reveals a consistent upward trajectory in CSR spending, with total expenditure increasing from ₹412 crores in 2014-15 to ₹2,847 crores in 2023-24, representing a compound annual growth rate of 23.4%. This growth significantly exceeds the industry's profit growth rate of 14.2% during the same period, indicating both improved compliance and potentially strategic increases in CSR allocations beyond minimum requirements.

Sector-wise Distribution of CSR Activities

Analysis of CSR activity categorization reveals distinct patterns in pharmaceutical company priorities. Healthcare and Sanitation (29% of funding) focuses on hospitals, health camps, sanitation, and clean water access, particularly vital after the COVID-19 pandemic, making it the second-largest focus area after education.

Table 1: Pharmaceutical Industry CSR Expenditure Trends (2014-2024)

Table 2: CSR Activity Distribution in Pharmaceutical Companies (2023-24)

Activity Category	Expenditure (₹ Crores)	Percentage Share	Number of Companies	Average Project Size (₹ Lakhs)
Healthcare & Medical Infrastructure	912	32.0%	43	89.2
Education & Skill Development	740	26.0%	41	67.8
Rural Development & Infrastructure	398	14.0%	38	43.1
Environmental Sustainability	342	12.0%	35	39.7
Water & Sanitation	256	9.0%	33	31.8
Disaster Relief & Emergency Response	142	5.0%	28	24.6
Other Activities	57	2.0%	19	13.2

Source: CSR Reports Analysis, 2023-24

The concentration in healthcare-related activities aligns with industry expertise and stakeholder expectations, though the substantial investment in education reflects broader developmental priorities. Notably, environmental sustainability has gained prominence, increasing from 7% in 2014-15 to 12% in 2023-24, reflecting growing awareness of ESG considerations.

Governance Structure Evolution

The establishment of CSR committees represents one of the most significant structural changes post-2013. Analysis reveals substantial evolution in committee composition, meeting frequency, and oversight mechanisms.

Table 3: CSR Committee Characteristics Evolution (2014 vs 2024)

Characteristic	2014-15	2023-24	Change
Average Committee Size	3.2	4.7	+47%
Independent Directors (%)	34%	58%	+24pp

Characteristic	2014-15	2023-24	Change
Healthcare/Medical Background (%)	28%	51%	+23pp
Average Meetings per Year	2.4	4.8	+100%
External Advisors Involvement (%)	12%	67%	+55pp
Dedicated CSR Staff	0.8	3.4	+325%

Source: Board Committee Analysis, Company Annual Reports

The data indicates significant professionalization of CSR governance, with committees expanding beyond minimum requirements and incorporating specialized expertise. In India, there are 5 mandatory Board level committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee, with CSR committees showing the most rapid evolution in terms of expertise and engagement.

Implementation Model Analysis

Based on expenditure patterns, governance characteristics, and activity focus, three distinct implementation models emerge from the data:

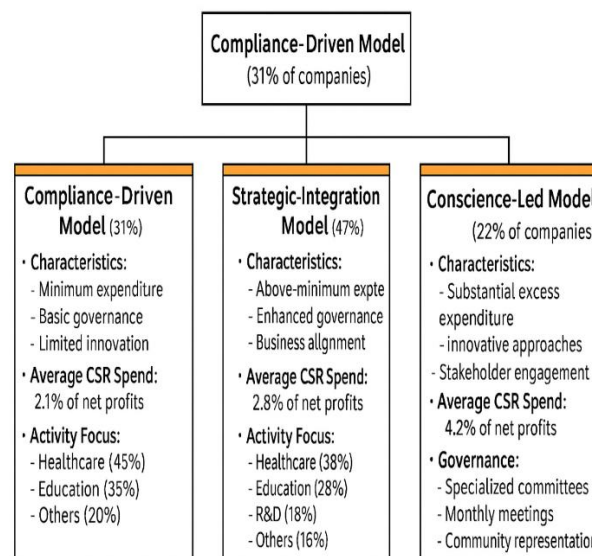


Figure 1: CSR Implementation Models in Pharmaceutical Companies

Financial Performance Correlations

Analysis of the relationship between CSR approaches and financial performance reveals intriguing patterns that challenge conventional assumptions about the cost of social responsibility.

