

CORPORATE SOCIAL RESPONSIBILITY AND LEGAL ACCOUNTABILITY: A COMPARATIVE ANALYSIS OF GLOBAL BUSINESS FRAMEWORKS

Dr. Pushpraj Singh

Professor and Head of the department of History, Amity School of Social Sciences, Amity University Noida.

Abstract *Corporate Social Responsibility (CSR) and legal accountability have become integral to the global business discourse in an era of globalization and transnational corporate influence. This paper examines the convergence of CSR and legal responsibility, analyzing how corporations balance profit motives with ethical, social, and environmental obligations. It traces the evolution of CSR from a voluntary, philanthropic approach to a structured, strategic element of corporate governance. The discussion explores how various jurisdictions—particularly in the European Union, United States, and Asia-Pacific—integrate CSR principles into legal and regulatory frameworks. While traditional CSR relied on self-regulation and voluntary codes, modern frameworks increasingly embed accountability through enforceable laws such as the EU's Non-Financial Reporting Directive and the Corporate Sustainability Reporting Directive. The paper highlights that hybrid governance—combining voluntary initiatives with binding legal obligations—ensures transparency, ethical compliance, and stakeholder trust. Ultimately, CSR and legal accountability together form the foundation for sustainable corporate citizenship, bridging economic performance with moral and environmental stewardship across global markets.*

Keywords: *Corporate Social Responsibility Legal Accountability Global Governance Sustainability Ethics Corporate Governance*

1. INTRODUCTION

In the modern globalized economy, corporations play an increasingly influential role in shaping not only markets but also societal, environmental, and ethical landscapes. The transnational business activities have grown, which has expanded the corporate interests beyond the traditional attachments and its connection between the profitability and responsibility merits a revaluation. This has ensured that the phenomenon known as Corporate Social Responsibility (CSR) assumes the centre stage following the concept of corporate governance and ethical debate. CSR refers to the unofficial and even voluntary commitment of firms to being economical in both social and environmental aspects of their activity. Along the CSR, there has also emerged the legal accountability concept as a key tool of ensuring that corporations are held accountable to their actions particularly in the periods of time when such actions have adverse effects on human rights and labor standards or on the environment.

The paper shall undertake a detailed study of the cross meeting of CSR and legal responsibility in the context of different business processes in the world (Zhao *et al.* , 2022). It explores the process of conceptualization and realization of the CSR as practiced by different jurisdictions, the process through which the law is actually altering and the new yardstick of legal behavior of corporations and the comparing mechanisms, which are in the different law regimes. According to the discussion, voluntary and obligatory approaches on CSR and implications on global governance, ethics and on sustainable development.

2. EVOLUTION AND CONCEPTUAL FOUNDATIONS OF CORPORATE SOCIAL RESPONSIBILITY

The history of CSR can be traced back in the early twentieth century when the issue of moral responsibility of corporations was raised. To begin with, investment companies were deemed to have no duty other than to make money and ensure that shareholders receive a payout. This was a model that was referred to as a shareholder-centric by Milton Friedman who was an economist who was of the view that the business was only responsible to the society in the sense that it needed to make maximally its profits within the confines of the law. But the socio-economic developments during the period of the post world war II and the rise of multinational corporations discredited this shortsightedness.

The stakeholder theory is an idea developed by R. Edward Freeman in the 1980s, which augmented the field of corporate responsibility by valuing the reality that corporations were impacted and impacted by numerous parties, which comprised employees, consumers, communities, governments and the natural environment. This paradigm shift provided the philosophical and ethical background of the present-day CSR that today includes the interests of human rights, labor policies, sustainable environment, and anti-corruption principles.

CSR, however, no longer remains a voluntary and philanthropic action in the long run but indeed it is now a component of corporate strategy and compliance systems. As the world gets globalized and international trading webs are formed, CSR has evolved once again to be a determining factor of corporate legitimacy and competitiveness (Tamvada *et al.* , 2022). Organizations that do not take CSR into consideration are still facing diluted reputation, consumer backlash and governmental penalties as compared to those that have adopted the same element and are realizing greater brand equity, shareholder confidence as well as long term viability.

