ROLE OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN BUILDING CORPORATE IMAGE OF FOREIGN COMPANIES: THE CASE OF OROMIA REGIONAL STATE, ETHIOPIA

Author: 1. Girma Negussie Hurrisa, Research Scholar, Department of Business Management, Osmania University, E-mail: girmanegussie2018@gmail.com, India.

ORCID ID: https://orcid.org/0000-0002-3499-6585

2. Professor Y.Jahangir(PhD), Research Guide, Department of Business Management, Osmania University,   E-mail: jahangir.yjms3@gmail.com, India.

Abstract

Corporate social responsibility has evolved into a crucial demand for businesses to sustain continuous organizational performance in order to acquire an exclusive position in the market as societal and ecological consciousness among the general public is expanding. The purpose of the study was to investigate the role that corporate social responsibility plays in building a company's corporate image in Oromia region, Ethiopian. In the meantime, the study used 745-respondents as sample size , drawn from the local community, employees, customers, and government officials.Meanwhile, the Kruskal-Wallis test, which indicates there is association between CSR and corporate image (P-value 0.000<0.05). Additionally, data from the local community (Ag. Mean=1.56618, Ag. S.D=0.745064), employees (Ag. Mean=2.51693, Ag.S.D=1.131091), customers (Ag. Mean=3.455555, Ag. S.D=1.157723), and government officials (Ag. Mean=3.755555, Ag. S.D=1.147723) demonstrates that the local community and employees respond negatively, whereas customers and concerned government officials respond positively to corporate image of foreign enterprises.

*Key Words***: Green Business, Triple-bottom line, Local Community, Environment and Employees**

1. Introduction

As far as globalization is concerned, companies competition have become bottle necked and hence there is need for creating preferable image in the minds of. As the result striving towards community service through CSR operation is inevitable.CSR operates its actions for the interests of the public and environment both at domestic and global context (Phillips et al., 2019). Since societal and ecological consciousness is growing among the broad community, it has become a decisive requirement for companies to ensure continous business performance to achieve a exclusive place both in the domestic and global markets (Pearson et al., 2019). A company makes long lasting recital when it is ecological and societal aware and emphasizes more on profits; it has a keen scrutiny of the impacts of its activities on people as well as environmental welfare.

Now days, CSR has in use on a fastidious importance in the administration of companies on an international conext (Aguinis and Glavas, 2012). This fussy worth has grown in industries as well as in the

field of research (Kolk ,2016). It also involves the present company managers and leaders bearing in mind the appraisal of the legal, ethical, moral and social effect of their decisions (Montazeri et al., 2017).

CSR is a companys' notion that focus on self-regulation within structured organizations and brings the companies publicly accountable towards stakeholders like local community, customers, employees, investors and the public. Organizational decisions and their activities have impacts on the public, the environment, and its economic situation. These effects may be contributing or adverse, based on the nature of decision making and business operations (Barauskaite & Streimikiene , 2021).

Based on De Witte and Jonker (2006), enterprises will be accountable not just for the production of goods and services, but also for meeting the demands of internal and external interest groups, as well as ensuring that their operations do not hurt future generations. According to Bollas Araya and Segu-Mas (2014), this reality applies to all sectors because their performance is governed by ideals such as mutual aid and community interest. As a result, it operates on the idea that maximizing value stems not just from money but also from the simultaneous production of social and economic value. According to , corporate social responsibility is widely defined as a display of particular responsible behavior on the part of the public and private sectors [that is, government and business] toward society and the environment. CSR entails meeting society's legal, ethical, commercial, and other expectations for company, as well as making decisions that equitably balance the claims of all essential stakeholders.

CSR prioritizes the welfare of stakeholders when conducting corporate activities, and as a result, these actions improve the lives of people (Alemayehu Yismaw Demamu, 2020). Most religious literature include the concept of CSR implicitly (Firuza Madrakhimova, 2013).

According to Senbet and Wodajo (2017), the business-society interaction in Ethiopia is very poor, with negligible social benefits to the local population. Evidence suggests that firms engage in none corporate social responsibility which includes environmental degradation, pollution, violations of labor norms, and other issues (Yonayad et al., 2017). This led in young protests against the dictatorship in 2018 as well as backlash on privatised firms and investments with irresponsibilities around the country (Home Office, 2017), some of which have since been closed.

Riots and protests have simply revealed and highlighted long-standing political and socioeconomic issues (Okay Africa, 2015).The continuation of abject poverty and rising unemployment are symptoms of a lack of socioeconomic empowerment. According to the Oakland Institute (2011), aside from huge land acquisitions by foreign firms, the majority of land has been distributed to local and diaspora investors that lack agricultural experience and financial capacity to implement. They are all done without engagement with local communities, and there are no procedures in place for local communities to benefit from this investment, leaving them to endure only the negative consequences. Commercial investments have merely exacerbated local food insecurity (Oakland Institute, 2011; Desalegn, 2013).

As a result, the purpose of this research is to evaluate the role of present CSR practices in building company's corporate image in Ethiopia specific to Oromia regional state. It identify missing links, and propose strategies to boost CSR community development potentials in the markets. It contributes to the literature on CSR in developing nations, the extension of ideas behind CSR, and the improvement of CSR to contribute to community development by public policymakers, public administrators, and company managers.

2. Review of literatures

Firms' community building activities through CSR activities contribute substantially toward creating the sense of identity and loyalty among customers (Nik Ramli & Nor Irwani, 2013) Yekini, Adelopo, and Adegbite (2012) identified community involvement as an arrangement of corporate social initiative. Firms are to adjust their activities with the pressure of the ethical concern of the market in which they operate and seek green competitiveness by means of corporate image building.

      Ho1: Corporate social responsibility doesnot play role in building corporate image

Most often, firms are engaged in philanthropic initiatives for alleviating negative image, gaining corporate trust, and ornamental reputation. It is recognized by Koehn and Ueng (2010) that firms can considerably engross public deliberation from adverse events by means of philanthropic activities. Philanthropy positively influences corporate image because it is directly related to monetary contribution by the firm to

the society. Kim, Yin, & Lee (2020) also documented similar findings and claim that Philanthropy can substantially contribute to build corporate image and providing green competitive advantage.