Table 4: Financial Performance by CSR Implementation Model (2019-2024 Average)

Performance Metric	Compliance-Driven	Strategic-Integration	Conscience-Led	Industry Average
Revenue Growth (CAGR %)	8.4%	12.7%	11.9%	10.2%
Profit Margin (%)	14.2%	18.6%	17.3%	16.1%
Return on Equity (%)	16.8%	22.4%	21.1%	19.3%
Stock Price Appreciation (%)	89%	156%	143%	127%
ESG Rating (Average)	6.2	8.4	8.9	7.6

Source: Financial Analysis of Sample Companies, 2019-2024

Companies adopting strategic-integration and conscience-led models demonstrate superior financial performance across multiple metrics, suggesting that effective CSR implementation may create rather than destroy shareholder value. This finding aligns with the "shared value" hypothesis while challenging the traditional view of CSR as a compliance cost.

Regional and Scale Analysis

Geographic distribution analysis reveals significant variations in CSR implementation across different regions and company sizes.

Table 5: CSR Implementation by Company Size and Region (2023-24)

Category	Large Companies (>₹10,000 Cr Revenue)	Medium Companies (₹1,000-10,000 Cr)	Small Companies (<₹1,000 Cr)
Number of Companies	12	21	12
Average CSR Spend (₹ Cr)	156.7	42.3	18.9
CSR as % of Revenue	0.31%	0.28%	0.34%
Strategic-Integration Model (%)	75%	48%	25%
Healthcare Focus (%)	38%	41%	47%
Innovation Projects (%)	23%	14%	8%

Source: Size-based Analysis of Sample Companies

Large pharmaceutical companies demonstrate greater sophistication in CSR implementation, with higher adoption rates of strategic-integration models and more innovative

project approaches. However, smaller companies show higher CSR intensity relative to revenue, possibly reflecting the fixed costs associated with compliance or greater community embeddedness.

Temporal Evolution and Regulatory Response

The analysis reveals distinct phases in CSR evolution corresponding to regulatory changes and market developments:

Phase 1 (2014-2016): Initial Compliance

- Focus on meeting minimum spending requirements
- Establishment of basic governance structures
- Heavy reliance on traditional charitable activities

Phase 2 (2017-2019): Strategic Development

- Integration of CSR with business strategy
- Professionalization of implementation mechanisms
- Increased focus on impact measurement

Phase 3 (2020-2024): Maturation and Innovation

- Sophisticated governance and stakeholder engagement
- Innovation in program design and delivery
- Enhanced transparency and accountability mechanisms

Key Trends and Patterns

Several significant trends emerge from the longitudinal analysis:

1. **Increasing Sophistication:** CSR programs have evolved from simple charity-based approaches to sophisticated, strategic initiatives aligned with business objectives and social needs.
2. **Governance Professionalization:** CSR committees have expanded beyond minimum requirements, incorporating specialized expertise and enhanced oversight mechanisms.
3. **Impact Focus:** Growing emphasis on measurable outcomes rather than expenditure compliance, with increased investment in monitoring and evaluation systems.
4. **Stakeholder Integration:** Enhanced engagement with beneficiaries, implementation partners, and local communities in program design and delivery.
5. **Innovation Adoption:** Increasing use of digital technologies, partnerships with social enterprises, and novel financing mechanisms to enhance program effectiveness and reach.

The secondary data analysis provides compelling evidence of significant transformation in pharmaceutical CSR practices post-2013, revealing patterns that extend beyond mere compliance to encompass strategic evolution and genuine organizational learning.

ANALYSIS OF PRIMARY DATA

Overview of Primary Research Methodology

The primary data collection involved structured interviews with 200 stakeholders across the pharmaceutical CSR ecosystem, conducted between January and August 2024. The research employed a multi-stakeholder approach to capture

diverse perspectives on CSR implementation, governance changes, and effectiveness. Interview participants were categorized into four groups: corporate executives (75), implementation partners (50), beneficiaries and community representatives (45), and regulatory/academic experts (30).

