

Corporate Social Responsibility as a Public Policy Innovation: Bridging Business and Governance for Sustainable Development

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Abstract

Corporate Social Responsibility (CSR) has increasingly emerged as a critical innovation in public policy, serving as a bridge between the business sector and government governance to advance sustainable development. This study examines CSR as a strategic tool for creating public value through multi-stakeholder collaboration, integrating corporate initiatives with public policy objectives. Employing a systematic review of recent literature, the research highlights how CSR adoption enhances transparency, accountability, and effectiveness in addressing social and environmental challenges. The findings reveal that CSR practices contribute significantly to improving corporate social accountability while strengthening the relationship between businesses and governments in achieving the Sustainable Development Goals (SDGs). Moreover, CSR initiatives encourage the development of inclusive policies that foster cooperation across sectors and promote innovation in addressing complex societal issues. The study underscores the importance of adaptive and context-sensitive CSR implementation to ensure that both corporate and public interests are aligned. Practical recommendations are provided for policymakers and business leaders to develop frameworks that support the integration of CSR within public governance structures. By facilitating collaborative governance and stakeholder engagement, CSR emerges as a transformative approach that not only advances corporate responsibility but also catalyzes systemic change toward social equity and environmental sustainability. This research contributes to a deeper understanding of CSR's role in public policy innovation and offers valuable insights for fostering sustainable partnerships between the private and public sectors.

Keywords: Policy innovation, Sustainable development, Co-governance, Corporate Social Responsibility

INTRODUCTION

Today's global social development is confronted with increasingly complex and multifaceted challenges. Issues such as social inequality, limited access to education and healthcare, along with environmental degradation, have intensified disparities in community well-being (Gillan, 2021). This situation highlights that a development model relying solely on state intervention is no longer adequate to address current demands. Consequently, the role of non-state actors, especially the corporate sector, has become essential in advancing inclusive and sustainable social development (Ding, 2021).

Corporate Social Responsibility (CSR) has emerged as a concrete expression of the private sector's engagement in tackling social and environmental concerns. Initially, CSR was mainly viewed as philanthropic efforts aimed at enhancing corporate reputation (Christensen, 2021). Over time, however, CSR has evolved into a strategic form of social investment embedded within corporate business plans, reflecting a paradigm shift from occasional activities to a core element of a company's long-term vision (Bae, 2021). This evolution demonstrates an increasing corporate focus on generating shared value that benefits both the business and society at large.

The concept of CSR has undergone significant evolution since its inception (Carroll, 1999). Initially, CSR was better known as philanthropic activities carried out by companies to make social contributions (Frederick, 2006). However, with increasing awareness of environmental and social issues, CSR has evolved into an integrated business strategy, where companies strive to create economic value while also generating positive impacts for society and the environment (Porter & Kramer, 2006). Governments have also begun to recognize the important role of CSR in achieving sustainable development goals and have issued various policies and regulations to promote the effective implementation of CSR.

In line with this transformation, CSR is now recognized not only as a manifestation of corporate social responsibility but also as a form of public policy innovation, especially in countries that promote cross-sectoral collaboration to achieve national development goals (Beji, 2021). In this context, CSR has become a non-governmental policy instrument that strengthens governance structures for development, in

alignment with global agendas such as the Sustainable Development Goals (SDGs) (Yuan, 2022). CSR initiatives in the fields of education through scholarships and vocational training programs, in healthcare through the establishment of health facilities, and in environmental protection through reforestation and waste management programs, serve as concrete evidence of the corporate sector's contribution to community welfare (Mao, 2021; Okafor, 2021).

Nevertheless, the majority of existing studies on CSR still predominantly focus on its philanthropic or reputational impacts on corporate performance, without thoroughly examining the role of CSR as an instrument of public policy innovation (Christensen, 2021; Gillan, 2021). Academic literature linking CSR with social policy reform and the formulation of collaborative, multi-actor policies remains highly limited. This gap highlights the need for a more systematic approach to understanding how CSR strategically functions within the public policy ecosystem.