**Ho2: There is no relationship between philantropic responsibility and corporate image**

The companies would be those responsible, not only for the supply of goods and services but also for satisfying the needs of internal and external interest stakeholders, as well as ensuring that their operations do not harm future generations (De Witte and Jonker, 2006). This reality is no different from sector to sector, given that its performance is guided by values such as mutual assistance and interest in the community (Bollas-Araya and Seguí-Mas, 2014). Accordingly, it works on the premise that the maximisation of value does not only come from wealth but also from the concurrent creation of public and financially viable value

Ho3: Corporate social responsibility practices have no difference among sectors.

Based on the responses of the study respondents, it is evident that customer well-being is a critical factor to building corporate image and eventually it helps attain green competitive advantages. This is because retention of customer with satisfaction may be possible if the customers keep in mind that organizational endeavors are concentrated around environmental customer well-being (Kim, J, Lee, Boo, & Han, 2016)

Ho4: Corporate Image has no difference among stakeholders.

Meeting labor needs, giving better healthcare, training, and development, and delivering higher compensation are typical CSR efforts to strengthen employee relations (Malik, 2015). Employee benefits and morale can be boosted by strong CSR performance (Trevino & Nelson, 2016; Valentine & Fleischman, 2008). Various CSR-related employee provisions, such as meeting labor union demands, providing better health care and retirement benefits, and paying above-market wages, may lead to increased employee productivity (Malik, 2015) and help firms build reputations as good employers, allowing them to attract better talent and more motivated personnel (Edmans, 2011).
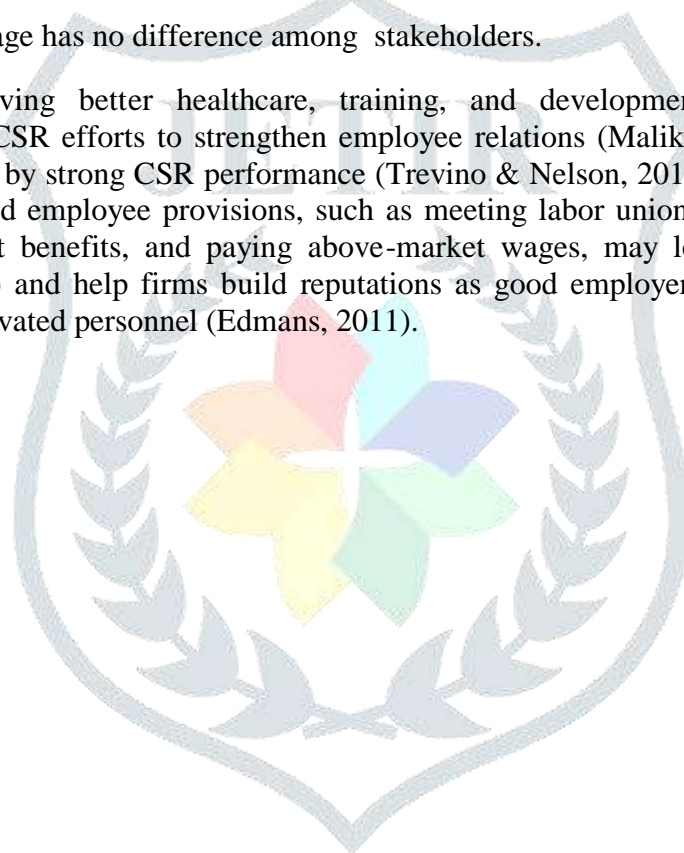
2.1 Conceptual-Framework
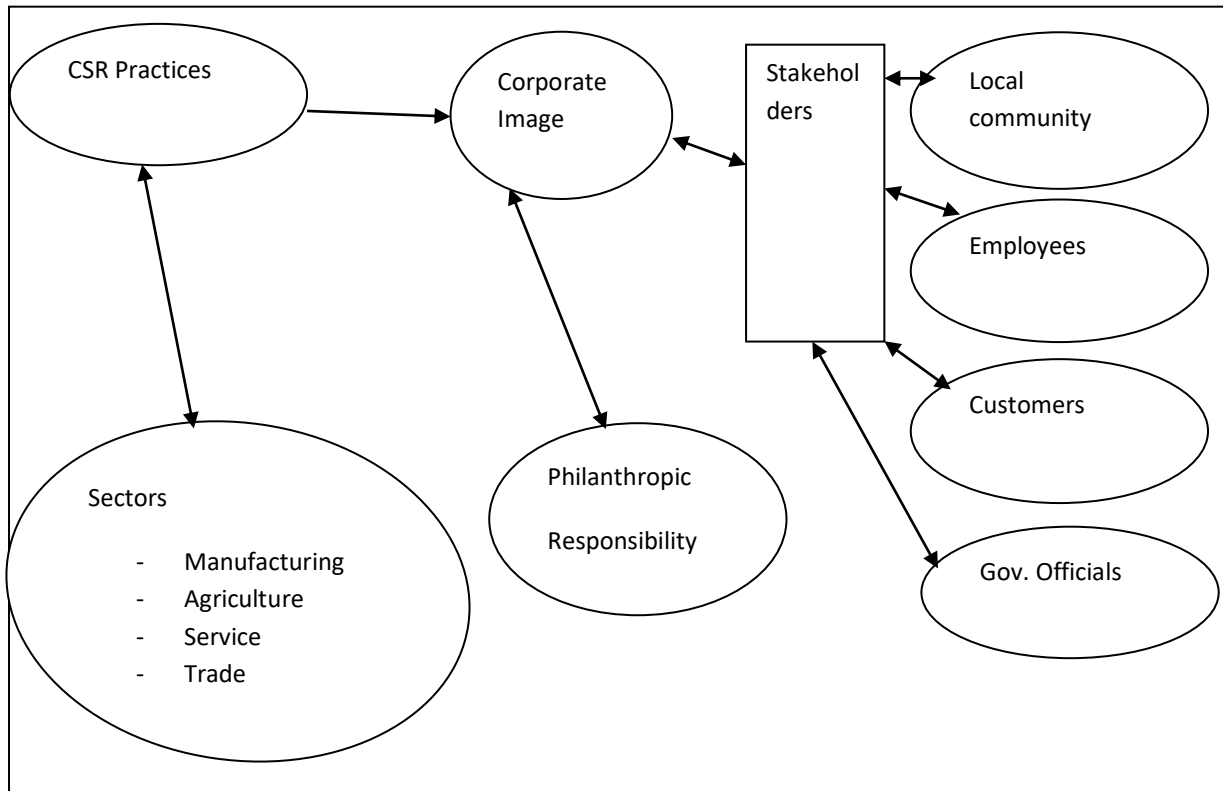
Source: Own design