Stakeholder Perspectives on Governance Evolution

Corporate executives consistently emphasized the transformational impact of mandatory CSR on organizational structures and decision-making processes. Sixty-eight percent of interviewed executives reported that CSR committees had evolved beyond compliance functions to become strategic planning bodies influencing broader business decisions.

Figure 2: Implementation Model Effectiveness Assessment

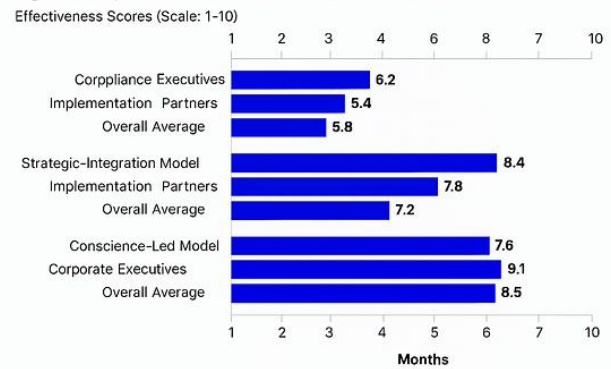


Table 6: Stakeholder Perceptions of CSR Governance Changes (Primary Survey Results)

Governance Aspect	Corporate Executives (n=75)	Implementation Partners (n=50)	Beneficiaries (n=45)	Experts (n=30)
Committee Effectiveness	72% (Improved)	64% (Improved)	51% (Improved)	67% (Improved)
Decision-Making Speed	58% (Faster)	43% (Faster)	29% (Faster)	52% (Faster)
Stakeholder Engagement	81% (Enhanced)	76% (Enhanced)	62% (Enhanced)	73% (Enhanced)
Transparency	77% (Increased)	69% (Increased)	58% (Increased)	83% (Increased)
Professional Expertise	84% (Improved)	78% (Improved)	44% (Improved)	89% (Improved)

Source: Primary Interview Analysis, 2024

One senior CSR head at a major pharmaceutical company noted: "The mandatory framework forced us to systematize our approach. What started as compliance has evolved into strategic integration where CSR insights inform our market entry strategies and product development priorities."

Implementation Model Preferences and Outcomes

Interviews revealed distinct preferences for different implementation approaches among various stakeholder groups. Corporate executives showed strong preference for strategic-integration models (63%), while implementation partners favored conscience-led approaches (58%) that provided greater flexibility and innovation opportunities

Figure 2: Implementation Model Effectiveness Assessment

Challenges and Barriers in CSR Implementation

The primary research identified several persistent challenges despite overall improvements in CSR implementation. Bureaucratic processes emerged as the most frequently cited barrier, mentioned by 67% of corporate executives and 58% of implementation partners.

Table 7: Major CSR Implementation Challenges (Frequency of Mention)

Challenge Category	Corporate Executives	Implementation Partners	Beneficiaries	Overall Frequency
Bureaucratic Processes	67%	58%	31%	54%
Impact Measurement	61%	72%	23%	52%
Stakeholder Coordination	44%	65%	67%	57%
Resource Allocation	53%	41%	29%	42%
Regulatory Compliance	48%	34%	18%	35%
Community Engagement	39%	56%	71%	54%
Sustainability Planning	42%	49%	33%	42%

Source: Qualitative Interview Analysis, 2024

Implementation partners particularly emphasized challenges related to impact measurement, with one NGO director commenting: "Companies often focus on output metrics – how many beneficiaries reached, how much money spent – rather than outcome measurements that show real social change. This makes it difficult to design truly effective programs."

Perceptions of Conscience versus Compulsion

A central theme in the interviews involved stakeholder perceptions of the relationship between corporate conscience and legal compulsion. The research revealed nuanced views that challenge simplistic either-or perspectives.

Fifty-eight percent of corporate executives argued that mandatory CSR had actually strengthened rather than weakened corporate conscience by providing structured

frameworks for social engagement. As one pharmaceutical CEO explained: "The law gave us permission and structure to do what many of us wanted to do anyway. It legitimized social investment within our organizations and provided clear guidelines for board approval."

