International Journal of Leadership and Governance (IJLG)

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International Journal of Leadership and Governance
ISSN 2789-2476
Vol.4, Issue 2, No.5 pp 49- 60, 2024

www.iprjb.org

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Article History

Received 13th April 2024

Received in Revised Form 20th May 2024

Accepted 10th June 2024

How to Cite
Muhandi, A. (2024). Corporate Social Responsibility Practices and Stakeholder Perceptions: A Cross-Cultural Analysis in Kenya. *International Journal of Leadership and Governance*, *4*(2), 49 – 60. https://doi.org/10.47604/ijlg.2695

Abstract

Purpose: The aim of the study was to analyze the corporate social responsibility practices and stakeholder perceptions: a cross-cultural analysis in Kenya.

Methodology: This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low cost advantage as compared to a field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

Findings: The study on CSR Practices and Stakeholder Perceptions in Kenya shows that locally aligned initiatives and environmental sustainability are key to positive stakeholder views. Transparent and participatory CSR approaches enhance corporate reputation and trust, despite challenges like inconsistent implementation and limited stakeholder engagement. Culturally sensitive CSR strategies are crucial for fostering sustainable business practices and favorable stakeholder perceptions in Kenya.

Unique Contribution to Theory, Practice and Policy: Stakeholder theory, institutional theory & cultural dimensions' theory may be used to anchor future studies on corporate social responsibility practices and stakeholder perceptions: a cross-cultural analysis in Kenya. Businesses should tailor their CSR strategies to align with the cultural values and expectations of stakeholders in different regions. Policymakers should advocate for regulatory frameworks that incentivize responsible business practices while considering cultural nuances to ensure effective implementation and compliance across diverse global contexts.

Keywords: *Corporate Social Responsibility Practices, Stakeholder Perceptions*

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INTRODUCTION

Stakeholder perceptions play a crucial role in shaping the strategic directions and public image of firms in developed economies. In developed economies like the USA and Japan, stakeholder perceptions are significantly shaped by corporate social responsibility (CSR) and environmental sustainability initiatives. A study indicates that 85% of American consumers expect companies to invest in sustainable practices, highlighting a trend towards environmental accountability (Smith, 2019). Similarly, in Japan, stakeholders increasingly value transparency and ethical conduct, with 70% of Japanese consumers willing to pay a premium for products from socially responsible companies (Nakamura, 2020). This shift is driven by growing awareness and regulatory frameworks that encourage corporate transparency and sustainability. These trends demonstrate how stakeholder perceptions in developed economies are evolving towards greater emphasis on ethical and sustainable business practices.

In the UK, the financial performance of companies is also closely linked to stakeholder perceptions. Research shows that companies with strong CSR reputations enjoy up to 20% higher market valuations compared to their peers (Jones, 2018). This correlation underscores the importance stakeholders place on corporate ethics and sustainability. Additionally, the increasing prevalence of environmental, social, and governance (ESG) criteria in investment decisions further reflects stakeholder priorities. These developments indicate a robust integration of stakeholder expectations with corporate performance metrics in developed economies.

In developed economies, stakeholder perceptions are increasingly shaped by a combination of corporate social responsibility (CSR), sustainability, and ethical business practices. In the USA, a significant trend has emerged where 88% of consumers are more loyal to companies that support social or environmental issues (Cone Communications, 2017). This trend is supported by the fact that companies with robust CSR programs see a 20% increase in customer satisfaction (Berman, 2019). Similarly, in Japan, the emphasis on corporate governance and transparency has led 65% of investors to consider ESG (Environmental, Social, and Governance) criteria when making investment decisions (Nishitani, 2018). These perceptions are indicative of a broader societal shift towards valuing ethical corporate behavior and sustainability, which are now seen as integral to long-term business success in developed economies.

In the UK, the trend towards integrating CSR into corporate strategy is also evident. A study found that 78% of British consumers are more likely to buy from a company with a good reputation for environmental responsibility (Robinson, 2018). Furthermore, UK companies that disclose their CSR activities enjoy higher levels of trust and loyalty from stakeholders, with a noted 15% increase in employee engagement in firms that actively promote CSR (Hancock & Szombathely, 2020). This highlights the significant impact of transparent and ethical practices on stakeholder perceptions. Additionally, regulatory frameworks, such as the UK's Companies Act, which mandates CSR reporting, reinforce the importance of ethical considerations in business operations. These developments underscore how stakeholder perceptions in developed economies are closely tied to corporate accountability and sustainable practices.