3. Methodology

Descriptive and exploratory research techniques were employed in the study.800 respondents were asked to complete surveys with a five-point Likert scale. Based on a stratified random sampling technique, 250 members of the local community, 250 customers, 200 employees of foreign firms, and 100 concerned government officials were addressed. Out of those, 745 (225 from customers, 238 local community, 192 employees, and 90 government officials) were returned and deemed useful. Out of the 22 zones in the Oromia region, the researcher has specifically taken into account 3 of them because they constitute 80% of foreign companies(operational and 100% share owned by foreigners) concentration. Furthermore, using simple random sampling, 33 international enterprises' employees were taken as respondents.

Descriptive data analysis and none parametric statistical tools were used for data analysis and hypothesis tests using SPSS version 23 software were utilized.

4. Results

Table-1Reliability Statistics

Cronbach's Alpha	N of Items
.881	29

Reliability of the items has been measured to be cronbach alpha value 0.901. The standard criteria recommends minimum value to be 0.7. Hence as this case is above the bench mark point, the internal consistency of the items are taken for granted.

4.1 Factor Analysis

Table-2,Communalities

	Initial	Extraction
Appropriate systems for recovery, recycling, and waste disposal	1.000	.881
Measures to stop soil, water, and air pollution both directly and indirectly	1.000	.797
Systems and methods for creating items that are ecologically friendly	1.000	.712
The policy encourages employees to advance their careers and skill sets.	1.000	.859
Employees are given a safe and healthy working environment	1.000	.799
Support initiatives to build schools, roads, health centers, and other corporate responsibility initiatives.	1.000	.958
Assist community through charitable donations, and cultural contributions	1.000	.792
Policy for social accountability or sustainability	1.000	.807
Invest to create a better life for future generations	1.000	.884
Perform research and development efforts to enhance future societal well-being.	1.000	.882
Effective cost and resource management	1.000	.899
Effective economic performance(profit sharing and GDP)	1.000	.773
Adhere to local, state and federal laws	1.000	.811
I have good impression of the company	1.000	.934
I have good impression of the company	1.000	.943
In my opinion the company has a good image in the local community	1.000	.900
The value provided by the companies for their local communities are very high	1.000	.936
The employees of the company are very friendly	1.000	.911
The appearance of the companies are appealing	1.000	.914
The areas around the company are clean	1.000	.884
I have good impression of the company	1.000	.883
In my opinion the company has a good image in the local community	1.000	.882
The value provided by the companies for their local communities are very high	1.000	.883
The appearance of the companies are appealing	1.000	.905

Extraction Method: Principal Component Analysis.

Source: own computation

Based on factor analysis using principal component method, factor loadings above 0.7 will be accepted as a rule of thumb as the factor extracts have sufficient variances . Hence, this case has met the standard.

Table-3 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.811
Bartlett's Test of Sphericity	Approx. Chi-Square	4623.503
	df	903
	Sig.	.000

Source: own computation

The test result for the Bartletts test for hypothesis testing is 4623.503. The test value for the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.811. The correlation matrix's significant alpha value of 0.000<0.05 indicates that it is not an identity matrix. As a result, there are relationships between the variables, and the items' validity is taken for granted.

4.2 Demographic Data

Table-4 Demographic Data

		Frequency	Percent	Cumulative Percent
Stakeholders	Customer	225	30.2	30.2
	Government official	90	12.1	42.3
	Local community	238	31.9	74.2
	Employees of the company	192	25.8	100.0
	Total	745	100.0	
Age	25 and below	332	44.6	44.6
	26-35	144	19.3	63.9
	36-45	172	23.1	87.0
	46-50	71	9.5	96.5
	Above 50	26	3.5	100.0
	Total	745	100.0	
Sex	Male	418	56.1	56.1
	Female	327	43.9	100.0
	Total	745	100.0	
Education Background	certificate and below	297	39.9	39.9
	Diploma(10+1, 10+2, 10+3, 10+4 and 12+2)	141	18.9	58.8
	First Degree	222	29.8	88.6
	Masters Degree	85	11.4	100.0
	Total	745	100.0	

