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The effect of external corporate social responsibility practice on community wellbeing: Evidence from selected industrial parks in Ethiopia

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Abstract

The ongoing issues of environmental degradation, air pollution, escalating living costs, and the potential for disasters require a collaborative approach from all stakeholders beyond just the government. One effective avenue for this engagement is Corporate Social Responsibility (CSR), particularly through external CSR initiatives, which can play a significant role in addressing critical community challenges. This study aims to identify the best external CSR (eCSR) activities that fit industrial parks (IPs) and their effect on the well-being of the host community in and around the IPs. To this end, the study employed 423 samples and obtained 396 valid responses from employees and community members of three selected IPs through non-probabilistic cluster sampling and simple random sampling, respectively. Data analysis was performed using SPSS-21 and AMOS-23. The results show that business diversification strongly affected the community's livelihood (β=0.341). Likewise, employment opportunities (β=0.133), emergency services (β=0.196), and environmental protection (β=0.145) positively and significantly affect the well-being of host communities inhabiting IPs. However, technology and knowledge transfer (β=-0.198) significantly negatively impacted the community's well-being. Theoretically, this study needs to examine the relationship between eCSR activities and the community well-being of IPs. Furthermore, the practical implication is all about denoting the importance of eCSR practices and frameworks that help company owners perform CSR and improve the community's well-being without compromising their economic dimension.

Keywords: Community, Ethiopia, Pragmatism, External CSR, Industrial parks, Wellbeing.

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1. Introduction

There are numerous social development gaps in a growing nation such as Ethiopia that the government has not yet addressed. According to Corral [1] most people reside in developing nations and every country faces different social, political, and environmental challenges. These industrializing nations frequently experience high rates of unemployment, restricted technological capabilities, unequal income distribution, erratic water supplies, and underutilized manufacturing resources. To accomplish better economic and social development, since 2014, the Ethiopian government has endeavored to establish IPs that foster employability, foreign direct investment (FDI), technology and knowledge transfer, and sustainability, [2, 3].

However, besides the positive contribution of the IP establishment, it causes significant harm to the host community. According to a study conducted at Addis Ababa University (AAU), IPs failed to protect the natural environment and community health from damage caused by hazardous waste in operational areas [4]. Furthermore, the IPs highlighted a lack of efficient environmental management safeguarding procedures, insufficient infrastructure development and accessibility, a limited framework to increase social sustainability [5] and a failure to create a competitive business environment for sustainable local socio-economic development [2].

Therefore, in the traditional context to tackle the above shortcomings, especially in developing nations, the government is supposed to deliver a solution [1]. However, well-being provision is an integrated effort of governmental and voluntary agencies, independent providers, and business enterprises within a territory [6]. There are three main components to the well-being of businesses. The first is the degree to which social problems are managed, the second is the extent to which social needs are met, and the third is the degree to which opportunities for advancement are provided. These apply to individuals, groups, and the entire community [7].

Therefore, the business sector's contribution is made through the eCSR platform. This is a component of the broad CSR ideas. Internal and external CSR can be divided into two categories, into which the CSR idea is divided, [8, 9]. It is a bridge between a business's responsible act and social well-being by providing necessities and engaging in infrastructure development such as water, health, hygiene and sanitation, road, environmental protection, employment opportunities, supply chain, etc., other than maximizing profit [10]. The effect of eCSR becomes more prominent when applied to corporate-level businesses. The contributions of large-scale multinational companies can increase societal well-being by providing medical facilities, better education, sustainable entrepreneurship, and environmental protection projects [11].

However, CSR practices have not yet been well identified, and are in a position to deliver the expected level of community well-being in Ethiopia, especially in the IP context. Empirical evidence also shows that business enterprises underexploited the CSR practice [12] because of their extra concern for economic survival and lack of policy infrastructure [13]. Therefore, this study attempts to identify the most prominent types of external CSR practices. According to the exploratory study findings phase of the study; employment opportunities, business diversification opportunities, environmental protection, technology and knowledge transfer, provision of infrastructure, and emergency services are the eCSR activities in the IPs of Ethiopia [14].

