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Analysis of the Integration of Corporate Social Responsibility and Environmental, Social, and Governance (ESG)

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ABSTRACT

The purpose of this study is to analyze the integration of corporate social responsibility and environmental, social, and governance (ESG). This study employed a qualitative research method with a descriptive approach. The data sources in this study are secondary data sources. Secondary data sources were obtained from books, journals, and related sources. The research results show that the integration of corporate social responsibility and environmental, social, and governance (ESG) is an evolution in which the more qualitative, often voluntary, corporate social responsibility is transformed into a measurable, strategic, and fundamental environmental, social, and governance (ESG) framework for building sustainable businesses and attracting investors. This integration involves integrating environmental, social, and governance (ESG) metrics directly into core strategies, rather than simply as add-on programs. The goal of integrating corporate social responsibility and environmental, social, and governance (ESG) is to attract investors and funding, enhance the company's reputation and image, improve risk management, achieve operational efficiency and cost savings, and achieve long-term sustainability.

Keywords
Integration, Corporate Social Responsibility, Environmental, Social, Governance

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INTRODUCTION

Social economics is an approach that integrates social goals and humanitarian missions with economic activities, focusing on meeting shared needs, justice, and societal well-being, rather than solely profit. This is achieved through entities such as cooperatives, foundations, or social enterprises. It also examines how social behavior impacts the economy and vice versa. This includes organizations that prioritize people over capital and implement

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participatory governance for shared goals (Mariani et al., 2023). The goal of social economics is to create overall societal well-being by balancing economic growth through efficiency, employment, and price stability with social justice such as equality, security, and inclusiveness, ensuring the fulfillment of basic needs and promoting sustainable development to improve quality of life and utilize resources wisely for the present and the future (Pandiangan et al., 2025).

Over time, companies have been required to implement corporate social responsibility. This occurs because, in addition to the economic inequality between businesses and their surrounding communities, business activities often have a negative impact on the environment. This is the background to the emergence of the most primitive concept of corporate social responsibility.

Corporate social responsibility refers to an organization's obligations to protect and contribute to society. An organization bears responsibility across three domains: organizational behavior, the natural environment, and general social welfare. Pursuing sustainable business stability requires three key elements for success: building a foundation for profitable business activities, maintaining a positive corporate image and reputation, and addressing value conflicts (Azheri, 2011). Furthermore, numerous issues impact a company's existence. These issues include increasingly fierce competition and the quality of the company's products or services. Therefore, a business strategy is essential to maintain business continuity.

Corporate social responsibility is based on transparency regarding the social impact of a company's activities. This transparency encompasses not only financial information but also information on the social and environmental impacts of its activities (Hadi, 2011). This will stimulate a shift in public awareness, fostering a view of the importance of implementing what is now known as corporate social responsibility. This understanding provides guidance that corporations are no longer self-interested entities but rather business entities obligated to culturally adapt to their social environment. Implementing social responsibility programs will have a positive impact. The positive impact of corporate social responsibility programs not only impacts company operations but also the long-term sustainability of the company. When certain parties accuse a company of inappropriate practices, the public will defend them.

As global awareness of global issues increases, environmental, social, and governance (ESG) aspects are gaining increasing attention, along with growing interest from investors, regulators, and other stakeholders in encouraging business practices that can positively contribute to solving global challenges (Antonius and Ida, 2023). Public interest is now shifting from viewing

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companies as mere financial market participants to players that should contribute to the well-being of society and the environment.

Environmental, social, and governance (ESG) is a framework designed to be integrated into organizational strategy to enhance corporate value by expanding organizational objectives to include the identification, assessment, and management of sustainability-related risks and opportunities relevant to all organizations (Bassen and Kovacs, 2008). Environmental factors focus on environmental conservation, which relates to the impact of a company's activities on the environment and its role in protecting it. Social factors refer to the company's reputation and relationships with stakeholders. Meanwhile, governance factors relate to how the company implements the principles of good corporate governance.

The purpose of this study is to analyze the integration of corporate social responsibility and environmental, social, and governance (ESG).

RESEARCH METHODE

This study employed a qualitative research method with a descriptive approach. According to Kurdhi et al. (2023), qualitative research is a research method based on post-positivist philosophy used to examine objects in natural conditions, with the researcher acting as the key instrument. Descriptive approach is used to analyze data by describing or depicting the collected data as it is.

