

**ST. MARY'S UNIVERSITY COLLEGE**  
**FACULTY OF BUSINESS**  
**DEPARTMENT OF MARKETING MANAGEMENT**

**AN ASSESSMENT OF CORPORATE SOCIAL RESPONSIBILITY  
PRACTICES AND CHALLENGES IN AWASH TANNERY**

**By**  
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**JUNE, 2013**  
**SMUC**  
**ADDIS ABABA**

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CHALLENGES IN AWASH TANNERY**

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## TABLE OF CONTENTS

Content	PAGE
Acknowledgment_____	i
Table of Content_____	ii
List of Tables and Figures_____	v
<b>CHAPTER ONE</b>	
<b>Introduction_____</b>	<b>1</b>
1.1. Background of the Study_____	1
1.2. Statement of the Problem_____	2
1.3. Research Questions_____	3
1.4. Objectives of the Study _____	3
1.4.1    General Objective_____	3
1.4.2    Specific Objectives _____	4
1.5. Delimitation of the Study_____	4
1.5.1.    Subject_____	4
1.5.2.    Area_____	4
1.5.3.    Population_____	4
1.5.4.    Time_____	5
1.6. Definition of Operational Term_____	5
1.7. Significance of the Study_____	5
1.8. Research Design and Methodology_____	5
1.8.1    Research Design _____	5
1.8.2    Population, Sample size and Sampling Techniques _____	6
1.8.3    Types of Data Collected_____	6
1.8.4    Methods of Data Collection_____	6
1.8.5    Data Analysis_____	7
1.9. Limitation of the Study_____	7
1.10.    Organization of the Study_____	7

## **CHAPTER TWO**

<b>REVIEW OF RELATED LITRATURE</b>	8
2.1 2.1 Overview of CSR	8
2.2 Development of CSR	9
2.3 The Nature of CSR	9
2.4 Conflicts of CSR	10
2.5 Pillars of CSR	11
2.5.1 Community Based CSR	11
2.5.2 Environment Based CSR	11
2.5.3 Marketplace CSR	12
2.5.4 Workplace CSR	12
2.6 Principles of CSR	13
2.6.1 Sustainability	13
2.6.2 Accountability	13
2.6.3 Transparency	14
2.7 Organizational Practice of CSR	14
2.8 Organizational Challenges of CSR	15
2.9 Arguments For and Against CSR	16
2.9.1 Arguments Against CSR	16
2.9.2 Arguments For CSR	17
2.10 Why has CSR become Important?	17
2.10.1 Sustainable Development	17
2.10.2 Globalization	17
2.10.3 Governance	18
2.10.4 Corporate Sector Impact	18
2.10.5 Communication	18
2.10.6 Finance	19
2.10.7 Ethics	19
2.10.8 Consistency and Community	19
2.10.9 Leadership	19
2.10.10 Business Tools	19
2.11 Benefits of CSR in a Business	20

**CHAPTER THREE**

**DATA PRESENTATION, ANALYSIS AND INTERPRETATION\_ \_ \_ \_ \_ 22**

3.1 Analysis of Respondents General Characteristics\_ \_ \_ \_ \_ 23

3.2 Analysis of Major Findings\_ \_ \_ \_ \_ 26

**CHAPTER FOUR**

**SUMMARY, CONCLUSIONS AND RECOMMENDATIONS\_ \_ \_ \_ \_46**

4.1 Summary\_ \_ \_ \_ \_46

4.2 Conclusions\_ \_ \_ \_ \_ 51

4.3 Recommendations\_ \_ \_ \_ \_55

Bibliography\_ \_ \_ \_ \_x

Appendix

## List of Tables

Table 1	General Characteristics of the Study Population (employee)	23
Table 2	General Characteristics of the Study Population (Community)	24
Table 3	about CSR	26
Table 4	Employee motivation	27
Table 5	competitive advantage through CSR	28
Table 6	Problem during work	29
Table 7	Implementation of CSR	30
Table 8	Safety equipment	31
Table 9	Providing incentive	32
Table 10	safety and health training	33
Table 11	Waste reduction	34
Table 12	Work environment	35
Table 13	About CSR	36
Table 14	Relation with the company	37
Table 15	Implementation of CSR	38
Table 16	Equal Opportunities	39
Table 17	Training Opportunities	40
Table 18	Environmental Impacts	41
Table 19	Community Development	42
Table 20	Impact of waste released	43
Table 21	Waste Reduction	45

## List of Figures

Figure 1 training programs	27
Figure 2 compensation and promotion	28
Figure 3 profitability	29
Figure 4 employees benefit	30
Figure 5 equal opportunities	31
Figure 6 compliant platform	32
Figure 7 work life balance	33
Figure 8 community development	34
Figure 9 increase work performance	35
Figure 10 health follow-up	36
Figure 11 Clarity of CSR	37
Figure 12 Compliant Handling	38
Figure 13 Benefits from company operation	39
Figure 14 strong brand association with company	40
Figure 15 Dialogue on controversial issues	41
Figure 16 Company's concern to community	42
Figure 17 Support projects	43
Figure 18 Environmental Information	44



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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Corporate social responsibility (CSR) generally refers to transparent business practices that are based on ethical values, compliance with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet “People” constitute the company’s stakeholders: its employees, customers, business partners, investors, suppliers and vendors, the government, and the community. Increasingly, stakeholders expect that companies should be more environmentally and socially responsible in conducting their business. In the business community, CSR is alternatively referred to as “corporate citizenship,” which essentially means that a company should be “good neighbor” within its host community (Rionda, 2002:1).

Moreover, Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization (Hohnen, 2007:4).

According to Crowther and Aras, (2008:11) corporate social responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and their interactions with their stakeholders on a voluntary basis.

Additionally, Hopkins, (2003:10) said that Corporate social responsibility is concerned with treating the stakeholders of the firm ethically in a responsible manner. ‘Ethically or responsible’ means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside.

Now days, companies that implement CSR effectively are staying productive, competitive and relevant in rapidly changing business world. By being socially responsible companies will be able to manage their profits and risks, and also protect the reputation of their brands. Moreover, CSR creates loyal employees, good image from community and even consumer loyalty therefore as a result CSR can greatly contribute to the sustainability of company’s business success.

Awash Tannery was established in August 1997 with initial capital of birr 51, 705,000 in Addis Ababa. Awash Tannery is one of the largest and most diversified leather industries in Ethiopia. It goes all the way from processing of raw hides and skins to leather garment and articles. Awash Tannery is set up with the aim of providing one-stop service as far as leather is concerned. Awash Tannery produces finished gloving leather from sheep skin, finished got suede leather, and finished full grain leather, leather articles such as ladies bags, brief cases, school bags, wallet, and belts and so on.

A basic principle of CSR is protecting the welfare of the community, safety of employees and the environment .The performance of the case company is not following the basic principles hence the student researcher is interested in conducting the study since the company is not performing as expected. Thus, the study will try to assess the practices and challenges of CSR in the case company.

## **1.2 Statement of the Problem**

The principles of sustainability appeals to enlightened self interest often invoking the so called triple bottom line of economic, social and environmental performance by avoiding short term behavior that is socially determined or environmentally wasteful (Porter and Kramer, 2006:4).

Corporate Social Responsibility initiatives, of diverse kinds, address the gap between current practice and what is seen as more appropriate conduct by companies. The theory and practice of CSR is linked to how companies are defined, and the diverse legal contexts in which they operate, which effectively determine the scope for market forces. The employment relationship is at the heart of company operations, as well as of working life, and is undergoing radical change (Idowu and Louche, 2011:143).

Successful corporations need a healthy society. Education, health care and equal opportunity are essential to a productive workforce. Safe products and working conditions not only attract customers but lower the internal cost of accidents. Efficient utilization of land, water, energy and other natural resources makes business more productive (Porter and Kramer, 2006:5)

Based on corporate social marketing principles and conceptual frame work the student researcher has tried to observe the Practices and challenges of CSR in Awash Tannery on top of the pillars of CSR and realizes that there are problems regarding its practices. The below mentioned

problems could only serve as temporary conclusion, and these conclusion may or may not be true when the actual research takes place.

Waste is released to the environment directly and because of this the people living around the company complained about it by coming straight to the manager although nothing is done to protect the community and now the community adapted the situation and kept quiet even if they are not happy with what the company is doing. Not only the waste is affecting welfare of the society but also it is polluting the environment. On the other hand, the student researcher tried to contact some of the employees of the case company in order to ask about what is done for them to protect their wellbeing and the answer of most employees was the same which is less care is taken by the company to protect their health and safety.

Generally, from a huge company like Awash Tannery much more than this has to be done so as to protect the environment, the welfare of the society and also wellbeing of employees.

### **1.3 Research Questions**

In order to come up with the solution to the stated problem the student researcher raises following basic questions.

1. What does the CSR practice of the company looks like?
2. What challenges does the company face in addressing CSR?
3. To what extent does the company provides safety assurance for the employees?
4. To what extent does the company try to protect the welfare of the society?
5. To what extent does the company tend to produce eco-friendly products?

### **1.4 Objectives of the Study**

The research paper has the following objectives.

#### **1.4.1 General Objective**

- ✓ This study is generally aimed to assess the practices and challenges of CSR in Awash Tannery.

### **1.4.2 Specific Objectives**

Furthermore the study has the following specific objectives.