There are empirical pieces of evidence that have been conducted in different contexts, but do not address peculiar eCSR practices in IPs and their effect on the livelihood of the community. In the Ethiopian context, various studies address CSR practices and their effects on business operations and profitability. Among these, the status of CSR in the Ethiopian Context [15] the nature of corporate social responsibility in the Ethiopian business context [16]; Corporate Social Responsibility and Different Stages of Economic Development, Singapore, Turkey, and Ethiopia [17] an attitude of the Ethiopian corporate sector towards CSR. In addition, this study analyzed the opinions of employees, customers, and the general public about the Ethiopian corporate socially responsible actions of the Ethiopian corporate sector and [18] the practice of corporate social responsibility in the Ethiopian flower industry. It highlights particular corporate social responsibility practices and their implementation through the assistance of government bodies and other stakeholders. It attempts to reveal the growth of the industry, corporate social responsibility, and governmental regulations with its CSR drivers [19]. A recent study emphasized, Anteneh and Mamenie [13] CSR practices in the Ethiopian agro-processing and garment industries. The article was concerned with the development contribution of the Eastern Industry Zone [15]. The article is concerned with the IPs on socio-economic and environment [3] using descriptive data analysis technique, and revealed that CSR practices need enhancement and management should make efforts to ease implementation and alleviate problems.

Therefore, no specific study has addressed this hub. In addition, the methodology was limited to a single research paradigm, either a quantitative or qualitative research approach. The sample size is also small and focuses only on one manufacturing sector: leather, horticulture, brewery, etc. This study identifies variables that strengthen the concept of eCSR in the IP context. For example, the business diversification dimension of eCSR is noted to be better in this study, and the activities considered under this dimension are stated in the investigation process. Furthermore, this study endeavors to fill the gap in prior research on the relationship between eCSR and community well-being in IPs. Another contribution of this study is linking the three different theories to the concept of eCSR and community well-being. This helps academics, industry, and the knowledge domain create eCSR activities that contribute to community well-being development around the IPs. This study will contribute to IP administrators, CSR policymakers, and the government by depicting the emphasis areas they are supposed to focus on through CSR in changing the living situation of the community. Ultimately, it will result in creating an IP dedicated to improving the quality of life for the host community while also benefiting the business in terms of profit [10].

2. Literature Review and Hypotheses Development

2.1. Theories

2.1.1. Stakeholders Theory

According to Freeman and Reed [20] stakeholders are individuals, groups, or institutions interested in the company's assets and impact the achievement of the organization's establishment objectives. These include shareholders, management, employees, customers, suppliers, distributors, business partners, local communities, future generations, past generations, academics, competitors, NGOs, trade unions, and financers other than stockholders, regulators, government agencies, and policymakers [21].

Stakeholder theory is appropriate for linking the practicability of external CSR in Industrial Parks. This theory emphasizes aligning ethical and responsible business practices for all stakeholders who have an interest in the company's operations. As both theories focus on stakeholder ethics, sustainability, social and environmental stewardship, accountability, transparency, and long-term value, the theory is the most appropriate for this notion [22]. Studies show that their relationships are more clearly defined and also clearly demonstrate that they approach similar business problems from marginally different angles. However, both emphasize integrating society's interests into business operations or pressuring corporations to be socially responsible, albeit at different rates and for different amounts of time [23, 24].

The stakeholder theory is normative, instrumental, and descriptive. The study used the normative stakeholder theory. Normative stakeholder theory identifies the theoretical procedure linked to corporations' activities or management. This is the core of stakeholder theory and identifies the main objectives of normative theory as the determination of the responsibilities of the company concerning stakeholders and the reasons why companies should take care of the stakeholders 'interests rather than shareholder interest only [24-28] and others have stated that stakeholder theory ought to serve as the cornerstone of the CSR framework. Furthermore, it has been suggested that CSR can be used to treat stakeholders fairly and responsibly.

2.1.2. Triple Bottom Line Theory

According to John Elkington in his book "Cannibals with Forks"; the triple bottom line (TBL) of 21st Century Business, there are three layers of responsibilities that businesses are supposed to perform along with their operational activities. These are economic, social, and environmental bottom lines [29].

Achieving social sustainability by a corporation is a must within the TBL theory in the CSR framework. After determining the community priorities, shareholders must make decisions to satisfy social needs as much as possible. Therefore, for businesses to be stable over the long-term, social activities of a business corporation, they must satisfy the needs of the surrounding society as much as possible [30]. The World Commission on Environment and Development (1987), as cited by Hammer and Pivo [31] TBL thinking is informed by and relates to the concept of sustainable development—the premise that development should occur in ways that meet the needs of current generations while maintaining conditions and opportunities for future generations to do the same.

