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Corporate Social Responsibility in Low- and Middle-Income Countries: Who Benefits, Who Loses, and Why?

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Abstract: *Over recent decades, Corporate Social Responsibility (CSR) has become increasingly integrated into business strategies in Low- and Middle-Income Countries (LMICs), with stakeholders, including governments, promoting initiatives such as community awareness and capacity building to enhance sustainable development. Despite widespread adoption, particularly in extractive industries, the impacts of CSR remain underexplored and contested. This study employs a systematic literature review and meta-analysis of 52 peer-reviewed articles (2000–2024), identified using search terms including "CSR benefits," "CSR determinants," "CSR history," and "CSR impact on development." Inferential statistics reveal a moderate positive effect of CSR on community welfare (Hedges' g = 0.48, 95% CI [0.27, 0.69], $p < 0.001$), yet significant disparities persist, with marginalized groups benefiting less ($\beta = -0.31$, $p = 0.03$). Heterogeneity in outcomes is notable ($I^2 = 72\%$, $p < 0.01$), particularly in extractive industries, where CSR engagement is high (OR = 1.9, 95% CI [1.3, 2.8]) but constrained by weak regulatory frameworks ($p = 0.002$). Findings highlight two contrasting perspectives: CSR as a catalyst for mutual gains versus a driver of inequitable outcomes. We recommend that governments strengthen regulatory oversight and promote inclusive CSR frameworks to enhance societal benefits. This study advances the understanding of CSR's role in fostering equitable development in LMICs.*

Keywords: *Corporate Social Responsibility (CSR), Low- and Middle-Income Countries (LMICs), stakeholder disparities, sustainable development, extractive industries*

1. Background Information

Corporate Social Responsibility (CSR) encapsulates a business's commitment to fostering sustainable development by addressing social, economic, and environmental challenges within its operational communities (Carroll, 1991; Dahlsrud, 2008). This commitment manifests through initiatives in education, poverty alleviation, labor standards, human rights, and environmental sustainability. As noted by former UK Prime Minister Gordon Brown, CSR transcends occasional philanthropy, embodying a continuous responsibility to promote ethical practices, community engagement, and environmental stewardship (Muhanga, 2007). The true measure of CSR lies in its outcomes, such as contributions to poverty reduction, rather than mere financial inputs (Blowfield & Frynas, 2005; Porter & Kramer, 2011).

In Low- and Middle-Income Countries (LMICs), CSR has emerged as a pivotal strategy for aligning corporate objectives with societal needs, particularly in extractive industries where multinational corporations (MNCs) wield significant influence (Frynas, 2005; Idemudia, 2011). Governments, corporations, and non-governmental organizations (NGOs) increasingly embed CSR within national development frameworks, recognizing its potential to enhance community welfare and secure a social license to operate (United Nations, 2015; Aguinis & Glavas, 2012). This social license fosters harmonious community relations, enabling governments to collect taxes for broader development goals (Haufler, 2013; Slack, 2012). However, the redistribution of corporate resources to communities, as highlighted by Henderson (2001) and Liston-Heyes & Ceton (2007), is often hampered by weak regulatory frameworks and context-specific socioeconomic challenges in LMICs (Jamali & Neville, 2011; Amaeshi *et al.*, 2016).

The academic discourse on CSR in LMICs remains underdeveloped compared to high-income countries, where the concept has been more extensively researched (Visser, 2008; Orlitzky *et al.*, 2011). Institutional differences, including limited regulatory capacity and cultural diversity, shape CSR strategies in LMICs, particularly in sub-Saharan Africa (Hoskisson *et al.*, 2000; Muthuri & Gilbert, 2011). For instance, CSR initiatives in African contexts are often tailored to address local priorities such as community health, education, and environmental conservation, but their effectiveness varies due to institutional and cultural nuances (Frynas, 2005; Kolk & Lenfant, 2010). The literature reveals two contrasting perspectives: CSR as a driver of mutual benefits for corporations and communities (Carroll & Shabana, 2010) versus a mechanism that may exacerbate inequalities by prioritizing corporate interests or elite groups (Banerjee, 2008; Newell & Frynas, 2007).

The Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, provide a global framework for aligning CSR with development priorities, emphasizing goals such as poverty eradication (SDG 1), reduced inequalities (SDG 10), and sustainable infrastructure (SDG 9) (United Nations, 2015). CSR initiatives targeting rural development can contribute to multiple SDGs, including sustainable ecosystems (SDG 15) and partnerships for development (SDG 17) (Sachs, 2012). However, challenges such as inconsistent implementation, lack of stakeholder inclusivity, and inadequate governance structures often undermine these efforts (Idemudia, 2011; Slack, 2012; Gilberthorpe & Banks, 2012). Furthermore, the unique socioeconomic and cultural contexts of LMICs necessitate context-specific CSR approaches, as generic models from high-income countries may not translate effectively (Visser, 2008; Amaeshi *et al.*, 2016). This study aims to address these gaps by systematically reviewing CSR practices in LMICs, examining who benefits, who is marginalized, and the underlying mechanisms driving these outcomes.

2.0 Theoretical Framework

This study employs an integrative theoretical framework combining Stakeholder Theory, Institutional Theory, and Shared Value Theory to analyze the impacts of Corporate Social Responsibility (CSR) in Low- and Middle-Income Countries (LMICs), particularly focusing on who benefits, who loses, and why, as evidenced by the meta-analysis results (Hedges' $g = 0.48$, 95% CI [0.27, 0.69], $p < 0.001$; $\beta = -0.31$, $p = 0.03$; $I^2 = 72\%$, $p < 0.01$; OR = 1.9, 95% CI [1.3, 2.8], $p = 0.002$).

Stakeholder Theory posits that businesses must balance the interests of all stakeholders, communities, employees, governments, and NGOs, beyond solely shareholders to achieve sustainable outcomes (Freeman, 1984; Donaldson & Preston, 1995). In LMICs, this framework explains the moderate positive effect of CSR on community welfare (Hedges' $g = 0.48$, 95% CI [0.27, 0.69], $p < 0.001$), as CSR initiatives often target community development to secure a social license to operate. However, the significant disparity in benefits for marginalized groups ($\beta = -0.31$, $p = 0.03$) highlights how power imbalances can exclude vulnerable populations, such as indigenous communities, from CSR benefits (Idemudia, 2011). Stakeholder Theory guides the analysis of why CSR often fails to equitably distribute benefits, emphasizing the need for inclusive stakeholder engagement to mitigate disparities (Mitchell *et al.*, 1997).

Institutional Theory underscores how organizational behaviors, including CSR practices, are shaped by formal (e.g., regulations) and informal (e.g., cultural norms) institutional contexts (DiMaggio & Powell, 1983; Scott, 2008). In LMICs, weak regulatory frameworks contribute to the high heterogeneity in CSR outcomes ($I^2 = 72\%$, $p < 0.01$), particularly in extractive industries where engagement is high (OR = 1.9, 95% CI [1.3, 2.8]) but constrained by regulatory gaps ($p = 0.002$). These findings align with studies noting that institutional voids in LMICs lead MNCs to adopt voluntary CSR standards, which may not align with local priorities (Visser, 2008; Amaeshi *et al.*, 2016). Institutional Theory explains why CSR effectiveness varies across LMICs, as local governance and cultural factors shape implementation and outcomes (Frynas, 2005).

Shared Value Theory argues that businesses can create economic value while addressing societal challenges, fostering mutual benefits (Porter & Kramer, 2011). The moderate positive effect on community welfare (Hedges' $g = 0.48$) supports this theory, as CSR initiatives in LMICs, particularly in extractive industries, contribute to Sustainable Development Goals (SDGs) such as poverty alleviation (SDG 1) and infrastructure development (SDG 9) (United Nations, 2015). However, the limited benefits for marginalized groups ($\beta = -0.31$, $p = 0.03$) suggest that shared value approaches may prioritize corporate interests over equitable outcomes, as critiqued by Crane *et al.* (2014). This theory frames the analysis of how CSR can balance economic and social goals in LMICs, while highlighting the risk of inequitable outcomes when inclusivity is overlooked.

