East Asian Journal of Multidisciplinary Research (EAJMR)
Vol. 4, No. 11, 2025: 5407 - 5416

Integration of CSR and ESG into Corporate Strategies in Realizing Social-Environmental Accountability: Systematic Literature Review

Shely Dinar Thamara[1]*, Nurita Andriani[2], Muhammad Syarif[3]
Universitas Trunojoyo Madura
Corresponding Author: Shely Dinar Thamara shelydinart@gmail.com

A R T I C L E I N F O

Keywords: Corporate Social Responsibility, Environmental, Social, Governance (ESG), Corporate Accountability

Received : 01, November
Revised : 14, November
Accepted: 26, November

A B S T R A C T

This research aims to map the integration of Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) in modern corporate strategies and their implications for social and environmental accountability. CSR, which was originally understood as a philanthropic activity, is now transformed into a corporate value framework and purpose, while ESG is developing as a data-driven measurement, audit, and reporting tool for the benefit of investors, regulators, and capital markets. The results of the analysis show that the harmonization of post-2020 global standards—such as ISSB, CSRD, and TCFD—makes ESG not just a voluntary instrument, but part of mandatory disclosure that links sustainability with financial risk mitigation. Thus, the successful integration of the two requires strengthening regulations, data verification, and effective governance in order to be able to create real and sustainable socio-environmental impacts, not just reputational legitimacy.

DOI prefix: https://doi.org/10.55927/eajmr.v4i11.461
ISSN-E: 2828 – 1519 (Online)
https://mtiformosapublisher.org/index.php/eajmr

INTRODUCTION

In the past two decades, the concepts of Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) have become a major focus in business practice and the global academic literature. Both reflect the awareness that sustainability is not only a moral responsibility, but also a strategic factor in maintaining the company's competitiveness. However, until now there are still many parties who understand CSR and ESG as two independent constructs—CSR is considered as just a social or philanthropic activity to build an image, while ESG is perceived as a reporting system that is only relevant to investors or the capital market. This kind of conceptual separation is becoming increasingly irrelevant as the latest global theories and standards evolve that suggest that CSR and ESG complement each other in shaping a comprehensive corporate accountability system.

Historically, CSR has evolved from a normative understanding that emphasizes a company's moral obligation to society. Carroll (1979) describes the four layers of corporate responsibility—economic, legal, ethical, and philanthropic—that form the conceptual basis of classical CSR. However, over time, this view was considered insufficient because it was symbolic and not integrated with business strategy. Porter and Kramer (2006) then proposed a strategic CSR approach that emphasizes that social responsibility should be part of the company's value (shared value), not an additional activity outside the core of the business.

In contrast, ESG emerges from a more economical and risk-based perspective. After the United Nations Principles for Responsible Investment (UN PRI) were introduced in 2006, ESG evolved into an analytical tool used by investors to assess long-term risk and sustainability performance. ESG is no longer positioned as a moral narrative, but as a risk factor and evaluation tool that can influence investment decisions. The results of a large meta-analysis by Friede et al. (2015), which included more than two thousand studies, showed a positive relationship between ESG practices and a company's financial performance. These findings reinforce ESG's position as a measurable economic instrument, not just an ethical norm.

The phase after 2020 is an important point in the consolidation of the concept of corporate sustainability. Various international institutions introduced harmonized reporting standards such as the ISSB (IFRS Foundation, 2021), CSRD (European Union), and TCFD which were widely adopted. The initiative marks a global shift from voluntary sustainability reporting to mandatory disclosure, which places sustainability as an integral part of corporate risk governance and transparency. In this context, CSR provides purpose and social legitimacy for the company's existence, while ESG provides an evaluation, audit, and reporting mechanism that allows these responsibilities to be measured and verified.

Therefore, this research departs from the view that CSR and ESG can no longer be understood as two parallel paths, but as an integrated system in shaping corporate social-environmental accountability. The research gap is still visible because most previous studies have highlighted CSR and ESG separately—CSR in terms of social responsibility, and ESG in terms of financial risk—without elaborating on the structural linkages between the two. Through the Systematic Literature Review (SLR) approach, this study seeks to map how CSR–ESG integration develops in the international literature post-2020, as well as how it is shaping a new paradigm of data-driven corporate accountability and measurable sustainability.

THEORETICAL REVIEW

The Evolution of CSR

CSR has gone through a paradigm evolution for quite a long time. Early versions emphasized moral norms and philanthropy (Carroll, 1979). A major change occurred when CSR was positioned as a strategy for value co-creation (Porter & Kramer, 2006). However, the findings of the meta-review by Aguinis and Glavas (2012) show that the implementation of CSR in companies in general is still cosmetic and not integrated into dynamic capability. This means that CSR still operates as a program, not as a system.