Environmental sustainability is one of the main concepts in the TBL framework. Corporations must pay attention to environmental changes and obey new environmental laws while being careful about the consumption of natural resources. The TBL theory understands economic development for improved well-being and quality of life [31]. CSR is an integral part of corporate policy and the TBL approach is believed to lead to sustainable development [32]. This study has decided to test the eCSR activities, that is environmental protection, employment opportunities, and business diversity, per this specific theory. The rationale behind this theory emphasizes societal and environmental betterment and discloses companies' obligation to perform for the large community and the environment. The conceptual model of this study is based on the Normative Stakeholder Theory and Triple Bottom Line Theory.

2.2. Empirical Review

2.2.1. External CSR and Wellbeing

eCSR activities are concerned with enhancing the livelihood of the local community and the natural environment. This is manifested through charitable donations to assist humanitarian activities, investing in community development projects, and cooperating with non-governmental development agencies by mobilizing resources [33]. External CSR is "the firm's awareness of and reaction to society as a whole, as well as its engagement with the natural world" [8]. The environmental concerns of eCSR are reducing pollution, planting, and adopting technology to mitigate the consequences of emissions [33, 34]. This results in the enhancement of the quality of the local community living environment and has a positive effect on the community's health and well-being [35]. The social development projects of eCSR are concerned with the provision of basic infrastructure, such as health, education, and water [36] and financial support to the community.

CSR practices are believed to create social welfare through programs that enhance the livelihood of the community. Carroll's CSR pyramid comprises four categories: economic, legal, ethical, and philanthropic. Among all CSR components, the philanthropic responsibility of the companies was determined to reallocate resources to the community and try to become a corporate citizen by participating in community wellbeing programs [37]. At the practice level, of practice, several proponents of CSR act as vehicles for development. Thus, CSR can contribute to development. The firm's social investment includes activities such as social infrastructure, health, employment opportunities, education, and micro-credit schemes, which stimulate economic growth and enhance poverty reduction [38].

According to the Indian Companies Act 2013, companies are obliged to engage in CSR practices that can enhance the community's livelihood through the provision of basic public goods and services that contribute to welfare development. The major activities mentioned in Schedule VII are eradicating extreme hunger and poverty, promoting education, gender

equality, combating various diseases, environmental sustainability, employment-enhancing vocational skills, social business projects, and contribution to the Prime Minister's Relief Fund (PMRF) for the socio-economic, welfare development and relief service out-of-cast domain [32]. In addition, the dedication of stakeholders, particularly to the government and businesses, is essential for building the resilience and well-being of future sustainable communities. The capability of the community is positively impacted by CSR activities, such as the financial, moral, and charitable efforts of the business [39]. In Indonesia, corporate businesses are involved in disaster relief, law enforcement (compliance), labor welfare, and community development projects such as building schools, libraries, water supplies, and wells and sponsoring civil servants and students through sponsorship and health [37].

2.3. Employment Opportunity and Community Wellbeing

Companies create and provide jobs for the community. By offering job possibilities, the organization impacts the community [40]. This affects the living standard of the community by cutting unemployment and increasing the ability to pay for housing, transportation, shopping, education fees, child care, etc. [41].

Furthermore, one of the major contributions of the industrial park establishment is creating employment opportunities for the local community. The organizations' eCSR practices directly affect the local employment development of nations [42]. Better employment opportunities result from companies' CSR activities [43]. If companies are overwhelmed to minimize costs, do not feel for the employees, and reduce the total employees by a certain amount, which causes hazardous situations for employees, families, and the community. Therefore, the existence of industry premises accommodates a large number of unemployed youth in economic activity. This creates a chance for the community to establish their lives by generating income for the betterment of their lives.

H_1: the employment opportunity (EMO) practice of IPs has a significant and positive effect on the host community's well-being (CW);

2.4. Environment Protection and Community Wellbeing

The growing issues in the field of environment are a result of industrial, post-industrial, and contemporary consumer societies [44]. Therefore, one aspect of socially responsible businesses is taking care of the environment and its governance. One of the biggest risk concerns for the world economy is the environment. It has been demonstrated that the economy is at risk for credit, markets, and law due to air pollution, water scarcity, and the deterioration of natural capital [40]. One of the most acceptable views given by the EU Commission and quoted by David and Guler [45] is "…CSR is a concept whereby companies integrate social and environmental concerns in their operations and their interaction with their stakeholders voluntarily." External CSR programs have resulted in greater environmental protection and conservation [46]. The environmental aspect of CSR is not only an issue for the government and policy. Rather, it is the beyond-legal requirements practice of business enterprises towards society and environmental sustainability [47].

