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**Assessing Corporate Compliance with Expected Social  
Responsibly: Ethiopian Construction Works Corporation**

**BY:**

**Debalkew Yirdaw Yemeru**

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**Assessing Corporate Compliance with Expected Social  
Responsibly: Ethiopian Construction Works Corporation**

**By:**

**Debalkew Yirdaw Yemeru**

**Advisor: Teshager Shiferaw (PhD)**

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**Department of Public Relations and Strategic Communication**

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\_\_\_\_\_

Advisor Signature Date

\_\_\_\_\_

Examiner Signature Date

\_\_\_\_\_

Examiner Signature Date

\_\_\_\_\_

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Graduate Programs Coordinator

## **Declaration**

I, the undersigned, declare that this thesis is my original work and all the sources materials used for the thesis have been duly acknowledged. I have carried out the study independently with the guidance and suggestions of the research advisor.

Name: DebalkewYirdawYemeru

Signature: \_\_\_\_\_

Date of submission: November, 2021

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## **Abbreviations and Acronyms**

COEC Commission of the European Communities

COVID Corona Virus Disease

CSR Corporate social responsibility

E.C Ethiopian calendar

ECWC Ethiopian Construction Works Corporation

HIV Human Immune Virus

PR Public Relations

SPSS Statistical Package for Social Scientist

UN United Nations

WHO World Health Organization

& And

## ***Abstract***

*The aim of the study was to assess the compliance of Ethiopian Construction Works Corporation (ECWC) with expected social responsibility activities. In particular this study has been done with the objectives to identify people's understanding of corporate social responsibility, identify the degree of corporate compliance with legal and social responsibility expectations, find out what ECWC has contributed for the betterment of the community and identify the factors that challenge CSR in the Ethiopian Construction Works Corporation. The study used both qualitative and quantitative research approach. In terms of research strategy the study used case study. To achieve its objectives, the study collected primary and secondary data from different informants in the ECWC and household heads from the beneficiary community by using questionnaire, interview and document review as data collection instrument. The researcher used simple random sampling to take 98 employees who are currently working in the ECWC and 43 interviewee household heads. Thus, a total of 141 respondents were used in this study. The data is analyzed using descriptive statistical and content analysis method. The finding of the study shows that CSR is essential part of the corporation, the Ethiopian Construction Works Corporation is aware of the need for CSR implementation, the reasons for weak implementation of CSR projects are insufficient participation of employees and community, the ECWC is not in line with the sustainable energy concept. In general, CSR projects' contribution for community development is not as expected. So as to improve the performance of the ECWC: making participatory decisions, community consultation, and mainstreaming sustainability are some suggested possible recommendations to the concerned corporation.*

***Key terms:*** community, compliance, corporation, expectations, social responsibility

# CHAPTER 1

## 1. INTRODUCTION

### 1.1 Background of the study

Corporate social responsibility (CSR) has gained more global focus over the last three decades mainly due to globalization and because its scope incorporates globally salient issues like, global warming, corporate governance, sustainable development, and environment (Sharma & Kiran, 2012). CSR is defined as firms' obligations to protect and improve safety of the society currently as well as in the future by its different actions. It also generates balanced and sustainable benefits for the society where it operates (Cone, 2016). The concept of social responsibility was developed in the 1960s within the USA with the objective of making responsibilities beyond legal obligations (Cone, 2016). Accordingly, CSR goes beyond legal obligations to include moral aspects towards the community which they extract resources (Ende & Tavis, 2008).

Currently, CSR is increasing sharply as a corporate primary task in many countries and the number of executive bodies giving high priority to CSR is expected to reach 70%. Corporate social responsibility is thus highly adopted by organizations operating at different levels ranging from national to international (Global Control Alliance, 2012). This in turn makes a greater number of organizations, to participate in a variety of socially responsible activities such as; economic, environmental and social tasks even in developing countries. However, the budget requirement has led organizations to engage in limited and selected areas (Maignan *et al.*, 2015).

Corporations are encouraged to consult various stakeholders in their decision making in order to properly reduce societal challenges and satisfy the community where they conduct socially responsible actions (Bhattacharya & Sen, 2014). This is because stakeholders nowadays are aware of the merits and demerits of corporate decisions upon the community. They have even the capacity to motivate or de-motivate corporations. Thus, corporations need to comply with the legal obligation and societal expectations at large (Maignan *et al.*, 2015). To meet varied expectations of the society with certain logical degree of compliance, corporations need to have list of prioritized actions to be

done for the society and thus are forced to develop a wider agenda which takes those different expectations into consideration (Kotler& Keller, 2016).

The Ethiopian experience on CSR is not found satisfactory. For instance, flower industry of the country at its infancy stage provides job opportunity for many citizens of the country. However, it is still blamed of irresponsible flower production which is against CSR. In their book Messayand Samson (2012) indicated that corporate social responsibility practices and its implementation in the flower sector are mainly through the pressure and assistance of governance bodies (Messay&Samson, 2012).

Building construction is also booming in Ethiopia, accounting for 18% of the country's GDP for the financial year 2017-2018. The government has pumped millions of dollars into social housing and infrastructure, which has been a windfall for both foreign and local contractors (Bereket, 2017). He indicated that the construction sector is currently the largest employer in the country, with more than two million people employed in full-time and temporary jobs. However, the Ethiopian construction sector is regarded as the leader "in the realm of Ethiopian corruption". And corrupt sectors could not be socially responsible (Bereket, 2017).

The Ethiopian Construction Works Corporation (ECWC) is a newly established public enterprise in 2016. ECWC is established with the mission to deliver quality construction works both nationally and abroad, to assemble construction machineries, equipment and manufacturing spare parts. In an effort to achieve its mission the ECWC has also expected to serve the society where it operates in its social responsibility activities (Proclamation No. 366/2015). The social responsibility actions should identify and consider the desire of the society in terms of type and degree mainly for the betterment of societal life. This study therefore has tried to assess how ECWC is performing its social responsibility activities while constructing its construction works.

## **1.2 Problem statement**

Companies are increasingly expected to act ethically in a manner that benefits all stakeholders in their surrounding (Arli&Lasmono, 2010). The societal expectation is more when the companies are government owned than private companies. In this regard

previous studies by Alemayehu (2013) on CSR in the construction sector in general and Sintayehu (2019) on CSR in the hotel sector indicated that the sectors fail to meet their social responsibility due to the prevalence of rampant corruption. Other studies were also made by Messayand Samson (2012) on CSR in Ethiopian flower industry. They indicated that the sector is still blamed of socially irresponsible production activities. Besides, rising confusion and uncertainty on the advantages and disadvantages of corporate social responsibility has also been observed in the staff of ECWC recently (Annual Performance evaluation report of ECWC, 2020).

Despite this fact, ECWC, as a contractor, has been engaged in various large-scale projects such as in constructing highway roads, water supply, irrigation dams, and building construction works. While doing so it has been doing social responsibility activities for the society in the project areas such as building health centers and earth road during Rib dam construction in Gondar, building a health center during the construction of Awash–Dulecha road in Afar and so on. This may be an indicator for the idea that the organization is doing in a socially responsible way but it may not be to the expected degree and variety of tasks. But no particular study was made on the CSR practice of the ECWC. Thus, this research work has tried to see the types of social responsibility activities and the degree of corporate compliance with societal expectations.

Moreover, CSR is a crucial issue for the organization which is run by the government. However, it is common to listen complains in the staff of the ECWC because the organization looks doing social responsibility activities not as per the desire of the society. It is also common to see employees and leaders of the corporation suspected of corrupt practices. Having a look at this it is expected of the organization to conduct its socially responsible actions in accordance with the interest of the community and to promote it through public relations works.

Therefore, the researcher has tried to assess what this state owned corporation has contributed to the betterment of the community through its social responsibility actions, and what challenges has occurred in the corporate and how much the ECWC is in compliance with expected social responsibility.

## **1.3 Objectives of the research**

### **1.3.1 General objective**

To assess the compliance of Ethiopian Construction Works Corporation with expected social responsibility activities

### **1.3.2 Specific objectives**

1. To describe how employees understand CSR in the Ethiopian Construction Works Corporation
2. To identify the degree of Corporate's compliance with expected CSR.
3. To find out what ECWC has contributed for the betterment of the community.
4. What are the benefits of CSR in the Ethiopian Construction Works Corporation?
5. To identify the factors that challenge CSR in the Ethiopian Construction Works Corporation

## **1.4 Research question**

This study has tried to provide answer for the following key questions

1. What is the employees' understanding of corporate social responsibility in the ECWC?
2. How much the Corporate's social responsibility is in line with what is expected of it?
3. What contributions have the ECWC made for the betterment of the community where it operates?
4. What are the benefits of CSR in the Ethiopian Construction Works Corporation?
5. What are the factors that challenge CSR in the ECWC?

## **1.5 Significance of the study**

The assessment of the merits and demerits of corporate social responsibility in the ECWC would help stakeholders understand practices related to the implementation of corporate social responsibility, and the interventions in solving them. This study might be important to contribute a lot for the employees of ECWC in improving their economic and social well-being as well as the image of their organization in the eyes of the community within its operational areas. This is because it gives greater job opportunities and delivers basic social amenities like education, health, and environmental infrastructure services.

The study can also be important for the ECWC and the beneficiary community where it operates as social responsibility activities bring mutual trust which can secure the development projects constructed and forms a key part of sustainable development. The identification of peoples' perception and their demand is also important for the government to make other corporations engage in the implementation of corporate social responsibility tasks which solves the foundation upon which poverty lies in a certain area.

### **1.6 Scope of the study**

Geographically the study targeted employees of the ECWC and people within the areas where the corporation operates its construction works mainly near Addis Ababa. The research was conducted within the social responsibility tasks of the ECWC which is located in Addis Ababa. Conceptually the research findings and conclusions presented have focused on corporate compliance with expected social and legal responsibility. In addition, having a look at the merits and demerits related with CSR of the ECWC in its project areas the study had also considered the contribution of the ECWC to the society where it operates and chosen because of the existence of projects that suit the topic under investigation.

### **1.7 Limitation of the study**

The first limitation is that the researcher conducted this study on a single corporation and had the opportunity to talk to households living in the sample project areas of the ECWC and its employees. However, by conducting a study at the ECWC the researcher was able to analyze CSR and its implementation and able to see to which degree has this corporation complies with expected CSR. Unfortunately the researcher was unable to completely evaluate how public sector corporations apply CSR and why do they engage in CSR because this research was based on one corporation in particular.

### **1.8 Organization of the study**

The study has been organized into five chapters. The first chapter dealt with the introductory part that contains background of the study, statement of the problem, research questions, objectives, significance, and scope of the study. Chapter two has

emphasized on literature review. Thus, under this chapter, conceptual and theoretical frameworks on the concept of corporate social responsibility, the perceptions, benefits and challenges of corporate social responsibility and the related conceptual framework were reviewed. The third chapter was targeted on research design and methodology with its rational instruments and methods used to collect data, sampling methods and determination of its size, and of data analysis method. In the fourth chapter, data analysis and interpretations were presented. Finally, in the last chapter, conclusions and possible recommendations are made or forwarded.

## CHAPTER 2

### 2. LITERATURE REVIEW

#### Introduction

This chapter provides a review of relevant conceptual and empirical literature, related with the research assessing the practice of social responsibility of the Ethiopian Construction works corporation. Following this, there is a general discussion of the concept of corporate social responsibility (e.g. definition, theoretical model, perceptions, and benefits of CSR). The next section addresses the challenges and conceptual framework of corporate social responsibility.