In developing economies, stakeholder perceptions are often influenced by socio-economic challenges and the need for corporate contributions to societal development. For instance, in India, 75% of stakeholders expect companies to engage in community development and poverty alleviation (Gupta, 2019). This expectation is a response to the pressing social issues and the

International Journal of Leadership and Governance
ISSN 2789-2476
Vol.4, Issue 2, No.5 pp 49- 60, 2024

pivotal role businesses play in addressing them. Similarly, in Brazil, companies that actively participate in social programs and environmental conservation projects enjoy higher trust and loyalty from stakeholders, with a 60% increase in customer retention rates (Martinez, 2020). These trends highlight the crucial role of corporate responsibility in shaping stakeholder perceptions in developing economies.

Moreover, the regulatory environment in developing economies is gradually aligning with global standards, further influencing stakeholder expectations. For example, in South Africa, mandatory CSR reporting has led to greater corporate transparency and accountability, enhancing stakeholder trust (Khuzwayo, 2018). This shift is indicative of a broader trend where stakeholders in developing economies increasingly prioritize ethical and transparent business practices. Consequently, companies that proactively address social and environmental issues are likely to gain a competitive edge by aligning with stakeholder values and expectations.

In developing economies, stakeholder perceptions are profoundly influenced by the social and economic contributions of corporations, particularly in addressing local challenges. In India, for example, 78% of stakeholders believe that companies should engage in community development and environmental sustainability initiatives (Singh & Agarwal, 2018). This is reflected in the growing emphasis on CSR activities such as education, healthcare, and rural development, which have become critical for corporate reputation and stakeholder trust. Companies that invest in these areas often see improved customer loyalty and employee satisfaction, demonstrating the tangible benefits of aligning business operations with societal needs. Additionally, regulatory measures like the Companies Act of 2013, which mandates CSR spending for certain companies, further reinforce the importance of corporate responsibility in shaping stakeholder perceptions.

Similarly, in Brazil, stakeholder expectations are significantly shaped by environmental and social factors. Approximately 70% of Brazilian consumers prefer to purchase from companies that demonstrate strong commitments to social responsibility and environmental sustainability (Martinez & Ferreira, 2020). This is particularly relevant in a country facing significant environmental challenges, such as deforestation and biodiversity loss. Brazilian companies that actively participate in conservation efforts and community programs tend to enjoy higher levels of trust and loyalty from stakeholders. Furthermore, the increasing integration of ESG criteria in investment decisions highlights the growing importance of sustainability in the business landscape. These trends indicate that stakeholder perceptions in developing economies are closely tied to corporate efforts in addressing pressing social and environmental issues.

In Sub-Saharan Africa, stakeholder perceptions are heavily influenced by the socio-economic landscape and the need for sustainable development. A survey in Nigeria reveals that 80% of stakeholders believe that businesses should play a vital role in addressing local community issues such as education and healthcare (Okafor, 2019). This perception is driven by the high levels of poverty and inadequate public services in the region. In Kenya, stakeholder expectations are similarly high, with 65% of consumers favoring companies that invest in renewable energy and environmental conservation (Mwangi, 2020). These trends underscore the critical role of corporate involvement in societal development in shaping stakeholder perceptions in Sub-Saharan economies.

Furthermore, the rise of local and international NGOs advocating for corporate accountability is reshaping stakeholder perceptions in the region. In Ghana, the implementation of CSR initiatives has been linked to a 15% increase in employee satisfaction and productivity, reflecting stakeholders' appreciation for responsible business practices (Mensah, 2019). This development highlights the growing influence of ethical business conduct on stakeholder perceptions. Overall, companies in Sub-Saharan Africa that commit to social and environmental responsibilities are more likely to foster positive stakeholder relationships and achieve sustainable growth.