3. THE LEGAL DIMENSIONS OF CSR

Despite the fact that CSR is generally presented as a volunteering approach, the relationship with the legal obligation has been more pronounced within the past decades. In the past, CSR has been located as a part of soft law - unofficial rules, self-funded codes of practice, and unofficial norms. However, as the global social and environmental irritants increased, governments and other international agencies began documenting the CSR principles in legal formulations, which were enforceable.

As an illustration, European Union Non-Financial Reporting Directive (2014/95/EU) also asks large businesses to describe their social issues, environmental issues, and their governance. In the same breath, the companies act of 2006 in the United Kingdom requires the directors to make decisions that are impactful to the relevant stakeholders other than the shareholders. In the US, mechanisms that arise under the impact of CSR-related accountability are those that arise under securities regulation, consumer protective or misrepresentative related litigations.

The voluntary CSR on an international level is mediated by the voluntary instruments that are introduced by the OECD on the level of Guidelines (e.g. the OECD Guidelines on Multinational Enterprises; the United Nations Global Compact (UNGC); the United Nations Guiding Principles on Business and Human Right (UNGPs)). This and such frameworks will assist in fulfilling the corporate social responsibility because they set clear expectations of the human rights, environmental protection and ethical behaviour. The guidelines are not legally

binding but they influence domestic legislations as well as practices of corporate governance in the entire world.

4. CSR AND LEGAL ACCOUNTABILITY: THEORETICAL LINKAGES

CSR and legal responsibility incorporation is a continuation of broader theoretical trend to corporate citizenship. The concept views corporations as social players who have a social responsibility as to that of a citizen in a community. On this note, CSR is a type of self-regulation which finishes legal obligations where legal responsibility leaves corporations with no chance to misuse the opportunity to fanning off social or environmental costs at a cost.

One of the ways of protecting the moral hazard of voluntary CSR is through legal response. Even in situations where CSR remains discretionary corporate acts, corporations can continue to participate in token, otherwise known as greenwashing, actions without necessarily changing the practices that are harmful (Dubey *et al.*, 2022). This is shallow compliance which can be prevented by incorporation of the CSR principles in legal framework which incorporates the elements of corporate governance, reporting requirements and due diligence requirements.

The interplay between CSR and law at that time is in the development of systems of hybrid governance whereby voluntary governance strategies cannot be absent in statutory legal norms. These mechanisms among other benefits of environmental transparency and ethical conduct provide channels of enforcement to rectify the wronged caused by the misbehaviors of corporations.

5. COMPARATIVE ANALYSIS OF CSR FRAMEWORKS: A GLOBAL PERSPECTIVE

Corporate Social responsibility (CSR) has grown in terrain in disparate ways in the areas of the world due to their historical, cultural, legal, and economic situations and settings. Despite some convergence in the standards of CSR across the world, as the globalization process unfolds, the difference among the region can still be witnessed in the way the state, corporation and civil societies perceive and practice the CSR duties. This comparative work paper discusses the paradigms adopted in three significant destinations such as the European Union, the United States and Asia-Pacific in a bid to illuminate the numerous pathways to taking the highway towards corporate responsibility and sustainable business activities.

