


**ADDIS ABABA UNIVERITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

# Determinants of Corporate Social Responsibility (CSR) Implementation: The case of Ethiopian Construction Companies.

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**A thesis submitted to Addis Ababa University in partial fulfilment of the requirements for Master's Degree in Business Administration**

Addis Ababa, Ethiopia

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## STUDENT'S DECLARATION SHEET

I declare that this study titled **"Determinants of Corporate Social responsibility (CSR) Implementation: The case of Ethiopian Construction Companies"** is my original work prepared under the guidance of my advisor Meskerem Mitiku (PhD).This paper is submitted in partial fulfilment of the requirement for the award of Master's Degree in Business Administration and it has not been submitted previously to any university or college.

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## ADVISOR'S APPROVAL SHEET

This is to certify that Bizuneh Fenatw has carried out his study on the topic titled **"Determinants of Corporate Social responsibility (CSR) Implementation: The case of Ethiopian Construction Companies".** This work is original in nature and suitable for submission for the award of the Master's Degree in Business Administration in Management.

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## ABSTRACT

*This study examined the determinants of Corporate Social Responsibility (CSR) implementation in Ethiopian construction companies. Specifically, it investigated the influence of ethical leadership, partnership and collaboration, external institutional pressures, and internal organizational factors on CSR implementation. A mixed-methods research design was employed, with quantitative data collected through structured questionnaires from 140 respondents selected using stratified random sampling from five construction companies in Addis Ababa, while qualitative data were obtained from key informants. Quantitative data were analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis, whereas qualitative data were analyzed thematically. The findings revealed that ethical leadership, partnership and collaboration, external institutional pressures, and internal organizational factors all had significant positive effects on CSR implementation, with external institutional pressures emerging as the strongest predictor. The regression model explained 63.0% of the variation in CSR implementation ($R^2 = 0.630$, Adjusted $R^2 = 0.620$, $F(4,135) = 57.579$, $p < .001$). The study concludes that CSR implementation in Ethiopian construction companies is influenced by both external institutional pressures and internal organizational capabilities. The findings support the applicability of Stakeholder Theory, Institutional Theory, and Self-Determination Theory in explaining CSR implementation. The study recommends strengthening regulatory support, enhancing organizational capabilities, promoting ethical leadership, and fostering stakeholder collaboration to improve CSR implementation in the construction sector.*



Keywords: Corporate Social Responsibility, Ethical Leadership, Partnership and Collaboration, External Institutional Pressures, Internal Organizational Factors, Construction Industry, Ethiopia

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## LIST OF ACRONYMS

ANOVA..... Analysis of Variance

APA..... American Psychological Association

CSR..... Corporate Social Responsibility

ECWRA..... Ethiopian Construction Works Regulatory Authority

MBA..... Master of Business Administration

NGO..... Non-Governmental Organization

OC..... Organizational Culture

OLS..... Ordinary Least Squares

PC..... Partnership and Collaboration

RBV..... Resource-Based View

SD..... Standard Deviation

SDT..... Self-Determination Theory

SPSS..... Statistical Package for Social Sciences

TBL..... Triple Bottom Line

UN..... United Nations

VIF..... Variance Inflation Factor

EIA..... Environment Impact Assessment

SIA..... Social Impact Assessment

# CHAPTER ONE

# INTRODUCTION

This chapter gives an introduction to the study on the determinants of Corporate Social Responsibility (CSR) Implementation in Construction Companies in Ethiopia. The aim of this study is to explore the effect of ethical leadership, partnering, institutional pressure, and organization on the implementation of CSR. This chapter will give a brief introduction about the background of the study, problems statement, objectives of the study, hypotheses of the study, significance of the study, scope and limitations of the study, and outline of the study.

## 1.1. BACKGROUND OF THE STUDY

Corporate Social Responsibility (CSR) can thus be defined as the procedure whereby a business organization assumes the responsibility of being engaged in making profits while at the same time taking into account the social, environmental, and moral considerations of the business organization as regards its stakeholders (Carroll, 1991; Aguinis & Glavas, 2012). There is a lot more that needs to be done when it comes to the contemporary business world than simply donating money or performing acts of charity alone. The organization should ensure that there are strategies formulated within the business organization that take into consideration the ethics involved in the running of the firm (Porter & Kramer, 2011; Dahan et al., 2023).

For the purpose of this research, the concept of Corporate Social Responsibility has been defined using four dimensions of social, environmental, and ethical accountability of construction companies. The first dimension is that of environmental accountability that focuses on the environmental protection and sustainability efforts made by the company. The second dimension is that of employee accountability, that deals with issues regarding employee welfare, health, safety, and training needs of employees. The third dimension involves community accountability and relates to community contribution. The fourth dimension is that of customer accountability that includes providing high-quality services and dealing with customers in an ethical manner.

The construction industry plays an important role in the development of any country through the creation of infrastructure and job creation. Some of the problems that should be addressed in the

construction industry are those related to safety, environmental management, and stakeholder concerns. As such, the concept of CSR becomes all the more important in the development of businesses within the construction industry (Tadesse & Fikre, 2024). However, as the application of CSR practices in Ethiopian organizations gains more popularity, most of the research done in the area is focused on the impact of CSR in industries such as finance, communication, and manufacturing (Bimir, 2017); Belay et al. (2024). The cultural, leadership, and stakeholder factors were identified as the key factors behind the adoption of CSR practices in these sectors (Bekele & Daba, 2022; Tesema, 2023).

This gap in the literature is incredibly significant for construction firms in Ethiopia since this helps the organizations create goodwill, a partnership, and sustainable development in the nation. The globalized world now ensures that both investors and consumers across the globe are concerned with the sustainability practices undertaken by organizations. Therefore, understanding the motivation for corporations undertaking such social responsibilities can help them succeed in creating competitive and sustainable operations. This paper discusses different motivations that lead to the engagement of CSR in construction firms in Ethiopia.

## 1.2 STATEMENT OF THE PROBLEM

Corporate Social Responsibility (CSR) is no longer a choice for companies. Depending on the industry they work in, this can have an effect on their performance and reputation. But firms from rich countries have a very different view of CSR than from developing countries. Firms in richer areas are more likely to incorporate CSR into their business strategy and the way they relate to stakeholders (Zhang et al., 2022). But in developing countries like Ethiopia, CSR is often seen as charity, not smart business (Chali, Gelalcha, & Gelaye, 2022). Thus, there remains limited understanding of the factors that drive CSR engagement among construction companies in Ethiopia.

The reason for this is that for a company to flourish, the idea of corporate social responsibility is very important, as there are pros or cons of corporate social responsibility in the case where it is undertaken by an organization in a particular industry that is in either developing or developed country. There is a great distinction between the ideas of CSR in the context of firms that undertake CSR in developed countries versus the idea of CSR in the context of firms that undertake it in developing countries.

Internationally, there are various social, environmental, economic, and legal problems that have affected the construction industry. This happens even though there are certain CSR policies set through ISO 26000 and UN Global Compact. The differences can be noted through how CSR initiatives have been adopted in different countries (Loosemore, 2018; Zhang, Liao, & Li, 2021). There are certain challenges faced by developing countries in adopting CSR initiatives. This is because of lack of resources (Liao, Chen, & Zhang, 2018; Nguyen et al., 2024). There are certain variations in CSR goals and strategies followed by different organizations.

In addition to that, it is important to pay attention to the fact that the construction industry also plays an important role in terms of economic growth and job opportunities. However, despite all its significance, no actions concerning the incorporation of the idea of corporate social responsibility have been undertaken in relation to this particular business area (Xia et al., 2018; Loosemore & Lim, 2017; Ran et al., 2025). Although there were some companies operating in the industry and implementing CSR concepts, most of them related primarily to environmental issues and health aspects (Zerihun, 2022). The information about CSR in the construction industry gave an opportunity to evaluate the practice of CSR among such firms. However, no motivations for such behavior were given (Chanie, 2019; Chali et al., 2022).

However, the failure to put in place regulations together with poor implementation of the corporate social responsibility approach in certain regions of nations in Africa poses a hindrance in relation to sustainable development (Ntoutoume, 2024). Apart from the issue highlighted above, another issue that should be mentioned in relation to why organizations have refused to embrace the CSR strategy on account of financial constraints, which may lead to heavy losses by companies (Cheruiyot & Onsando, 2016).

Although previous studies conducted in Ethiopia have focused on the CSR practices and effects, little attention has been paid to factors affecting the adoption of CSR rather than its effects (Chali et al., 2022; Kusakci & Bushera, 2022). There is a limited amount of literature regarding the impact that internal and external factors may have on the practice of CSR in the construction sector of Ethiopia. A significant knowledge gap that must be addressed in this context relates to the interdependence of CSR and organizational competitiveness.

Thus, this study attempts to explore the factors that affect the decision of CSR adoption by construction firms in Ethiopia. Particularly, the study intends to explore the effects of ethical leadership, organizational collaboration, stakeholder pressure, and institutional influence on the adoption of CSR. The use of stakeholder, institutional, and strategic management theories will contribute to developing a holistic understanding of the issue and generating policy recommendations.

## 1.3 RESEARCH QUESTIONS

1. How does **ethical leadership** influence CSR implementation in Ethiopian construction companies?
2. What is the effect of **partnership and collaboration** on CSR implementation in Ethiopian construction companies?
3. How do **external institutional pressures** influence CSR implementation in Ethiopian construction companies?
4. How do **internal organizational factors** affect CSR implementation in Ethiopian construction companies?

## 1.4 OBJECTIVE OF THE STUDY

### 1.4.1 General Objective

The main objective of this study is to examine the determinants that influence the implementation of Corporate Social Responsibility (CSR) practices among Ethiopian construction companies.

### 1.4.2 Specific Objective

1. To examine the effect of ethical leadership on CSR implementation.
2. To assess the influence of partnership and collaboration on CSR implementation.
3. To evaluate the effect of external institutional pressures coercive, mimetic, and normative on CSR implementation.
4. To assess the effect of internal organizational factors such as culture, strategic orientation, and resource capacity on CSR practices.

## 1.5 SIGINIFICANCE OF THE STUDY

This can be viewed from two angles: the theoretical value of the research and its practical significance. Concerning the theoretical value of the research in question, its significance in the context of further developing theoretical underpinning of corporate social responsibility will be apparent through the use of various theories like institutionalism, self-determination, and stakeholder theory. The most important point is that the proposed research will allow constructing a theoretical basis for measuring the impact of both institutional and internal motivations on corporate social responsibility.

For professionals in the construction industry, the study offers insights into effective CSR implementation practices that can enhance organizational competitiveness and sustainability.

For policymakers and regulators, the findings provide useful evidences for designing policies and regulatory frameworks that encourage CSR adoption within the construction sector.

## 1.6 DELIMITATION OF THE STUDY / SCOPE

The research raised concerns regarding large construction firms located in Addis Ababa, Ethiopia, since there is a fairly large number of construction firms in Ethiopia that are located in Addis Ababa. The implication is that the results of the research may not be entirely representative of the CSR and factors that determine them among such firms operating in other regions in Ethiopia. Furthermore, although the ownership and size of the firm were taken into consideration during sampling for the research, they were not among the variables considered in the regression analysis.

The research was mainly based on opinions from the management and the employees involved in the implementation of CSR practices within the organization, thus gathering opinions from an organizational perspective while neglecting perspectives of other stakeholders such as governments, communities, consumers, and NGOs. Another weakness is the fact that the qualitative research was supposed to serve in verifying results from the quantitative research. Therefore, the results of the interviews were used alongside the results of the quantitative research. Possible future research topics to consider include incorporating various stakeholders' perspectives, effects of different types of ownership on CSR implementation, and conducting a qualitative research.

## 1.7 ORGANIZATION OF THE STUDY

This study comprises five chapters. In the first chapter, there will be background information about the study, including, but not limited to, the problem area in the study, objectives of the study, significance of the study, and scope of the study. The second chapter shall consist of literature reviews on theories and concepts related to corporate social responsibility and research variables. In the third chapter, there will be the research methodology, which shall include research methodology, population and sample, data sources, data collection, and data analysis methods.

## 1.8 OPERATIONAL DEFINITION OF TERMS

**Shareholders' Interest:** Refers the responsibilities that businesses have towards maintaining sustainable business performance and proper governance. If proper CSR activities are adopted, it would lead to building organizational reputation and legitimacy (Freeman, 1984).

**Environmental Preservation:** This term is used in relation to measures aimed at reducing the impact of the environment using environmentally-friendly construction techniques. This leads to compliance and improved stakeholder relationships (Carroll, 1991)

**Well-being of Local Communities:** Defined as the efforts made to increase the welfare of the affected communities through construction. This involves providing social services such as educational facilities, medical facilities, among others that raise the standard of living of the communities.

**Employee Interest:** This refers to ensuring a safe working environment, good treatment, chances for career development, and satisfactory employees. Human resources following the concepts of corporate social responsibility can motivate, engage, and retain employees (Deci & Ryan, 1985).

**Customers' Interest:** This is where quality and safe goods and services are delivered. Focusing on customers' interest will help an organization build good relationships and enhance market competitiveness (Aguinis & Glavas, 2012).

**Supplier and Partner Interest:** This interest is all about ensuring that there is an appropriate relationship between the supplier and the partner by applying procurement, contracting, and logistics management practices appropriately.

**Company Commitment and Industry Development:** It is associated with compliance with regulatory standards, industry standards, and national development objectives. The involvement in CSR helps in the industry's growth and development (DiMaggio & Powell, 1983).

**Fair Operations and Fair Competition:** This is an aspect where one conducts himself in the practice of business based on ethics and which is not corrupted in addition to fostering competition. These practices enhance public trust and support integrity within the industry (Carroll, 1991).

**CSR Institutional Arrangements:** This relates to the organizational process of implementing the idea of corporate social responsibility.

# CHAPTER TWO

# REVIEW OF LITERATURE

## INTRODUCTION

This chapter provides a critical discussion on the literature surrounding Corporate Social Responsibility (CSR) as well as the determinants for adopting it. This will include a review of the idea of CSR, as well as the importance of corporate social responsibility on an international and African level and how it contributes to organizational reputation and sustainability.