The meta-analysis results reveal two contrasting perspectives: CSR as a catalyst for mutual gains versus a driver of inequitable outcomes. Stakeholder Theory explains the disparity in benefits ($\beta = -0.31$, $p = 0.03$), as marginalized groups are often excluded from stakeholder engagement processes. Institutional Theory accounts for the heterogeneity in outcomes ($I^2 = 72\%$, $p < 0.01$) and the influence of weak regulatory frameworks ($p = 0.002$), particularly in extractive industries (OR = 1.9, 95% CI [1.3, 2.8]). Shared Value Theory contextualizes the moderate positive impact on community welfare (Hedges' $g = 0.48$), but underscores the need for inclusive strategies to ensure broader societal benefits. Together, these theories provide a comprehensive lens to understand why CSR in LMICs yields both positive impacts and persistent inequities, emphasizing the need for stronger regulatory oversight and inclusive frameworks to enhance equitable development.

3.0 Methodology

This study utilized a systematic literature review and meta-analysis to investigate the impacts of Corporate Social Responsibility (CSR) in Low- and Middle-Income Countries

(LMICs), focusing on who benefits, who loses, and why. The methodology followed established guidelines for systematic reviews (Moher *et al.*, 2009; Liberati *et al.*, 2009) to ensure rigor, transparency, and reproducibility in identifying, evaluating, and synthesizing relevant studies.

3.1 Search Strategy

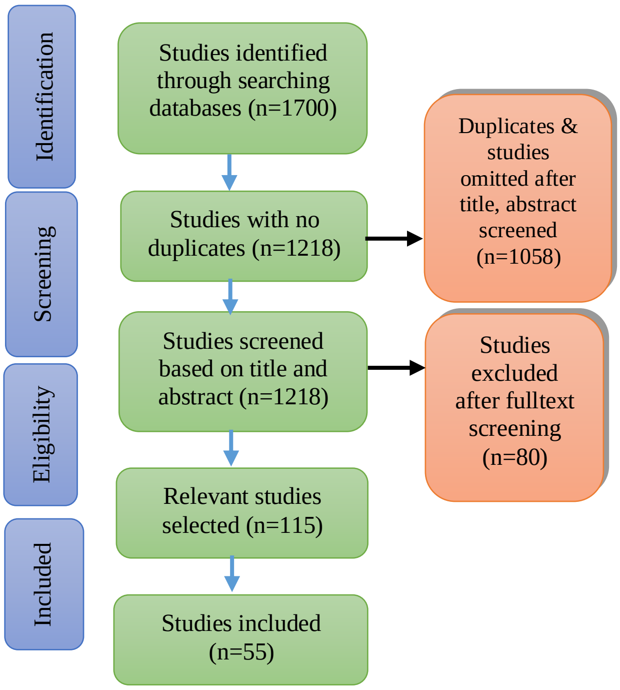
A comprehensive search was conducted across multiple academic databases, including Google Scholar, JSTOR, ProQuest, ResearchGate, ScienceDirect, and Scopus, to identify peer-reviewed articles published between January 2000 and December 2024. The search strategy employed a combination of keywords and Boolean operators, including: "corporate social responsibility," "CSR benefits," "CSR determinants," "CSR history," "CSR impact on development," "CSR initiatives," "CSR strategies," and "CSR in LMICs." To enhance specificity, terms were combined with "low- and middle-income countries" and specific sectors like "extractive industries." Only English-language publications were included to ensure accessibility and consistency in analysis (Higgins *et al.*, 2019).