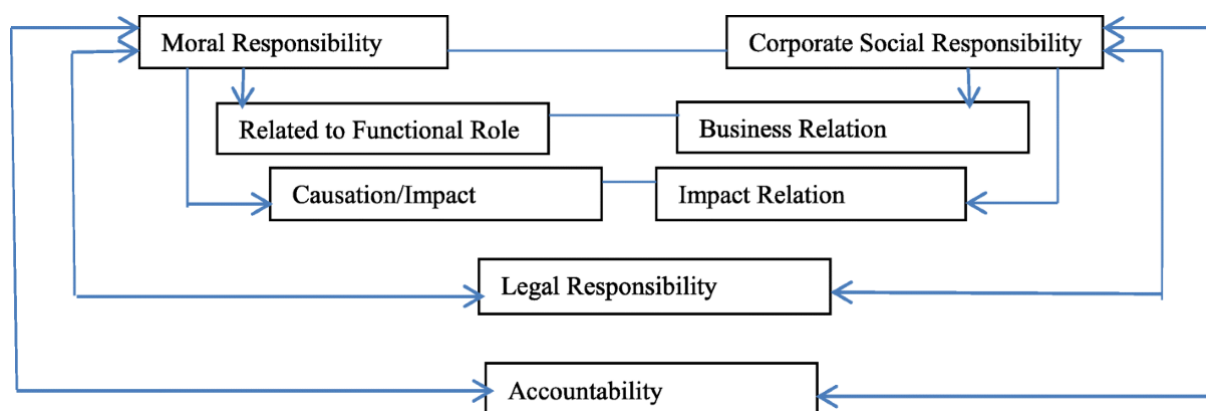


Figure: CORPORATE SOCIAL RESPONSIBILITY AND LEGAL ACCOUNTABILITY

(Source: Tamvada *et al.*, 2020)

1. European Union

Europe has been feasting on the integration of CSR principle on its laws and policy mandates. The region is centered on a millennium-long history of economic development coupled with social fairness and environmental conservation, which is a part of the European social model. The CSR policy of European Commission, which was initially formulated in 2001 and updated in 2011, transformed the meaning of CSR as the responsibility of a business to the society and redirected towards the model that includes the holistic approach to the problems of the sustainable corporate governance(Kaur *et al .*, 2022). This model further propagates an idea that CSR is not an added-value, but an essential component of business strategy, which assists to be competitive in long-term.

Among the CSR system building blocks of the EU, there is the Non-Financial Reporting Directive (NFRD) adopted in 2014 and obliging companies with over 500 workers to report on environmental conservation, social and employee welfare, human rights, and anti-corruption variables. The NFRD was a breakthrough in the present day understanding of CSR where reporting the same was actually a voluntary act; this has led to transparency and accountability. Firms are required to report how they managed their social and environmental risks, which provides the most important information to the stakeholders, including the investors and the regulators, or the buyers about the sustainability performance of their companies.

According to this, the new Corporate Sustainability Reporting Directive (CSRD) that was adopted in 2022 the reporting requirements are highly extensive and comprehensive. It stretches to about 50,000 companies such as non-EU but in the EU market where it needs third party audit of sustainability data. The CSRD adheres to many of such international principles as Task Force on Climate-related Financial Disclosures (TCFD) and the taxonomy of sustainable activities created by the EU, so corporate reporting will equalise corporate reporting at the cross-boundary level. The directive is a bold step towards the integration of the nature of environment, social and governance within the framework of corporate accountability.

At the national level, certain of the EU member states have gone one step further of incorporating some laws about a requirement of human rights due diligence (HRDD) by which voluntary CSR has also been restructured into law. Among the initial laws that had been implemented, the Duty of Vigilance Law (2017) of France was one since it required introducing vigilance plans and their implementation by large companies in France to prevent harm to human rights and the environment throughout their supply chains. Civil liability caused by non-compliance will make the companies more responsible. Similarly, in Germany, the Supply Chain Due Diligence Act (2021) has the responsibility to force companies that have 3000 or above employees (as of 2024 1000 employees) to identify, prevent, and resolve human rights and environmental risks in their global operations(Carroll *et al .*, 2022). These laws are observed to have been taken as a precedent in the other EU countries as they influenced the legislative propositions in Netherlands, Norway and Belgium.

The broader policy strategy of EU permits the incorporation of CSR by policy actions including the European Green Deal (2019) intentionally creating a climate-neutral Europe by 2050 and the Sustainable Finance Disclosure Regulation (SFDR) that mandates transparency in the combination of the financial products with the risks caused by sustainability. Collectively, these moves point to the emergence of Europe in creating a multi-purpose, legal framework on CSR that would ensure connectedness between matters on ethical conduct and corporate governance, competitiveness, and survival. Records on European model indicate that CSR may

be institutionalized within a regulatory framework capable of normalization of market behavior to the general goals of the society.