## 2.1 THEORETICAL LITERATURE

Another factor that might affect the process of implementing CSR in the construction industry is some of those elements that involve issues on ethics, institutions, and intrinsic motivation. For the purpose of discussing this idea, three well-known theories are used, namely: Stakeholder Theory, Institutional Theory, and Self-Determination Theory (SDT).

### 2.1.1 STAKEHOLDER THEORY

Stakeholder Theory, created by R. Edward Freeman, argues that companies should strive to generate value for their stakeholders instead of concentrating only on the interests of shareholders. This theory creates a very solid framework for the implementation of Corporate Social Responsibility (CSR), since it clearly states that organizations should be accountable not only to their shareholders, but also to such stakeholder groups as employees, consumers, suppliers, and communities. CSR is therefore often considered an instrument to satisfy stakeholder demands (Freeman, 1984; Donaldson & Preston, 1995; Freeman et al., 2010).

### 2.1.2 INSTITUTIONAL THEORY

Institutional Approach offers an important perspective on CSR by analyzing how an organization's actions are influenced by the institutions that surround it. This approach asserts that businesses undertake CSR as part of their efforts to achieve legitimacy and comply with various regulatory demands, conventions, and other societal requirements. Using coercive, normative, and mimetic pressures, organizations are forced to behave in ways that are socially responsible, which are in

accordance with accepted standards in their institutional environments (DiMaggio & Powell, 1983; Scott, 2014). From the perspective of CSR, Institutional Approach explains the reasons why firms take up CSR activities because of regulation, expectation, competition, and others.

New studies show that organizations react differently to external pressure and interpret, adjust, or resist them, according to their internal capacity and leadership style (Eitrem, 2024). Such a perspective is especially important for emerging markets, where companies tend to practice CSR for legitimization purposes.

### 2.1.3 SELF-DETERMINATION THEORY (SDT)

Self Determination Theory (SDT) elaborates on the relationship between intrinsic and extrinsic motivations and their effects on organizational behavior and decision making. According to SDT, organizations have a higher likelihood of practicing CSR in a way that is significant and sustainable if CSR is motivated by internal principles such as ethics and care for stakeholders and not just externally or out of compliance with rules (Deci & Ryan, 2000). As for CSR, the Self Determination Theory focuses on the internal aspects of organizations that play an important role in helping employees to be engaged and practice socially responsible behavior.

### 2.1.4 INTEGRATIVE THEORETICAL PERSPECTIVE

Theories of Stakeholder, Institutional, and Self-Determination provide for developing a comprehensive approach to understanding Corporate Social Responsibility. The theory of stakeholders presumes that corporations need to satisfy their stakeholders' requirements (Freeman, 1984). Meanwhile, Institutional Theory highlights how external influences affect the implementation of CSR policies (DiMaggio & Powell, 1983; Campbell, 2007). Lastly, Self-Determination Theory emphasizes the role of intrinsic motivation and ethical commitment in adopting CSR policies (Deci & Ryan, 2000). Overall, the three theories above provide for a thorough consideration of CSR and implementation of CSR policies based on different aspects of this phenomenon.

## 2.2 CORPORATE SOCIAL RESPONSIBILITY: key theoretical dimensions

Corporate Social Responsibility (CSR) has become both an essential strategy and ethics in the construction industry. The effects of this industry on the environment, society, and economy are vast; hence, there is an expectation that the industry be responsible for what it does. The theories behind Corporate Social Responsibility in the construction industry include Triple Bottom Line (TBL), Resource-Based View (RBV), and Carroll's CSR Pyramid theories.

### 2.2.1 ENVIRONMENTAL RESPONSIBILITY

Environmental accountability is considered one of the most important aspects of CSR, and this is particularly the case in the construction industry because many activities carried out in such organizations lead to environmental consequences due to resource utilization, waste generation, pollution, and emission. Environmental accountability in corporations cannot be overemphasized in the light of the Triple Bottom Line approach that emphasizes not only financial considerations when discussing success but also social and environmental aspects (Elkington, 1997). Therefore, construction companies should attempt to lessen their environmental impact through responsible resource use and pollution prevention.

Furthermore, the idea of CSR regarding the environmental issue may be viewed as the resource of the Resource Based theory suggested by Barney in 1991. According to recent studies, such activities connected with CSR and aimed at solving the environmental issue positively influence the firm’s image, comply with regulation requirements, satisfy the consumers' needs, and facilitate the sustainability (Ran, 2025).

### 2.2.2 SOCIAL RESPONSIBILITY

Social responsibility in the construction industry involves providing some form of gains for the parties impacted by the construction. This is because the parties may include construction workers, the general population in the area, or any other party that is affected by the construction work. Social responsibility is anchored on the theory of stakeholder theory. This means that an organization must become socially responsible since it impacts those who are directly or indirectly affected by its activities, which include interactions and safe employment. According to different

scholars, social responsibility has been found to improve the reputation of organizations and make their employees feel comfortable due to proper interaction (Garoui, 2025; Zheng, 2024).

### 2.2.3 ECONOMIC AND PHILANTHROPIC RESPONSIBILITY

From the perspective of the Carroll's definition of the concept of CSR, it can be stated that the economic aspect is the bottom-most layer, because survival in terms of economy is a prerequisite for any kind of functioning (Carroll, 1991). It is crucial for the construction industry to pay attention to such aspects as resource management, cost management and quality management. As for the philanthropic aspect, it should be mentioned that there is need for voluntary activities in order to increase the standard of living within the community.

In terms of philanthropic accountability, it involves volunteering for the improvement of people's lives in the community by improving their educational standards and healthcare needs. Philanthropic accountability is geared towards improving stakeholder relations, hence helping create a name for the company that would make it stronger (Ran, 2025).

### 2.2.4 ETHICAL RESPONSIBILITY

When discussing ethics, the firm needs to be responsible and clear in its actions. In construction business, the issue of ethics emerges in connection with the fact that there exist issues like corruption, collusion, and dangerous working conditions (Zheng, 2024). Ethical accountability may be called an ethical issue related to morality in business practices regardless of their efficiency. This point of view may contribute to increasing efficiency in corporate social responsibility (Ran, 2025).

## 2.3 ETHICAL LEADERSHIP

Ethical leadership is one of the essential determinants of the achievement of CSR, because leadership has a great impact on the creation of corporate values and ethics. Under the topic of Ethical Leadership, it is argued that the leaders whose characteristics include integrity, justice, transparency, and accountability are capable of motivating other employees to behave ethically, and hence the realization of CSR becomes possible (Brown et al., 2005). The leaders who are concerned with the well-being of all the stakeholders create such organizational culture in which

the economic, social, and environmental benefits can be balanced. Hence, through demonstrating and communicating ethics, ethical leaders create conditions conducive for the implementation of CSR (De Hoogh & Den Hartog, 2008; Northouse, 2023).

## 2.4 RELATIONSHIPS AMONG EXTERNAL AND INTRINSIC FACTORS

The use of corporate social responsibility can be influenced by several factors. For instance, based on institutionalism theory, the adoption of corporate social responsibility is influenced by the need for organizational legitimacy. Nevertheless, according to resource-based view, organizations must be in a position to manage their capabilities well. Therefore, the use of corporate social responsibility will depend on how these two perspectives reconcile (Zhang, Oo, & Lim, 2023).

On the other hand, if the external pressure to engage in corporate social responsibility is very high while the capability of the organization is not adequate, then the organization will be forced to do so due to the pressure from outside. The organization's capability management is indeed a strength.

### 2.4.1 EXTERNAL INSTITUTIONAL FACTORS

The key role of the institutional factors outside the organization lies in providing help in defining corporate social responsibility since organizations run in an environment where there is regulation, industrial norms, and social expectations. Corporate Social Responsibility (CSR) programs are used by the organizations to seek for legitimacy according to Institutional Theory (DiMaggio & Powell, 1983; Scott, 2014). In fact, according to the Institutional Theory, organizational behavior is shaped by three types of institutional pressures: coercive pressure, as a result of regulation, legislation, and regulation; mimetic pressure as a result of imitative behavior, and normative pressure as a result of professional standards, industrial standards, and social expectations (DiMaggio & Powell, 1983).

#### 2.4.1.1 Coercive Pressures

The coercive pressures occur due to regulations, legal necessities, and stakeholder expectations affecting organizational actions (DiMaggio & Powell, 1983). Coercive pressures such as regulations, policies, and norms in the construction sector have the potential of influencing organizations to adopt CSR strategies. It is argued that coercive pressures may positively affect

organizations' performance especially concerning the environment and social issues in emerging countries because of regulatory needs (Zhang et al., 2024; Ullah et al., 2024).

#### 2.4.1.2 Mimetic Pressures

Mimetic isosmotic force occurs where organizations emulate successful organizations in order to deal with uncertainties and gain legitimacy (DiMaggio & Powell, 1983). Construction organizations have been seen to practice corporate social responsibility through emulation of successful organizations that benefit from their corporate social responsibility.

Research has shown that mimetic forces have played an important part in encouraging corporate social responsibility, particularly in developing nations that lack effective regulatory frameworks (Zhang et al., 2023).

#### 2.4.1.3 Normative Pressures

The normative pressure comes from professional organizations, industry norms, and society concerning the proper conduct of businesses (Scott, 2008). Normative pressures influence business organizations to implement ethical values and sustainable practices as well as obtain certification in CSR practices. Moreover, associations from industries and professional organizations are important actors involved in CSR practices through benchmarking and best practices.

### 2.4.2 INTRINSIC ORGANIZATIONAL FACTORS

Internal organizational factors are those factors that are found within an organization that affect the implementation of Corporate Social Responsibility (CSR). As per the RBV model, for CSR to be successful and sustainable, an organization should have valuable resources, organizational capabilities, and good internal mechanisms in place (Barney, 1991). Some important internal factors are organizational culture, organizational strategic direction, and resource capabilities. Organizational culture that fosters ethical behavior will lead to CSR being pursued in organizations, while embedding CSR in organizational strategy makes sure that the organization pursues responsible strategies that align with its long-term business strategy. Additionally availability of sufficient financial, human, and technological resources ensures that CSR can be implemented effectively (Barney, 1991; Aguinis & Glavas, 2012).

#### 2.4.2.1 Organizational Culture

The culture of an organization can be defined as the values and belief system possessed by members of an organization (Schein, 2010). In cases where an organization is characterized by a culture of ethics, safety, environmentalism, and community consciousness, there will definitely be a conducive environment for CSR activities. Studies have proven that such a culture motivates employees to become more committed and motivated to undertake CSR activities in the form of training sessions in their workplaces (Nguyen et al., 2025).

#### 2.4.2.2 Strategic Business Direction

Strategic Direction is referred to as the decision making process in regards to the management of organizational resources. It is stated that the resource based approach of strategy implies that the involvement of CSR goals in decision-making gives the organizations a competitive advantage (Barney, 1991). Incorporation of the CSR goals in the organization's strategies enables them to build strong relationships with the stakeholders. In addition, construction companies that integrate CSR goals in their decision making processes show better performance than others (Zhang, Oo, & Lim, 2022).

#### 2.4.2.3 Resource Capability

Resource capability is defined as the availability of money, technology, human resources, and organizational resources for conducting organizational operations (Barney, 1991). Such capabilities allow organizations to implement their CSR strategies. Research has found that organizations with robust resource capabilities are well-equipped to successfully undertake CSR activities, increase resilience, and deliver sustainable performance results (Zhang, Oo, & Lim, 2023; Liu et al., 2025).

## 2.5 PARTNERSHIP AND COLLABORATION

The issue of collaboration and partnerships is very important for the sphere of corporate social responsibility because there are social and environmental issues that cannot be solved by only one company. This idea was formulated by R. Edward Freeman (1984), who offered the theory of stakeholders. In accordance with this theory, there are many people that a company should

collaborate with in order to achieve sustainability, such as employees, customers, and members of local communities, government officials, suppliers, NGOs, and others. It should be mentioned that in the framework of the theory of stakeholders, the balance of the interests of all stakeholders must be ensured.

Besides, collaboration is another critical factor which cannot be overlooked because the organizations can make use of the capabilities that they have in conjunction with other resources to become more efficient in terms of CSR measures. In other words, it implies that due to collaboration, the organizations will be able to share the responsibilities, establish mutual trust, exchange ideas with each other, and use the resources for solving those problems that cannot be solved individually (Austin & Seitanidi, 2012). Therefore, collaboration will allow the organizations to find novel approaches to solving the problems in society

## 2.6 EMPIRICAL REVIEW

### 2.6.1 Global Perspective on CSR in the Construction Industry

Several empirical works confirm that CSR implementation in the construction sector is determined by both exogenous institutional pressures and endogenous organizational variables. It was found that coercive, normative, and mimetic pressures have a strong impact on the CSR policy of organizations, whereas organizational processes and organizational capabilities ensure successful implementation (Zhang et al., 2023).

It was also noted that CSR improves organizational sustainability, stakeholder satisfaction, and organizational performance. Good management of the environmental issues, corporate governance, and stakeholder involvement can help an organization achieve better environmental results and be more resilient (Garoui et al., 2025; Zhang et al., 2025). In general, the existing research proves that CSR can promote sustainability, performance, environmental responsibility, and social development in the construction industry.

### 2.6.2 Empirical Literature on CSR in Ethiopia's Construction Industry

The Ethiopian construction sector has been slowly adopting the concept of corporate social responsibility. The current research literature shows that there is an emerging trend towards

recognizing CSR as a means of enhancing organizational performance (Kusakci & Bushera, 2022; Tadesse & Zhen, 2023).

From the findings presented from the research, it is evident that the implementation of CSR activities has a significant impact on the realization of socio-economic development and the reputation of firms. Nonetheless, some of the limitations that hinder the effective implementation of CSR include ineffective enforcement strategies and waste management systems (Mamo et al., 2024; Mhretu, 2025).

However, studies suggest that CSR plays a critical role in creating a positive reputation for the organization and its stakeholders. The issue lies in the fact that few empirical studies on CSR exist regarding the construction sector in Ethiopia (Belay, 2024).

## 2.7 HYPOTHESIS DEVELOPMENT SUPPORTED BY THEORETICAL AND EMPIRICAL EVIDENCE

This study proposes that CSR implementation in construction firms is influenced by ethical leadership, partnership and collaboration, external institutional factors, and intrinsic organizational factors.

