



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

**The Challenge and Practices of Corporate Social Responsibility in
the Construction Industry in Ethiopia**

By

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A Thesis Submitted to college of Business and Economics at Addis Ababa University in Partial Fulfillment of the Requirements for the Degree of Masters of Science in Management.

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Declaration

I declare that this thesis entitled –**“The challenge and practices of corporate social responsibility in the construction industry in Ethiopia”** is the initial work of mine. This thesis has not been applied to any other institution and is not submitted to any other degree at the same time, and all origins of content used for the thesis have been properly cited.

Abstract

This research explores the current practice and challenge of the construction industry in Ethiopian. Mixed type of research is conducted to meet the intended purpose of the thesis. Primary and secondary data was collected from concerned body and selected contractor and consultant companies. The primary data is collected by semi-structured interview and questionnaire and the data is analyzed using SPSS. Secondary data is collected from published and unpublished source. The reliability measure of the questionnaire is checked by using Crobach's alpha coefficient method. This study assesses CSR practice from four dimensions of employee, environment, community and stakeholder oriented practice. The finding of this research shows the understanding of the concept of CSR is very limited. The motive of the company to engage in CSR activities are mostly tilted to in order to build good public image and for marketing and advertising strategy. In general, construction companies relatively show good participation in employee and stakeholder oriented and it needs a lot of engagement in environmental and social oriented CSR practice. Lack of clear CSR guideline, lack of government regulation and incentives, absence of media and public coverage and lack of customer pressure are the most critical challenges that are found from this research. Finally, based on the result and discussion this thesis gives conclusion, on CSR motivations, practices, dimensions and major challenges, and it gives recommendation to stakeholders and regulatory bodies in order to improve CSR practices in Ethiopian construction industry. It also gives highlight for future studies.

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List of abbreviation

CSR- Corporate Social Responsibility

CR- Corporate Responsibility

EAL- Ethiopian Air Lines

FDRE- Federal Democratic Republic of Ethiopia

EIA- Environmental Impact Assessment

GC – General Contractor

ILO- International Labor Organization

IMF: International Monetary Fund

ISO- International Quality Standard Organization

ISO26000- the designation/ guide line/ the future international standard giving guidance on social responsibility

MIDROC- Mohammed International Development Research and Organization Companies

MNCs- Multi-National Companies

MOUD- Ministry of Urban and Development

NGO- Non- Governmental Organization

PR- Public Relation

SME- Small and Medium Enterprise

SPSS- Statistical Package for Social Science

UNDP: United Nations Development Program

WBCSD- World Business Council for Sustainable Development

WRI- World Resource Institute

ZTE- Zhong Xing Telecommunication Equipment

CHAPTER ONE

1. INTRODUCTION

1.1. Background

Corporate Social Responsibility (CSR) is an idea that urges companies to take care of society's needs by taking responsibility for the effect of the actions of the company on consumers, employees, owners, societies and the community in all facets of their operations, and this duty is seen to extend beyond the statutory/legal obligation to complete (David, 2008).

CSR is a way of thinking that business companies presume the benefit of society by assuming responsibility for the effect on consumers, suppliers, employees, owners, societies and other stakeholders of their operations. The main idea behind CSR is the triple bottom line principle that implies businesses should not only serve as economic, but also social and environmental ends (Ayokunle, Amos, Olalekan & Temitope, 2019).

CSR concept widely embraced different sectors like financial sector, trade and retail sector and the extractive sectors. Construction is one of these sectors, whose activities affect the society negatively. Construction has been able to offer a wide range of significant benefits to human development, it is also often viewed as an industry which is dangerous, environmentally damaging and one that can impact negatively on communities. These are all impacts which are notable aspects of CSR and understanding them more clearly could help the industry to reduce its negative impacts and provide even greater benefits to future development (James, 2012).

Construction companies and their projects face a critical challenge of understanding the strategic importance of CSR and benefits associated with its implementation at both organizational and project levels (Francis & Andrew, 2019). Due to the major impact of construction activities on the economy, environment and society, CSR in the

construction industry is currently receiving increasing academic and industrial attention (Loosemore, 2016).

The construction industry is an important sector in Ethiopia, but there is limited research available that assesses the practice and barriers to CSR in the construction projects in the country. Therefore, the aim of this study is to reveal the practice and challenge of CSR in the construction sector.

1.2. Statement of the problem

CSR is currently still in its early stage in developing countries especially in Africa including Ethiopia. Most of the time, it is implemented by non-governmental organizations and multi-national companies (MNCs) that have an effect on social and environmental on local communities (KleinJohann, Guang & Hermann, 2013).

Most of the time private sector in Ethiopian concerned with economic survival rather thinking in terms of CSR and their participation in CSR activities are very limited. For the Ethiopian government, Quality production is in the first-place business that contributes to growth sustainability and survival, although it is recognized that environmental and social values need to take into account (Robertson, 2009).

Ethiopia does have a number of regulatory and policy initiatives in place, which indirectly concern CSR. These include: proclamations and policies related to consumers, environmental issues, labor and social issues are among others (Fantaye, 2018).

It is a well-known fact that the construction industry has been blamed for exploitation of natural resources (Barthorpe, 2010). Companies operating within the industry need to undertake variety of CSR issues like the character and standing of employment, environmental concerns, and relationships with communities and ethical business processes (Barthorpe, 2010). Yet, many companies in this industry are having a limitation in integrating their social, ethical, and environmental concerns into their business operations and stakeholder interactions. This is particularly true for the Ethiopia construction industry (Fantaye, 2018).

CSR can be also an act of taking corrective measures for recognized negative consequences on the environment, individual citizens and society which are caused by business fallouts Moreover, (William, 2009) mentioned that, CSR standards are related with many aspects of life such as human rights, treatment of labor, the environment, consumer protection, health, fighting corruption and transparency (Abrham , 2018)

There are different researches conducted on CSR concept related to different industries in Ethiopia and some of them are listed as follow. Zegeye (2013), studied on Ethiopia floriculture industry, Mezgebo (2013) and Abebe also studied on Ethiopian sugar industry, Tilahun (2014) studied on Deshen brewery factory”, Tesfaye (2015) conduct on Ethiopia hospitality industry and Nigatu (2015) worked on Ethiopian leather and footwear industry.

Unlike other industries, practice of CSR in construction industry is not studied in Ethiopia context. Therefore, this research was aimed to full fill the gap in the concept of the current CSR practice and challenges faced in the construction industry of Ethiopia.

1.3. Research questions

The study deals with the following research questions:

1. How do the construction industries in Ethiopia understand the concept of Corporate Social Responsibility (CSR)?
2. How do the companies practice CSR programs?
3. What Corporate Social Responsibility (CSR) activities are involved?
4. What factors motivate the construction industry to undertake corporate social responsibility (CSR)?
5. What are the challenges that the construction industries face in exercising corporate social responsibility (CSR)?

1.4. Research objectives

1.4.1 General objectives

The general objective of this research is to examine the current practice of corporate social responsibility and to identify the major challenges of practicing Corporate Social Responsibility in the Ethiopian industry.

1.4.2 Specific objective

Specific objectives of this study are:

1. To investigate how the construction industry understand the concept of corporate social responsibility (CSR).
2. To identify the various corporate social responsibility (CSR) practices in the construction industry.
3. To identify what Corporate Social Responsibility activities are involved.
4. To examine factors that motivates the construction industry to undertake corporate social responsibility (CSR) activities.
5. To determine the major challenges for construction industry to practice Corporate Social Responsibility (CSR).

1.5. Significance of the study

The motivation to undertake this study is basically premised on the belief that the output from the research will help to understand the concept of CSR and its practice in construction industry in Ethiopia. It is expected that the outcomes of this study could provide a better understanding on how to successfully integrate CSR into the business strategies of Ethiopian construction industry. Since, there is limited research in this area; this research will fill the gap in creating awareness on the practice and challenges in the construction industry of Ethiopia.

The findings, conclusions, and recommendations that will be drawn from this research will be used by the concerned bodies in the enhancement of CSR. Therefore, this particular paper will assist policy makers and authorities in making decisions. Moreover, the study can give a kind of instruments of creating new approach to enhance the participation of construction companies in corporate social responsibility in Ethiopia. The factors which affect the participation of construction industry in CSR will be clearly investigated and identified by this study. Practitioners would gain from this research many thoughts for action plan of their duties, implementation of policy and practice as well, in particularly on the area of developmental programs of the communities in the range of corporate social responsibility. And lastly, it will help as spring board for future research and can be used as benchmark for other studies related to CSR and construction.

1.6. Scope of the study

This study centered on construction industry operations in Addis Ababa in the main core areas of CSR and the respective key stakeholders of the construction company (employees, market place/suppliers and clients, climate and community). This study only focuses on the practice and challenge of CSR in GC1 (contractor and consultant) in Addis Ababa city. Addis Ababa was chosen because the majority of construction firms are based in the city where numerous construction operations are dominated. Another limitation of the study is, it relies on response from managers of the company and it does not include any respondent from inside the company and outside respondent (community, customer, supplier and other stockholders). Therefore, when interpreting the research outcome, the variety and limitations should be taken into account.

1.7. Organization of the study

This research organized in five chapters and each chapter has been divided in different sub topics. The first chapter is overall introduction of the study. It contain problem statement, research questions, objective, significance of the study and scope of the study and organization of the thesis report. Chapter two dealt with the review of related literature which was more explaining of the idea of corporate social responsibility, with a theoretical validation of the study as well. Chapter three talk about research methodology and procedures. This chapter provides the research area, population, determination of sample size and sampling style, data sources and data collection processes, data processing techniques, and calculation of reliability, including validity procedures. Chapter four deals with consequence analysis and interpretation based on data gathered. In the final chapter which is chapter five conclusion and recommendations are made based on the result found from chapter four. This chapter also highlights and suggests areas for further study.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 . Introduction to CSR

There are several definitions of corporate social responsibility and there is different term used for it. Corporate accountability, corporate sustainability, corporate governance, corporate citizenship, and business ethics are among the term used to describe CSR. CSR is a concept and method that is diverse and constantly changing concept. It has not been accepted in principle and seems to have an unlimited number of definitions.

Loew, Ankele, Braun, and Clausen (2004) defined CSR as “The principle that business should contribute to the welfare of society and not be solely devoted to maximizing profits.” This definition means that the highest priority of management should not only be increasing the profits but at the same time, and with the same consideration, the dedication to support the society in which they operate business.

In line with Davis (1973: 312) defined as “the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social and environmental benefits alongside the conventional economic gains which the firm seeks”.

On the other hand, Crowther and Aras (2004) strongly argued that the central tent of social responsibility is the social contract between all the stakeholders to society, which is an essential requirement of civil society. Moreover, they concluded that Social responsibility also requires a responsibility towards the future members of society. They also developed three basic principles which together comprise all CSR activity. These principles include sustainability, accountability and transparency, which will be seen the detail in the next portion.

Commissions of the European Communities in (2001:366) CSR is described as: "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". World Business Council for sustainable Development (WBCSD) defines as "the willingness of organizations to contribute to sustainable economic growth, to work with workers, their families and local community."

In line with Davis (1973), CSR refers to the concern and response of organizations to issues beyond the organization's narrow economic, technical, and legal requirements. He argues that it is the duty of the organization to assess its decision-making process in such a way that the effects of its decisions on the external social system, together with the traditional economic gains the company seeks, will achieve community benefits.

Today, CSR has diverged into several different interpretations. CSR is by some users viewed as a philanthropic initiative, while other users consider it to be more of a management system for the firm.

Another very popular definition often used in CSR research is by Carrol (1979). He explains business practice as a pyramid of responsibilities with economic responsibilities at the bottom, followed by legal, and at the highest ethical, and with philanthropic responsibilities. He argues that CSR is about taking responsibility for the pyramid's top parts, as well as the economics and legal responsibilities of the firm.

According to the concept of CSR by McWilliams and Siegel (2001:117), it is "actions that appear to promote some social good, beyond the interests of the firm and what is required by law." Despite the actual fact that this definition is usually used in CSR literature, this definition has its drawbacks since it suggests that CSR actions ought to transcend the interest of the firm. It implicitly suggests that actions could not be in the interest of the firm and the social good at the same time (Bruns, 2017).

CSR is taken into account by corporations worldwide as an increasingly necessary practice, following huge corporate (ethical) scandals and company breakdowns that have surfaced among once highly reputable organizations. It appears that the more famous CSR becomes, the more misconceptions are drawn around its meaning. These

misconceptions are due to the inconsistencies in the growing academic debate around not only Corporate Social Responsibility, but also Corporate Governance and Corporate Citizenship.

Corporate Social Responsibility has turned out to be one of the most persistent “management fashions” and business key words of the last decade and it appears that CR has become a permanent fixture on the business agenda (Korathotage, 2012).