Source: own computation
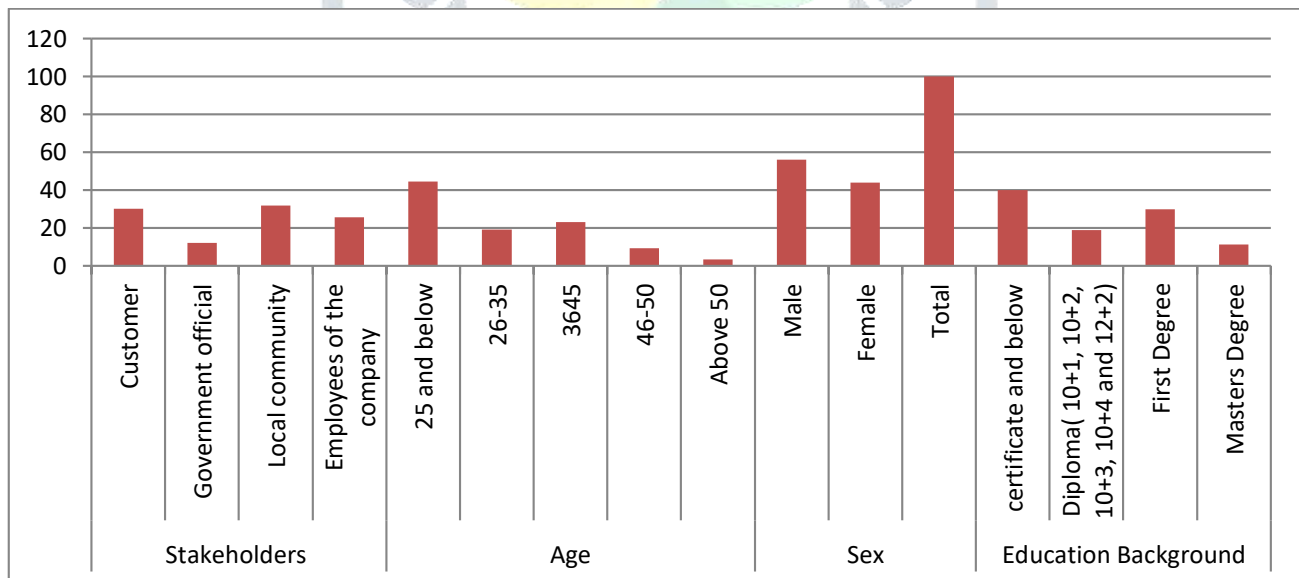
Bar-chart-1, Demographic data

The local population (31.9%), customers (30.2%), employees of international enterprises (25.8%), and concerned government officials(12.1%) have all been included as respondents in the research. The bulk of responders, or 63.9%, are under 35 years old, indicating that they are mostly youngsters or young adults. In addition, 56.1% of respondents were men. majority of educational background (58.8%) is a diploma or less.

Table-5, Monthly Income

	Alternates	Frequency.	Percent(%).	Cummulative Percent
Monthly Income	Below 1000	98	13.2	13.2
	1000-3000	235	31.5	44.7
	3001-5000	83	11.1	55.8
	5001-7000	94	12.6	68.5
	7001-10,000	105	14.1	82.6
	10,000-20,000	105	14.1	96.6
	Above 20,000	25	3.4	100.0
	Total	745	100.0	

Source: own computation
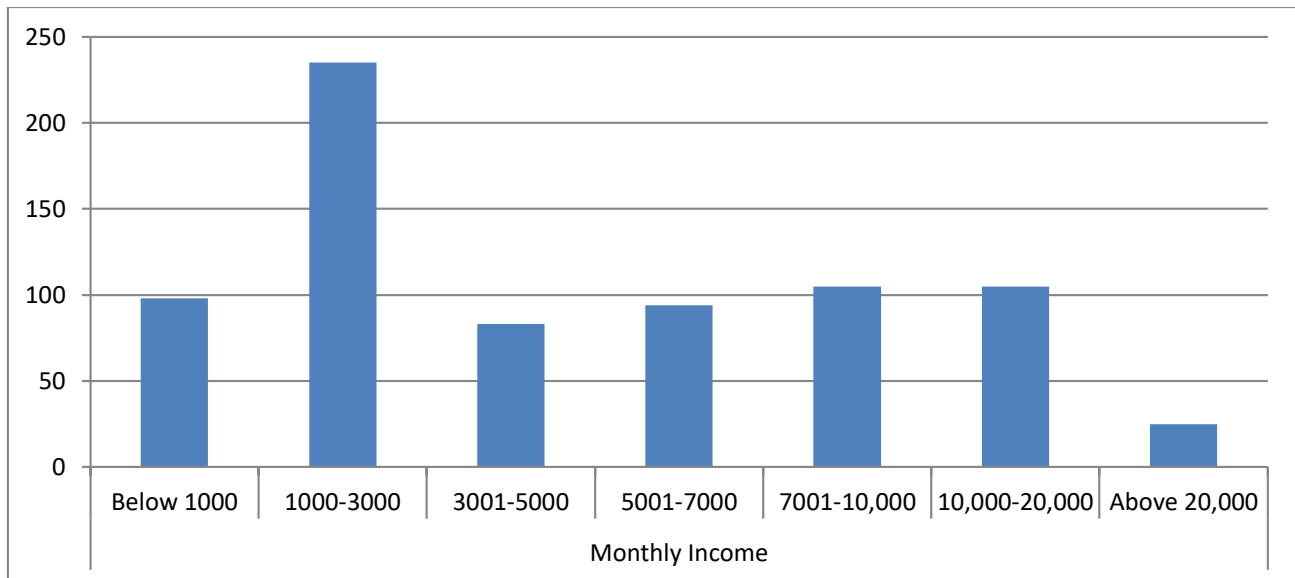
Bar-chart-2, Monthly Income

The majority of respondents (55.8%) reported monthly incomes of 5000 birr or less.Due to the monthly salaries of government employees, this sum has become the average (5000). Other stakeholders, such as the local community, had average monthly incomes that were less than 1000 birr.

4.3 Objective Related Variable Analysis

Table-6 Corporate Social Responsibility Practices

Corporate social responsibility		Frequency	Percent
Appropriate systems for recovery, recycling, and waste disposal	strongly disagree	46	6.2
	disagree	79	10.6
	neutral	54	7.2
	agree	273	36.6
	strongly agree	293	39.3
	Total	745	100.0
Process and production planning to minimize the use of energy and natural resources during operation	strongly disagree	19	2.6
	disagree	86	11.5
	neutral	48	6.4
	agree	324	43.5
	strongly agree	268	36.0

	Total	745	100.0
Measures to stop soil, water, and air pollution both directly and indirectly	strongly diagree	47	6.3
	disagree	114	15.3
	neutral	94	12.6
	agree	279	37.4
	strongly disagree	211	28.3
	Total	745	100.0
Systems and methods for creating items that are ecologically friendly	strongly disagree	29	3.9
	disagree	111	14.9
	neutral	93	12.5
	agree	234	31.4
	strongly disagree	278	37.3
	Total	745	100.0

Source: own computation

The majority of respondents (74.9%) ranged between agreeing and strongly agreeing that foreign enterprises should have adequate processes in place for waste disposal, recycling, and recovery. In addition, 79.5% of the respondents vary from agree to strongly agree that processes and production should be planned to use the least amount of energy and natural resources possible while in operation. Similarly, 65.7% of the respondents said they agreed or strongly agreed with the statement that foreign businesses are taking direct and indirect measures to reduce soil, water, and air pollution. Additionally, 68.7% of the respondents had similar opinions on the processes and procedures used by foreign companies to produce environmentally friendly goods.