2. United States

However, unlike the strict regulation of the European region, the United States has also designed a more marketable and decentralized strategy in the CSR. American model would tend to emphasize on voluntary compliance, corporate self-regulation and stakeholder activism which is not only symptomatic of the liberal economic philosophy of the nation but also the rejection of government intervention into the business life. CSR in U.S has traditionally been catalyzed by law rather than philanthropic initiatives and corporate ethics movements. The American corporations are more inclined to make CSR a recognized brand, aiming at attracting investors and maintaining the confidence of the population rather than the compliance with the real laws.

The way the CSR-related disclosure is shaped is in the center of the functions of the Securities and Exchange Commission (SEC) through the regulation of securities. Even though the federal CSR legislation is absent on this matter, SEC forces the company traded on the financial market to outline all the information that may be of interest to investors, and lately includes the information regarding ESG. In 2022, SEC notified of new regulations, which will involve standardized climate-related disclosures, and these regulations will probably relate methodically to transition to more formal disclosures. To such developments is pointed the fact that there is an increasing awareness that sustainability risks are financial risks as well and hence should be articulated to the shareholders.

The obedience of the law in the U.S is normally acquired indirectly through lawsuits and enforcement (Al-Haddad *et al.*, 2022). The consumer protection, the environmental litigation, and the class-action suits have greatly helped in ensuring that the corporations are made responsible by liing them through bad practices. There have been other notable cases that have been against oil companies who misrepresented the climate as well as pharmaceutical companies that had not been ethical in their strategic marketing. Immediately on its part, the Foreign Corrupt Practices Act (FCPA) passed in 1977 further enlightens the corporate world to become responsible, through prosecuting the bribery and corruption in the overseas market. The legal regulation by enforcement of the Department of Justice (DOJ) and SEC has deterred the occurrence of massive fines on the multinational corporations.

The other attribute to the U.S. CSR framework is investor activism and ESG investing impact. This pressure has especially been exerted on portfolio companies by BlackRock, Vanguard, and State Street (institutional investors), to enhance their performance in terms of sustainability and transparency. CSR is not just a reputational issue any longer as the creation of social responsibility investment funds and ESG indices has transformed it into a financial issue. The pressure that the corporations are undergoing to adopt ethical and sustainable activities is imposed by the grassroots movements, non-governmental organizations and consumer-advocacy groups to further impact the CSR behavior though the market and social dynamics.

Despite this advancement, industries are far apart, and no general policy on CSR is unified in the country. Some of the fields have followed suit in using CSR as risk management and innovation in its strategies, such as the technology and the finance fields, but not all others are moving as fast: manufacturing and energy sectors are still playing catch up. Nevertheless, the

asset towards uniform ESG reporting and responsible investment is an indicator that the U.S. paradigm is a progressive transitional to international, but in market driven routes, against its prescriptive counterparts.

3. Asia-Pacific Region

Asia-Pacific is an area where the CSR practice thrives in the culture of different cultural traditions, priorities in economic activity and the forms of ruling. Unlike the strategies that were extremely homogenous in Europe and North America, CSR in Asia is a blend of the two that is a union between the western ways of corporate and the traditional Asian philosophies harmony, community well being and respect towards nature.

An example of a CSR progression dominating CSR in Asia is Japan. The Japanese corporations is founded on the Confucian and Buddhism doctrine on harmony, hard work and responsibility, and has long issued CSR as a component of the social contract. In 2021, the principle of the CSR is strengthened with the reinforcement of the principle of Japanese Corporate Governance Code (2015), in which the transparency, the involvement of the stakeholders, and the value creation in the long run is encouraged (Usman *et al.*, 2022). Good examples are the companies of Japan such as Toyota and Sony in their compliance to environmental sustainability, quality assurance and employee welfare. In other government activities like the Charter of Corporate Behavior as provided by the Japan Business Federation, CSR is also entrenched with the codes of ethics set concerning the corporate behavior.