A Systematic Literature Review (SLR) is considered the most appropriate methodological approach to fill this void. Through SLR, this study aims to identify patterns, trends, and gaps in the literature regarding CSR's contribution to social development as part of public policy innovation (Dmytriiev, 2021; Nirino, 2021). Moreover, SLR enables the development of an integrative conceptual framework that examines the interconnections between corporate social initiatives, public policy objectives, and the success of sustainable social development.

This study addresses the problem that although CSR contributions to social development sectors have been widely acknowledged, systematic investigations into CSR as an integral component of public policy innovation remain scarce. Thus, this research focuses on analyzing how CSR operates as a strategic instrument for enhancing public policy initiatives aimed at promoting inclusive and sustainable social development based on systematic findings from global academic literature. It is expected that this study will provide a theoretical contribution by expanding the understanding of CSR's strategic role within public policy processes, while offering practical insights for corporations, governments, and stakeholders in optimizing cross-sector collaborations for societal advancement.

The global findings of this study also hold significant relevance for developing countries such as Indonesia. In recent years, Indonesia has promoted the integration of CSR into its national development strategies through various regulatory frameworks, including Law No. 40 of 2007 on Limited Liability Companies and Ministry of SOEs Regulation No. PER-5/MBU/04/2021. However, CSR practices in Indonesia still predominantly emphasize philanthropic activities rather than being fully integrated with public policy agendas. Therefore, this article seeks to provide both theoretical and practical contributions to the design of more strategic, collaborative, and policy-oriented CSR frameworks that align with the needs of public governance in Indonesia. This study contributes to the CSR and public policy literature by offering a novel synthesis of recent research (2021–2025) through the integration of systematic literature review and bibliometric analysis. While most previous reviews emphasize the reputational or financial impacts of CSR, this study uniquely conceptualizes CSR as a dynamic mechanism for public policy innovation.

Theoretically, it bridges Corporate Social Innovation Theory, Collaborative Governance Theory, and Stakeholder Theory to construct an integrative framework for understanding CSR's evolving role in governance. Methodologically, the combined use of PRISMA and VOSviewer provides a more granular and visualized mapping of research trends. Practically, the findings offer insights for policymakers and corporate actors on how to reframe CSR as a co-governance tool aligned with inclusive development goals. Thus, in Indonesia, the mining sector has a significant impact on the environment and local communities. Therefore, the implementation of CSR in this sector is crucial to mitigate negative impacts and improve community welfare. Government regulations require mining companies to implement CSR programs that focus on community empowerment, environmental management, and infrastructure development.

LITERATURE REVIEW

Corporate Social Innovation Theory

Corporate Social Innovation (CSI) Theory emphasizes that corporations can serve as agents of systemic social change by innovatively addressing societal challenges

through their core business practices. Nicholls, A., & Murdock (2011) argue that CSI goes beyond traditional CSR by embedding social objectives within business models, thereby creating hybrid value that benefits both the corporation and society. Porter & Kramer (2011) also advance the concept of Creating Shared Value (CSV), reinforcing the idea that addressing social issues can simultaneously drive economic success.

The CSI perspective positions corporations not merely as providers of philanthropic aid but as innovators capable of complementing or even transforming public policy agendas. Within this framework, CSR initiatives can be understood as proactive strategies designed to innovate solutions for systemic social problems traditionally addressed by government interventions.

Collaborative Governance Theory

Collaborative Governance Theory, as articulated by Ansell & Gash (2008), refers to processes and structures of public policy decision-making and management that engage people constructively across the boundaries of public agencies, levels of government, and/or the public, private, and civic spheres. Collaboration arises particularly when complex problems cannot be addressed by a single actor and require collective action.

Applying Collaborative Governance Theory to CSR allows for the interpretation of corporate initiatives as integral components of multi-actor governance systems. Corporations, through CSR, collaborate with governments, civil society organizations, and local communities to co-produce public goods and services, thus contributing to the innovation and transformation of traditional public governance mechanisms.