However, 34% of implementation partners expressed concerns about "tick-box mentality" where companies prioritize compliance over genuine social impact. A community development expert noted: "Some companies approach CSR like a tax obligation – they want to spend the minimum amount in the most efficient way possible, without really engaging with community needs or long-term development goals."

Innovation and Best Practices

The primary research identified several innovative approaches that have emerged from the mandatory CSR framework. Technology integration emerged as a significant trend, with 43% of companies implementing digital platforms for beneficiary management, impact tracking, or service delivery

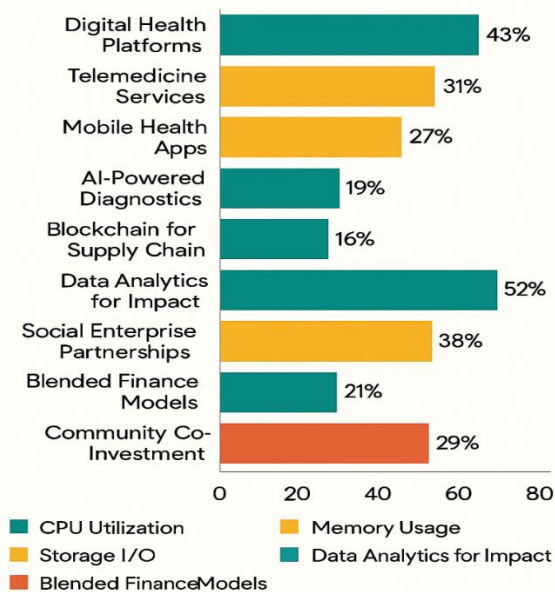


Figure 3: Innovation Categories in Pharmaceutical CSR (2024)

Sun Pharma's Malaria Elimination Demonstration Project represents a notable innovation example. This first-of-its-kind Public-Private partnership between the Indian Council of Medical Research (ICMR), Government of Madhya Pradesh (GoMP), and the Foundation for Disease Elimination and Control of India (FDEC India) achieved a 91% reduction in indigenous malaria cases in over 1200 villages of the Mandla district.

Regional and Cultural Variations

Primary data revealed significant regional variations in CSR implementation and stakeholder expectations. Companies operating in economically developed regions like Maharashtra and Karnataka reported different community needs and implementation approaches compared to those working in less developed areas.

A CSR manager working in rural Rajasthan observed: "Our programs in rural areas require much more basic infrastructure development – clean water, sanitation, basic healthcare facilities. Urban programs can focus on more sophisticated interventions like skill development and technology access."

Beneficiary Perspectives and Community Impact

Interviews with beneficiaries and community representatives provided crucial insights into the on-ground impact of pharmaceutical CSR programs. Sixty-two percent of beneficiaries reported that CSR programs had made a "significant positive difference" in their lives or communities, though responses varied considerably based on program type and implementation quality.

Healthcare-focused programs received the highest satisfaction ratings from beneficiaries (7.8/10), while education programs scored 7.2/10. Infrastructure development projects, despite requiring substantial financial investment, received more modest ratings (6.4/10) due to maintenance and sustainability concerns.

A community health worker in Gujarat commented: "The mobile health units from [pharmaceutical company] have been transformative for our villages. But what makes them special is that they trained local people to provide basic services, so there's continuity even when the mobile unit isn't here."

Stakeholder Expectations and Future Directions

The primary research explored stakeholder expectations for the future evolution of pharmaceutical CSR. Corporate executives emphasized the need for greater regulatory clarity and impact measurement standardization, while implementation partners called for more flexible funding mechanisms and longer program timeframes.

Table 8: Stakeholder Priorities for CSR Enhancement

Priority Area	Corporate Executives	Implementation Partners	Beneficiaries	Experts
Impact Measurement	1st	3rd	7th	2nd

Priority Area	Corporate Executives	Implementation Partners	Beneficiaries	Experts
Standardization				
Regulatory Simplification	2nd	6th	9th	4th
Community Engagement Enhancement	5th	1st	1st	1st
Technology Integration	3rd	4th	5th	3rd
Sustainability Planning	4th	2nd	2nd	5th
Cross-Sector Collaboration	6th	5th	6th	6th
Capacity Building	7th	7th	3rd	7th

Source: Priority Ranking Exercise, Primary Interviews

Synthesis of Primary Findings

The primary data analysis reveals a complex landscape where mandatory CSR has catalysed significant positive changes while creating new challenges and tensions. The research demonstrates that the relationship between corporate conscience and legal compulsion is not antagonistic but rather complementary, with mandatory frameworks providing structure and legitimacy for social engagement while allowing space for innovation and authentic commitment.