2.2. Theories of CSR

There are different classifications of CSR theories according to different literature. There is no single, unifying definition of CSR in place of this general course, its significance is debated and varies widely. However, the most widely used and more specific CSR constructs in CSR literature are:

1. Stakeholder Theory
2. Classical / Share hold /Instrumental Theory
3. The triple bottom line Theory
4. Carroll: The pyramid of corporate social responsibility Theory

2.2.1 Stakeholder Theory

According to Freeman (1984: 46), stakeholders are defined as "any group or person who is affected by or can influence the achievement of the goals of an organization." We can get a lot of individuals or groups from this description as an organization's stakeholder. These stakeholders include administrators, staff, consumers, customers, buyers, manufacturers, society as a whole, local government, the environment, and the future generation (Freeman, 1984). Corporate representatives, including workers, managers, stockholders, and unions, are the first party.

The second group consists of economic stakeholders, including sellers, consumers, marketers, borrowers, and rivals, and the third group consists of social stakeholders, including government/regulators.

A core principle of CSR has long been the ideology of customers, which tries to understand the environment and the various constituencies that management can please in order to operate the business effectively. The stakeholder theory is important in addressing questions regarding how such entities should be counted because there is a mutual relationship between an entity and its stakeholders.

The effectiveness of a company depends on how it can manage its relationships with key groups that can influence its ability to achieve its goals, such as clients, workers, vendors, communities, members, creators, and others (Freeman, 1984).

CSR today builds on a stakeholder model that has been commonly embraced by modern business organizations (Abrham, 2018). It is highly complex, however, in that stakeholders differ as the sense of reference varies for the business. This view underlines the relevance of inter-stakeholder partnerships, which provide a dynamic network of interactions rather than just a set of ties between stakeholders and the organization (Lorraine, 2009).

Table 2-1: Categorization of Stakeholders

Stakeholder Group	Typical stakeholder
Organizational stakeholders	Employee, Managers, Stockholders, Unions
Economic stakeholders	Suppliers, Customers, Distributor, Creditors, Competitors
Societal stakeholders	Government/Regulators, Communities, Nonprofits and NGOs, Environments

Source: Freeman (1984).

2.2.2 Classical / Share hold /Instrumental Theory

By social activities, this principle focuses on reaching economic targets. The fundamental solution to this theory is to optimize the profit of the shareholder, which is the social responsibility of the company. Therefore, societal activities must be seen as a political benefit and as a marketing device (Garriga and Mele 2004; Branco and Rodriguse, 2007).

The organization's classical perspective has pure profit-making views (supported by Carr's, 1968) and, according to Lantos, minimal profit-making views, as cited in Branco and Rodriguse (2007) (supported by Friedman, 1970s). According to Carr, deception is likely to be a critical part of a plan to be competitive in industry, and business people can therefore not continue to be motivated by ethics as formulated in private life. Thus, for Carr, as long as it remains under the rules of the game constitutionally set down by statute, without reference to anything but its advantage; a company has the moral right to mold its strategy. Unlike this Friedman, they do not engage in illusion and deception (1998). He maintained that the aim of the corporation was to make profit for the shareholders. The primary responsibility of the organization is to use its resources to invest in the activities necessary for profit enhancement. Since managers are the servants of the owners, they are responsible for doing business in compliance with their expectations

2.2.3 The Triple (P) Bottom Line

The “traditional” bottom line refers to financial success only, measurable by changes in market share, growth, and profits (Pinkston and Carroll, 1996). As traditional bottom-line accounting considers only purely internal factors in its profit-and-loss statement, it ignores costs arising from corporate activity externalized outside the corporation.

Theoretically, externalities may be negative or positive. Christia (1993), stated that, the traditional bottom line measures corporate success by accounting for the whole benefit it derives from its business activity, while negative side-effects are only partly borne by the corporation, and therefore the rest is imposed on society at large. Ideas for internalizing the “social costs” (as opposed to private costs) in corporations include principles like the “polluter pays”, where firms are held liable for costs and measures taken for environmental recovery (Crowther, 2004).

The problem of externalities was at first limited to the environment and pollution in general perception (Christina, 1993). Due to this, it is the area negative by products and detrimental effects of industrial activity as societal costs are most visible in, (Christina,

1993: 72) but suggestions for a different way of accounting and measuring profits in a more comprehensive way have since then been developed to also include both dimensions social and environmental of profits and losses. Therefore, according to Marrewijk (2003) the “Triple Bottom Line” encompasses three areas of profit-and-loss evaluation, instead of just one in the sense of the traditional bottom line (Profits, People, Planet). Consequently, this triple bottom line explicitly shows that the pursuit of income is an essential aspect of the bottom line, however, in the meantime, environmental and social issues are underestimated, but equally important, the company as a "value-creating entity" is not committed solely to producing economic value, but can aim for value-creation for human beings inside and beyond the business, as well as for the natural world (Christia, 1993). Graafland, Kaptein, Mathereeuw & Van der Duijn Schouten (2004) put it more negatively, to “prosper over the long term, a corporation must continuously meet society’s needs for goods and services, without destroying natural or social capital”. The three triple bottom line stated in the above are describe under the following table

Table 2-2: Grouping stakeholders (3ps)

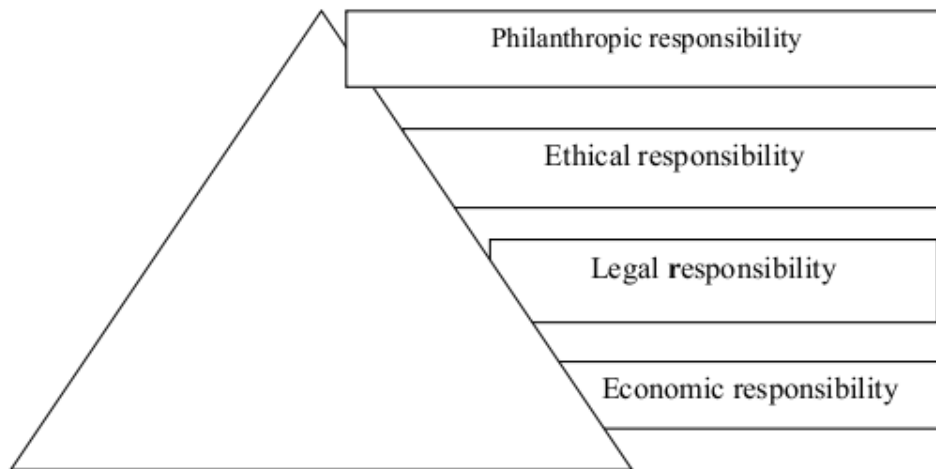
People	Planet	Profit
Management Employees Neighbors Clients Competitors	Environment Future Generations Animals	Shareholders Clients Banks

2.2.4 Carroll: the pyramid of corporate social responsibility

The four-dimensional CSR model was generated by Carroll (1991) in the earliest step and defined each four-dimensional CSR model. For a long period of time, Carroll's CSR model has served as the research and debate problems and he modifies it many times.

Scholars in the field of CSR often criticize the model in this way. These aspects of corporate social responsibility are used as the measurement of CSR in separate research articles. In the pyramid below and listed below, these four CSR dimensions are shown.

Figure 2-1: Carroll pyramid model of CSR (1991)



Source: Carroll, 1991

The basic duty that separates actors are expected to commit to any organization is economic responsibility. These include rational value for shareholders, equitable compensation of workers or cheaper consumer products (Carroll, 1991).

Companies are bound by legal requirements when doing business to conform to legislative regulations, such as laws or legislation. For the following activities, they are called "a necessary prerequisite" equal to economic responsibility (Carroll, 1991).

Ethical responsibilities resolve market issues that are honestly viewed as correct without any form of legal obligations being enforced (Carroll, 1991). He generalizes the above definition as the previous obligations are "expected by society" rather than "required".

Philanthropic responsibilities are practices intended to enhance the quality of life of workers, local populations and, generally, society in general (Carroll, 1991). They are Ethical Responsibility, Moral Responsibility, Economic Responsibility and Philanthropic Responsibility, since the last component of the model's pyramid is not a society's wish or hope, but a company's desire. It brings benefits to society and increases the quality

of living whether the company/organization engages in philanthropic practices. It allows the society to become an area ideal for doing business and raising children who draw consumers and workers, it decreases the scale of government engagement in charity, delivering assistance to people with genuine needs; it enhances the capacity of employee leadership, the philanthropic component builds the moral values of the employees (Jucan & Jukan, 2010).

2.3. The Dimension and Principle of CSR

2.3.1 The Dimension of CSR

The four dimensions of the CSR environment, community, employees and marketplace were developed by Sweeney in 2009. The local community and environment are treated as a stakeholder in the CSR scheme, they are often regarded as the "silent" stakeholders where vendors and consumers from the stakeholder's point of view are included as the market place area of CSR activities (Sweeney, 2009). Employees of the organization are included under workplace CSR practices. In this research we apply and use Sweeney's dimension which is described below.

- Corporate Social Responsibility and the Workplace/Employees

The efficiency of the organization relies on the determination of the worker and its good interaction with the staff of the business sector. The practice of social responsibility is reflected in the fields of jobs and employment relationships, human resources administration, contact with workers, working practices and compensation and incentives for social security, occupational environment, workplace health and safety, workplace human growth and preparation, work-life balance, lifelong learning, employee empowerment, improved flow of knowledge, Better work-life balance, greater integration of the population, fair wages and employment opportunities for women, profit-sharing and equity ownership programs, and job protection, successful follow-up and supervision of jobs who are suddenly out of work due to disabilities or accidents (Aston and Anca, 2011; Pollack, 2010). In addition to these CSR practices in the workplace, fair rights are articulated without regard to their ethnicity, gender and other social

identifiers, employee engagement by the implementation of the concept of knowledge management flow.

- Corporate Social Responsibility and Local Community

Pollack (2010) communicates the importance of the local community to the corporation that the local communities are the first direct members and must be taken into account by the company so it becomes part of the local community as soon as the company begins conducting its business activities. In his research Pollack (2010), Tesfaye (2015) wrote that several businesses are engaged in community causes in order to be socially accountable, competitive and to grow sustainably, especially through the provision of additional vocational training sites, the provision of nursery facilities for staff assisting environmental charities, the recruiting of socially excluded individuals, collective training places (Pollack, 2010) It often applies to philanthropy programs in the CSR activity of organizations of local communities and is perceived to be a significant element of group corporate social responsibility. Monetary contributions, donations of facilities or services, or the charitable work of organizations or individuals instigate a philanthropic operation. It is not feasible to make donations of money or services to provide time or expertise considered as CSR activities to the local community. It also demonstrated support for educational institutions and the provision of local training programs, participation in local cultural and heritage management activities and recognition of their culture (Jamali, 2007).

- Corporate Social Responsibility and Market place/ Consumers and Suppliers

In order to please clients of corporate organizations, the company has to take into account the need for benefit for other stakeholders. Marketing should also lead not only to incorporating corporate responsibility into the whole business enterprise, but also to addressing the needs of consumers in a more ethical manner (Sweeney, 2009; Rosell, 2009).

- Corporate Social Responsibility and Environment

In the 1970s, the paradigm changed from government accountability to collaboration responsibility for the environment at the highest level due to the advent of sustainable growth (means of development that address the needs of the existing generation

without undermining the needs of the future generation). Pollack (2010) wrote that "in current times, companies are well aware of and are working to systematically take advantage of the opportunities associated with improved environmental performance" (Pollack, 2010).

The paradigm moved from government responsibility to collaborative accountability for the environment at the highest level in the 1970s because of the rise of sustainable growth (means of development that address the needs of the existing generation without undermining the needs of the future generation). Pollack (2010) wrote that "in modern times, businesses are well aware of and Act to make systematic use of the resources associated with enhanced environmental sustainability (2010-Pollack).

2.3.2 Principle of CSR

The seven principle of CSR accepted by most countries are developed by ISO 26000 (2010). Those principles are described below.

1. Accountability

An organization, i.e. human beings and their climate, should take responsibility for one's conduct for its positive and negative effects on society in the broad sense. It conveyed recognition of liability for any negligence or adverse consequences.

2. Transparency

An company should be open, to the extent practicable, as to the essence and location of its activities, how its decisions are taken, the standards by which it assesses its success in relation to social responsibility and the potential or known impacts on society of its practices. It does not, however, suggest that all the knowledge released that damages the organization has an ethical justification.

3. Ethical behavior

An organization expected to behave ethical. The practices of the organization compliance with the business ethics like competing fairly & honestly, integrity and equity, in its area of practice.

4. Respect for stakeholder interests

An organization should be attentive to its stakeholders' expectations and give them due consideration in its decision-making process insofar as its resources and powers allow.

5. Respect for the rule of law

Any organization expected to respect the prevailing national law in all places where the organization operates, even those where the local system of governance is failing.

6. Respect for international norms of behavior

In countries where minimum environmental or social protections are not provided for in the legislation or its enforcement, an organization should aim to respect international standards of conduct (ISO 26000, 2010). In countries where the legislation or its application clashes substantially with international standards of behavior, an organization should attempt to conform with those standards to the fullest degree possible. In cases where the legislation or its application clashes with international codes of conduct and where it would have serious implications if these standards were not enforced, an agency should evaluate the essence of its partnerships and activities within the jury, as practicable and necessary.

7. Respect for human rights

Human rights should be respected by an organization. An organization should uphold and foster the rights set out in the International Bill of Human Rights; agree that these rights are fundamental, that is, they are indivisibly valid in all nations, circumstances and cultures; in situations where human rights are not covered, take action to respect human rights and prevent taking advantage of these situations; and in situations where the law or it.