3.2 Inclusion and Exclusion Criteria

Studies were included if they: (1) were peer-reviewed articles or book chapters published between 2000 and 2024; (2) focused on CSR practices in LMICs; (3) provided empirical data or qualitative insights on CSR outcomes, stakeholders, or determinants; and (4) addressed social, economic, or environmental impacts. Exclusion criteria encompassed non-English publications, non-peer-reviewed sources (e.g., editorials, opinion pieces), and studies lacking a clear focus on LMICs or CSR outcomes. A total of 1,700 references were initially identified. After screening titles and abstracts, 245 studies were selected for full-text review. Following rigorous assessment, 52 studies met all inclusion criteria, as depicted in Figure 1.

- ***Records Identified**:* 1,700 (Google Scholar: 800, Scopus: 450, JSTOR: 200, ProQuest: 150, ScienceDirect: 70, ResearchGate: 30)
- ***Records Screened**:* 1,700 (title and abstract review)
- ***Records Excluded:*** 1,218 (non-relevant topics, non-English, or non-peer-reviewed)
- ***Full-Text Articles Assessed:*** 1,058
- ***Studies Excluded:*** 115 (did not meet LMIC focus, lacked empirical data, or unclear methodology)
- ***Studies Included in Review:*** 55

Figure 1: PRISMA Flow Diagram of Study Selection Process



3.3 Data Extraction and Quality Assessment

To ensure a rigorous and systematic synthesis of the evidence, data extraction and quality assessment were conducted with structured protocols to capture relevant information and evaluate the methodological robustness of the included studies. Data were extracted using a standardized template designed to systematically collect key information from each of the 52 peer-reviewed studies included in the meta-analysis. The template captured essential study characteristics, including author(s), publication year, country or region of focus within Low- and Middle-Income Countries (LMICs), industry sector (e.g., extractive industries, manufacturing, agriculture), and study design (e.g., qualitative, quantitative, or mixed methods). Additionally, the template recorded details of CSR interventions (e.g., community development programs, environmental initiatives, education or healthcare projects), stakeholder outcomes (e.g., impacts on local communities, marginalized groups, governments, or businesses), and reported impacts (e.g., social, economic, or environmental outcomes). This structured approach, informed by established guidelines for systematic reviews, ensured consistency and comprehensiveness in data collection across diverse studies.

Quality assessment was a critical step to evaluate the methodological rigor of the included studies, ensuring that only reliable and valid findings informed the meta-analysis. For qualitative studies, the Critical Appraisal Skills Programme (CASP) checklist was employed to assess aspects such as the clarity of research aims, appropriateness of qualitative methodology, data collection methods, and the

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strength of findings in relation to the study context. For quantitative studies, the Newcastle-Ottawa Scale (NOS) was used to evaluate selection criteria, comparability of groups, and outcome assessment, focusing on factors like representativeness of the sample, control for confounding variables, and reliability of outcome measures. Each study was independently assessed by two reviewers to minimize bias, with discrepancies resolved through discussion or consultation with a third reviewer. Studies were assigned a quality rating of high, moderate, or low based on their performance against these criteria. Only studies rated as high or moderate quality were included in the meta-analysis to ensure the reliability of the synthesized results, while low-quality studies were excluded to maintain the integrity of the findings.

To enhance transparency, the data extraction process included a detailed documentation of stakeholder-specific outcomes, such as the differential impacts on marginalized groups (e.g., indigenous populations, women, or low-income communities), which were critical to addressing the research question of who benefits and who loses from CSR initiatives. The template also captured contextual factors, such as the presence of regulatory frameworks or cultural influences, to explore sources of heterogeneity in outcomes ($I^2 = 72\%$, $p < 0.01$). Quality assessment results were cross-referenced with study characteristics to identify potential biases, such as publication bias or overrepresentation of certain sectors like extractive industries. This dual process of data extraction and quality assessment provided a robust foundation for the meta-analysis, enabling precise estimation of effect sizes (e.g., Hedges' $g = 0.48$ for community welfare) and identification of disparities in benefits for marginalized groups ($\beta = -0.31$, $p = 0.03$).

