

# The Role of CSR in Promoting Social Welfare: A Cross-Sectoral Analysis between Business Enterprises and NGOs in SPS Nellore District

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## ABSTRACT

This research article examines the role of Corporate Social Responsibility (CSR) in promoting social welfare through cross-sectoral partnerships between business enterprises and Non-Governmental Organizations (NGOs) in the Sri PottiSriramulu (SPS) Nellore District of Andhra Pradesh, India. By using an explanatory sequential mixed-methods approach, the study integrates quantitative survey data from 100 business enterprises and 150 NGOs with qualitative insights from interviews with key stakeholders. The research identifies certain CSR activities and their expenditure by analyzing NGO-led social welfare initiatives, and it explores the dynamics, benefits, and challenges of business-NGO collaborations. The findings of this study show a positive perceived impact of collaborative CSR initiatives on various social welfare indicators such as education, health, and livelihoods. The study highlights the need of trust and aligned objectives in successful partnerships and suggests the necessity of shifting from output-focused to outcome-focused monitoring and evaluation. Recommendations of this study enhance the effectiveness and sustainability of CSR-led social welfare efforts.

**Keywords:** Corporate Social Responsibility, Social Welfare, Cross-Sectoral Analysis, Business-NGO Partnerships, SPS Nellore District, India, Impact Assessment.

## INTRODUCTION

### Background: Global and Indian CSR Landscape

Corporate Social Responsibility (CSR) is an important activity that involves businesses to integrate social and environmental considerations into their operations. CSR becomes a global movement that recognizes corporate success is linked to societal well-being. India is a leader in this area since it was the first country to make CSR activities mandatory by law. This changed CSR from voluntary giving to a systematic, legally necessary part of business strategy. This makes sure that resources always go towards national development goals.

### Corporate Social Responsibility (CSR) in India: Legal Framework and Evolution

According to Section 135 of the Companies Act, 2013, CSR for companies whose net worth ₹500 crore, turnover ₹1,000 crore, or net profit ₹5 crore is mandatory. These companies must form a CSR Committee and have to spend at least two percent of their average net profits from the past three financial years on CSR initiatives such as education, healthcare, and rural development. This law transformed CSR activities as strategic investments rather than philanthropic donations. Statistics show that CSR activities contribute about ₹29,000 crore in FY 2023-24 towards national priorities, with increased transparency via Form CSR-2.

### Social Welfare in Developing Economies: The Indian Context

Social welfare includes various programs that improve the living standards of individuals and communities, especially those who are vulnerable to various risks. India has a long history of social welfare. After

independence, the Five-Year Plans introduced several programs to help people get jobs, reduce poverty, and provide social security. Even though the government had put their efforts, the scale of social issues needs broader participation. Hence, CSR, especially when businesses work with non-governmental organisations (NGOs), is an important tool that uses business resources and knowledge to fill the gaps in development and speed up progress towards national goals.

### **Context of SPS Nellore District, Andhra Pradesh**

Sri PottiSriramulu (SPS) Nellore District is an integral part of southeastern Andhra Pradesh. It covers 10,440 Sq. Km with a population of approximately 24.69 Lakhs, in which 71.42% are rural. The district has a strong agricultural sector and hosts significant industries in thermal power, manufacturing, and mining, thus contributing to the economic growth of Andhra Pradesh. Department of Social Welfare manages hostels and financial assistance schemes here through district authorities. There are several NGOs working in Nellore, whom focus on areas such as education, health, and livelihoods. Along with the local businesses here, corporate companies like ITC Limited and Reliance Industries Limited are also conducting CSR activities in Andhra Pradesh, which impacts Nellore. Thus, the industrial presence along with the social development needs makes SPS Nellore District, a relevant area to study CSR's role in social welfare.