The data sources in this study are secondary data sources. Secondary data sources were obtained from books, journals, and related sources. Secondary data sources are data previously collected by other parties and can be accessed indirectly by researchers through intermediaries, such as books, journals, government reports, or archives. These serve as supporting data for primary data, allowing for a faster and more efficient collection process because they do not require direct fieldwork (Kurdhi et al., 2023)

RESULT AND DISCUSSION

Corporate Social Responsibility

Corporate social responsibility is a company's commitment to act ethically and contribute to sustainable development by considering the impact of its operations on society, the environment, employees, consumers, and other stakeholders, focusing not only on profit but also on social welfare and environmental sustainability (profit, planet, and people) (Giannarakis, 2014). Practices vary, from education and health programs to empowerment and nature conservation, as a form of social and environmental integration within long-term business strategies. The objectives of corporate social responsibility for companies are as follows (Tambunan et al., 2025):

1. Improving Reputation and Brand Image
   Improving reputation and brand image is a series of strategies to build positive perceptions, trust, and consumer loyalty towards a brand. This is achieved through consistent product or service quality, transparent communication, effective customer interaction, including on social media, and effective crisis management. This results in the brand becoming more preferred, trusted, and superior in the market.
2. Improving Customer and Employee Loyalty
   Improving customer and employee loyalty is a strategic effort to build long-term relationships based on trust, satisfaction, and mutual respect through improved product or service quality, effective communication, incentive programs through rewards or appreciation, and attention to welfare and development. This ultimately encourages repeat purchases, recommendations, and ongoing commitment from both parties to business growth.
3. Mitigating Risk and Complying with Regulations
   Mitigating risk and complying with regulations are two fundamental pillars of business management and organizational governance, aimed at maintaining the stability, sustainability, and reputation of a company. This involves the process of identifying, assessing, and mitigating various potential threats or uncertainties that could negatively impact an organization's objectives. Risks can be financial, operational, strategic, environmental, or cybersecurity-related. The goal is to minimize potential losses and maximize opportunities by implementing controls, insurance, or risk avoidance strategies.

Environmental, Social, and Governance (ESG)

Environmental, social, and governance (ESG) is a framework used to assess a company's sustainability and ethical performance. It encompasses three main pillars: environmental (the company's impact on nature, such as carbon emissions and waste), social (the company's relationships with employees, customers, and communities), and governance (management practices, transparency, and corporate accountability), which are increasingly important for investors in assessing long-term risks and creating sustainable business value (Toti and Johan, 2022). The main objective of environmental, social, and governance (ESG) is to encourage companies to operate sustainably and ethically by integrating environmental (E), social (S), and governance (G) factors into their business strategies, ultimately increasing investment

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attractiveness, reducing business risks, building reputation, supporting long-term sustainability, and contributing positively to the SDGs (Hamzah et al., 2025).

The Integration of Corporate Social Responsibility and Environmental, Social, and Governance (ESG)

The integration of corporate social responsibility and environmental, social, and governance (ESG) is an evolution in which the more qualitative, often voluntary, corporate social responsibility is transformed into a measurable, strategic, and fundamental environmental, social, and governance (ESG) framework for building sustainable businesses and attracting investors. This integration involves integrating environmental, social, and governance (ESG) metrics directly into core strategies, rather than simply as add-on programs. The goal of integrating corporate social responsibility and environmental, social, and governance (ESG) is to (Almeyda dan Darmansya, 2019):

1. Attract Investors and Funding
   Attracting investors and funding is the process of convincing outside investors to provide capital for your business or project in exchange for profits or ownership, through presenting a solid business plan, demonstrating growth and profitability potential, having a competent team, and demonstrating early traction, evidence of progress, and an effective market strategy, often through pitching and building long-term relationships.
2. Enhance the Company's Reputation and Image
   Improving a company's reputation and image is a strategic and ongoing process to build positive perceptions, trust, and a strong image in the eyes of the public, customers, and other stakeholders through superior product or service quality, transparent communication, excellent service, social responsibility, and a positive work culture, all of which lead to customer loyalty and competitive advantage.
3. Improve Risk Management
   Better risk management is a systematic and continuous approach to identifying, analyzing, evaluating, controlling, and monitoring all potential negative and positive risks with the aim of protecting and enhancing the achievement of organizational objectives, avoiding losses, and exploiting opportunities through strategies such as avoiding, reducing, transferring, or accepting risks, supported by a strong risk-aware culture at all levels.

4. Achieve Operational Efficiency and Cost Savings
   Operational efficiency and cost savings are a company's ability to produce more products or services with fewer resources such as time, effort, money, and materials without sacrificing quality, resulting in reduced waste, increased profitability, and competitive advantage by optimizing processes and asset utilization to maximize output with minimal input. This is a key strategy for sustainable growth, ensuring companies can work smarter, not harder, and increase net profits.
5. Achieve Long-Term Sustainability
   Achieving long-term sustainability is a complex and multifaceted process that involves balancing economic, social, and environmental needs to ensure that future generations can meet their own needs. It is not only about environmental preservation, but also about building equitable societies and resilient economies that do not compromise natural resources.

CONCLUSION

The integration of corporate social responsibility and environmental, social, and governance (ESG) is an evolution in which the more qualitative, often voluntary, corporate social responsibility is transformed into a measurable, strategic, and fundamental environmental, social, and governance (ESG) framework for building sustainable businesses and attracting investors. This integration involves integrating environmental, social, and governance (ESG) metrics directly into core strategies, rather than simply as add-on programs. The goal of integrating corporate social responsibility and environmental, social, and governance (ESG) is to attract investors and funding, enhance the company's reputation and image, improve risk management, achieve operational efficiency and cost savings, and achieve long-term sustainability.

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