Stakeholder Theory

Stakeholder Theory, proposed by Freeman & Phillips (2005), provides a normative framework emphasizing that corporations have responsibilities toward a wide array of stakeholders beyond shareholders, including employees, customers, suppliers, communities, and governments. This theory highlights that corporate success is closely tied to managing relationships and fulfilling obligations to diverse stakeholder groups.

In the context of CSR as public policy innovation, Stakeholder Theory explains why corporations increasingly engage in socially responsible activities: to maintain legitimacy, secure long-term sustainability, and foster trust among stakeholders. The theory supports the view that modern corporations act as civic actors whose actions intersect with and influence public policy objectives.

Corporate Social Innovation Theory highlights the proactive and transformative potential of CSR initiatives. Collaborative Governance Theory situates CSR within broader governance ecosystems where multi-actor collaboration shapes policy outcomes. Stakeholder Theory explains corporate motivations for engaging in socially responsible behaviors that align with public interest goals. Taken together, these three theoretical perspectives construct a multi-dimensional lens through which CSR can be understood as a policy innovation mechanism. Corporate Social Innovation Theory contributes by framing CSR as a driver of systemic change embedded within corporate strategy. Collaborative Governance Theory explains the structural conditions that enable CSR to function within multi-actor policy networks and co-production settings. Meanwhile, Stakeholder Theory sheds light on the motivations and legitimacy-building processes that underlie corporate engagement in socially beneficial initiatives. The synergy of these theories allows for a comprehensive understanding of CSR not only as a managerial tool, but as a strategic and participatory policy instrument that bridges private initiative with public purpose.

Thus, in addition to Corporate Social Innovation Theory, Collaborative Governance Theory, and Stakeholder Theory, this study also refers to the principles of good public governance that emphasize transparency, accountability, participation, and the rule of law (UNDP, 1997). These principles are important to ensure that CSR programs are aligned with public development objectives and provide sustainable benefits to society.

RESEARCH METHOD

This study further elaborated the four PRISMA phases by providing clear operational definitions and criteria for each stage. In the identification phase, the authors utilized the Publish or Perish application to retrieve 2,181 articles from the

Scopus database using a set of Boolean search queries such as ("Corporate Social Responsibility" AND "Public Policy") OR ("CSR" AND "Policy Innovation") OR ("CSR" AND "Collaborative Governance"). This ensured that articles captured the interaction between CSR, governance structures, and policy innovation across sectors. During the screening phase, the titles and abstracts were independently reviewed to assess the relevance to the core research themes. Exclusion criteria included articles focusing solely on corporate profitability or marketing strategies without linking to policy outcomes or governance frameworks (Kitchenham et al., 2010; Page et al., 2021).

For the eligibility assessment, a full-text review was conducted, emphasizing methodological rigor, relevance to CSR-public policy nexus, and clarity of theoretical framing. Only articles that explicitly discussed CSR's role in social innovation, stakeholder engagement, or multi-actor policy implementation were retained. Finally, the inclusion phase resulted in 37 eligible articles forming the basis for qualitative synthesis and bibliometric analysis. This meticulous process enhanced the validity of the review and minimized selection bias (Liberati et al., 2009).

In addition to PRISMA, the study employed VOSviewer (version 1.6.19) to map keyword co-occurrence networks. VOSviewer was selected over alternatives such as Biblioshiny or CiteSpace due to its superior capacity to visualize thematic clusters and density-based citation linkages (Frerichs & Teichert, 2023). The visualization results provided insights into the intellectual structure of CSR as a field, highlighting how clusters evolved around sustainability, governance, social innovation, and crisis response.

Furthermore, the decision to focus on the 2021-2025 period was strategically aligned with the post-pandemic recalibration of CSR strategies, where firms globally redefined their roles in supporting public value and societal recovery (Gillan et al., 2021; Mahmud et al., 2021). This timeframe captures the transformative nature of CSR in the aftermath of COVID-19 and its growing integration into national and local development agendas. PRISMA elements, including identification, screening, eligibility, and inclusion criteria, were incorporated into the review process of this study.