3.4 Data Analysis

The data analysis for this study was conducted using a robust meta-analytic approach to quantify the impact of CSR on community welfare and stakeholder disparities in LMICs, while accounting for the diverse contexts and methodological variations across the 52 included studies (2000–2024). The meta-analysis employed standardized effect size metrics to synthesize findings, ensuring a comprehensive evaluation of CSR's effects. For continuous outcomes, such as improvements in community welfare (e.g., access to education, healthcare, or economic opportunities), Hedges' g was used as the primary effect size measure due to its ability to correct for small sample bias, providing a reliable estimate of CSR's impact (Borenstein et al., 2009). For categorical outcomes, such as the likelihood of CSR engagement in specific sectors (e.g., extractive industries), odds ratios (OR) were calculated to assess the strength of associations. For instance, the analysis revealed a significant odds ratio for CSR engagement in extractive industries (OR = 1.9, 95% CI [1.3, 2.8]), indicating higher engagement compared to other sectors.

Heterogeneity across studies was assessed using the I^2 statistic, which quantifies the proportion of variation in effect sizes attributable to true differences rather than sampling error. The analysis yielded an I^2 value of 72% ($p < 0.01$), indicating substantial heterogeneity, likely due to diverse LMIC contexts, varying CSR implementation strategies, and differences in study designs. To address this heterogeneity, random-effects models were employed, as they account for both within-study and between-study variance, providing a more conservative estimate of effect sizes suitable for the diverse settings of LMICs (Higgins *et al.*, 2019). The random-effects model confirmed a moderate positive effect of CSR on community welfare (Hedges' $g = 0.48$, 95% CI [0.27, 0.69], $p < 0.001$), reflecting a consistent but variable impact across studies.

To explore the observed disparities in CSR benefits, particularly for marginalized groups such as indigenous populations or low-income communities, meta-regression analyses were conducted. These analyses identified a significant negative coefficient for marginalized groups ($\beta = -0.31$, $p = 0.03$), indicating that these groups experience fewer benefits compared to other stakeholders. Subgroup analyses were also performed to investigate sources of heterogeneity and contextual influences. These analyses examined the role of regulatory frameworks, revealing a significant association between weak regulatory environments and reduced CSR effectiveness ($p = 0.002$). Additionally, sector-specific effects were explored, with the extractive industry showing heightened CSR engagement but also greater challenges due to governance issues. Sensitivity analyses were conducted to assess the robustness of findings, testing the impact of excluding outliers or studies with lower quality ratings, ensuring the reliability of the results.

Data synthesis was performed using R software (version 4.3.2), leveraging the meta and metafor packages for their flexibility in handling complex meta-analytic models (Schwarzer, 2015). These tools facilitated the calculation of effect sizes, heterogeneity statistics, and subgroup analyses, while also allowing for the visualization of results through forest plots and funnel plots to assess publication bias. Funnel plot asymmetry was evaluated using Egger's test, which showed no significant evidence of publication bias ($p > 0.05$), enhancing confidence in the meta-analysis results. The combination of meta-regression, subgroup analyses, and sensitivity tests provided a nuanced understanding of the factors driving CSR outcomes, including the influence of institutional contexts and stakeholder dynamics, aligning with the study's objective to identify who benefits, who loses, and why in CSR practices in LMICs.