Another scenario that is quite different is India where CSR is not only tolerated, but it is indeed legal. Section 135 of the Companies Act of 2013 has included under such stipulated that the requirement of minimum set aside of at least 2 percent of average net profits across three years must be implemented by the company that fulfils the financial requirement stipulated. Examples of some of the qualifying programs include poverty reduction, education, gender equality and environmental safety. Indian paradigm hence transforms CSR into voluntary concept, and transforms it into law with moral responsibility attached to the law. Although this requirement has led to increased corporate giving to social development, critics regard such requirement to have shifted to a sort of box ticking exercise hence the need to qualify the impact of CSR as a qualitative undertaking.

Instead, the CSR system of China has been characterized by a wide state inclination and identification with the national development agenda. The Chinese government believes that CSR is a strategic instrument of achieving social peace, environmental conservation and global competitive advantage. China Securities regulatory commission (CSRC) is also pressuring listed companies and the state owned enterprises (SOEs) are often under obligation to adhere to very extensive issues of social responsibility through the issue of CSR or sustainability reports. Even such initiatives, as the Belt and Road Initiative (BRI), bear the portions of CSR to contribute the legitimacy of the Chinese investments in the foreign countries. However, the top-down character of China produces doubts on the transparency and the authentication of CSR statements on its own.

In Asia-Pacific, more generally speaking, countries like South Korea, Singapore and Australia have progressed much further in terms of creating more economically vibrant and socially responsible models of CSR (Chen *et al.*, 2022). The Framework Act on Low Carbon, Green Growth (2010) of South Korea and Australia and Modern Slavery Act (2018) show the growing

tendency towards formulating the corporate responsibility into the law. Such developments indicate that CSR in the region cannot be considered as an external demand as much as before, but a subset of the sustainable business strategy.

4. Africa and Latin America

Crossed issues of CSR in the developing regions pertain to poverty alleviation, resource extraction and governance. In Africa mining and energy companies of MNEs, environmental degradation and exploitation of labor is highly questioned. The first countries to initiate the integration of CSR have been such countries as South Africa, whereby King Reports on Corporate Governance emphasize the relevance of ethical leadership, sustainability, and inclusivity of the stakeholders.

Latin America is one of the regions where CSR has direct relations with social development and corporate legitimacy. Nevertheless, nations like Brazil and Chile promote CSR through the form of partnerships between the industry and the government as well as industry-focused activities. However, they also have weak measures of enforcing them and corruption is also one of the problems of significant magnitude. The entry of global CSR models such as UNGC and ISO 26000 helped in harmonizing the practices but the region has been found to be having a problem in aligning voluntary practiced CSR with well-established legal frameworks of accountability.

6. CORPORATE GOVERNANCE AND ACCOUNTABILITY MECHANISMS

Effective governance structures should be in place in order to successfully implement CSR, which will be transparent, controlled and accountable. The business governance systems play a vital role in enforcing the CSR into the decision making. The boards of directors are more active in checking the sustainability strategies and risk review in terms of social and environmental issues.

The regulatory tools of enhancing CSR disclosure credibility are mandatory reporting, auditing, and consultation with the stakeholders. International reporting standards, including Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) provide a comprehensive reporting system. With the inclusion of these mechanisms within the appropriate corporate governance, the accountable aspect is enhanced since the results of CSR are easily connected to the executive performance and shareholder interests metrics.

7. CSR, HUMAN RIGHTS, AND ENVIRONMENTAL ACCOUNTABILITY

CSR and human rights intersection has been applied during the formulation of corporate accountability processes (Chen *et al.*, 2022). The UN Guiding Principles on Business and Human Rights, (2011) includes a structure called Protect, Respect and Remedy whereby the state is established to have a responsibility of protection of human rights, corporate bodies are expected to have a responsibility of respecting of the human rights, and that there should be effective remedial mechanisms. This has led to both the national and transnational litigation against companies which have been involved in human rights abuses.