#### 2.1 Conceptual literature

##### 2. 1.1Corporate social responsibilityas a concept

The idea of corporate social responsibility (CSR) has been improved in the course of time. The concept CSR is in wide use since the 1960s (Committee for Economic Development, 1970). The oldest view of corporations suggests that their first, if not mere, responsibility is to the owners. However, CSR needs corporations to develop a broad view of their responsibilities that incorporates not only owners, but many others; workers, communities, local governments, and environmental interest groups (Committee for Economic Development, 1970).

According to Bowen (2013), the concept of corporate social responsibility (CSR) is derived from the idea of social responsibility. He indicated that contributing to the well-being of society and aligning their action to societal values is considered by Organizations as an essential element for their very existence. Bowen added that corporate social responsibility is described as an organizational event where business personnel carried out actions and made decisions in line with societal values. Social responsibility was not a global solution for all societal problems but may serve as a legal guideline for future activities (Bowen, 2013).

For organizations being socially responsible economic advantages in the form of profit enhancement can serve as a means of reinforcement. There is therefore a strong link

between being socially responsible and doing business all over the world. For public organization to gain economic benefits, the implementation of social responsibility activities was strongly correlates with the kind of benefits they obtained (Davis, 1960). According to Committee for Economic Development (1970), the existence of corporations was posited in their interest to satisfy the needs of society through corporate social responsibility in the areas of job creation, economic growth, and environmental conservation.

It is argued that large organizations are more inclined to make larger gifts and to be strategically motivated to carry out corporate social responsibility than smaller ones (Blowfield & Frynas, 2015). However, Dobers (2016) indicated that the size of an organization is determinant of organizational power and that huge organizations can use an opportunity to withstand pressure from external stakeholders. A company's ability to perform corporate social responsibility is mostly dependent on the degree to which the whole concept of corporate social responsibility has been mainstreamed into the company's culture. Corporations at the Beginning stage are mostly not receptive to the merit of corporate social responsibility and as such are most likely to resist any CSR activities (Cone, 2016).

Stakeholders of the company become more receptive to the concept CSR when corporate social responsibility becomes an integral part of a corporate's culture, and becomes a shared value and norm. Failure on the part of top management to institutionalize the concept of corporate social responsibility made it even more difficult for middle managers to take the lead. Beside this, the effectiveness of CSR is not only based on the internal interest but also the degree to which the interactions between internal and external stakeholders are integrated (Cramer, 2005).

### **2.1.2 Definitions of corporate social responsibility**

There are numerous definitions of corporate social responsibility. Well known among them are:

- a) Corporate social responsibility is a management action that increases the ability of a corporate to decrease the negative effect of its operations on society while making its tasks operational (Pinney, 2001).

b) Corporate social responsibility is about corporations doing more on their legal requirement to deal with the effect they impose on the environment and society. This could include how firms communicate with their workers, customers and the communities in which they operate as well as the extent to which they tried not to affect the environment (Lea, 2002).

c) Carroll (1994) defined corporate social responsibility based on four categories or components: economic, legal, ethical and philanthropic responsibilities. He suggested that these four components of corporate social responsibility should be portrayed as a pyramid with economic serving as the base upon which legal, ethical and philanthropic responsibilities should be carried out.

d) Corporate social responsibility is defined as the "economic, legal, and ethical expectations of society on organizations at operation". Corporate social responsibility (CSR) is a self-regulating business that helps a corporate be socially accountable—to itself, its stakeholders, and the public (Commission of the European Communities, 2011). The last definition is used to define what corporate social responsibility is in this research.

The economic responsibilities indicated in the definition refer to society's expectation of a corporate to provide services that are required by community and sell its services at a reasonable cost if any (Commission of the European Communities, 2011).

The legal responsibilities are related to the expectation that seek corporations to behave in line with the laws set by society to govern competition. Corporations have many legal responsibilities regarding almost everything in their operations, including environmental, and employment laws (Commission of the European Communities, 2011).

On the other hand, ethical responsibilities refer expectations of a society from a corporate such as performing its tasks in a fair and just way above what the law has set. This shows that corporations are expected to do not only more than compliance with the law, but also

doing proactively to keep the norms of society (Commission of the European Communities, 2011).

### **2.1.3 Perceptions about corporate social responsibility (CSR)**

People have different opinions concerning the concept of corporate social responsibility. In the words of Jones (1980), this is based on the understanding that firms have task to form groups in the society rather than stakeholders and beyond that establish by formal agreement and law. The task performed by the organization should be in voluntarily and should cover wider to address other beneficiaries of corporate social responsibilities like community, workers, providers and clients.

Maslow hierarchy need theory was used by Tuzzolino and Armandi (1981) as a conceptual tool to identify the stand or performance of organizations in the social responsibilities matter. And the result showed that it was better means to observe corporate social responsibility by referring as an important as hierarchy framework harmonized with Abraham Maslow (1954) needs hierarchy. They underlined that the activity of corporate social responsibility was rely an analytical framework. As emphasized in the Abraham Maslow hierarchy need theory, organizations had standard that should be satisfied with. According to them organization inclined to own social value, physiological, safety and self-actualization needs that stands side by side to mankind as described by (Abraham Maslow, 1954).

Corporate social responsibility is understood as the attainment of outcomes from the decision that is made by the organization relating to specific issues in which the kind of normative criteria have positive impact on the society instead of negative impact (Epstein, 1987). In the words, of the main focal point of corporate social responsibility is the normative thoroughness of the products or the services of corporate action. Corporate social responsibility (CSR) is understood as commitment of moral standing from the idea that business is accountable for the society as a whole. Because of this firms are also ought to be accountable to those who receive the impact or are impacted by a corporation activities (Sage Editors, 2016).

Firms put their focus on the organization's CSR how it is being run in accordance with transparency and accountability. Firms' accountability is underlined on their trustworthiness to manage CSR issue (Sage Editors, 2016).

### **2.1.3.1 Employees' perception of corporate social responsibility**

The activity carryout by the organization on CSR determines the views or perception of the employees concerning CSR (Lauzen, 2014). How workers understand the CSR of their employer signals direct effects for employees consecutive reaction than actual corporation behaviors of those workers might or might not be aware (Lauzen, 2014). Employees are to have increased commitment, job satisfaction, and creativity at workplace to develop good atmosphere in ethical climate.

If the company's CSR are well known by the employees, those employees who had awareness on the CSR of the company had more positive ethical company related associations. Moral and ethical issues about organizational decision making and behavior are represented by CSR. In the countries that are under developed ones, social responsibilities should begin from the top (Sage Editors, 2016). In order to make CSR strategist operative; leaders whose wish and mind concentrate in to responsible behavior are needed for the organization. Baba showed that when action is taken in responsibility and in harmony with ethical standards by managers or supervisors, employees may also assure from committing opposite to ethical and immoral action as well (Sage Editors, 2016).

### **2.1.4 Benefits of corporate social responsibility (CSR)**

#### **2.1.4.1 Benefit of CSR for corporations**

Ethical performance and social responsibilities are important on the success of firms. At commercial level CSR is generally a systematic way of initiative that can contribute to brand the firm. The reason is, a firms' practice of CSR causes the firm to achieve beyond compliance with legal expectation and engages in "performance that enables bringing social good (Pirschet *al.*, 2017). Since the outbreak of corona virus COVID-19 that was announced as pandemic by WHO, the concept of corporate social responsibility (CSR) has increased ever. The views of the firms were shifted around when they see the number

of employees that were affected by the virus and the impact on CSR. Then they made their focus to saving the society that creates good sense to operate in sustainable way for the future (Amaeshiet *al.*, 2016). Some purer benefits of firms' social responsibility to a corporate are:

Increase firms benefits: as the society assess the public image of the firm when deciding whether to approve it. Staff members spending of time at volunteer services like an hour in a week shows that the firm is a brand one that shows its dedication to help others in charities. This leads the firm more to be favorable to the community that enhances the benefit of the firm (Amaeshiet *al.*, 2016).

Increased awareness and recognition on the brand: the more the firm is committed to the CSR, the more the news is to spread. Thus, multiple people come to hear about the brand of the firm. That simply creates brand awareness (Amaeshiet *al.*, 2016).

Cost savings: for the sake of sustainability, simple changes like using fewer packages will help to lower the production cost of the firm (Pirschet *al.*, 2017).

Advantages over competitors: by considering social and environmental issues the firm can establish itself advanced than others. Therefore conducting CSR helps the firm to move forward than other competitors in its work and performance (Pirschet *al.*, 2017).

Strong employee engagement: the firm ought to be sure that its employees are well versed with the knowledge of CSR strategies that leads to greater employee engagement like that of community engagement. It is proved as employee enjoy doing more work to the company that holds a good public image than others who do not do so (Hillman & Keim, 2014).

Enhance community engagement: if the firm applies CSR or sustainable system, it should make it known in bold and big, making it to be known in the social medias by posting in bold so the story out of it to be created, that leads the local medias to give it cover ages. This results the community to follow this and engage with corporate operations (Hillman & Keim, 2014).

#### **2.1.4.2 Benefit of CSR for community**

Firms to perform well, they should consider social responsibility is a decisive factor especially in the world we live now. To earn a good and positive image, firms ought to implement social responsibility programs. Activities like supporting community actions, introducing technology that can turn around the community in to making life easy status. Creating employment opportunities and hiring young people in the community, Take part in the environmental activities and support the activities, encouraging volunteers and giving to charities (Barton, 2017).

Promoting community development is one of a major role of corporate social responsibility as well. Community development is a real effort in a community to perform it in a manner to assist community problems with a minor amount of supports from external organization.

#### **Example of activity done in CSR**

Starbucks company has mentioned as a good example by providing economic, social, environmental and quality guidelines that can direct how coffee ought to be produced by farmers which also guides how to make waste control, quality of water and its preservation, conservation of bio diversity and the conditions of how human works (UN, 2018).

Starbucks is well known with its CSR footprint since it began its operation as a firm. According to its own report of 2019 on global social impact, 99% of ethically sourced coffee, revolutionary green building in all its store, by contributing millions hour of services for the community and making available collage programs for the employees. By using environmental friendly materials to reduce amount of carbon in its project activities so that to maintain sustainability (UN, 2018).

CSR bears also transferring of technology from the firm to the local community where such kinds of companies are operating. CSR had caused to generate human resource and technology to the developing countries to assist in the development of the communities (Barton, 2017). The intervention of CSR produces opportunities for community to

address challenges that emergence from social risk as long as firms are motivated as part of their corporate strategy. CSR also provide frameworks and foundation for stakeholders in their engagement of community development projects. This caused stakeholders to be increased in participation with CSR programs (Kytleet *al.*, 2015).

As a result of the development project of CSR, it is served as instrument of reduction of poverty as it improves the livelihood of needy (Luken, 2015). However, so far only little studies have been conducted in this area of CSR and community development in the country like Ethiopia (Luken, 2015).

### **2.1.5 Challenges of corporate social responsibility**

Managers should have long term commitment and vision for the design and implementation of corporate social responsibilities (Baughnet *al.*, 2017). The low income earning communities in the glob is high in rate. And this makes it difficult for communities to adequately support firms that implement CSR as they use their earnings for food purchasing in great way (World Bank, 2017). The operations of CSR are with great challenges because of the great number of needs of society and with other factors or reasons like unsuccessful engagement of stakeholders and lack of skill to perform social responsibilities (Baughnet *al.*, 2017).