### 2.7.1 Ethical Leadership

Ethical leadership can be characterized by integrity, transparency, and responsibility during the decision-making process (Northouse, 2023). Ethical leaders promote trust, encourage responsible behavior, and create organizational cultures that support socially responsible practices (De & Farooq, 2018; Kim & Thapa, 2018).

Research indicates that ethical leadership positively influences CSR implementation by encouraging ethical conduct, stakeholder engagement, and organizational commitment to social responsibility (Valentine et al., 2024; Zhang et al., 2024).

***H1: Ethical leadership has a positive influence on CSR implementation.***

### 2.7.2 Partnership and Collaboration

Collaboration is characterized by working together among different firms, government organizations, and NGOs to deal with social, economic, and environmental problems. Through collaboration, different firms can utilize their capabilities and other resources in order to promote CSR (Alvarez-Risco et al., 2023).

Research evidence has revealed that through collaboration, coordination and innovation of CSR initiatives become easier, hence partnership becoming another factor that promotes CSR (Porter & Kramer, 2011; Dahan et al., 2023).

***H2: Partnership and collaboration have a positive influence on CSR implementation.***

### 2.7.3 External Institutional Factors

The Institutional Theory states that the organizations take up CSR practices due to coercion, norm and isomorphic influences of the regulator, professions, competitor and society on them. The implication of the theory is that the organizations follow the regulatory guidelines, ensure their legitimacy and adhere to the norms set (DiMaggio & Powell, 1983). It has been found from the researches that these institutional influences can have considerable influence on CSR practices (Van Nguyen, 2024).

***H3: External institutional factors have a positive influence on CSR implementation.***

### 2.7.4 Intrinsic Organizational Factors

Intrinsically elements in an organization include CSR awareness in the organization, organizational culture, organizational strategy, and resource capabilities. Companies with knowledge about the strategic and ethical benefits of corporate social responsibility will adopt them into their business processes (Zhang et al., 2023).

Some research shows that organizational culture, organizational strategy, resource capacity, and motivation are essential elements in promoting CSR practice. By doing so, organizations will be able to achieve their sustainability goals and develop good relationships with their stakeholders (Ran et al., 2025; Van Nguyen, 2024).

***H4: Intrinsic organizational factors have a positive influence on CSR implementation.***

## 2.8 RESEARCH GAP AND SYNTHESIS

Globally, CSR has taken a strategic approach to combine the aspects of environmental responsibility, social responsibility, economic responsibility, ethical responsibility, and philanthropic responsibility into a corporate structure. The construction industry has also followed the concept of CSR because it believes that CSR would help it gain an edge over its competitors (Van Nguyen, 2024).

However, despite this development, the adoption of CSR in Ethiopian construction companies is still in its infancy. Most companies undertake CSR initiatives as a matter of compliance and charity rather than incorporating it into their operational strategy (Kusakci & Bushera, 2022). Consequently, essential topics like environmental consciousness, ethics, and internal factors of CSR are not well explored.

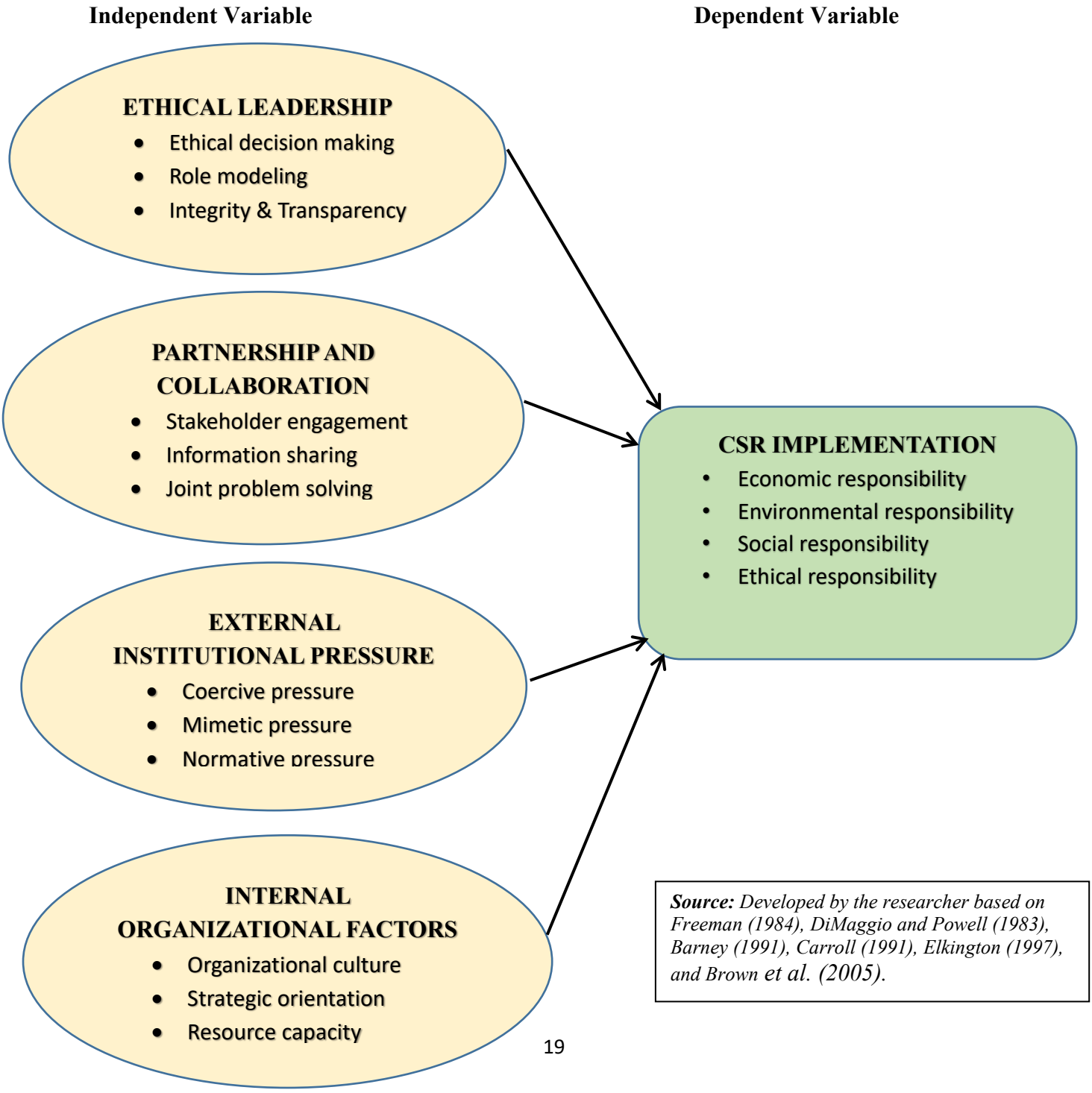
There is no empirical research on reasons for company involvement in CSR-related projects, but only researches on actions that have taken place and their effects. The relationships between CSR practices implementation, firm performance, trust, image, and sustainability in the Ethiopian construction industry remain under-researched topics (Belay, 2024; Mhretu, 2025). Apart from what has been discussed above, no research has been conducted regarding synergy between capability and institutional factors and its impact on CSR practices.

Taking into consideration these shortcomings, this research offers and tests a framework for adoption of CSR in Ethiopian construction companies through inclusion of capabilities and institutional influences. The study draws on theories such as Self-Determination Theory, Institutional Theory, and Stakeholder Theory, hence contributing to the existing body of literature through offering additional insights that can benefit different stakeholders, including policy makers, the construction industry and construction companies.

## 2.9 CONCEPTUAL FRAMEWORK OF THE STUDY

The conceptual framework for this research is that the implementation of CSR is dependent on ethical leadership, partnership and collaboration, institutional pressures, and organizational

variables. The concept of ethical leadership helps in taking responsible decisions, partnership and collaboration foster stakeholder involvement, institutional pressures promote conformity to societal demands, and organizational assets and environment facilitate the implementation of CSR. All these factors have helped shape CSR implementation in terms of its economic, environmental, social, and ethical aspects (Freeman, 1984; DiMaggio & Powell, 1983; Barney, 1991; Carroll, 1991; Elkington, 1997).




***Source:*** *Developed by the researcher based on Freeman (1984), DiMaggio and Powell (1983), Barney (1991), Carroll (1991), Elkington (1997), and Brown et al. (2005).*

# CHAPTER THREE

# RESEARCH METHODOLOGY

In this chapter, the methodology that was applied to investigate corporate social responsibility problems in Ethiopian construction firms is described. The methodology includes such elements as scope of research, research methodology, research design, sampling strategy, data collection methods, and data analysis procedures applied to ensure the reliability of the findings on CSR.

## 3.1 DESCRIPTION OF THE STUDY AREA

The study will be conducted in Addis Ababa, which is the capital city of Ethiopia. The number of construction companies in the city is impressive. It has its share of construction companies that can be either private or public.

The selected organizations include MIDROC Construction PLC, Sunshine Construction PLC, Yonab Construction PLC, Ethiopian Construction Works Corporation and Ethiopian Road Authority. The inclusion of both public and private construction sectors and enabling a broader understanding of factors influencing CSR implementation across different organizational context.

## 3.2 RESEARCH APPROACH

This study adopted a quantitative research approach to examine the determinants of Corporate Social Responsibility (CSR) implementation in Ethiopian construction companies. The quantitative approach was considered appropriate because the study sought to measure the relationships between ethical leadership, partnership and collaboration, external institutional pressures, internal organizational factors, and CSR implementation using numerical data and statistical techniques.

The study was guided by the positivist research philosophy, which assumes that social phenomena can be objectively measured and analyzed through empirical observation and statistical testing. This philosophy emphasizes the collection of quantifiable data and the use of scientific methods to test hypotheses and establish relationships among variables.

The quantitative approach enabled the researcher to collect standardized data from a relatively large number of respondents and analyze the data using descriptive statistics, correlation analysis, and multiple regression analysis. This approach provided objective and reliable evidence regarding the factors influencing CSR implementation in the construction sector and facilitated the generalization of findings to the target population.

## 3.3 RESEARCH DESIGN

This study employed an explanatory research design within a quantitative research framework. The explanatory design was considered appropriate because the study sought to examine the effect of ethical leadership, partnership and collaboration, external institutional pressures, and internal organizational factors on Corporate Social Responsibility (CSR) implementation in Ethiopian construction companies.

The study collected quantitative data through structured questionnaires administered to employees and managers of selected construction firms in Addis Ababa. The design enabled the researcher to measure the level of CSR implementation and assess the relationships between the independent variables and the dependent variable using statistical techniques.

The explanatory research design was particularly suitable because it allowed the researcher to test the proposed hypotheses and determine the extent to which each determinant influences CSR implementation. Data were analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression analysis to establish the nature and strength of the relationships among the study variables.

Unlike many previous CSR studies in Ethiopia that primarily employed descriptive research designs, this study adopted an explanatory design to provide empirical evidence on the determinants of CSR implementation. Furthermore, the use of stratified random sampling enhanced the representativeness of the sample and improved the reliability and generalizability of the findings.

## 3.4 POPULATION AND SAMPLING TECHNIQUES

### 3.4.1 Target Population of the Study

The study population includes employees of the selected construction organization in Addis Ababa, namely MIDROC Construction PLC, Sunshine Construction PLC, Yonab Construction PLC, Ethiopian Construction Works Corporation, and the Ethiopian Road Authority. The population figures were obtained from the Human Resource Departments of the selected organizations and presents employees like project manages, department heads, senior managers, and staffs member, who met the study's inclusion criteria and were considered knowledgeable about organizational processes and CSR practices. Their participation enables the study to capture perspectives from different managerial and operational level within the construction sector.

The companies were selected because of their prominent role in Ethiopia's construction industry, extensive involvement in major construction and infrastructure projects, and significant engagement with stakeholders. In addition, their participation in CSR related activities makes them appropriate cases for examining the implementation of CSR practices and the factors influencing such initiatives within the construction sector.

### 3.4.2 Sample Size Determination

Deciding on the sample size is one of the crucial processes that guarantees the reliability, validity, and generalizability of the study findings. For this case, Yamane's (1967) simple calculation approach for finite populations will be used to estimate the sample size as shown below:

$n = N / (1 + N (e^2)$

Where n is the sample size, N represents the population total, and e is the margin of error. Here, the margin of error will be set at 0.05, which yields 95% confidence level, commonly applied in quantitative studies.

The study population consisted of 250 employees from the selected large and medium construction firms in Addis Ababa. These employees included senior managers, department heads, project managers, and staff members who were considered knowledgeable about organizational process and CSR practices. Based on this population size was determined as follows.

$n = 250 / (1 + 250(0.05^2))$

$n= 250 / (1 + 0.625) = 250 / 1.625 = 154$ respondents

Thus, 154 respondents will be taken in the study, which constitutes an appropriate sample size that can adequately represent the population diversity.

In order to have proportional representation from each company, allocation should be done in line with the number of employees in each firm. The following table demonstrates the process.

| Company Name | Number of Employees (Population, $N_i$) | Proportion of Total Population ($N_i/N$) | Allocated Sample Size ($n_i$) |
|---|---|---|---|
| MIDROC Construction Plc | 60 | 0.24 | 37 |
| Sunshine Construction Plc | 40 | 0.16 | 25 |
| Yonab Construction Plc | 50 | 0.2 | 31 |
| Ethiopian Construction Works Corporation (ECWC) | 45 | 0.18 | 28 |
| Ethiopian Road Authority | 55 | 0.22 | 33 |

Table 3.1: Population, Proportion, and Allocated Sample for Selected Construction Companies

*Source: Compiled from employees records obtained from the selected construction organizations (2025)*

With proportional allocation, the sample will mirror the population composition. Larger corporations provide more participants because of their hierarchical nature, but small corporations still get adequate representation. Proportional allocation is beneficial in ensuring validity and reliability of results.

### 3.4.3 Sampling Technique

The stratified random sampling strategy will be adopted to enhance the level of representativeness and reduce sample bias through categorizing the population based on ownership, which includes private and public companies and firm size, large and medium-sized firms. The sampling process will involve random selection within each stratum depending on its relative size within the population. This will help in achieving appropriate sample representation and, therefore, increase the accuracy of the results.