ESG economics rationale

ESG comes with a different economic logic. ESG is designed as a risk factor in investment and portfolio analysis (Kotsantonis et al., 2016; CFA Institute, 2023). This explains why ESG has become more institutionally stronger than CSR. When ESG inclusion enters the cost of capital and credit rating model, ESG is not just a moral norm, but a financial variable that can create economic incentives. Friede et al.'s (2015) large meta-analysis is a turning point because it shows that the ESG-financial performance relationship is consistently positive in aggregate.

Post-2020 CSR–ESG integration

Post-2020 there will be a harmonization of global standards for sustainability reporting. IFRS Foundation (2021) emphasizes that sustainability reporting obligations will enter the standardised mandatory reporting phase. Recent literature concludes that CSR–ESG integration is a major trend of research (Eccles & Klimenko, 2019; Ioannou & Serafeim, 2022). CSR provides social legitimacy and normative mission context, while ESG forms a data-driven system of measurement, audit, and disclosure. In this context, integration is not a conceptual choice, but rather a systemic demand.

Therefore, this literature review departs from the understanding that CSR and ESG now move within a single framework of data-driven corporate accountability rather than two separate labels.

METHODOLOGY

The type of approach used in this study is qualitative research that applies the Systematic Literature Review (SLR) method. This method was chosen because it is able to compile and analyze various scientific findings in a systematic and structured manner based on certain predetermined topics. The data sources in this study were obtained from various reputable scientific journal portals, both national and international, to ensure that the information studied has a high level of credibility and validity.

The process of implementing SLR in this study follows the stages that have been set in the general guidelines of systematic review. In general, there are three main stages that are passed in this process, namely:

1. Planning stage – the initial stage that includes determining the topic, problem formulation, and inclusion/exclusion criteria for the article to be reviewed.
2. Conducting and reviewing stage – the stage where researchers search, identify, and select relevant articles, then conduct a critical review process of the content of each article.
3. Reporting stage – the final stage in which the researcher systematically compiles and submits the results of the literature review, both in the form of an analytical narrative and a representation of supporting data.

Through these stages, this research is expected to be able to provide a comprehensive mapping of the literature and present findings that can be used as a basis for further research in the same field.

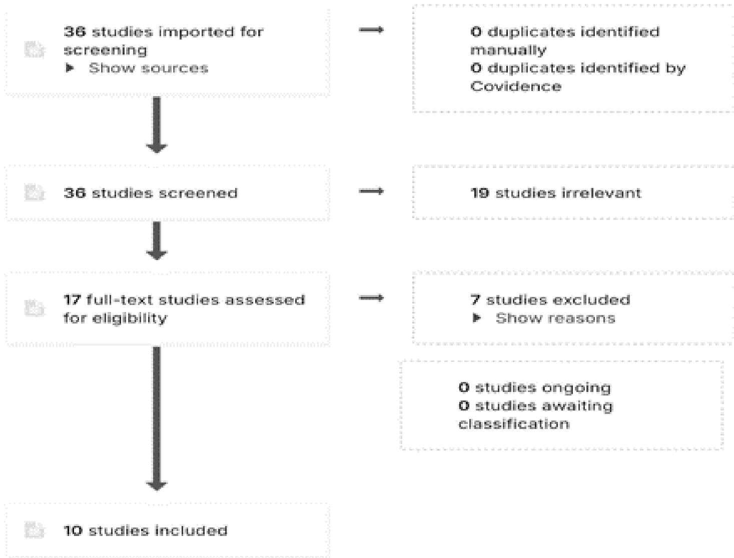

Figure 1. Prisma Convidence Systematics

RESULTS AND DISCUSSION

The results of this research are the output of the article selection process which is carried out through the systematic literature review stage. Of the total sources found at the initial search stage, only nine articles met the criteria for relevance and quality so they were presented in the table of screening results. The articles in this table not only serve as a concise list of selected articles, but also provide an initial overview of the direction of development of CSR and ESG studies in the latest literature, especially related to the shift from a normative CSR approach to a more structured, measurable, and governance-oriented approach to ESG. Therefore, the next discussion will outline the core findings of each article in the table, as a basis for looking at how CSR and ESG integration is understood and applied in contemporary research.