#### **2.1.5.1 Failure to engage key stakeholders**

Majority of CSR programs are not context specific because of that it is individual firms' need to do CSR program in the local context. Organizations with great number are not successful to engage stakeholders on the main issues of social that are supposed to be covered by CSR programs. This is not the only problem that hinders the organizations but it also becomes a problem for the right implementation of CSR involvement (World Bank, 2017).

Cause reason product is exercised by American that 81% of the consumers like any opportunity to purchase a cause related products that shows they are in the state of mind that their purchase amount to be related to with the CSR program of the firm. Thus they are felt as contributor of cause- reason. If internal and external stakeholders are well

informed, Firms can be benefited from their intervention program of CSR. However most CSR programs of firms are not well known because of low awareness activities is done to make aware the stakeholders that makes it impossible to have successful implementation of CSR intervention programs (Du *et al.*, 2016). Majority of CSR recent programs of firms had been made to be focused on health, education and environmental issues (Sharma &Kiran, 2012).

These time trends become essential for worldwide business in connectivity among and between different kinds of stakeholders all over the world (Du *et al.*, 2016). So is possible for the introduction of other new stakeholders in the all activities and procedures of operational business like employee from communities, media regulation, providers, NGOs and also politicians and regulators. These all stakeholders have their important roles in the implementation of CSR program activities. This turns to involve other stakeholders may direct to a social risk matters to management of the firm (Cone, 2016) challenging that are emerging from social risk had been addressed by the opportunity that firm's CSR programs intervention created (Du *et al.*, 2016).

CRS implementation is an essential element of risk management for firms as they provide framework and regulation of stakeholders participation on emerging and preset social issues to help the firms risk issues and eventually to serve like a countermeasure on social risk. On the other hand it is unfortunate to not stakeholders be engaged in the CSR intervention programs that can pose great challenge on the operation (Du *et al.*, 2016).

#### **2.1.5.2 Inadequate skills to carryout corporate social responsibility**

Individuals are the one who turn in to organization in which they enjoy first some rights, duties and responsibilities for they are a countries citizen. Therefore number of stakeholders are approached the organizations with numerous responsibilities. The final need of stakeholders with that the organization operates with may render CSR meaningless (Prieto, 2013). It might not be the problem of CSR is its relevance but it may lay on individual personal behavior or stands that how they feel responsible on which the organization is stand on. It is almost impossible to the existence of CSR if people are immature and irresponsible to practice in the mood of social responsible manner.

Therefore for the success of the program of CSR there should be a training giving for individuals and society towards in to their competencies and maturity for the successful design and implementation of corporate social responsibility (Prieto, 2013).

The concept of CSR and stakeholders are correlated for each other which had justified that as there should be a need for identifying for the interrelation between firms and society from the place they operate. Because of the program of CSR that is being implemented, managers play great role to make their firm's image to become well known. The awareness that grows in the community concerning CSR has its own influence to change dramatically the responsibilities that the firm has to the society. People also ought to express their expectation from the firm program of CSR and also about their position, behavior and value-system. This helps to boost the design and implementation process on CSR involvement to the benefit that is for both the firm and the society as well (Kakabadse *et al.*, 2005).

In the words of Jonker and Schoemaker (2012), firms that are working on CSR programs should have the development of proper capacity and skill to pass decision and richer and mature behavior towards their stakeholders; otherwise it goes to its contrary that firms will fall with lack of appropriate skill which is essential to carry out CSR programs (Prieto, 2013).

### **2.1.5.3 Corruption as a factor that affects CSR**

Companies need socially responsible spending on projects to build stronger relationships with local communities. Social responsibility makes a lot of sense and real projects can result in real benefits (World Bank, 2013).

However, previous studies by Bereket Gebru (2017) and by Desalegn, and Gangadhar (2019) have identified a number of major companies that donated money to support meaningful public interest projects in their socially responsible actions, only to find out years later that the money is gone and no progress has been made on the project due to corruption. As an example, according to World Bank (2013), a number of European construction companies donated close to \$75 million to Ethiopia to construct a training

facility in their social responsibility program. But no one point to any evidence of a training facility constructed due to corruption nor can anyone be accountable for the money lost. This is an extreme example for how corruption underscores corporate social responsibility spending (World Bank, 2013).

Think of the irony of these situations – “in an attempt to promote the goodwill of the company in emerging markets, companies spend large amounts of money, only to find out later that leaders have lined their pockets with the funds to locally intended social responsibility projects.”

Thus, unfortunately, companies have to go back to build a set of internal controls around the process. Not to repeat checking over and over, but before money leaves the company, internal controls have to be in place to ensure that the company knows who the money is being given to, the purpose of the project, and a schedule for audits has to be implemented(Desalegn&Gangadhar,2019).They also indicated that, companies have to monitor their social responsibility projects and regularly audit the projects to ensure that the money is being used for authorized purposes in a manner free from corruption. Otherwise without any real centralized set of internal controls, social responsibility spending may be in immature situation.

## **2.2 Theoretical Literature**

### **2.2.1 The theoretical model of corporate social responsibility**

The capacity of firms to be socially responsible is rely on at their good will. The stakeholders can determine the performance of corporations. That leads the firms to seek authority from stakeholders (Carroll, 2009). Public relations(PR) orientation andcorporate social responsibility (CSR) orientation are consider to be the two products on which the theoretical model of corporate social responsibility (CSR) management has been structured.

#### **2.2.1.1Public relations (PR) orientation**

In this model, behavioral and transaction has been given much emphasis when it comes in the discussion of public Relation. When it is said ‘behavior’ it means agreement or harmony in the value of public relation. This illustrates the contribution

of the staffs' price in the department of public affairs and public relations of the company to include social responsibility. Swanson termed this as Model of value-attuned corporate social responsiveness in which external affair managers may give information about social value to the organ of executive body for the decision making process (Lauzen, 2014).

When management consider the facts and values of CSR as integral part of policy making, thus 'value-attuned external affairs' are become viable in firms. Especially When workers' capability to be considered and rewarded for their ability of identifying, selecting and analyzing social values, thus it flourished to be as the culture of the firm. When employees were equipped in a better way, they serve meaningfully to decision making process within public relations and public affairs concerning social responsibility (Lauzen, 2014).

In this model, dialogue is given an important place as essential transaction with stakeholders that firms incorporate to enhance social responsible activities. The good will of stakeholders to initiate and endure in communication, and the laws and its fulfillment as a governing rule of dialogue and the right attitudes consider being an effective dialogue with its quality. Lauzen (2014) reflects that the achievement of the goal of stakeholders which is the activity of social responsibility in the corporation can be ushered by dialogue.

### **2.2.1.2 Corporate social responsibility (CSR) orientation**

People can be related for one another in the manner they own which is also depend on the ethics they have. The corporate social responsibility (CSR) acknowledges ethical business behavior as the fundamental component of the internal behavior substance of the model. The model acknowledges the essential for dedication in firms for the sake of the promotion in the management of corporate social responsibilities (Cramer, 2012). Accountability is the main concern of the transaction element of CSR orientation.

According to Epstein (1987), five various capacities have been displayed in this model and incorporated in corporate social responsibility (CSR) management: value-attuned public relations, engagement, accountability and dialogue. Nevertheless, the two main orientations being known in the model although different, works in harmony to consolidate socially responsible firms.

### **2.2.2 Arguments on corporate social responsibility**

The major arguments for and against corporate social responsibility are given hereunder;

#### **Arguments against CSR**

The “economic argument” this argument is closely associated with the American economist Milton Friedman, who argued that the primary duty of business is to bring profit for the owners, while complying with the law. According to this idea, the self-interested actions of participants in free markets will lead to positive outcomes for society. If the operation of the free market cannot solve a social problem, it becomes the responsibility of government, not companies, to solve the problem (Callan& Thomas, 2015).

The "competitive argument" this acknowledges the idea that solving societal problems is obtained at the expense to business. To the degree that companies consider the costs of socially responsible tasks, they affect their competitive position relative to others. This argument is particularly important in a globally competitive environment if businesses in one country expend assets to address social issues, but those in another country do not. According to Allan and Thomas (2015) since CSR is increasingly an international concern, the variations in societal expectations around the globe can be expected to reduce in the future.

The other argument is "capability argument" which indicates that companies are typically well equipped in the ways of making finance, marketing, and operations management, but not good in dealing with complex societal problems. Thus, they do not have the knowledge or skills required to deal with social issues. This argument recommends that corporate participation in social problems may practically make the situation sever.

Besides, the argument suggests that corporations can best serve societal interests by doing their best in the area they engaged, which is providing quality goods and services and selling them at an affordable price to needy people (Callan& Thomas, 2015).

## **Arguments in favor of CSR**

There are many arguments supporting corporate social responsibility. One view, held by critics of the corporate world, is that since large corporations create many social problems, they should attempt to address and solve accordingly. Those supporting this idea criticize the production, marketing, and environmental practices of corporations (Berman *et al.*, 2009). Supporters of this argument indicated that corporations can do a better job of producing quality, safe products, and care in conducting their operations in an open and honest manner to the society where they operate.

The other argument is "self-interest argument" which is a very different argument in favor of corporate social responsibility. This argument suggests that corporations should conduct activities by themselves in such a way that assures a favorable operating environment for themselves and the society at large in the future. This view believed that companies must look beyond the short-term, profit and realize that investments in society today will maximize the benefits in the future (Lauzen, 2014).

## **2.3 Empirical literature**

Government sector engagement with CSR potentially spans social, economic and environmental spheres, including issues of corruption, poverty reduction and human rights (Ann & Bill, 2015). The goals of public sector engagement in CSR are likely to differ from country to country. A first broadly defined goal of public engagement in CSR is the alignment of corporate activities and public policy to achieve societal goals (Ann & Bill, 2015).

### **2.3.1 CSR in Russia**

In Yugra autonomous region 2% of the population is indigenous, with about 2,000 living permanently on the land (Kevin & Lyuba, 2007). The Yugra Autonomous Region's charter of Russia sets out the role of the provincial government, including implementation of

social responsibility programs; ensuring benefits to communities from resource exploitation by company-community agreements; and facilitating training and work placements for indigenous skilled workers. A regional legislation passed in 1990 requires that agreements be signed between developers and indigenous resource users, which cover such areas as construction of power lines, housing and cultural facilities; provision to each household of electric generator, spare parts, building materials, fuel and a quarterly financial compensation payment; financing for higher education, specialist training and work placements (Kevin & Lyuba, 2017).

The regional government also runs an annual competition for the best CSR performing company, 'Black Gold of Yugra', which includes a special prize for the best work with indigenous peoples (Kevin & Lyuba, 2017). According to the regional charter large companies which drew sales of over \$ 1.5 million accounted to expend at least 16 percent of their budget for CSR purpose (Kevin & Lyuba, 2017).

### **2.3.2 CSR in Sri Lanka**

CSR practices in the companies of Sri Lanka are significantly different. These indicate that the level of economic development of a company could influence the level of participation in social responsibility actions. The social, political, cultural, and religious differences of leaders may account for other reasons. CSR practices are effective if mainly driven by the people inside the organisation rather than the forces outside the entity (Nakiband Mia, 2013). That means, cultural values and beliefs of managers play an important role because CSR behavior of organizations is not only a business decision but also a cultural or managerial value-based decision.

For example, statistically, pressure coming from the values and beliefs of Sri Lankan company managers towards the CSR practices of their company is significantly higher than external pressure based CSR practices (Nakiband Mia, 2013). It was evident that the Sri Lankan culture plays an important role as a driver in adopting CSR activities unless the values of the people internal to the organisation are different. In Sri Lanka it is must for a company, in every financial year, to spend at least two percent of its budget. It is also ensured that the activities included in CSR policy of a company are undertaken by the company, although primary responsibility lies with the CSR committee.

