

# Corporate Social Responsibility and Sustainability of Local Community: A Case Study of the Transnational Project in China-Pakistan Economic Corridor

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**Abstract:** While achieving great benefits, the Belt and Road Initiative (BRI) has triggered potential problems between the transnational projects and local communities in the participant countries. However, there is still a knowledge gap on how corporate social responsibility (CSR) is adopted, and how CSR affects the local community. Based on a context of China-Pakistan Economic Corridor (CPEC), this research exploits a combination of qualitative and quantitative methods to fill the gap. It finds that the CSR activities in the CPEC project are initiated by the long-term CSR initiative. Organized by the professional CSR foundation in an autonomous environment, the panoramic CSR activities are governed in a discretionary way and focus exclusively on the sustainability of the local community. Education, health-care, environment, and employment improve greatly after the implementation of the CPEC project. Theoretically, this research not only provides new insights into CSR research by taking an under-studied context of CPEC into study, but also proposes a mechanism of how CSR leads to the sustainability of local community by building a CSR-sustainability framework.

**Keywords:** corporate social responsibility; sustainability; local community; China-Pakistan Economic Corridor

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## 1. Introduction

At the end of 2013, Chinese President Xi Jinping put forward the idea of constructing the Silk Road Economic Belt (SREB) and the 21st-Century Maritime Silk Road (MSR), thus opening a prelude to the Belt and Road Initiative (BRI). The BRI involves hundreds of major transnational projects such as railways, highways, energy, information, and industrial parks, which generate a far-reaching impact on the BRI participant countries. While achieving great benefits, the BRI has triggered potential problems between these transnational projects and local communities, such as environmental disruption and human displacement. In March 2015, the Vision and Proposed Actions Outlined on Jointly Building SREB and 21st-Century MSR, issued with the authorization of the State Council of China, stressed that transnational projects should focus on developing the local economy in the BRI participant countries, increasing local employment opportunities, improving local living standards, fulfilling corporate social responsibility (CSR) and protecting the local species diversity and ecological environment [1]. In short, the BRI has opened up a new wave of transnational project construction, and brought higher requirement on the fulfillment of CSR.

CSR, a commitment and important part in the strategies of companies worldwide to promote sustainable development of the economy and the welfare of the local community and society, has emerged as a vital concept in both developing and developed countries [2,3]. However, most of extant literature focuses on the relevant CSR issues in the context of developed countries [4–6]. In recent years, an increasing number of developing country companies undertake transnational projects, which is very likely to encounter more complicated and sensitive social and environmental issues in local communities of participant countries. In this regard, CSR research is centered mainly from the political economy perspective [7,8], while the CSR initiatives, practices and impact from the micro-governance and management perspective remain largely invisible and unstudied [9,10]. However, a need for a nuanced understanding of CSR practices in developing countries from the micro-governance and management perspective is particularly critical [4], as the micro-level CSR governance and management capacity of the transnational projects is important—not only to the fit between these projects and local communities, but also to the sustainability of local communities. This paper attempts to fill this research gap.

Considering the vigorous growth of BRI and transnational projects in BRI participant countries, it is imperative to explore the initiatives, governance, and implementation of CSR activities involved in the BRI transnational projects, as well as the impact on local communities. To better understand how transnational projects engage in CSR in the context of BRI, this research is based on a context with limited CSR study. It chooses the China-Pakistan Economic Corridor (CPEC) as the specific research object. Chinese Premier Li Keqiang proposed the construction of CPEC during his visit to Pakistan in May 2013. As an important part of BRI, CPEC is located in the intersection of the SER and the 21st-Century MSR. The CPEC transnational project involves billions of dollars of investment and a large number of work forces from both countries, which has led to the demand for CSR to run the project successfully and ethically. However, some CPEC projects are controversial in terms of environment and social aspects. For instance, the mining projects might result in negative impacts on natural ecosystems and human well-being. In particular, mine development may lead to an increase in the environmental and socioeconomic costs associated with the air and water quality deterioration and human displacement. The irresponsible project construction is very likely to bring a setback to the sustainability of the local community, and create a risk of local community opposition [11,12].

Therefore, this paper is going to explore two research questions, namely, “what are the initiatives, governance, and implementation of CSR activities involved in the CPEC transnational projects?”, and “what are the impacts on local communities?” To answer the research questions, a combination of qualitative and quantitative methods are adopted. Specifically, a single-case study is used to solve the question of CSR initiatives, governance and practices, and the questionnaire is adopted to solve the CSR impact question. Information is gathered through in-depth interviews and questionnaires in Pakistan.

The research attempts to contribute to extant literature in two aspects. First, this paper brings the CSR research into an under-studied context of CPEC transnational projects. This helps to provide new insights into the CSR research. Second, this research tries to build a CSR-sustainability framework, which proposes a mechanism of how CSR leads to the sustainability of the local community. The structure of the paper presents as follows: following the introduction, the first section sets out a literature review on CSR. Subsequently, we make a description of the research design adopted and before then presenting our results. This paper concludes by detailing our conclusions, contributions, limitations, and suggestions for future lines of research.

## 2. Literature Review

### 2.1. The Concept of CSR

Governments, industry, and academia have increasingly emphasized the importance of CSR, as a response to the social and environmental pressures. It is widely defined as the commitment of

companies to sustainable economic development, working with employees, their families, local communities and society as a whole, to improve their quality of life [13–15]. The concept involves the sense that companies integrate social and environmental concerns into their business operation and search for an effective fit between the business and the society on a voluntary and ethical basis [16]. This integration of social and environmental issues into business operations is critical to the sustainable development to the social welfare and the environmental restoration and protection. Empirical evidence shows that companies taking CSR actions can be able to address the pressures and social needs more effectively [17].

## 2.2. CSR Initiatives and Governance

Companies engaging in CSR are highly relevant to the potential benefits that both the company, as well as society can take advantage of [18]. There are mainly two types of initiatives of implementing CSR practices, namely the altruistic initiative and strategic initiative [19].

The altruistic initiative means a business is motivated towards implementing CSR practices selflessly and contributing to the society [19]. CSR with an altruistic initiative encompasses those corporate actions that promote human welfare or goodwill. The distinguishing feature is that these activities are absolutely voluntary, guided by the longing of business to take part in social activities that are not mandated by law.