Table 1. SLR Journal Screening Results

Title & Author	Research Focus	Key Findings	Related Theories
Counter Corporate Litigation: Remedy, Regulation, and Repression in the Struggle for a Just Transition — Taylor, M.B. (2021)	The role of litigation against corporations in the sustainability transition	Corporate litigation functions as a remedy, regulation and repression to form corporate accountability standards	Just Transition; CSR/ESG; Planetary Boundaries
From CSR & ESG Criteria to Greenwashing Phenomenon — Zervoudi, Moschos & Christopoulos (2025)	Greenwashing as a consequence of the evolution of CSR → ESG	ESG can be used as a tool to manipulate sustainability narratives so as to damage the credibility of accountability	Business Ethics; ESG; Stakeholder Theory
Collaborative & Reciprocal Influences Across Bank and Customer Synergistic Sustainability — Kushwaha, Ghosh, Mishra & Giri (2025)	Co-creation & mutual sustainability bank – customer	Co-creation & digital innovation to become an enabler of the bank's sustainability	Stakeholder Theory; Systems Thinking; CSR
Accounting for ESG under Disruptions — Comoli, Tettamanzi & Murgolo (2023)	ESG reporting in the context of disruption	ESG disclosure becomes an instrument for systemic risk accountability	Corporate Governance; ESG Disclosure Theory
The Evolution of ESG: From CSR to ESG 2.0 — Passas, I. (2024)	The Evolution of CSR → ESG → ESG 2.0	ESG 2.0 places sustainability as the company's strategic DNA	CSR Evolution; ESG 2.0 Framework

Integrating Corporate Social Responsibility and Corporate Governance at the Company Level — Aluchna & Roszkowska-Menkes (2019)	Integration of CSR – corporate governance	There are four modes of CSR–CG integration	Agency Theory; Enlightened Shareholder Value; Stakeholder-Agency
CSR and Engineering Education — Zhu, Smith, Martini, McClelland, Battalora, Rulifson, Kleine, West & Lucena (2021)	CSR in engineering education	Heterogeneous & complex CSR → need a relational approach	Relational Ethics; CSR Complexity
The Diversity of ESG Aspects in Sustainability — Jámbor & Zanócz (2023)	The complexity of ESG rating and reporting	ESG scoring is subjective & vulnerable to greenwashing → needs audit & regulation	Legitimacy Theory; ESG Reporting
Unveiling the Truth: Greenwashing in Sustainable Finance — Dempere, Alamash & Mattos (2024)	Mapping greenwashing tactics in sustainable finance	Greenwashing triggers capital misallocation and damages the credibility of ESG markets	SLR PRISM; ESG; Sustainable Finance

The results of the screening of articles in this SLR show that the selected literature has a relatively consistent thematic direction, namely a shift in perspective from CSR as a corporate social activity to ESG as a more mechanistic and data-based measurement and accountability system. The research findings in the table show that most of the articles no longer position CSR as a philanthropic program, but as part of the corporate governance structure, while ESG is placed as a mechanism for reporting, auditing, and evaluating risk. This can be seen, for example, in the research of Taylor (2021) which positions litigation as a formal driver of accountability, to the findings of Comoli et al. (2023) who see ESG reporting as a risk management instrument in a situation of disruption.

On the other hand, some of the articles in the table also highlight the logical consequence of the shift from CSR to ESG, namely the increased potential for manipulation of the sustainability narrative (greenwashing) because ESG can be "at play" at a symbolic level when the measurement standards are not yet uniform. The findings of Zervoudi et al. (2025), Jámbor & Zanócz (2023), and Dempere et al. (2024) consistently warn of such risks. This means that CSR-ESG integration is not only about unifying concepts, but also requires strengthening governance, supervision, and standardization of assessments so that the integration produces real impact, not just an image. At this point, legitimacy theory and stakeholder theory are relevant, as they explain that companies can be encouraged to beautify their image if external pressure is not accompanied by verification instruments.

The findings of this study consistently show that the development of contemporary research has moved from understanding CSR as a normative social activity to integration with ESG as the basis of structured corporate accountability. CSR in the latest literature is no longer understood as an additional activity outside the business model, but as a representation of the company's purpose and value orientation. In contrast, ESG is positioned as a data-driven system of measurement, auditing, and reporting that allows a company's sustainability to be assessed, verified, and controlled by stakeholders, including investors and regulators. Thus, CSR-ESG integration should not be understood as two concepts combined, but as a system-level shift in the meaning of modern corporate accountability: CSR answers "why" companies have social-environmental responsibility, while ESG answers "how" these responsibilities are validated measurably. The literature also shows that the post-2020 phase is a critical point because global standardization (ISSB, CSRD, TCFD) makes sustainability reporting increasingly lead to mandatory disclosure. This reinforces that sustainability accountability is no longer a voluntary morality, but part of systemic corporate risk governance and competitiveness. However, this integration also creates new risks in the form of greenwashing, especially when ESG scoring is still heterogeneous and the indicators used are not fully standardized, which can trigger symbolic manipulation. Therefore, CSR–ESG integration becomes effective only when supported by strong governance, regulations, and data verification systems.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that the integration of CSR and ESG has become a new direction in the management of corporate social responsibility and environmental accountability. CSR functions to explain the company's social values and goals, while ESG acts as an instrument for measuring and reporting data-driven sustainability performance. The integration of the two forms a more transparent and measurable accountability system. However, the literature findings suggest that the success of this integration still faces obstacles in the form of inconsistency in reporting standards and the risk of greenwashing. Therefore, stronger governance and regulation are needed so that CSR-ESG integration is able to produce real sustainability impacts. In practical terms, the results of this research can be the basis for policymakers, company management, and investors in designing sustainability strategies that align social values and economic performance.