2.4 . Motives for CSR

There are a wide variety of drivers that scholars have suggested to explain what causes corporations to be socially and environmentally conscious. Several scholars who studied drivers have developed numerous ways to assess the liability of an agency (Marrewijk, 2003).

There is often a valid explanation why, in one way or the other, organizations can behave. First and foremost, the operations have the potential to have beneficial or otherwise positive effects for the Moon Business (2001). It is the opinion of this analysis that the motivations or what businesses stand to benefit from an intended intervention cause these driving variables. Two motives for companies participating in CSR were defined by Graafland, Kaptein, Mathereeuw & Van der Duijn Schouten (2004): Extrinsic (financial) and Intrinsic (moral and altruism) motives.

1. Extrinsic (financial) Motive

Graafland et al. (2010) disagreed that managers who assign high importance to financial achievements are more likely to be actively engaged with CSR, especially if they expect financial gains, testing a theory on a potential beneficial impact on profits and financial achievements as a result of companies participating in CSR. Therefore, in this sense, financial gain forms the basis for a company's participation in CSR operations.

2. Intrinsic (moral and altruism) Motive

Graafland et al (2010) distinguish between CSR as moral obligation and CSR as a mode of altruism between two forms of intrinsic motives. CSR is carried out on the basis of the theological and ethical concepts of moral philosophy as a moral obligation (Graafland et al, 2010). Therefore, organizations that are not selfish, above principles and morals, should contribute to the collective well-being of societies only because they exercise unselfish care.

Marrewijk (2003) also notes five reasons, which he refers to as "corporate sustainability ambition levels." Because corporate sustainability is associated with corporate social responsibility, and both are interchangeably used, Marrewijk's (2003) model may be conveniently addressed as CSR ambition stages. According to him, these ambition levels are a result of how the management of a company responds to its social, fiscal, and environmental obligation. The motivations of Marrewijk's (2003) company for involvement in CSR are defined as follows.

1. Compliance-Driven CSR

This motive is a CSR motivation motivated by a supposed sense of responsibility and obligation for society (Marrewijk, 2003). Moreover, it requires the provision of welfare to humanity under the scope of the rules of the lawful authority.

2. Profit-Driven CSR

Induced by profit-making patterns, this incentive tends to incorporate social, ethical and environmental issues into business processes and decision-making, especially when it has some financial incentives or returns, according to Marrewijk, 2003.

3. Care-Driven CSR

According to Marrewijk (2003), this motivation of CSR goes beyond the legal and profit-making desire to balance all

other factors, such as fiscal, social and environmental issues, motivated by consideration for the earth and human potential.

4. Synergistic CSR

Within a combination of fiscal, social and environmental fields of corporate success, this motive makes a synergistic effort to build profit (Marrewijk, 2003).

5. Holistic CSR

Marrewijk (2003) claimed that, motivated by the impetus of sustainable growth, this motive considers that all entities and phenomena are mutually interdependent and that, it pays to contribute to the quality and continuity of life of any being and individual, now and in the future. The Four-Part Pyramid of CSR by Carroll, which is economic, legal, ethical and philanthropic, also provides another level of CSR motivation.

The CSR structure of Carroll (1991) and Marrewijk (2003) is broadened by Munilla and Milles (2005) to demonstrate how various degrees of devotion to CSR are connected to a variety of motivations and effects, connecting Marrewijk's (2003). CSR form with Carroll's (1991) CSR pyramid as seen in Table 2-3:

Table 2-3: Marrewijk's (2003) CSR Framework and Carroll's (1991) Pyramid of CSR - The Interrelationship

CSR ambition level	Motives (Marrewijk, 2003)	CSR categories (Carroll, 1992)
Compliance driven CSR	<ul style="list-style-type: none"> -CSR is seen as social obligation; the perception of CSR's expenditure is that of simply a cost; - Economic responsibility is paramount 	Legal
Profit-Driven CSR	<ul style="list-style-type: none"> - CSR is seen as strategic initiative- using CSR to create competitive advantage and superior financial performance; - The cost of CSR is considered as an investment in developing and renewing competitive advantage, contributing to an increased stream of potential profits: - Economic responsibility is paramount 	Economic
Care-driven CSR	<ul style="list-style-type: none"> - CSR is used to balance the triple bottom line of : profit, people, planet; - Explicitly stating that the company would manage for social welfare reasons, not merely to generate wealth for shareholders; - Social and/or environmental obligation trumps economic responsibility 	Ethical and Philanthropic
Synergistic CSR	<ul style="list-style-type: none"> -Use of CSR to attempt to create a “sustainable corporation” that will be able to be ongoing concern over the long run; - Social and or/ environmental responsibility is strategically used to create competitive advantage and meet the corporation's economic responsibility 	Economic, legal, ethical and Philanthropic
Holistic CSR	<ul style="list-style-type: none"> - CSR is seen as a corporate culture- similar 	Economic, legal,

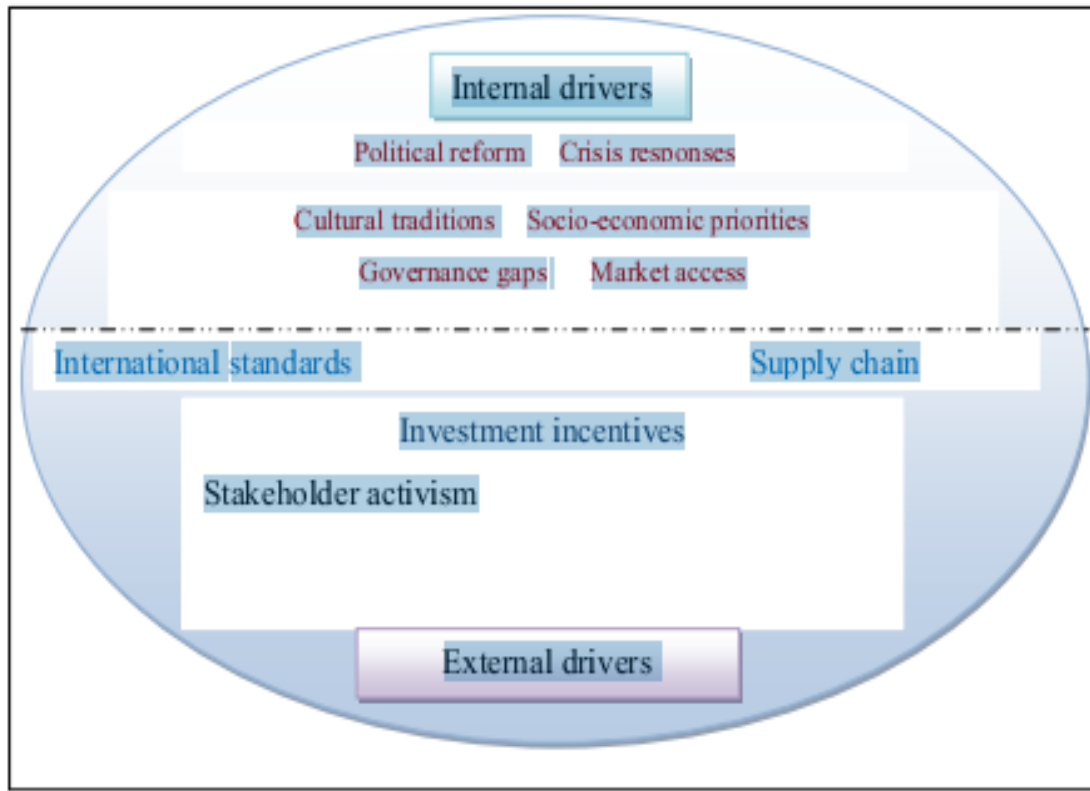
	<p>to when adopts a marketing, entrepreneurial, or quality orientation</p> <p>- Social and or/ environmental responsibility is strategically used to create competitive advantage and meet the corporation's economic responsibility.</p>	<p>ethical and Philanthropic</p>
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Source: Munilla & Milles (2005)

Another motive why companies engage in CSR is stated by Visser (2007). He identifies ten major drivers that characterize CSR and divided these drivers into two groups: internal and external, as shown in Figure 2.2. Legal Responsibilities ensure good relations with government officials and philanthropic Set aside community funds for corporate social projects. Economic Responsibilities Provide investment, create jobs and pay taxes considered that internal drivers represent pressures from within a country such as Cultural practices, democratic change, socio-economic goals, disparities in policy, crisis responses and market access, for example. International norms, financial benefits, stakeholder advocacy and supply chains, which tend to be of multinational nature, are represented by external drivers.

Accordingly, Visser (2007) suggested that the value-based traditional philosophy of African humanism is what underpins much of the modern inclusive approaches to CSR in the Africa.

Figure 2-2: Drivers of CSR in developing countries



Source: Visser, 2007

2.5 . The practice of CSR

According to Visser's (2006) CSR adopt in the developing countries are discussed as follows.

- a. As per IMF (2006), developing countries' economies are changing rapidly. Their organizations have profit-making growth market for their operational activities (IMF 2006).
- b. These nations have huge social and environmental issues, including civil wars, catastrophes and political instability (WRI 2005; UNDP 2006).
- c. The World Bank (2005) has stated that developing nations will be forced to adopt CSR practices in response to environmental and social factors such as globalization, economic growth, investment and business activity.

CSR programmers and challenges are different in developing countries and in the developed countries. These disparities were highlighted by Visser (2007), explaining the

many CSR problems facing the developed world, such as the growth of infrastructure versus the environment, job creation versus high labour standards, and strategic philanthropy versus political governance. As a result, developing countries prioritize these issues under the label of CSR (Korathotage, 2012). Critical examples related to the developing world, especially Africa and Asia, are tackling HIV/AIDS, improving working conditions and the provision of basic services, supply chain integrity and the alleviation of poverty (Visser 2007). Welford (2005) and Visser (2007) found out that, this variation in the focus of CSR results from the two drivers (internal & external) such as local issues and cultural traditions, in developing countries.

It is widely acknowledged that the study and practice of CSR is more advanced in the developed countries than in the developing countries (Korathotage, 2012). The similarities that have been noted in CSR practices and activities are describes below.

1. The origins and conceptualization of CSR are rooted in the historical and cultural traditions of each country and deeply influenced by ethical concepts and religious practice (Korathotage, 2012)
2. CSR is moving steadily from its historical emphasis on corporate philanthropy to a wider variety of activities involving business with a broad range of stakeholders and integrating CSR activities into the main strategy of the company (Korathotage, 2012).
3. Efforts at measurement and reporting are growing rapidly in the belief that formal monitoring and evaluation of outcomes will enhance the credibility of CSR and make it easier to substantiate (Korathotage, 2012).
4. CSR is evolving in response to profound external forces, including meeting legal and regulatory obligations and responding to the elite and broader public opinions that demand -higher standards of accountability (Korathotage, 2012).
5. Companies are increasingly turning to partnerships with other stakeholders including both governments and non-government organizations in implementing CSR activities. Maignan and Ralston (2002) found that organizations in different nations varied in the

extent to which they reported CSR activities on their websites, as well as their managerial practices and the stakeholder issues that were emphasized.

2.6. Benefits of CSR

In order to practice CSR in a company, first we need to identify the costs and benefits of CSR. Companies invest their owner's funds in CSR activities, expecting the maximum return for minimum risk (Korathotage, 2012). Tsoutsoura (2004) describe this, stating that being socially responsible should have bottom-line benefits in order to be sustainable. According to his view, the evolution of the CSR concept will only be discussed from economic and social perspectives. Many benefits of CSR have been identified as bellow.

1. Brand image and popularity are higher in businesses that follow CSR policies than in those that do not, or in socially irresponsible companies (Jenkins 2006). Tsoutsoura (2004) stated that, some CSR plans may reduce a company's operating costs. For example, one CSR aim is to reduce environmental pollution; this may be achieved by implementing simple measures such as using recycling material (Korathotage, 2012). This is a major driver for companies to increase their CSR activities.
2. Turban and Greening (1997) identified that strong CSR commitment increases a company's ability to attract and retain employees. As a result, socially responsible companies have a lesser risk of negative rare events.
3. CSR practices lead to better productivity and relatively low error rates (Tsoutsoura 2004). These advantages relate to CSR practices for stakeholders (employees, customers and communities). Stakeholder pressure is the main reason for implementing CSR; therefore, these benefits are associated with stakeholder satisfaction (Korathotage, 2012). Tsoutsoura 2004) explains by giving an example, increased productivity results from improved working conditions and labor practices capital and trading partners (Korathotage, 2012).

A further advantage of implementing CSR practices is that employees are first attracted to, and then retained by, the company, and hence the costs of labor turnover, recruitment, and training and development are reduced (Korathotage, 2012). These

benefits have been studied and identified in many researches, and have been used in the development of different CSR concepts since 1950s. McWilliams and Siegel 2000), stated as increasing market values, employee motivation (Turban and Greening 1997), reducing risk (Moore 2001), increasing loyalty and improving corporate reputation (Maignan et al. 1999) and reducing risk (Moore 2001). They indicate the advantage of improving CSR concepts.