In Kenya, environmental sustainability is a key factor influencing stakeholder perceptions. A study shows that 65% of Kenyan consumer's favor companies that invest in renewable energy and environmental conservation (Mwangi, 2020). This trend is driven by increasing awareness of environmental issues and the impact of climate change on local communities. Companies that demonstrate a commitment to sustainable practices, such as reducing carbon emissions and supporting conservation efforts, tend to enjoy higher levels of consumer trust and loyalty. Moreover, the integration of ESG criteria in business operations is becoming more prevalent, reflecting a broader trend towards sustainability in the region. These developments indicate that stakeholder perceptions in Sub-Saharan economies are closely linked to corporate efforts in promoting environmental and social well-being.

In South Africa, the emphasis on corporate transparency and governance also plays a significant role in shaping stakeholder perceptions. Research indicates that companies with strong CSR programs are viewed more favorably by stakeholders, with 70% of South African consumers preferring to engage with businesses that are transparent about their social and environmental impact (Khuzwayo, 2018). This trend is further supported by regulatory frameworks that mandate CSR reporting, promoting greater accountability and trust. Companies that actively disclose their CSR activities and demonstrate a commitment to ethical practices are likely to benefit from increased stakeholder support and improved market performance. This highlights the importance of transparency and ethical conduct in shaping positive stakeholder perceptions in Sub-Saharan economies.

In Ghana, the implementation of corporate social responsibility initiatives has led to significant improvements in stakeholder relations. A study found that CSR activities have resulted in a 15% increase in employee satisfaction and productivity, reflecting the positive impact of responsible business practices (Mensah, 2019). This underscores the growing influence of CSR on stakeholder perceptions, with businesses that prioritize social and environmental responsibilities gaining a competitive edge. Furthermore, the involvement of local and international NGOs in promoting corporate accountability has contributed to heightened awareness and expectations among stakeholders. These trends indicate that businesses in Sub-Saharan Africa that align their operations with societal needs are more likely to foster positive stakeholder relationships and achieve long-term success.

Corporate Social Responsibility (CSR) practices encompass a range of initiatives that businesses undertake to ensure their operations positively impact society and the environment. Four common CSR practices include environmental sustainability, community engagement, ethical labor practices, and transparent governance. Environmental sustainability involves efforts to reduce carbon footprints, promote recycling, and support renewable energy initiatives, which can enhance a company's reputation among environmentally conscious stakeholders (Bansal & Song, 2017). Community engagement includes activities like philanthropy, local development projects, and educational programs, which build goodwill and loyalty among local communities (Carroll, 2018).

Ethical labor practices, such as ensuring fair wages and safe working conditions, improve employee satisfaction and attract socially responsible investors (Freeman & Dmytriyev, 2017).

Transparent governance is another critical CSR practice, involving clear disclosure of corporate activities and financial performance, which fosters trust and credibility with stakeholders (Eccles, Ioannou, & Serafeim, 2014). These practices collectively shape stakeholder perceptions by aligning corporate actions with societal values and expectations. For instance, companies that demonstrate strong environmental stewardship are often perceived as responsible and forward-thinking, attracting environmentally-minded consumers and investors. Similarly, businesses that actively engage with and support their communities are viewed as integral and committed societal members. Ethical labor practices enhance the company's image as a fair and just employer, while transparent governance reassures stakeholders of the company's integrity and accountability, thus building long-term trust and loyalty (Kim, 2019).

Problem Statement

Despite the widespread adoption of Corporate Social Responsibility (CSR) practices globally, there remains a significant gap in understanding how these practices are perceived by stakeholders across different cultural contexts. Companies often implement standardized CSR strategies without considering the varying expectations and values of stakeholders in different regions, leading to discrepancies in stakeholder satisfaction and engagement. Recent studies indicate that stakeholders in developed economies, such as the USA and Japan, place high importance on environmental sustainability and corporate transparency, whereas stakeholders in developing economies, like India and Brazil, prioritize community development and ethical labor practices (Freeman & Dmytriyev, 2017; Singh & Agarwal, 2018). This misalignment can result in suboptimal CSR outcomes and diminished corporate reputation in certain markets. Therefore, there is an urgent need for a cross-cultural analysis of CSR practices to better align corporate strategies with stakeholder expectations and enhance overall corporate performance and trust globally (Kim, 2019; Martinez & Ferreira, 2020).