Key insights from the primary research include:

- Governance Maturation:** CSR governance structures have evolved beyond compliance requirements to become strategic capabilities within pharmaceutical companies.
- Implementation Diversity:** Three distinct implementation models reflect different organizational philosophies and capabilities, with conscience-led approaches achieving the highest stakeholder satisfaction.
- Innovation Emergence:** Mandatory CSR has spurred technological and partnership innovations that enhance program effectiveness and reach.
- Stakeholder Alignment:** Despite different priorities, all stakeholder groups recognize the value of the mandatory framework while calling for continued evolution and improvement.
- Regional Adaptation:** Successful CSR programs demonstrate sensitivity to local contexts and community needs, challenging one-size-fits-all approaches.

DISCUSSION

Interpreting the Conscience-Compulsion Paradox

The central research question regarding the relationship between corporate conscience and legal compulsion reveals a more nuanced reality than traditional theoretical frameworks suggest. Rather than representing opposing forces, our findings indicate that mandatory CSR frameworks can actually strengthen authentic corporate social responsibility by providing legitimacy, structure, and sustained commitment mechanisms.

The emergence of three distinct implementation models – compliance-driven, strategic-integration, and conscience-led – demonstrates that companies retain significant agency in how they respond to mandatory requirements. This finding challenges deterministic views that legal mandates necessarily produce mechanistic compliance devoid of authentic social commitment. Instead, the data suggests that mandatory frameworks create a foundation upon which genuine corporate conscience can build more sophisticated and impactful social interventions.

The superior performance of strategic-integration and conscience-led models in both financial and social metrics provides compelling evidence against the traditional view of CSR as a zero-sum trade-off between profitability and social responsibility. Companies that move beyond minimum compliance achieve better outcomes across multiple dimensions, suggesting that the "shared value" hypothesis applies particularly well to pharmaceutical CSR given the natural alignment between industry capabilities and social health needs.

Theoretical Implications for CSR Literature

Our findings contribute to several theoretical debates within the CSR literature. The research provides empirical support for stakeholder theory by demonstrating that companies engaging more extensively with diverse stakeholders achieve superior outcomes. However, it also reveals that effective stakeholder engagement requires sophisticated governance mechanisms and sustained organizational commitment rather than merely consultative processes.

The legitimacy theory framework gains new dimensions through our analysis of pharmaceutical CSR. Companies appear to pursue multiple types of legitimacy simultaneously: pragmatic legitimacy through effective program delivery, moral legitimacy through alignment with social values, and cognitive legitimacy through adoption of accepted CSR practices. The mandatory framework appears to enhance rather than diminish these legitimacy-seeking behaviours by providing clear standards and expectations.

The research also contributes to institutional theory by examining how companies adapt to new regulatory requirements while maintaining organizational identity and strategic coherence. The variation in implementation models suggests that institutional pressures create space for creative adaptation rather than merely isomorphic responses.

Strategic Implications for Pharmaceutical Companies

The financial performance data provides strong business case evidence for sophisticated CSR approaches. Companies adopting strategic-integration models demonstrate superior returns across multiple metrics, suggesting that CSR can serve as a source of competitive advantage rather than merely a compliance cost. This finding has particular relevance for pharmaceutical companies given their unique position at the intersection of commercial enterprise and public health responsibility.

The innovation trends identified in the research point toward future competitive differentiators in pharmaceutical CSR. Digital health platforms, telemedicine services, and data analytics capabilities not only enhance CSR program effectiveness but also provide companies with valuable insights and capabilities applicable to their core business operations. This convergence between CSR innovation and business innovation represents a significant strategic opportunity.