In addition, the classification of these construction companies used in this research is based on whether they are large or medium-sized. This classification was based on several factors such as the size of the firm, number of employees, and nature of construction works carried out. There

were certain aspects of the construction business nature that were considered during the process of classification, along with certain differences recorded within companies. Those construction companies having larger number of employees and larger construction projects were taken as large firms. Similarly, companies having smaller number of employees and smaller construction projects were categorized as medium-sized firms.

| Ownership Type | Firm Size | Company Name | Number of Employees (Population ,$N_i$) | Proportion of Population ($N_i/N$) | Allocated Sample Size ($n_i$) |
|---|---|---|---|---|---|
| Private | Large | MIDROC Construction Plc | 60 | 0.24 | 37 |
| Private | Medium | Sunshine Construction Plc | 40 | 0.16 | 25 |
| Private | Large | Yonab Construction Plc | 50 | 0.2 | 31 |
| Public | Medium | Ethiopian Construction Works Corporation (ECWC) | 45 | 0.18 | 28 |
| Public | Large | Ethiopian Road Authority | 55 | 0.22 | 33 |

Table 3.2: Population, Proportion, and Allocated Sample by Ownership Type and Firm Size

## 3.5 TYPES AND SOURCE OF DATA

In the course of this research, primary data will be employed so that a complete understanding of the CSR practices and the various factors that influence them can be established within the context of the Ethiopian construction industry. This data will be gathered by direct interaction with employees and managers of certain construction firms, with the aid of an organized survey form.

## 3.6 DATA COLLECTION METHOD

The major tool to be used for collecting data is a questionnaire containing questions that will generate quantitative data related to CSR implementation and its influencing factors. These questions are supposed to include a five point Likert scale from “strongly disagree” to “strongly agree.”

This questionnaire was meant to measure CSR implementation and its influencing factors. The distribution of this questionnaire was done both physically and electronically to ensure reliability.

## 3.7 METHOD OF DATA ANALYSIS

After collecting the data, it will be analyzed through coding and entry into Statistical Package for Social Sciences (SPSS). The choice of SPSS will be based on its ability to handle quantitative data analysis effectively.

In order to summarize the information provided by the respondents in the study, descriptive statistics like mean, standard deviation, and frequency distribution will be employed. This way, it will become possible to describe the characteristics of data collected prior to analyzing them.

Correlation analysis will be conducted in order to identify the nature and strength of the relationship that exists between the implementation of corporate social responsibility and the influential variables. Also, multiple regression analysis will be applied to identify the effect of independent variables on the dependent variable.

The regression model to be estimated can be expressed as follows:

The general equation or multiple regression model will be used as follows:

$Y= \beta 0+ \beta 1X1+ \beta\ 2X2+ \beta\ 3X3+ \beta 4X4+\varepsilon it$

Where;

Y= Corporate Social Responsibility implementation;

X1= partnership and collaboration;

X2= Ethical Leadership of firm;

X3= External Institutional Pressures of firm;

X4= Internal Organizational Factors

$\beta 0$= the constant term

$\beta 1 - \beta\ 4$= the coefficients for the various independent variables

## 3.8 VALIDITY AND RELIABILITY OF DATA COLLECTION METHOD

### 3.8.1 Validity Test

Content validity will need the questionnaire to pass through the stage of validation, and here the subject matter experts who will be chosen from academics, construction management, and corporate social responsibility will have to be involved. By involving the subject matter experts in the validation process, it will be assured that the questions posed in the questionnaire will be suitable for achieving the goals and variables of the study.

The next stage of validation of the research instrument will involve conducting a pilot test among fifteen respondents belonging to organizations in the same construction industry.

### 3.8.2 RELIABILITY ANALYSIS

The reliability coefficient was obtained using the method of internal consistency that involved determining the extent to which the measurements of the items that had close meanings in relation to the same construct were reliable. One popular method of checking internal consistency reliability involves Cronbach's alpha. The coefficient of internal consistency was invented by Lee J. Cronbach in 1951. According to the American Psychological Association guidelines on presenting results (APA, 2020), Cronbach's alpha was appropriate for determining internal consistency reliability. An alpha value above .70 was satisfactory, above .80 was good, and above .90 was excellent.

Table 4.3: Reliability Analysis Results

| Scale | Number of Items | Cronbach's α |
|---|---|---|
| CSR | 8 | 0.927 |
| Ethical Leadership | 6 | 0.931 |
| Partnership Pressure | 5 | 0.920 |
| External Institutional Pressure | 15 | 0.975 |
| Internal Institutional Pressure | 14 | 0.965 |

*Source: SPSS Output (2026)*

The internal consistency reliability of all five constructs is extremely high due to the fact that their Cronbach's Alpha is more than the required threshold score of 0.90. The External Institutional Pressure construct can be identified as the most reliable one from all five as far as its Cronbach's Alpha value reaches 0.975, and at the same time Internal Organizational Factors are also very reliable with 0.965 Cronbach's Alpha value. In addition, other constructs such as Ethical Leadership ($\alpha = 0.931$), CSR Implementation ($\alpha = 0.927$) and Partnership & Collaboration ($\alpha = 0.920$) can be viewed as highly reliable too.

## 3.9 ETHICAL CONSIDERATIONS

Ethical considerations during the research process will involve adherence to professional standards and the research criteria. Permission will be officially sought from all firms that will participate in the research, and they will be told what the research is all about, but it is entirely voluntary for them to participate.

Confidentiality and anonymity will be ensured because the names of the participants will be kept secret, and the information collected will be used only for this research. There will also be encouragement of honesty in the collection of information. Besides, this research will observe the internationally accepted ethics of autonomy, beneficence, non-maleficence, and justice.

# CHAPTER FOUR

# RESULTS AND DISCUSSION

## 4.1 INTRODUCTION

This chapter shall highlight the findings of the empirical analyses of the data collected from 140 individuals selected from chosen construction companies in Addis Ababa, Ethiopia. The analysis of the data will be done with a view to testing the hypotheses presented in Chapter Two. The chapter will start with the response rate of the questionnaires followed by demographic information on the respondents. Assumptions for the regression analyses will also be discussed.

This will be followed by the results of the multiple regression analyses of the data, model summary, ANOVA, and regression coefficients. From the foregoing results, hypotheses will be tested at the significance level of $p<.05$. Finally, the findings will be presented with regard to Stakeholder Theory, Institutional Theory, and Self-Determination Theory.

All statistical tests were performed using IBM SPSS Statistics Version 27, and all results were reported based on APA style (7th edition) criteria, with an increased focus on p-values, standardized β-coefficients, and confidence intervals when necessary.

## 4.2 RESPONSE RATE

The total number of questionnaires distributed to the employees, project managers, departmental managers, and senior managers working in the selected construction firms of Ethiopia was 154. The selected construction firms in Ethiopia were MIDROC Construction PLC, Sunshine Construction PLC, Yonab Construction PLC, Ethiopian Construction Works Corporation (ECWC), and Ethiopian Roads Authority.

**Table 4.0 Response Rate**

| Status | Frequency | Percentage (%) |
|---|---|---|
| Distributed | 154 | 100 |
| Returned | 140 | 90.9 |
| Unreturned | 14 | 9.1 |

*Source: Own Computation (2026)*

A total of 140 out of the 154 distributed questionnaires have been recovered and found to be suitable for use in analysis. This translates into a very impressive response rate of 90.9% for this particular study. This is because this percentage is quite high compared to the minimum acceptable response rate required in any kind of study to ensure adequate analysis (Mugenda & Mugenda, 2003). With such high participation, it would be very easy to generalize the results of the study conducted on construction companies based in Addis Ababa.

The reasons for such high response rate, that is 90.9%, are numerous. For example, the distribution of the surveys directly into the hands of our subjects, the confidentiality of our study regarding the subjects, the subject matter's pertinence to the field of construction, and the management's readiness to cooperate were among those contributing factors.

## 4.3 DEMOGRAPHIC CHARACTERSTICS OF RESPONDANTS

To begin with, this is an area that gives us some revelations regarding the structure of demographics of all 140 participants to help us gain some knowledge about the nature of the sample that we have been provided as well as whether it can be said to be representative of what it is supposed to represent. The following are some of the major revelations in this category:

Table 4.1: Demographic Characteristics of Respondents

| Demographic Variable | Category | Frequency | Percentage (%) |
|---|---|---|---|
| Gender | Male | 74 | 52.9 |
| | Female | 66 | 47.1 |
| Age Group | 40-49 | 42 | 30 |
| | 30-39 | 40 | 28.6 |
| | 20-29 | 29 | 20.7 |
| | 50+ | 29 | 20.7 |
| Position/Job Title | Engineer | 34 | 24.3 |
| | Dept Head | 27 | 19.3 |
| | Supervisor | 26 | 18.6 |
| | Project Manager | 25 | 17.9 |

| | | | |
|---|---|---|---|
| | Other | 28 | 20 |
| Years of Experience | 10-May | 51 | 36.4 |
| | >10 | 50 | 35.7 |
| | <5 | 39 | 27.9 |
| Type of Ownership | Private | 76 | 54.3 |
| | Public | 64 | 45.7 |
| Size of the Firm | Small | 57 | 40.7 |
| | Large | 42 | 30 |
| | Medium | 41 | 29.3 |
| TOTAL | | 140 | 100 |

*Source: Survey Data (2026)*

**Gender Distribution:** More male respondents were present than female respondents. The males constituted 52.9% (n=74) of the total respondents, whereas the females made up 47.1% (n=66) of the total respondents. Gender balance among the respondents will minimize gender bias in this survey.

**Age Distribution:** The majority of the respondents belonged to the prime age for work. The age group of 40-49 years was the highest at 30.0%, while those who fell within 30-39 years was next at 28.6%. The age group of 20-29 years and that above 50 years was each equal to 20.7%. In total, 58.6% of the respondents were aged between 30-49 years.

**Positions Distribution:** The distribution of positions within organizations varied widely depending on the respondents. Of all the respondents, those who worked as engineers had the highest number (24.3%; n=34). Other categories of respondents included: department heads (19.3%), supervisors (18.6%), project managers (17.9%) and others (20%).

**Years of Experience:** When it comes to work experience, 36.4% (n = 51) respondents reported having from five to ten years of experience, and another 35.7% (n = 50) respondents had over ten years of experience. Respondents who reported having less than five years of experience were 27.9% (n = 39). Overall, 72.1% respondents have five or more years of experience in the industry.

**Ownership Type:** Private firms made up 54.3% (n=76) of the participants, whereas public firms comprised 45.7% (n=64) of them. This was done because it helped in getting an overall understanding of the CSR issues being handled by various organizations.

**Firm Size:** On the basis of firm size, 40.7% (n=57) respondents were from small companies, 30.0% (n=42) respondents were from large companies, and 29.3% (n=41) respondents belonged to medium-size firms. This helped in getting a balanced data sample on different sizes of companies.

Although ownership type and firm size were used as stratification criteria to ensure adequate representation of different categories of construction companies, they were not included as explanatory variables in the regression model because the primary objective of the study was to examine the influence of ethical leadership, partnership and collaboration, external institutional pressures, and internal organizational factors on CSR implementation across the construction sector. Therefore, the analysis was conducted using pooled data from all participating firms. Future studies may investigate whether CSR implementation differs significantly across ownership structures and firm size categories.

## 4.4 DESCRIPTIVE STATISTICS OF STUDY VARIABLES

The subsequent section gives an overview of various statistics such as mean (M), standard deviation (SD), minimum (min), and maximum (max) values for all the five constructs used in this study. The constructs are Partnership and Collaboration ($X_1$), Ethical Leadership ($X_2$), External Institutional Pressure ($X_3$), Internal Organizational Factors ($X_4$), and Corporate Social Responsibility (Y). With respect to these constructs, data will be collected using the five-point Likert Scale, which is as follows:

1= Strongly Disagree, 2 = Disagree, 3 = Neither Agree nor Disagree, 4 = Agree, and 5 = Strongly Agree.

The mean value will be interpreted as per the scale suggested by Best and Kahn (2006), as follows:

1.00 – 1.80 = Very Low, 1.81 – 2.60 = Low, 2.61 – 3.40 = Moderate, 3.41 – 4.20 = High, and 4.21 – 5.00 = Very High.

Descriptive statistics have been performed on the combined samples because in this research, there is no need to conduct comparisons between firms but only analyze the variables that determine the adoption of corporate social responsibility in selected constructions. In essence, the sampled firms are considered as one research population in the construction industry in Addis Ababa. However, it should be noted that some organizational attributes like firm ownership and size of the business were taken into account while sampling.

Table 4.2: Descriptive Statistics of Study Constructs

| Construct | Grand Mean | Interpretation |
|---|---|---|
| Ethical Leadership | 2.88 | Moderate Level |
| Partnership and Collaboration | 3.11 | Moderate Level |
| External Institutional pressure | 3.00 | Moderate Level |
| Internal Organizational Factors | 2.99 | Moderate Level |
| CSR Implementation (Dependent Variable) | 2.92 | Moderate Level |

*Source: SPSS Output (2026)*

CSR Implementation (Y): The dependent variable CSR implementation was measured by using an average score of M = 2.9196 (SD = 0.7280). This variable has scores ranging from 1.25 to 5.00. In this case, the mean value lies between the interpretations of moderate level of implementation, which is from 2.61 to 3.40. Hence, we can conclude that the implementation level of CSR practices by Ethiopian construction firms is moderate.

**Partnerships & Collaboration ($X_1$):** The mean score for Partnerships & Collaboration was M = 3.11 (SD = 0.767). The minimum and maximum possible scores in this area were 1.0 and 4.8, respectively. From the score attained, partnerships and collaboration exist at a moderate level in Ethiopian construction firms. To put this into perspective, the linkages that construction firms have with other stakeholders are reasonably good.

**Ethical Leadership ($X_2$):** Mean score for Ethical Leadership was M = 2.8833 (SD = 0.7199). Scores ranged between 1.33 and 5.00. The mean score is moderate and relatively low compared to the means for other measures used in this study. It appears that although there is some form of

ethical leadership in Ethiopian construction companies, more can be done to improve its implementation within the industry.

**External Institutions Pressure ($X_3$):** This has been noted that the mean score of extrinsic institution pressure was M = 3.0062 (SD = 0.6842), with the scores varying from 1.00 to 4.73 with coercive, mimetic, and normative pressures. Extrinsic Institution Pressure is the variable with the maximum mean score among all variables in the study and falls into the category "moderate" but towards the upper limit of the category. These results support the hypothesis formulated by applying institutional theory that organizations respond to pressures outside in order to gain legitimacy.