The strategic initiative refers to that CSR activities that are mainly motivated by creating a business's own economic benefits and competitive advantage [20], and by strategically handling the stakeholders. A business must be profitable to remain economically responsible and to remain in business. By being profitable, businesses give back to the society by providing jobs to employees and producing goods and services wanted by customers. The goal of company with a strategic initiative is partly to maximize profits for shareholders and owners within the defined legal structure [21].

To deal with CSR practices, there are many actors involved in CSR governance, such as interested intermediaries, non-governmental organizations (NGOs), activists, media, community, government, and think tanks of CSR practices. Some companies are establishing dialogue processes with these actors to determine appropriate CSR practices. Some companies set up a new position—Chief Sustainability Officer (CSO) within the organizational structure [22]. CSO is involved in governing CSR activities and sustainability responsibilities, and is responsible for the companies and the top management team to visualize CSR goals and clarify CSR missions. One of the functions of CSO is to serve as the professional and exert great influence on corporate decisions to allocate more resources on CSR activities [23].

## 2.3. CSR in Developed and Developing Countries

There are increasing social and environmental issues in developed countries, such as Europe and the United States, and accordingly, a large body of research emerges in the field of CSR in developed countries [10,24]. Companies in developed countries have deep concern for the worldwide environmental sustainability [25], and the sustainable practices are adopted to attach great importance to this aspect for consumer concerns about the environment [26]. Great focus is put on making production greener and friendlier, to reduce environmental pollution, and improve the standards of life for people throughout the world. In addition, CSR activities in developed countries have great concern on the situation of disadvantaged, marginalized, and discriminated groups [27]. Each CSR activity is given an official name, and follows a formal operating procedure. In this way, the activities can be governed under better public discourse and transparency. Once CSR activities are publicly recognized as doing it right, it will bring substantial profits in line with the interests of the companies, such as market share expansion [27].

CSR in developing countries is as important as that in developed countries. Economic, environmental, and social dilemmas often arise, which makes it difficult to implement CSR in developing countries due to the balance between economic growth and the environment, as well as job creation and improved working conditions. In these countries, CSR is limited to certain irregular

activities, such as charity, donation, and philanthropic programs through basic facility provision and disadvantaged group empowerment [10], which are centered on local community development and local people's living standards [28]. Unlike multinationals in developed countries, very few companies in developing countries have the awareness to expand their business and attain global status through practicing CSR, partly due to the limited resources and capabilities. In contrast, CSR initiatives of most companies in developing countries are largely aligned with the interest of the government [29]. In doing so, the companies could draw support from the government to board a wider and higher platform.

#### *2.4. Sustainability-Driven CSR Practices*

Sustainability constitutes an important dimension of CSR [30]. CSR places great emphasis on a company's contribution to sustainability in economic, social, and environmental dimensions [18,31].

In terms of the economic dimension of sustainability related CSR practices, extant literature concentrates on the value chain. The CSR practices infiltrate into every segment of the value chain, and encourage suppliers, staff, and customers to contribute to charitable activities and local economic development [32]. In relation to the social dimension, it has much to do with preventing social problems, such as poverty and unemployment, and improving the quality of life of the employees, their families, and local communities [28]. The sustainable practices focus on the quality improvement of employees and the social environment, for instance, providing training to employees, advocating gender equality, promoting heritage conservation, and respecting local culture and language [33]. In respect to the environmental dimension, it highlights that the socially responsible companies should focus on environmental concerns [34], and take sustainability characteristics into account by minimizing the environmental impact generating from their business. The specific practices include formulating environmental performance standards, enforcing internal audit, and installing environmental protection devices.

#### *2.5. BRI and CPEC*

The Chinese government strives to use all necessary support to build BRI for an open development environment [8,9]. The CPEC long-term transnational project is an important part of the BRI. In addition to the deep water port of Gwadar, CPEC connects the inland between Pakistan and Western China. Thus, it is of high value to both China and Pakistan. The new transportation and trading facilities not only upgrade and expand existing Pakistani infrastructure, but also win an alternative transportation and trade route for China.

Existing literature underscores the importance of governmental intervention from the macro political economy perspective [29], while the uncertainty of current economic, social and environmental factors involved in CPEC makes micro-institutional factors and intangible resources equally relevant in the process of projects' survival and sustainability [11]. In order to make CPEC projects sustainable in the long term, it is important to develop a soft image of CPEC by carrying out a comprehensive CSR program so that the livelihood of local communities along the CPEC routes and projects improves.

In summary, sustainability related CSR practices have emerged as an important concern for companies to mitigate the impact of their business on environment, and to prosper implementation at the level of economic and social dimensions. As China and BRI participant countries are increasingly recognizing the necessity and urgency of working together to guarantee the fit of the transnational projects and local communities. However, facing great challenges arising from local communities, there is still a knowledge gap with regard to how CSR is adopted, and how CSR affects the local community. Drawing on empirical data collected from Pakistan, this research tends to fill the knowledge gap.

### **3. Research Design**

Both qualitative and quantitative methods were adopted in order to fit the two research questions in this research. To be specific, first, a single case study was used to answer the CSR initiative, governance, and practice question. The case study is the most prominent method adopted to make in-depth analysis of contemporary events, over which the investigator has little or no control [35]. Second, in order to compare the changes of the local community between and after the implementation of CPEC transnational projects and CSR practices, the questionnaire was used to obtain a systematic sequence of information to answer the CSR impact question.

### 3.1. Engro Coal and Power Plant Project in CPEC

The population of Pakistan is 217 million, where 65% of this population lives in rural areas [36]. Agriculture accounts for 18.9% of GDP and 42.3% of the total population, which is the major source of earnings [36]. The most population in rural areas has low opportunities for basic education, health-care, and nutritional food due to under infrastructure and poor development compared to the urban areas. CSR remains in the initial policy developmental stage. In other words, CSR is not considered as a basic belief of companies. The sustainable practices, such as responsible waste management, energy conservation, and recycling are only adopted by a small number of companies.