- To describe the CSR practice of the company.
- To identify the challenges that the company face while addressing CSR.
- To evaluate the safety of employees provided by the company.
- To examine the company's effort to protect the welfare of the society.
- To identify how eco-friendly the products of the company are.

### **1.5 Delimitation of the Study**

The study is delimited by the following points.

#### **1.5.1 Subject**

CSR has four main pillars, which are the market, community, work place and environmental aspect of CSR. The study did not focus on market place CSR or from the sides of customers since the problem took place in the above mentioned aspects.

#### **1.5.2 Area**

The company has different departments like human resource, marketing, research and development, finance, production, logistics and supply chain technical departments but the research paper emphasized on the production department because it is the problem area.

#### **1.5.3 Population**

The research addressed employees who are permanently working in the production department and also the human resource manager of the company. In addition to that the research paper gave attention on the surrounding community who are living in Akaki/Kality sub city, Wereda 6 specially known as Boche since they are near by the company.

#### **1.5.4 Time**

The research time limit includes from 2010 to 2012. The reason why the student researcher selected the above time limit is because it is during this time that CSR is raised as an issue in the company.

#### **1.6 Definition of Term**

**Corporate Social Responsibility (CSR):** is a company's sense of responsibility towards the community and environment (both ecological and social) in which it operates.

#### **1.7 Significance of the Study**

The research paper has the following contribution to the company and other researchers who would like to have an insight about corporate social responsibility practices.

- Provide valuable information and recommendation for the company.
- Provide a way on how to be successful while being socially responsible.
- Provide a way on how to protect the environment and the community.
- The paper will serve as a base line for other researchers who would like to study further.
- As a student researcher it helps to translate what has been learnt in class to practice.

#### **1.8 Research Design and Methodology**

##### **1.8.1 Research Method**

To accomplish the above objectives, to seek answers for the research questions and to reveal how the above problems took place the student researcher used descriptive type of research method. Descriptive studies collect data that describe the characteristics of a particular group of respondents.

### **1.8.2 Population, Sample Size and Sampling Technique**

In this study the surrounding community located around the company, the manager and employees of Awash Tannery were considered as participants of the study.

For the reason that the exact number and list of the community is known from the Akaki/Kality sub city, Wereda 6 office and their number is 50, hence the student researcher used census.

The exact numbers of employees is also known from the human resource department therefore the student researcher used systematic random sampling technique because it is relatively easy way to draw sample while insuring randomness.

For the probability sampling technique formula is used:

$N = \text{total population} = 700$  (Number of employees)

$n = \text{sample size} = 30\% = 189$

$k = N/n = 700/189 = 3.7$

N.B 30% is taken because the student researcher believes that the size is representative enough for all the population under the study and approximately every 4<sup>th</sup> employee was taken as a part of the study.

### **1.8.3 Types of Data Collected**

Secondary and primary data were collected sufficiently since collecting relevant and sufficient data helps the student researcher to address the research objective.

### **1.8.4 Methods of Data Collection**

To support the research findings by primary data the student researcher distributed questionnaires and conducted interview. A two set of questionnaire were distributed to the surrounding community and employees of the company while the interview was conducted with the company's human resource manager because she is more closer for the employees and secondary data were collected from the company's data base, documentation and relevant books.

### **1.7.6 Method of Data Analysis**

Data analysis is important in interpreting the data's so that the information can be put in use of decision making. As a result, the responses from the quantitative method were put in terms of frequency and percentage and qualitative data were narrated and used to support the analysis. In analyzing the quantitative data Statistical Package for Social Science (SPSS) software was used.

The responses to questionnaires from the selected samples were analyzed by descriptive data analysis techniques, and in order to summarize the findings, data's are presented in figures and tabulated in logical manner.

### **1.9 Limitations of the Study**

There were some factors that affected the study not be carried out as expected, among this factors the following are mentioned;

- Questionnaires were not fully returned
- Data collection was difficult
- There were lack of alternative source of secondary data
- There were problem of answering open ended questions

### **1.10 Organization of the study**

The study is organized into four chapters. The first chapter includes background of the study, statement of the problem, objectives of the study, significance of the study, scope of the study, research design and methodology, and organization of the study. In the second chapter literature review is seen. The third chapter deals with presentation, analysis and interpretation of data. The fourth chapter includes summary, conclusions and recommendations part. Finally, the bibliography and appendices are attached with the research paper.



## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### 2.1 Overview of CSR

Corporate social responsibility (CSR) is widely recognized as a worthy commitment to ensure sustainable benefit for both corporations and communities. CSR is becoming an important base of business to build the trust and confidence of stakeholders, and this could be the key source of competitive edge (Urip, 2010:13)

Furthermore, BSR, (2004:1) stated that CSR is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the company -- wherever the company does business -- and includes responsibility for current and past actions as well as future impacts. The issues that represent a company's CSR focus vary by business, by size, by sector and even by geographic region. In its broadest categories, CSR typically includes issues related to: business ethics, community investment, environment, governance, human rights, marketplace and workplace.

According to Ganuza, (2012:5-6) the actions of a company are considered socially responsible if they are voluntary and contribute to increase social welfare. Two elements are crucial in determining whether the management of a company is socially responsible. First, a socially responsible company is concerned not only about the interests of shareholders but also about the stakeholders affected by the company's activities (employees, consumers, suppliers, society as a whole, etc.). Second, in order to be considered socially responsible, actions must be voluntary and go beyond what is required by regulatory institutions on environment protection, workers rights, consumer protection, and the like.

The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that a society has of organizations at a given point in time (Carroll, 1979:500).

Moreover, CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (EU Definition of CSR).

According to the World Business Council for Sustainable Development (WBCSD) Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

## **2.2 Development of CSR**

Corporate Social Responsibility has become a hot topic of discussion among the business sectors for over several years.

The concept of corporate social responsibility arose at the beginning of this globalization process, between the 1950s and the 1970s. It was the time when the post-war investments for the economic recovery in Europe and Japan paid off for U.S.-American companies. So they had the resources that helped them to open new markets beyond U.S.-borders and, consequently, they grew in size and power. Social problems like poverty, racism and unemployment, as well as pollution, raised requests for a changing role of the U.S.-industry and more involvement in community. At first corporate responsibility just requested a concern to secure and maximize share prices for institutional investors, representing the typical American household. Later, social and ethical responsibilities rose after some big scale corporate wrongdoing came to light, like tax evasion and exploitation of foreign governments by the manipulation of transfer prices. From the 1990s to today corporations have been facing changes that come along with the process of globalization. The world is becoming one global marketplace and competition is becoming more dynamic, and simultaneously more merciless, than ever before. Active MNCs permanently reduce costs of their inputs, mainly labor and capital, which defines new demands on CSR. New stakeholders, like NGOs, formulate their own interests on behalf of the ones they represent and are willing to enforce these interests (Bacher, 2005:8).

## **2.3 The Nature of CSR**

The most controversial issue in the definition of CSR centers on the idea that it is about the voluntary activities of companies “above and beyond legal requirements”. The question is not whether companies should respect the law – some defend the voluntary nature of CSR by saying that it assumes compliance with law (“takes compliance as a starting point”). Although it is increasingly accepted that CSR is about voluntary activities, this has not ended the controversy

over the voluntary nature of CSR. Two unresolved questions keep the controversy alive. The first concerns the adequacy and role of business regulation and the second is whether business should determine its social responsibilities where society has not incorporated its expectations of business into legally binding requirements. Some see CSR as an alternative to regulation, and some promoters of CSR want acceptance of its voluntary nature to translate into acceptance that voluntary initiatives are the sufficient and preferred means of addressing the social consequences of business activity (Justice, 2002:4).

## **2.4 Conflicts of CSR**

Social responsibility is interesting because of the nature of conflict which is an integral part of firms' attitudes. The type of conflict varies depending on the nature of the firm's attitude towards responsibility. Firms which are social investors experience conflict, which one may expect arising from the need to balance responsibility to various stakeholders. The classic example of conflict in this sense would be represented by the increased costs of pollution control and the implications for reduced profitability and employment prospects. A similar conflict is potentially introduced into the progressive type of firm which may find its social role conflicting with the attainment of economic objectives upon which long-run survival may depend. Here the conflict may also be seen as one which is induced by attempting to balance the competing expectations of stakeholders. However in this respect, the conflict is more likely to involve stakeholders who are external to the firm, for example between society at large and shareholders. The final element of conflict is that associated with firms which we may categorize as social servants. For them, the basic conflict may be represented by the need to trade off the commitment to social needs against the need to ensure commercial viability (Ness, 1992:39).

## **2.5 Pillars of CSR**

According to Chamber Ireland (2012:1), CSR has four different pillars. They are:-

### **2.5.1 Community Based CSR**

By their nature, community-based projects are generally the most visible aspects of a company's CSR activities. These projects depend on direct interaction between the company and the community, generating economic and social vibrancy in the locality. A company builds on this goodwill by using their grassroots knowledge of the issues facing those living in the surrounding area to deliver an effective community-focused CSR strategy.

Businesses are recognized as an integral part of the community, generating economic and social vibrancy in the locality. A company can build on this goodwill by using its grassroots knowledge of the issues facing those living in the surrounding area to deliver an effective community-focused CSR strategy.