**Internal Organizational Factors ($X_4$):** The mean rating for the internal organizational factors, which include organizational culture, strategic business orientation, and resource capabilities, was obtained as M = 2.9995 (SD = 0.7337), where the scores ranged from 1.21 to 5.00. The average score falls under the moderately high range, which shows that Ethiopian construction firms have a moderate level of internal organizational capabilities and culture that supports the implementation of CSR initiatives. The SD of 0.7337 suggests relatively higher variation among responses than other variables used in the study.

### 4.4.1 External Institutional Pressures: The Dominant Force in CSR Implementation

The scientific validation of the predictive validity of EIP in predicting the existence of CSR behavior ($\beta = 0.386$, $p < .001$) obtained from the outcomes of this research is the scientific validation of the institutional theory by DiMaggio and Powell (1983) as elaborated by Scott (2014) on the classification of institutions into three types which include regulative, normative, and cognitive-cultural institutions. As such, because of the concept of isomorphism, the firms operating within an identical organizational setting would become alike due to coercion, mimicking, and norms (DiMaggio & Powell, 1983; Zucker, 1987).

Table 4.4a: Descriptive Statistics of External Institutional Pressure

| No. | Item Description | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|---|
| 1 | Adherence to industry laws and standards encourages CSR adoption | 140 | 1 | 5 | 2.69 | 0.75 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2 | Government regulations strongly influence our CSR activities | 140 | 1 | 5 | 3.3 | 0.75 |
| 3 | Legal compliance is a primary reason for implementing CSR in our company | 140 | 1 | 5 | 3.09 | 0.69 |
| 4 | Regulatory authorities monitor CSR compliance | 140 | 1 | 5 | 3 | 0.75 |
| 5 | The risk of legal penalties and sanctions motivates our company to implement CSR practices | 140 | 1 | 5 | 2.91 | 0.84 |
| 6 | We imitate best practices that improve our image and legitimacy | 140 | 1 | 5 | 2.94 | 0.84 |
| 7 | Client requirements compel us to adopt CSR-related practices | 140 | 1 | 5 | 2.99 | 0.83 |
| 8 | Institutionalizing CSR helps achieve long-term sustainability | 140 | 1 | 5 | 3.2 | 0.84 |
| 9 | Our organization adopts CSR practices by learning from leading companies in the industry | 140 | 1 | 5 | 3.12 | 0.78 |
| 10 | Our organization adopts CSR practices due to competition with similar firms | 140 | 1 | 5 | 2.71 | 0.85 |
| 11 | Professional standards encourage ethical CSR behavior | 140 | 1 | 5 | 3.27 | 0.91 |
| 12 | Supporting local communities enhances our company's reputation | 140 | 1 | 5 | 2.99 | 0.76 |
| 13 | Professional associations encourage us to implement CSR | 140 | 1 | 5 | 3.05 | 0.84 |
| 14 | Industry norms and standards promote CSR commitment | 140 | 1 | 5 | 3.07 | 0.77 |
| 15 | Our organization adopts CSR practices to align with the expectations of society and stakeholders | 140 | 1 | 5 | 2.76 | 0.75 |
| **Overall External Institutional Pressure** | | | | | **3.00** | **0.79** |

The External Institutional Pressure includes the coercive pressure, mimetic pressure, and normative pressure affecting the Corporate Social Responsibility (CSR). With regard to the mean and standard deviation of 3.00 and 0.79 respectively, it indicates that there is a moderate level of agreement in terms of the influence of external institutional pressure on CSR by the respondents.

The factor that had a mean value (M=3.30, SD=0.75) was government regulation with high influence on the organizational participation in CSR practices. From this, it can be inferred that

government regulation plays a vital role in promoting CSR practices in organizations. Promotion of ethical CSR practices through professional standards (M=3.27, SD=0.91) and long-term sustainability in the form of institutionalized CSR (M=3.20, SD=0.84) were other factors that received high rating from respondents and thus reflected the importance of these factors in promoting CSR practices. It has been observed that CSR practices could be adopted by organizations through benchmarking practices within the industrial leaders (M=3.12, SD=0.78) and industry norms (M=3.07, SD=0.77).

On the other hand, the highest mean (M = 2.69, SD = 0.75) was noted for adherence to industry regulations and codes in promoting CSR adoption. In the same way, organizations implementing CSR initiatives because of their rivalry with rival organizations (M = 2.71, SD = 0.85) and tailoring their CSR practices to meet societal and stakeholders' expectations (M = 2.76, SD = 0.75) were rated low. The results indicate that competition and wider stakeholder expectations have little influence compared to regulation and professionalism.

In general, it can be concluded that external institutional pressures have a moderate impact on CSR practices. Government legislation, professional guidelines, and sustainability-based requirements were determined as the most important factors, whereas competitive pressure and motivations from stakeholders seem to have lesser impacts. The relatively low standard deviation values indicate limited variability in respondents' perceptions, suggesting a consistent view regarding the influence of external institutional pressures on CSR implementation.

### 4.4.2 Internal Organizational Factors: Enablers of CSR Depth and Sustainability

Table 4.4b: Descriptive Statistics of Internal Organizational Factors

| No. | Item Description | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|---|
| 1 | CSR principles are embedded in our corporate culture | 140 | 1 | 5 | 3.12 | 0.85 |
| 2 | Our organization values honesty, transparency, and social responsibility | 140 | 1 | 5 | 2.97 | 0.86 |
| 3 | Top management promotes ethical behavior and social awareness | 140 | 1 | 5 | 3.08 | 0.91 |
| 4 | Employee welfare contributes to higher productivity and motivation | 140 | 1 | 5 | 3.06 | 0.85 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 5 | Employees are encouraged to participate in CSR initiatives | 140 | 1 | 5 | 3.06 | 0.87 |
| 6 | CSR values are shared across all departments | 140 | 1 | 5 | 2.94 | 0.87 |
| 7 | CSR is aligned with our company's long-term strategic goals | 140 | 1 | 5 | 2.96 | 0.78 |
| 8 | Our strategic plans include sustainability and community development | 140 | 1 | 5 | 2.77 | 0.77 |
| 9 | CSR is integrated into decision-making processes | 140 | 1 | 5 | 3.17 | 0.86 |
| 10 | CSR activities are part of our competitive strategy to gain market advantage | 140 | 1 | 5 | 2.7 | 0.81 |
| 11 | Our organization allocates sufficient resources to CSR programs | 140 | 1 | 5 | 3.19 | 0.89 |
| 12 | We have skilled personnel responsible for CSR implementation | 140 | 1 | 5 | 2.94 | 0.92 |
| 13 | Our organization invests in training and technology that support CSR objectives | 140 | 1 | 5 | 3.39 | 0.78 |
| 14 | The organization has a dedicated budget for CSR activities | 140 | 1 | 5 | 2.64 | 0.87 |
| **Overall Internal Organizational Factors** | | | | | **2.99** | **0.85** |

The table above shows that the internal organizational factors consist of organizational culture, business direction, and resource capabilities. The average value of 2.99 and the standard deviation of 0.85 suggest that there is substantial agreement on the ability of internal organizational factors to promote CSR.

From the variables mentioned above, the variable that scores the highest in terms of the mean score is that "the organization commits to make investments to develop capabilities to implement CSR programs through training and technology" (M = 3.39; SD = 0.78). Based on the analysis of the results above, it can be noted that in addition to the organization committing itself towards developing the capabilities needed for the implementation of CSR programs, the organization has put much effort towards acquiring these capabilities. Moreover, the organization has made sufficient investment in its CSR programs because of the high score of the mean (3.19; SD = 0.89). Furthermore, CSR initiatives play an important role in decision making within the organization since the mean score was high (3.17; SD = 0.86). Finally, the organization's CSR programs are embedded in its culture and ethical behavior is encouraged within the organization.

On the other hand, the lowest mean score (M = 2.64, SD = 0.87) was recorded among those organizations that have a budget allocated for CSR-related initiatives, indicating that budget allocation in relation to CSR activities is still relatively low. Furthermore, the mean score of 2.70 (SD = 0.81) recorded in using CSR initiatives as an avenue to develop a competitive strategy to take over the market, as well as the mean score of 2.77 (SD = 0.77) regarding the inclusion of sustainability and community development into strategic plans, also reflected relatively low ratings in the survey.

In general, it may be stated that the results obtained demonstrate that internal organizational factors somewhat contribute to the development of corporate social responsibility initiatives. In particular, such dimensions as training, technological resources, resource availability, and incorporation of corporate social responsibility into the organizational decision-making process can be considered the strongest ones. At the same time, such dimensions as the specific CSR budget and strategic consideration of sustainability-related problems may be regarded as the weakest ones.

### 4.4.3 Ethical Leadership: The Moral Foundation of CSR

Table 4.4c: Descriptive Statistics of Ethical Leadership

| No. | Item Description | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|---|
| 1 | Top management demonstrates integrity in company decision-making | 140 | 1 | 5 | 2.84 | 0.83 |
| 2 | Leaders in this firm communicate ethical standards clearly to employees | 140 | 1 | 5 | 3.07 | 0.74 |
| 3 | Management holds employees accountable for unethical behavior | 140 | 1 | 5 | 2.67 | 0.85 |
| 4 | Leaders carefully evaluate ethical implications before making decisions | 140 | 1 | 5 | 2.94 | 0.78 |
| 5 | Managers promote fairness and justice in dealing with stakeholders | 140 | 1 | 5 | 2.91 | 0.97 |
| 6 | Leadership encourages transparency in reporting CSR-related activities | 140 | 1 | 5 | 2.86 | 0.75 |
| **Overall Ethical Leadership** | | | | | **2.88** | **0.82** |

The descriptive analysis table demonstrates that the mean value of Ethical Leadership was 2.88, while the standard deviation was 0.82, indicating moderate agreement on the level of existence of ethical leadership in their organizations.

As regards individual questions, the highest mean score (M = 3.07, SD = 0.74) was observed in those people who perceived that leaders within the organization make ethical standards evident for their workers. This clearly indicates that communication efforts by organizations to inform the employees about the ethical standards expected from them have been relatively high. However, there was a moderate level of agreement among the participants that the leaders give significant weightage to ethics while making decisions.

With respect to the phrase “leadership improves transparency in CSR reporting,” the mean value stood at 2.86, while the standard deviation was 0.75. Similarly, the mean value associated with the phrase “integrity in top management decision-making” was 2.84, with a standard deviation of 0.83.

This implies that the view that managers would be held accountable for unethical actions taken by their subordinates had the lowest level of positive perceptions of all (M= 2.67; SD=0.85). This means that the company has been unable to instill ethical standards within the company.

In general, the results show that the presence of ethical leadership practices can be rated as satisfactory to an extent, but still, there are plenty of areas where improvements should be made. While it seems like leaders provide communication of the ethical standards and take into consideration ethical aspects while making decisions, more attention should be paid to accountability, integrity, and transparency within the CSR processes. Low standard deviations in items show high reliability in the evaluation of ethical leadership practices.

### 4.4.4 Partnership and Collaboration: Collective Action for CSR Impact

Table 4.4d: Descriptive Statistics of Partnership and Collaboration

| No. | Item Description | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|---|
| 1 | The organization collaborates with local communities to address social concerns | 140 | 1 | 5 | 3.18 | 1 |
| 2 | The organization partners with government agencies on social development initiatives | 140 | 1 | 5 | 3.31 | 0.9 |
| 3 | The organization maintains long-term partnerships for CSR sustainability | 140 | 1 | 5 | 2.94 | 0.9 |
| 4 | Stakeholder engagement is actively encouraged in CSR planning | 140 | 1 | 5 | 3.09 | 0.8 |
| 5 | Collaboration with external partners improves the firm's CSR performance | 140 | 1 | 5 | 3.04 | 0.8 |
| **Overall Partnership and Collaboration** | | | | | **3.11** | **0.87** |

From the data gathered from the table, one finds out that the average mean score in relation to partnership and collaboration stands at 3.11, with a standard deviation of 0.87, which means that there exists some level of agreement on the presence of collaboration practice of CSR.

Amongst the various individual factors, the one receiving the highest mean score (M=3.31, SD=0.90) was the one which talked about the company's engagement in partnering with the

governmental organizations to undertake social development projects. This means that the act of partnering with the governmental organizations is a relatively widespread phenomenon and can be viewed as an effective method for implementing CSR activities. Additionally, the respondents gave positive ratings on the act of partnering with local communities to deal with social issues by the company (M=3.18, SD=1.00).

On its part, the mean score for the statement "Stakeholder engagement is actively encouraged in CSR planning" was 3.09, while the standard deviation was 0.80, which shows that there was a moderate belief about stakeholder involvement in the process of making decisions related to CSR activities. Similarly, it can be seen that collaboration with external partners enhances the firm's CSR performance (M = 3.04, SD = 0.80).

The minimum average score (M = 2.94, SD = 0.90) was registered for the claim "organizational long-term partnership for CSR sustainability." The above finding implies that although organizations undertake collaborations, the creation and sustenance of such partnerships are not very strong relative to the rest of the collaborative variables.

From the results, it can be concluded that the organizations seem to have a fair degree of commitment towards partnerships and collaboration when engaging in CSR programs. While it seems like there is some level of cooperation among government institutions and the community, a focus needs to be placed on developing more effective strategic partnerships as well as stakeholder engagement mechanisms for improving the sustainability and efficacy of the programs. The standard deviation scores for the individual factors seem to be fairly consistent.

## 4.5 CORRELATION ANALYSIS

Pearson product-moment correlation analysis was employed for the evaluation of the relationships among the five study variables. This technique is instrumental in determining the magnitude and direction of the relationship between the two variables. Using Cohen's (1988) criteria, if the values of the correlation coefficients range between .10, this implies that the relationship between the two variables is weak, while values ranging between .30 and .50 imply a moderately strong and very strong relationship, respectively.