The selected case in this research is the coal and power plant project in the Thar area of Pakistan. The Thar Desert in Sindh Province is one of the largest unexploited coalfields in the world. Meanwhile, the Thar Desert is not only one of the most densely populated desert areas in the world, but also has many world cultural sites and endangered species. The principal source of livelihood in Thar is livestock and agriculture. The vast majority of the inhabitants in Thar lives in poverty and is vulnerable to extreme weather. The extraordinarily low level of yearly precipitation and high level of salinity cause an outrageous shortage of water and a dearth of food.

The Engro Coal and Power Plant Project (hereafter “Thar Project”) is about the surface coal exploitation and the power station construction jointly by China and Pakistan in the Thar Desert. In December 2015, China approved the plan and invested 2 billion US dollars on it [37]. In the first phase of the project, the Sindh Government allowed China Machinery & Engineering Corporation (CMEC) and Sindh Engro Coal Mining Company (SECMC), the joint venture of the Sindh Government and Engro Corporation, to exploit 1.57 billion tons of coal and build a 660,000-kilowatt power plant [38].

However, the local inhabitants fear that the Thar Project might be both socially and environmentally disastrous to the area. For instance, the project is very likely to displace thousands of impoverished local inhabitants, and destroy the local ecology. At this juncture, CSR is needed to improve the sustainability of the Thar area.

### 3.2. Data Source and Collection

Primary data in this research was obtained mainly from three sources. First, in-depth interviews were used to collect the data regarding the initiative, governance and practices of CSR related to the Thar Project. From June to August 2018, we interviewed six senior managers and department directors involved in the project. Each of these respondents had at least two face-to-face interviews. The interviews were conducted by one co-author in person who is a native Pakistani and grew up in the Sindh Province. The interviews were all conducted in English for at least half an hour. Once the interviews were made into transcripts, they were sent back to the respondents for verification and confirmation. The respondents’ information is present in Table 1.

**Table 1.** The respondents’ information.

Respondent	Company	Position	Mode of Contact	Interview Length	Tenure in the Position
Ashok Kumar	SECMC	CSR Assistant Director	Face-to-face/Whatsapp	40 minutes	15 months
Sabeen Shah	Thar Foundation	Manager of Education Section	Face-to-face/Whatsapp	30 minutes	14 months

Mohammad Afzal	SECMC	HR Officer	Face-to-face/Whatsapp	35 minutes	24 months
Manzoor Ahmed	CMEC	HR Assistant	Face-to-face/Whatsapp	30 minutes	16 months
Maagie	CMEC	Administration Manager	Face-to-face/Wechat	30 minutes	8 months
Hafiz Kamran	CMEC	Manager of Health Safety and Environment Team	Face-to-face/Whatsapp	30 minutes	15 months

Second, we used questionnaires to collect the data about the changes in the local community due to the CSR impact. Appendix A shows the content of questionnaire. First, the respondents were randomly selected from the list provided by the local authority of three districts in the Thar area, named Chachro, Mithi, and Nagarparkar. Next, informed consent was obtained from all respondents to ensure the researchers had the right to use the collected data. The questionnaires consisted of 30 questions, which were classified into four different components, including educational concerns, health-care facility involvement, employment concerns, and environment protection concerns, to facilitate a better and more efficient understanding of the impact of the CSR practices [21]. To overcome consistency effects, we asked several scholars and students to pretest the questionnaire and made changes based on the pretest. To avoid response bias, the names of the measures were not revealed. No evidence of common method bias related to the measures was found, since no single factor accounted for the majority of the co-variance among the measures [39]. A normality test was conducted in order to determine if the data collected were normally distributed. This was done with the use of skewness and kurtosis.

The original questionnaire was written in English, we used a back-translation process [40] to create a Pakistani version. In total, 280 questionnaire copies were distributed to the three districts of Thar area by hand in October 2018, and ultimately 249 respondents answered the questionnaire appropriately. The respondent ratio reached to 88.9 percentage. Table 2 presents the demographic characteristics of the respondents. In addition to these two kinds of data sources, the secondary data in this research was mainly the archival data from the internal document, the official website, and social media.

**Table 2.** Demographic statistical analysis.

Variables	Value	Frequency	Percentage (%)
Gender	Male	189	75.90
	Female	60	24.09
Marital status	Married	196	78.71
	Unmarried	53	21.28
Education	No education	76	30.52
	Primary school	78	31.32
	Middle school	34	13.65
	High school	30	12.04
	University	31	12.44

### 3.3. Data Analysis

We manually analyzed the in-depth interview data based on the grounded theory approach [41]. Figure 1 elucidates the data analysis process by displaying the data structure with the first-order coding, second-order coding and aggregated theoretical dimensions.

As for the changes brought by the CSR engagement in the CPEC project, data collected through questionnaires was edited, coded and classified into different components. We used a five-point Likert-type scale (from 1 = “strongly disagree” to 5 = “strongly agree”) to rate all items. The items were designed based on the in-depth interviews of CSR practices.