### **2.3.3 CSR in Ethiopia**

#### **2.3.3.1. CSR in Ethiopian floriculture industry**

According to MessayandSamson(2012),Ethiopian flower industry at its infancy stage provides job opportunity for many citizens of the country. However, it is still blamed of irresponsible flower production. In their book theyhighlightthat corporate social responsibility practices and its implementation in the industry is mainly through the pressure and assistance of governance bodies. They also indicated that the economical, ecological and human practices of flower farms are drivers in promoting proper governance of corporate social responsibility(Messay&Samson, 2012).

#### **2.3.3.2 CSRin the construction sector of Ethiopia**

According to the WB report (2013): In the construction sector, Ethiopia exhibits most of the classic warning signs of corruption risk, including poor-quality construction, inflated unit costs of construction outputs, and delays in implementation. In turn, these factors appear in some cases to be driven by unequal or unclear contractual relationships, poor enforcement of professional standards, high multipliers between public sector and private sector salaries, wide-ranging discretionary powers exercised by government, a lack of transparency, and a widespread perception of hidden barriers to market entry due to corrupt practices.

There are multiple and “interrelated drivers of corruption in Ethiopia’s construction sector.” These drivers include “related to deficiencies in accountability (transparency based on clear performance criteria), capacity (availability of sufficient material and human resources and proper procedures), and trust (confidence in the market that allows businesses to invest in increasing their own capacity). According to Alemayehu (2013), in Ethiopia, “lack of capacity makes corruption possible, a lack of accountability makes corruption happen, and a lack of trust allows corruption to take root.”

Therefore, countries like Ethiopia that have been unsuccessful in controlling corruption of the construction sector have implemented rigorous compliance audits and made available to the public comprehensive and detailed information on bids, winning bids for

government contracts and reports of procurement audits on a timely basis. They also allow civil society representatives to observe the tendering process (Alemayehu, 2013).

### **2.3.3.3 CSR in Ethiopia hotel industry**

According to Sintayehu (2019), the responsibility of the organization for the impacts of its decisions and activities on the society and the environment, called corporate social responsibility is evolving investment approach aimed mainly to contribute for sustainable development and welfare of the society. CSR is being integrated with economic and investment policy of different countries and practiced in different modalities. In Ethiopia, literatures indicate that only limited local as well as international organizations have been practicing CSR in a fragmented ways.

Hilton Hotel for instance, has several corporate social responsibility programs (CSR) in relation to employees support, community service, environmental protection, and customer handling. Provision of health insurance, freedom of associations for labor, facilitating continues skill based training, support to local NGOs, offering scholarship opportunities, and providing charity and other emergency support are some of the involvements Hilton Hotel has made through its CSR programs. However, though there are several CSR made by the hotel but these have been made not in the required quality and without regular budget allocated as well as working procedures in a manner exposed for corruption (Sintayehu, 2019).

## **2.4 Conceptual framework**

The framework which is given below in figure 2.1 helps to perceive the nature of social responsibilities in corporations. In short corporate social responsibility is defined as the intervention of firms with the set of planned programs, and the aim to solve the emerging problems in the society that can be caused by firm's project activities. Stakeholders, in particular society around the project areas and other legal interested parties in CSR can be the main driving forces for corporate social responsibility initiatives in any project area (Donaldson & Preston, 1995).

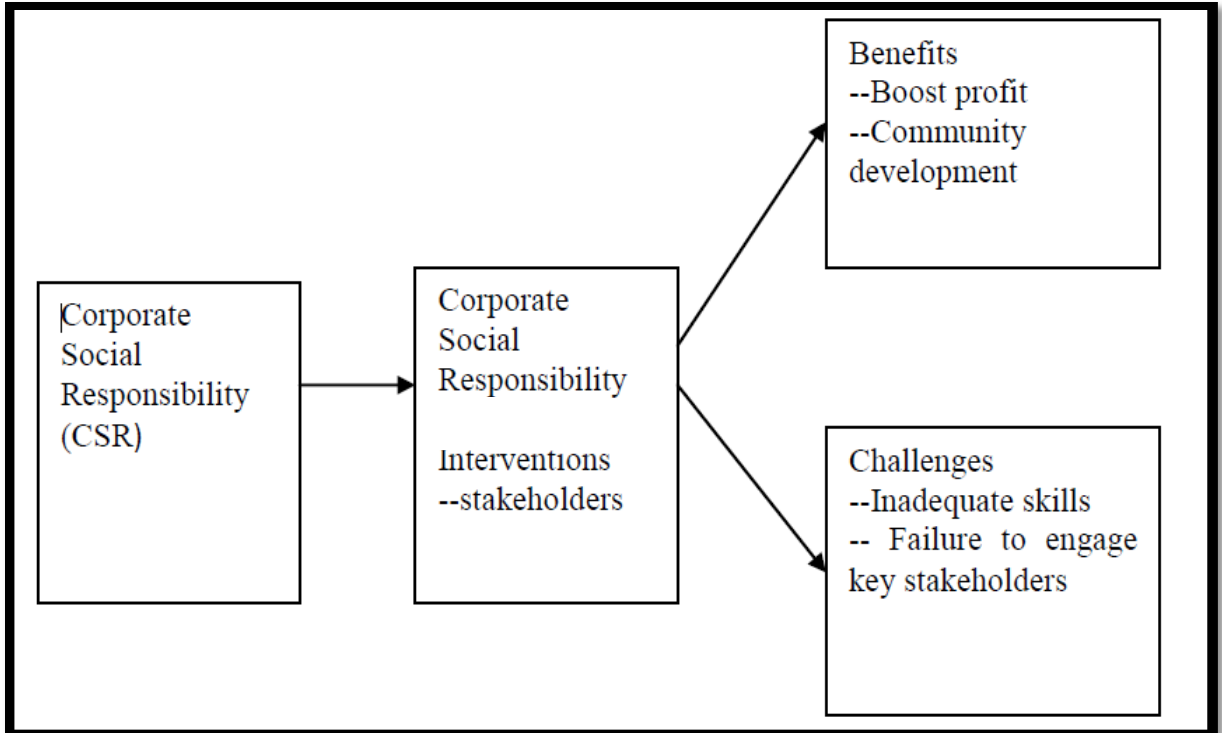


Figure 2.1 Conceptual framework of CSR(Adopted from WB, 2013)

Figure 2.1 illustrates that CSR leads for its formulation and way of implementation is greatly influenced by the society where the firm is operated from. The CSR programs cause tremendous benefits and poses great challenges to a firm as depicted in the figure above. The CSR intervention also enhance the benefit of the firm's profit that leads the community development and the organization also needed to equip itself with the necessary skill and put in to engagement the relevant stakeholders in order to able to solves challenges that are related to the CSR.

In a CSR program the stakeholders also seek to quality of social life to meet their expectation from the organization as they work for the maximum benefit of the firm. The firm should also reaffirm to work for the benefit of the society like improving living condition with good working environment among others through corporate social responsibility. The type of relationship that the firm and the stakeholders determine the harmony of both parties in mutual benefits, otherwise the society can create a great challenge on the daily activities of the organization. Thus, the challenge and the benefit of the organization are dependent on the relationship of both parties.

# **CHAPTER 3**

## **RESEARCH METHODOLOGY**

### **Introduction**

This chapter is aimed to offer key insights about the methodology and the research designs used in the study. Thus, the chapter attempts to briefly show the type of research design being utilized in the process of the study. This involves data sources, data collection tools, sampling method, and sample size, target group of the study, methods of data analysis and the ethical considerations that were being adopted by the researcher. The organizational profile also discusses the brief history of ECWC the Addis Ababa, its staffing situation, main activities carried out and its involvement in corporate social responsibility.

### **3.1 Research Design**

The choice of research design and methodology can be determined on the bases of philosophical assumption of each research method, or reasoning behind each research method, and others (Creswell, 2015). He added that a research design is a blue print, master plan, structure or strategy of investigation conceived in such a way that it provides answers to research questions. The most suitable research design for this study was a mixed research design. The researcher used mixed research approach based on the following reasons: This design helps in collecting the required types of data in both quantitative and qualitative form. This design also helps the researcher to systematically investigate a phenomenon under investigation, allowed for a deeper understanding of the phenomenon, make weaknesses of qualitative method to be compensated by the strength of the quantitative method and vice versa, and invite the researcher to use both questionnaire and interview. Accordingly, the researcher employed mixed research design.

The research strategy to be used in a study was dependent on the manner in which the data was applied, either deductively or inductively (Gray, 2014). The case study research strategy is chosen for this study by the researcher. Case study is defined as an “empirical study that investigates a current event in its real-life situation, particularly when the

boundaries between the event and context are not clearly indicated (Yin, 2013). Case study is considered as a suitable research strategy when the event and the context under study are not specifically demarcated (Eisenhardt & Graebner, 2014). The case study research design has the ability of incorporating a large variety of research techniques and thus it is used to acquire an in-depth knowledge about a particular event in most cases. Case study research helps the researcher making it possible to obtain reliable data by employing both qualitative and quantitative data gathering tools (Gerring, 2007),

Behind the use of case study strategy for this study is mainly its ability to help the researcher in identifying pertinent ideas associated with the evaluation of the corporate compliance with expected social responsibility, and benefits of corporate social responsibility (CSR) in the ECWC. According to Fisher (2007), case study also made it simple for points to be considered from a wider angle to the possible extent. Therefore, data to be collected from the ECWC was analyzed and generalized for the whole projects of ECWC within the country where it operates. In this study research questions are often formulated and tested.

In terms of research time dimension, cross-sectional research is used in this study which provides a 'view' of the outcome and the characteristics associated with it, at a specific point in time. This research time dimension also focuses on studying existing phenomena. The research method further shows data available at and occurring at one point in time.

## **3.2 Sources of data**

The researcher has used both secondary and primary data sources. This is because both primary and secondary data can be compared and help the researcher to draw valid conclusions.

### **3.2.1 Primary data**

Here questionnaires are used to gather data from the employees of the ECWC. The researcher has also employed interview to get first-hand information from households in areas where the ECWC has projects. First-hand information is information collected directly from the respondents to support in the study of an event.

### **3.2.2 Secondary data**

The researcher obtained secondary data from both published and unpublished documents, magazines, reports, and journals from well-known international organizations in the area of CSR and from the ECWC itself. These sources provide an opportunity for the researcher to find out gaps and explain the concept of CSR practice originated from the event under study. Here the researcher used the annual report of the corporation in relation to corporate social responsibility works performed. This has given the researcher an opportunity to identify gaps and provides an explanation of the practice of CSR emanating from the corporation.

### **3.3 Population**

Population is the total number of units that exist in the area of study of a certain event (Saunders *et al.*, 2013). This research has taken its population from 4350 workers in the ECWC and 43 household heads living in project areas of ECWC near Addis Ababa; people from communities mainly from surrounding areas of Addis Ababa where the corporation has projects constructed in recent years such as Legetafo, Guder, and Jemo areas.

### **3.4 Sampling Technique**

The study has basically targeted community members within the project areas of ECWC near Addis Ababa and its staff members. Thus, community members in the project areas and staff members in the ECWC are used as respondents of the study. Probability and non-probability sampling were two main types of sampling. The first gives equal opportunity for individuals to be included in the population of the study while the second sampling method provides unequal opportunity for individuals to be included in the population of the study (Saunders *et al.*, 2013).