2.7. Challenges of CSR

There are a number of challenges in the organization to practicing CSR and a number of researchers identified the challenge in their work.

According to Jan Jonker and Marco de Witte, the challenges of CSR have clearly explained that the main challenge is to use the capabilities and competences of the company to address CSR concerns while at the same time continuing to manage successfully in the traditional business sense. This often needs an innovative vision, one that goes ahead conventional management thinking. The process of changing the previous or traditional thinking and managing of the company is not easy, to overcome it needs more corporate working.

Good intentions are, however, not enough .Rather this vision has to be embedded in the company's systems, structures, processes and culture, and in the everyday actions of employees. Corporate social responsibility and sustainable development should be implemented and accomplished in the way of the same track or developmental procedures. There is a risk that the current sustainable discourse, focusing on what is sustainable and how it should be measured, could lose its radical political edge (Florence, 2009).

A lack of understanding, inadequately trained personnel, non availability of authentic data and specific information on the kinds of CSR activities, coverage, policy are some of the barriers identified by different researchers. (Yonas, 2018). According to Yasmin and Shamshuddin (2014), there are key points which are more familiar in the process of CSR implementation and let see the following challenges/responses from participating organizations, namely:

- Lack of community participation in CSR activities/
- Lack of CSR awareness especially in weak states/developing countries;
- Need to build local capacities;
- Lack of transparency;
- Non availability of well-organized NGOs;
- Focus on PR only to get media visibility; non-availability of Clear CSR guidelines;
- Lack of consensus on implementing CSR issues (typical developing countries legislative dilemma),
- Lack of willingness among developing country governments to enforce national labor and environmental laws (most have the laws in writing, but not reinforced/implemented)
- Narrow perception towards CSR initiatives;
- The tendency that economic development imperatives often override social or environmental considerations; and
- Lack of organized unions that, promote better work conditions and benefits (Nadaf, 2014)

Generally the above main barriers are observed and are common in many researches.

2.8. CSR in Ethiopia

For a long period of time the African companies lagged the concept of CSR in the business area. But, in the end of 20th century a great attention of CSR activities are emerged. At the same time the world business experts inclined to the studying of CSR activities in Africa. The experts recommended and give a reason for the great attention of CSR in Africa. Among the reasons the major are the following. Firstly, by 2050 Africa will have the world's largest workforce and will account for 25 percent of the world's population, growing at a faster rate than every other region in the world. Second, "only one-quarter of the top 50 African companies are or have been global compact participant in 2012," amid this growth, leaving sufficient space for improvement. Third, the private sector accounts for roughly 90 percent of employment in Africa. Thus, finally without the incorporation of the above listed good points and opportunities conducting business are problematic with the existing governance problem. It is also recommended

that it is better to move beyond 'do not harm' principles and go to a greater understanding of how the private sector can contribute to sustainable growth through responsible business (<http://www.triplepundit.com>).

Ethiopia has developed different social and social related policies to address the pressing social problems in the country. The issue of social development has been getting a growing attention due to the fact that social development is at the center of the overall human development efforts (Fentaye, 2018).

Constitution of the Federal Democratic Republic of Ethiopia (Proclamation No.1/1995), among other things, grants rights to labor, form associations, bargain collectively with employers, express grievances, including the right to strike, reasonable limitation of working hours, rest, periodic leave with pay, remuneration for public holidays as well as healthy and safe work environment (Fentaye, 2018). As indicated in Article 9(4) of the Constitution of the FDRE, all international agreements including ILO convention ratified by Ethiopia are an integral part of the law of the land. Again, Labor Proclamation No.377/2003 as amended proclamation No. 494/2006, among others ,covers contract of employment, duration of employment, salary and wage, hours of work and overtime, monetary and nonmonetary benefits, working conditions of women and young workers, occupational safety, health and working conditions, occupational injuries and occupational disease, trade unions and employment associations, collective agreement and collective bargaining (Fentaye, 2018). Trade Practice and Consumers' Protection Proclamation No 685/2010 granted consumers to have the right to get sufficient and accurate information or explanation on the quality and type of goods and services he/she purchases; be received humbly and respectfully by any business person and to be protected from such acts of the business person as insult, threat, frustration and defamation; prohibits commercial advertisements about goods and services announced by any one shall not be false or misleading in any manner.

In Ethiopia some giant international corporations have CSR program and that they introduce in their operation but the national companies in country lacked it. In order to tackle this problem there is a movement to develop CSR program by the ministry of

industry in collaboration with World Bank, US agency for international development and others (Asfaw, 2014).

As Tesfaye (2015) wrote in his study, the EAL participated in community project, environmental initiative, financing art and education in Ethiopia and involve in sport program sponsor ship and related health problems of the country. Ethiopian air line (EAL) is the leading companies participated in the CSR practices in Ethiopia.

In the field of education the EAL contribute a lot like transporting educational materials from different part of the world in free especially to the Ethiopian space science society. In the field of health the EAL involved too much. For example transportation of humanitarian goods likes books and medical supplies from the other country for free, offering free tickets and discount for the professionals in the field of health who involved providing free medical service to the needs in Ethiopia from outside world professionals (Tesfaye, 2015)

Mohammed International Development Research and Organization Companies (MIDROC) also other company which involved in CSR. In 2008 when the eleventh annual national conference of MIDROC investment group held at Adama, the general managers announce the company officially involved in CSR practices in its operation. The participants and the researchers in the meeting recommended the involvement of the company in CSR to guide the investment group as environmentally-friendly and socially responsible company. The time onward the Company involved mostly in the CSR areas of education, infrastructure and agricultural development in Ethiopia (Demessie, 2008).

In addition to the above CSR practices in Ethiopia there are also some CSR practices in the recent time by some organization and business enterprises like Teklebirhan Ambaye Construction's contribution in construction of feeder roads, Huawei's contribution to community development projects, Awash Bank's support to Mekedonia, a non-profit supporting the elderly, and Ambo Water's collaboration with an autistic children center (Asfaw, 2014). In more recent time ZTE (Zhong Xing Telecommunication Equipment), a China-based global telecommunications

infrastructure provider comes up with a clear CSR vision and objectives in the world and Ethiopia in particular. In Ethiopia ZTE undertake supplying books to the libraries of rural schools, providing green energy solutions, supporting the elderly and the poor, planting trees, and helping local firms gain technological knowhow (Tesfaye, 2015).

By the end it may be true to argue that the Ethiopian business sphere is not yet developed in terms of CSR activities (Ethiopian reporter January 17, 2015). Therefore, the top managers and stockholders are recommended to exercise and practice CSR in their business strategy.

2.9. CSR in construction industry

Most CSR studies are conducted within developed countries. Due to differences in the environment in terms of levels of development, developing countries must base their development of CSR on studies and experiences of developed countries as a starting point (Zhu, 2016). According to Quazi and O'Brien, 2010 Corporate Social responsibility can involve different procedures within developed and developing and are determined by the economic development stage of a country.

Companies practice CSR in terms of economic, environmental and social aspects based on their products and service that the company provides and the variety within each of these is enormous but Table 2.5 provides a few very brief examples of the types of activities that construction companies undertake as part of their CR initiatives (James, 2012).

Table 2-4: Example of the CSR activities undertaken/implemented by construction companies example

Economic	Environmental	Social
Providing a living/ minimum wage to workers	Biodiversity management programs	Diversity and equality policies
Providing lifelong learning training programs	Emissions/ Effluent monitoring	Setting up or becoming patrons of charities
Promoting local recruitment	Waste minimization and recycling imitative	Procedures in place to prevent human rights breaches in supply chain
Implementing policies to prevent corrupt activity	Green energy use and energy efficiency initiatives	Giving members of staff volunteering opportunities
Implementing local supplier policies where applicable		

Source: James, 2012

Implementation of these practices will take place in a variety of ways. Some may be carried out by the company directly (such as monitoring diversity and equality within the company or providing training opportunities) while others, such as ensuring a living wage is paid throughout the supply chain may require collaboration with suppliers and other organizations in the industry (James, 2012). It follows, that different practices, with their various levels of complexity and collaboration, will have different costs associated with their implementation. It is these costs which companies must offset against the responsibilities, drivers and benefits in order to make a decision on which activities to implement (James, 2012).

In order to create relevant strategies to overcome the barriers efficiently, it is important that these barriers are understood by the decision-makers (Orlitzky & Siegel, 2011). The main barriers that effect the implementation of CSR are: (i) a lack of CSR awareness and knowledge; and (ii) a lack of consensus on how CSR is defined and the principles that might be contained in CSR (Orlitzky & Siegel, 2011). The decision makers and policy makers ought to understand and aware the interdependence of the challenge for designing successful policies.

The construction industry lags behind the service and manufacturing sectors, especially in terms of CSR knowledge and implementation (Huang, 2017). Additional important

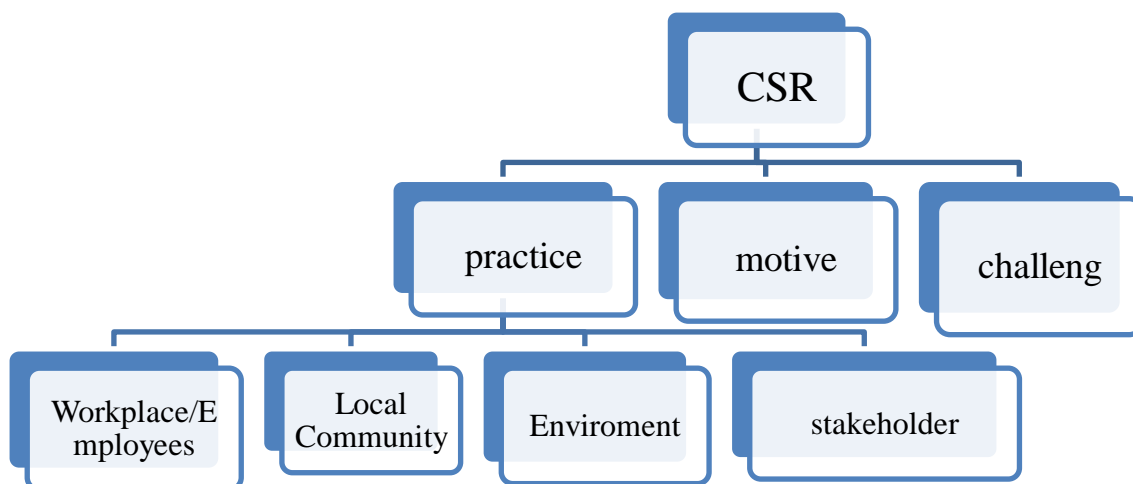
barriers include a lack of time, funding, human resources, delayed benefits of implementing SR and poor support from top management (Francis & Andrew, 2019).

2.10. Conceptual framework

There is not one unified answer on what really makes businesses adopt a CSR strategy and this strongly depends on the focus area of the studies. It is known that there is an overlap between the different theoretical approaches but the individual theory has a main focus. This research tries to explain CSR of construction companies in Ethiopia with all relevant discussed theories.

Aston and (2011), Drieniková and Sakál (2012), and Sweeney (2009), and other researchers identified the core areas and dimensions that at least the organization's address in the respective major stakeholders. Therefore, this research work adopts the dimensions and their respective major stakeholders for CSR practices of any organization address in the business area. This research work adopts the dimensions and their respective major stakeholders for CSR practices of any organization address in the business area. Therefore, the conceptual framework of the study is developed by relating the common four dimensions develop by the above researchers. These are stakeholders (customers, suppliers), environment, employees and the community.

Figure 2-3: conceptual frame work



CHAPTER THREE

3. RESEARCH METHODOLOGY

2.10 . Introduction

In this chapter attempt has been made to design and describe research approach, research design, unit of analysis, sampling design and sources of data, methods of data collection and instruments, and also method of data analysis of the study.

2.11 . Study area

The selected study area for this research will be Addis Ababa. Since Addis Ababa is a capital city of Ethiopia, it is expected that most construction companies are locate in the city and different construction activities are dominate in the Addis Abba. Due to the outbreak of COVID 19 Pandemic it is difficult to address the other city therefore; the thesis focused only in Addis Ababa.

2.12 . Research approach / Method

Mixed research is used for the study with the development of both qualitative and quantitative research approaches which employ the data collection associated with both forms of data. Mixed research method is the kind of research in which one or more researchers use both qualitative and quantitative approaches to get for the purpose of breadth and depth of understanding and justification (Jackson S. 2007).Mixed methods allow collecting different kinds if data by using method and form different source (Kaplan and Duchan, 1988). Therefore, the reason for the selection of this method was to obtain and validate findings from different data sources. In addition to this, the reason why a mixed method design employed was to expand an understanding from one method to another, to converge or confirm findings from different data sources.

2.13 . Research design

The researcher used exploratory type of research design. Exploratory research design focuses on acquiring insight and familiarity into phenomena that have very little or no earlier experiments to relate to (Cuthill, 2002). This method of study used a broad form of data source and analysis (interview, questionnaire and secondary data collection) to analyze or analyze CSR practice and challenge in the Ethiopian construction industry.