There are many different options open to a company that wants to engage in community-based CSR activities. These can range from anything as simple as the sponsorship of local sports teams, giving advice on organizational strategy to non-governmental organizations or engaging staff in a fundraising campaign for a particular charity.

When deciding on the strategy for community-based CSR strategy, the key is to design a project which reflects the company's philosophy, fulfils a need within the community and matches the available resources of the firm with the objective of the overall project.

### **2.5.2 Environment Based CSR**

Public concern regarding the impact of commercial activities on the environment has increased significantly in recent years. There is a growing awareness of the need to implement policies which enable sustainable development.

Sustainable development requires the various pillars in society to find a balance between economic growth and social inclusion with the preservation of a healthy environment for future generations.

Environment-based CSR projects go beyond the legislative obligations and promote greener economic growth. The results of these projects are quantifiable and are measured as part of a pursuit for continuous improvement. The most successful CSR projects in this area are those that deliver solutions that are both environmentally and business friendly.

Environment-based CSR projects may not garner the same amount of publicity as those with a community focus, however, many SMEs find they provide substantial financial benefits as well as improving the firm's image as an environmentally-aware compMarketplace CSR has two major elements; a company's suppliers and its customers.

### **2.5.3 Marketplace CSR**

In recent years, companies have begun to pay more attention to their suppliers in response to investor and customer concerns. More and more businesses are now examining how responsible their suppliers are. Companies have an interest in ensuring that their suppliers are providing adequate pay and working conditions to their employees, have effective environmental-protection policies in place and conducting their business activities in a transparent manner that is inline with good corporate behaviour.

In relation to customers, marketplace CSR encourages companies to implement responsible sales and marketing policies and to train their staff on how these policies can be implemented. Marketplace CSR helps businesses to nurture a corporate culture that values the needs, expectations and diversity of its customers.

In this context, initiatives such as implementing customer service programmes which effectively monitor complaints and aim to provide continuous improvement can play a key role in marketplace CSR. Projects, which, for example, specifically address the diverse nature of a company's customer-base can also form part of a business's CSR strategy.

### **2.5.4 Workplace CSR**

Employees provide the know-how, productivity, customer service and innovativeness necessary for business activity. Therefore, the continued success of a company is reliant on the commitment of its staff. Employers should seek to put in place policies that promote the retention and development of their staff and nurture workplace environments that will attract

recruits of the highest caliber. Workplace CSR projects can affect many different areas of a company's HR policy such as health and safety, the work-life balance of employees, staff diversity and cultural awareness.

A healthy balance between the work and non-work aspects of employee's lives is essential in order to avoid burn out of staff and for retaining a committed, motivated and innovative workplace environment. An intercultural workplace takes account of the different ethnic and social backgrounds of its staff and implements policies which ensure an inclusive working environment that is supportive of diversity.

## **2.6 Principles of CSR**

According to Hohnen (2007:6) because of the uncertainty surrounding the nature of CSR activity it is difficult to define CSR and to be certain about any such activity. It is therefore imperative to be able to identify such activity and we take the view that there are three basic principles which together comprise all CSR activity. These are:

### **2.6.1 Sustainability**

This is concerned with the effect which action taken in the present has upon the option available in the future. If resources are utilized in the present then they are no longer available for use in the future, this is of particular concern if the resources are finite in quantity.

Sustainability therefore implies that society must use no more of a resource than can be regenerated.

### **2.6.2 Accountability**

This is concerned with an organization recognizing that its actions affect the external environment, and therefore assuming responsibility for the effects of its actions. This concept therefore implies a quantification of the effects of actions taken, both internal to the organization and externally. More specifically the concept implies a reporting of those quantifications to all parties affected by those actions. This implies a reporting to external stakeholders of the effects of actions taken by the organization and how they are affecting those stakeholders.

Accountability therefore implies a recognition that the organization is part of a wider societal network rather than just to the owners of the organization

### **2.6.3 Transparency**

Transparency, as a principle, means that the external impact of the actions of the organization can be ascertained from that organization's reporting and pertinent facts are not disguised within that reporting. Thus all the effects of the actions of the organization, including external impacts, should be apparent to all from using the information provided by the organization's reporting mechanisms. Transparency is of particular importance to external users of such information as these users lack the background details and knowledge available to internal users of such information. Transparency therefore can be seen to follow from the other two principles and equally can be seen to follow from the other two principles and equally can be seen to be a part of the process of recognition of responsibility on the part of the organization for the external effects of its actions and equally part of the process of transferring power to external stakeholders.

## **2.7 Organizational Practice of CSR**

In today's world, governments, businesses, communities, and development organizations are facing unprecedented change and complexity, necessitating a search for new and innovative approaches for achieving common goals. Globalization of the economy has brought about not only immense demand and opportunities for socio-economic growth, but also complex ethical, financial, and managerial issues in realizing these demands and opportunities. Meanwhile, government and donor resources have been shrinking in the face of increasing demand for goods and services from growing populations. Today's development challenge is to optimize the use of human and material resources and to ensure that impact and sustainability are possible within the framework of defined development objectives. To meet this challenge, new ways of thinking and working together among stakeholders must be instilled (USAID, 2002:1).

## **2.8 Organizational Challenges of CSR**

The toughest challenge is the age-old battle of ethics versus dollars. It takes integrity and true grit to see these projects through (and I applaud those taking them on). Regardless of who provides the support (leaders must recruit needed strengths and talents regardless of title or role), the key to success lies in maintaining the original integrity of the mission. Before they can determine what's truly needed for a successful initiative, I encourage clients to take a strategic, intentional approach to prevent getting lost in the weeds. First, get very clear on the Purpose (the why) and determine a Mission clearly aligned with the purpose, allowing it to be guiding force for goal-setting and the litmus test for decision-making. Have the integrity to get the right people involved, and never underestimate the power of frequent, targeted, appropriate communication from these right parties about the benefits of the mission. Another key: find out the "word on the street" inside the organization through informal means, as well as the external perceptions as to why the organization is going down this path. Strive to improve these as part of the implementation plan (Heather, 2009).

There are several issues that Executives are challenged with when it comes to corporate sustainability: The first is that the definition of "CSR" is forever evolving and the requirements placed on executives and management shifts with public perspective and perception.

Second, executives grapple with communication aspects of CSR strategies and whether or not their initiatives should be kept quiet and circulated internally or communicated to the public.

The third and possibly largest issue in quality CSR and sustainability is Education. Often, companies announce commitments to a reduced carbon footprint, waste reduced supply chain or green building meanwhile their employment base is relatively unaware and uneducated in the sustainability movement (Chris, 2009).



## **2.9 Arguments For and Against CSR**

Today very few managers are against social responsibility initiatives. The debate, instead, is the degree and kinds of social responsibility that an organization should pursue.

### **2.9.1 Arguments Against CSR**

Skeptics say business should focus on making a profit and leave social and environmental problems to nonprofit organizations (like the World Wildlife Federation or the Sierra Club) and government. The late economist Milton Friedman believed that the free market, not companies, should decide what is best for the world. He asked, "if business-people do have a social responsibility other than making maximum profits for stockholders, how are they to know what it is?" Friedman argued that when business executives spend more money than they need to—to purchase delivery vehicles with hybrid engines or to pay higher wages in developing countries, or even to donate company funds to charity—they are spending shareholders' money to further their own agendas. It is better to pay dividends and let the shareholders give the money away, if they choose.

Another argument is that businesses are created to produce goods and services, and not to handle welfare activities. They don't have the expertise to make social decisions. And if managers take time and money to pursue social responsibilities, it will take away from the primary goals of the firm.

A final argument is that being socially responsible might damage the company in the global marketplace. That is, cleaning up the environment, ensuring product safety, and donating money and time for social causes all raise costs. This will be reflected in the final prices of the goods and services a company sells. In countries that don't emphasize social responsibility, a company will have lower costs because it doesn't engage in activities related to social responsibility. If the American company competes with the foreign competitor in the global marketplace, it will be at an economic disadvantage.

## **2.9.2 Arguments For CSR**

The most basic argument for social responsibility is that it is simply the right thing to do. Some societal problems have been brought about by corporations such as pollution and poverty-level wages; it is the responsibility of business to right these wrongs. Another position is that business has the resource, so business should be given the chance to solve social problems. For example, business can provide a fair work environment, safe products, and informative advertising.

Another, more pragmatic, reason for being socially responsible is that, if business isn't responsible, then government will create new regulations and perhaps levy fines against corporations (Lamb et.al, 2001:88).

Proponents of CSR maintain that it improves corporate performance by helping companies retain good employees, win consumer, and brand loyalty, reduce risks, and build goodwill with the public and investors (Mullera, 2010:34).

## **2.10 Why has CSR become Important?**

As Hohnen, (2007:6-8) discussed; many factors and influences have led to increasing attention being devoted to the role of companies and CSR. These include:

### **2.10.1 Sustainable Development**

United Nations (UN) studies and many others have underlined the fact that humankind is using natural resources at a faster rate than they are being replaced. If this continues, future generations will not have the resources they need for their development. In this sense, much of current development is unsustainable—it can't be continued for both practical and moral reasons. Related issues include the need for greater attention to poverty alleviation and respect for human rights. CSR is an entry point for understanding sustainable development issues and responding to them in a firm's business strategy.

### **2.10.2 Globalization**

With its attendant focus on cross-border trade, multinational enterprises and global supply chains—economic globalization is increasingly raising CSR concerns related to human resource management practices, environmental protection, and health and safety, among other things.