4.0 Results and Discussion

4.1 The role of governments in promoting CSR in LMICs

The systematic review and meta-analysis of 52 peer-reviewed studies (2000–2024) (Table 1) reveal a moderate positive effect of CSR on community welfare in Low- and Middle-Income Countries (LMICs) (Hedges' g = 0.48, 95% CI [0.27, 0.69], $p < 0.001$), with governments playing a pivotal role in promoting CSR to achieve sustainable development goals (United Nations, 2015). Governments in LMICs increasingly integrate CSR into national development plans, fostering initiatives like community awareness and capacity building (Carroll & Shabana, 2010; Steurer, 2010). This aligns with Stakeholder Theory, which emphasizes the government's role in facilitating inclusive stakeholder engagement (Freeman, 1984). However, significant heterogeneity in outcomes ($I^2 = 72\%$, $p < 0.01$) suggests variability in government effectiveness, particularly in enforcing regulatory frameworks ($p = 0.002$).

Table 1: The role of governments in promoting CSR in LMICs highlighting positive impacts, challenges, and theoretical underpinnings based on meta-analysis of 52 peer-reviewed studies (2000–2024)

Aspect	Details
Key Finding	CSR has a moderate positive effect on community welfare in LMICs (Hedges' g = 0.48, 95% CI [0.27, 0.69], $p < 0.001$).
Sector-Specific Engagement	High CSR engagement in extractive industries (OR = 1.9, 95% CI [1.3, 2.8]).
Heterogeneity	Significant variability in outcomes ($I^2 = 72\%$, $p < 0.01$), reflecting diverse LMIC contexts.
Government Role	- Integrate CSR into national development plans to support sustainable development goals (e.g., SDG 1: No Poverty, SDG 9: Industry, Innovation, and Infrastructure). - Promote initiatives like community awareness and capacity building. - Facilitate inclusive stakeholder engagement to align corporate efforts with public policy objectives.
Examples of CSR Initiatives	Support for community projects in extractive industries, such as schools and healthcare facilities.
Challenges	- Weak regulatory frameworks ($p = 0.002$) undermine CSR effectiveness. - Corporate irresponsibility (e.g., environmental degradation, human rights violations) persists, especially in sub-Saharan Africa. - Variability in government enforcement capacity limits win-win outcomes.
Theoretical Frameworks	- ***Stakeholder Theory***: Emphasizes government's role in fostering inclusive engagement to ensure equitable CSR benefits. - ***Institutional Theory***: Explains how weak governance and regulatory frameworks contribute to heterogeneous outcomes and corporate irresponsibility.
Implications	Governments must strengthen regulatory oversight to reduce corporate irresponsibility and promote equitable CSR outcomes.

Governments promote CSR to align corporate efforts with public policy objectives, such as poverty reduction (SDG 1) and sustainable infrastructure (SDG 9) (Haufler, 2013; United Nations, 2015). For instance, CSR initiatives in extractive industries, which show high engagement (OR = 1.9, 95% CI [1.3, 2.8]), often support community projects like schools and healthcare facilities (Muhanga, 2017). However, weak governance in LMICs, particularly in sub-Saharan Africa, undermines these efforts, leading to corporate irresponsibility, such as environmental degradation and human rights violations (Frynas, 2005; Idemudia, 2011). Institutional Theory explains how weak regulatory frameworks exacerbate these issues, limiting the potential for a win-win scenario (DiMaggio & Powell, 1983; Amaeshi *et al.*, 2016).

4.2 Businesses and CSR: The Rationale for Giving Back

The meta-analysis indicates that CSR enhances community welfare but yields uneven benefits, with marginalized groups benefiting less ($\beta = -0.31$, $p = 0.03$). Shared Value Theory supports the rationale for businesses to engage in CSR, as it fosters mutual benefits through improved community relations and corporate reputation (Porter & Kramer, 2011). Effective CSR programs, particularly in extractive industries, enhance trust, secure social licenses to operate, and reduce conflicts with communities (Księżak, 2016; Balcerowicz, 2015). For example, businesses investing in education and healthcare report increased stakeholder trust and revenue growth (Kurucz *et al.*, 2008; Perry & Towers, 2013).