Table-7, Corporate Social Responsibility Practices

Corporate social responsibility		Frequency	Percent
The policy encourages employees to advance their careers and skill sets.	strongly disagree	363	48.7
	disagree	171	23.0
	neutral	60	8.1
	agree	97	13.0
	strongly agree	54	7.2
	Total	745	100.0
Employees are given a safe and healthy working environment	strongly disagree	330	44.3
	disagree	231	31.0
	neutral	84	11.3
	agree	63	8.5
	strongly agree	37	5.0
	Total	745	100.0
Effective cost and resource management	strongly disagree	70	9.4
	disagree	28	3.8
	neutral	360	48.3
	agree	220	29.5
	strongly agree	67	9.0
	Total	745	100.0
Effective economic performance(profit sharing and GDP)	strongly disgree	65	8.7
	disagree	52	7.0
	neutral	300	40.3

		Frequency	Percent
	agree	266	35.7
	strongly agree	62	8.3
	Total	745	100.0
Adhere to local, state and federal laws	strongly disagree	36	4.8
	disagree	30	4.0
	neutral	214	28.7
	agree	272	36.5
	strongly agree	193	25.9
	Total	745	100.0

<div align="center">**Source: own computation**</div>

The assumption that the policy enables employees to improve their careers and skill sets is opposed by about 71.7% of the respondents, whose views range from strongly disagree to disagree. Additionally, 75.3% of respondents either strongly disagree or disagree that employers provide a safe and healthy workplace.This suggests that there is a vacuum in the support provided to employees for developing their careers as well as for their health and safety at work.

The majority of respondents (77.5%) whose view between agree and neutral with the idea that effective cost and resource management of foreign enterprises.Regarding the topic of effective economic performance (profit sharing and GDP), 76% of the respondents gave a response that ranged from neutral to in agreement. However, 62.4% of their responses fell between agree and strongly agree that it is important for foreign companies to abide by local, state, and federal regulations.

<div align="center">**Table-8, Philantropic Responsibility**</div>

Philanthropic responsibility		Frequency	Percent
Support initiatives to build schools, roads, health centers, and other corporate responsibility initiatives.	strongly diagree	165	22.1
	disgaree	363	48.7
	neutral	174	23.4
	agree	36	4.8
	strongly agree	7	.9
	Total	745	100.0
Assist community through charitable donations, and cultural contributions	strongly disagree	139	18.7
	disagree	373	50.1
	neutral	195	26.2
	agree	26	3.5
	strongly agree	12	1.6
	Total	745	100.0
Policy for social accountability or sustainability	strongly disagree	146	19.6
	disagree	241	32.3
	neutral	259	34.8
	agree	64	8.6
	strongly agree	35	4.7
	Total	745	100.0
Invest to create a better life for future generations	strongly disgree	154	20.7
	disagree	224	30.1
	neutral	184	24.7
	agree	140	18.8
	strongly agree	43	5.8

		Frequency	Percent
	Total	745	100.0
Perform research and development efforts to enhance future societal well-being.	strongly disagree	106	14.2
	disagree	274	36.8
	neutral	204	27.4
	agree	143	19.2
	strongly agree	18	2.4
	Total	745	100.0

Source: own computation

The majority of respondents (70.8%) rated foreign companies' support for projects to construct roads, schools, health facilities, and other corporate responsibility activities as disagreeing or strongly disagreeing.Likewise, 68.8% of the respondents said they either strongly disagreed with or disagreed that international businesses support local communities through philanthropic contributions and cultural contributions. In addition, 51.9% of respondents were between disagree and strongly disagree with foreign companies' social accountability or sustainability policies.In the meantime, 50.8% says that they ranges between strongly disagree and disagree that foreign companies should invest in order to improve lives for future generations. Additionally, 51% of the respondents disagree and strongly disagree with the idea of conducting research and development to improve future social well-being, respectively. To sum up there is loop hole in practicing philanthropic activities.

Table-9, Corporate Image

Corporate Image Items		Frequency	Percent	Cumulative Percent
The appearance of the companies are appealing	strongly disagree	413	55.4	55.4
	disagree	208	27.9	83.4
	neutral	100	13.4	96.8
	agree	9	1.2	98.0
	strongly agree	15	2.0	100.0
	Total	745	100.0	
I have good impression of the company	strongly disagree	420	56.4	56.4
	disgaree	225	30.2	86.6
	neutral	87	11.7	98.3
	agree	5	.7	98.9
	strongly agree	8	1.1	100.0
	Total	745	100.0	
In my opinion the company has a good image in the local community	strongly disagree	408	54.8	54.8
	disagree	194	26.0	80.8
	neutral	125	16.8	97.6
	agree	5	.7	98.3
	strongly agree	13	1.7	100.0
	Total	745	100.0	
The value provided by the companies for their local communities are very high	strongly disagree	419	56.2	56.2
	disagree	215	28.9	85.1
	neutral	91	12.2	97.3

agree	7	.9	98.3
strongly agree	13	1.7	100.0
Total	745	100.0	

Source: own computation

The great majority of respondents (83.4%) either strongly disagree or disagree that the companies' appearances are appealing. In addition, 86.6% of respondents disagreed or strongly disagreed with the statement "I have a positive impression of the company." Furthermore, 80.8% of respondents strongly disagree to disagree with the statement that foreign companies have a positive reputation in the community. In a similar vein, 85.1% of respondents disagreed or strongly disagreed with the statement that the value offered by the firms to their local communities is extremely high.As a result, there is a gap in how stakeholders, particularly the local community, perceive international enterprises.