The issue of environmental responsibility has also been integrated into CSR especially whilst addressing the global climatic problems. Certainly, the corporations owe their ecological footprint a certain degree of responsibility whenever there is an international treaty being signed such as the Paris Climate Accord and the national emission regulations and waste

policies. The examples of the ecological crisis addressing the responses in the CSR are the sustainable supply chain management, circular economy, and investments in renewable energy.

Case 1: Shell and Environmental Accountability in Nigeria

Another example of a long term and catastrophic scenario of corporate environmental irresponsibility in the modern world is the activities of Royal Dutch Shell in the Niger Delta region of Nigeria. Nevertheless, negative occurrences in oil spills, gas flaring and land degradation have been inalienable components of the Shell company since its spurred operations in Nigeria in the 1950s; all this has adversely impacted on the lives of the locals. Niger Delta that was at the time a highly biodiverse ecosystem has been transformed into a heavily polluted landscape where arable land is no longer there and the water sources have been polluted. Thousands of spills with a significant number of them being corrosions of pipelines and inadequate maintenance has proven to be disastrous in the socio-economic life of the locals residing in the region.

Some of the victims of this degradation have been such communities as Ogoniland and Ijaw people. In the early 90s, environmentalists, headed by Ken Saro-Wiwa and survival of the Ogoni people (MOSOP) movement against Shell began to organize due to its neglect in caring of the environment as well as its inactivity in the abuse of human rights. The movement was violently repressed by the Nigerian government including execution of Saro-Wiwa in 1995 which received international condemnation and more people started condemning Shell operations (Awa *et al.*, 2022). This episode became to be representative of the bigger battle against environmental justice and corporate responsibility in the Global South.

There was also no means of controlling accountability because over the years, the system had been deeply corrupt, the regulations institutions were weak and politics influenced the process of addressing the grievances of the aggrieved societies in Nigeria through their courts. Problems with company liability were further complicated by the fact that, Nigerian National Petroleum Corporation (NNPC) where Shell had sold the joint venture interests, government interests were tied up alongside those of the corporation. Local communities approached transnational litigation as one way of making sure that Shell can be answerable in other nations to deal with these limits back home. This was a pointer to the growing importance of extraterritorial jurisdictional actions to address corporate atrocities to accompany the globalization of business processes.

This would be a step towards development in 2013 when a Dutch Court in The Hague ruled that Royal Dutch Shell could bear some responsibility to the pollution caused by the company in Nigeria, although only partially. The case that was initiated by four Nigerian farmers via Friends of the Earth Netherlands was the first case where a Dutch based multinational company was held responsible to harm the environment in other countries. This court stated that Shell did not bear adequate preventive care which led to the oil spills and compensated damages to the victims. Not only was the traditional principle of corporate separateness doubted in this case (which in some way might serve to shield the parent corporations against the behavior of subsidiaries), but also favorable to the possibility of transnational corporate responsibility.

This tendency was subsequently solidified in 2021, as the Court of Appeal at The Hague ruled in favour of many oil spills by Shell and awarded it monetary compensation to Nigerian farmers (Nahorny *et al.*, 2022). In addition, the court ordered Shell parent company to install the leak detecting systems in its pipes thus taking preventative actions rather than purely punitive actions. These rulings have been termed as the new frontiers in the international

environmental law and have served as a motivating power to international debates concerning the challenge of corporate responsibility in the resource mining sector.

The Shell case reminds the vulnerability of voluntary CSR of the regulations where the regulation is not well implemented. Even though Shell continued to release sustainability reports, and to state that it manages social investment, the company operation in Nigeria demonstrated that there is a very acute contrast between the word and the deed. Only the presence of meaningful accountability was able to be used in the transnational legal systems, the civil society activism and the further media coverage. This case thus demonstrates that CSR is found in a state where it is not supported by any binding law and practices governance in an open society, then it runs the risk of becoming a case of token obedience and not true reformation.