CSR can play a vital role in detecting how business impacts labor conditions, local communities and economies, and what steps can be taken to ensure business helps to maintain and build the public good. This can be especially important for export-oriented firms in emerging economies.

### **2.10.3 Governance**

Governments and intergovernmental bodies, such as the UN, the Organization for Economic Co-operation and Development (OECD) and the International Labor Organization (ILO) have developed various compacts, declarations, guidelines, principles and other instruments that outline norms for what they consider to be acceptable business conduct. CSR instruments often reflect internationally-agreed goals and laws regarding human rights, the environment and anti-corruption.

### **2.10.4 Corporate Sector Impact**

The sheer size and number of corporations, and their potential to impact political, social and environmental systems relative to governments and civil society, raise questions about influence and accountability. Even small and medium size enterprises (SMEs), which collectively represent the largest single employer, have a significant impact. Companies are global ambassadors of change and values. How they behave is becoming a matter of increasing interest and importance

### **2.10.5 Communication**

Advances in communications technology, such as the Internet and mobile phones, are making it easier to track and discuss corporate activities. Internally, this can facilitate management, reporting and change. Externally, NGOs, the media and others can quickly assess and profile business practices they view as either problematic or exemplary. In the CSR context, modern communications technology offers opportunities to improve dialogue and partnerships

### **2.10.6 Finance**

Consumers and investors are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. A sound CSR approach can help build share value, lower the cost of capital, and ensure better responsiveness to markets.

### **2.10.7 Ethics**

A number of serious and high-profile breaches of corporate ethics resulting in damage to employees, shareholders, communities or the environment as well as share price have contributed to elevated public mistrust of corporations. A CSR approach can help improve corporate governance, transparency, accountability and ethical standards.

### **2.10.8 Consistency and Community**

Citizens in many countries are making it clear that corporations should meet the same high standards of social and environmental care, no matter where they operate. In the CSR context, firms can help build a sense of community and shared approach to common problems.

### **2.10.9 Leadership**

At the same time, there is increasing awareness of the limits of government legislative and regulatory initiatives to effectively capture all the issues that CSR address. CSR can offer the flexibility and incentive for firms to act in advance of regulations, or in areas where regulations seem unlikely.

### **2.10.10 Business Tools**

Businesses are recognizing that adopting an effective approach to CSR can reduce the risk of business disruptions, open up new opportunities, drive innovation, enhance brand and company reputation and even improve efficiency

## 2.11 Benefits of CSR in a Business

According to Business for Social Responsibility (BSR), (2004) the following are the benefits of CSR in a business.

**Reduced Operating Costs:** Some CSR initiatives can reduce operating costs dramatically. For example, many initiatives aimed at improving environmental performance -- such as reducing emissions of gases that contribute to global climate change or reducing use of agrochemicals -- also lower costs. Many recycling initiatives cut waste-disposal costs and generate income by selling recycled materials. In the human resources arena, flexible scheduling and other work-life programs that result in reduced absenteeism and increased retention of employees often save companies money through increased productivity and reduction of hiring and training costs.

**Enhanced Brand Image and Reputation:** Customers often are drawn to brands and companies with good reputations in CSR-related areas. A company considered socially responsible can benefit both from its enhanced reputation with the public as well as its reputation within the business community, increasing a company's ability to attract capital and trading partners.

**Increased Productivity and Quality:** Company efforts to improve working conditions, lessen environmental impacts or increase employee involvement in decision-making often lead to increased productivity and reduced error rate. For example, companies that improve working conditions and labor practices among their suppliers often experience a decrease in merchandise that is defective or can't be sold.

**Increased Ability to Attract and Retain Employees:** Companies perceived to have strong CSR commitments often find it easier to recruit and retain employees, resulting in a reduction in turnover and associated recruitment and training costs. Even in difficult labor markets, potential employees evaluate a company's CSR performance to determine whether it is the right fit.

**Reduced Regulatory Oversight:** Companies that demonstrably satisfy or go beyond regulatory compliance requirements are given more free reign by both national and local government entities.

**Access to Capital:** The growth of socially responsible investing (SRI) means companies with strong CSR performance have increased access to capital that might not otherwise have been available.

## **CHAPTER THREE**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

In this part of the research paper, data which were collected from sample respondents and interview results are presented, analyzed and interpreted. The data's have been collected and then processed in response to the problems posed in the first chapter of this study.

The data were obtained through questionnaires and interview. The qualitative were distributed to Awash Tannery employees and local community while the interview was held with Awash Tannery's human manger.

Among the company's employees who are in the operation/production department, 189 employees were selected as sample respondents of Awash Tannery. However, 175 questionnaires were successfully responded and collected. The rate of return for the questionnaire was 175 (93 %) and among the local community who live around the company, 50 houses which are close to the company's waste released were selected as sample respondents. Luckily all 50 questionnaires were successfully responded and collected. The rate of return for the questionnaire was 50 (100 %).

The questions asked were close ended and few open ended questions. The open ended questions were used to gather respondent's opinion which provides in depth understanding of the issue of the study.

### 3.1 Analysis of Respondents General Characteristics

**Table 1 General Characteristics of the Study Population (employee)**

Below table some demographic characteristics of the respondents which consist of age distribution, sex distribution, educational level, work experience.

Item NO.	Item	Description	NO. of Respondents	Percentage (%)
1.	sex	Male	149	85
		Female	26	15
		Total	175	100
2.	Age	15-20	26	15
		21-26	88	50
		27-32	35	20
		33-38	9	5
		39-44	17	9
		>44	0	0
		Total	175	100
3.	Education	10/12 complete	114	65
		Certificate	61	35
		Diploma	0	0
		Degree	0	0
		masters and above	0	0
		Total	175	100
4.	Work experience	<1yr	35	20
		1-2yr	53	30
		3-4yr	70	40
		>4yr	17	10
		Total	175	100



**Table 2      General Characteristics of the Study Population (Community)**

Below table some demographic characteristics of the respondents which consist of age distribution, sex distribution, educational level, inhabitation, and income.

<b>Item NO.</b>	<b>Item</b>	<b>Description</b>	<b>NO. of Respondents</b>	<b>Percentage (%)</b>
1.	Sex	Male	35	70
		Female	15	30
		Total	50	100
2.	Age	15-20	0	0
		21-26	0	0
		27-32	5	10
		33-38	10	20
		39-44	15	30
		>44	20	40
		Total	50	100
3.	Education	10/12 complete	5	10
		Certificate	20	40
		Diploma	10	20
		Degree	10	20
		masters and above	5	10
		Total	50	100
4.	Occupation	Student	0	0
		Employee	30	60
		Retired	15	30
		Merchant	5	10
		Total	50	100
5.	Inhabitant	<1yr	5	10
		1-2yr	25	50
		3-4yr	10	20
		>4yr	10	20
		Total	50	100
6.	Income	<1000 Birr	15	30
		1001-2500 Birr	20	40
		2501-3500 Birr	10	20
		>3501 Birr	5	10
		Total	50	100

As it is illustrated in the above table 1 item no. 1 out of 175 respondents 149 (85 %) found to be males and the rest 26 (15 %) of them are found to be females. This implies to the student researcher that males take a huge role in working in the company due to the nature of work demands more male employees than female employees because major operations are technical. And as it is illustrated in the above table 2e in item no. 1 out of 50 respondents 35 (70 %) found to be males and the rest 15 (30 %) of them are found to be females in the community side. This implies to the student researcher that males take a huge role in supporting or responsible for the family.

The above table 1 item no. 2 shows that 26 (15 %) of the respondents lay in the age of 15-20, and 88 (50 %) of respondents are between the age of 21-26, 35 (20 %) of the respondents are in the age of 27-32, 9 (5 %) of the respondents fall in the age of 33-38 and the rest 17 (9 %) are somewhere between the age of 39-44. This means the majority of employees are middle aged in which they are innovative and creative. While in table 2 and item no. 2 shows that 5 (10 %) of the respondents lay in the age of 27-32, and 10 (20 %) of respondents are between the age of 33-38, 15 (30 %) of the respondents are in the age of 39-44, and the rest 20 (40 %) are above the age of 44. This means the respondents are capable of dealing their issues with the company by neutralizing their conflict of interest.

As shown in the above table 1 item no. 3, 114 (65 %) of the employees are 10-12 complete and 61 (35%) of them have certificate. This implies that the employees are less educated which means the company doesn't require personnel's with higher educational background. And regarding the community educational background which is shown in table 2 item no.3, from the total of 50 respondents 5 (10 %) respondents are 10<sup>th</sup> or 12<sup>th</sup> complete, 20 (40 %) are certificate holders, 10 (20 %) are diploma holders, 10 (20 %) and 10 (20 %) have first degree and 5 (10 %) happen to have their masters degree. This implies that the respondents have knowledge about their environment and their welfare.

From the above table 2 item no.4, which entails the occupation part, there are no students, 30 (60 %) are employees either in government or privet institutions, 5 (10 %) are merchants and 15 (30 %) are retired out of the 50 respondents.

In table 1 item no.4 which shows for how long the respondents have been working in the company, 35 (20 %) have been there for at least 1 year, 53 (30 %) were in the company from 1-2

years, 70 (40 %) worked from 3-4 years and 17 (10 %) were in the company for more than 4 years. This data shows that about 80 % of the employees have a good work experience and useful for the study.