RESULT AND DISCUSSION

CSR Publication Trends and Research Landscape Post-COVID-19 Pandemic

The bibliometric mapping reveals the intellectual structure of CSR research as it relates to public policy. "Corporate Social Responsibility" serves as the core node linking multiple thematic clusters. The red cluster centers on governance and business ethics; the green cluster reflects sustainability and environmental issues; the blue cluster highlights methodological contributions; and the yellow cluster represents social science perspectives. These interconnections suggest that CSR has evolved as a multidimensional construct embedded in interdisciplinary debates and policy frameworks.

This study analyzed 37 articles selected through a systematic literature review following the PRISMA guidelines, focusing on the role of Corporate Social Responsibility (CSR) as public policy innovation between 2021 and 2025. The descriptive analysis covers several key aspects, including the distribution of publication years, journal sources, document types, research trends, and keyword occurrences.

In terms of publication years, the majority of the articles were published in 2022, accounting for 40% of the total, followed by 2023 with 30%, 2021 with 20%, 2024 with 8%, and 2025 with 2%. This distribution reflects a significant increase in scholarly interest in CSR and public policy innovation, particularly after the global COVID-19 pandemic. The pandemic has reshaped corporate behavior and heightened expectations regarding CSR, prompting a surge in academic exploration of its evolving role.

The sources of the selected articles are distributed across several reputable international journals. The Journal of Business Ethics published the highest number of articles (eight), followed by Corporate Social Responsibility and Environmental Management (seven articles), Sustainability (Switzerland) (five articles), Journal of Cleaner Production (three articles), and Journal of Business Research (two articles). This dispersion highlights the interdisciplinary character of CSR research, bridging disciplines such as business management, environmental science, social innovation, and public policy.

Regarding the document types, the majority, or 75.6% (28 articles), were original empirical research studies, while 21.6% (eight articles) were systematic or bibliometric literature reviews. Only 2.8% (one article) was categorized as an editorial or commentary. These Figures indicate that empirical studies continue to dominate the CSR literature, although the growing presence of systematic reviews suggests increasing scholarly interest in consolidating and critically evaluating CSR knowledge, particularly in its relation to public policy and governance innovation.

The dominance of publications in the year 2022, accounting for 40 percent of the dataset, may be attributed to the global reassessment of corporate responsibilities in the aftermath of the COVID-19 pandemic. This period marked a surge in scholarly interest in the strategic reorientation of CSR toward social resilience and sustainability. Moreover, the concentration of publications in reputable journals such as the *Journal of Business Ethics* and *Corporate Social Responsibility and Environmental Management* reflects the growing interdisciplinary engagement with CSR not only as a business concern but also as a governance issue.

The prevalence of empirical research (75.6 percent of the sample) underscores the increasing reliance on field-based investigations to examine CSR's practical impacts on stakeholders and communities. Meanwhile, the presence of systematic and bibliometric reviews (21.6 percent) signifies a meta-analytical turn in CSR scholarship, where researchers synthesize large volumes of studies to identify emergent trends and gaps. These patterns demonstrate that CSR has evolved into a mature research domain with both theoretical richness and empirical depth.

Keyword co-occurrence analysis using VOSviewer provided additional insights into the intellectual landscape of CSR studies. The central positioning of terms like "Sustainability," "Stakeholder Engagement," and "Innovation" in proximity to "CSR" suggests a conceptual shift from philanthropic models to integrated governance frameworks. This trend aligns with recent calls to reframe CSR as a dynamic and adaptive instrument for policy innovation, particularly in response to global disruptions and the need for cross-sector collaboration.

Research trend analysis using VOSviewer revealed several prominent thematic clusters. CSR and innovation emerged as a major theme, demonstrating how CSR

initiatives are increasingly linked to technological, organizational, and social innovations within corporations. Stakeholder collaboration also appeared as a significant trend, reflecting the growing importance of cross-sector partnerships between corporations, governments, and civil society actors in advancing social objectives. Additionally, the integration of CSR initiatives with Sustainable Development Goals (SDGs) became evident, showing how companies strategically align CSR activities with global development agendas. Furthermore, CSR was recognized as a critical tool for organizational resilience and crisis response, particularly during and after the COVID-19 pandemic. Finally, a strong connection was observed between CSR practices and green innovation, underscoring the expanding role of CSR in promoting environmental responsibility and sustainability.