Case 2: Rana Plaza and Labor Rights in Bangladesh

One of the deadliest industrial tragedies in the recent history on April 24, 2013, in Dhaka, Bangladesh, was the Disaster at the Rana Plaza garment factory that claimed the lives of more than 1,100 people and injured thousands more. The tragedy showed the global supply chain vulnerabilities and the flaws of the voluntary CSR actions to ensure the safety and dignity of the labor. Rana Plaza was a conglomerate of garment factory, which produced clothing under popular international brands in other countries of the world such as Primark, Walmart and Benetton. The workers were also pressurized by the foreign buyers to work within the stipulated deadlines, and even after the cracks on the structure of the building became visible and the building owners had officially warned, they could not stop working on the building.

The fiasco sparked uproar worldwide and introduced extensive concerns on the ethical responsibility of multinational corporations that procure products in the low cost manufacturing plants (Sheehy *et al.*, 2022). Prior to the downfall, other international brands had signed voluntary code of CSR like Ethical Trading Initiative (ETI) or Business Social Compliance Initiative (BSCI). The Rana Plaza disaster though clarified the inefficiency of these voluntary programs, which were mostly not applied and the appearance of superficial audits and did not involve any participation of workers.

As the disaster struck, in May 2013, the Bangladesh Accord on Fire and Building Safety was established, to serve as a lawful agreement among over 200 clothing manufacturers, storekeepers and labor unions all over the planet. Unlike the voluntary CSR commitments made in the past, the Accord offered free-and-clear inspection, remedial plans and results disclosures. It also enabled the laborers to report about any safety hazard without fearing to be victimized thus enhancing transparency as well as accountability. The legally binding strategy of the Accord was groundbreaking to the development of the idea of CSR because it held the multinational companies under contractual obligations to implement the safety of workers along their supply networks.

In addition to the Accord, the Alliance for Bangladesh Worker Safety was established by the brands of North America that developed parallel safety programs, however, as the voluntary framework. These initiatives which are two-sided manifested existing tensions between voluntary and binding CSR accountability models. But far better was the Accord in regard to its actual accomplishment of a portion of actual changes as thousands of factory inspections were also conducted and the closure of dangerous plants occurred. The initiative was also expanded out of Bangladesh with further extension of the initiative through Transition Accord

(2018) and the International Accord of Health and Safety in the Textile and Garment Industry (2021).

The Rana Plaza incidence marked the start of reforms in the supply chain control to all parts of the globe with more focus on the due diligence statutes in Europe and other global regions. It had no secret portraying the scenario of power asymmetry between the multinational corporations and the local suppliers, where the ongoing cost-cutting and production pressures were more likely to create the situation whereby exploitative labor conditions are seen as the order of the day (Buerter et al., 2022). The other discovery which was made in the tragedy was the fact that corporate responsibility is not only restricted to an action of a company but the entire value chain. Thus, it became a groundbreaker, and CSR was catapulted into more legally based, systemic, and work oriented accountability model.

Case 3: Volkswagen Emissions Scandal

The Volkswagen (VW) emissions scandal became known as the Dieselgate in numerous instances after the United States Environmental Protection Agency (EPA) discovered that the Volkswagen put the program into their diesel vehicles that cheated during the emissions test. The so-called defeat devices that were functional at the time of laboratory testing of the vehicle and was temporarily lowering the solid emissions of nitrogen oxides within the certification limits, in the case of actual educational performance was as many as forty times high compared to the stage of permissible emissions. This disclosure caused a shock to the whole car producing industry and destroyed the image of Volkswagen as a social cause and technical genius.

Wolkerstam Volkswagen was already enjoying a positive reputation of CSR when it happened, and the company was proud of being sustainable, energy efficient and caring to the environment. The systematic falsehood was highly exposed and that reflected a lack of corporate integrity at the cost of corporate ethics. It is not only that the environmental laws were violated, but the trust of the consumers was as well, and that the loss of the trust and the stock value caused such breakage that was unparalleled (Wenqi et al., 2022). The risks that the company was exposed to in the general way were the legal claims in the form of civil claims, criminal cases and penalties by the regulatory bodies in different countries.