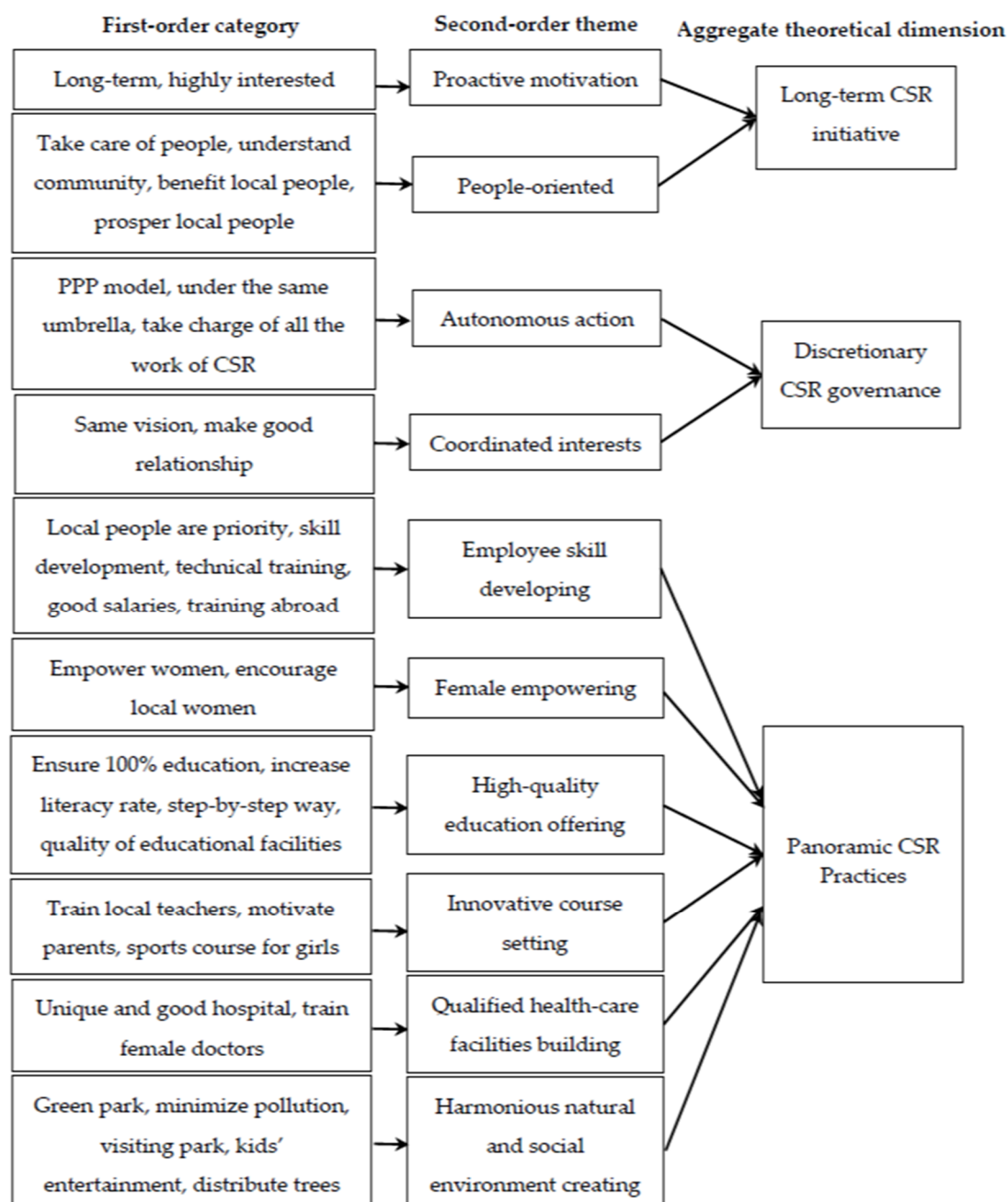


Figure 1. Data coding structure.

Local inhabitants evaluated the local education on an 8-item scale. A sample item is “Primary to higher education is available in Thar area”. We used education\_before and \_after to measure the local education before and after the implementation of Thar project. Health-care measured by health\_before and \_after was assessed by 8 items. A sample item is “Qualified doctors are satisfactory in hospitals of Thar area”. 8 items were used to evaluate employment opportunity’s availability, which were measured by employment\_before and \_after. A sample item is “Jobs are available for male and female equally in Thar area”. Environment protection, measured by environment\_before and \_after is consisting of 6 items. A sample item is “Good green parks are built in Thar area”. In addition, the validity of the above indicators to represent the situation of local community before and after the implementation of Thar Project was evaluated. Impact\_before, consisting of 4 items (education\_, health\_, environment\_, and employment\_before), represents the entire situation before, and impact\_after, consisting of 4 items (education\_, health\_, environment\_, and employment\_after), represents the entire situation after. The Cronbach’s alpha values of these variables are shown in

Table 3. The results suggest a good level of internal consistency, and therefore provide a reliable construct to measure these variables.

**Table 3.** The Cronbach's alpha value.

Variable	Number of Items	Value
Education_before	8	0.639
Education_after		0.743
Health_before	8	0.639
Health_after		0.933
Environment_before	6	0.711
Environment_after		0.825
Employment_before	8	0.852
Employment_after		0.946
Impact_before	4	0.781
Impact_after		0.835

#### 4. CSR Implementation in Engro Coal and Power Plant Project

According to the in-depth interviews, CSR is playing an important role in Engro Coal and Power Plant Project. As mentioned above, even though the area is abundant in natural resources like coal, Thar is a desert where people have several problems. Without CSR these problems are far difficult to be resolved. Meanwhile, the Thar Project is a mega project, which inevitably has direct and indirect effects on local inhabitants and communities.

##### 4.1. CSR Initiative

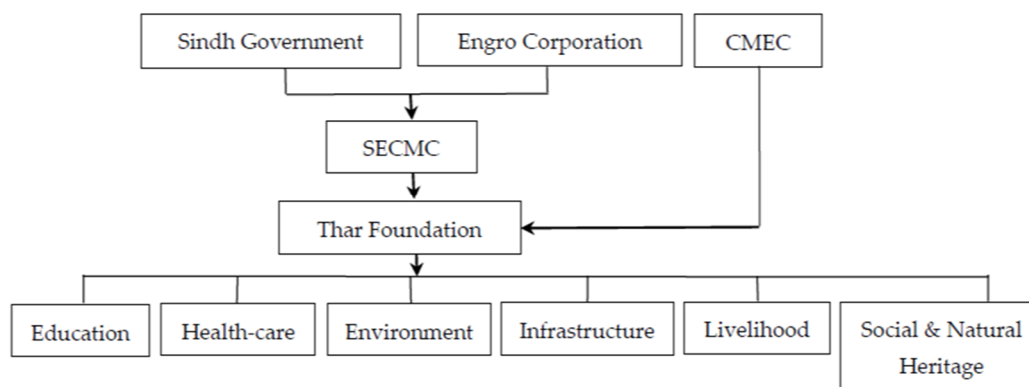
Since the first day of the project, the project is initiated not by the short-term goals, but by the long-term economic, social, and environmental goals. Although strategic considerations as CSR initiatives were illustrated as important, the respondents largely emphasized the relevance of proactively altruistic initiatives.