Scholars have examined the concept of CSR from an ecological perspective. Protecting the environment is an important activity for companies to take care of the environment through the social responsibility platform that initiates investors to expect their money to be green and establish their investment strategies toward environmental agendas, [48]. Environmental activities focus on mitigating the effects of air pollution, water scarcity and pollution, and degradation of natural forests, soil, and oil. A scholarly article by Hsu and Chen [49] states that substantial external CSR activities are likely to yield good environmental performance. This practice had a positive and significant effect on the community's environmental well-being, [39]. In a study conducted in industries in southern Ethiopia, the empirical finding shows that there is a significant relationship between CSR and the community's sustainable development. However, most industries fail to protect the natural environment, causing air & water pollution and damage to the flora and fauna of the ecosystem, [50].

H_2: the environmental protection (EP) practice of IPs has a significant and positive effect on the host community's well-being (WB);

2.5. Business Diversification and Community Wellbeing

"Building capacity for sustainable livelihoods is at the heart of CSR." It values cultural diversity and looks toward business alternatives to develop staff, communities, and government skills [51]. According to UNIDO, industrial parks can be used to create backward and forward linkages by involving the local community in raw materials, supplies, food wholesale, and retail businesses. In general, IPs increase economic opportunities in the community [52]. Through business diversification, the local community benefited from the opportunity to earn more income and enhance the quality of life.

The concept of business diversification explores various activities that are considered opportunities for business diversification in IPs. The forward supply chain of malt in the Bole Lemi IP with local farmers is the most prominent among the various. Currently, the community can earn a lot of money, and we do not have fear of where and whom to sell our product.

A qualitative study conducted in MNCs in Malaysia confirmed that eCSR practices affect a community's well-being. The company's efforts, through income diversification, and asset generation have a significant effect on the economic well-being of the community's farmer members [53]. Moreover, the qualitative study findings conducted in the IPs revealed that renting houses, establishing small-scale businesses, small-scale transport service provision (three-wheeled), business owners providing canteen service, transportation service provision to companies in the IPs, recycling dry waste and scraps, etc. are the business options created by the IPs as eCSR for the community inhabiting the IPs, [14, 53]. Therefore, the external CSR practice of business diversification has a significant effect on the well-being of the host community of IPs.

This might be accomplished by enhancing the income-generating capacity of community members. Therefore, the business diversification opportunities of IPs for community members help them increase their income and put their well-being in a better position [54].

H_3: the business diversification (BD) practice of IPs has a significant effect on the host community's well-being (WB);

2.7. Emergency Service and Community Wellbeing

According to Tilaye [12] the current practice of CSR in Hilton Addis Ababa shows concern for the community through active intervention in emergency services when needed. Residents' livelihoods and general well-being can be severely affected by emergencies, which are frequently accompanied by problems such as food and medication shortages, Kasaoka-Tsuboyama, et al. [55] and harm to community services related to emergency services. CSR activities have several advantages in reducing the impact during crises.

Emergencies can profoundly affect the well-being and livelihoods of residents, often accompanied by challenges like food and medicine shortages, Kasaoka-Tsuboyama, et al. [55] and damage to community services in the area of emergency services. To mitigate the consequences of crises, CSR initiatives offer several benefits. Furthermore, a company's CSR initiatives help foster positive relationships with stakeholders [56].

The primary data analysis revealed that IPs are actively involved in the provision of emergency services to the community, providing fire trucks, personal protection equipment and disinfectants, ambulance services, and shower trucks during the COVID-19 pandemic [14]. Therefore, emergency services provided by companies in IPs can mitigate the current health and post-traumatic consequences on the community and maintain the livelihood of the community.

H_4: the emergency services (EMS) provided by the IPs have a significant effect on the community's well-being (CW);

2.8. Technology and Knowledge Transfer and Community Wellbeing

Industrialization is one of the various means of developing a nation [57]. This process is achieved by adopting advanced technology, transferring technology and knowledge through training, and buying new technology. As per the strategic plan of the IPDC, one of the pillars of reasons for the establishment objectives of IPs in Ethiopia is to transfer technology and knowledge from developed areas to the host country [58]. Private and multinational companies' CSR initiatives affect SMEs by providing them with financial support, training, and technological knowledge. This resulted from the enhancement of the living standards of the community [52]. Moreover, investing in technology transfer positively affects the development of individual well-being in Africa [59]. Businesses strive to uphold their social obligations to all communities by investing in technology and enhancing educational initiatives. The global economy is synchronized with technological exports. Underdeveloped nations cannot afford to invest much in research and development, technology creation, and sharing to boost global productivity and economy [60]. In addition, developing nations are unable to acquire all advanced technologies. Therefore, the effects of technology and knowledge transfer through eCSR determine the future of individuals and change their living standards [14]. This is supported by a study conducted in Nigeria, where community well-being development can be attained through the active engagement of business enterprises in industrialization and fostering innovation, [61]. These are attained through knowledge-based knowledge and technology transfer from large companies to SMEs and from expatriates to local staff.