2.14 . Population, sample size determination and sampling technique

The targeted population of the study was all registered GC 1 construction companies in Addis Ababa, with the objective of contacting the biggest companies in the country. Because general contractors and consultants undertake a variety of construction works such as building, roads, railways, bridges and etc. The total number of GC1 construction companies registered in 2020 was 143. The target group of Research is managers of the selected local construction companies because it is assumed that the managers of the companies are more familiar with the internal and external practices of the organization.

In the issues of CSR Considering the size of population, it becomes necessary to reduce it to manageable size by using sampling procedure. Using a 10% margin of error and a 90% confidence level, the study uses the Roasoft method to determine the required sample size for construction companies. Using Roasoft (2004), the study showed the sample size of 47 construction companies. The researcher wants to expand the sample size on the basis of the expected response rate. Therefore, the actual sample size is then determined using the following formula suggested by Saunders et al (2009).

$$n^a = \frac{n * 100}{re\%}$$

Where n^a - is the actual sample size require,

n - is the minimum sample size (calculated by Roasoft)

$re \%$ - is the estimated response rate expressed as a percentage (%)

Thus, with a minimum sample size of 47, and an estimated response rate of 90%, the calculated actual sample came up to as follow

$$n^a = \frac{47 * 100}{90\%}$$

$$n^a = 53$$

Therefore, questioners is distributed for 53 companies through their email address and for those, who cannot contact via email, the researcher gives the questioners in person.

In addition to this, the purposive sampling technique was used to select the companies that participate in the interview. After a carefully planned assessment of the major characteristics of the companies and the extent of their engagement in CSR, 4 companies were selected for the study.

2.15 . Type and sources of data

Data is a collection of facts, such as numbers, words, measurements, observations or just descriptions of things. Primary and secondary data is employed for this study. The study began with secondary data analysis through detailed review of related literature. In this regard, the researcher refers different books, published and unpublished documents, journals, articles and research papers to get information on theoretical and empirical frame work of the study.

2.15.1 Primary data

In order to conduct a reliable and representative analysis of the awareness and practice of CSR among industry, a representative sample of the population is needed. Among the primary data collection methods the study used semi-structured interview and questionnaire.

In order to collect Qualitative data the researcher uses Semi-structured interview with business managers because it helps the interviewer to be prepared and appear competent during the interview. Furthermore, it gives informants the right to share their

thoughts in their own way and to provide accurate intelligence. For the quantitative technique, the self-governing questionnaire is used for the managers of the companies, as the respondents respond to the questionnaire at their convenience.

2.15.2 Secondary data

Secondary data are information that has already been collected by others for other purpose. The secondary sources of data is collected from published (books, journal articles and websites of organizations and catalogues) and unpublished (concerned government and non-government bodies) sources.

2.16 . Instrument development and data collection method

Questionnaire and semi-structured interview is used for data collection. Interview questionnaire develops with the guidance of the literature to reveal background information on companies and to determine how companies define it and the types of CSR activities that companies are undertaking.

The Questionnaire is basically designed to answer the research questions and it is developed from different literature and previous related research work. The researcher modifies the Questionnaire to the context of this research objective. The Questionnaire is prepared in order to assess the company's motive to engage in CSR practice, to identify major challenges while applying CSR and to determine the practice of CSR from four perspectives (employees, environment, communities and stakeholder).

Data collection is the phase where the questionnaire is used in the field for collecting data. According to Brancato, Macchia, Murgia, Signore, Simeoni, Blanke, Körner, Nimmergut, Lima, Paulino, and Hoffmeyer-Zlotnik, (2006) Process monitoring and evaluation provides the opportunity for adjustment to be made to the questionnaire while data is being collected. The questionnaires are collected through online bases from all the companies' manager by sending via their emails and for those who cannot address via email, the researcher distributed and collected by himself. A total of 53 questionnaires were sent to the managers, 48 of which were returned. As a result, 48 of

the questionnaires were used to evaluate this research work. This proportion is sufficient enough for a research study with a strong answer rate for the sample.

The study used likert scale measurement in the questionnaires because it is important to know respondent's feelings or attitudes about something. The respondents need to demonstrate how closely their emotion relates to the question or statement on a rating scale. (Strongly agree (5), agree (4), unsure (3), disagree (1) and strongly disagree (1)) are the five point Likert scales that were used in this study work.

2.17 . Method of data analysis and validity procedure

Data analysis in research on mixed approaches refers to the type of research technique selected for the procedures. However, both the quantitative method and the qualitative approach are analyzed.

Qualitative results are processed most of the time using manual interpretation (Veal, 2011). Therefore, by explaining the qualitative data of this analysis directly after its compilation, it will be presented manually. By using simple statistical packages, the quantitative results can be evaluated. Program packages for the Social Science Statistical Package (SPSS) can be used for computations. The benefit of using SPSS tools for quantitative data processing is that the findings of the study are presented in a simpler manner (Tesfaye, 2015).

Demographic characteristic of respondent were analyzed and presented using frequencies and percentages. The other response is analyzed and presented using statistical tools like Percentage, Mean and Standard Deviation.

Reliability is characterized as the accuracy of the measures used in social research. This means that measuring the same phenomenal should lead to similar outcome if the research would be repeated with the same methods. To measure internal satiability Cronbach's Alpha is common used.

The reliability score of the study questionnaires is 0.876, indicating that each item in the questionnaires was well known by the respondents and therefore that the items measure what they proposed to measure or the items used to measure CSR activities.

An accurate score was also rated also for each dimensional object questionnaires. In the table below, the reliability of each study item is seen.

Table 3-1: Reliability of each item

No.	Dimensions of CSR	Number of items	Alpha(reliability score)
1	Employees CSR related items	11	0.955
2	Environment CSR related items	5	0.892
3	Community CSR related items	7	0.896
4	Stakeholder CSR related items	5	0.681
5	Challenges in Practicing CSR	12	.724

Therefore, as it is seen from the reliability score of each dimensions is reliable because of the reliability score above 0.67 is reliable for any study measurement items (Cohen et al, 2007).

2.18 . Ethical consideration

According to Stephen Ifedha (2016), Researchers are professionals hence, research ethics as a branch of applied ethics has well established rules and guidelines their conduct. In the first place, the researcher has a letter of approval from Addis Ababa University department of management to make data collection legal. While collecting data the researcher first ask the permission of the respondent. The other ethical consideration is about confidentiality of respondents. The researcher had kept secrete the names of the respondents and the company name for both interview and questionnaires. The researcher informs the respondents that the object of the study is only for scholarly and not commercial purposes and that the answer is strictly confidential. In general in this research it is tried to protect dignity, rights and safety of all research participants or respondents.

CHAPTER FOUR

4. DATA ANALYSIS AND DISCUSSIONS

4.1. Introduction

In this chapter analysis of collected data is presented in relation to different perspective on the practice, motive and challenge of CSR of the companies that are describe in chapter two. First, the demographic characteristics of the respondents, the general interpretation of the CSR definition and the company's motivation for CSR activities are identified. The result of the study is presented in the dimension of CSR is employees, environment, community and the stakeholders. The challenge of the construction companies to practice CSR is also presented and discussed.

4.2. Demographic characteristics of the respondent

The demographic characteristics of the respondent are summarized below.

Table 4-1: Demographic characteristics of respondent

category		Frequency	Percent	Valid Percent	Cumulative Percent
Gender					
Valid	Male	40	83.3	83.3	83.3
	Female	8	16.7	16.7	100.0
	Total	48	100.0	100.0	
Age					
Valid	20 - 30	5	10.4	10.4	10.4
	31 - 40	20	41.7	41.7	52.1
	41 - 50	13	27.1	27.1	79.2
	50 +	10	20.8	20.8	100.0
	Total	48	100.0	100.0	

Educational Background					
Valid	First Degree	24	50.0	50.0	50.0
	Second degree and above	24	50.0	50.0	100.0
	Total	48	100.0	100.0	
Year of experience in the company					
Valid	1 - 5 years	10	20.8	20.8	20.8
	6 - 10 years	14	29.2	29.2	50.0
	11 - 15 years	12	25.0	25.0	75.0
	Above 15 years	12	25.0	25.0	100.0
	Total	48	100.0	100.0	
Year of experience of the company					
Valid	1 - 5 years	3	6.3	6.3	6.3
	6 - 10 years	3	6.3	6.3	12.5
	11 - 15 years	13	27.1	27.1	39.6
	Above 15 years	29	60.4	60.4	100.0
	Total	48	100.0	100.0	

Source: developed by author (SPSS) 2020

The gender distributions of respondent are presented in table 4.1. Among 48 respondent, 40 (83.3%) are male and the rest 8 (16.7%) are female. like other companies in Ethiopia, there is also the dominance of male manager in the companies. According to Bernyi (2017) Females are more sensitive to CSR issue and they have human based approach to CSR problems than male

From table 4.1 most of the respondents 20 (41.7%) are between 31 and 40 years of age. Of the respondents 13 (27.1 %) were located at the age range of 41-50 years. The remaining 10 (20.8%) and 5 (10.4 %) of the respondents are found in the age group of 20 to 30 and over 50 years respectively.

Educational back grounds of all company respondents are qualified by first degree, second degree and above. 24 (50%) of respondents are first degree completed and the remains are second degree and above attainment. The higher educational background will increase the reliability of the response regarding CSR.

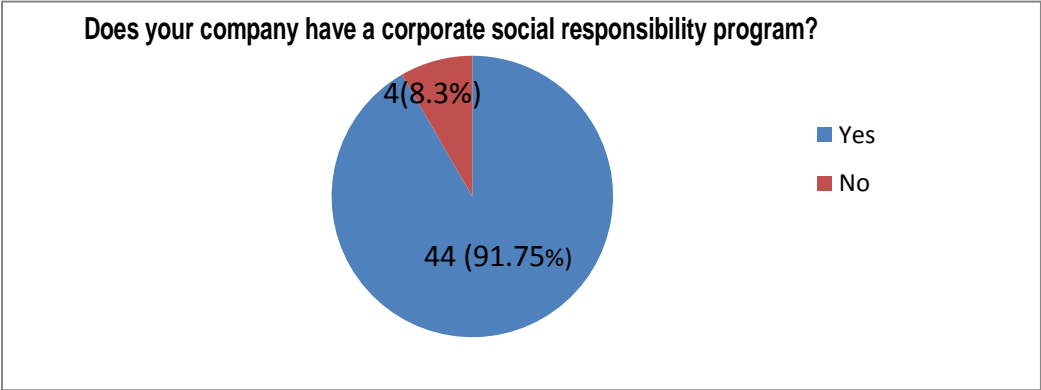
In addition to the demographic characteristics of the respondents table 4.1 shows year of experience of the respondents in the companies. 14 (29.2 %) of the respondents stayed in the company for 6 to 10 years and the remaining 12 (25.0 %), 12 (25.02 %) and 10 (20.8 %) of the respondents remained in the company for 1 to 5 years, 11 to 15 years and over 15 years respectively. The longer respondent duration in the company will enhance manager’s knowledge about the surrounding community life style and they will be well informed about CSR practice done by the company for some year back.

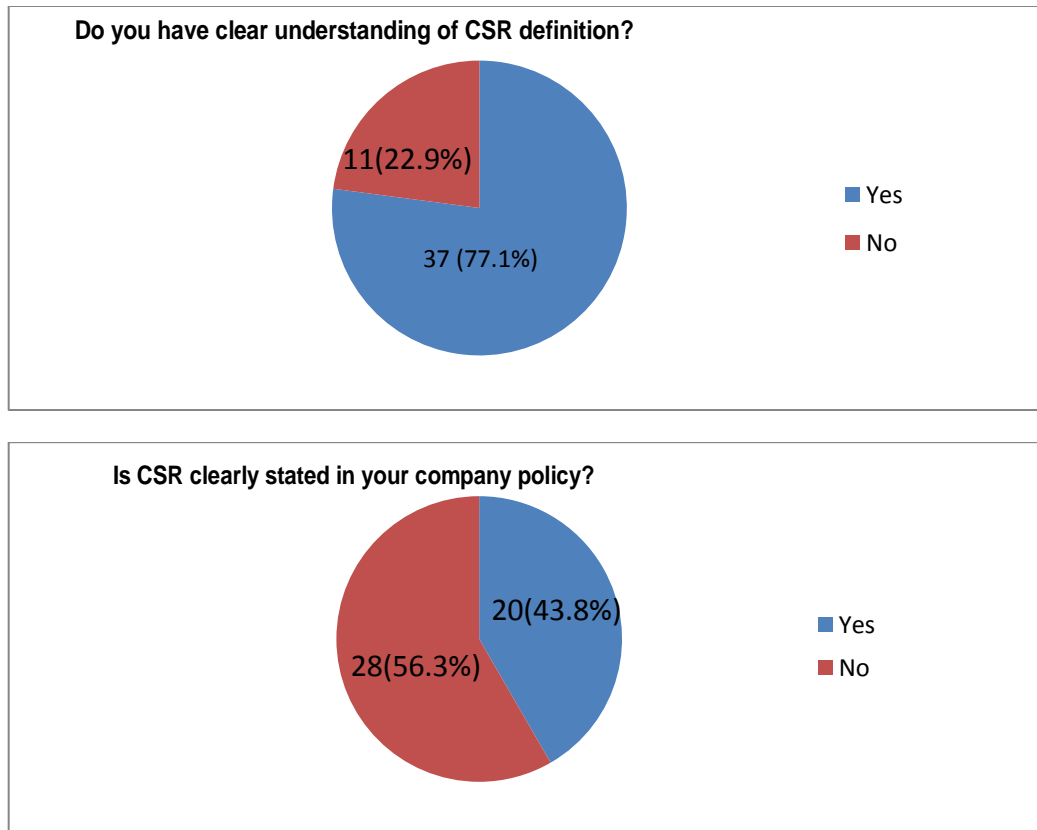
When we see the company’s year of experience, the most experienced companies are 29 (60.4%) of the above 15 year, 13(27.1 %) are found between 11 to15 year and the remaining are 3 (6.3%) of companies age found in the interval of 1 to 5 and 6 to 10 year. Davis and Dimitrios (2014) found that companies with higher duration in the industry will have plenty of time to implement certified management system and voluntary and philanthropic activities.