For instance, Administration Manager in CMEC, Maggie said that: “We (CMEC) are a big company, we have great focus on CSR in many ways like we are working on education, health, water, etc. China and Pakistan have a long-term friendship. Chinese as well as Pakistani companies are highly interested to work on CSR. It is our responsibility to build CSR and take care of people.” Manzoor Ahmed, Human Resource (HR) Assistant in CMEC confirmed that: “Being working here is our responsibility to understand the problems of community and provide them all basic facilities.... The vital benefits to local people are getting jobs, education, health and all basic needs. This project is prospering the local people as well as Pakistan.”

##### 4.2. CSR Governance

CSR by mining projects has obtained critiques that its adoption often focuses on charitable, short-lived activities with weak governance [12]. With regard to the CSR governance in our case study, it is operated in a public-private partnership (PPP) model. The Singh provincial government holds the equity in terms of the land, and the companies invest in the extraction of coal and production of electricity. Specifically, SECMC is responsible for the management and distribution of electricity. As an important partner and investor, CMEC provides the necessary equipment and technical support for coal mining, power plant construction and operation. The Thar Foundation, a special department under SECMC, serves as the CSR office of the project, and handles all the CSR work in the entire Thar area on behalf of all the funding parties. CMEC spends part of the profits as the CSR budget and inject it into the Thar Foundation each year. There are six sections within the Thar Foundation, including education, health-care, environment, infrastructure, livelihood, and social and natural heritage. Figure 2 presents the CSR governance structure of the CPEC project.





**Figure 2.** The corporate social responsibility (CSR) governance structure of the China-Pakistan Economic Corridor (CPEC) project.

In short, the CSR activities are governed under the same umbrella of the Thar Foundation. It coordinates the interests of different funding parties, and engages in the CSR activities as autonomous as possible. In so doing, the sustainability of CSR implementation can be guaranteed. As HR Manager in SEMC Mohammad Afzal explained: “Thar Foundation is taking charge of all the work of CSR... CSR is done by joint actions of Pakistani and Chinese companies... Chinese companies are supporting in building CSR and they have the same vision as ours in CSR, they are very happy and are making good relationship with local people.”

#### 4.3. CSR Practice

The Thar Foundation takes several actions in different aspects on local community. For instance, the Block II of the coal mining project in Thar area has eight villages. The Thar Foundation provides these villages all kinds of basic living and social facilities. CSR is not only working on coal mining, but also promotes the local community. Schools, solar electricity, and clinic pharmacy are built in every village. In the start of the project, the emergency material such as firefighter has been arranged to handle any potential incident. Due to the shortage of drinking water, solar water pumping and water plants were facilitated. Around 72 houses have been built close to the mining area for married couples.

Ashok Kumar, Assistant Director of SECMC explained the CSR practices from a panorama point of view: “This place was one of the backward areas in Pakistan, where there was nothing, even the basic needs of life like drinking water, food and other things. But thanks to this project, now we are working on health-care, education, library sector, and supporting people of any disaster, supporting the trend of new culture of agriculture, supporting fish ponds, and many other innovative things we have been working on and will be working on.”

##### 4.3.1. Employment

Among the variety of CSR practices, providing working opportunities is likely to be the first and most important one. The Khushal Thar Office is established to accommodate local people by giving them working opportunities. Whenever the project needs a labor force, the local inhabitants are always the first priority. So far, there have been 4,000 local inhabitants employed in various positions.

There is also a skill development center, where the local inhabitants are gathered to teach them different skills. A range of training courses have been designed to facilitate the human resource in the area. For this purpose, the skill development center has collaborated with Desco Technical Institute, one of the best institutes in Pakistan for technical training. The center has trained more than 90 local inhabitants, and around 80 percent of them are working in the Thar Project so far with good salaries between 40,000 and 50,000 Pakistan rupees. Besides, a selected number of engineers obtain training opportunities from abroad.

As HR Manager in SEMC Mohammad Afzal indicated: “Yeah, the employment is the main thing that we are working on... Now these local people are generating much income for their survival... I feel very blessed working in this project as I am in the HR Department. So my work is just recruitment of local people and give them different working opportunities. I feel so much satisfied to see them happy by getting jobs.”

Ashok Kumar, Assistant Director of SECMC explained the details: “Around 160 persons including 2 women are working in various projects ran by the Thar Foundation. These people are generating 3.5 million rupees per month in total. It means such amount is generated in such a small village. We have 8 villages in this area. Most people in these villages are engaged in our project.”

In particular, empowerment is a major focus when providing females with working opportunities. The Thar Foundation creates some innovative manners to strengthen females’ human resource capacity. For instance, one project called “Women Damper Driving” is established. 26 females from different villages have been chosen and given training on Jeep, motors, and damper driving. This seems like a dream project that eventually many females come forward for working in this project. Ashok Kumar, Assistant Director of SECMC indicated the female empowerment in the project: “I think we are fast changing society and we are very much optimistic to accept the change. We are facilitating and supporting local people, in particular encouraging local women, so that they will become part of Pakistan’s future lifeline.”

#### 4.3.2. Education

Education is also an important part in practicing CSR in the CPEC project. The Thar Foundation has a plan for ensuring 100 percent education of 5000 students and increasing literacy rate in Block II by 2021, and covering the whole Thar area by 2022. The schools are opening in a step-by-step way. First the primary schools are opened, then the secondary schools, and then the high schools. The Thar Foundation School comprises of five units, including three primary and two secondary sections, and the enrollment capacity reaches to 1,000 students in each school. The schools are facilitated with solar power energy panels, which provide the availability of electricity for 24 hours. In short, the plan is not to open as many schools as possible at once, but focus more on the quality of the educational facilities.

Meanwhile, local sustainability is the core of the project. Before the project, many local teachers were working outside due to not having opportunities in the area. But now the teaching opportunities are offered to these local teachers, so that they can work in the area in the long term. The dropout ratio was high due to the absence of sufficient and qualified teaching staff. To solve the problem, a training center was built to provide good training to the teachers. In addition, motivating parents is also a challenging task. In the viewpoint of these parents, education is unimportant, as their uneducated children can work and get daily wage. The project staffs promise students and their parents the well-established school facilities, high education quality, and free education with all books and stationery, they finally persuade the parents.