Table-10, Mean difference of Stakeholders

Stakeholder	Description	I have good impression of the company	In my opinion the company has a good image in the local community	The value provided by the companies for their local communities are very high	The appearance of the companies are appealing	Aggre gate Mean
Local Com.	Mean	1.53782	1.61345	1.54202	1.57143	1.566 18
	Std. Error of Mean	0.046346	0.050952	0.04709	0.048792	0.048 295
	Std. Deviation	0.714998	0.786052	0.726473	0.752733	0.745 064
Employees	Mean	2.54167	2.57813	2.47396	2.47396	2.516 93
	Std. Error of Mean	0.078097	0.084658	0.081881	0.081881	0.081 629
	Std. Deviation	1.082141	1.173057	1.134582	1.134582	1.131 091
Customers	Mean	3.05778	3.54	3.77333	3.45111	3.455 555
	Std. Error of Mean	0.077849	0.077439	0.075256	0.078181	0.077 181
	Std. Deviation	1.167738	1.161588	1.128843	1.172722	1.157 723
Gov. Off.	Mean	3.65778	3.74	3.67333	3.95111	3.755 555
	Std. Error of Mean	0.077849	0.077439	0.075256	0.078181	0.077 181
	Std. Deviation	1.167738	1.151588	1.118843	1.162722	1.147 723

Source: own computation

The conclusion of the hypothesis implies that there are variations in corporate image among stakeholders. Therefore, based on the table, the local community would have the highest aggregate (Ag) mean of corporate image of all stakeholders (Ag. Mean=1.56618, Ag. S.D=0.745064). between strongly disagree and

disagree, the overall mean, Employees (Ag. Mean=2.51693, Ag.S.D=1.131091), which shows that the standard deviation is high and the aggregate mean fluctuates between disagree and neutral Concerned government officials (Ag. Mean =3.755555, Ag. S.D =1.147723) infer that the aggregate mean varies between strongly agree to agree given the standard errors, while customers (Ag. Mean=3.455555, Ag. S.D=1.157723) show that the aggregate mean varies between agree and strongly agree with high standard deviation. As a result, the local community's and employees' responses are negative, whereas those of the customers and concerned government officials were positive.

5. Test of Normality

Table -11,Tests of Normality

	Kolmogorov-Smirnov^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Csrmean	.120	745	.000	.932	745	.000
Philamean	.100	745	.000	.974	745	.000
CoImean	.232	745	.000	.828	745	.000

a. Lilliefors Significance Correction

Source: own computation

Both the Kolmogorov-Smirnov and Shapiro-Wilk test P-values are 0.00<00.05, which indicates significance, as we can see from the table above. Thus, there is no normal distribution of the data. Hence,selecting a none parametric test would be appropriate.

6. Hypothesis Test

1. Ho1: There is no association between Corporate social responsibility and corporate image.

Table-12, Hypothesis-1, result

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Csrmean is the same across categories of Colmean.	Independent-Samples Kruskal-Wallis Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

According to Table 11, the Kruskal Wallis test P-value of 0.000<0.05 denotes significance. As a result, the alternate hypothesis is accepted and the null hypothesis is rejected. company social responsibility and company image are consequently linked. Corporate social responsibility plays a part in enhancing a company's reputation, using this and the descriptive results as a starting point.

2. **Ho2: There is no relationship between philantropic responsibility and corporate image**

Table-13, Hypothesis-2, result

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Philamean is the same across categories of Colmean.	Independent-Samples Kruskal-Wallis Test	.003	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

Table 12 shows the hypothesis-2 test critical value of 0.003 < 0.05, which denotes accept the alternative hypothesis or reject the null hypothesis. This indicates a connection between business image and philanthropic responsibility.

3. **Ho3: Corporate social responsibility practices have no difference among sectors.**

Table-14. Hypothesis-3 result

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Csrmean is the same across categories of Sector Category of Foreign Company.	Independent-Samples Kruskal-Wallis Test	.052	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The test result for Hypothesis 3 indicates that the critical value is 0.052>0.05, which suggests that there is no significance, thus we accept the null hypothesis and reject the alternative hypothesis. Therefore, there is no distinction in corporate social responsibility between sectors. No matter the sector, CSR practices are the same.

4. **Ho4: Corporate Image has no difference among stakeholders**

Table-15, Hypothesis-4 result

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Colmean is the same across categories of Your relation with the Foreign Company.	Independent-Samples Kruskal-Wallis Test	.000	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The fourth hypothesis indicated on the table above result indicates that critical value is 0.000<0.05 which implies significance of the data. Hence reject the null hypothesis and accept the alternate hypothesis. It means that corporate image of foreign firms has difference among stakeholders.

7. Discussions

The majority of respondents (55.8%) reported a monthly income of 5000 birr or less.The study included four stakeholders as respondents: the local community (31.9%), customers (30.2%), foreign company personnel (25.8%), and concerned government officials (12.1%). The bulk of respondents (63.9%) are aged 35 and under, indicating that the majority of respondents are in their adolescence or early adulthood. In addition, 56.1% of those polled were men. The majority of people (58.8%) have a high school diploma or less.

Approximately 79.5% of respondents agreed or strongly agreed with process and production planning to reduce the usage of energy and natural resources during operation. Similarly, 65.7% of respondents agreed or strongly agreed on the subject of "foreign companies are taking steps to reduce soil, water, and air pollution both directly and indirectly." Furthermore, 68.7% of respondents had similar responses to foreign companies' processes and methods for producing environmentally friendly things. This suggests that the situation of environmental care, natural resource management, and the production of eco-friendly products is favorable..

Meanwhile, 71.7% of respondents whose views range from strongly disagree to disagree with the premise that the policy enables people to progress their professions and skill sets. Similarly, 75.3% of respondents' responses range from strongly disagree to disagree that employees are provided with a safe and healthy working environment.This implies that there is a gap in employee support for growing their careers as well as their safety and health at work. There is no minimum wage legislation, and compensation provided does not take into account the country's market conditions. Foreign corporations may pay whatever they want because labor is cheap and there is no competition to take over human powers.