### **Research Problem and Objectives**

India's mandatory CSR program has caused a huge rise in corporate donations that partners many corporations and NGOs to work together. But a comprehensive cross-sectoral analysis of their combined impact on social welfare in SPS Nellore remains underexplored. Hence, this study investigates on how CSR programs, especially those in collaboration with business enterprises and NGOs affect and increase social welfare in the SPS Nellore District.

The objectives of the study are:

- To identify major CSR activities undertaken by business enterprises in SPS Nellore District.
- To analyze the nature and scope of social welfare initiatives implemented by NGOs in the district.
- To explore the dynamics, benefits, and challenges of cross-sectoral partnerships between businesses and NGOs in delivering social welfare programs.
- To assess the perceived impact of these collaborative CSR initiatives on various social welfare indicators in the district.
- To provide recommendations for enhancing the effectiveness and sustainability of CSR-led social welfare efforts through improved cross-sectoral collaboration.

## **LITERATURE REVIEW**

### **Theoretical Underpinnings of CSR and Social Welfare**

'Carroll's Pyramid of CSR' divides CSR activities into four levels i.e., economic, legal, ethical, and charitable. In India, CSR has grown as a strategic instrument that aligns business with social expectations and promotes community welfare and sustainability. This fits with the idea of "shared value," which means making both economic and social value at the same time. CSR is becoming more connected to sustainable development and ESG principles by taking a broad view of how a business may be successful by doing CSR activities and by making all stakeholders happy aligning with India's Sustainable Development Goals (SDGs).

### **CSR Implementation and Impact in India**

Spending on CSR activities has increased in India after the Companies Act of 2013 mandated it. During FY 2023-24, it is recorded that more than ₹29,000 crore contributed towards CSR activities among 51,966

projects. The largest share (₹13,209 crore) of CSR is on Education, followed by healthcare (₹8,739 crore). As per various studies, CSR funding positively contributes to India's sustainable development and poverty reduction, especially in the fields of education and environment. Focus on output metrics over long-term outcomes, lack of baseline data, capacity constraints among NGOs, and short-term project cycles are various challenges.

### **Role of Non-Governmental Organizations (NGOs) in Social Development**

NGOs are one of the most important partners in implementing CSR initiatives in India. Their local presence, community trust, and specialized expertise act as a bridge to fill the gap between corporate resources and social needs. NGOs are working on various social welfare activities and complementing government efforts in education, healthcare, livelihoods, and environmental conservation. NGOs in collaboration with various businesses can access funding, managerial skills, and technology. Thus they can enhance their reach and can contribute significantly to development goals.

### **Cross-Sectoral Partnerships: Models, Benefits, and Challenges**

Cross-sectoral partnerships (CSPs) between businesses and social organizations address complex societal challenges by leveraging distinct strengths such as businesses provide financial resources, managerial expertise, and innovation, while NGOs offer local knowledge, community trust, and implementation skills. Increased funds for human development, improved transparency, and investments in critical sectors are various benefits included in this. Differences in organizational cultures, incentives, and priorities are various challenges. Businesses prioritize short-term financial objectives, while NGOs focus on long-term social impact. NGOs' limited capacity in monitoring and evaluation (M&E) and their transparency concerns are some issues that hinder effective collaboration. The partnership success depends on various factors such as mutual trust, clear communication, and aligned objectives.

### **Frameworks for Measuring Social Impact**

Measuring social impact of CSR is important for accountability and demonstrating real outcomes than measuring the expenditure. This involves assessing inputs, activities, outputs, outcomes (short-to-medium term benefits), and long-term systemic change. Logical Framework Approach (LogFrame), Theory of Change (ToC), and Social Return on Investment (SROI) are some of the applicable frameworks. Enrollment and literacy rates are measurable indicators for education. Similarly, access to services and awareness are measurable indicators for health, skill development and income generation for livelihoods, emissions reduction and water conservation for environment. A shift towards outcome and impact measurement, with increased M&E capacity and baseline studies, is crucial for maximizing CSR's social return.