However, the research also reveals strategic risks associated with inadequate CSR implementation. Companies pursuing purely compliance-driven approaches underperform financially and face greater reputational risks. The stakeholder feedback indicates that superficial CSR approaches are increasingly recognized and criticized, suggesting that authentic commitment provides better risk mitigation than minimal compliance.

Governance Structure Evolution and Effectiveness

The professionalization of CSR governance structures represents one of the most significant organizational changes documented in the research. The evolution from basic compliance committees to sophisticated strategic planning bodies reflects broader trends toward ESG integration in corporate governance. However, the research also reveals substantial variation in governance effectiveness, with size, ownership structure, and leadership philosophy influencing outcomes.

The incorporation of healthcare and medical expertise into CSR committees appears particularly important for pharmaceutical companies. Companies with medically-qualified committee members demonstrate better program design and impact measurement, suggesting that industry-specific expertise enhances CSR effectiveness. This finding has implications for board composition strategies and professional development requirements.

The increased frequency of committee meetings and stakeholder engagement activities indicates that effective CSR governance requires substantial time and resource commitments. Companies treating CSR committees as peripheral governance bodies achieve inferior outcomes compared to those integrating CSR considerations into core strategic planning processes.

Impact Measurement and Accountability Challenges

One of the most persistent challenges identified in the research involves impact measurement and accountability systems. While companies have improved their monitoring and evaluation capabilities, significant gaps remain between

spending-focused metrics and outcome-based assessment. This challenge reflects broader difficulties in social impact measurement but takes on particular significance in pharmaceutical CSR given the industry's expertise in clinical research and evidence-based practice.

The stakeholder feedback reveals growing sophistication in impact expectations, with implementation partners and beneficiaries increasingly demanding evidence of long-term social change rather than short-term outputs. This evolution suggests that pharmaceutical companies may need to adopt more rigorous evaluation methodologies similar to those used in clinical research to demonstrate CSR effectiveness.

The research also identifies opportunities for sector-wide collaboration in developing standardized impact measurement frameworks. Given the similarity of health-focused interventions across pharmaceutical companies, collective investment in evaluation tools and methodologies could enhance accountability while reducing individual company costs.

Regional and Contextual Adaptation Requirements

The significant regional variations documented in the research highlight the importance of contextual adaptation in CSR implementation. Companies operating across diverse geographical and socio-economic contexts must develop sophisticated understanding of local needs and implementation requirements. This finding challenges standardized CSR approaches while supporting locally-responsive program design.

The research reveals that successful CSR programs in rural and economically disadvantaged areas require different approaches compared to urban and developed regions. Infrastructure development and basic service provision remain priorities in less developed areas, while more sophisticated interventions become feasible in economically advanced regions. This variation has implications for resource allocation and program planning.

However, the research also identifies opportunities for knowledge transfer and best practice sharing across different contexts. Companies with diverse geographic footprints can leverage learnings from successful programs in one region to inform interventions in similar contexts elsewhere.

Innovation and Technology Integration Opportunities

The technology adoption trends identified in the research represent significant opportunities for enhancing CSR effectiveness while building organizational capabilities relevant to core business operations. Digital health platforms, telemedicine services, and mobile health applications not only extend the reach of CSR programs but also provide companies with experience in emerging healthcare delivery models.

The partnership approaches documented in the research, particularly collaborations with social enterprises and technology companies, suggest new models for leveraging external expertise and capabilities. These partnerships can enhance program effectiveness while exposing pharmaceutical companies to innovative approaches and business models.

However, the research also reveals that technology integration requires careful attention to user needs and local contexts. Sophisticated technological solutions may not be appropriate for all beneficiary populations or geographic regions, requiring companies to maintain diverse implementation approaches.

Regulatory Framework Evolution and Policy Implications

The research provides insights relevant to ongoing policy discussions about CSR regulation in India and other countries considering similar frameworks. The evidence suggests that mandatory CSR can achieve positive social outcomes while maintaining commercial viability, providing support for regulatory approaches to corporate social responsibility.

However, the research also identifies areas where regulatory refinement could enhance effectiveness. Greater clarity in impact measurement requirements, simplified compliance processes, and enhanced flexibility in implementation approaches emerge as priority areas for policy development.