The aggregate (Ag) mean of each stakeholder's corporate image would be local community (Ag. Mean=1.56618, Ag. S.D=0.745064). The aggregate mean falls somewhere between strongly disagree and disagree. Employees (Ag. Mean=2.51693, Ag.S.D=1.131091), indicating that the aggregate mean ranges between agree and neutral with a significant standard deviation Customers (Ag. Mean=3.455555, Ag S.D=1.157723) indicate that the aggregate mean varies between agree and strongly agree with a high standard deviation, while concerned government officials (Ag. Mean=3.755555, Ag S.D=1.147723) indicate that the aggregate mean varies between strongly agree and agree with a high standard deviation. As a result, the local community and employees react negatively, whilst customers and concerned government officials react positively to international enterprises' corporate image.Literatures have explored the positive impact of CSR implementation on employees' attitudes and behaviors (He et al., 2019; Hu et al., 2020).It is foreseeable to satisfy your internal customer so as to satisfay external one and further brings sustainable good performance for the firm. In Ethiopia before 2017 and 2018 , there was protest or riots against the government and the protesters destroyed foreign companies properties, such as destroying plants, equipment, hotels, and other investment resources. Here, youngsters who destroy properties have the intention that investments have taken their land and contributed nothing to their living standard(Abdurahman, 2020); which confirms the cause for negative corporate image by local community.

Furthermore, 70.8 percent of respondents disagree or strongly disagree that foreign corporations support attempts to create schools, roads, health facilities, and other corporate responsibility projects.Similarly, 68.8% of respondents said international corporations help communities through charity donations and cultural contributions. In addition, 51.9% of respondents dislike or strongly disagree with foreign corporations' policies for social accountability or sustainability.Meanwhile, 50.8% agrees that foreign enterprises should spend to provide a better living for future generations. Again, there is a vacuum in performing charitable responsibilities among these international enterprises in the region, as the scope of voluntary activities in the region is limited. According to Koehn and Ueng (2010), corporations are involved in charitable activities to improve their image, earn corporate trust, and maintain an attractive reputation. Firms that can significantly engross public deliberation recognize it.

On the question of whether they have a positive image of the company, the majority of respondents (86.6%) chose between strongly disagree and disagree. Furthermore, foreign enterprises have a positive image in the local community, according to 80.8 percent of respondents whose responses range from strongly disagree to disagree. Similarly, 85.1 percent of respondents disagreed or strongly disagreed that the value supplied by businesses to their local communities is very high.As a result, there is a gap in the perception of foreign enterprises among stakeholders such as the local population, consumers, employees, and concerned government officials.

Furthermore, the P-values for the Kolmogorov-Smirnov and Shapiro-Wilk tests are both $0.000<0.05$, indicating significance. As a result, the data distribution is not typical. As a result, selecting a non-parametric test would be suitable.

The Kruskal Wallis (KW) test on Hypothesis-1 yielded a P-value of $0.000<0.05$, indicating significance. As a result, the null hypothesis is rejected and the alternate hypothesis is accepted. As a result, there is a link between corporate social responsibility and business image. Confirming this fact, CSR-enabled businesses tend to obtain a positive corporate image and good will (Lau et al., 2021; Mart'nez et al., 2014), which builds a positive image in the minds of stakeholders. Given Hypothesis-2 of the KW test, the critical value (P-value $0.003<0.05$) suggests that the null hypothesis should be rejected or an alternate hypothesis accepted. This implies that there is a connection between philanthropic responsibility and company image. Philanthropy has a favorable impact on business image because it is directly tied to the firm's contribution to society. Kim, Yin, and Lee (2020) documented comparable findings and claim that philanthropy can significantly contribute to the development of company image.

Aside from hypothesis 3, the KW test result provides a critical value $(0.052)>0.05$, indicating none significance and so accepting the null hypothesis. As a result, there is no distinction across sectors in terms of corporate social responsibility. CSR procedures are consistent across industries and sectors. This reality is consistent across sectors, since their performance is led by ideals such as mutual aid and community interest (Bollas-Araya and Segu-Mas, 2014). Finally, the fourth hypothesis reveals that the critical value for the KW test is $(0.000<0.05)$, implying significance. As a result, reject the null hypothesis and embrace the alternate hypothesis. In other words, the corporate image of international enterprises varies among stakeholders.

8. Conclusions

Although there is no globally acknowledged definition of CSR, most experts agree on something for global understanding. Basic measurement tools are difficult to come by all across the world.CSR can be understood in different settings depending on whether the country is developing or developed; this is due to the policy priority given in that country, and the constructs will change accordingly. This study focuses on the Ethiopian context, particularly the Oromia regional State Foreign Enterprises. Even though various foreign firms' experiences in other countries were investigated, the study was contextualized in the Ethiopian industry structure peculiar to the Oromia area.

This study sought to examine the function of CSR in the development of corporate image, with a focus on stakeholders such as the local community, employees, customers, and concerned government authorities. This might easily lead to multidimensional judgments on CSR practices as well as the image of international enterprises from the perspective of these stakeholders.

As a result, the study produced several consequences, indicating that there were gaps in philanthropic efforts and image-building in the eyes of stakeholders. As we can see from the study's findings, there are gaps in how foreign companies handle their personnel by ensuring their benefits and safety. As a result, the 2018 riots against the government and investors could be an accumulation of these underlying issues. Similarly to that, there are limitations for those companies in doing charitable endeavors. Therefore, international businesses should put a lot of effort into creating an atmosphere that is favorable for their employees as well as assisting the local community through financial and non-financial voluntary aid in order to maintain a positive corporate image.

Furthermore, the study has limitations in that it does not address a variety of additional probable characteristics that could generate a gap in corporate image in the region. As a result, other researchers can delve deeper into the problem.