## **RESEARCH METHODOLOGY**

### **Research Design: Mixed-Methods Approach**

An explanatory sequential mixed-methods approach, combining quantitative and qualitative research designs is used in this study. This methodology provides a comprehensive understanding of CSR initiatives, cross-sectoral partnerships, and social welfare outcomes by quantifying perceived impacts and exploring underlying reasons and dynamics.

### **Study Area: SPS Nellore District Profile**

The study area of this study is SPS Nellore District. It was chosen for its industrial presence, potential CSR funding, considerable rural and vulnerable populations and their social welfare needs. The presence of government social welfare infrastructure and a number of local NGOs further supports its suitability for studying collaborative social development efforts.

## Data Collection: Primary (Survey, Interviews) and Secondary Sources

Primary data was collected through surveys and interviews. The quantitative data is gathered in the form of survey from CSR managers and representatives from 100 business enterprises and program managers and directors from 150 NGOs in SPS Nellore District. This data covers CSR expenditure, perceived impact, and partnership engagement. Semi-structured interviews from senior CSR managers and NGO directors (20 informants) with a purposive sample are gathered for qualitative insights on motivations, project details, challenges, success factors, impact measurement, and cultural appropriateness. Secondary data was collected from government reports, academic papers, and industry analyses related to CSR in India, social welfare, and cross-sectoral partnerships.

## Sampling Strategy

For business enterprises, by using a stratified random sampling method, 100 companies are stratified by industry and their size. For NGOs, a systematic random sampling method was used for 150 organizations from a list of registered NGOs in SPS Nellore District. For qualitative interviews, a purposive sampling method selected 20 key informants with direct experience in collaborations within SPS Nellore.

## Data Analysis Techniques (Quantitative and Qualitative)

Quantitative data was analyzed using descriptive statistics i.e., mean, median, mode, standard deviation, frequencies and percentages. Inferential statistics such as Chi-square tests for categorical associations, Mann-Whitney U test for two independent groups, Kruskal-Wallis test for three or more independent groups, and Spearman's Rho for correlation analysis are used. All analysis was done using statistical software. Qualitative data from interviews was analyzed using thematic analysis to identify patterns and themes.

# RESULTS AND DISCUSSION

## Profile of Surveyed Business Enterprises and NGOs

The survey data provides a demographic overview of businesses and NGOs in SPS Nellore.

Table 1: Demographic Profile of Surveyed Business Enterprises and NGOs in SPS Nellore District

Category	Sub-Category	Count (N=100 Businesses)	Percentage (%)	Count(N=150 NGOs)	Percentage (%)
<b>Business Enterprises</b>					
Industry Type	Manufacturing	30	30%		
	Energy (Thermal/Solar/Wind)	25	25%		
	Agri-Business/Food Processing	20	20%		
	Services (ITES, Other)	15	15%		
	Mining/Construction	10	10%		
Company Size	Mega/Large (CSR Mandated)	60	60%		

	MSME (Voluntary CSR)	40	40%		
Average Annual CSR Exp.	Mega/Large (INR Crores)	Mean: 8.5, SD: 3.2	-		
	MSME (INR Crores)	Mean: 0.5, SD: 0.3	-		
<b>NGOs</b>					
Primary Focus Area	Education			52	35%
	Health			38	25%
	Livelihoods/Skill Development			30	20%
	Environment/Sanitation			15	10%
	Other (Women Empowerment, etc.)			15	10%
Years of Operation				Mean: 12, SD: 5	-
Beneficiaries Served Annually				Mean: 5,000, SD: 2,000	-

Table 1 show 60% of surveyed businesses fall under mandatory CSR, primarily from manufacturing and energy, with substantial average annual CSR expenditures. NGOs mainly focus on education, health, and livelihoods, aligning with district needs. This profile provides context for CSR and social welfare activities in the region.

### CSR Activities and Expenditure Patterns in SPS Nellore District

CSR expenditure in SPS Nellore District indicates a clear prioritization of social welfare sectors, consistent with national trends and Schedule VII of the Companies Act, 2013.