4.3. General understanding of corporate social responsibility (CSR)

The general understanding of CSR in the company is presented in table 4.2. In this part it is tried to answer whether the company have CSR program or not, and if there is a policy in the company which state CSR as a policy. It is also asked if the manager have a clear understanding of the concept of CSR.

Figure 4-1: understanding of corporate social responsibility in the companies



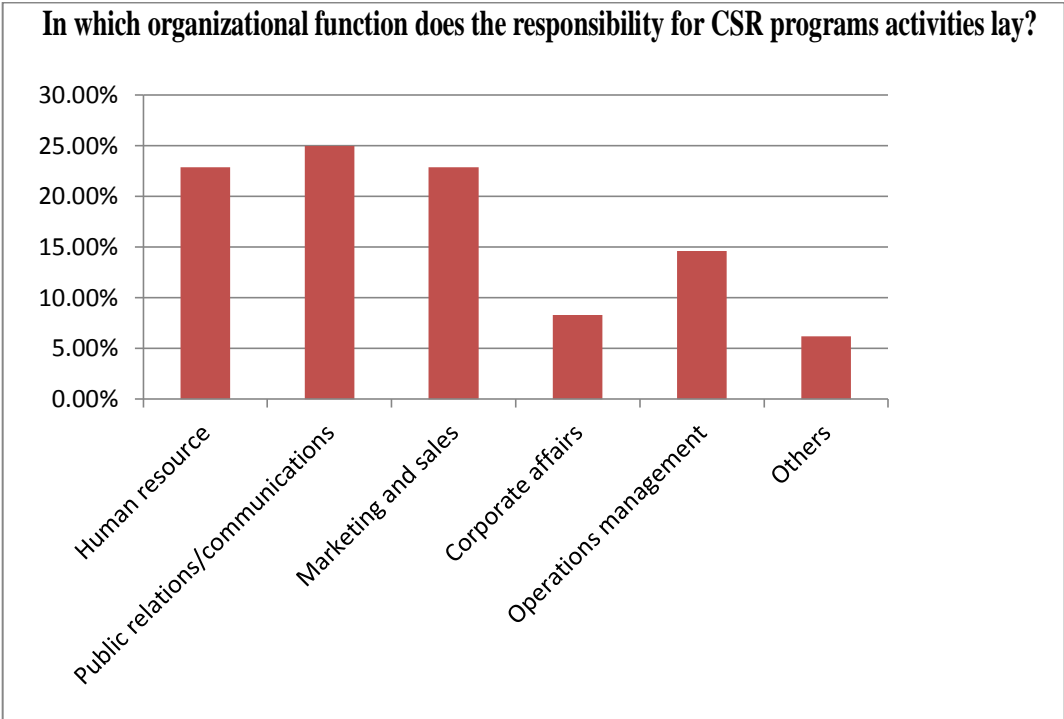


Source: developed by author (SPSS) 2020

According to Figure 4-1: 44 (91.7%) of companies have a corporate social responsibility program and the remaining 4 (8.3%) of companies don't have the CSR program and 37 (77.1%) respondent have a clear understanding of CSR definition and the others they don't have knowhow. Finally 28 (56.3%) of companies have not a clearly stated CSR policy but the remaining 20 (43.8%) of companies have CSR clearly stated policy.

From the interview it is found that 3 out of 4 respondent replied that they didn't know about CSR concept before they engage in to the companies because as per their answer their educational background is Engineering so, they didn't take any course related to CSR. The other 2 respondent replied they have a little know how about the concept. When the respondent asked how they understand CSR concept, the majority relates it to taking responsibility in community related issue because the term "social" is directly means society or community. This gap is due to the absence of proper CSR guideline of the Government.

Figure 4-2: CSR Functional department at the organization



Source: developed by author (SPSS) 2020

From figure 4.2, 22 (25%) of majority respondent answered responsible functional department is Public relations/communications, 11 companies (22.9%) of response clearly stated CSR program is carried out in human resource, 11 (22.9%) companies are reported marketing and Sales, and the remaining 4(8.3%) and 7(14.6%) clearly stating CSR) of companies are reporting corporate affairs and operational management respectively.

4.4. Motivation to practice CSR

There is an objective to have CSR at any company’s but with different motives or objectives. The next table shows response of the company’s motive to engage in CSR.

Table 4-2 Motive to engage in corporate social responsibility programs

Motives or drivers to implement CSR	Mean Rank
Good public image	3
Marketing and advertising strategy	3
Vision and philosophy of the company	5
Rising international standards	5
Employee satisfaction	5
Benefit local community & protection of environment	5
Improve competitive advantage	5
Productivity and business opportunity	6
Gain support of communities, market & stakeholder	6
Reducing government pressure and improvement of sector image with the regulators	7

Source: developed by author (SPSS) 2020

According to the table: (4.2) companies the most drivers to engage corporate social responsibility program is faced by different pushing factors as described next. Most of the companies have CSR due to good public image and Marketing and advertising strategy as their first highly ranked drivers. And the second highly ranked drivers to implement CSR are Vision and philosophy of the company, Rising international standards, Employee satisfaction, Benefit local community & protection of environment and Improve competitive advantage. The third and fourth ranked drivers to implement CSR are Gain support of communities, market & stakeholder and Reducing government pressure & improvement of sector image with the regulators respectively.

The above result shows the companies in the construction industry are less motivated by factors such as Reducing government pressure and improvement of sector image with the regulators to engage in CSR. This indicates that the companies are largely voluntary in CSR participation and outside the domain of law or any legal system.

4.5. Employee oriented CSR practices

CSR practice can be described in terms of Employee treatment by different variable which is presented in table 4.3. In this table the variables and their numeric description in terms of mean, Standard Deviation, Std. Error, percentage and frequency are presented.

Table 4-3 : Employees related CSR practices

Employees Oriented CSR Practices															
Item	Mean	Std. Deviation	Std. Error Mean	1		2		3		4		5		Total	
				Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	freq.	%
There is an opportunity to continued training and capacity building program	4.02	1.08	.16	1	2.1	6	12.5	3	6.3	19	39.6	19	39.6	48	100
There is opportunity for job development and promotion	3.81	1.16	.17	2	4.2	6	12.5	7	14.6	17	35.4	16	33.3	48	100
There is freedom of taking different leaves (maternity, sick, and the like)	3.62	1.18	.17	3	6.3	6	12.5	9	18.8	18	37.5	12	25	48	100
There is strong job security	3.56	1.15	.16	3	6.3	7	14.6	7	14.6	22	45.8	9	18.8	48	100
There is safety issue of the employee as a policy of the company	3.85	1.07	.15	2	4.2	5	10.4	4	8.3	24	50	13	27.1	48	100
The salary scale of the company is well fitted the professionals	3.62	1.02	.15	1	2.1	7	14.6	10	20.8	21	43.8	9	18.8	48	100
There is motivation and improvement of employees 'morale and encourage teamwork	3.83	1.08	.16	3	6.3	3	6.3	5	10.4	25	52.1	12	25	48	100
Gender equality is properly accepted	4.04	.97	.14	1	2.1	4	8.3	3	6.3	24	50	16	33.3	48	100
Disable employees are treated equally	3.96	.99	.14	1	2.1	4	8.3	6	12.5	22	45.8	15	31.3	48	100
Labor right (child labor, force labor, right to organize and safety and health) is protected	3.8125	1.12	.16	3	6.3	4	8.3	5	10.4	23	47.9	13	27.1	48	100

Note: 5- Strongly Agree 4- Agree 3- Undecided 2- Disagree 1-Strongly Disagree

Source: developed by author (SPSS) 2020

According to the table 4.3 survey scale the respondents indicate the highest mean value between (mean= 4.04; SD=.97) and (mean= 3.56; SD=.1.14). Which means that significant numbers of companies are practice CSR with employee related as above mentioned in the table. In terms of percentage all items were marked as agree and strongly agree by more than 66% of respondents. The remaining respondents do strongly disagree, disagree and undecided. The standard deviation value is small which means that, the respondent's response for the statement have almost similar tendency.

Among all employee related CSR practice, gender equality score the highest mean with (mean=4.04; SD= 0.97). 83.3 % of the respondents strongly agree and agree and the remaining 16.7% of the respondent are undecided, disagreed and strongly disagreed. However, Construction has the highest gender employment gap and a significant gender pay gap especially in low pay areas. This is due to the nature of the industry it is highly labor intensive. The above respondents gave highest rank by considering only working staff members of the company.

Opportunity to continued training and capacity building program score the second highest mean value with (mean=4.0; SD=1.08). 79.2 % of the respondents strongly agree and agree and the remaining 20.9% of the respondent disagreed and strongly disagreed. The above result shows that most companies give training and capacity program for their employees and this will enhance the employee contribution to the company's which led the success of the company. Since technology in construction industry is dynamic through time, it needs frequent update in order to survive in the market. There might be new software developed for design stage, new material which is low cost and high strength, new machineries, and new method of construction which will enhance the company's performance.

77.1% of the respondents strongly agree and agree that there is equality of disable employee in their company, while the remaining 22.9% of respondents undecided, disagreed and strongly disagreed with mean value of (mean=3.97; SD=0.99). On contrary to this, according to Ormerod (2005) construction sectors are major "producers" of disabled persons, but tend to "export" them into other sectors and early retirement.

Motivation and improvement of employees 'morale and encourage teamwork score mean value (mean=3.83; SD=1.08). Among the respondent, 77.1% strongly agree and agree that, there is improvement of employees 'morale and encourage teamwork in their company. If there is high motivation of employee in the company, staff turnover will decrease. This will bring great opportunity for the company culture and reduce the training cost to the new recruits.

According to the response of this research, in most companies there is safety issue of the employee in the company policy. 77.1% of the respondent with mean value (mean= 3.85; SD=1.07) strongly agreed and agree. Only 22.9 % of the respondent undecided disagreed and strongly disagreed. Even though it seems a lot of companies consider safety as a policy, it needs more emphasis because construction is highly exposed to different injuries. During construction process there might be different injuries like hand and leg injuries, falling down from high rising structures, being hit by falling materials. If employees are not equipped with appropriate and safe working environments, the social contact between employees at work will not be fulfilled (Maslow, 1943). Opportunity for job development and promotion, and Labor right (child labor, force labor, right to organize and safety and health) score the same mean value (mean=3.81; SD=1.16). 68.7% of the respondent are strongly agree and agree that there is employee promotion and protection of labor right their company, while the remaining 31.3% of respondent are undecided, disagreed and strongly disagreed.

Freedom of taking different leaves (maternity, sick, and the like), fair salary for professionals and job security score mean value (mean= 3.62; SD=1.15), (mean= 3.62; SD=1.14) and (mean= 3.56; SD=1.15) respectively. 62.4% of the respondents strongly agree and agree that there is equality of disable employee in their company, while the remaining 37.6% of respondent are undecided, disagreed and strongly disagreed. Like any other industries in Ethiopia, there is also unfair salary provision for professionals as well as for daily labors. According to Anderson (1989:181) "Employees deserve decent income and working conditions; shareholders deserve a fair return on their investments;

business must remain competitive; and the community expects some form of business support."

4.6. Community oriented CSR practices

Respondent's local community - based CSR practices will be presented in the next table. The mean and standard deviation (SD) of each item and the percentage (%) and frequency value for each scale are expressed.