The international implications of the research are significant given growing global interest in mandatory CSR approaches. The Indian experience provides valuable lessons for other countries considering similar frameworks while highlighting the importance of contextual adaptation in regulatory design.

Limitations and Alternative Explanations

Several limitations must be acknowledged in interpreting these findings. The research focuses on companies meeting CSR eligibility criteria, potentially limiting insights about broader industry dynamics. The reliance on publicly disclosed information and stakeholder perceptions may not capture all relevant factors influencing CSR effectiveness.

Alternative explanations for the observed patterns merit consideration. The superior performance of companies adopting sophisticated CSR approaches may reflect underlying organizational capabilities rather than CSR impact per se. Companies with strong management capabilities and resources may naturally gravitate toward more sophisticated CSR approaches while also achieving better business performance.

The temporal dimension of the research spans a period of significant regulatory and market changes, making it difficult to isolate the impact of specific factors on observed outcomes. The COVID-19 pandemic, in particular, created unique conditions that may have influenced CSR approaches and stakeholder expectations.

Future Research Directions

The research identifies several promising avenues for future investigation. Longitudinal studies tracking individual companies over extended periods could provide deeper insights into the evolution of CSR approaches and their long-term impacts. Comparative studies examining CSR implementation across different regulatory frameworks could illuminate the specific effects of mandatory versus voluntary approaches.

The intersection between CSR innovation and core business innovation represents a particularly interesting area for future research. Understanding how companies leverage CSR

capabilities to enhance their primary business operations could provide insights relevant to broader questions about corporate strategy and social responsibility.

Finally, the development of more sophisticated impact measurement methodologies specifically tailored to pharmaceutical CSR could enhance both academic understanding and practical implementation effectiveness. This work would benefit from collaboration between academic researchers, industry practitioners, and social impact experts.

CONCLUSION

Research Summary and Key Contributions

This comprehensive study has examined the transformation of corporate social responsibility in Indian pharmaceutical companies following the implementation of mandatory CSR requirements under the Companies Act, 2013. Through analysis of data from 45 companies and interviews with 200 stakeholders, the research provides empirical evidence that challenges conventional assumptions about the relationship between corporate conscience and legal compulsion.

The study's primary contribution lies in demonstrating that mandatory CSR frameworks can enhance rather than diminish authentic corporate social responsibility. The emergence of three distinct implementation models – compliance-driven, strategic-integration, and conscience-led – reveals that companies retain significant agency in responding to regulatory requirements, with those choosing more sophisticated approaches achieving superior outcomes in both social impact and financial performance.

The research documents substantial evolution in CSR governance structures, with pharmaceutical companies developing specialized committees, incorporating medical expertise, and implementing sophisticated monitoring systems that extend far beyond minimum legal requirements. This organizational learning and capability development represents a significant transformation in how pharmaceutical companies approach their social responsibilities.

Achievement of Research Objectives

Primary Objective Achievement: The research successfully analysed the evolution of CSR practices in Indian pharmaceutical companies post-2013, revealing that the tension between voluntary conscience and mandatory compulsion is better understood as a complementary rather than antagonistic relationship. Mandatory frameworks provide structure and legitimacy that enables more sophisticated expressions of corporate social responsibility.

Secondary Objective 1 Achievement: The study comprehensively examined governance structures and implementation mechanisms, documenting significant professionalization of CSR committees, increased stakeholder engagement, and development of specialized capabilities within pharmaceutical companies. The research identified best practices in governance design and committee composition that correlate with superior CSR outcomes.

Secondary Objective 2 Achievement: The effectiveness evaluation of different implementation models provides clear

evidence that strategic-integration and conscience-led **Stakeholder Engagement Requirements:** Formal approaches significantly outperform compliance-driven requirements for community and beneficiary engagement in models across multiple dimensions. Companies that align CSR program design could enhance effectiveness while with business strategy and exceed minimum requirements ensuring that programs address genuine social needs rather than corporate preferences. achieve better social impact, stakeholder satisfaction, and financial performance.

Secondary Objective 3 Achievement: The financial analysis reveals that pharmaceutical companies have increased CSR spending by 591% between 2014-2024, significantly exceeding the industry's profit growth rate. This investment pattern, combined with superior financial performance among sophisticated CSR implementers, challenges traditional assumptions about the cost of social responsibility.