Accordingly, the researcher used both probability and non-probability sampling techniques mainly simple random to select the 98 staff members of the ECWC and purposive sampling techniques for taking the 43 interviewees from the community in the project areas respectively. Simple random sampling is preferred by the researcher because it gives equal chance of being included or excluded in the study for all respondents. It

therefore ensured that only people in the surrounding areas of Addis Ababa where there are projects was sampled due to their convenience. Purposive sampling was used by the researcher consciously when he decides whom to include or exclude in the study. The researcher employed purposive sampling to take forty-three (43) household heads in the surrounding areas of Addis Ababa to collect required data from their experience on the compliance of the ECWC with expected responsibility.

The sample size was determined by Taro Yemane (1967) formula as shown below:

$$n = \frac{N}{1 + N(\alpha^2)}$$

Where:  $n$  = the sample size

$N$  = the population targeted

1 = a constant

$\alpha$  = margin of error and the margin of error 10%.

Accordingly the sample was as follows

$$\begin{aligned} n &= \frac{4350}{1 + 4350(0.1^2)} \\ &= \frac{4350}{1 + 43.5} \\ &= \frac{4350}{44.5} \\ &= 98 \end{aligned}$$

Thus, the sample size of the study was 98 employees of the ECWC. Besides, interview was made with 43 households living around Addis Ababa where the corporate undertakes construction projects namely; Legetafo, Guder, and Jemo areas. Accordingly, the study used a total of 141 respondents.

### **3.5 Data collection instruments**

Data collection instruments such as questionnaire and interview were used to get primary data. The researcher used questionnaires to collect data from 98 workers of the ECWC. On the other hand 43 household heads in 3 communities namely Legetafo, Guder, and Jemo within the surrounding areas of Addis Ababa where the ECWC has projects constructed were used by the researcher to get the necessary data through semi-structured interview.

### **3.5.1 Questionnaire**

A set of questions used for collecting required data from respondents is said to be questionnaire (Brancato *et al.*, 2016). To collect the primary data from sample respondents, questionnaire can be used. This is because questionnaire can help the researcher to address many respondents reasonably within a short period of time. Using this tool, respondents stated their opinion freely (Saunders *et al.*, 2013). Besides, the opened-ended questionnaire has made it possible for respondents to give sufficient information to questions raised (Brancato *et al.*, 2016).

Saunders (2013) also indicated that questionnaires are the main instruments for collecting data. Accordingly, the researcher employed questionnaire to get data from workers of the ECWC. The questionnaires for this study include mainly close ended and some open ended items. All questionnaires were prepared by using empirical method for Team leaders, and experts based on their background of the status quo.

For the purpose of data triangulation, certain open-ended questions were prepared and used to complement the responses of the respondents obtained in the interview. Moreover, document analysis template was used to gather essential data for this study. Here the questionnaires were prepared and distributed in English language because respondents of the questionnaires were educated staff members of the researcher.

### **3.5.2. Interview**

Focused exchange of ideas between two or more people in a face to face way is said to be interview (Saunders *et al.*, 2013). Accordingly, interview was another data collection technique used by the researcher in this study. The researcher has made an interview using structured and semi-structured questions with residents of the three selected project areas of ECWC i.e. heads of households in Legetafo, Jemo, and Guder which are expected for getting benefits or costs due to the projects of the ECWC under study were interviewed. The researcher tried to get in-depth qualitative data through interview with further probing the issues of CSR implementation in detail. The major contents of interview questions were the practice of CSR of the ECWC, and benefits and challenges obtained due to implementation of CSR if any.

Semi-structured interview is used by the researcher to get essential data from purposively chosen 43 household heads living in surrounding areas of Addis Ababa where the ECWC has projects. Such type of interview was employed to investigate perceptions of residents on corporate social responsibility actions and compliance with what is expected of the corporate.

### **3.5.3 Document review**

In order to supplement the data collected from different sources the researcher tried to investigate various documents which are concerned of corporate social responsibility; target government institutions' fundamental documents including the founding legislation of the organization, its strategic documents, annual plans, minutes, and monitoring results. Reports were investigated about the inclusion of required budget for CSR activities; and projects implemented. Monitoring results from the regulatory organ on the construction of CSR projects by the corporate were reviewed to determine the quality of the CSR projects constructed. Minutes of community participation on the selection of CSR projects were analyzed to make sure how consistent was the data gathered through the tools mentioned above.

### **3.6 Data analysis techniques**

For easy analysis and interpretation of results the researcher used Statistical Package for Social Scientist (SPSS) mainly for quantitative data collected through questionnaire. But the data analysis method used in this study includes both descriptive statistics and content analysis methods. Content analysis is used to explain the data acquired through interview, and document review in connection with the existing literatures i.e. after the contents of narrative responses were categorized in to similar ideas and coded by the researcher the ideas obtained were interpreted for analysis. This is because to explain the narrative/qualitative data collected from interview and the opened-ended questions content analysis is needed.

### **3.7 Profile of the Ethiopian construction works corporation**

The Ethiopian Construction Works Corporation (ECWC) is a public enterprise established on 18 Dec. 2015 based on Council of Ministers Regulation No. 366/2015 with an authorized capital of Birr 20,313,608,143.90. The corporation is a result of the amalgamation of three formerly independent public enterprises, namely the Ethiopian Road Construction Corporation, the Ethiopian Water Works Construction Enterprise and the Ethiopian Prefabricated Building Parts Production Enterprise. The ECWC is located at Addis Ababa but its construction activities cover the country as a whole.

Since its establishment, the operational wing of the Authority (the former Ethiopian Road Construction Corporation) has constructed over 21 asphalt roads, 45 gravel roads, 5 airports and airstrips and 5 dams as well as maintained almost all road networks of the country during the past 68 years. Similarly, for many years, the water works construction sector has been undertaking construction of 38 potable water projects, 8 road construction projects, 13 dam and irrigation projects, 4 buildings and 6 different civil work construction projects. Likewise, the Ethiopian Prefabricated Building Parts Production sector has done a lot in order to reduce deforestation and alleviate housing problems by undertaking different modern building technologies. Until now, the corporation has constructed different government offices, and private buildings.

Its supervising authority is given to the ministry of public enterprises and its policy making body is the board of directors of the corporation whose members are appointed by the government from different institutions. Nowadays the Corporation has 4350 permanent employees working in transport, water, and building infrastructure projects. As its mandate and responsibilities clearly shows the ECWC has to compete globally and become a renowned construction company in Ethiopia. Efforts to communicate internally with its large amount of employees and its customers and stakeholders shall also be considered paramount. Issues related with the practice and challenges of social responsibility in ECWC were the focus of this research.

### **3.8 Ethical consideration**

The researcher has tried to respect ethics for research while engaging in actual data collection process such as informed consent of the respondents, and confidentiality of the data provided. In addition, the researcher attempted as much as possible not to affect the privacy, psychosocial conditions, and other aspects of the study participants in the research setting.

## CHAPTER 4

### DATA PRESENTATION, ANALYSIS and INTERPRETATION

#### 4.1 Response rate

The questionnaires were distributed to 98 employees of the ECWC. From the distributed 98 questionnaires for the study, 98 were properly filled and returned to the researcher. Therefore the response rate in this study was 100 percent.

#### 4.2 Demographic profile of respondents

The following table shows the demographic profile of respondents in the sampled project areas of the ECWC.

Table 4.1 Respondents demographic profile

Profile	Category	Frequency	percentage
Sex	Female	12	12.2%
	Male	86	87.8
	Total	98	100%
Experience	Above 10 years	18	18.4%
	5 to 9 years	38	38.8%
	Below 5 years	42	42.8%
	Total	98	100%
Education	Diploma	14	14.3%
	Degree	66	67.4%
	Masters	15	15.3%
	Above 2 <sup>nd</sup> degree	3	3%
	Total	98	100%

Source: Field survey, 2021

As shown on table 4.1 above, the number of respondents between whose experience is below 5 years covered 42.8% which is the highest of all and the least (18.4%) of respondents was above 10 years of experience. This shows that people in young age

category were dominant in a relatively higher degree. From the total respondents who fill the questionnaire of the corporate all most (87.8%) were male and female respondents account the remaining percentage share of the study participants.

It is also indicated that the respondents who diploma level education were (15.3%) while the majorities (67.4%) of the respondents were degree holders followed by 15.3 percent respondents with master's degree. This educational status makes the respondents to be sufficiently matured/ wise in deciding to answer the research questions. But education is more crucial especially to bring about attitudinal change towards reasonable decision making.

### **4.3.1 Perception about corporate social responsibility**

Here under what is presented are the views of people about corporate social responsibility actions carried out by the Ethiopian construction works corporation.

People have possessed different perception on the idea of corporate social responsibility. Some hold the view that concept of CSR is a trial by companies to engage in unproductive projects with the aim of respecting decision makers' decision and government policy (Yin, 2013). Regardless of this views people have on CSR, others considered it in a broader way as CSR is the base for corporations' contribution for improving the living condition of communities where they operate.

Here it is good to note that responses such as agree and strongly agree shows the level of positive relationship, while answers like disagree or strongly disagree express a negative link that exist between the responses and the practical nature of CSR. Employees within the ECWC accept the idea that performing CSR is an indicator of a corporate to act ethically and contribute for national development while improving the quality of life of its employees and the local community where it operates at large.

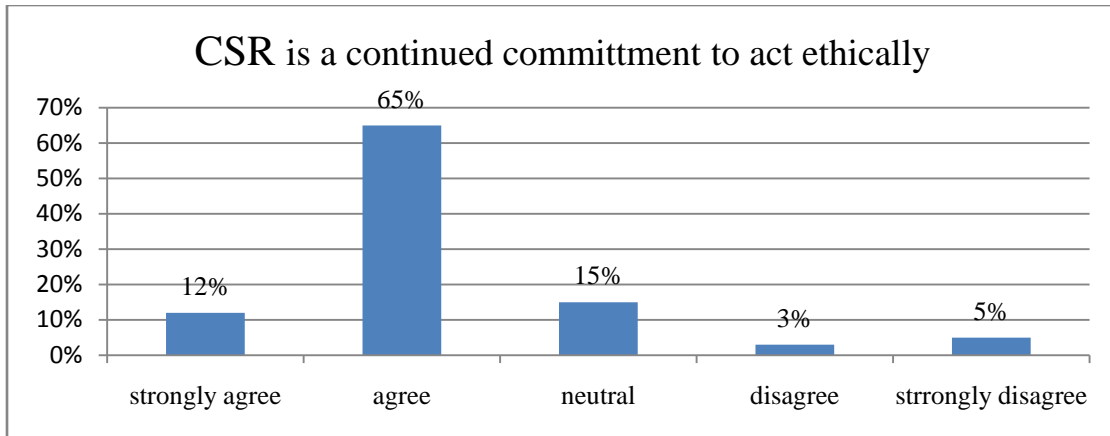


Figure 4.1 Employees' perception on CSR

Source: Field survey, 2021

Figure 4.1 revealed that 12% and 65% of the employees strongly agree and agree respectively with the question raised in relation to CSR as indicated above. As per respondents, corporate social responsibility should not target at maximizing the living standard of the workforce of the corporate alone but also, such programs should consider on improving the life of the local communities and society at large within which CSR projects have existed. Blowfield, and Frynas (2015) shown that CSR is an action taken by corporations to contribute for development of a country while improving the quality of life of their employees and the community at large.

In this regard, the household heads of sampled areas during interview underlined "the need for corporations to frequently show commitment in the implementation of CSR and respect to the ethical standards of the government policy is one way of getting a positive word of mouth for the practice of CSR in the area where corporations have projects. This shows that both groups of respondents have the opinion that any weak commitment of the ECWC to the practice of CSR would result in negative image as the local community consider the corporate as being corrupt, irresponsible to societal wellbeing and of their living conditions. This implies that the corporate and its management should have a good plan not only to invest money for projects but also awareness rising on how and what to be done in CSR programs.