Theoretical Framework

Stakeholder Theory

Originated by R. Edward Freeman in the 1980s, Stakeholder Theory posits that businesses should consider the interests of all stakeholders, not just shareholders, in their operations and decision-making processes. The main theme of this theory is that creating value for stakeholders—such as employees, customers, suppliers, and the community—enhances the sustainability and ethical performance of a business. This theory is highly relevant to the topic as it provides a framework for understanding how different stakeholder groups across cultures perceive and respond to CSR initiatives. By applying Stakeholder Theory, researchers can explore how diverse cultural contexts influence stakeholder expectations and evaluations of CSR practices (Hörisch, 2018).

Institutional Theory

Developed by scholars such as Paul DiMaggio and Walter Powell, Institutional Theory examines how organizational structures, practices, and behaviors are influenced by the norms, values, and rules of the institutional environment. The central theme of this theory is that companies conform to institutional pressures to gain legitimacy and acceptance within their cultural and regulatory contexts. For cross-cultural CSR analysis, Institutional Theory is crucial as it helps explain why companies adopt different CSR practices in response to varying cultural, social, and regulatory pressures across countries. This theory can shed light on the role of local institutional environments in shaping stakeholder perceptions of CSR activities (Marano & Kostova, 2016).

Cultural Dimensions Theory

Proposed by Geert Hofstede, Cultural Dimensions Theory identifies key dimensions of national cultures, such as individualism vs. collectivism and uncertainty avoidance, which influence organizational behavior and practices. The theory's main theme is that cultural differences significantly impact how people perceive and interact with organizations. In the context of CSR, this theory can help researchers analyze how cultural values and norms influence stakeholder perceptions and expectations of corporate social responsibility. By applying Cultural Dimensions Theory, researchers can better understand the cross-cultural variations in stakeholder reactions to CSR initiatives (Miska, Witt, & Stahl, 2016).

Empirical Review

Huang & Watson (2018) understood the impact of CSR practices on stakeholder perceptions in China and the USA. The study utilized a mixed-methods approach, combining quantitative surveys and qualitative interviews to gather comprehensive data. The findings revealed that Chinese stakeholders place a higher priority on community engagement initiatives, viewing them as a means to address local social issues and enhance social harmony. In contrast, American stakeholders emphasized the importance of environmental sustainability, reflecting a broader cultural focus on environmental protection and sustainable development. The study also highlighted that stakeholders in both countries perceive CSR practices as integral to corporate reputation and trust. Recommendations from the study suggest that multinational corporations should tailor their CSR strategies to align with the cultural values and expectations of stakeholders in different regions. This alignment can lead to enhanced stakeholder satisfaction and loyalty, ultimately benefiting the company's long-term success. The authors further recommend increased cultural sensitivity in the design and implementation of CSR initiatives to avoid potential cultural mismatches and maximize positive stakeholder responses.

Kim (2019) explored the influence of CSR activities on consumer trust and loyalty in South Korea and the United States. The study employed surveys and structural equation modeling to analyze the responses of consumers in both countries. Results indicated significant cultural differences in how CSR activities are perceived. South Korean consumers placed a higher value on ethical labor practices, associating them with corporate integrity and social justice. On the other hand, American consumers showed a preference for environmental sustainability initiatives, viewing them as indicators of a company's commitment to global environmental stewardship. The findings suggest that CSR strategies should be adapted to fit the cultural context to effectively build consumer trust and loyalty. The study recommends that companies operating in South Korea focus on enhancing ethical labor practices, while those in the USA should prioritize environmental sustainability efforts. Additionally, the authors highlight the importance of clear and transparent communication of CSR activities to foster trust among consumers. This cultural adaptation of CSR strategies can lead to stronger consumer relationships and increased brand loyalty.

Miska, Witt & Stahl (2016) investigated the integration of CSR in multinational enterprises (MNEs) from different cultural backgrounds. The study used qualitative interviews and case studies to gather data from MNEs operating in various cultural contexts. Findings revealed that MNEs in collectivist cultures, such as China, tend to integrate CSR more holistically into their business operations. This approach contrasts with MNEs in individualistic cultures, where CSR is often seen as an add-on or separate from core business activities. The study suggests that the collectivist emphasis on social harmony and community welfare drives a more integrated approach to CSR in these contexts. Recommendations include the need for MNEs to consider local cultural norms and values when designing and implementing CSR strategies. By doing so, they can enhance their legitimacy and acceptance within different cultural environments. The study also highlights the importance of understanding the local institutional pressures that influence CSR adoption. This understanding can help MNEs align their CSR practices with local expectations, thereby improving stakeholder perceptions and engagement.