In the item 5 of table 2 which illustrates for how long the respondents have been living in the neighborhood, 5 (10 %) have been there for at least 1 year, 25 (50 %) were in the community from 1-2 years, 10 (20 %) lived from 3-4 years and 10 (20 %) were in the community for more than 4 years. This data shows that the respondents know about the company's activity well.

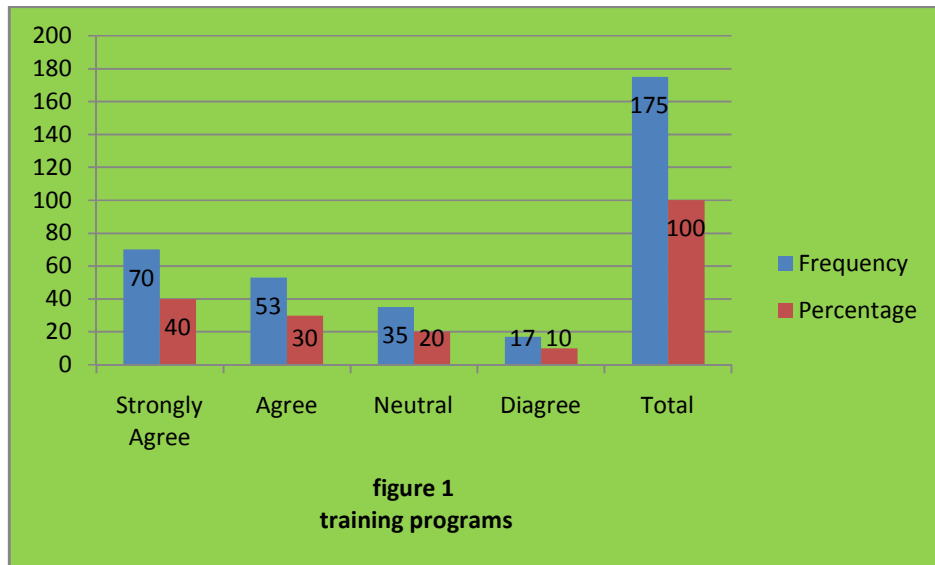
In the above table 2 item no. 6 out of 50 respondents 15 (30 %) have income less than 1000 birr, 20 (40 %) fall under the category which makes 1001-2500 birr, 10 (20 %) get monthly income of 2501-3500 birr and 5 (10 %) earn above 3501 birr. This implies that the community expects much from the company.

### **Employee**

**Table 3 about CSR**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I heard about CSR	Strongly Agree	17	10
		Agree	17	10
		Neutral	53	30
		Disagree	27	15
		Strongly Disagree	61	35
		Total	175	100

The above table 3 shows that 17 (10 %) of respondents strongly agree that they heard about CSR before, while 61 (35 %) strongly disagree and 17 (10 %) just agree that they heard it before and 53 (30 %) of the 175 respondents are neutral, however 27 (15 %) disagree. This means that majority of the employees are not aware of CSR and this could be due to the lack of communication between company and the employee or because of the newness of the concept.

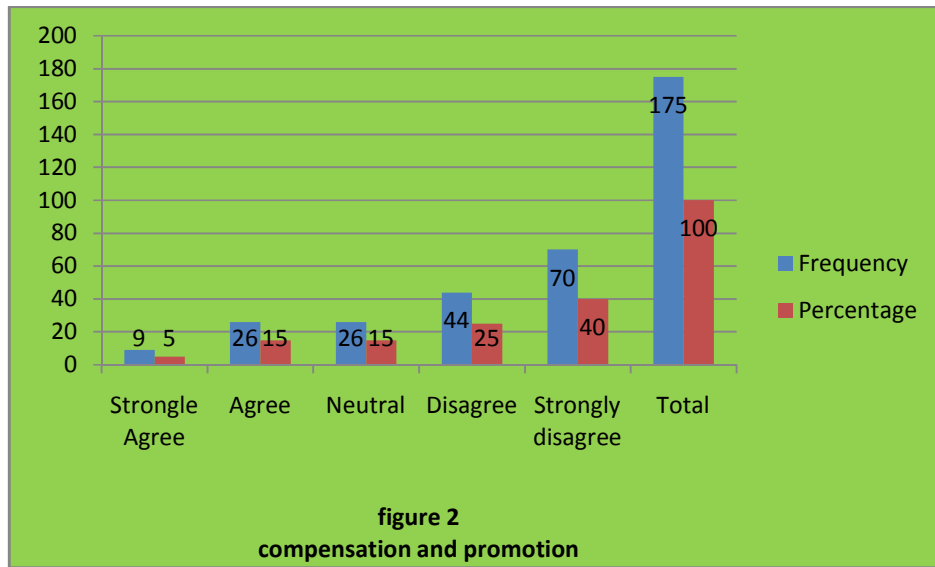


According to the above table 70 (40 %) of 175 respondents strongly agree that the company gives training programs, 17 (10 %) disagree, 35 (20 %) were neutral and 53(30%) agree. From the above data the student researcher understands that the company gives various trainings for its employees related to work and operations of new machines.

**Table 4 Employee motivation**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
2.	Measures to enhance employee motivation	Strongly Agree	0	0
		Agree	35	20
		Neutral	53	30
		Disagree	61	35
		Strongly Disagree	26	15
		Total	175	100

The above table shows that 35 (20 %) of the total respondents agree that there are measures taken to enhance employee motivation, 61 (35 %) disagree, 53 (30%) neutral and 26 (15 %) strongly disagree. This data shows that the company's effort to enhance employees' motivation is less, so as a result employee's moral to work will decrease then at the same time productivity will decrease sooner or later.



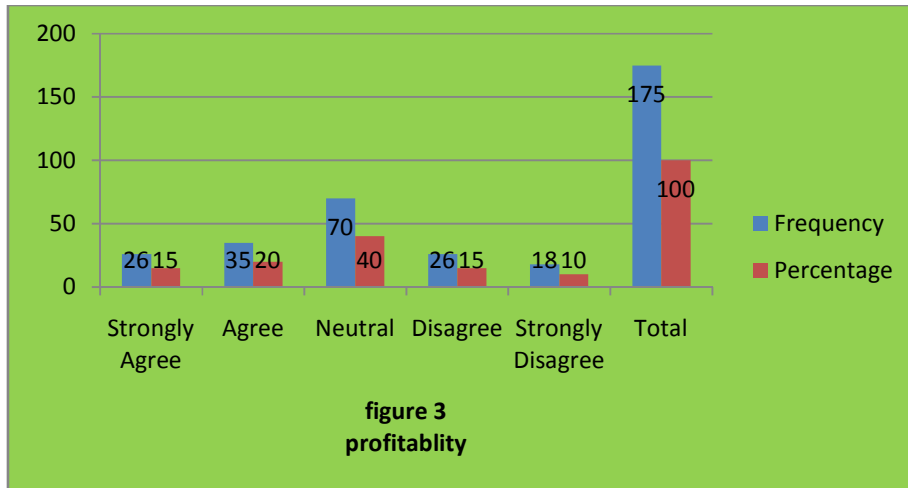
As shown in the above graph 9 (5 %) of the respondents strongly agree that the company has policy in preventing discrimination in employees compensation and promotion while 26 (15 %) agree, 70 (40 %) responded strongly disagree and 44 (25%) disagree, meanwhile 26 (15 %) were neutral. This exploits that majority of the employees are not well compensated and promoted according to their work, due to this, the employees will less likely be creative, improve their performance or even lose their tendency to work hard as before.

**Table 5 competitive advantage through CSR**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	gaining competitive advantage through CSR	Strongly Agree	17	10
		Agree	26	15
		Neutral	53	30
		Disagree	44	25
		Strongly Disagree	35	20
		Total	175	100

The above table shows that from 175 respondents 17 (10%) strongly agree that having CSR program helps to gain competitive advantage while 35 (20 %) strongly disagree, 26 (15 %) responded agree while 44 (25 %) disagree and 53 (30 %) were neutral. This shows that there is a

lack of understanding about the use of CSR by the employees and this arises due to the fact that the company either doesn't know about the relationship about CSR and competitive advantage or it knows but it doesn't share that with the employees.



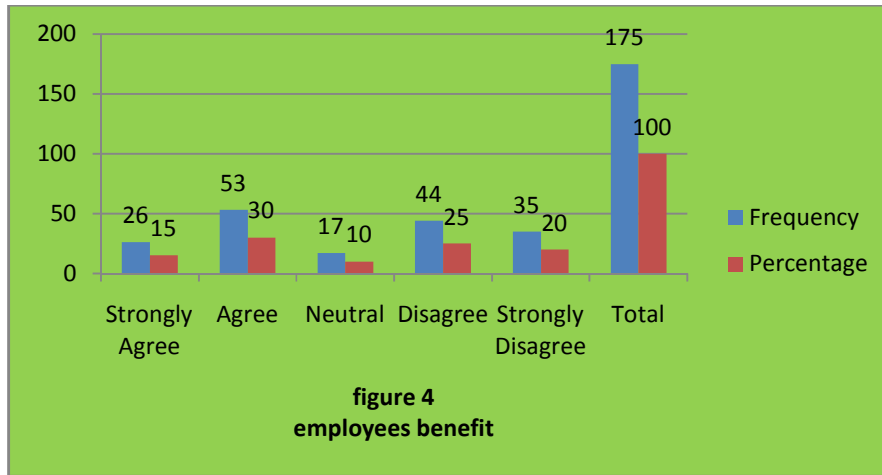
From the above graph chart which tells about the use of CSR in profitability 26 (15 %) of the respondents responded strongly agree, 35 (20 %) agree, 70 (40 %) were neutral, 26 (15%) disagree and 18 (10 %) strongly disagree. This implies that the employees think by implementing CSR the company can be profitable.