FURTHER STUDY

Based on these findings, future research needs to examine the implementation of CSR–ESG integration in the specific context of developing countries, including Indonesia, given that regulatory structures, governance capacity, and stakeholder pressures are different from developed countries that are the focus of the current literature. In addition, further research needs to develop a model for measuring the level of CSR-ESG integration empirically, because existing studies are still conceptual and narrative. The measurement model is important for operationalizing integration (for example, through the alignment index between CSR goals and ESG indicators, as well as the relationship between the integration and the company's risk or performance). Furthermore, the issue of greenwashing needs to be deepened through an empirical-computational approach, both through the analysis of the text of sustainability reports and the assessment model of the linkage between the sustainability narrative and the realization of sustainability performance indicators. Finally, future research is also important to strengthen ESG integration in corporate governance, including how ESG can be used as an instrument of internal control, KPIs of the directors, to the managerial compensation base, so that CSR-ESG integration truly functions as a company's strategic DNA, not just a symbol of legitimacy.

ACKNOWLEDGMENT

The author would like to extend heartfelt gratitude to all mentors, colleagues, and institutions whose support and encouragement made the completion of this research possible.

REFERENCES

Aluchna, M., & Roszkowska-Menkes, M. (2019). Integrating corporate social responsibility and corporate governance at the company level: Towards a conceptual model. Inzinerine Ekonomika-Engineering Economics, 30(3), 349–361.

Aguinis, H., & Glavas, A. (2012). What we know and don’t know about corporate social responsibility. Journal of Management, 38(4), 932–968.

Brooks, C., & Oikonomou, I. (2018). The effects of ESG on financial performance. International Review of Financial Analysis, 60, 191–205.

Carroll, A. B. (1979). A three-dimensional conceptual model of corporate social performance. Academy of Management Review, 4(4), 497–505.

CFA Institute. (2023). ESG standards handbook. CFA Institute.

Comoli, M., Tettamanzi, P., & Murgolo, M. (2023). Accounting for 'ESG' under disruptions: A systematic literature network analysis. Sustainability, 15(6633).

Dempere, J., Alamash, E., & Mattos, P. (2024). Unveiling the truth: Greenwashing in sustainable finance. Frontiers in Sustainability, 5(1362051).

Eccles, R. G., & Klimenko, S. (2019). The investor revolution. Harvard Business Review, May–June.

Friede, G., Busch, T., & Bassen, A. (2015). ESG and financial performance: Aggregated evidence from more than 2000 empirical studies. Journal of Sustainable Finance & Investment, 5(4), 210–233.

IFRS Foundation. (2021). Sustainability reporting and the ISSB. IFRS.

Ioannou, I., & Serafeim, G. (2022). Corporate sustainability: A strategy? Management Science, 68(7), 4802–4825.

Jámbor, A., & Zanócz, A. (2023). The diversity of environmental, social, and governance aspects in sustainability: A systematic literature review. Sustainability, 15(13958).

Kotsantonis, S., Pinney, C., & Serafeim, G. (2016). ESG integration in investment management: Myth and reality. Journal of Applied Corporate Finance, 28(2), 48–55.

Kushwaha, J. K., Ghosh, A., Mishra, A. K., & Giri, O. P. (2025). Collaborative and reciprocal influences across bank and customer synergistic sustainability: Developing a framework for sustainable business viability. International Journal of Sustainable Development and Planning, 20(5), 1933–1942.

Passas, I. (2024). The evolution of ESG: From CSR to ESG 2.0. Encyclopedia, 4, 1711–1720.

Porter, M. E., & Kramer, M. R. (2006). Strategy and society. Harvard Business Review, 84(12), 78–92.

PRI. (2006). Principles for Responsible Investment. United Nations.

Taylor, M. B. (2021). Counter corporate litigation: Remedy, regulation, and repression in the struggle for a just transition. Sustainability, 13(10742).

Zervoudi, E. K., Moschos, N., & Christopoulos, A. G. (2025). From the corporate social responsibility (CSR) and the environmental, social and governance (ESG) criteria to the greenwashing phenomenon. Sustainability, 17(2222).

Zhu, Q., Smith, J. M., Martini, L., McClelland, C., Battalora, L., Rulifson, G., Kleine, M. S., West, S., & Lucena, J. (2021). CSR and engineering education. ETHICS-2021 Special Session.