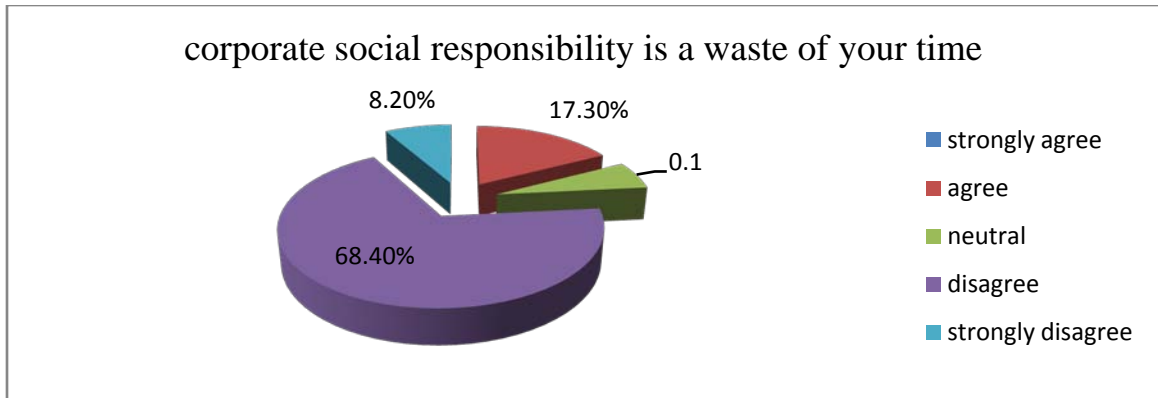


Figure 4.2 employees view on CSR as waste of time

Source: Field survey, 2021

Figure 4.2 above also shows employees' responses to the question 'corporate social responsibility is a waste of employee time'. The findings make clear that 68.4% of them did not view corporate social responsibility as a waste of their time but rather as an opportunity to contribute to the economic and social wellbeing of the communities surrounding the project area. However, 17.3% employees saw corporate social responsibility projects to some level as a waste of their working time and wished to withdraw from participation. Thus, response from most respondents implies that Social Responsibility can get employees to ease themselves from the anxiety of office work throughout the year. According to Dobers, and Halme, (2010), corporate social responsibility makes it possible for corporations to mainstream social and environmental concerns in their project operations.

The other question raised for respondents was that 'corporate social responsibility drains the resource of the corporate'. Accordingly, findings on the amount of resources committed to corporate social responsibility revealed that majority of the employees considered corporate social responsibility activities not to drain the organization of its resources. This is because 76.5% of these employees are with the strong opinion that their corporation has resources to engage in CSR without a drain on its annual budget. This means they considered their organization to have enough advantage over the years to be able to contribute responsibly to the growth and development of the communities where it operates. However, respondents described the bureaucratic structures of their

corporation an obstacle to the frequent and easy implementation of corporate social responsibility as it is time consuming. In this regard, World Bank (2017) indicated that, the benefits of practicing corporate social responsibility compensate the cost of implementing it.

#### **4.3.2 Corporate compliance with expected responsibility**

Any corporation is expected to implement its activities in a legally and socially responsible manner. In this regard, residents in the sample areas of the study were asked to evaluate the activities of the ECWC. Accordingly, they replied as follows:

##### **In terms of expected environmental role**

There are many environmental friendly projects that corporations can be engaged. Such projects encourage community to be more environmental friendly (Creswell, 2015). The ECWC as a corporate with environmental responsibility needs to pay special attention to the protection of the environment. The corporate's activities are also expected to be carried out using environmentally friendly technologies in order to prevent negative impacts on the environment.

In this regard, the all household heads in the three sample areas during their interview indicated, that the ECWC fails to use environmental friendly technologies that can prevent the environment from pollution and even it looks having no plan to invest on it. As an example they said that "the machineries used by the corporation to conduct its construction works have used non-renewable energy source: fuel which emits smoke and pollutes the environment than using renewable energy sources which is extremely important for the protection of the environment. But, we heard that using wind, solar and all other renewable energy sources are the key to safe environment".

Similarly majority (58.1%) of respondents from the corporate have also showed their disagreement on the idea that despite the construction of dams, based on the desire of a client, that help to mitigate climate change the use of renewable energy source while doing CSR tasks is almost non-existent. Thus, from the above finding it's possible to understand that, the corporation has paid little attention towards the protection of natural

environment which is very important for this corporation as its projects such as dams, and roads are sensitive to climate change.

### **In terms of expected social role**

Corporations like the ECWC are expected to be aware of the problems of the society and intended to provide a solution for societal problems through their social responsibility plan. Solutions in which users are no longer dependent to operate and use it can be better implemented to help the society (Creswell, 2015, p.203). In answering an open ended questionnaire ‘which projects the Corporate has prioritized while implementing its social responsibility in most cases?’ most (88.77%) employees of the ECWC shown that education and health are of high value on the agenda of social responsibility of the Ethiopian Construction Works Corporation in order to make the society complete in their competence. They added that in 2019 the ECWC has built one primary school in Guderu as a first measure until other similar plans to be implemented that fulfill its social responsibility in social aspects. The plan is to allow each resident in the project areas use education in their daily life. The ECWC has also made a completion of health post expansion project in Afar in 2018 which paved the way for an engagement of all residents in the project area to improve their health.

The respondents added that the ECWC has also tried to help the community where it operates by opening of gravel road to ease transport. In this regard interview participants of the sample areas said that “the corporate has made good effort in the area of meeting its socially expected responsibility but still we expect more from the corporate”. When the researcher asked interviewees about their future expectation and their future engagement in the corporate’s social responsibility tasks, one of the community’s elder said “we are always open to new participation mainly in education sector and the corporation is more than welcome to join us”. Thus, it would be nice if other corporations invest in the area of education to make the society have the opportunity to help corporations by their active involvement and ideas so that corporations can be more effective within different projects in the area of social responsibility.

### **In terms of expected economic role**

Both public and private corporations are expected to act in a responsible manner on regular basis and support associations, and cooperatives in economic aspects (Yin, 2013). ECWC in the spirit of fulfilling corporate social responsibility along with its development goal, need to link the development of its employees and benefits of the wider community where it operates mainly economic support is good if provided for HIV cooperatives, orphans, cooperatives of disabled persons if any. Besides, the provision of economic support to marginalized societal groups it has to allocate additional budget for the construction of road projects, an economic infrastructure.

In this regard employees of the corporate were asked to express their level of agreement on the question ‘the ECWC is doing what is expected of it in its economic role for the betterment of the society’. Accordingly, majority (69.4%) of the respondents replied “disagree” and the least (7.1%) respondents expressed their strong agreement. This is evidenced by table 4.2 below. Household heads interviewed also shown that the ECWC is not performing at its best in the area of economic role when compared with its other projects. They added that the main reason that limits the ECWC from doing socially responsible activities in this arena as per the expected level is corruption. This implies that corruption is definitely a topic that should be dealt with publically owned enterprises. However, it is not easy to fight against it without socially responsible society which can be used as a tool for the fight against it. Mainly “public sector corporations in this regard have more important impact in the society and because of that concerned government bodies should try to be as better as possible in the fight.

Table 4.2 ECWC is doing what is expected of it in its economic role

<b>Options</b>	<b>Frequency</b>	<b>Valid percent</b>
Strongly agree	7	7.1%
Agree	15	15.4%
Neutral	0	0%
Disagree	68	69.4%
Strongly disagree	8	8.1%
Total	98	100%

Source: field survey, 2021

### 4.3.3 What the corporate contributed for the betterment of the community

Figure 4.3 below discloses that 55% of the respondents disagree and 16.4% strongly disagree with the question 'there is community consultation in corporate social responsibility projects.' During interview household heads in all sample areas also confirmed that although community members have expected consultation in decisions before the implementation of CSR projects as a good thing for getting and sustaining projects that help minimize their problems through corporate social responsibility programs, the practice is different in that it is local government officials who choose what project to come to our area. From this we can understand that CSR projects of the corporate may have limitations in solving real problems of the society where it operates. According to Blowfield and Frynas, (2015), corporate social responsibility needs consultation with stakeholders' to increase participation in programs that tend to address their needs.

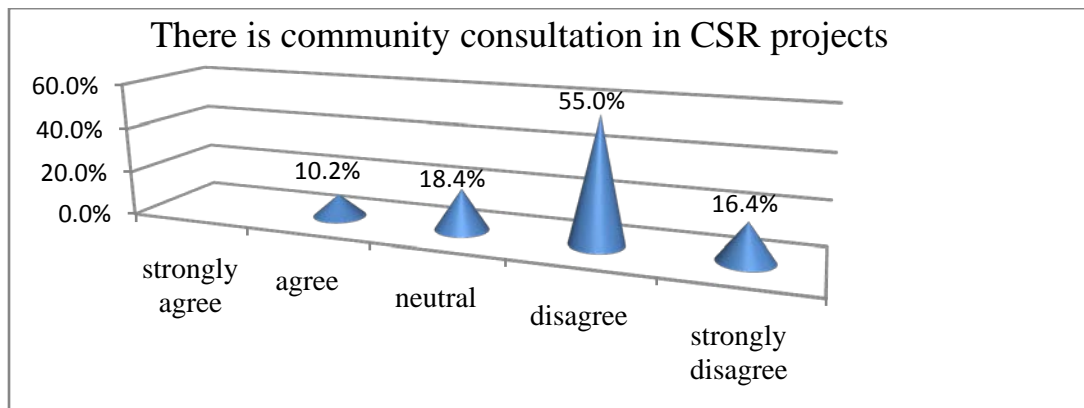


Figure 4.3 community consultation in CSR projects of the corporate

Source: Field survey, 2021

### Participation of beneficiary communities on CSR project

The researcher has asked a question to find out the level of participation of community members in CSR projects. Accordingly, findings discovered that 55(56.1%) of the 98 respondents confirmed community participation in the kind of corporate social responsibility project selection that is implemented by the corporate. But it is important to

note that responses for this confirmation were predominantly from employees of the ECWC.

However, the research has found that most of the interview respondents who were mainly from the beneficiary communities/household heads of LegetafoandGuderfelt as there were not active participation in the planning stage of the kind of corporate social responsibility project that were implemented in their area. This finding demonstrates the inadequate participation of community members on the kind of corporate social responsibility project they felt best address their most pressing needs at the stage where it matters most, planning. According to United Nations (2018), dialogue with community members result in co-creation of corporate social responsibility that tends to promote attainment of stakeholders goals. Therefore, the corporate needs to make an improvement on the transparency of decisions while selecting and executing its social responsibility projects.

Table 4.3Corporate social responsibility addresses the needs of the communities

<b>Options</b>	<b>Frequency</b>	<b>Valid percent</b>
Strongly agree	4	4%
Agree	50	51%
Neutral	14	14%
Disagree	20	20%
Strongly disagree	11	11%
Total	98	100%

Source: field survey, 2021

On the question ‘do you think corporate social responsibility addresses the needs of the beneficiary communities?’table 4.3above revealed that 50(51%) of respondents agreed andrecognized the role corporate social responsibilityhave played in addressing community needs such as the expansion ofhealth center blocks andmaintenance of gravel roads that have improved the livelihood of local farmers and their families. Accordingto Hillman,andKeim,(2014), the practice of corporate social responsibility provides the framework for stakeholder engagement on community development projects as this tends

to lead to a rise in stakeholders' participation in corporate social responsibility programs. However, 20(20%)and11(11%) of the 98respondents disagreed and strongly disagreed respectively on the efforts of corporate social responsibilityprojects made by the ECWC in addressing community needs. Table 4.3further revealed that 14% of the respondents are of neutral i.e. on the opinion that corporate social responsibility sometimes meet community needsbut in other instances the ECWC carry out corporate social responsibilityprojects for the aim of improving the corporate image alone than working to address community needs. This tells us that the ECWC could do more to consult the community with which it implementscorporate social responsibility projects.