Sustainable development courses, such as the sports course for girls was introduced. It was the first time a course such as this was introduced in the Thar area. Even in big cities of Pakistan, these sports activities are not common, but in Thar, sports are promoted to girl students. The teachers are also trained to play sports.

Sabeen Shah, Education Team Manager of the Thar Foundation explained the vision and mission of Education: “I am working on education so far, let me tell you what we have done since last year I joined this position. We have in progress of building schools and each school has a minimum of six rooms. In total we have five Thar Foundation schools covered all the area of Thar to provide good education. In short, we promote diversity and welcome everybody. Our vision and mission is not to provide just education, but is on the quality of education. We want to spread education as fast as we can, also we have tried best to give all required basic facilities and well-trained teachers to students.”

#### 4.3.3. Health-care

The Thar Foundation is building a big hospital with all kinds of facilities in the Thar area. The hospital will become a unique and good hospital in the Sindh area, and accommodate 250 beds. In total, 82 beds have been operationalized successfully by December 2018. Meanwhile, two health-care clinics are on the edge of opening. Female doctors are trained medically.

#### 4.3.4. Environment

As for the environment, a green park has been built. The purpose of the green park is to plant trees to minimize the pollution. One million trees and special species have been planted by June 2019. The green park is also a visiting park for local inhabitants. There is a zoo and playing area for kids' entertainment in the park. Trees are also distributed for free to the local community.

When Hafiz Kamran, Manager of Health Safety and Environment in SECMC described his work in building this green park, he added that: "A few years ago, there was nothing over there, but now we have created this beautiful park. We feel great to be part of this work and we have given high efforts to perform CSR activities in effective ways."

### 5. The Impact of CSR on Local Community

To evaluate the impact of CSR activities on the local community, we make a comparison between education, health, environment, and employment before and after the implementation of the Thar Project. The underlying hypothesis is that if the situation is improved, we can reach a conclusion that the CSR practices have an impact on the local community in a positive way. The descriptive statistics of the variables are depicted in Table 4.

The results of skewness show that the values of all the variables indicating the situation after the implementation of the Thar Project are normally distributed, as the absolute values of skewness are lower than 0.5. By contrast, the values of all the variables indicating the situation before the Thar Project implementation are positively skewed, because the values of skewness of these variables are higher than 0.5. The positive skewness means that there are fewer scores on the right side of the mean value, and it is likely to have very few large outliers such as the maximum value. Therefore, the maximum values of the variables indicating the situation before the Thar Project implementation are very likely to be outliers, and thus incredible. The results of kurtosis show that education\_before is leptokurtic, as its kurtosis value is larger than 3. The leptokurtic distribution of education\_before means that a large number of scores are relatively concentrated around the mode number. The rest variables are all platykurtically distributed, as their kurtosis values are smaller than 3.

**Table 4.** Descriptive statistics.

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Skewness</b>		<b>Kurtosis</b>	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Education_Before	249	1.000	5.000	2.651	0.494	0.940	0.154	3.244	0.307
Education_After	249	2.000	4.625	3.180	0.661	0.270	0.154	-0.385	0.307
Health_Before	249	1.000	5.000	2.587	0.783	0.795	0.154	-0.597	0.307
Health_After	249	1.375	4.750	3.375	0.914	-0.299	0.154	-1.188	0.307
Environment_Before	249	1.571	5.000	2.714	0.725	0.737	0.154	-0.660	0.307
Environment_After	249	1.714	5.000	3.461	0.827	-0.409	0.154	-1.010	0.307
Employment_Before	249	1.625	3.875	2.260	0.625	1.392	0.154	0.466	0.307
Employment_After	249	1.250	4.750	3.297	0.929	-0.306	0.154	-0.961	0.307

In terms of education, Table 4 shows that the mean value of education\_after (3.180) is larger compared to that of education\_before (2.651). Meanwhile, the minimum value of education\_after (2.000) is larger than that of education\_before (1.000) as well. Although the maximum value of education\_after (4.625) is lower than that of education\_before (5.000), it can be neglected due to the positive skewness of the latter. In short, the education condition after the implementation of the Thar Project is improved.

Similarly, with regard to health-care, the mean value of health\_after (3.375) is larger compared to that of health\_before (2.587). Meanwhile, the minimum value of the former (1.375) is larger than that of the latter (1.000) as well, while the maximum value of the former (4.750) is lower than that of the latter (5.000) can be neglected because the latter is positively skewed. In short, the health-care condition after the implementation of the Thar Project is better than before.

Considering the environment, the mean value of environment\_after (3.461) is larger compared to that of environment\_before (2.714). Meanwhile, the minimum value of the former (1.714) is larger than that of the latter (1.571) as well, while the maximum value of the former (5.000) is equal to that of the latter (5.000), which can be neglected and attributed to the positive skewness of environment\_before. In short, the result indicates an improved environmental condition after the implementation of the Thar Project.