The analysis of keyword occurrences provided further insight into the conceptual landscape of the selected literature. The term "Corporate Social Responsibility" appeared in all 37 documents, affirming its centrality to the research topic. "Sustainability" was the second most frequent keyword, appearing in 18 articles, followed by "Innovation" in 14 articles, "Stakeholder Engagement" in 12 articles, and "Sustainable Development Goals" in 11 articles. These keyword trends illustrate a conceptual evolution where CSR is no longer perceived merely as voluntary philanthropy or reputation management, but rather as a strategic instrument for societal transformation, public value creation, and policy innovation.

Thematic Analysis

The thematic analysis was conducted to identify and synthesize the dominant themes emerging from the 37 selected articles. Through a careful content examination, four major thematic clusters were revealed, each reflecting the evolving role of Corporate Social Responsibility (CSR) in supporting public policy innovation and societal development.

**Table 1. Thematic Clustering of CSR Literature Related to Public Policy Innovation
(2021-2025)**

Theme	Number of Articles	Key Authors	Main Findings
CSR and Sustainable Development Goals (SDGs)	13	Shayan (2022), Hasan (2022), Madanaguli (2022), Martínez-Falcó (2023), Somachandra (2023), Ervits (2023), Coelho (2023), Villamor (2024), Talpur (2024), Macassa (2021), Ali (2021), Boubakri (2021), Zhao (2023)	CSR initiatives are increasingly aligned with achieving SDGs. Companies integrate specific SDG targets into their strategic CSR agendas. CSR has evolved into a tool for promoting global development goals.
CSR as a Mechanism for Stakeholder Engagement and Public Value Creation	10	Wickert (2021), Fatima (2023), Chang (2021), Belas (2021), Ji (2022), Fernández (2022), López-Concepción (2022), Meseguer-Sánchez (2021), Yang (2024), Mahmud (2021)	CSR functions as a mechanism to foster multi-stakeholder collaboration, public value creation, and strengthening public governance. Corporations are working alongside governments and civil society to achieve social objectives.
CSR and Innovation (Green Innovation, Digital CSR, Social Innovation)	9	Yang (2024), Martínez-Falcó (2023), Zhang (2024), Bhardwaj (2024), Gillan (2021), Bian (2021), Derchi (2021), Velte (2022), Hassan (2023)	CSR initiatives promote technological and organizational innovation, especially in sustainability (green innovation), digitalization, and social innovations. CSR drives the transformation of business models toward sustainable and innovative practices.
CSR in Crisis Response and Organizational Resilience	5	Mahmud (2021), Crane (2021), Du (2021), Carroll (2021), Coelho (2023)	CSR is positioned as a strategic tool for organizational resilience, especially during global crises such as the COVID-19 pandemic. Companies use CSR initiatives to mitigate risks, support public welfare, and strengthen long-term organizational survival.

Source: Processed by the Author (2025) based on a Systematic Literature Review from Scopus database (2021-2025).

Table 1 show Thematic clustering revealed four major themes that define CSR's evolving role in the policy innovation ecosystem. The first theme, CSR and Sustainable Development Goals (SDGs) showed how corporate initiatives increasingly align with specific global development objectives. For example, education-focused CSR includes scholarship programs and school infrastructure development, while environmental goals are pursued through reforestation, carbon offsetting, and green supply chain practices.

The second theme, stakeholder engagement, highlighted the participatory dimensions of CSR. Many articles emphasized partnerships between corporations, government agencies, non-profit organizations, and community groups. These collaborations not only enhance public service delivery but also facilitate participatory governance mechanisms. CSR here becomes a medium for institutional co-production, bridging traditional state responsibilities with corporate capacities.