H_5: the technology and knowledge transfer (TKT) practice of the IPs has a significant effect on host community wellbeing (CW);

3. Materials and Methods

This study employed a descriptive and explanatory research design. Descriptive research was used to manipulate the respondent's stand on the eCSR practices in the IPs [62] and the explanatory strategy was adapted to investigate the cause-and-effect relationship between the variables of eCSR [62] and community well-being. A cross-sectional survey was conducted to collect the data. Data analysis was conducted using SEM-AMOS 23.

Cluster sampling with non-probabilistic judgmental sampling of the host community and random sampling of the employees. Cluster sampling helps cover large geographic areas [53]. The communities who inhabited the IPs and evacuated from their original location for the sake of IP development are those considered under the investigation process to attempt the objective of this study. Data were collected from 1 May to 30 June 2024 using a questionnaire administered to 423 respondents. The response rate to the survey was 93.6% (396). The study considered ethical concerns by getting a confirmation letter for data collection from Bule Hora University and Industrial Parks Development Corporation (IPDC). Moreover, the interviewer and data collectors had oral informed consent from the interviewee and FGD participants.

The demographic results in Table 1 show that the ratio of female respondents exceeded that of their male counterparts. Among the 396 respondents, 152 (41.6%) were male and 213 (58.4%) were female. The average age of the respondents was 24.5, and the largest share of education was under a 12th-grade graduate with 29.9%, and the minimum number of respondents fell under a 2nd degree and above. Among the respondents, operation employees took the largest share at 48.5%, while managerial-level employees had the least share at 10.4%.

The sample size was determined using [63] formula and it was considered the CB-SEM. Data were collected from primary sources. Data were collected through interviews, FGD, and a survey questionnaire. All the data collection tools were prepared in English, and the data collectors and researchers translated them into a local language as necessary. Because there were illiterate respondents in the community and employees, they faced difficulty in understanding the technical words in the tools. Qualitative data were collected from 18 and four interviewees and FGD, respectively, of the three selected IPs in Ethiopia.

Table 1.
Descriptive Statistics of the Respondents.

Demographics	Frequency	Percentage
N=396		
Gender		
Male	152	41.6
Female	213	58.4
Average age	24.5	
Average Experience (Years)	5	
Education		
12th graduate	109	29.9
Certificate	57	15.6
Diploma	71	19.5
1st degree	96	26.3
2nd degree and above	32	8.8
Position		
Operation	177	48.5
Line Supervisor	95	26.0
Manager	38	10.4
Neither of the above	55	15.1

The questionnaire consisted of four sections. The first part of S-A is for demography, S-B and S-C are for eCSR, and S-D is for community well-being items with a five-point Likert scale. It is denoted by 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, and 5- strongly agree. The eCSR scales were adapted and adopted from Abdul Rahman Rahim, et al. [64] and Kostere, et al. [65]. Moreover, the qualitative findings contribute significantly to both variables.

Table 2.
Analysis of CFA, Composite Reliability, and AVE Results

Variable Name	Code	CL	CR	AVE
Community Wellbeing (CWB)	CWB_7	0.948	0.969	0.841
	CWB_2	0.944		
	CWB_10	0.939		
	CWB_9	0.932		
	CWB_8	0.900		
	CWB_1	0.833		
Employment Opportunity (EMO)	EMO_4	0.487	0.915	0.784
	EMO_2	0.725		
	EMO_1	0.314		
Technology & Knowledge Transfer (TKT)	TKT_4	0.626	0.898	0.777
	TKT_3	0.342		
	TKT_5	0.560		
	BD_2	0.729		
Business Diversification Opportunity (BD)	BD_5	0.822	0.861	0.611
	BD_4	0.653		
	BD_6	0.900		
Environmental Protection	EVP_4	0.782	0.896	0.684
	EVP_2	0.816		
	EVP_1	0.835		
	EVP_5	0.872		
Emergency Services (EMS)	EMS_2	0.650	0.843	0.642
	EMS_3	0.888		
	EMS_4	0.773		

Note: the researcher analysis, 2024; CFI=0.929, TLI=0.916, CMIN/df=2.951, RMSEA=0.73, SRMR=0.074, p=0.000, and NFI=0.897.