Singh & Agarwal (2018) assessed the impact of CSR activities on stakeholder perceptions in India. The study conducted surveys with corporate employees and consumers to understand their views on CSR initiatives. Results indicated that community development projects, such as education and healthcare, significantly enhance stakeholder loyalty and trust. Stakeholders perceive these initiatives as addressing critical social issues and contributing to the well-being of the community. The study found that stakeholders value transparency in CSR activities, with clear communication of the goals and outcomes of these projects being crucial for building trust. The authors recommend that companies increase their transparency in CSR reporting to foster greater trust and engagement among stakeholders. Additionally, the study suggests that businesses should focus on CSR activities that align with local social needs and priorities. This alignment can lead to more effective CSR strategies and positive stakeholder responses. By addressing the specific social challenges faced by the community, companies can enhance their reputation and strengthen their stakeholder relationships.

Marano & Kostova (2016) analyzed CSR adoption in multinational firms across various institutional environments. The study utilized secondary data analysis to examine how institutional pressures influence CSR practices in different countries. Findings revealed that firms in countries with strong regulatory frameworks are more likely to adopt comprehensive CSR practices. These regulatory environments create pressures for firms to conform to social and environmental standards, thereby enhancing their CSR activities. The study also found that firms operating in countries with high levels of corruption and weak regulatory enforcement tend to have less developed CSR practices. The authors recommend that multinational firms align their CSR strategies with local regulatory standards to gain legitimacy and acceptance. This alignment can also help firms navigate the complex institutional landscapes they operate in. The study highlights the importance of understanding local institutional contexts in designing effective CSR strategies. By considering these contexts, firms can enhance their CSR practices and improve stakeholder perceptions.

Hörisch (2018) investigated the integration of environmental sustainability and CSR in European firms. The study used a comparative case study approach to analyze the sustainability practices of firms in different European countries. Findings indicated that firms integrating sustainability into their core business strategies gained higher stakeholder approval and trust. Stakeholders perceived these firms as more committed to long-term environmental goals and ethical business practices. The study suggests that integrating sustainability into value creation processes can enhance corporate reputation and stakeholder engagement. Recommendations include that firms should focus on embedding sustainability into their strategic planning and operations. This approach can help firms meet the growing expectations of stakeholders for responsible and sustainable business practices. The study also highlights the importance of transparent communication of sustainability efforts to build trust and credibility. By doing so, firms can strengthen their relationships with stakeholders and achieve long-term success.

Martinez & Ferreira (2020) examined consumer behavior in response to CSR practices in Brazil. The study employed surveys and regression analysis to understand how CSR activities influence consumer perceptions and behaviors. Results indicated that Brazilian consumers show a strong preference for companies with social responsibility initiatives, particularly those focused on community development and social welfare. These initiatives are seen as addressing critical social issues and contributing to the well-being of the community. The study found that consumers who perceive companies as socially responsible are more likely to exhibit loyalty and positive word-of-mouth behavior. Recommendations include that businesses in Brazil should prioritize social and community-based CSR activities to enhance consumer trust and loyalty. The study also suggests that companies should clearly communicate their CSR efforts to build credibility and trust among consumers.

METHODOLOGY

This study adopted a desk methodology. A desk study research design is commonly known as secondary data collection. This is basically collecting data from existing resources preferably because of its low-cost advantage as compared to field research. Our current study looked into already published studies and reports as the data was easily accessed through online journals and libraries.

FINDINGS

The results were analyzed into various research gap categories that is conceptual, contextual and methodological gaps

Conceptual Gaps: While studies like those by Kim (2019) and Singh & Agarwal (2018) explore stakeholder perceptions in specific cultural contexts, there remains a gap in integrating multiple theoretical perspectives. Future research could benefit from integrating Stakeholder Theory with Institutional Theory to explore how institutional pressures influence stakeholder perceptions of CSR. Most studies provide snapshot insights into stakeholder perceptions at a specific point in time. Longitudinal studies could provide deeper insights into how stakeholder perceptions of CSR practices evolve over time within changing cultural and institutional contexts.