Table 4.3: Pearson Correlation Matrix

| | | Ethical Leadership | Partnership & Collaboration | External Pressures | Internal Factors | CSR Implementation |
|---|---|---|---|---|---|---|
| Ethical Leadership | Pearson Correlation | 1 | 0.3** | 0.31** | 0.36** | 0.53** |
| | Sig.(2-tailed) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | N | 140 | 140 | 140 | 140 | 140 |
| Partnership & Collaboration | Pearson Correlation | 0.3** | 1 | 0.34** | 0.24** | 0.48** |
| | Sig.(2-tailed) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | N | 140 | 140 | 140 | 140 | 140 |
| External Pressures | Pearson Correlation | 0.31** | 0.34 | 1 | 0.33** | 0.63** |
| | Sig.(2-tailed) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | N | 140 | 140 | 140 | 140 | 140 |
| Internal Factors | Pearson Correlation | 0.36** | 0.24** | 0.33** | 1 | 0.56** |
| | Sig.(2-tailed) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | N | 140 | 140 | 140 | 140 | 140 |
| CSR Implementation | Pearson Correlation | 0.53** | 0.48** | 0.63** | 0.56** | 1 |
| | Sig.(2-tailed) | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | N | 140 | 140 | 140 | 140 | 140 |

**. Correlation is significant at the 0.01 level (2-tailed).

*Source: Own questionnaire survey, computed in SPSS version 27*

The table gives the correlation coefficients among the variables used in the study. From the above data, there is a positive correlation among the variables under investigation. CSR Implementation has a positive correlation with External Institutional Pressure (r = 0.63), Internal Organizational Factors (r = 0.56), Ethical Leadership (r = 0.53), and Partnership and Collaboration (r = 0.48). Correlation coefficients among the independent variables range from 0.24 to 0.36. Thus, there is a moderate level of correlation, which shows no multicollinearity problem. In view of this, the

correlation coefficients are expected to be significant at 0.01 with a total of 140 participants in the survey.

From the correlation analysis, there were statistically significant positive correlations between CSR implementation and the four independent variables at the $p < .001$ level. The highest correlation was recorded between CSR implementation and External Institutional Pressures, which is $r = 0.626$ and $p < .001$. This implies that there is a strong positive correlation between the two variables. The coefficient of determination, $r^2 = 0.392$, suggests that External Institutional Pressures are responsible for 39.2% of the variation in CSR implementation.

The role of Internal Organizational Factors towards the use of CSR was observed to be significant and positively related to the use of CSR ($r = 0.556$, $p < .001$) and explained 30.9% of the variation of CSR implementation ($r^2 = 0.309$). Furthermore, the effect of Ethical Leadership on the practice of CSR was found to be significant and positively related to CSR ($r = 0.526$, $p < .001$) and explained 27.7% of the variation of CSR practice ($r^2 = 0.277$).

The findings reveal significant positive associations among all independent variables ($p < .01$). The most significant association was between Ethical Leadership and Internal Organizational Factors ($r = 0.358$, $p < .001$), followed by Partnership and Collaboration and External Institutional Pressures ($r = 0.335$, $p < .001$), External Institutional Pressures and Internal Organizational Factors ($r = 0.329$, $p < .001$), Ethical Leadership and External Institutional Pressures ($r = 0.310$, $p < .001$), and Partnership and Collaboration and Internal Organizational Factors ($r = 0.235$, $p = .005$).

It should be noted that all the values associated with intercorrelation coefficients did not surpass the critical value of 0.80. This means that there was no problem with multicollinearity, which is indicative of the individual contribution of predictors in the analysis (Hair et al., 2019). In general, findings from the research support the proposed theoretical framework because there is positive association between the selected independent variables and the CSR practice. At this point, one needs to note that correlation does not imply causation.

## 4.6 DIAGNOSTIC TEST FOR REGRESSION ASSUMPTION

In order to use multiple regression analysis, it is essential to ensure that all the assumptions regarding multiple regression analysis are fulfilled. These include the assumption of independence between variables, the normality of the residuals, no autocorrelation, and no heteroscedasticity.

The importance of testing the assumptions is evident from the point that failing to do so results in biased results of the regression analysis.

### 4.6.1 MULTICOLLINEARITY TEST

Multicollinearity is said to be present in a regression analysis when there exists high correlation among the explanatory variables. The presence of multicollinearity can cause an increase in standard errors and thus generate unreliable regression coefficients and inability to establish the impact made by the predictors in the model, despite having the R-squared and F statistics intact (Hair et al., 2019). The Variance Inflation Factor (VIF) and Tolerance statistics were used to detect multicollinearity with the aid of SPSS (Field, 2018; Hair et al., 2019). Usually, when the VIF is greater than 10.0, and Tolerance is less than 0.10, then it shows that multicollinearity is present.

Table 4.4: Multicollinearity Diagnostics

| Variable | VIF | Interpretation |
|---|---|---|
| Partnership & Collaboration | 1.19 | No multicollinearity |
| Ethical Leadership | 1.25 | No multicollinearity |
| External Pressures | 1.25 | No multicollinearity |
| Internal Factors | 1.23 | No multicollinearity |

*Source: SPSS Output (2026)*

It is important to note that VIF values of less than 5 indicate no problem with multicollinearity; values of 5 to 10 reflect the presence of moderate multicollinearity, and those higher than 10 represent serious multicollinearity problems.

Ethical Leadership: Tolerance = 0.799, VIF = 1.251

Partnership and Collaboration: Tolerance = 0.838, VIF = 1.193

External Institutional Pressures: Tolerance = 0.800, VIF = 1.249

Internal Organizational Factors: Tolerance = 0.814, VIF = 1.228

The results from the statistics regarding multicollinearity demonstrate that the problem of multicollinearity does not exist in the current regression model. The highest VIF is recorded for

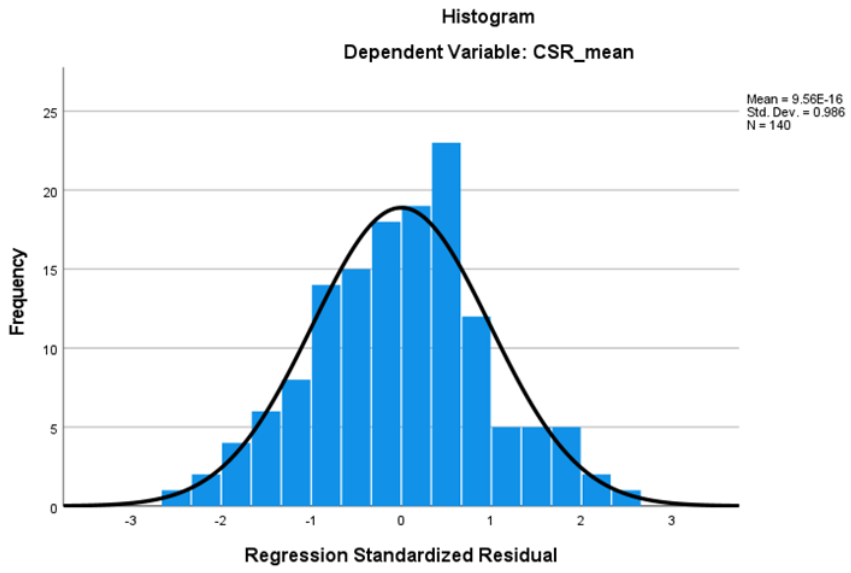
Ethical Leadership, where the VIF value is 1.251. The VIF value is far below the threshold values of 10.0 and 5.0. All the tolerance values are above the recommended tolerance values of 0.10 and 0.20. This means that the differences among these variables are high enough to enable the determination of the impact of each of the variables individually.

### 4.6.2 NORMALITY OF RESIDUALS

The assumption of normality is one of the most important assumptions of OLS regression as it is responsible for ensuring that the hypothesis test used to determine the correctness of the coefficients and the model itself is accurate (Wooldridge, 2016). Testing of this assumption involves checking normality of residuals.

The Shapiro-Wilk results from the standardized residuals show that there was no significant deviation from normality (W = 0.989, df = 140, p = .609). Inasmuch as the p-value is greater than 0.05, the null hypothesis that the data comes from a normal distribution is not rejected.

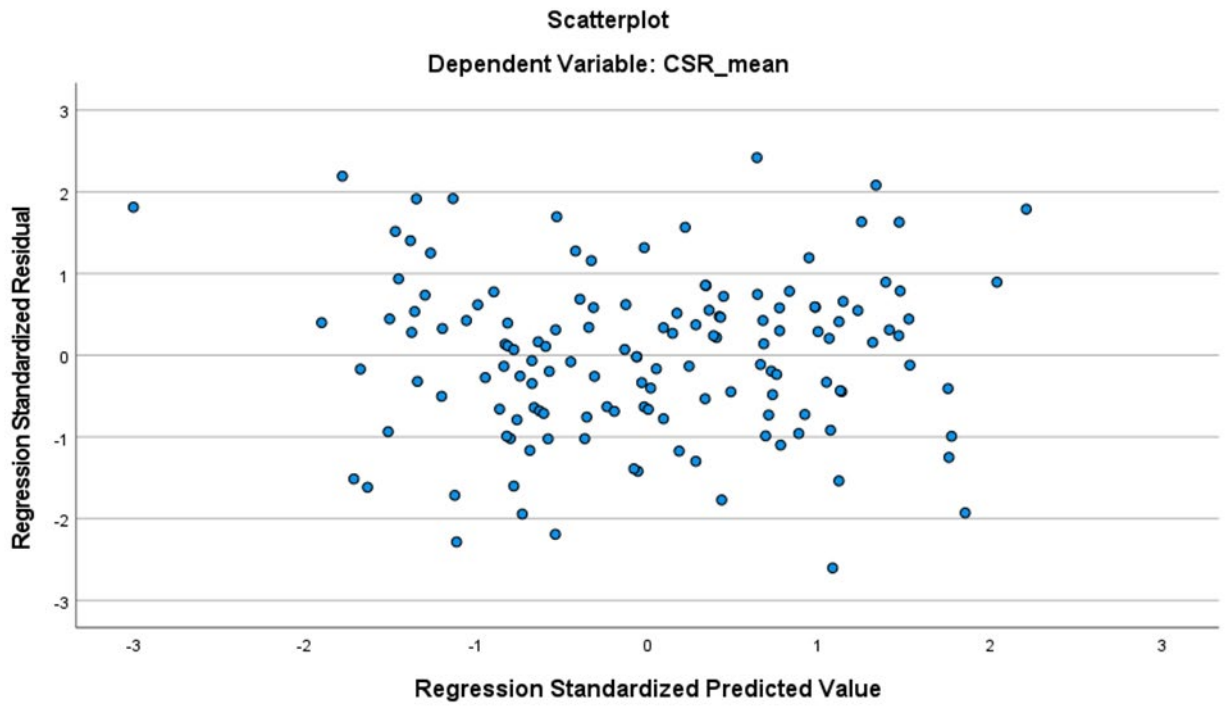
Moreover, other conclusions that may be drawn using the following statistical data may be proven using the skewness and kurtosis data provided below: skewness = -0.075 (SE = 0.239); kurtosis = -0.622 (SE = 0.474). The z-scores that have been received for the skewness and kurtosis are quite low, as they do not exceed the value of 1.96 in absolute terms (z=-0.31; z=-1.31). Thus, the gap between the score and zero is insignificant. According to the criteria suggested by George & Mallery (2010), it may be concluded that residuals are normally distributed.



### 4.6.3 HOMOSCEDASTICITY

In case of homoscedasticity, this indicates that the variance of the residuals remains constant irrespective of the value of independent variables. If homoscedasticity assumption is violated, heteroscedasticity is evident in the data set. However, it is worth noting that the regression coefficients shall remain biased regardless of the standard errors being inconsistent (Hayes & Cai, 2007).

From the analysis of the scatter plot graph between ZRESID and ZPRED, one can notice that the scatter points have been randomly distributed. In other words, it can be noted that the residuals have been equally distributed from both sides. There is no funneling or any sort of change in the distribution pattern of the residuals based on the prediction line. Moreover, it can also be said that the residuals are equally distributed on both sides of the zero, which makes them equally positive or negative.




### 4.6.4 INDEPENDENCE OF RESIDUALS (Autocorrelation)

Concerning the independence of residuals such that the residuals of the two observations cannot correlate, the statistic selected for testing this hypothesis is the Durbin-Watson statistic, which is specifically designed to test for the existence of first-order correlation in the regression residuals.

In concern with the value of the Durbin-Watson test statistic of the particular regression, its value is 1.875. Concerning a regression with four independent variables and N=140, the value of the Durbin-Watson test statistic falls between 1.5 and 2.5, making it applicable to cross-sectional data (Durbin & Watson, 1951). There is no autocorrelation.

### 4.6.5 INFLUENTIAL CASES ANALYSIS

Influence statistics were calculated to check if any observation had an undue effect on the result of the regression analysis. Out of the total 140 observations, the highest value of the Cook's Distance calculated was 0.067, which is quite lower compared to the threshold value of 1.0 (Cook & Weisberg, 1982). This was true for the highest value of the leverage statistic which turned out to be 0.112, a value which is quite close to the threshold value. From this, it follows that none of the observations affected the results of the regression analysis.

## 4.7 MULTIPLE REGRESSION ANALYSIS

The multiple regression analysis was performed to test the impact of the independent variables such as Ethical Leadership ($X_2$), Partnership and Collaboration ($X_1$), External Institutional Pressure ($X_3$), and Internal Organizational Factors ($X_4$) in relation to their impact on Corporate Social Responsibility (CSR) Implementation (Y). The use of multiple regression analysis helps to understand the independent impact of each of the independent variables, taking into account the effect exerted by other variables on their impact on the dependent variable (Field, 2018).

In this study, multiple regression analysis was performed by employing the method of simultaneous entry, whereby all the four predictor variables were simultaneously introduced in the regression model. The technique is ideal for use in cases where the goal is to compare the significance of the theoretically identified predictors.

### 4.7.1 MODEL SUMMARY

Table 4.5: Model Summary

| **Model Summary[b]** | | | | | |
|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .794[a] | .630 | .620 | .449031 | 1.875 |

a. Predictors: (Constant), Internal_mean, Partnership_mean, External_mean, Ethical_mean

b. Dependent Variable: CSR_mean

*Source: SPSS Output (2026)*

Correlation Coefficient for Multiple Regression analysis came out to be R = 0.794. The value suggests a very strong relationship among all the four independent variables (Ethical Leadership, Partnership & Collaboration, External and Internal Pressure from Institutions). Value of the coefficient of Determination comes out to be $R^2$= 0.630, which means that 63.0 percent of the variance of the dependent variable can be explained through the four independent variables.