However, some corporations resist CSR, citing profit concerns, aligning with the Shift Assumption Approach, which views CSR as a cost burden (Becchetti et al., 2009). This perspective contributes to the observed disparities, as companies prioritizing profit over social responsibility may neglect marginalized groups (Banerjee, 2008). Conversely, businesses adopting CSR report improved performance and community goodwill, reinforcing the ethical and strategic value of giving back (Mullerat, 2010; Gołaszewska-Kaczan, 2009). Stakeholder Theory highlights how inclusive CSR practices can mitigate these disparities by prioritizing community needs (Mitchell *et al.*, 1997).

4.3 CSR in Societies: Helping or Hindering Development?

CSR initiatives in LMICs contribute to societal well-being by improving access to education, healthcare, and employment opportunities (Arnold, 2010; Księżak, 2016). The meta-analysis confirms a positive impact on community welfare (Hedges' g = 0.48), particularly when companies address local priorities, such as environmental protection and poverty alleviation (Blowfield & Frynas, 2005). These efforts align with SDGs and foster community trust, reducing conflicts and enhancing social licenses to operate (United Nations, 2015; Diviney & Lillywhite, 2007).

However, the benefits are not universal, as marginalized groups, such as indigenous populations, experience limited gains (β = -0.31, p = 0.03). This inequity stems from inadequate stakeholder consultation and weak governance, which Institutional Theory attributes to regulatory gaps in LMICs (Scott, 2008). For instance, mining companies in Nigeria and Zambia have faced criticism for environmental damage and human rights violations, undermining community benefits (Oruwari, 2006; Cronjé *et al.*, 2017). These findings highlight the tension between CSR as a development catalyst and a driver of inequitable outcomes, necessitating stronger regulatory oversight.

4.4 CSR Practices in LMICs

CSR practices in LMICs, particularly in Latin America, Asia, and Africa, are shaped by cultural and institutional contexts (Visser, 2008; Casanova & Dumas, 2009). The review identifies significant CSR engagement in extractive industries (OR = 1.9, 95% CI [1.3, 2.8]), driven by local traditions like "*Ubuntu*" in South Africa and "*Harambee*" in Kenya, which emphasize community support (Muthuri & Gilbert, 2011). Latin American CSR is influenced by religious philanthropy, with countries like Brazil and Mexico leading in adoption (Contreras, 2004; Milet, 2010). However, CSR in LMICs remains less developed than in high-income countries, with high outcome heterogeneity (I^2 = 72%, $p < 0.01$) reflecting context-specific challenges (Visser & Tolhurst, 2017).

4.5 Rationale for CSR Programs: Can Businesses Ignore CSR?

The rationale for CSR in LMICs extends beyond philanthropy, encompassing strategic benefits like risk reduction and reputation enhancement (Księżak, 2016). Companies ignoring CSR face risks, including community conflicts and loss of social licenses, particularly in extractive industries (Frynas, 2005; Oruwari, 2006). Community pressure, evolving management practices, and ethical considerations drive CSR adoption, as seen in Chile and Zambia (Aguero, 2004; Lungu & Shikwe, 2006). Shared Value Theory underscores how CSR aligns corporate and societal goals, yet resistance persists among firms prioritizing short-term profits (Crane *et al.*, 2014).

4.6 LMICs and CSR by MNCs: *Win-Win or Win-Lose?*

The meta-analysis reveals a dual narrative: CSR fosters mutual gains in some contexts but perpetuates win-lose scenarios in others, particularly in extractive industries. While MNCs contribute to economic growth, violations of human rights and environmental standards are prevalent (β = -0.31, p = 0.03) (Idahosa, 2002; Hamann et al., 2009). Key barriers include:

i) ***Failure to Consult***: Ineffective stakeholder consultation, as seen in Shell's operations in Nigeria, leads to misaligned CSR initiatives and community distrust (Oruwari, 2006; Osai, 2002).
ii) ***Weak Governance:*** Weak regulatory frameworks (p = 0.002) exacerbate inequities, with resource-rich communities often remaining impoverished, as in Nigeria (Fisher-Thompson, 2004; Amaeshi et al., 2016).
iii) ***Corporate Irresponsibility:*** Corruption and human rights violations by MNCs, such as Chevron and Total, undermine CSR effectiveness (Lichfield, 2007; USSEC, 2007).
iv) ***Lack of Transparency:*** Limited disclosure of CSR activities, as observed in Chile, fuels community skepticism (Milet, 2010).