Contextual Gaps: While studies have explored CSR practices in countries like India (Singh & Agarwal, 2018) and Brazil (Martinez & Ferreira, 2020), there is a need for more studies in other emerging economies. For example, research on CSR practices in African countries or Southeast Asian nations could provide valuable insights into unique cultural dynamics and their impact on stakeholder perceptions. Many studies focus on broad CSR practices across industries. Future research could delve into specific industries (e.g., technology, healthcare) to understand how CSR perceptions vary within sectors characterized by different stakeholder expectations and regulatory environments.

Geographical Gaps: While studies like Huang & Watson (2018) compare stakeholder perceptions between China and the USA, there is a scarcity of studies comparing CSR practices across multiple continents. Research comparing perceptions in regions such as Europe, Africa, and Latin America could highlight regional differences in CSR priorities and effectiveness. Existing studies primarily focus on multinational enterprises (MNEs). Research focusing on SMEs could provide insights into how these smaller entities navigate CSR challenges and opportunities within diverse cultural and institutional contexts.

CONCLUSION AND RECOMMENDATIONS

Conclusions

The cross-cultural analysis of Corporate Social Responsibility (CSR) practices and stakeholder perceptions provides a comprehensive view of how CSR initiatives are understood and valued across different cultural settings. This research highlights the intricate interplay between CSR strategies and stakeholder expectations in diverse global contexts. Across cultures, stakeholders' perceptions of CSR are shaped by varying social, economic, and ethical frameworks. Understanding these cultural nuances is crucial for companies aiming to effectively engage with stakeholders and build sustainable relationships. For instance, in some cultures, CSR may be viewed primarily through the lens of community impact and social welfare, while in others, environmental stewardship and ethical business practices might be prioritized.

The study underscores the importance of aligning CSR activities with local cultural values to enhance their relevance and impact. By doing so, companies can foster greater trust and credibility among stakeholders, leading to enhanced organizational reputation and long-term sustainability. Furthermore, a culturally sensitive approach to CSR not only strengthens corporate legitimacy but also contributes positively to societal development and global business practices.

In conclusion, the cross-cultural analysis of CSR practices and stakeholder perceptions emphasizes the need for companies to tailor their CSR strategies thoughtfully, considering the unique cultural contexts in which they operate. This approach not only enhances stakeholder satisfaction and support but also reinforces the role of CSR as a driver of positive social change on a global scale.

Recommendations

Theory

Future research should aim to integrate various theoretical frameworks such as Stakeholder Theory, Institutional Theory, and Cultural Dimensions Theory. This integration will provide a more comprehensive understanding of how CSR practices influence stakeholder perceptions across different cultural contexts. By synthesizing these theories, researchers can develop a unified framework that explains the complex interplay between CSR initiatives, cultural values, and institutional pressures. Conducting longitudinal studies can contribute significantly to theory by examining how stakeholder perceptions of CSR evolve over time. Long-term research can capture changes in societal norms, regulatory landscapes, and corporate practices, providing insights into the sustainability and long-term impact of CSR strategies. This approach will enhance our theoretical understanding of CSR dynamics and help identify effective strategies for maintaining stakeholder trust and engagement over time.

Practice

Businesses should tailor their CSR strategies to align with the cultural values and expectations of stakeholders in different regions. By recognizing cultural diversity and incorporating local insights, companies can enhance the relevance and effectiveness of their CSR efforts, thereby fostering stronger stakeholder relationships and increasing societal impact. Improving transparency in CSR reporting and communication is crucial for building trust among stakeholders. Clear and honest communication about CSR goals, activities, and outcomes, as highlighted by Singh & Agarwal (2018), helps mitigate skepticism and reinforces corporate credibility. Businesses should adopt transparent reporting practices that provide stakeholders with accurate and accessible information, demonstrating accountability and reinforcing their commitment to CSR principles.

Policy

Policymakers should advocate for regulatory frameworks that incentivize responsible business practices while considering cultural nuances to ensure effective implementation and compliance across diverse global contexts. Policymakers should develop sector-specific CSR guidelines tailored to the unique challenges and opportunities faced by different industries. Research focusing on SMEs, as suggested, can provide insights into how smaller enterprises can integrate CSR into their business strategies effectively. By supporting SMEs with clear guidelines and incentives, policymakers can promote inclusive CSR practices that contribute to sustainable development and social welfare at both local and global levels.

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