The damage to the affected consumers and environmental programs also saw Wolfgang Volkswagen pay fines, penalties, and compensation worth above 30 billion dollars in the United States. Some of the top executives were accused of offences and the company placed in the hands of outside control in a bid to make them follow the environmental standards. Reform of the emissions testing process and transparency standards in the whole automotive industry was also initiated by the European Union as they compelled carrying out of the surveys. The scandal also ignited the discussion about the lack of corporate governance because the hierarchical nature of the company management system, as well as an opportunity to check at least someone inside the company, offered the platform to perpetrate wrong at Volkswagen.

Besides the legal and economic implications of the Dieselgate in the short-run, it also affected CSR and other international business ethics in the long-run. It has demonstrated the shortcomings of voluntary sustainability reports and the relevance of regulation and reporting. The example of Volkswagen demonstrated that the pledges of CSR could not substitute the legal obligatory act with the environment law, on the contrary, it should be combined. The incident influenced greater alterations in the corporate reporting and accountability to such a great extent that auditing on the ESG disclosure, in this aspect of misrepresentation became stricter.

The effects of the scandal that took place with Volkswagen were experienced on the industry level, as it made the industry transition to electric mobility and cleaner technologies all the faster (Asemah *et al.*, 2022). The sustainability agenda of the company was rebranded as well, and it pledged to turn carbon-neutral by 2050 and investing heavily in the manufacture of electric vehicles. Despite the picture of recovery of corporations above the reforms, the scandal is still a signal of how unstable corporate ethics are as well as the much needed collaboration between CSR and accountability in the law to maintain trust in the society.

8. CHALLENGES IN HARMONIZING CSR AND LEGAL ACCOUNTABILITY

Despite the attempts, several integration problems of the two CSR and legal accountability issues do exist. The difference in the legal frameworks and the capacity of the regulations and the political intentions lead to the failure to harmonise across borders. Corruption, institutional capacity and economic dependence over multinational corporations tend to indicate one of the problems of enforcement in the developing nations.

A second issue is a voluntarism/ coercion balance. Even though the equal standards are encouraged by the required CSR laws, it may also result in the low levels of compliance instead of ethical involvement. Conversely, not all the voluntary projects will have the same policy of enforcing it. The most appropriate tool is a hybrid model comprising of flexibility and accountability.

9. FUTURE DIRECTIONS AND EMERGING TRENDS

The future of CSR and legal accountability is the emergence of ESG (Environmental, Social, and Governance) investing, digital transparency and international sustainability objectives. The performance of CSR is becoming very popular among shareholders which ties financial performance to business ethics (Ye *et al.*, 2022). The use of such technological solutions as blockchain and AI-powered auditors advance the supply chain visibility and reduces the risks of misreporting.

Furthermore, the proliferation of climate litigation and human right due diligence laws is a sign that there is a trend of human-corporate responsibility which is becoming compulsory. The partnership until the international scale and the averaged standards and the complementary judiciary will be instrumental to ensure that CSR helps in the ecological and just global developments.

10. CONCLUSION

As action, Corporate Social Responsibility and legal accountability are now considered as the backbone of the modern corporate governance. The transition into mandatory patterns demonstrates that the world does not deny the fact that the ethical behavior can no longer be placed on the corporate should. According to comparative research, although the strategy differs in the parts of Europe, where there are regulations that are stringent in comparison to the United States counter Bolster, the market of the United States is an approach of voluntarizing, there are indications that all are converging.

CSR must move more towards becoming a real possibility in an increasingly globalized economy, where supply chains are interdependent and ecological concerns such as those drive the emergence of the CSR concept. The law being accountable to entails making corporations accountable to the effect of types of action they take towards the communities/society and CSR is what provides the ethical direction in which corporations act responsibly. All of them are the

building blocks of a sustainable international business environment that will balance a profit mindset and social justice, environmental responsibility and human dignity.

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