References

1. Abdurahman Abdulahi Aliye(2020). Corporate Social Responsibility and Business-Community Relations in Africa: the Case of Ethiopia, *Journal of Advanced Research in Economics and Administrative Sciences.* ISSN 2708-9320 (Print) and 2709-0965 Vol.1, Issue 2, DOI: https://doi.org/10.47631/jareas.v1i2.119

2. Aguinis, H., & Glavas, A. (2012). What we know and don´t know about corporate social responsibility: A review and research agenda. *Journal of Management, 38*(4), 932–968. https://doi.org/10.1177/0149206311436079

3. Alemayehu Yismaw Demamu(2020). Towards Effective Models and Enforcement of Corporate Social Responsibility in Ethiopia, 14 Mizan Law Review 2: 276-309

4. Barauskaite, G., & Streimikiene, D. (2021). Corporate social responsibility and financial performance of companies: The puzzle of concepts, definitions and assessment methods. Corporate Social Responsibility and Environmental Management, 28(1), 278–287. https://doi.org/10.1002/csr.2048

5. Bollas-Araya, H. M., & Seguí-Mas, E. (2014). Publication and auditing of CSR reports by Spanish credit unions—an exploratory analysis. *CIRIEC-España, Revista de Economía Pública, Social y Cooperativa, 81,* 163–190.

6. De Witte, M., & Jonker, J. (2006). *Management models for corporate social responsibility*. Heidelberg: Springer.

7. Edmans, A. (2011). Does the stock market fully value intangibles? Employee satisfaction and equity prices. *Journal of Financial Economics*, *101*(3), 621–640. https://doi.org/10.1016/j.jfineco.2011.03.021Essoussi

8. Firuza, Madrakhimova (2013). History of Development of Corporate Social Responsibility, Journal of Business and Economics, Vol.4.Issue 6/ P.510

9. He, J., Zhang, H., & Morrison, A. (2019). The impacts of corporate social responsibility on organization citizenship behavior and task performance in hospitality. International Journal of Contemporary Hospitality Management, 31(6), 2582–2598.

10. Home office.(2017). CPIN country policy and guidance note Ethiopia: Oromos including the 'Oromo Protests V2.. https://assets.publishing.service.gov.uk/.../CPIN_ETH_Oromo_and_Protest

11. Hu, B., Liu, J., & Zhang, X. (2020). The impact of employees' perceived CSR on customer orientation: An integrated perspectiveof generalized exchange and social identity theory. International Journal of Contemporary Hospitality Management, 32(7), 2345–2364.

12. Kim, J., Song, H., & Lee, C. (2016). Effects of corporate social responsibility and internal marketing marketing on organizational commitment and turnover intentions. *International Journal of Hospitality Management, 55,* 25–32..https://doi.org/10.1016/j.ijhm.2016.02.007

13. Kim, Yin,& Lee (2020). The effect of CSR on corporate image, customer citizenship behaviors, and customers' long-term relationship orientation.*International Journal of Hospitality Management, 88*(102520), 1–8.

14. Koehn, D., & Ueng, J. (2010). Is philanthropy being used by corporate wrongdoers to buy good will? *Journal of Management and Governance*, *14*(1),1–16. https://doi.org.1007/s10997-009-9087-8

15. Kolk, A. (2016). The social responsibility of international business: From ethics and the environment to CSR and sustainable development. *Journal of World Business, 5,* 23–34.https ://doi.org/10.1016/j.jwb.2015.08.010.

16. Malik, M. (2015). Value-enhancing capabilities of CSR: A brief review of contemporary literature. *Journal of Business Ethics*, *127*(2), 419–438. https://doi.org/10.1007/s10551-014-2051-9

17. Montazeri, A., Talebpour, M., Adam, R., & Kazemnejad, A. (2017). Measuring corporate social responsibility in sport industry: Development and validation of measurement scale. *Annals of Applies Sport Science, 5*(2), 97–114..https://doi.org/10.18869/acadp ub.aassj ouma 1.5.2.97

18. Nik Ramli, N. A. R., & Nor Irwani, A. R. (2013). CSR practices and customer loyalty. The mediating role of Corporate Image. In *Colloquium on Administrative Science & Technology. IEEE Malaysia IE/IA Joint Chapter*.

19. Oakland Institute. (2011) . Understanding Land Investment Deals in Africa. Country Report: Ethiopia. https://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI__Ethiopia_Land_Investment_rep ort.pdf

20. Okay Africa. (2015). 'How The Oromo Protests Are Exposing Ethiopia's Longstanding Political Vulnerabilities', 15 December 2015, http://www.okayafrica.com/news/oromo-protests-expose-ethiopias-political-vulnerability.

21. Pearson, Z., Ellingrod, S., Billo, E., & McSweeney, K. (2019). Corporate social responsibility and the reproduction of (neo) colonialism in the Ecuadorian Amazon. The Extractive Industries and Society, 6(3), 881–888. https://doi.org/10.1016/j.exis.2019.05.016

22. Phillips, S., Thai, V. V., & Halim, Z. (2019). Airline value chain capabilities and CSR performance: The connection between CSR leadership and CSR culture with CSR performance, customer satisfaction and financial performance. The Asian Journal of Shipping and Logistics,35(1), 30–40. https://doi.org/10.1016/j.ajsl.2019.03.005

23. Senbet, D.,&Wodajo, T. (2017). Does Privatization Improve Productivity? Empirical Evidence from Ethiopia. *International Journal of African Development*, 4(2), 5-26. http://scholarworks.wmich.edu/ijad/vo14/iss2/3/

24. Trevino, L. K., & Nelson, K. A. (2016). *Managing business ethics: Straight talk about how to do it right*. John Wiley and Sons.

25. Valentine, S., & Fleischman, G. (2008). Ethics programs, perceived corporate social responsibility and job satisfaction. *Journal of Marketing Theory and Practice* 13 *Journal of Business Ethics*, *77*(2), 159–172. https://doi/10.1007/s10551-006-9306-z

26. Yekini, K., & Jallow, K. (2012). Corporate community involvement disclosures in annual report: a measure of corporate community development or a signal of CSR observance?. *Sustainability Accounting, Management and Policy Journal, 3*(1):7–32.

27. Yonayad, G. , SaiyosaponS., &Chaiphar,W. (2017). The effects of Ethiopia's investment policy and incentives on smallholding farmers. The 5th AASIC *aasic.org/proc/aasic/article/download/318/315*.