**Table 6 Problem during work**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I encountered a problem while working	Strongly Agree	88	50
		Agree	61	35
		Neutral	0	0
		Disagree	17	10
		Strongly Disagree	9	5
		Total	175	100

According to the above table 88 (50%) of the respondents strongly agree that they encountered a problem while working in the company on the other hand 9 (5 %) of the respondents strongly disagree, 61 (35%) responded agree while 17 (10%) disagree. This implies that almost all of the

employees faced a problem while working in the company and as effect employees will develop a sense of disliking their working environment.



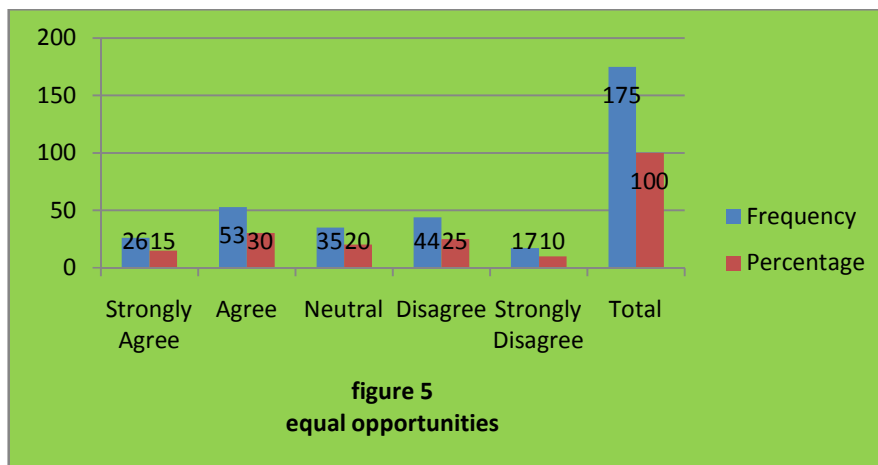
As shown in the above graph 26 (15%) of the respondents strongly agree that they have got a benefit from the company’s operation while 35 (20%) strongly disagree, 17 (10 %) were neutral, 53 (30%) responded agree and 44 (25%) disagree. From this data the student researcher claimed that 45 % of the employees believe that they are benefited while the other 45 % doesn’t that means either the employees misunderstood the essence of benefit or they are considering the money that they monthly earn as a benefit.

**Table 7 Implementation of CSR**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	Implementation of CSR is clear for me	Strongly Agree	26	15
		Agree	35	20
		Neutral	26	15
		Disagree	35	20
		Strongly Disagree	53	30
		Total	175	100

The above table chart shows from 175 respondents who filled the questionnaire 26 (15 %) strongly agree that CSR implementation is clear for them while the other 53 (30%) responded strongly disagree, 26 (15%) stayed neutral, 35 (20 %) responded agree and 35 (20 %) disagree. This means that the company’s implementation on CSR is not clear for the majority of the

employees and this might be because either they don't know about the concept of implementing CSR or those who understood don't share their knowledge.



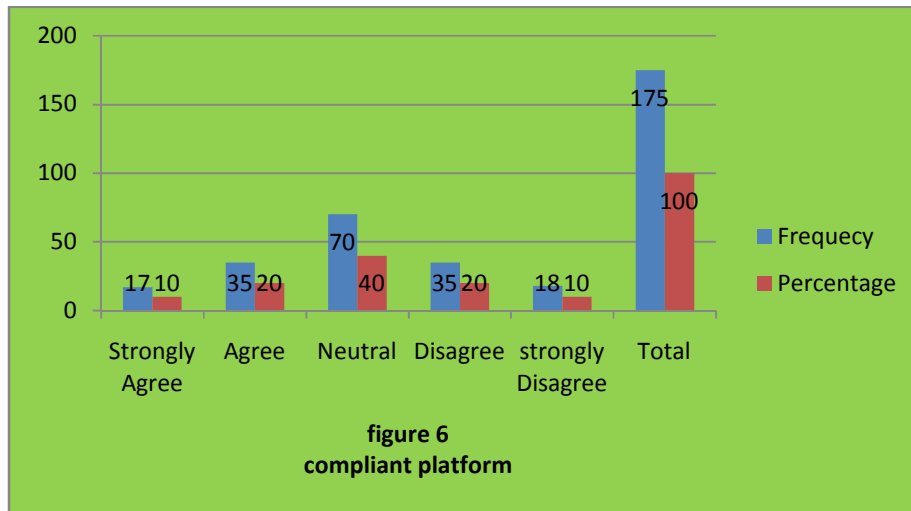
In regard of ensuring equal opportunities 26 (15%) and 53 (30%) strongly agreed and agreed respectively while 44 (25%) and 17 (10%) disagree and strongly disagree respectively, however the rest 35 (20%) were neutral. From the above data, one can say that the company endows the employee with equal opportunities and this will build a sense of belongingness.

**Table 8 Safety equipment**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company provides safety equipments	Strongly Agree	17	10
		Agree	35	20
		Neutral	17	10
		Disagree	61	35
		Strongly Disagree	44	25
		Total	175	100

As shown in the above table 17 (10%), 35 (20%), 17 (10%), 61 (35%) and 44 (25%) responded strongly agree, agree, neutral, disagree, and strongly disagree respectively regarding on the issue that the company is providing appropriate safety equipment. This entails that the company doesn't provide the employees with the necessary safety equipments and because of this the tendency of an accident to occur will increase.



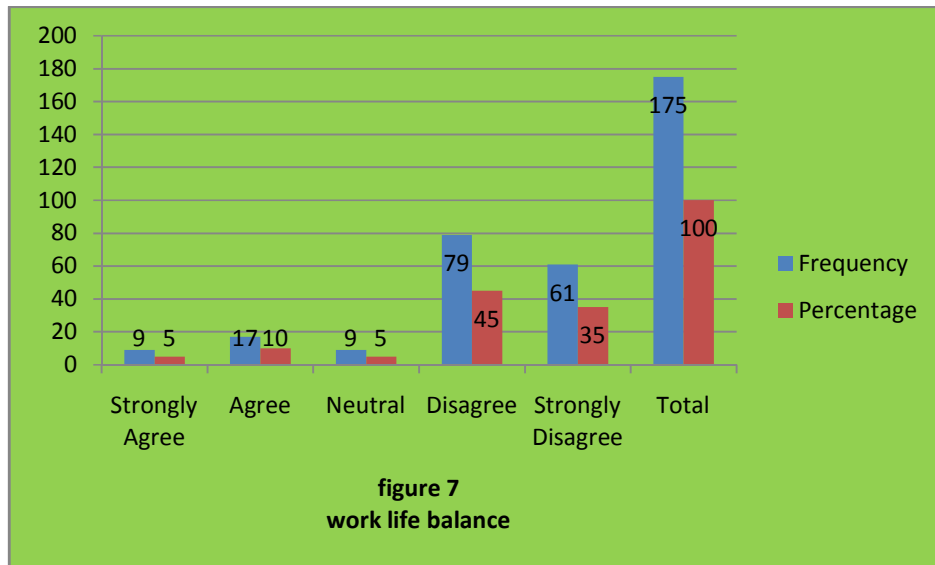


As exposed in the above graph 17 (10%) of the total 175 respondents strongly agree that the company provides a complaint platform for them while 18 (10%) strongly disagree, even if 70 (40%) were neutral while 35 (20%), and 35 (20%) agree and disagree respectively. The implication of this is that the company provides compliant handling platform though it is not recognized by the some of the employees.

Table 9 Providing incentive

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company provides incentive	Strongly Agree	9	5
		Agree	26	15
		Neutral	0	0
		Disagree	79	45
		Strongly Disagree	61	35
		Total	175	100

In the issue of providing incentive structure for best employees the above table shows that 9 (5%) of the respondents strongly agree, 26 (15%) responded agree, 79 (45%), and 61 (35%) responded disagree and strongly disagree respectively. This data shows that majority of the employees are not well induced even though they perform to their best and as it is mentioned earlier in the section of motivation, this affects the principles of CSR indirectly.