4. Results

4.1. Descriptive Analysis

Descriptive analysis was used to confirm the exploratory findings regarding eCSR activities in the IPs. Therefore, this study consists of the mean, SD, and correlation values of each eCSR activity in the data collection tools. Table 2 presents the results. This result helps to extract the most applicable eCSR activities in SEM.

Table 3.
Descriptive statistics, mean, standard deviation, and correlation for eCSR

Items	M	SD	1	2	3	4	5
1. eCSR_1 (EMO)	4.39	0.840	1				
2. eCSR_2 (BDO)	3.92	0.861	0.562**	1			
3. eCSR_3 (TKT)	3.74	0.997	0.501**	0.511**	1		
4. eCSR_4 (EMS)	3.68	0.933	0.242**	0.318**	0.313**	1	
5. eCSR_5 (EVP)	4.29	0.965	0.494**	0.443**	0.400**	0.450**	1
eCSR	3.691	0.626					

Note: SPSS Data Analysis Output, 2024; N=365; *p<0.05, **p<0.01. eCSR_1: source of employment opportunities; eCSR_2: business diversification opportunities, eCSR_3: technological and knowledge transfer, eCSR_4: helpful in emergency activities, eCSR_5 engaged in environmental protection (plantation, etc.), M: mean, SD: standard deviation.

The above Table 3 shows that the mean value of all items is larger than the average value of 2.5 and the SD is below 1.00. Therefore, the items included in the descriptive analysis were confirmed by the respondents as eCSR practices in the IPs in Ethiopia's IPs. The mean value was corroborated by the individual mean, SD, and correlation results.

Based on the above descriptive analysis, the factor loadings depicted in Table 3 were extracted. The value of most factor loadings exceeds 0.60 except for one item. As stated in the methodology section of the study, some items are employed in the study based on the findings of the exploratory study. Therefore, the threshold is minimal, ranging from 0.60.

4.2. Goodness-of-Fit Test, Discriminant and Convergent Validity

In addition, Table 4 shows the convergent and discriminant validity measurement results by Average Variance Extracted (AVE) and composite reliability (CR).

The evaluation of convergent validity results for the constructs is as follows: community well-being (0.841), employment opportunity (0.784), technology and knowledge transfer (0.777), business diversification opportunities (0.611), environmental protection (0.684), and emergency service (0.642). These results met the acceptance threshold value of 0.50 AVE. Likewise, the composite reliability value for all construct results was higher than 0.70. Therefore, the overall results confirm that the convergent validity and composite reliability criteria are met. The analysis confirmed that there were model fit indexes that met the threshold.

According to various researchers, the threshold for model fit indices are shown as CMIN/df=2-3 (2.951), TLI=>0.9 (0.92), CFI=0.9 (0.93), RMSEA=<0.1 (0.73), SRMR=0<x<1 (0.07). Therefore, the model fit criteria met the current model for measuring constructs.

Table 4.
Convergent and discriminant validity.

Construct	CWB	EMO	BDO	TKT	EMS	EVP
CWB	0.917					
eCSR_1 (EMO)	0.508***	0.885				
eCSR_2 (BDO)	0.039**	0.127***	0.882			
eCSR_3 (TKT)	0.445***	0.502***	0.240***	0.782		
eCSR_4 (EMS)	0.404***	0.459***	0.328***	0.572***	0.827	
eCSR_5 (EVP)	0.303***	0.300***	0.238***	0.536***	0.749***	0.801

Note: *** and ** represent significance at the 0.001 and 0.05 levels respectively.

According to Anderson and Gerbing [19] it is stated that discriminant validity is ensured by checking the correlation values that are different from zero and should not exceed the correlation values. This can be calculated by squaring the AVE results, which should be greater than the highest intercorrelation values of the construct in the model [66]. According to Table 5, discriminant validity is ensured by checking that all the squared AVE values are larger than the correlation results in the model.

4.3. Significance and Hypothesis Test Results

The Figure 1 depicts the effect of eCSR activities on community well-being.