In this regard 32 (74.4%) interview participants said that “CSR projects constructed by ECWC in our area have been benefiting us. This is because the corporate has constructed the projects not based on its prior plan and community consultation rather after we the residents have raised complaints on a major project constructed by the corporate itself. But what we want to add is that inadequate participation of community members on the selection of corporate social responsibility project and lack of plan in the side of the ECWC makes CSR projects unable to best address our most pressing needs.”

In the researcher's document review it was found that there were no planned budgets for CSR before 2013 E.C but in the year 2021 only 18.3 million birr was allocated by the ECWC for CSR purpose. Using this budget one primary school and one health post were constructed in Guder. However, in 2022 the corporate has increased its budget allocation for CSR tasks to 100 million Birr. According to the CSR plan document,prepared by the newly established department responsible for CSR, for 2022 projects planned to be constructed have also been relatively diversified than what was done before. But still limitations have continued to exist on participation of the community in the selection of CSR projects. This is best evidenced by the fact that the researcher has found nothing written about how to participate the community on choosing projects that best meet the societal needs on the CSR project plan document prepared. Besides, no monitoring results on the quality of CSR projects constructed before and no previous plansandminutes were found in the corporate that shows community participation in the selection of corporate social responsibility projects constructed.

## **Community development due to corporate social responsibility**

Employees were also asked on the issue of community development due to corporate social responsibility projects implemented by the ECWC. Accordingly, while rating the level of community development with respect to corporate social responsibility 12.2%, 2%, 49%, and 36.8% of the sampled employees rated their corporation's contribution as being excellent, very good, good and average respectively. This implies that, these employees were clear to add that the corporation should invest more into community development.

Besides, during interview the researcher asked household heads within the beneficiary communities to rate their community's development due to corporate social responsibility actions of the ECWC, and they responded contrary to the employees' ideas i.e. findings from the key informants make clear that majority (53.5%) of household heads mainly within Jemo and Legetafo do not associate their development with the corporate social responsibility project of the ECWC. Rather they said that "the contribution of ECWC to their development is as a drop in lake water". However, these respondents didn't deny that the ECWC has been doing well in the area of earth road, and health post construction. From this one can understand that there are more developmental issues within communities that the ECWC is yet to answer. Nevertheless, literatures have shown that developing countries have got little studies on the relationship of corporate social responsibility and community development (Bereket, 2017).

#### 4.3.4 Benefits of corporate social responsibility to the corporate itself

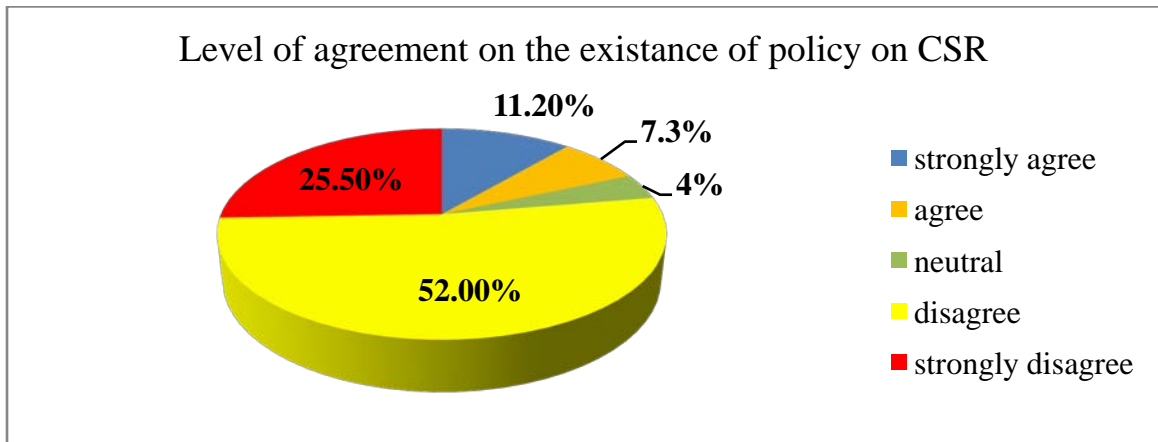


Figure 4.4 Policies on corporate social responsibility

Source: Field survey, 2021

From figure 4.4 above it is evident that, 52% and 11.2% of the respondents replied disagree and strongly agree respectively on the question there is a working policy of corporate social responsibility in the ECWC. This gives the strongest indication that the ECWC has failed to acknowledge the benefits of corporate social responsibility and for that matter it has not incorporated it into its plan and CSR has not become an essential part of the annual budget in the corporate till 2020. The figure also indicates that 25.5% of the employees strongly disagree. The less significant percentage (11.2%) of employees represents strongly agree implying that the corporation indulges its workers in a variety of voluntary activities in communities within the 15km radius of its project operational area. A small number of employees, 4 percent replied neutral indicating that they may not obtain the chance of taking part in the voluntary activities even. Key informants mainly from Guder during their interview also indicated that the ECWC has little or no attention for CSR programs because they said “it is based on our pressure that the corporate had constructed earth road and a health post” in their area while it was in a water supply project.

This shows that the corporate should work to mainstream corporate social responsibility in its annual plan. Besides, the ECWC should give equal opportunity to all of its employees within the various divisions on its project establishment to participate in its corporate social responsibility projects if any. This can further help employees know the

kind of corporate social responsibility program their organization has made practical and improve the loyalty and acceptance of the corporate by its employees in turn.

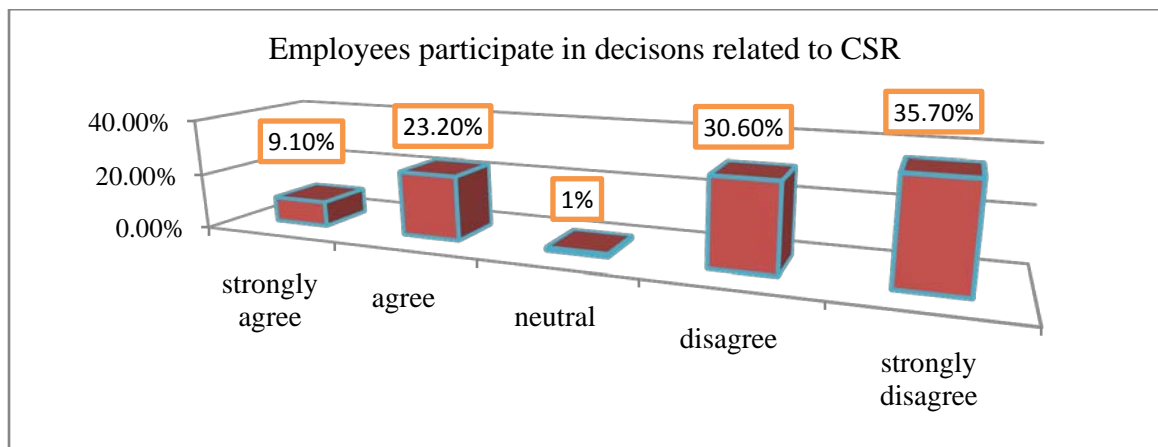


Figure 4.5: Employees’ participation in decisions of CSR

Source: Field survey, 2021

Review literature indicates that employees can contribute meaningfully to decisions concerning corporate social responsibility of their organization if they are better resourced and equipped (Lauzen, 2014). Regarding employee’s participation in decision making figure 4.5 above reflects the amount of employees’ participation in decision making pertaining to Corporation Social Responsibility programs of the ECWC. Out of the 98 employees sampled 67.3% responses in the negative whereas 32.3% confirms their participation in corporate social responsibility decision making process. This might imply that not all employees were involved in shaping the policy document of corporate social responsibility in the ECWC. Besides, participation during decisions about Corporate social responsibility was only limited to management body, senior staff members and employees with long years of experience within the administrative staff categories. Employees who did not belong to any of these categories were not included in the process of passing decisions. These employees felt left behind in a process they consider to be core to the survival and long term prosperity of their corporation.

According to Maignan, and Thomson, (2015), community participation is considered to be the most important factor in promoting corporate social responsibility. Thus, the practice of CSR in the corporation was dependent on the level of stakeholders’

participation in the policy decision making process. This is because it is at this stage that all employees and other stakeholders will get chance to contribute into the kind of corporate social responsibility task they consider important, and this leads to increase willingness in the project as they feel being part of it.

Table 4.4 Benefits of corporate social responsibility overweigh the challenges

<b>Options</b>	<b>Frequency</b>	<b>Valid percent</b>
Strongly agree	15	15.4%
Agree	69	70.4%
Neutral	0	0%
Disagree	7	7.1%
Strongly disagree	7	7.1%
Total	98	100%

Source: field survey, 2021

Corporations' motivation to implement corporate social responsibility is dependent on the benefits they obtained from such engagement. As seen in table 4.4, employees insist that the benefits of CSR totally exceed the challenges associated with the implementation. The research revealed that 70.4 % and 15.4% of the employees agree and strongly agree respectively with this assertion showing that they consider corporate social responsibility as an informal means through which the ECWC can advertise and make clear to the general public of its construction works. They are with the idea that corporate social responsibility gives the corporation a good image. This confirmed the idea of McWilliams and Siegel (2011) which states that organizations use corporate social responsibility to promote their development agendas and of their products/services. This assertion did not however remove the fact that the implementation of corporate social responsibility comes with its own disadvantages.

Most interview participants mainly of Jemoin their part indicated that corporate social responsibility projects of the ECWC and the benefit they obtained from it has made them to distribute their good word of mouth about the corporation. They added that although the ECWC has spent money for CSR projects it can also benefit itself in good image building which provides it a competitive advantage over other construction companies.

This is in line with the idea of McWilliams and Siegel (2011), who said corporate social responsibility makes it possible for organizations to gain competitive advantage over their competitors as they can interact directly with the society.

### 4.3.5 Factors /challenges affecting CSR in the ECWC

Table 4.5 CSR is the preserve of the corporation

<b>Options</b>	<b>Frequency</b>	<b>Valid percent</b>
Strongly agree	3	3%
Agree	18	18.3%
Neutral	6	6.1%
Disagree	40	41%
Strongly disagree	31	31.6%
Total	98	100%

Source: Field survey, 2021

Table 4.5 reveals that 31.6% and 41% of the respondents replied strongly disagree and disagree respectively for the question corporate social responsibility is the preserve of the corporation. On the other hand 18.3% and 3% of the employees replied agree and strongly agree with the opinion respectively. Despite the disapproval of this notion, there were still 21.3% of the sampled employees who believe that corporate social responsibility is the preserve of their corporate and that they should not be obliged to carry out corporate social responsibility activities for local communities where they operate i.e. They are of the opinion that corporate social responsibility should not be forced by law but rather it should be taken as a voluntary action.