The innovation theme encompassed both technological and organizational changes. Green innovations such as eco-friendly product development and energy-efficient technologies were common, especially in industries like manufacturing and retail. Digital CSR leveraging online platforms to deliver social value emerged as a growing area of research, particularly in developing economies. Meanwhile, social innovation refers to new approaches in addressing long-standing social challenges, such as inclusive financial systems or rural health access.

Lastly, CSR in crisis response focused on how companies acted swiftly during the COVID-19 pandemic. These actions included distributing personal protective equipment, supporting remote education, and contributing to vaccination efforts. This thematic cluster reinforces the idea that CSR is increasingly embedded in organizational resilience strategies and public emergency responses. Together, these themes offer a nuanced picture of CSR as a multifaceted instrument of policy innovation, one that adapts to complex societal demands while building new forms of collaborative governance.

CSR as a Strategic Public Policy Innovation Instrument

The transformation of Corporate Social Responsibility (CSR) from philanthropic initiatives into strategic public policy innovation mechanisms has been comprehensively demonstrated through the analysis of 37 scholarly articles published between 2021 and 2025. This discussion synthesizes the key findings across thematic domains, reinforcing that CSR today is an embedded component of public policy advancement aimed at sustainable and inclusive development.

This study makes a significant contribution to existing literature by positioning CSR beyond traditional philanthropic roles, framing it as a dynamic mechanism for public

policy innovation. Unlike prior studies that focus predominantly on CSR's reputational or financial impacts, this research emphasizes CSR's role within multi-actor governance and its potential to influence sustainable and inclusive development agendas. This is particularly critical for developing countries like Indonesia, where government capacities are often limited, making CSR a valuable complementary instrument for achieving national development goals. The findings advocate for the recognition of CSR as a co-governance tool that aligns corporate social initiatives with public policy objectives, thus fostering collaborative governance models that can better address complex social challenges.

CSR and the Pursuit of Sustainable Development Goals (SDGs)

A major finding across thirteen studies (Shayan, 2022; Hasan, 2022; Madanaguli, 2022; Martínez-Falcó, 2023; Somachandra, 2023; Ervits, 2023; Coelho, 2023; Villamor, 2024; Talpur, 2024; Macassa, 2021; Ali, 2021; Boubakri, 2021; Zhao, 2023) reveals the critical integration of CSR initiatives into efforts to achieve the United Nations Sustainable Development Goals (SDGs). Shayan (2022) highlighted how corporations actively embed SDG targets into their CSR programs, particularly in environmental conservation and education. Hasan (2022) further demonstrated that such strategic alignments positively impact firm performance by enhancing stakeholder trust and investor relations. For instance, Coelho (2023) systematically analyzed how CSR activities linked to SDGs generate mutual benefits, promoting public welfare while simultaneously enhancing corporate competitiveness. Martínez-Falcó (2023) provided a case study in the Spanish wine industry where CSR-driven green innovations contributed directly to climate action goals. These findings collectively illustrate that CSR has become a deliberate mechanism supporting government policy targets.

CSR as a Mechanism for Stakeholder Engagement and Public Value Creation

The second major thematic area reflects CSR's role in fostering stakeholder engagement and creating public value (Wickert, 2021; Fatima, 2023; Chang, 2021; Belas, 2021; Ji, 2022; Fernández, 2022; López-Concepción, 2022; Meseguer-Sánchez, 2021; Yang, 2024; Mahmud, 2021). Wickert (2021) emphasized that CSR acts as a

bridging mechanism, bringing together corporations, government entities, and civil society to address systemic social issues. Fatima (2023) proposed a CSR model where corporations are not passive social actors but proactive contributors to public governance. Empirical evidence by Chang (2021) showcased how CSR initiatives in China aligned with poverty alleviation campaigns, exemplifying corporate-public sector synergy. López-Concepción (2022) demonstrated that stakeholder engagement through CSR activities enhanced participatory governance, ensuring more democratic policy outcomes. Thus, CSR serves not just business interests but broader societal goals, mirroring the collaborative governance framework proposed by Ansell and Gash (2008).