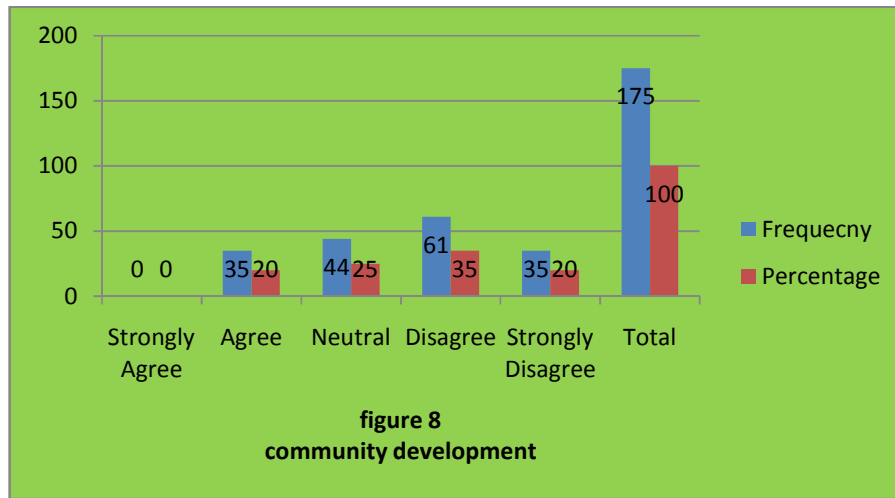


Regarding of offering a good work life balance 9 (5%) of the total 175 respondents responded strongly agree though 61 (35%) strongly disagree, 17 (10%) agree while 79 (45%) disagree and 9 (5%) responded neutral. This illustrates that more than 75 % of the employees' work life balance is not looked after; yet this might cause carelessness in work place.

Table 10 safety and health training

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company gives safety and health training	Strongly Agree	17	10
		Agree	44	25
		Neutral	26	15
		Disagree	53	30
		Strongly Disagree	55	20
		Total	175	100

According to the above table 17 (10 %) of 175 respondents strongly agree that the company gives safety and health training, 35 (20%) strongly disagree, 44 (25 %) respond agree, 26 (15 %) were neutral and 53(30%) disagree. This portrays that majority employees are not given training regarding safety and health matters, rather the trainings that they get focus mainly on how to operate the machines and other things other than safety and health.

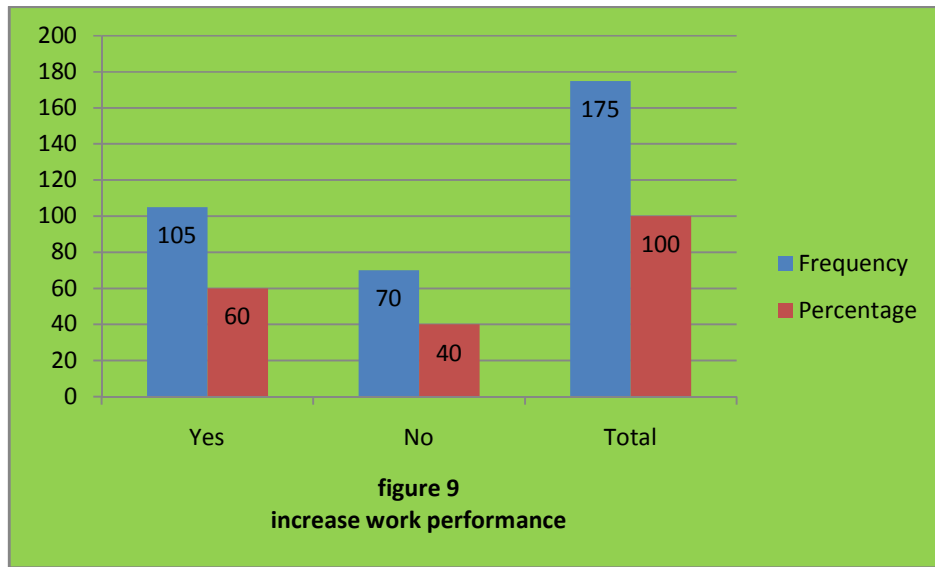


The above graph shows that from the 175 respondents that were asked none strongly agree that they support the company in matters of community development while 35 (20 %) strongly disagree, 44 (25 %) were neutral while 35 (20 %) responded agree and 61 (35%) disagree. This depicts that the employees of the company doesn't participate in the affairs of community development.

Table 11 Waste reduction

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company introduced significant initiatives to reduce its waste.	Strongly Agree	79	45
		Agree	61	35
		Neutral	26	15
		Disagree	9	5
		Strongly Disagree	0	0
		Total	175	100

The above table shows that 79 (45%) of 175 respondents strongly agree that the company introduced significant initiatives to reduce its waste, while none strongly disagree, 61 (35 %) agree, 9 (5 %) disagree and finally 26 (15%) were neutral. This demonstrates that company has a treatment plant that majority of the employees are aware of.

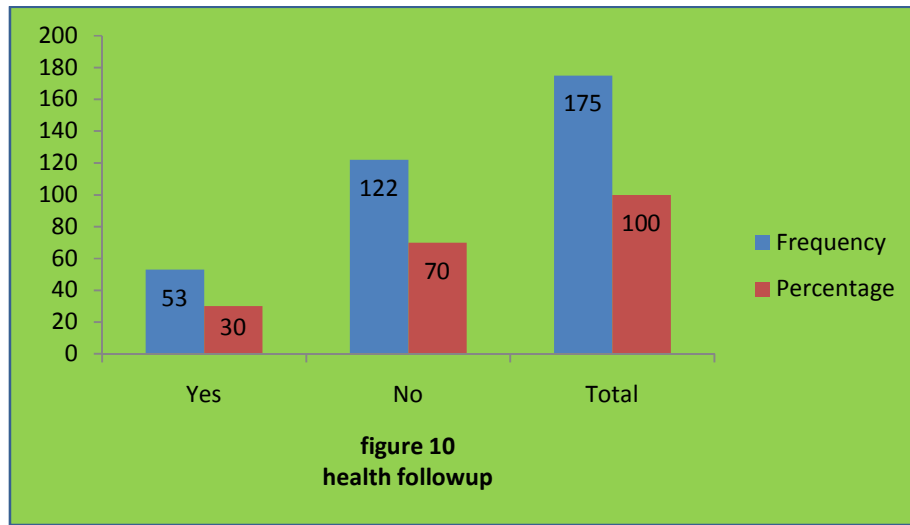


According to the above graph which shows that the protection of safety for employees will increase their work performance 105 (60%) respond yes and the rest 70 (40%) respond no, therefore from this data the student researcher claims that if the employees are well protected in return their performance will increase.

Table 12 Work environment

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	How do you rate your work environment?	Very Good	9	5
		Good	35	20
		Neutral	53	30
		Bad	61	35
		Very Bad	19	10
		Total	175	100

The above table shows how the employees rate their working environment and 9 (5%) respond very good while 19 (10%) responded very bad, 53 (30%) were neutral, 35 (20%) said good and the rest 61 (35%) respond bad. This reveals that the employees are not at ease in their work environment or the working environment is not comfortable to them.



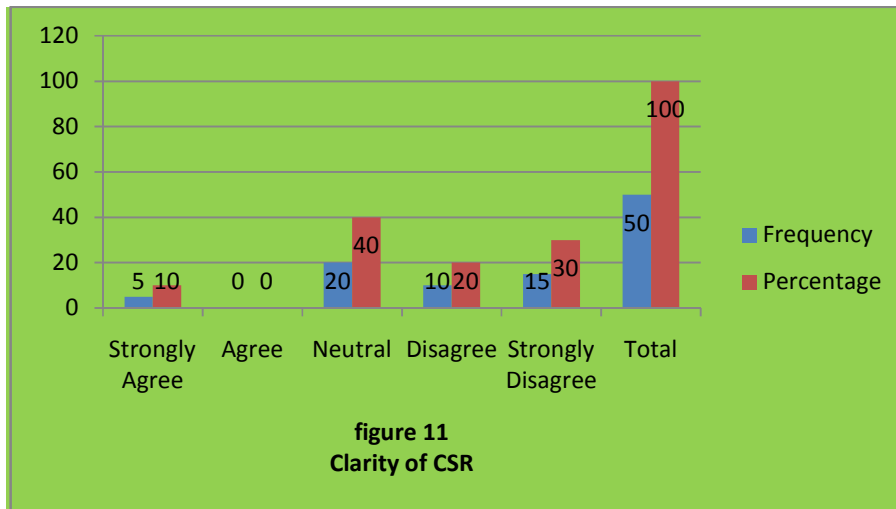
As shown in the above graph out of 175 respondents who were asked about the company's effort to employee's health follow up 53 (30%) respond yes while 122 (70%) respond no this express that more than 50% of the employees doesn't get health follow up, therefore they will lose their confidence about their health and in effect they won't perform to their best.

## Community

Table 13. About CSR

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I heard about CSR.	Strongly Agree	5	10
		Agree	10	20
		Neutral	15	30
		Disagree	10	20
		Strongly Disagree	10	20
		Total	50	100

The above table shows that 5 (10 %) of respondents strongly agree that they heard about CSR before, while 10 (20 %) strongly disagree and 10 (20 %) just agree that they heard it before and 15 (30 %) of the 50 respondents are neutral, however 10 (20 %) disagree. This means that majority of the local communities are not aware of CSR this is probability the company don't have a teaching session for the community or the newness of the concept.