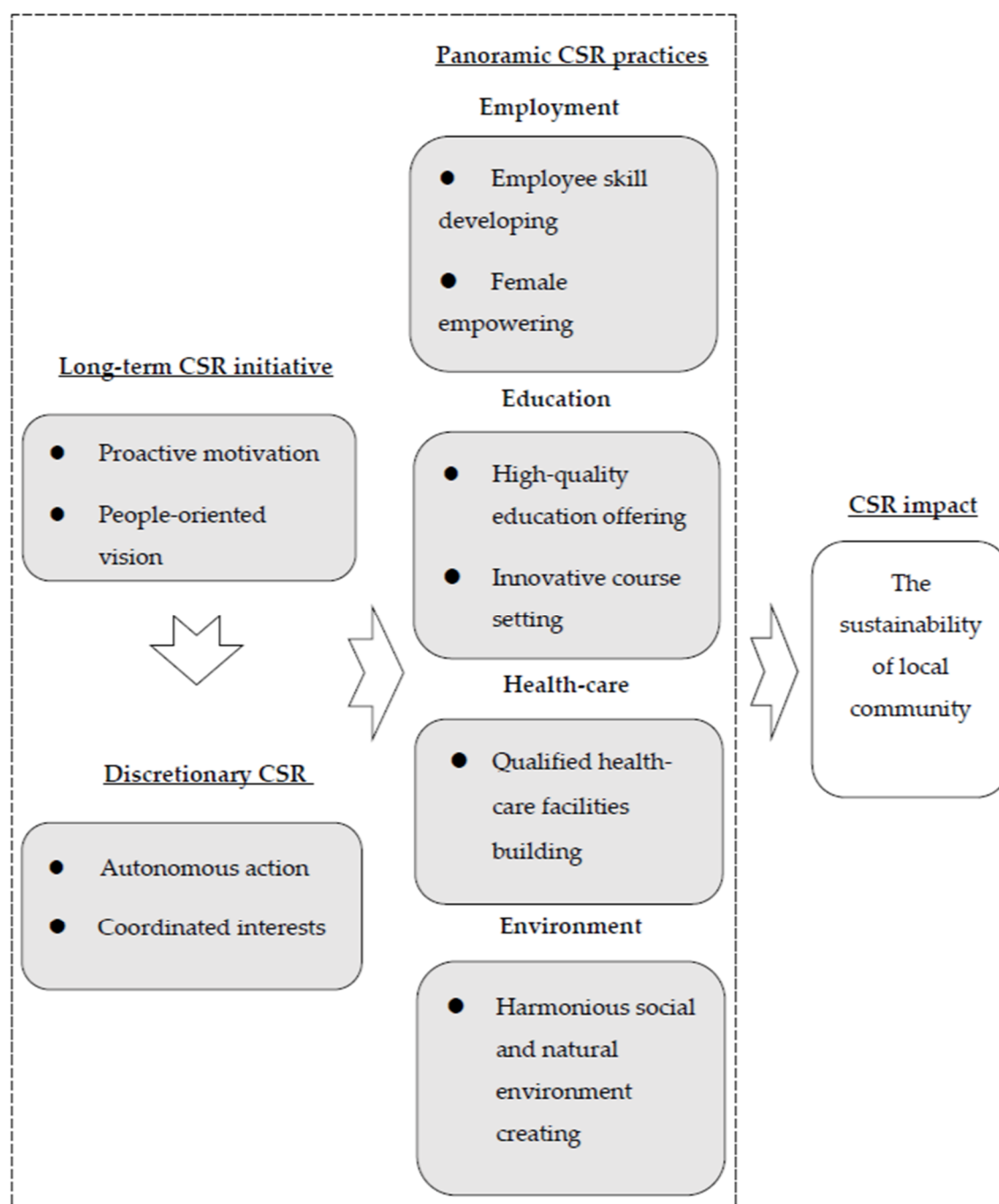
In respect to employment opportunities, both the mean and maximum value of environment\_after (3.297 and 4.750, respectively) is larger compared to those of environment\_before (2.260 and 3.875, respectively), while the minimum value of the former (1.250) is slightly lower than that of the latter (1.625). However, as the skewness value of environment\_after is  $-0.306$ , there might be outliers on the left side of the mean value. In short, the availability of employment opportunities after the implementation of the Thar Project is improved than before.

In summary, the results show positive changes in all the four aspects (education, health-care, environment, and employment opportunity). The analysis indicates that the CPEC transnational projects play a major role in providing CSR through a variety of activities in local communities. Local inhabitants have benefited from the projects and CSR activities. For instance, parents are more concerned about their children's education due to the free tuition fees in the Thar Foundation schools. The satisfaction of health-care facilities and environment by local inhabitants are also higher than before. An increasing number of employees from local areas are appointed. Therefore, CSR practices not only leverage the economic benefit of the CPEC transnational projects, but also contribute greatly to the social and environmental benefit in the local community.

## 6. Discussion and Conclusion

This research explores the CSR initiative, governance, practices and impact on local community by adopting a single-case study of the CPEC transnational project in Thar area of Pakistan. It shows that the CSR activities are more initiated by the long-term CSR initiative through proactive motivation and people-oriented vision, instead of short-term goals. To implement the CSR initiatives, CSR activities in the CPEC project are organized by one professional CSR foundation. In this way, CSR activities are governed in a discretionary way, so that the foundation can take actions in an autonomous environment, the interests of the funding parties can be coordinated, and the funds from China and Pakistan can be effectively and flexibly utilized. The Thar Foundation is playing a vital role in providing panoramic CSR practices in a wide range of areas, such as employment, education, health-care, and environment. In particular, these activities focus exclusively on the sustainability of the local community. For instance, employee skill developing and female empowering labor force are the highlights, which prove the job center of the Thar Foundation provides working opportunities. Education has stressed sustainability by offering high-quality education and setting up innovative courses. Environmental protection also puts great emphasis on the harmonious coexistence between the social and natural environment. Meanwhile, the CSR activities have generated significant impact on the local community. The survey result shows that employment, education, health-care, and environment improve greatly after the implementation of the CPEC project and CSR activities. The

CSR process can be developed into a CSR-sustainability framework of the CPEC transnational project, as shown in Figure 3.



**Figure 3.** A framework of CSR and sustainability in the CPEC transnational project.

The findings are incompatible with prior research in several regards. First, prior research finds that the transnational projects in developing countries largely overlook the demand of stakeholders such as workers, community, and natural environment [42], which leads to serious CSR concerns and an unsustainable growth of local communities. By contrast, in our research, these stakeholders and their concerns are identified and managed by the transnational project. Therefore, identifying the key stakeholders and reinforcing a better relationship with them are the prerequisites of mitigating CSR concerns and achieving long-term sustainability of local communities. Second, prior research suggests that philanthropy and charity are the main CSR approaches in developing countries to gear

towards community development [43], however, those approaches hold unsustainable and short-term focus, and thus do not contribute to the sustainability of local communities [12,44]. In contrary, our research argues that the adoption of CSR practices is not limited to philanthropy and charity in the CPEC transnational project. Instead, it is panoramic, with a long-term CSR initiative and people oriented vision. In doing so, it is conducive to the sustainability of the local community. Third, prior research highlights the importance of external stakeholders such as the government, social media, NGOs, and civil society organizations to engage in governing CSR [27], whereas this research reveals an internal CSR governance structure of the transnational project in developing countries, and indicates its relevance in coordinating the interests of internal stakeholders.