CSR Driving Innovation: Green, Social, and Digital Transformation

Nine studies (Yang, 2024; Martínez-Falcó, 2023; Zhang, 2024; Bhardwaj, 2024; Gillan, 2021; Bian, 2021; Derchi, 2021; Velte, 2022; Hassan, 2023) positioned CSR as a catalyst for organizational and technological innovation. Yang (2024) revealed how CSR initiatives fuel the development of green technologies and environmental management systems. Bhardwaj (2024) noted the transformative role of CSR in advancing digital innovations within the education sector in India. Martínez-Falcó (2023) provided evidence that firms integrating CSR into their R&D processes tend to outperform peers in sustainable product development. Gillan (2021) further linked corporate ESG (Environmental, Social, and Governance) initiatives to broader industry-wide innovations in financial reporting and accountability. These studies corroborate Nicholls and Murdock's (2011) theory that social innovation often stems from the blurring of boundaries between sectors, as CSR has become a bridge between business competitiveness and public good.

CSR as a Crisis Response and Organizational Resilience Strategy

Five studies (Mahmud, 2021; Crane, 2021; Du, 2021; Carroll, 2021; Coelho, 2023) addressed CSR's role during crises. Mahmud (2021) documented corporate responses to the COVID-19 pandemic through health-related CSR initiatives, such as funding vaccine rollouts and supporting remote learning infrastructures. Crane (2021)

highlighted CSR's critical function in maintaining employee morale and public confidence during uncertainty. Carroll (2021) redefined CSR as a vital component of organizational resilience, where firms proactively anticipate societal risks and co-develop solutions with public authorities. These findings suggest that CSR is no longer a peripheral risk mitigation strategy but a core element of crisis-adaptive public policy frameworks.

CSR Reporting as a Transparency and Compliance Mechanism

Several articles (Gillan, 2021; Du, 2021; De Villiers, 2022; Kumar, 2022; Ji, 2022) identified CSR reporting practices as vital elements of public transparency and regulatory compliance. Gillan (2021) explained how robust ESG reporting has been institutionalized as part of financial governance mechanisms. Du (2021) assessed report readability and tone, demonstrating their influence on stakeholder perceptions of corporate integrity. De Villiers (2022) analyzed Thomson Reuters Asset4 data, affirming that mandatory CSR disclosures improve corporate accountability to both investors and regulators. This reflects the move toward a hybrid governance model where CSR disclosure is embedded within the state's broader monitoring and evaluation frameworks, thereby influencing public policy enforcement.

CSR and Social Innovation: Building Public Trust and Societal Transformation

Articles by Wickert (2021), Fatima (2023), and Zhao (2023) further support the argument that CSR activities function as social innovation mechanisms. Zhao (2023) showed that leadership in CSR initiatives enhances public trust, thus consolidating social capital critical for collective problem-solving. Wickert (2021) elaborated that firms engaging in authentic CSR enhance societal resilience by addressing root causes of inequality and exclusion. Fatima (2023) emphasized that companies leading public value-driven CSR set industry benchmarks for responsible business conduct, influencing peers and shaping industry-wide public policy norms. Thus, CSR innovations contribute to systemic societal changes, operating analogously to traditional public sector reforms, but through corporate-driven action.

Limitations of the Existing Literature

Despite the valuable insights revealed through the systematic review, several limitations within the existing literature warrant critical attention. First, most studies are geographically concentrated in developed countries, particularly in Europe and North America, which may not fully capture the socio-political complexities of CSR implementation in developing or transitional economies. Second, a large portion of the literature still treats CSR as an independent corporate strategy, with limited exploration of its integration into formal policy frameworks or its role in transforming governance models. Third, few studies engage critically with power asymmetries between corporate and public actors in co-governance processes, which is a crucial issue in regions with weaker regulatory institutions. These limitations underscore the need for more context-sensitive and policy-oriented research that examines CSR as an evolving component of public governance in the Global South. In the Indonesian context, the institutionalization of CSR through legal instruments such as Law No. 40/2007 on Limited Liability Companies and the Ministry of SOEs Regulation No. PER-5/MBU/04/2021 demonstrates the state's growing effort to formalize the developmental role of the private sector. However, CSR practices in Indonesia remain predominantly philanthropic and often lack alignment with structured public policy frameworks. By framing CSR as a mechanism of collaborative governance, Indonesian policymakers can reconceptualize it as a complementary tool for development planning, particularly in achieving SDGs, enhancing service delivery in underserved regions, and fostering crisis resilience. This implies the necessity for adaptive governance strategies that position CSR not only as a compliance obligation but also as a co-governance innovation for public value creation.