Additionally, there exists one more reason as to why the model can be regarded as stable and the predictors considered as significant ones for the explanation of CSR implementation. The discrepancy between the adjusted $R^2$ value of 0.620 and $R^2$ value of 0.630 equals only 0.010, meaning that the model is stable while the predictors do play a role of explaining CSR implementation. Nevertheless, despite the fact that CSR implementation can be explained through the 63.0%, there is also 37.0% that cannot be explained.

The prediction error is 0.449 in the existing study. The measurement of CSR Implementation is done on a scale of 1 to 5. This shows that the accuracy of the model is very good because the error is only 0.45.

### 4.7.2 ANOVA RESULT

Table 4.6: ANOVA Results

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 46.439 | 4 | 11.610 | 57.579 | .000[b] |
| | Residual | 27.220 | 135 | .202 | | |
| | Total | 73.658 | 139 | | | |

a. Dependent Variable: CSR_mean

b. Predictors: (Constant), Internal_mean, Partnership_mean, External_mean, Ethical_mean

*Source: SPSS Output (2026)*

ANOVA tests the null hypothesis that the regression coefficients in the entire population are equal to zero, or alternatively, the null hypothesis that all the independent variables collectively account for no more variance in the dependent variable than could be expected due to chance alone.

It can be clearly understood that the regression equation is statistically significant because the values are as follows: $F(4, 135) = 57.579$, $p < .001$. In the F-value test, the F value of the statistic comes out to be 57.579, and it is quite clear that this value is far larger than the F value of F (4, 135), which is approximately 2.44 at the level of significance of .05. Apart from this, the value of p is also less than .001.

The sum of squares for the variable CSR Implementation equals 73.658 (df=139); whereas 46.439 (df=4) is explained by the regression equation, the residual or error accounts for the other 27.220 (df=135). The mean sum of squares for the regression equation is 11.610; this is about 57.6 times greater than the mean sum of squares for the residual error, which explains the very high value of F-statistic. This is not surprising at all given that the sum of squares for the regression equation is significantly higher than that for the residual error.

### 4.7.3 REGRESSION COEFFICIENTS

Table 4.7: Regression Coefficients

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | -0.500 | 0.23 | | -2.175 | 0.031 | | |
| | Ethical_mean | 0.240 | 0.059 | 0.237 | 4.051 | 0 | 0.799 | 1.25 |
| | Partnership_mean | 0.197 | 0.054 | 0.208 | 3.633 | 0 | 0.838 | 1.19 |
| | External_mean | 0.410 | 0.062 | 0.386 | 6.597 | 0 | 0.8 | 1.25 |
| | Internal_mean | 0.294 | 0.058 | 0.296 | 5.108 | 0 | 0.814 | 1.23 |

*Source: Own questionnaire survey, computed in SPSS version 27*

Explanation for Standardized Beta: This means that we can be able to compare the importance of the variables that have different measures. All the standardized beta coefficients in the regression analysis are positive and significant at the level of $p < .001$.

External Institutional Pressures ($\beta = 0.386$, $p < .001$) turned out to be the most important variable among those analyzed in terms of its influence on CSR adoption. In light of the positive coefficient value, one can conclude that the more coercive, mimetic, and normative pressures there are, the greater will be the degree of CSR implementation, ceteris paribus (including Ethical Leadership, Partnership and Collaboration, and Internal Organizational Pressures). The current research presents considerable evidence for Institutional Theory (DiMaggio & Powell, 1983), since it is obvious that construction companies in Ethiopia act under regulatory, normative, and social pressures.

Aspects concerning Organizational ($\beta = 0.296$, $p < .001$) were assumed to be the second most important predictors for the implementation of CSR. Based on the positive value of $\beta$, one can say that if an organization possesses some organizational aspects such as a good organizational culture, strategy, and resources, then it would certainly be able to assist in the implementation of CSR. The results indicate that the findings of the current research agree with the previous findings in the context of Resource-Based View of Barney (1991) and Self-Determination of Deci & Ryan (2000).

Ethical Leadership ($\beta = 0.237$, $p < .001$): It is found that Ethical Leadership is the third best predictor of CSR Implementation. One standard deviation increase in Ethical Leadership is associated with 0.237 standard deviation increase in CSR Implementation. This finding validates the Stakeholder Theory proposed by Freeman in 1984. If there are managers in the leadership of a firm that can effectively communicate the firm's ethical policy, punish employees who indulge in unethical behavior, consider ethics before making any decisions, and are able to strike a balance among stakeholders, then CSR Implementation will become a possibility.

Partnership and Collaboration ($\beta = 0.208$, $p < .001$): Partnership and Collaboration is another important variable affecting CSR implementation. An increase in one standard deviation in partnership and collaboration leads to an increase of 0.208 standard deviation in the amount of CSR implementation. It can be concluded that construction firms that partner with their communities and governments regarding CSR will enjoy successful CSR implementation.

Order of predictors according to effect sizes, from largest to smallest: External Institutional Pressures (β = 0.386) > Internal Organizational Factors (β = 0.296) > Ethical Leadership (β = 0.237) > Partnership & Collaboration (β = 0.208). According to the order above, one can conclude that external pressures, including legal, competitive, and professional pressures, are the key drivers for CSR implementation processes in Ethiopia construction companies.

In terms of the results of the regression model analysis, the constant that was achieved was -0.500 (p = 0.031). This indicated the value for CSR Implementation where all the predictor variables would assume a zero value. Since the variables that have been used in this research work have been measured using the Likert Scale without any value of zero, there is no substantial meaning attached to the constant.

The regression equation of the model is given below:

Predicted CSR Adoption = -0.500 + 0.240 (Ethical Leadership) + 0.197(Partner) + 0.410(External Pressures) + 0.294(Organizational Issues).

## 4.8 HYPOTHESIS TESTING

Hypotheses formulation was done by considering the direct impact that each of the independent variables had on the implementation of CSR. Hypothesis testing involved the use of regression analysis results in which null hypotheses were rejected if the P-value in respect of regression coefficients was less than .05.

Table 4.8: Hypothesis Testing Summary

| Hypothesis | Statement | Coefficient (β) | p-value | Decision (α=0.05) |
|---|---|---|---|---|
| H1 | Partnership and collaboration positively influence CSR implementation | 0.2 | 0 | Supported ✓ |
| H2 | Ethical leadership positively influences CSR implementation | 0.24 | 0 | Supported ✓ |
| H3 | External institutional pressures positively affect CSR implementation | 0.41 | 0 | Supported ✓ |

| | | | | |
|---|---|---|---|---|
| H4 | Internal organizational factors positively affect CSR implementation | 0.3 | 0 | Supported ✓ |

*Source: SPSS Output (2026)*

All the four hypotheses were verified, yet Partnership and Collaboration (β = 0.20) and Ethical Leadership (β = 0.24) showed lower influence on CSR implementation compared to External Institutional Pressures (β = 0.41) and Internal Organizational Factors (β = 0.30). The low influence of Partnership and Collaboration can be explained by the fact that the partnership system and stakeholder participation in the organization are insufficiently developed. Yet, these findings disprove the theories of Freeman (1984) and Porter & Kramer (2011), which suggest that the establishment of partnerships with stakeholders contributes to the increase in organizational resources and enhances organizational performance, thereby encouraging CSR practices.

Ethical Leadership has also proved itself positive, yet its significance has been much lower than other constructs have shown. It has been proven that although it is desirable to behave in an ethical way, from the perspective of the descriptive findings, one can observe that both integrity, accountability, and transparency receive average ratings. In contrast to the previous findings of Brown and Trevino (2006) and Northouse (2023), whose findings suggest that ethical leadership is significant due to its role in fostering trust and ethics and promoting CSR commitment, the findings obtained in this study prove the opposite.

However, the more pronounced role of External Institutional Pressures and Internal Organizational Factors is aligned with the tenets of Institutional Theory and Resource-Based View. DiMaggio and Powell (1983) states that organizations respond to regulation, social norms, and competition by becoming socially responsible, whereas Barney (1991) stresses that organization's resources and competencies are vital to reaching their strategic objectives. It means that the findings demonstrate that the implementation of corporate social responsibility is affected not only by organizational leadership and collaboration but also by external forces and internal strengths.

## 4.9 DISCUSSION OF FINDINGS

The following discussions on the empirical findings in relation to the aforementioned theories will be made in this part, i.e., Stakeholder Theory, Institutional Theory, Self-Determination Theory, as well as empirical studies from Chapter Two. The issues of dominance from the external

institutional influence, facilitation from internal organizational elements, ethical leadership as a foundation, and partnership are the key issues here.

### 4.9.1 External Institutional Pressures: The Dominant Force in CSR Implementation

The factor of External Institutional Pressures appeared to be the most impactful influence on the implementation of Corporate Social Responsibility ($\beta = 0.386$, $p < .001$), providing convincing empirical support for the postulates of Institutionalism (DiMaggio & Powell, 1983; Scott, 2014). This implies that the building firms operate under pressure owing to coercion, mimetic, and normative pressures.

Sources of Influence on the Construction Industry in Ethiopia include environmental policies, matters relating to safety and health, business practices, stakeholders' requirements, and professional associations. From the results found above, it is evident that institutions affect greatly the corporate social responsibility since companies strive to legitimize themselves in their environment via corporate social responsibility. Results found above support existing studies on the importance of institutional influence in promoting corporate social responsibility.

### 4.9.2 Internal Organizational Factors: Enablers of CSR Depth and Sustainability

The second factor is Organizational Factors ($\beta = 0.296$, $p < .001$). This, too, is another evidence for Resource Based View Theory and Self-Determination Theory. The significance of this lies in the fact that an organization which has a certain culture and adequate resources will be able to follow CSR policies.

The organizational culture becomes an environment in which ethical considerations, safety issues, environmental concerns, and participation in community activities can be nurtured. With respect to the implementation of the CSR concept as one of the goals of the business entity, the organizations can gain competitive advantage while creating positive relations with all the stakeholders concerned. Also, due to the existence of resources such as finance, manpower, and technology, the organizations have the ability to undertake CSR. According to research, while the external environment can stimulate the business organizations to implement CSR, only their capacity makes it happen.

### 4.9.3 Ethical Leadership: The Moral Foundation of CSR

An effect of ethical leadership on CSR was observed ($\beta = 0.237$, $p < .001$). Ethical leaders are those who demonstrate transparency and accountability. Ethical leaders practice both. Ethical leadership fosters social responsibility among subordinates.

From the results presented above, it can be concluded that ethical leadership is a critical factor for creating organizational values-based culture that views corporate social responsibility (CSR) not as obligation, but as real responsibility. According to the Self-Determination Theory, ethical leaders encourage intrinsic motivation by focusing on socially significant elements of CSR.

### 4.9.4 Partnership and Collaboration: Collective Action for CSR Impact

Partnership and Collaboration variables were another important determinant that positively affected the performance of CSR ($\beta = 0.208$, $p < .001$). The results reveal the vital importance of collaborative efforts for dealing with social and ecological problems. Collaboration can be considered especially important in the construction industry, where it is crucial to gain cooperation of many stakeholders, including firms and governments.

From the above results, it is apparent that collaboration leads to better performance of CSR in terms of increased stakeholder participation, decreased community conflicts, and effectiveness of the social programs. Nonetheless, from other sources, one can find that there is a lack of formalization in the majority of collaborations.

### 4.9.5 Integration of Theoretical Perspectives: A Unified Framework for CSR in Ethiopian Construction

Combination of Stakeholder Theory, Institutional Theory, and Self-Determination Theory helps in giving a multidimensional approach to the understanding of corporate social responsibility in the Ethiopian construction industry (Fernando & Lawrence, 2014). The findings from the multiple regression analysis from the research conducted show that R squared value is equal to 0.630, meaning that 63% variance of CSR is explained by combination of these theories (Aguinis & Glavas, 2012).

The Institutional theory accounts for the various reasons for which organizations conduct their Corporate Social Responsibility in reaction to external forces. The Resource Based View and the Self-Determination Theory help to account for the process that leads to the implementation of Corporate Social Responsibility through capabilities.

# CHAPTER FIVE
# SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

## 5.1 INTRODUCTION

In this chapter, the researcher gives an overview of the whole process of this research work, including the process of conceptualization of the research problem, methodology, results, and interpretation of the results obtained. An organized summary of the research goals, the research methodology used in the study and the main conclusions drawn based on the statistical analysis of the data obtained from 140 respondents from some selected construction companies in Addis Ababa, Ethiopia will be provided in this chapter.

Based on the data presented in Chapter Four only, this chapter highlights the conclusions arrived at by this study in relation to each individual research objective and hypothesis posed. In addition, practical recommendations are also made in this chapter for relevant stakeholder organizations, such as construction companies' managers, the Ethiopian Construction Works Regulatory Authority, construction companies' associations, and policymakers. Limitations in this research study are recognized, and further areas for future research are also proposed.

## 5.2 SUMMARY OF MAJOR FINDINGS

In this study, the determinant factors behind the implementation of Corporate Social Responsibility (CSR) were examined in the construction sector of Ethiopia, where data was obtained from 140 subjects through descriptive statistics, correlation analysis, and multiple linear regression analysis. The proposed four-factor model, which consists of ethical leadership, partnership and collaboration, pressure from institutions, and organizational factors, has high explanatory power, an $R^2$ value of 0.630, and an adjusted $R^2$ value of 0.620, and the model is statistically significant ($F(4, 135) = 57.579$, $p < .001$).

Considering the ranking of the standardized beta coefficients based on effect size, the most important determinant was the external institutional pressures with the largest beta coefficient value of 0.386 ($p < .001$), while the second, third, and fourth most important determinants were internal organizational factors with a beta coefficient value of 0.296 ($p < .001$), ethical leadership with a beta coefficient value of 0.237 ($p < .001$), and partnership and collaboration with a beta

coefficient value of 0.208 ($p < .001$), respectively. Therefore, the four hypotheses were supported since all of them indicated that the independent variables have a statistically significant positive impact on the dependent variable at the 95% confidence level ($\alpha = 0.05$). Therefore, all null hypotheses were rejected, and according to the standardized beta coefficients, external institutional pressures have the highest impact followed by internal organizational factors, ethical leadership, and partnership and collaboration.