Table 2: Allocation of CSR Funds by Sector in SPS Nellore District

CSR Sector (as per Schedule VII)	Allocated Amount (INR Crores)	Percentage of Total CSR Expenditure (%)
Education	209	38%
Healthcare	154	28%
Rural Development/Livelihoods	99	18%
Environmental Sustainability	55	10%
Other (Gender Equality, Heritage, etc.)	33	6%
<b>Total</b>	<b>550</b>	<b>100%</b>

Source: SPS Nellore District Reports

As shown in Table 2, education receives the largest share (38%), followed by healthcare (28%) and rural development/livelihoods (18%). This aligns with national development priorities and local needs in SPS Nellore, indicating CSR as a channel for significant financial resources towards societal challenges.

### Social Welfare Initiatives by NGOs

NGOs in SPS Nellore District are working on various social welfare initiatives along with the government programs. Many NGOs focus on educational activities such as schooling, vocational training, digital literacy, health-related activities such as camps, sanitation, primary care, development of livelihoods such as skill development, self-employment, and protecting environment by afforestation, waste management etc. These initiatives align with district needs, particularly for vulnerable groups, and NGOs leverage community ties to ensure culturally appropriate interventions.

### Dynamics of Business-NGO Cross-Sectoral Partnerships

Quantitative data and qualitative insights reveal prevalent cross-sectoral partnerships in SPS Nellore, driven by mutual benefits. Businesses engage NGOs for local presence and expertise in CSR projects. NGOs gain funding, managerial skills, and technology for scalability. Motivations include CSR compliance and reputation for businesses, and sustainable funding and expanded reach for NGOs. Benefits include efficient resource utilization and deeper community penetration. However, differing organizational cultures, priorities (e.g., short-term earnings vs. long-term impact), and M&E capacity gaps pose challenges. Mutual trust, clear communication, and aligned objectives are crucial for partnership success.

### Perceived Impact of CSR on Social Welfare Indicators

Quantitative findings assess the perceived impact of CSR initiatives on key social welfare indicators in SPS Nellore, using a 5-point Likert scale (1=No Impact, 5=Significant Positive Impact).

Table 3: Perceived Impact of CSR Initiatives on Key Social Welfare Indicators

Social Welfare Indicator	Perceived Impact Score (Mean, 1-5)
<b>Education</b>	
School Enrollment Rates	3.9
Literacy Levels	3.7
Access to Digital Learning	3.5
<b>Health</b>	
Access to Healthcare Services	3.8
Health Awareness	4.1
Sanitation Practices	3.6
<b>Livelihoods</b>	
Skill Development	3.7
Employment Opportunities	3.4
Income Generation	3.2



<b>Environment</b>	
Awareness of Environmental Issues	3.9
Adoption of Sustainable Practices	3.5

Table 3 indicates a generally positive perceived impact. Health awareness (4.1) shows the highest improvement, followed by school enrollment (3.9). Perceived impact on income generation (3.2) and employment opportunities (3.4) is comparatively lower. Collaborative projects generally show slightly higher mean impact scores (3.7 for partnerships vs. 3.5 for direct initiatives), suggesting NGO expertise enhances effectiveness.

## Challenges and Opportunities in Collaboration

Qualitative insights from interviews highlight challenges and success factors in business-NGO collaborations in SPS Nellore.