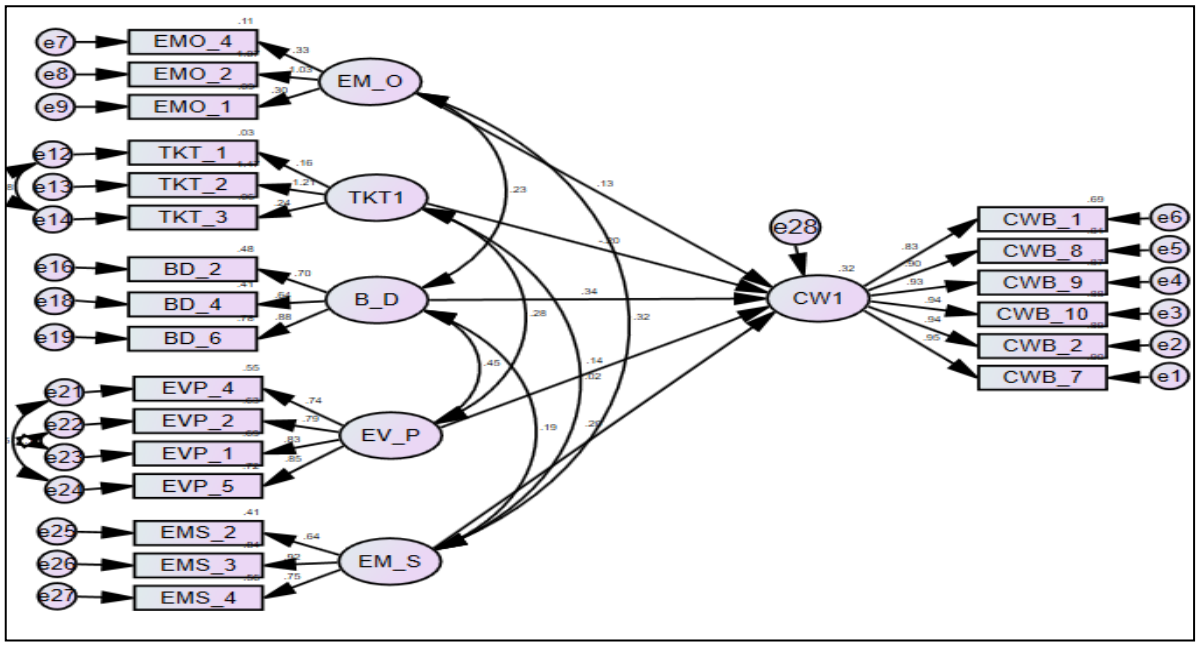

Figure 1.
The SEM Path Analysis.
Source: Researcher model output from AMOS, 2024.

As shown in Figure 1, except for TKT, all the constructs resulted in positive beta coefficient results. These results are substantiated in Table 2 along with their construct names and p-values.

According to Table 5, all the relationships between the latent variables were statistically significant.

Table 5.
Hypothesis Testing Results.

Hypotheses	β	S.E.	C.R.	*P*	Label
CW<---EMO	0.133	0.131	2.599	**	Supported
CW<---TKT	-0.198	0.292	-3.030	**	Supported
CW<---BD	0.341	0.097	5.055	***	Supported
CW<---EVP	0.145	0.099	1.978	**	Supported
CW<---EMS	0.196	0.080	3.626	***	Supported

Note: the researcher analysis output from AMOS, 2024; Note: β= Beta coefficient, S.E.=Standard Error, C.R.=t-Statistics, P=Probability (p) value, ***Relationship is significant at p<0.001 and **Relationship is significant at p<0.05.

Therefore, the Hypotheses tested using this model were accepted. These relationships are shown along with the estimates and p-values. The hypotheses were CW<---EMO = 0.133, CW<---TKT = -0.198, CW<---EVP = 0.145, and the p-value <0.05. The other two hypotheses CW<---BD were 0.341 and CW<---EMS was 0.196, with a p-value<0.001. Therefore, each correlation value of the latent variables was significant, and all hypotheses were accepted.

5. Discussion

This study investigates the effect of external CSR activities such as employment opportunities, environmental protection, business opportunities, technology and knowledge transfer, and emergency services. The empirical evidence corroborating the major findings of this study is synchronized in this part of the study.

5.1. Business Diversification

This construct showed the highest level of effect on well-being among the constructs in the model. The findings of this study revealed that the most prominent type of external CSR activity supports the livelihood of the community [51] by availing various money-making opportunities for community members who inhabit the IP operating areas [53]. Amongst these various potential business opportunities, the community is mainly involved in recycling scrap materials, providing transportation services to the IP employees, and providing canteen service to the employees, involved in the supply chain through the provision of raw materials, such as beer barley, renting a house, etc. [52]. Therefore, these findings are supported by the prior literature in this area.