The contribution of this research lies in twofold. First, it contributes to the CSR research in a context of transnational project between two developing countries. Most prior research is based on the context of developed countries. In terms of the transnational project, most research has explored the CSR practices of developed country multinationals. There is still a lack of systematic research of CSR in transnational project between developing countries. By exploring an under researched and developing context of CPEC transnational project, this research investigates the initiatives, governance, practices of CSR, and the impact of CSR on local community, and adds a different contextual perspective to the CSR research. Second, this research builds a CSR-sustainability framework of the CPEC project, which helps to establish a linkage between CSR and sustainability. While a large body of literature has suggested that CSR has a key role to play in making the community and environment sustainable, there is a lack of full understanding of how CSR should be implemented and how it contributes to the sustainable development [45]. This research remedies the gap by revealing the “black box” of the CSR process and reflecting on the potential of CSR to handle the community issues existing in the transnational project between China and Pakistan.

The findings of this research are also relevant to practitioners. First, the results find that the the Thar Foundation serves as a CSO of CSR. The funds flow into the foundation to carry out CSR activities autonomously and flexibly. In this way, the CSR initiatives and visions of different stakeholders are coordinated and protected to a large extent. Therefore, it suggests that the well-structured governance is necessary to ensure CSR implementation effectively. Second, this research indicates that CSR practices in the CPEC project endeavor to act in a discretionary and socially responsible manner to the sustainability of the local community. It contributes to the social sector through the provision of basic needs including facilities, health-care services, education, employment support, and clean environment. Therefore, it is important for the CSR designer and actuator to address the adverse impacts on the poor and vulnerable by preserving their well-being and access to the essential social services. It will strengthen the efficiency of programs planned for poverty reduction, and in turn, it will help in achieving the sustainable development of local community.

The limitations encountered in this research have prompted some suggestions for future research. First, the validity of findings in this research beyond the CPEC transnational project context is limited and other research could seek to broaden the context across the BRI projects. Second, this research is exclusively from a positive and proactive perspective, while the barriers and risks impeding the implementation of CSR activities are not identified. Thus, a future line of research would involve a study of the barriers and risks interrelated with the implementation of CSR activities. Third, a large scale of aid and philanthropy involved in CPEC transnational projects has been seen in their aspirations towards achieving the trust of local government and society. However, the projects need to take the balance between altruistic charity activities and profit considerations into account, instead of sacrificing the interests and profitability of the project blindly. Therefore, are there any considerations on the balancing strategies? If yes, it would be necessary to explore these balancing strategies in the future research. Last but not least, the government agencies act as important enablers of CSR in developing countries. The findings of this research rarely reveals the role of government in the CSR activities, partly because the PPP model embodies the alignment of government and companies in CSR activities of the CPEC transnational project. However, there is still a need to clarify the influence of government, as well as the interaction between government and companies in the CSR activities of these transnational projects.

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**Conflicts of Interest:** The authors declare no conflict of interest.

## Appendix A. Questionnaire

### Personal information:

1. Select your gender

(1) Male (2) Female

2. Marital Status

(1) Married (2) Unmarried

3. Education level

(1) No Education (2) Primary school (3) Middle school (4) High school (5) University

**Please circle on the number you agree with. “1” means strongly disagree, “5” means strongly agree. The greater the number is, the more recognized.**

<i>Educational concerns before the implementation of Thar Project</i>	1	2	3	4	5
1. Primary to higher education is available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Children go to school in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. The teachers in schools are satisfactory in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Schools have basic teaching facilities and hygienic environment in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Schools are giving education without charging fees in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Education is available for male and female equally in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Sports activities are organized in schools of Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Education has played a vital role in improving local inhabitants' life in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Educational concerns after the implementation of Thar Project</i>	1	2	3	4	5
1. Primary to higher education is available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Children go to school in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. The teachers in schools are satisfactory in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Schools have basic teaching facilities and hygienic environment in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Schools are giving education without charging fees in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Education is available for male and female equally in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Sports activities are organized in schools of Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Education has played a vital role in improving local inhabitants' life in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<i>Health-care facility before the implementation of Thar Project</i>	1	2	3	4	5
1. Hospitals are built in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Hospitals have the hygienic environment in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Blood bank and laboratory facilities are available in hospitals of Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



4. Health-care facilities are satisfactory in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Qualified doctors are satisfactory in hospitals of Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Female doctors are available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Hospitals provide good medicine to patients without charging any fees in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Health-care has played a vital role in improving local inhabitants' health in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b><i>Health-care facility after the implementation of Thar Project</i></b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Hospitals are built in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Hospitals have the hygienic environment in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Blood bank and laboratory facilities are available in hospitals of Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Health-care facilities are satisfactory in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Qualified doctors are satisfactory in hospitals of Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Female doctors are available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Hospitals provide good medicine to patients without charging any fees in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Health-care has played a vital role in improving local inhabitants' health in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b><i>Employment concerns before the implementation of Thar Project</i></b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Job opportunities are available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Accommodation is given to working people in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Training is given to working people for better performance in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Jobs are available for male and female equally in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. The female family members are working in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Good salaries are paid to the working people in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Poverty has been reduced by employment in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Job opportunities have played a vital role in improving local inhabitants' life in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b><i>Employment concerns after the implementation of Thar Project</i></b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Job opportunities are available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Accommodation is given to working people in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Training is given to working people for better performance in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Jobs are available for male and female equally in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. The female family members are working in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Good salaries are paid to the working people in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Poverty has been reduced by employment in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Job opportunities have played a vital role in improving local inhabitants' life in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b><i>Environmental protection concerns before the implementation of Thar Project</i></b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Clean and pure water is available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Proper garbage system is available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Good green parks are built in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Trees are planted in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Environmental protection has been developed in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Environmental protection has played a vital role in improving the local environment in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b><i>Environmental protection concerns after the implementation of Thar Project</i></b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Clean and pure water is available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Proper garbage system is available in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Good green parks are built in Thar area.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Trees are planted in Thar area.	○	○	○	○	○
5. Environmental protection has been developed in Thar area.	○	○	○	○	○
6. Environmental protection has played a vital role in improving the local environment in Thar area.	○	○	○	○	○

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