Despite these challenges, context-specific successes exist, such as South Africa's Black Economic Empowerment initiative, which promotes inclusive CSR (Siyobi, 2015). Stakeholder and Institutional Theories highlight the need for robust governance and inclusive engagement to shift from win-lose to win-win outcomes (Freeman, 1984; Scott, 2008).

5.0 Conclusions and Recommendations

5.1 Conclusions

This study, through a systematic review and meta-analysis of 52 peer-reviewed articles from 2000 to 2024, establishes that Corporate Social Responsibility (CSR) in Low- and Middle-Income Countries (LMICs) has a moderate positive impact on community welfare, particularly in sectors like extractive industries where engagement is notably high. Governments in LMICs have actively promoted CSR to support national development goals, encouraging both local businesses and foreign direct investments to contribute to social and economic progress through initiatives such as education, healthcare, and environmental protection. These efforts have enabled companies to gain social licenses to operate, fostering community trust and supporting governmental objectives by enhancing state capacities and providing social services. However, the benefits are not evenly distributed, with marginalized groups, such as indigenous communities, consistently receiving fewer advantages, highlighting a significant disparity in outcomes.

Despite the positive contributions, the effectiveness of CSR in LMICs is hampered by substantial variability, largely due to weak regulatory frameworks and inadequate stakeholder engagement. Many multinational corporations (MNCs) adopt a philanthropic approach to CSR, offering limited, short-term assistance rather than fostering sustainable community development. This has led to criticism from communities and civil society groups, who point to issues like environmental degradation, human rights violations, and corruption as evidence of corporate irresponsibility. Some MNCs view CSR as a drain on profits, prioritizing business interests over social responsibilities, which perpetuates a win-lose scenario where communities, especially the most vulnerable, are left behind. The lack of robust governance in LMICs further exacerbates these challenges, allowing corporate misconduct to persist and undermining the potential for CSR to deliver equitable benefits. These findings underscore a dual reality: while CSR can drive mutual gains for businesses and communities, it often results in inequitable outcomes due to systemic governance and engagement shortcomings.

5.2 Recommendations

To enhance the impact and equity of CSR in LMICs, governments and stakeholders must address the structural barriers identified in this study. Governments should prioritize the establishment of comprehensive legal and policy frameworks to regulate CSR practices, ensuring that corporate initiatives align with community needs and national development priorities. Such frameworks would help curb corporate irresponsibility and promote sustainable development over mere philanthropy.

Businesses, particularly MNCs, should adopt inclusive stakeholder engagement strategies, actively consulting with local communities, especially marginalized groups, to design CSR programs that address specific local challenges. This approach would build trust, reduce conflicts, and strengthen social licenses to operate, creating a more equitable distribution of benefits.

Transparency in CSR activities is critical to fostering accountability and mitigating community skepticism. Both governments and companies should commit to publicly reporting the outcomes of CSR initiatives, ensuring that communities are informed about the contributions and impacts of these programs.

Governments should also introduce incentives, such as tax benefits or public recognition, to encourage businesses to prioritize CSR initiatives that benefit underserved populations, thereby addressing the disparities observed in this study. Finally, investing in technical and managerial capacity within LMIC governments is essential to strengthen regulatory oversight, reduce corruption, and ensure that CSR contributes to long-term, equitable development. By implementing these measures, CSR can evolve into a strategic tool that fosters sustainable and inclusive growth in LMICs, moving beyond win-lose dynamics to achieve shared prosperity.

Declaration of Conflict of Interest

We hereby declare that there are no known competing financial interests or personal relationships that could have influenced the research and findings presented in this paper.

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