5.2. Employment Opportunities

As per the major findings of this study, there is a significant positive relationship between employment opportunities and the community's well-being by enabling them to generate income hired in the companies operating in the IPs. Organizations impact the community through companies offering job possibilities [40]. This affects the living standards of the community by cutting unemployment and increasing the ability to pay for housing, transportation, shopping, education

fees, child care, etc. [41]. This implies that the livelihood of the community inhabiting the IPs is significantly affected by the employment opportunities created [67] and special privilege in hiring community members who are near the IPs, females, and low-skilled community members, Ajay, et al. [67] who are evacuated from their original location. Additionally, there is a reciprocal effect between unemployment and the community's well-being, [68].

5.3. Environmental Protection

The descriptive study identified and exploratory analysis confirmed that environmental protection is the eCSR practice in IPs. External CSR platforms are concerned with mitigating consequences and improving the natural environment [45]. According to the findings of the analysis, environmental protection activities in and around the IPs have a significant effect on the living standard of the community. This finding of the study supported the scholarly articles of Rela, et al. [39] that the environment-centered CSR activities of industries affect the well-being of the host communities in which industries are operating. Despite this, most industries fail to provide environmental protection with high due care, [50].

5.4. Emergency Services

One of the propounding findings of this study confirms the emergency services provision to the community as an eCSR practice in the IPs, this result confirms the study finding from Tilaye [12]. In addition, the study findings corroborate that the IP's engagement in the provision of emergency and resilience services during and after natural and manmade disasters contributes to the well-being of the host community by providing personal protection materials, ambulance services, and fire services [14]. This result is supported by scientific outputs; emergency services in terms of various items such as food and medicine, [55] help to maintain cohesion between the companies and the host community [56].

5.5. Technology and Knowledge Transfer

The only construct that yielded reciprocal results. According to the findings, technology and knowledge transfer among the companies in the IPs and the community is below zero. Therefore, the relationship between IPs and the community through knowledge and technology sharing is negative. However, the literature mentions the fact that developing countries use technology adapted from abroad. Despite the literature mentioned in the hypotheses development, the current study's finding argues that IPs have failed to deliver what is promised. This result is supported by a study showing [35] that the industrial park's contribution to technology, innovation, and knowledge transfer is the failed promise made by governments through the establishment of IPs in emerging economies. The exploratory study findings [14] revealed that the community rejects IP's contribution towards sharing their technology and knowledge formally or informally. Therefore, technology and knowledge transfer as an eCSR activity in IPs has a negative effect on the well-being of the host community in the Ethiopian context. According to the results computed in this study, one of the pillar objectives for the establishment of IPs is Technology and knowledge transfer to enhance SMEs' [58] has been failed. Therefore, the government, IP managers, company owners, and NGOs should exert their efforts to ensure technology and knowledge transfer in the host community, which enables them to have better living situations.

6. Conclusions

This section incorporates the major findings of exploratory, descriptive, and explanatory studies. This exploratory study identified employment opportunities, business diversification, environmental protection, technology and knowledge transfer, provision of infrastructure, and emergency services as the most frequent eCSR acts in IPs. Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) employed five of the above-listed constructs based on the results of descriptive statistics. The study included three selected IPs in Ethiopia: Bole Lemi, Hawassa, and Adama. The survey was conducted with 423 employees and community members. Among the constructs in the model, environmental protection, employment opportunity, and emergency services have a positive, significant effect on the well-being of the community. However, technology and knowledge transfer have failed to support the community's well-being.

This study is one of the articles that emphasize the concept that received the least attention in prior studies. The study results identify eCSR activities that fit the IPs context. Furthermore, the effect of these eCSR dimensions on the well-being of the community is confirmed by the triple bottom line theory for environmental, employment, and business diversification to ensure sustainable social and economic development of the community by reducing unemployment, protecting the natural environment for the next generation, and facilitating income-generating schemes in the host communities of the IPs. The other two fall under stakeholder theory. The theory emphasizes the ethically responsible and long-term effects of CSR practices. From this perspective, this study has investigated the emergency services performed by stakeholders to meet ethical responsibilities and the technology and knowledge transfer to the long-term effect on the stakeholders' existence.

Furthermore, the study recommends IPDC officials, policymakers, Company Owners, and the government. The most expected (community) but not practiced (IPs) eCSR activity is the provision of infrastructure [14] therefore, stakeholders should consider improving this eCSR dimension. The other constructs that require attention are technology and knowledge transfer. The government agencies, IPDC, and NGOs are supposed to create a platform that makes real one of the establishment objectives of IPs [69] in Ethiopia, which is to ensure the contribution of IPs in the exchange of knowledge, technology, and innovation for industrialization.

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