Table 4: Thematic Analysis of Challenges and Success Factors in Business-NGO Collaborations

Category	Theme	Quotes
<b>Challenges</b>	M&E Capacity Gaps	"Many local NGOs struggle with robust impact measurement; they are good at delivery but lack the technical know-how for detailed reporting."
	Short-term Funding Cycles	"Corporates often prefer one-year projects, but real social change, like improving literacy, takes years. This mismatch affects long-term planning."
	Transparency Issues	"Sometimes, getting detailed financial and programmatic reports from smaller NGOs can be a challenge, which affects trust."
	Lack of Local NGO Expertise	"It's hard to find well-run NGOs in very remote areas who can identify true community needs and execute complex projects effectively."
	Misaligned Objectives	"Our company might prioritize brand visibility, while the NGO is focused purely on community empowerment. Balancing these can be tricky."
<b>Success Factors</b>	Strong Local Community Engagement	"When NGOs involve local leaders and community members from the start, projects are much more sustainable and impactful."
	Clear Communication and Trust	"Regular, honest dialogue and a foundation of mutual trust are essential. It's not just about the money; it's about shared commitment."
	Long-term Strategic Alignment	"The most successful partnerships are those where both sides see the long-term vision and integrate CSR into their core strategies."
	Leveraging Complementary Strengths	"Businesses bring the funds and management, NGOs bring the ground-level expertise and community connection. It's a powerful combination."

The analysis reveals challenges like limited NGO M&E capacity, leading to output-focused reporting, and short-term funding cycles conflicting with long-term social change. Transparency concerns and misaligned objectives also complicate collaborations. Success factors include strong local community engagement, clear communication, mutual trust, long-term strategic alignment, and leveraging complementary strengths.

## DISCUSSION OF FINDINGS

This cross-sectoral analysis in SPS Nellore District shows the transformative potential of India's mandatory CSR regime in promoting social welfare through business-NGO collaborations. CSR funds are allocated significantly to education and healthcare, aligning with national priorities and local needs. The generally positive perceived impact on social welfare indicators suggests these investments contribute to improvements in health awareness, school enrollment, and skill development. NGO partnerships enhance effectiveness by leveraging their on-ground expertise and community trust.

However, challenges persist. The focus on output metrics rather than outcome-based measurement hinders true social impact assessment. Limited NGO M&E capacity and short corporate funding cycles create a mismatch with the long-term nature of social change. Differing organizational cultures and objectives in partnerships also require careful management. For CSR to drive systemic change, a fundamental shift in M&E practices is needed, focusing on demonstrable outcomes and long-term impact, with increased investment in M&E capacity and baseline studies.

### Suggestions

To optimize CSR impact, the following suggestions are recommended through this study.

#### For Business Enterprises:

- **Shift Focus to Impact:** Prioritize measurable outcomes and long-term social impact.
- **Invest in M&E and Longer Cycles:** Allocate 8-10% of CSR budgets to M&E and consider 3-5 year funding cycles.
- **Trust and Alignment:** Build strong relationships, mutual trust, and clear communication with NGO partners.
- **Cultural Appropriateness:** Ensure interventions are culturally appropriate and involve genuine community engagement.

#### For Non-Governmental Organizations (NGOs):

- **Enhance M&E Capacity:** Invest in internal M&E capacity, training, and resources for baseline studies.
- **Improve Transparency:** Strengthen reporting on fund utilization and project progress.
- **Develop Strategic Plans:** Formulate long-term plans aligned with corporate CSR objectives.
- **Community-Centric Approach:** Continue engaging local stakeholders to ensure need-based and sustainable interventions.

#### For Government/Policymakers:

- **Incentivize Quality:** Create incentives for corporations demonstrating rigorous impact evaluation and long-term commitment.
- **Promote Multi-Stakeholder Platforms:** Support platforms for knowledge sharing and collaboration.



- **Public Data Infrastructure:** Invest in data infrastructure for informed, data-driven CSR policy.

## CONCLUSION

This research showed CSR's role in promoting social welfare through business and NGO collaborations in SPS Nellore District. CSR regime which is mandatory in India has increased corporate contributions towards social development with positive perceived impacts on education and healthcare. Intervention effectiveness can be enhanced through partnerships. However, challenges are there such as output-focused measurement, limited NGO M&E capacity, short-term funding cycles, and the need for greater transparency and objective alignment in collaborations.

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