However, the 72.6% of employees who disapproved this notion considered corporate social responsibility as a unique opportunity for corporations to pay back to society for what they have taken away from the society. They are of the opinion that corporate social responsibility should not be viewed as a matter of good will with no rules to be abided by rather corporations should be obliged by law to include corporate social responsibility in their core business and eventually in their annual budget. According to Commission of the European Communities (COEC) (2011), the existence of corporations was based on their interest to satisfy the needs of society in the area where they operate through implementing CSR. For the 31.6% of employees who strongly disagree with this view,

Corporate social responsibility should be viewed as an opportunity for collaborative communication between the corporate and local communities within which it operate instead of as a preserve of the organization. This goes to ensure the findings of the Commission of the European Communities (2011).

The researcher's document review in this regard revealed that fundamental documents of the ECWC including the founding legislation of the organization, its strategic documents, annual plans and minutes have said nothing on social responsibility. Besides, till 2021 the ECWC has no department which was responsible for the implementation of CSR tasks. Thus, till recently, CSR projects were implemented by the corporate as an additional task based on the good will of the management, desire of heads appointed, or when the community in a project area raised complaint over a project constructed by the ECWC. However, the corporate has established a separate department responsible for CSR alone in February 2021. This shows that more attentions have been given for corporate social responsibility in the ECWC since this year.

When respondents were asked to rate the way their corporation has handled challenges emanating from corporate social responsibility, 27% and 49.6% of them rated their organization performance to be excellent and very good respectively which is contrary to the assumption by Pinney, (2011) that most organizations do not have the appropriate skills needed to effectively handle challenges emanating from corporate social responsibility. This might be due to the educational background and frequent training given to the management team of the corporate. The findings further revealed that the management teams in the ECWC have placed value on the importance of corporate social responsibility.

### **Corruption as a factor that limit the CSR**

The policy making and regulatory processes of Ethiopia are at high-risk area of corruption. Such corruption “has a major effect on sector governance.” Policies and regulations could “help hide, corrupt practices”. Unless otherwise corrected perpetuate corruption by groups or individuals become common (Alemayehu, 2013). He added that corrupt sectors can't perform corporate social responsibility programs.

In relation to this, there was a question raised for respondents ‘is corruption a factor that limits CSR of the corporation?’ Accordingly, as indicated in table 4.6 below 60(61.2%) employees of the organization replied agree and the least 1.02 percent and 10.2 percent replied strongly disagree and disagree on the question. This shows that corrupt practices are prevalent in the ECWC and hinders the corporate not to perform CSR programs as what is expected from a government owned corporation.

Table 4.6 corruption is a factor that limit CSR in the corporation

<b>Options</b>	<b>Frequency</b>	<b>Valid percent</b>
Strongly agree	11	11.2%
Agree	60	61.2%
Neutral	16	16.3%
Disagree	10	10.2%
Strongly disagree	1	1.02%
Total	98	100%

Source: Field survey, 2021

A supportive idea for this was also found from key informants because when they were asked ‘what do you think is the reason that makes the ECWC not to perform CSR actions as expected?’ most of them mentioned; corruption, lack of budget, lack of interest as the three respective factors that they believed hindering the ECWC from planning CSR projects in advance by consulting the inhabitants of the project sites.

Document review made by the researcher in the Ethics and Follow up Department of the corporation has also found out that there were few employees of the ECWC suspected and arrested for committing corruption in the organization in the year 2021. This shows that CSR programs were purposely neglected or under performed by the corporate for years thus the continuous auditing of planned and used budget need to be made by concerned bodies.

# **CHAPTER 5**

## **CONCLUSION and RECOMMENDATIONS**

### **5.1 Introduction**

In this chapter, the conclusion and recommendation of the research study were presented based on the findings of the research and its implication. The researcher tried to understand employee's perception and subjective norm on factors affecting of corporate social responsibility: the summary and conclusions were made in case of ECWC employees in Addis Ababa and sample areas of Guder, JemoandLegetafowhere it has projects. Finally, recommendation for further study was also presented.

### **5.2. Conclusion**

Corporations need to be sure that their activities have advantage on people living around project areas. In this research work the researcher has found that CSR is important part of corporations, society and governemnt linkage.It is concluded that the Ethipopian Construction Works Corporations is aware of the need for CSR implimentation. This implies thatthe ECWC need to have strong relationship with its employees and the society at large because this is one of the ways to be successful in its project works that target the community at large.

After the researcher has carefully analyzed research results he was able to give answer to the research questions raised;

The corporationhas no problem of understanding CSR as a tool to contribute in creating socially responsible society by constructing different projects in accordance with societal needs, by giving opportunity to society improve their living condition. Rather the problem is purposeful negligence of CSR in its planand other strategic documents.

The study has also identified that the ECWC implementation of corporate social responsibility projects and its contribution for community development is not in compliance with what is expected socially and environmentally.

The study further identified that the ECWC used corporate social responsibility as an informal tool for advertisement of its construction works. In general, it is important for other corporations to work harder on the implementation of social responsibility.

It was also found that beyond the advantages obtained from the implementation of corporate social responsibility, it has its own challenges. Some of the challenges or factors for weak implementation of CSR projects were corruption, insufficient participation of employees, and lack of community consultation from the planning stage to the implementation of CSR projects.

Major challenges on the implementation of CSR include absence of fundamental documents of the ECWC including the founding legislation of the organization, its strategic documents, annual plans and minutes which have said something on social responsibility. Besides, till 2021 the ECWC has no department which was responsible for the implementation of CSR tasks

### **5.3 Recommendations**

Based on the major findings of the study the researcher would like to forward the following actions to make the ECWC corporate social responsibility activities comply with what is expected of it and meet the needs of beneficiary community.:

#### **Making decisions participatory**

It was found out from the research that decision making during the planning and implementation of corporate social responsibility projects were taken by the Corporate centrally. This made it difficult for the acceptance of planned and implemented CSR projects by the ECWC. It is therefore good for the corporate to make its decisions participatory of its employees and the beneficiary community which in turn will facilitate and improve greatly employees' transparency on decisions and community involvement in CSR projects effectively.

#### **Increasing transparency and accountability**

Increasing transparency and accountability in Ethiopia's construction sector should be mandatory because corruption is deep rooted in the very fabric of the ruling regime in Ethiopia. It cannot be washed out with awareness anti-corruption programs. Neither

could it be solved by corrupt anti-corruption officials. The simplest and most direct way to dealing with corruption in Ethiopia can be increasing transparency and accountability which requires massive involvement of civil society watchdogs and rigorous independent audits. This is because countries that have been successful in controlling corruption in the construction sector have implemented compliance audits and made available to the public detailed information on bids, winning bids for government contracts and reports of procurement audits on a timely basis.

### **Practicing community consultation**

It has obtained from the study that individual community members' ideas were not sufficient on the kind of CSR projects to be implemented in the community and thus based on the views of most key informants selected from project sample areas, it is recommended that community be organized to give community members the opportunity to contribute into these CSR programs at their designing stage through consultation. This will imitate and maximize their desire to actively participate during the implementation of these CSR projects and to take care of the project after completion.

### **Mainstreaming sustainability**

The study findings indicated that the ECWC is not in line with the sustainable energy concept in its projects of corporate social responsibility. This means that if it wants to be a corporate which is relay socially responsible it need to incorporate sustainable development principles in its construction works and think of the positive impact renewable energy can bring for the country at large .

### **Information sharing**

The corporate is encouraged to share information about its CSR activities especially with the employees, because employees are most relevant and internal stakeholders so that their perceptions of CSR may increase their positive attitudes and feelings towards their work, i.e. their job satisfaction and help include elements of social responsibility in their communication strategy.

### **Further research**

This research would initiate other researchers to conduct detail study on CSR practice of other government owned companies in the country mainly in the area of their contribution for millennium development goals and achievement of sustainable development in the country.

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## **Annexes**

### **Annex I**

#### **Questionnaire for employees of the ECWC**

Dear Respondents;

My name is Debalkew Yirdaw, MA on Public relations and Strategic Communication student of Addis Ababa University. As part of my studies, I am carrying out a research to assess corporate compliance with expected social responsibility: the case of Ethiopian construction works corporation. I hereby assure you that all the information obtained through this questionnaire shall be used for academic purpose only and will be handled with the highest order of confidentiality.

**Please don't write your name on the questionnaire**

I thank you in advance for using your time to complete this questionnaire

#### **General information**

Sex .....

Experience in the ECWC.....

Level of education .....

Responsibility .....

#### **Main questions**

##### **For Objective 1 - Perception**

1. What is your opinion if corporate social responsibility is defined as continuous commitment of an organization to act ethically and contribute to development while improving the quality of life of the workforce and of the local community where it operates?

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

2. Corporate social responsibility is viewed as the preserve of the ECWC

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

3. Community members are actively engaged in corporate social responsibility projects of the ECWC.

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

4. The ECWC is doing enough to in the area of its corporate social responsibility.

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

**For objective 2 - Benefit to community**

1. Corporate social responsibility addresses the needs of the communities where it operates

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

2. Beneficiary communities are consulted on the kind of corporate social responsibility activity to be implemented in their area

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

3. How will you rate the level of community development due to corporate social responsibility of the ECWC?

A, Excellent B, Very good C, Good D, Poor E, Very poor

4. Please list specific CSR projects /programs undertaken by the ECWC for the past 3 years .....

.....

**For objective 3 - Benefits for the ECWC**

1. The Corporate has a clear policy on corporate social responsibility.

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

if agree, do you believe that the corporate’s social responsibility is in line with what is expected of it? .....

2. The Corporate allows me to participate in decision making related to corporate social responsibility policy?

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

3. The importance of corporate social responsibility exceeds the challenges for the ECWC.

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

4. Corporate social responsibility is important for promoting the products/services of the corporate.

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

5. Corporate social responsibility results good word of mouth for the ECWC.

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

6. Acceptance of ECWC has increased tremendously over the years as a result of its corporate social responsibility.

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

#### **For objective 4 - challenges in managing CSR**

1. How will you rate your corporate's handling of challenges resulting from corporate social responsibility?

A, Excellent B, Very good C, Good D, Poor E, Very poor

2. Corporate social responsibility drains/minimizes/ the corporate's resources.

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

3. Undertaking Corporate social responsibility can be very challenging

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

4. Corporate social responsibility is a waste of employees' time and energy

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

5. Corruption is a factor that limits the CSR of your corporation?

A, strongly agree B, agree C, neutral D, disagree E, strongly disagree

**Thank You for Your Time**

## **Annex II**

### **Interviewguide for household heads**

Dear respondent,

You are selected to be interviewed for this study - of assessing corporate compliance with expected social responsibly: the case of Ethiopian construction works corporation. Here I assure you that any information you are going to provide is only for academic purpose and your answer to the questions will also be kept confidential.

### **General information**

Sex----- Educational background-----

Responsibility -----

### **Main Questions**

1. What is your view on corporate social responsibility of organizations working in your area?
2. Does the Ethiopian Construction Works Corporation carry out any corporate social responsibility activities in your community?
3. What are some of the specific corporate social responsibility projects/programs undertaken by the corporate for the past 3 years?
4. Currently what specific corporate social responsibility programs/projects have the Ethiopian Construction Works Corporation for your community?
5. Does the corporate's Social Responsibility address your needs? .....if yes please explain how.....
6. Is it important for the Ethiopian Construction Works Corporation to engage on corporate social responsibility? .....if yes why .....?
7. How will you rate the ECWC's corporate social responsibility activities in your community?.....
8. How engaged are you in the implementation of corporate social responsibility intervention in your community? .....

9. What should be done to improve the practices of corporate social responsibility?

.....

10. What do you think is the reason that makes the ECWC not to perform CSR actions as expected? .....

.....

**Thank You**



Budget plan taken from annual plan of CSR Department of the ECWC for the year 2014 E.C