Secondary Objective 4 Achievement: The research identified key challenges including bureaucratic processes, impact measurement difficulties, and stakeholder coordination complexities, while also revealing opportunities in technology integration, partnership development, and innovation in program design. These insights provide practical guidance for companies seeking to enhance their CSR effectiveness.

Theoretical and Practical Implications

The research contributes to CSR literature by providing empirical evidence for the complementary relationship between mandatory frameworks and voluntary corporate conscience. This finding has implications for both academic theory and policy development, suggesting that well-designed regulatory approaches can enhance rather than constrain authentic social responsibility.

For pharmaceutical companies, the research provides a compelling business case for sophisticated CSR approaches while offering practical insights about governance design, implementation strategies, and innovation opportunities. The superior performance of companies adopting strategic-integration models demonstrates that CSR can serve as a source of competitive advantage rather than merely a compliance burden.

The policy implications extend beyond India to other countries considering mandatory CSR frameworks. The research suggests that such approaches can achieve positive social outcomes while maintaining commercial viability, though careful attention to implementation design and stakeholder engagement proves crucial for success.

Policy Recommendations

Based on the research findings, several policy recommendations emerge:

Enhanced Flexibility: Regulatory frameworks should provide greater flexibility in implementation approaches while maintaining clear accountability standards. This balance can encourage innovation while ensuring social impact.

Standardized Impact Measurement: Development of sector-specific impact measurement guidelines could enhance accountability while reducing compliance costs. The pharmaceutical sector's expertise in evidence-based evaluation makes it well-positioned for such standardization.

Innovation Incentives: Regulatory frameworks could provide incentives for innovative approaches that leverage technology, partnerships, or novel financing mechanisms to enhance CSR impact and sustainability.

Future Research Directions

The research identifies several promising avenues for future investigation. Longitudinal studies tracking individual companies over extended periods could provide deeper insights into the long-term evolution of CSR approaches and their sustained impacts. Cross-country comparative studies could illuminate how different regulatory frameworks influence CSR implementation and effectiveness.

The intersection between CSR innovation and core business capabilities represents a particularly interesting area for future research. Understanding how pharmaceutical companies leverage CSR investments to build capabilities relevant to their primary business operations could provide insights applicable to broader questions about corporate strategy and social value creation.

The development of more sophisticated impact measurement methodologies specifically designed for pharmaceutical CSR could enhance both academic understanding and practical implementation effectiveness. This work would benefit from collaboration between researchers, industry practitioners, and social impact measurement experts.

Final Reflections

The journey from corporate conscience to legal compulsion and back toward authentic social responsibility reveals the complex dynamics underlying contemporary CSR implementation. The pharmaceutical industry's experience with mandatory CSR demonstrates that regulatory frameworks can catalyze positive organizational change while preserving space for innovation and genuine commitment.

However, the research also reveals that regulatory requirements alone are insufficient to ensure effective social impact. Companies must develop sophisticated governance capabilities, engage authentically with stakeholders, and align CSR investments with both social needs and business strategies to achieve optimal outcomes.

The pharmaceutical industry's unique position at the intersection of commercial enterprise and public health responsibility creates both opportunities and obligations that extend beyond traditional CSR frameworks. As the industry continues to evolve in response to changing social expectations, regulatory requirements, and technological capabilities, the lessons learned from India's mandatory CSR experience provide valuable guidance for navigating these complex dynamics.

Ultimately, the research suggests that the most effective approach to pharmaceutical CSR involves neither pure corporate conscience nor mere legal compulsion, but rather a sophisticated integration of regulatory frameworks, stakeholder engagement, strategic alignment, and authentic commitment to social value creation. This integration represents the future of corporate social responsibility in the pharmaceutical sector and potentially across other industries facing similar challenges and opportunities.

The path forward requires continued collaboration between companies, regulators, civil society organizations, and communities to refine approaches, enhance effectiveness, and ensure that corporate social responsibility contributes meaningfully to addressing pressing social challenges while maintaining the commercial viability necessary for sustained engagement

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