Table 4-4: Community Oriented CSR Practices

Community Oriented CSR Practices															
Item	Mean	Std. Deviation	Std. Error Mean	1		2		3		4		5		Total	
				Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	freq.	%
Give Financial donation to the community	3.27	.94	.14	1	2.1	10	20.8	15	31.3	19	39.6	3	6.3	48	100
Give material donation to the community	3.29	1.05	.15	2	4.2	10	20.8	13	27.1	18	37.5	5	10.4	48	100
Provide Finance for Sponsor-ship (culture , art and sport)	3.21	1.11	.16	3	6.3	11	22.9	12	25	17	35.4	5	10.4	48	100
Provide finance to innovation and entrepreneurs	3.21	1.11	.16	2	4.2	12	25	15	31.3	12	25	7	14.6	48	100
Build infrastructure (school, road, water and different utility service)	3.27	1.21	.18	3	6.3	11	22.9	14	29.2	10	20.8	10	20.8	48	100
Giving priority chance in hiring for the local community	4.17	.88	.12	3	6.3	6	12.5	3	6.3	23	47.9	13	27.1	48	100
Integrate social concerns in the company activity	3.77	1.17	.17		6.3	4	6.3	5	10.4	25	52.1	12	25	46	100

Source: developed by author (SPSS) 2020

As we can see from table 4.4, almost all respondent replied that their company are engaged in the listed CSR practice related to community with different level and extent. The respondent indicated that their company is highly engaged in giving priority chance in hiring for the local community with mean value (mean= 4.17; SD=0.88). 75% of the respondent strongly agree and agree that they hire local community for different project. Most of the time construction work is project based and seasonal work due to this it needs daily labors that have exposure to the environment and live near to the project site.

Integrate social concerns in the company activity score the second highest rank (mean=3.77; SD=1.17). 77.1% of the respondent strongly agree and agree they integrate social concerns in their company activity.

As a construction companies they should have give their professional opinion and contribution for the society project work in building and consulting of different infrastructure like school, road, water and different utility service. However, according to the respondent more than 58.4% respond strongly disagree; agree and undecided on the issue of building infrastructure with mean value (mean=3.27; SD=1.22). This area should be given more emphasis because this is what is expected from the companies but actually they didn't implement.

Material donation and financial donation to the society score (mean=3.29; SD=1.05) and (mean=3.27; SD=0.34) respectively. From the interview the entire respondent says they will donate the material and the finance for specific events and when there are natural and manmade disasters. As an example they mentioned these days headache of the world, COVID 19 endemic disease. They have donated money for those who have less income and who financially affected due to this endemic disease. In a regular manner, 8 out of 12 respondents say they donate money for elderly supportive NGO.

To a smaller degree, the respondents suggested that their organization were interested in the provision of financial support for sponsorship (culture, art and sport) (mean=3.21; SD=1.11) and Provide finance to innovation and entrepreneurs (mean=3.21; SD=1.11). As it has seen from here around greater than 60.5% of the respondents are disagreed and

strongly disagree for the above two item and this shows there is low level of involvement of the companies.

From the interview it is found that different activities are carried out by the companies. for example one manager listed out the activities carried out the company like participating in Supporting School feeding program, housing for internally displaced people, constructing clinic and health centers, supporting charitable and community based organizations, financial support when it is needed, support to Ethiopian Space Science Society and provision of potable water for different project site that they have been working.

4.7. Environmental oriented CSR practices

CSR practice can be described in terms of environment Oriented CSR Practices presented in table 4.5. In this table the variables and their numeric description in terms of mean, Standard Deviation, Standard Error, percentage and frequency are presented.

Table 4-5: Environmental related CSR practices

Environment Oriented CSR Practices															
Item	Mean	Std. Deviation	Std. Error Mean	1		2		3		4		5		Total	
				Freq	%	Freq	%	Freq	%	Freq.	%	Freq	%	Freq.	%
Attract green and ethical investment	3.40	.87	.13	0	0	9	18.8	14	29.2	22	45.8	3	6.3	48	100
There is environmental condition protection (water and air emission and climate change)	3.43	1.05	.15	2	4.2	8	16.7	11	22.9	21	43.8	6	12.5	48	100
There is proper management of natural resource and waste	3.56	.94	.14	1	2.1	7	14.6	9	18.8	26	54.2	5	10.4	48	100
It is environmental concern business operation	3.54	.92	.13	0	0	9	18.8	9	18.8	25	52.1	5	10.4	48	100
Participate in greenery program	3.19	1.00	.14	0	0	15	31.3	14	29.2	14	29.2	5	10.4	48	100

Source: developed by author (SPSS) 2020

Environmental protection is the most critical dimension for construction industries. Because it strongly relates to the surrounding community, nearby biodiversity and physical environment such as water bodies, soil and so on. There are different activities in the industry which affect the environment. Spence and Mulligan (1995) puts the results of construction impact due to construction industries as use of fossil fuel; for the production and operation of building, atmospheric pollution; Manufacturing of building materials contributes 8-20 % of total carbon dioxide emissions of the construction sector, loss of soil and agricultural land; activities of quarrying and mining, urbanization, road building, civil engineering projects and loss of forests and natural habitats.

Environmental related CSR practicing in Construction industry as the respondents mentioned in the above Table 4.5 shows overall more than 55% of the company result indicates strongly agree and agree and the remaining 45% results show as strongly disagree, disagree and undecided.

Among the different parameters listed in the table, highest issue scored is proper management of natural resource and waste mean value (Mean = 3.5625; SD=.94320). In the construction industry from raw materials to the final consumer and along with the reprocessing of any waste materials should be based on meeting the objective of protecting the environment while also being socially responsible. According to Arora (2004), these natural resources cannot be used by the future generation, therefore the companies that use those resources today, should do something for them as CSR. In site inspection the researcher can observe for different project their waste minimization and disposal method is very poor. After the project is completed the contractor shows less motive to dispose their own waste due to this the surrounding environment become highly polluted. By optimizing supplies and material it is possible to minimize wastes and chemical produced from construction process.

Based on the respondent around 62.5 % strongly agree and agree that it is environmental concern business operation with mean value (mean=3.5417; SD.92157). The rest 37.6% respond strongly disagree; agree and undecided. This shows that, the construction

industry needs to be more environmental concern business, because the result is small when it is compare to the damage caused by the industry.

Participate in greenery program has got the least score with mean value (mean=3.1875; SD=1.00332). Only 39.6% of the respondent strongly agree and agree while, the rest 60.5% of the respondent strongly disagree, disagree and undecided that their company's participation in greenery program. It is known that Prime Minister Dr. Abiy Ahmed has launched the national green development program in the country with together "Beautifying Sheger" and "together for a clean Ethiopia". In this program from individual level to companies level are participating through planting trees and beatifying the environment. But from the above result the construction companies are not participating as it is expected.

In general from the interview it is found that there is Environmental Impact assessment (EIA) for each and every project done by the companies in designing stage and the least EIA will be constructed among different alternative. This will help to identify legal requirement, baseline environmental & social condition, cumulative impacts, and mitigation measures. It is also used to prepare environmental & social management plan and environmental monitoring plan. Phil (2017) wrote under the title of "what does environmental protection mean to the construction industry?", Although an environmental assessment has been undertaken, changes to the project will impact environmental enforcement and it is possible that this will not happen as expected, no matter how detailed the preparation and monitoring is. Some common changes are site conditions other than expected (eg. soil are found to be erosive or have a higher silt content than described in technical studies); discoveries of hazardous materials or other feature that cause a change in construction plan; safety compromise due to environmental compliance; access (eg. the need to get equipment into a sensitive area due to restricted space); change in construction activities , location and sequences and environmental obligations have been found to be inadequate or impractical (Phil, 2017).

From interview of the managers, the researcher found some of the environmental protection activities done by the companies. These are quarry site landfill and site

rehabilitation works, Anti-pollution measure such as emission control of carbon gases, Oil and lubricant waste management and solid waste material management and aforestation activities in and around the premise of the companies.

Federal Democratic Republic of Ethiopia (FDRE) government Creates Proclamation of Environmental Protection Bodies No. 294/2002, Environmental Emission Control, Proclamation No. 300/2002, Solid Waste Management Proclamation No. 513/2007, and Environmental Impact Assessment (EIA) Proclamation No. 299/2002, making EIAs a mandatory condition for all business processes and project activities.

4.8. Stakeholders oriented CSR practices

Stakeholders Oriented CSR Practices of respondent will be presented in the next table. It is expressed in terms of mean and Standard Deviation of each items and percentage (%) and frequency value for each scale.

Table 4-6: Stakeholders Oriented CSR Practices

Stakeholders Oriented CSR Practices															
Item	Mean	Std. Deviation	Std. Error Mean	1		2		3		4		5		Total	
				Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	freq.	%
Promote the small and medium enterprises and unions to be the suppliers of the company	4.20	.89	.12	0	0	5	10.4	0	0	23	47.9	20	41.7	48	100
Treat the stakeholders of the company	4.38	.76	.10	0	0	2	4.2	2	4.2	20	41.7	24	50	48	100
There is proper claim and dispute administration	3.88	.95	.13	1	2.1	5	10.4	4	8.3	27	56.3	11	22.9	48	100
Keep customers data and privacy confidential	4.04	.98	.14	1	2.1	4	8.3	4	8.3	22	45.8	17	35.4	48	100
Undertake customer/client satisfaction survey	2.75	1.2	.17	10	20.8	13	27.1	5	10.4	19	39.6	1	2.1	48	100

Source: developed by author (SPSS) 2020

Table 4.6 indicates CSR practice related to stakeholder is highly implemented by that majority of the companies relative to the other dimensions. Treat the stakeholder of the company score the highest mean value (mean=4.38; SD=.76). This is due to the stakeholders especially customers are source of income for any company. Around 91.7% of the respondent strongly agrees and agrees that they treat their stakeholder in proper manner.

In the second place the 89.6% of respondent strongly agrees and agrees that they promote the small & medium enterprises and unions to be the material suppliers of the company with mean value (mean=4.20; SD=.89). By its nature, the construction industry is very huge industry therefore, most of the works are outsource to different organization like small and medium enterprise (SME). They involve in the industry as a material supplier, or/and sub-contractor (they take some portion of the work from the contractors).

Keeping customer data and privacy confidential is another item raised in stakeholder oriented CSR practice and it score mean value (mean=4.0; SD=.98) 81.2% of the respondent strongly agree and agree they respect and keep their customer data and privacy.

The construction industry is losses a huge price for out of control relationship defecting conflict which are very common and have the tendency to develop in to full scale dispute. Claim is more of the time a management issue and so each and every process the schedule needs efficient and effective management during the entire life cycle of a project (Mohan, 2003). According to Mohan (2003) a common form of claim is that which arises between a private partner and its sub-contractor and supplier or sub- sub- contractor. The reason for this is that these sub-contractor often follow the form of more traditional construction or engineering, procurement and construction contracts where claim for specific performance and damage are far more common. construction delay, disruption and loss of labor, design and construction defect, force majeure, compression of the schedule, suspension and termination, differing site condition, change order and extra work, cost overrun, unacceptable workmanship, substituted material, and non-payment are the type of claims exist in the industry <https://sites.google.com/site/metroforensics>.

79.2% of the respondent says there is proper claim and dispute administration in their company. |It score mean value (mean=3.88; SD=.95) since the sector is highly exposed to dispute and claim the construction industry should have strong dispute resolution method and claim management system.

Based on the above survey around 41.7% of respondent strongly agree and agree that their company didn't undertake customer satisfaction survey (mean=2.75; SD=1.2) with mean value. Customer satisfaction survey makes possible Construction Company to differentiate themselves from their competitors and used increase their customer loyalty and creates sustainable advantage in the business environment. Measuring customer satisfaction has several advantages for the company like improving in communication between parties and enables mutual agreement; create clear vision in understanding of the problems; and helps in monitoring and reporting accomplished results and changes.

4.9. Challenges hindered the constructors / consultant to engage in CSR

In the next table the expected challenges hindered the construction companies to engage and participate in CSR practice are list down and the respondent scale these challenges as seen in the table.

Table 4-7: Challenge in practicing CSR

Challenge in practicing CSR															
Item	Mean	Std. Deviation	Std. Error Mean	1		2		3		4		5		Total	
				Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Lack of CSR awareness	3.90	1.56	.225	9	18.8	2	4.2	0	0	11	22.9	26	54.2	48	100
Lack of clear CSR guideline	4.71	0.77	.111	0	0	3	6.3	0	0	5	10.4	40	83.3	48	100
Time constraint	4.31	1.27	.184	4	8.3	3	6.3	0	0	8	16.7	33	68.8	48	100
Lack of government regulation and incentives	4.68	0.72	.111	1	2.1	1	2.1	0	0	7	14.6	39	81.3	48	100
Lack of technology and the know how	2.81	1.68	.243	13	27.1	17	35.4	0	0	2	4.2	16	33.3	48	100
Budget shortage	3.98	1.39	.201	6	12.5	3	6.3	1	2.1	14	29.2	24	50	48	100
The attitude of the owner	4.46	0.87	.126	1	2.1	0	0	2	4.2	16	33.3	29	60.4	48	100
Absence of media and public coverage	4.65	0.73	.105	1	2.1	0	0	1	2.1	11	22.9	35	72.9	48	100
Lack of customer pressure	4.63	0.73	.106	1	2.1	0	0	1	2.1	12	25	34	70.8	48	100
Corporate culture and company ethical climate	4.56	0.87	.126	2	4.2	0	0	0	0	13	27.1	33	68.8	48	100
Company structure and firm size	4.50	0.97	.140	2	4.2	1	2.1	1	2.1	11	22.9	33	68.8	48	100
narrow perception towards CSR initiatives	2.96	1.57	.227	9	18.8	18	37.5	1	2.1	6	12.5	14	29.2	48	100

Source: developed by author (SPSS) 2020

From the above table we can observe that all the factors served as highly barriers to CSR implementation. Among the listed factor, lack of clear guideline (mean=4.71; SD=0.77), lack of government regulation and incentive (mean=4.68; SD=0.72), absence of media and public coverage (mean=4.65; SD=0.73) score the highest point.