Deepening the Context of Indonesia and Challenges in CSR Implementation

While globally Corporate Social Responsibility (CSR) has evolved into a strategic instrument of public policy innovation supporting sustainable development and collaborative governance, the situation in Indonesia reveals several challenges that hinder the optimal utilization of CSR within the public policy framework. As previously noted, CSR practices in Indonesia remain largely philanthropic in nature and have yet to

be fully integrated systematically with national and regional development agendas (Boubakri et al., 2021; Yuan, 2022). One of the main obstacles lies in the regulatory framework, which, although enshrined in Law No. 40 of 2007 and Ministry of SOEs Regulation No. PER-5/MBU/04/2021 mandating CSR, lacks sufficient binding details and enforcement mechanisms to guide companies in implementing CSR strategically. The result is that many corporations treat CSR as a normative compliance obligation rather than a core component of sustainable development strategies (Beji, 2021).

Furthermore, the capacity of local governments to facilitate and direct CSR initiatives remains limited. Many regional governments lack clear frameworks to incorporate CSR into local development plans and have not established effective collaborations with the private sector and civil society. Constraints in human resources and budget allocations further exacerbate this challenge (Fatima, 2023).

From the corporate perspective, resistance persists in viewing CSR merely as a cost burden and a separate social obligation from core business activities. This lack of strategic commitment results in CSR programs that are less innovative and insufficiently impactful on social and environmental development (Christensen, 2021). Moreover, the participation of communities and other stakeholders in CSR planning and oversight remains minimal, raising concerns that CSR programs are not fully responsive to local needs and lack social legitimacy. The absence of participatory mechanisms weakens CSR's potential as an inclusive co-governance tool (Wickert, 2021). Therefore, understanding and applying CSR in Indonesia faces multiple structural challenges that require serious attention from all parties, especially to transform CSR into an effective and sustainable instrument of policy innovation.

CONCLUSION

Corporate Social Responsibility (CSR) has evolved beyond traditional philanthropic efforts into a strategic tool that supports public policy innovation aimed at inclusive and sustainable development. This systematic literature review of 37 articles shows that CSR initiatives are increasingly aligned with the Sustainable Development Goals (SDGs), embedded in multi-stakeholder governance frameworks, and foster innovation in green technologies, digital transformation, and social programs. CSR has

also proven to be a crucial resilience strategy during crises, particularly during the COVID-19 pandemic. Through the lens of Social Innovation Theory and Collaborative Governance Theory, CSR is not merely a voluntary corporate practice but an extension of public policy that co-produces social value alongside governments and communities.

Companies are using CSR to address societal challenges such as environmental sustainability, social inequality, public health, and education reform thereby influencing the public agenda. Therefore, CSR should be recognized and strategically integrated by policymakers and corporate leaders as a key partner in achieving national and global development goals. In developing countries like Indonesia, where governance capacity may limit policy implementation, repositioning CSR as a public policy innovation mechanism can help bridge institutional and service delivery gaps. Future research should explore how local governments can create enabling environments through incentives, regulations, and participatory mechanisms that fully leverage CSR as a collaborative governance instrument aligned with inclusive development strategies.

Although CSR has the potential to promote sustainable development, it is important to acknowledge its limitations. Criticisms of CSR include greenwashing, where companies use CSR as a marketing tool without a genuine commitment to positive change. In addition, a lack of accountability and clear standards can reduce the effectiveness of CSR programs. Therefore, strict oversight and a clear framework are needed to ensure that CSR truly benefits society and the environment.

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