## 5.3 CONCLUSIONS

Considering only the statistical results obtained from Chapter Four, that is, the standardized beta coefficients, p-values, and goodness-of-fit measures, the following findings are posited, which are consistent with the objectives of this research study:

**Concluding Remarks on Partnership and Collaboration ($H_1$ Supported, $\beta = 0.208$, $p < .001$):** It can thus be concluded from the findings of the research that partnership and collaboration have positive and significant impacts on the implementation of CSR practices. Construction operations impact various stakeholders' local communities, suppliers, governments, employees, and customers in many ways, hence the need for collaboration. Partnerships can lead to the sharing of resources and collaboration towards addressing social and environmental concerns collectively.

**Conclusion about Ethical Leadership ($H_2$ Supported, $\beta = 0.237$, $p < .001$):** It is concluded from the study that there exists a positive and significant effect of ethical leadership on CSR implementation. Ethical leaders ensure the involvement of integrity in their decision making process, communicating ethical standards effectively, holding the employees responsible for their unethical actions, taking into consideration ethical ramifications of the decision, practicing fairness and justice while dealing with the stakeholders, and fostering transparency in CSR reporting are among the activities that create an environment where CSR can be implemented.

**Conclusion Regarding the Influence of External Institutional Pressures ($H_3$ Supported, $\beta = 0.386$, $p < .001$):** In sum, the study findings indicate that external institutional pressures consisting of coercive pressure, mimetic pressure, and normative pressure resulting from legal constraints, imitation, trade associations, and professional or social norms have the highest positive impact on the adoption of CSR practices by construction companies in Ethiopia. The above result is in line with Institutional Theory (DiMaggio & Powell, 1983). The application of the concept of

isomorphism under Institutional Theory can be seen vividly among construction companies in Ethiopia.

**Conclusion Regarding Internal Organizational Factors ($H_4$ Supported, $\beta = 0.296$, $p < .001$):** This conclusion reveals that internal organizational factors; organizational culture (organizational value systems focusing on responsibility, transparency, and ethics), strategic business orientation (incorporation of CSR in long-term business planning and competitive strategies), and resource capabilities (capital, talent, managerial system, and training capabilities) have the second-strongest positive and statistically significant impact on the implementation of CSR. This conclusion affirms the theory of the Resource-Based View (Barney, 1991) and the Theory of Self-Determination (Deci & Ryan, 2000). This means that the internal resources and capabilities will determine how well CSR can be implemented in an organization.

**General Conclusion:** Overall, the study found that the adoption of CSR within construction firms in Ethiopia is a multidimensional process influenced by both institutional pressures from outside the organization and organizational conditions from inside the firm. The four variables ethical leadership, collaboration, institutional pressures from outside, and organizational conditions from inside together accounted for 63.0% of the variation in CSR implementation, of which institutional pressures were the most important predictor ($\beta = 0.386$). The theoretical model based on Stakeholder Theory, Institutional Theory, and Self-Determination Theory proved to be a valid explanation of CSR behavior in the construction industry in Ethiopia.

## 5.4 RCOMMENDATIONS

The following recommendations are based directly on the statistical findings provided in Chapter Four, and they address construction companies in Ethiopia, the Ethiopian Construction Works Regulatory Authority, and any other stakeholders who may be interested. Each of the recommendations relates specifically to the statistical results of either standardized beta coefficients, p-values, or $R^2$ values that support it.

**Recommendation 1:** Enhance Coercive Regulatory Systems (According to $\beta = 0.386$, $p < .001$)

Since External Institutional Pressures is identified as the predictor that has a higher impact on the implementation of Corporate Social Responsibility ($\beta = 0.386$, $p < .001$), the Ethiopian Construction Works Regulatory Authority should:

- Create and impose mandatory reporting standards on all construction companies of Grade 1 and Grade 2, while imposing penal sanctions for violations of such standards
- Include criteria regarding CSR performance in the annual license and renewal process of construction companies, making it a requirement for doing business in the country
- Create a CSR compliance portal which ranks all construction companies based on their performance in CSR-related areas (environmental, social, and governance), using mimetic pressures
- Implement mandatory EIA and SIA for construction projects above a certain threshold (e.g., 50 million ETB or 500 workers)

**Recommendation 2:** Build Internal Organizational Capabilities (Using $\beta = 0.296$, $p < .001$)

Considering that Internal Organizational Factors are the second most influential variable ($\beta = 0.296$, $p < .001$), the construction firms operating in Ethiopia must:

- Adopt an official policy on corporate social responsibility which is to be incorporated into employee manuals, operational guides, and project files
- Create a CSR office that will facilitate the coordination, monitoring, evaluation, and reporting of CSR activities
- Dedicate budget items to their CSR activities with set yearly CSR budgets as a percentage of total project cost
- Implement staff development initiatives regarding environmental management, occupational safety, community involvement, and ethical practices
- Adopt CSR auditing processes to assess compliance with their CSR strategies

**Recommendation 3:** Enhance Capability of Ethical Leadership (Based on $\beta = 0.237$, $p < .001$)

Since Ethical Leadership significantly impacts the implementation of CSR ($\beta = 0.237$, $p < .001$), construction organizations and industry associations are advised to:

- Create a Code of Ethics which must be endorsed annually by all staff members in the construction industry
- Organize ethics training sessions for managers and supervisors, including stakeholder

Management, decision-making ethics, and conflict resolution skills

- Include corporate social responsibility and ethics into managerial appraisal systems

**Recommendation 4:** Develop Multi-Stakeholder Collaborations (Based on $\beta = 0.208$, $p < .001$)

Considering the positive association between Partnership and Collaboration and successful implementation of CSR ($\beta = 0.208$, $p < .001$), construction companies as well as government bodies should:

- Form Community Liaison Committees in all major construction projects, involving people from the host community, NGOs, government bodies, and other social sectors
- Adopt a PPP framework that would motivate CSR initiatives in such areas as infrastructure development, education, healthcare, and environmental protection
- Form a construction-specific industrial-level CSR initiative

**Recommendation 5:** Improve Normative Industry Standards (Derived from $\beta = 0.386$ component)

In view of the importance of normative pressure as an important external institutional pressure component ($\beta = 0.386$), industry organizations should:

- Formulate and release sector-specific CSR standards for the construction industry in Ethiopia in the areas of environment, OHS, community relations, and ethics
- Launch a voluntary CSR Certification Scheme consisting of three award levels (Bronze, Silver, and Gold) depending on how well the companies perform CSR
- Conduct annual CSR events, including conferences, training sessions, and award ceremonies

## 5.5 SUGGESTIONS FOR FUTURE RESEARCH

Future research should build on the limitations identified in this study by employing longitudinal or time-lagged panel designs to examine how CSR practices and their determinants evolve over time. Comparative studies involving construction firms from different regions of Ethiopia and other countries with similar development contexts would enhance the generalizability of the findings. In addition, future studies may investigate the direct or moderating effects of ownership type and firm size on CSR implementation using comparative techniques such as t-tests, ANOVA, or hierarchical regression models.

Further research would also benefit from adopting more comprehensive mixed-method approaches that combine quantitative analysis with in-depth qualitative data collected from a wider range of stakeholders, including CSR officers, community representatives, government regulators, customers, and construction managers. Such studies could provide deeper insights into the factors influencing CSR implementation and examine how each determinant affects the environmental, social, economic, ethical, and philanthropic dimensions of CSR practices.

Finally, future research would be greatly aided by including objective measures of CSR performance such as environmental compliance, safety performance, and amount invested in community programs, and third-party assessments of CSR performance.

## 5.6 CONTRIBUTION TO KNOWLEDGE

This study contributes greatly in both theoretical, empirical, and practical aspects towards the CSR literature. In theory, this paper integrates Stakeholder Theory, Institutional Theory, and Self-Determination Theory to provide a new conceptual framework in relation to the implementation of CSR practices within a developing country environment, which has not yet been tested in the context of Ethiopian construction companies.

In terms of empirical contribution, this paper offers the first measurement instrument and the structural model of institutional pressures, intrinsic motivation, ethical leadership, and partnership towards the implementation depth of CSR practices in Ethiopian construction companies. The sample size of 140 respondents provides sufficient statistical power, and the model explains 63.0% of variation in CSR implementation practices, which is relatively more compared to many similar studies conducted within developing countries.

In practice, the study provides evidence-based policy suggestions to stakeholders such as policy makers, construction company managers, industry associations, and regulatory agencies. The ranking of the determinants of corporate social responsibility implementation in order of importance (external pressures ($\beta = 0.386$) > internal factors ($\beta = 0.296$) > ethical leadership ($\beta = 0.237$) > partnerships ($\beta = 0.208$)) is essential for efficient allocation of resources in the direction of the factors having greater influence on the implementation process of corporate social responsibility programs.

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## Appendix

### Questionnaire

**Addis Ababa University**

**College of Business and Economics**

**Masters of Business Administration (MBA)**

**Dear Participant,**

This study is a requirement for the partial fulfilment for the degree of Masters in Business Administration (MBA). The purpose of this research is to determine "Determinants of Corporate Social Responsibility (CSR) Implementation: The Case of Ethiopian Construction Companies" Please note that any information that you provided will kept confidential and it will not be used for any other purpose other than this project. Your assistance is highly appreciated. I look forward to your prompt response. You can spend sufficient time to go through each question mentioned below.

Thank you for spending your precious time on us.

If you have any questions about this survey, please do not hesitate to contact me at my phone number 0911787485 or via my email address: bnathanya16@gmail.com

**Part I: Demographic and Organizational Information**

1. Gender: ☐ Male ☐ Female

2. Age: ☐ 20–29 ☐ 30–39 ☐ 40–49 ☐ 50 and above

3. Position in the organization: ☐ Engineer ☐ Project Manager ☐ Supervisor ☐ Department Head ☐ Other _____

4. Years of experience in the construction industry: ☐ Less than 5 years ☐ 5–10 years ☐ Above 10 years

5. Type of ownership: ☐ Private ☐ Public ☐ Joint venture

6. Size of the firm: ☐ Large ☐ Medium ☐ Small

7. Location of head office: _____

**PART II: Instructions for Respondents**

Please read each statement carefully. Indicate your level of agreement using the 5-point Likert scale:

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree. Mark only one response per statement. Please put out the signal (✓) in front of your appropriate answer

## Section A: CSR Implementation

| No. | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Our company implements waste reduction, recycling, and pollution control programs. | | | | | |
| 2 | Our company supports local community development projects such as schools and health centers. | | | | | |
| 3 | Our company provides a safe and healthy working environment. | | | | | |
| 4 | Our company ensures the quality and safety of construction products and services. | | | | | |
| 5 | Our company complies with all government laws, taxes, and construction standards. | | | | | |
| 6 | Our company integrates CSR objectives into its corporate strategy. | | | | | |
| 7 | The company ensures availability of resources. | | | | | |
| 8 | The Company regularly monitors and evaluates CSR outcomes. | | | | | |

## Section B: Ethical Leadership

| No. | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Top management demonstrates integrity in organizational decision-making. | | | | | |
| 2 | Leaders in this firm communicate ethical standards clearly to employees. | | | | | |
| 3 | Management holds employees accountable for unethical behavior. | | | | | |
| 4 | Leaders carefully evaluate ethical implications before making decisions. | | | | | |
| 5 | Managers promote fairness and justice in dealing with stakeholders. | | | | | |
| 6 | Leadership encourages transparency in reporting CSR-related activities. | | | | | |

## Section C: Partnership and Collaboration

| No. | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | The firm collaborates with local communities to address social concerns. | | | | | |
| 2 | The organization partners with government agencies on social development initiatives. | | | | | |
| 3 | The company maintains long-term partnerships for CSR sustainability. | | | | | |
| 4 | Stakeholder engagement is actively encouraged in CSR planning. | | | | | |
| 5 | Collaboration with external partners improves the firm's CSR performance. | | | | | |

## Section D: External Institutional Factors

- Coercive Pressure (Legal)

| No. | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Adherence to industry laws and standards encourages CSR adoption. | | | | | |
| 2 | Government regulations strongly influence our CSR activities. | | | | | |
| 3 | Legal compliance is a primary reason for implementing CSR in our company. | | | | | |
| 4 | Regulatory authorities monitor CSR compliance | | | | | |
| 5 | The risk of legal penalties and sanctions motivates our company to implement CSR practices. | | | | | |

- **Mimetic Pressure (Adoption)**

| No. | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | We imitate best practices that improve our image and legitimacy. | | | | | |
| 2 | Client requirements compel us to adopt CSR-related practices. | | | | | |
| 3 | Institutionalizing CSR helps achieve long-term sustainability. | | | | | |
| 4 | Our company adopts CSR practices by learning from leading companies in the industry. | | | | | |
| 5 | Our company adopts CSR practices due to competition with similar firms | | | | | |

- **Normative Pressure (Correct Behavior)**

| No. | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Professional standards encourage ethical CSR behavior. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2 | Supporting local communities enhances our company's reputation. | | | | | |
| 3 | Professional associations encourage us to implement CSR. | | | | | |
| 4 | Industry norms and standards promote CSR commitment. | | | | | |
| 5 | Our organization adopts CSR practices to align with the expectations of society and stakeholders. | | | | | |

## Section E: Intrinsic Factors

- Organizational Culture

| No. | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | CSR principles are embedded in our corporate culture. | | | | | |
| 2 | Our company values honesty, transparency, and social responsibility. | | | | | |
| 3 | Top management promotes ethical behavior and social awareness. | | | | | |
| 4 | Employee welfare contributes to higher productivity and motivation. | | | | | |
| 5 | Employees are encouraged to participate in CSR initiatives | | | | | |
| 6 | CSR values are shared across all departments | | | | | |

- Strategic Business Direction

| No. | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | CSR is aligned with our company's long-term strategic goals. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 2 | Our strategic plans include sustainability and community development. | | | | | |
| 3 | CSR is integrated into decision-making processes. | | | | | |
| 4 | CSR activities are part of our competitive strategy to gain market advantage. | | | | | |

- Resource Capability

| No. | Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | Our company allocates sufficient resources to CSR programs. | | | | | |
| 2 | We have skilled personnel responsible for CSR implementation. | | | | | |
| 3 | Our company invests in training and technology that support CSR objectives. | | | | | |
| 4 | The company has a dedicated budget for CSR activities. | | | | | |

**THANK YOU FOR YOUR GENUINE RESPONSE**