As per the United Nation Global Compact strategy for Africa, Ethiopia and Angola lacked proper guide line for CSR activities of the business in Africa. It is also stated that due to the development of private business enterprise, Ethiopia is the first nation to create the guideline that is technically rich.

As we have seen section 4.4 CSR is generally implemented by the companies on a voluntary basis. Therefore, government regulation and incentive is an important factor for the companies to practice CSR in their business. The presence of government regulation forces the company to act in CSR manner in order to enhance their reputation and protect their branding. On the other hand even if the company participates in different CSR programs, they did not get media coverage for what they have done. Therefore, this will discourage the companies to actively participate in the CSR program.

Lack of customer pressure (mean=4.63; SD=0.73), corporate culture and company ethical climate (mean=4.56; SD=0.87), company structure and firm size (mean=4.5; SD=0.97) are placed in the middle for challenge in practicing CSR.

Another challenge raised by the respondent is attitude of owner (mean=4.46; SD=0.87). Most of the time there is interference of the owner in every activity of the company therefore; the participation in CSR mainly depends on the owner good will.

On the other hand time constraint and budget shortage are also barrier for the companies in the participation of CSR with mean value (mean=4.31; SD=1.27) and (mean=3.98; SD=1.39) respectively. Especially in construction industry time is money therefore, they think spending time in CSR activities especially community and environmental oriented CSR will lose their profit. The cost of participating in CSR is becoming more costly due to rising community needs and unfavorable economic conditions in the region. However, numerous studies have demonstrated that by introducing environmental and social policies, many with little to no money, economic gains can be accomplished in the sector.

Lack of awareness score (mean=3.90; SD=1.56). In many studies conducted in Ethiopia lack of awareness is put in the first place but the result in this paper show when it is compared to the other challenge lack of awareness is less barrier for not implementing CSR in the industries. 77% of the respondent strongly agree and agree there is lack of awareness about CSR activities. This can be considered the most critical challenges in the implementation of social responsible activities in construction projects worldwide.

The respondent put lack of technology and the knowhow on the last barrier of CSR implementation (mean=2.81; SD=1.68). In order to participate in CSR, in addition to the other parameter, knowhow and technology more needed to achieve social responsible practices in environmental issues. Technical skill and technical expertise also needed.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

5.1 . Conclusion

The Ethiopian construction industry has started to recognize that participation in CSR practices is essential. The aim of this study was to understand the practice of CSR in Ethiopian construction industry and what motivates the companies to engage in CSR practices, what kind of practices companies initiate, and what are the main challenges that are related to CSR practice in the industries. To answer these questions, questionnaires and interviews for the company managers were conducted. The result has seen from four dimensions: Employees, environment, community and market place/customers and suppliers and the data are analyzed by SPSS.

From the result it is found that the interviewed managers have different level of understanding about CSR concept. Most of them don't have a full understanding of the concept rather they relate it with social responsibility of the company.

As there is no mandatory requirement to put CSR into practice in Ethiopian, companies had developed in their own CSR programs for their companies for different reasons. From the study we have found that most of the companies engage in CSR practice in order to build good public image and for marketing and advertising strategy. It also shows most of the companies did not consider CSR in their company vision and philosophy. Other motives like reducing government pressure and improvement of sector image with the regulators and gain support of communities, market & stakeholder are fewer drivers to the company's participation in CSR practice.

The government of Ethiopia does not include CSR in programmatic manner as a long term national policy and there is no clear political statement about CSR. There is also lack of auditing system for performance of CSR activities with respect to employee, community, environment and stakeholder due to absence of reporting guideline and enforcement.

From employee oriented CSR practice, the most common practice implemented by the companies are equality of gender, equality of disable employee and opportunity to continued training and capacity building program for the employee. Motivation and improvement of employees 'morale and encourage teamwork, safety issue of the employee, opportunity for job development and promotion, and protection of Labor right are also practice in the companies in good manner. To a lesser extent, companies involve in job security, freedom of taking different leaves, and proper salary system. In general we can conclude that the industry is in a good position of implementing CSR in terms of Employee oriented CSR practice as compared to other dimension of CSR implementation.

In the social engagement dimension, the companies focus on giving priority chance in hiring for the local community and integrate social concerns in the company activity. They also participate in building infrastructure for the community and providing their professional knowledge and technology. This kind of social involvement can help to improve their corporate images and reputation. Low involvement regarding community dimension found that in the issue of giving financial and material donation to the community, and providing finance for Sponsor-ship (culture, art and sport).

The study found that, the construction companies have a good awareness about the environmental impact caused by the companies but they show less motivation to take proper actions and measures to reduce possible damages on environment. Observational views show that the firm creates environmental degradation due the different stage of construction. Proper management of natural resource and waste, environmental condition protection (water and air emission and climate change), and Participate in greenery program is poorly practice in the industry. In general environmental oriented CSR practice is less implemented, as compared to the other dimensions of CSR practice. Ethiopian government show a good initiation for environment protection by putting a minimum requirement in EPA regulation but it is not enough without a close follow up of the business and enforcement.

Among the stakeholder oriented CSR practice, treating the stakeholders of the company, keeping customer's data and privacy confidential, Promoting the small and medium

enterprises and unions to be the suppliers of the company are properly implemented by the industry. Whereas, the study show there is poor proper claim and dispute administration in the industry and also there is limited customer satisfaction survey.

Finally, this research finds out the most critical challenge faced in practicing in the industry. Among the different item listed under this category, Lack of clear CSR guideline, lack of government regulation and incentives, absence of media and public coverage and lack of customer pressure are the most critical challenges listed by the companies.

5.2 . Recommendations

Based on the finding and conclusion the researcher recommends the following major points for the construction companies and for the respective stakeholders.

In order to enhance understanding level of manager and professionals, CSR concept should be incorporated in the curriculum of higher education institution like universities and colleges even it should be included in high school and elementary school, so that the student will be familiar at early stage.

The managers and employees in different construction organizations and projects should be aware of and committed to CSR practices. In addition to interference of the owner should be limited and should give full management freedom for the manager's to act independently in terms of CSR implementation.

The construction companies should be given emphasis in providing proper salary to the employee and should give higher priority to provide child care support/paternity/ maternity leave in addition to what is expected by law.

Regarding community oriented CSR practice, companies should involve in giving material and financial support to the community and they should go above and beyond what is simply required or what the company believes is right.

The researcher recommend the construction companies to pay attention to their pollution during the construction process and select construction techniques suitable for each

construction site to reduce their impact on local environment. They have to also focus on reduction and proper removal of waste materials.

In construction projects claim is predetermined. Therefore, there should be proper claim and dispute management system within the company. Customer satisfaction survey on regular basis should also be implemented.

It found that there is a good beginning of some companies published their CSR activities in their companies but it need to be adopted by the rest of the companies.

Government as well as private Medias should give media coverage for the companies CSR activity because it helps to customer value creation.

The government of Ethiopia should create social auditing system by developing reporting guideline, in addition to financial report, for performance of CSR activities with respect to employee, community, environment and stakeholder. it is also expected different incentive from the government like tax exemption for the company involved in CSR activities and penalties for those who didn't participate.

Finally, the government should develop comprehensive guidelines that encourage or enforce participation of construction companies in corporate social responsibility. In addition to this it is recommended that to integrate governance system with CSR

5.3 . Future Research Directions

As this study is conducted in the context of GC1 construction companies, it would be better if a comprehensive study could be conducted by considering all grade contractors and consultant companies.

Moreover it opens an opportunity and used as a springboard for students, researchers, government and stakeholders to analyze, discuss and conduct detail studies on the issue of CSR in the construction industry.

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Annex I: Questionnaires and Interview

Addis Ababa University

College of Business and Economics

Department of management

Research title “The challenge and practice of corporate social responsibility in construction industry in Ethiopia”

This survey is designed to collect information about your knowledge and understanding of corporate social responsibility (CSR) practice in your company and to assess challenges and barriers that may exist which would affect the implementation CSR within your company. I would be very grateful if you could answer all questions as completely and accurately as possible.

The research has been undertaken for academic purpose only. The research will be conducted in full confidentiality as information about the construction industry. Your name and the company's name also not written in the research thesis the response provided by you strictly analyses confidentially and the result displayed in aggregate not individual case.

Your goodwill in taking the time and filling and writing up the questionnaires answer and your comments will be genuinely appreciated.

Part one: Background information

(Please put (X) mark in the box)

1. Gender:
Female Male
2. Age:
20-30 year 31-40 year 41-50 year above 50 year
3. Educational qualification :
Diploma
First degree
Second degree and above
4. Year of experience in the company
1-5years 6-10 years 11-15 years above 16
5. Year of establishment of the company
1-5 years 6-10 years 11-15 years above 16

Part two: General information about CSR in the company

(Please put (X) mark in the box)

1. Does your company have a corporate social responsibility program?
Yes no
2. Do you have clear understanding of CSR definition?
Yes no
3. Is CSR clearly stated in your company policy?
Yes no
4. In which organizational function does the responsibility for CSR programs activities lay? (if your answer is yes for the above question)
 Human resource
 Public relations/communications
 Marketing and sales
 Corporate affairs
 Operations management
 Other (please specify)
5. What is your company motive to engage in corporate social responsibility programs ("1" for the highest rank and "10" for the lowest rank)
 Good public image
 Marketing and advertising strategy
 Vision and philosophy of the company
 Reducing government pressure and improvement of sector image with the regulators

- Rising international standards
- Employee satisfaction
- Benefit local community & protection of environment
- Improve competitive advantage
- Productivity and business opportunity
- Gain support of communities, market & stakeholder

Part three: practices and challenges of CSR

(Please put (X) mark in the box corresponding based of your level of agreement)

(Using the scale below 5- Strongly Agree 4- Agree 3- Undecided 2- Disagree
1- Strongly Disagree)

A. CSR in terms of employee treatment						
No	Item	5	4	3	2	1
1	There is an opportunity to continued training and capacity building program					
2	There is opportunity for job development and promotion					
3	Provide child care support/paternity/ maternity leave in addition to what is expected by law					
4	There is strong job security					
5	There is safety issue of the employee as a policy of the company					
6	The salary scale of the company is well fitted the professionals					
7	Motivate and improve employees ‘morale and encourage teamwork					
8	Gender equality is properly accepted					
9	Disable employees are treated equally					
10	labor right (child labor, force labor, right to organize and safety and health) is protected					
B. CSR in terms of Community						
1	Give Financial donation to the community					
2	Give material donation to the community					
3	provide Finance for Sponsorship (culture , art and sport)					
4	Provide finance to innovation and entrepreneurs					

5	Build infrastructure (school, road, water and different utility service)					
6	Company have recruitment policies that favored the local community in which it operates					
7	Integrate social concerns in the company activity					
C. CSR in terms of environment protection						
1	Attract green and ethical investment					
2	There is environmental condition protection (water, noise and air emission and climate change)					
3	There is proper management of natural resource and waste					
4	It is environmental concern business operation					
5	Participate in greenery program					
6	There is appropriate use of water					
D. CSR in terms of stakeholder relationship						
1	Promote the small and medium enterprises and unions to be the suppliers of the company					
2	Provide information that is truthful, honest and useful					
4	There is proper claim and dispute administration					
5	Keep customers data and privacy confidential					
6	Undertake customer/client satisfaction survey					
E. challenge in practicing CSR						
1	Lack of CSR awareness					
2	Lack of clear CSR guideline					
3	Time constraint					
4	Lack of government regulation and incentives					
5	Lack of technology and the know how					
6	Budget shortage					
7	The attitude of the owner					
8	Absence of media and public coverage					
9	Lack of customer pressure					

10	Corporate culture and company ethical climate					
11	Company structure and firm size					
12	narrow perception towards CSR initiatives					

If you have anything that is important comment and suggestion for this study please describe below

Thank you for your participation!!!

Interview questions

1. Could you tell me about how you understand CSR and its connection with construction industry?
2. Do you think you will ever face an issue related to social responsibility in your job?
3. Does your company assess companies" corporate social responsibility attainment from end-to-end? (i.e. companies extended view of the value chain, upstream to supplier relationships as well as downstream to channels like customers relationship and the ultimate end users)
4. What should be the specific role of the government to reduce challenges of participation of construction companies in corporate social responsibility?
5. Does your company incorporate the corporate social responsibility reports in the company's annual report?
6. To which stakeholders do your company report CSR information? (Board of Directors Employees, Customers, Suppliers or Government)
7. Does the companies are convincing others to be socially and environmentally responsible?
8. Do you have any further comments about the issues of corporate social responsibility practices and challenges in construction industry?
9. Could you please tell me some of the main sectors or area where the company engages in CSR?
10. Can you describe any CSR project in the community undertaken by the company? (mention previously done activities)
11. Does the company engage in CSR to comply with legal requirements (mention some of the laws)
12. Does your company have any office/ department/officer in charge of CSR?

Thanks for your time and ideas sharing!!!