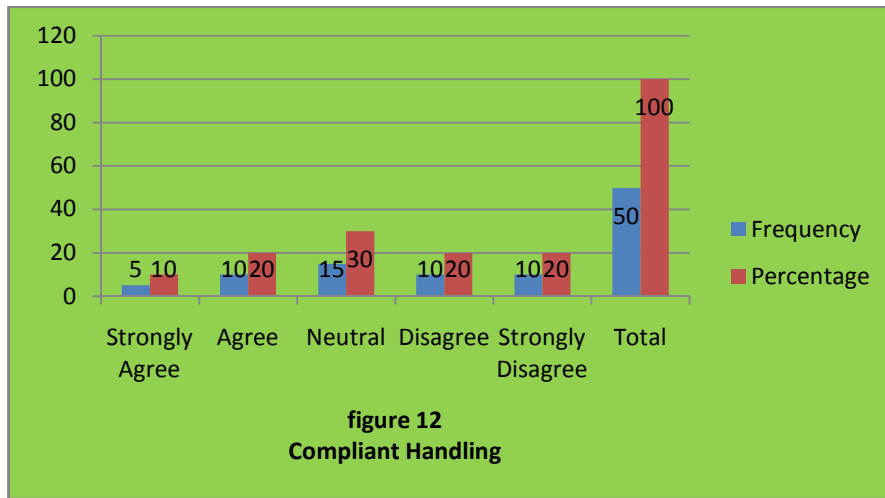


According to the above graph chart 5 (10 %) of the 50 respondents strongly agree that CSR is clear to them while 15 (30 %) of them strongly disagree, 20 (40 %) are neutral, 10 (20 %) just disagree and none of the respondents agree that they heard about CSR. This shows that CSR is not clear to the community this could be a result of not making the company’s CSR practice clear enough to the existing community.

Table14 Relation with the company

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I have good relation with the company	Strongly Agree	5	10
		Agree	15	30
		Neutral	10	20
		Disagree	5	10
		Strongly Disagree	15	30
		Total	50	100

As it is shown in the above table 5 (10 %) of 50 respondents strongly agree that they have good relation with the company, 15 (30 %) agree, 5 (10 %) disagree 10 (20%) are neutral and 15 (30 %) strongly disagree. This shows that even though 40% of the community claimed that they have good relations with the company the other 40 % didn’t agree on the issue this classification arises because of the company’s approach to the community or part of the community don’t care about it.

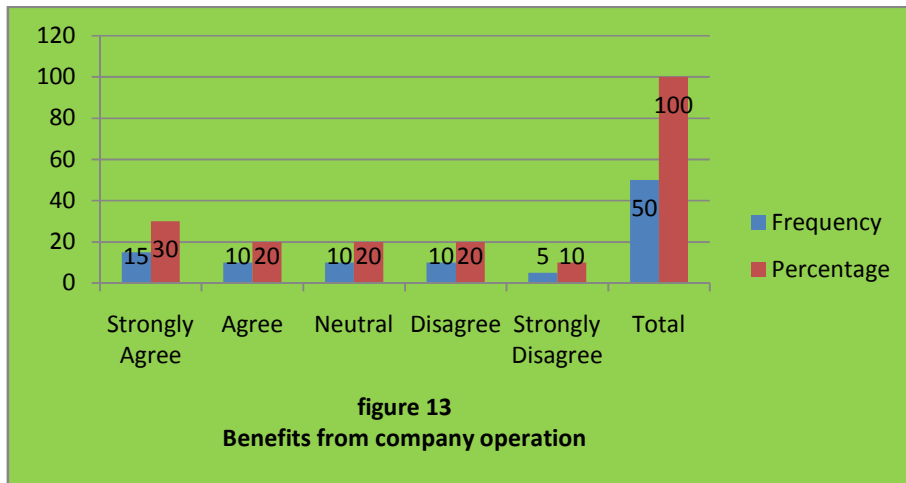


In the above graph respondents were asked about the company’s complaint handling system 5 (10 %) responded strongly agree, 10 (20%) responded agree, 15 (30 %) were neutral while 10 (20%) disagree and 10 (20%) strongly disagree. The implication of this is that the company provides compliant handling platform in a way it is not convenient for the community or it not recognized by the community.

Table15. Implementation of CSR.

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
		Agree	10	20
		Neutral	20	40
		Disagree	15	30
		Strongly Disagree	5	10
		Total	50	100

The above table shows that out of the 50 respondents none of the respondents strongly agree that they cooperate in the practice of CSR of the company while 10 (20 %) of the respondents agree, 5 (10 %) strongly disagree, 20 (40 %) said they are neutral, 15 (30 %) disagree. This implies that most of respondents don’t participate while the company implements CSR this might be because the CSR implementation is unclear to the community, or they don’t think it is work enough to participate.



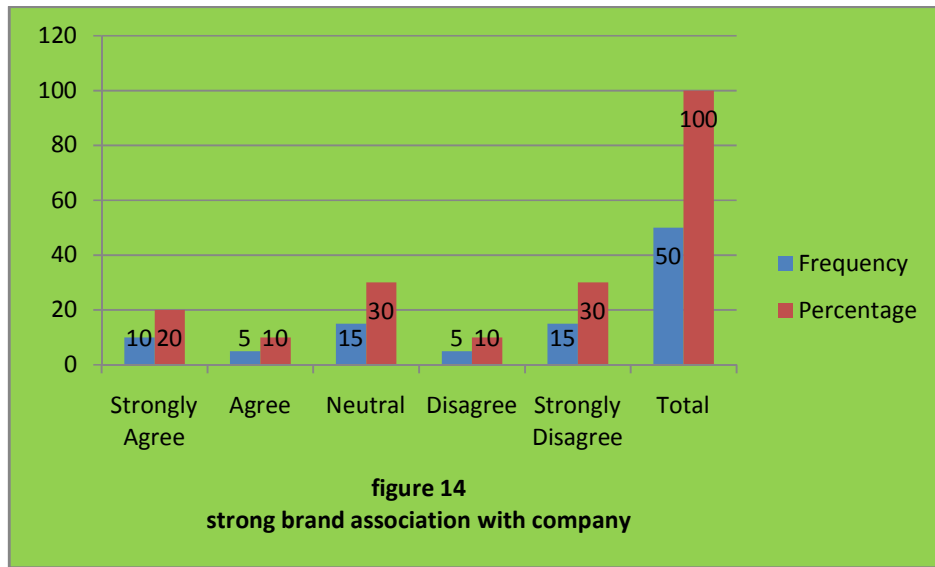
As shown in the above graph 15 (30 %) of the respondents strongly agree that they got benefit from the company, 10 (20 %) agree, 10 (20 %) stayed neutral, 10 (20 %) responded disagree and 5 (10 %) strongly disagree. This data shows that the community is benefited from the company.

Table 16 Equal Opportunities

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company makes efforts to ensure equal opportunities	Strongly Agree	5	10
		Agree	5	10
		Neutral	15	30
		Disagree	20	40
		Strongly Disagree	5	10
		Total	50	100

In the issue of ensuring equal opportunities 5 (10%) strongly agree on the company's effort, also 5 (10%) agree, 15 (30 %) responded neutral, 20 (40 %) disagree and 5 (10 %) strongly disagree in the above table. From this the student researcher understands that the communities don't think they have equal opportunity probably this might be a cause for conflict.



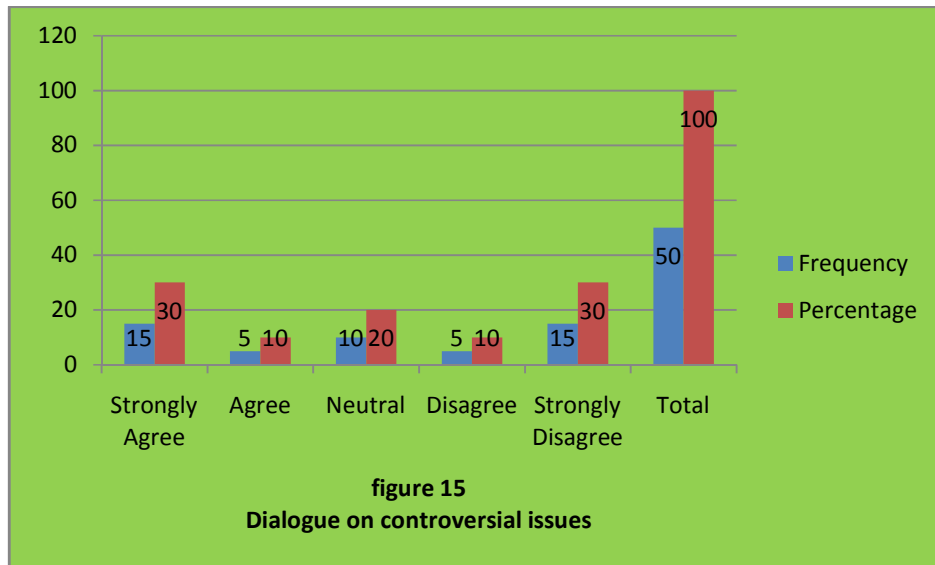


The above graph shows that 10 (20 %) of the respondents strongly agree that they have strong brand association with the company while 15 (30 %) strongly disagree, 15 (30 %) responded neutral while 5 (10 %) agree and 5 (10 %) disagree. From this it can be said that the company doesn't influence the community to associate the company with its brand based on that if a competitor exists in that locality the community won't defend Awash Tanery in any means.

Table 17 Training Opportunities

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company offers me with training opportunities (e.g apprenticeships)	Strongly Agree	20	40
		Agree	10	20
		Neutral	5	10
		Disagree	10	20
		Strongly Disagree	5	10
		Total	50	100

Regarding training opportunities that the company offers 20 (40 %) of the 50 respondents strongly agree, 5 (10%) strongly disagree, 5 (10%) neutral, 10 (20 %) responded agree while 10 (20 %) disagree in the above table. From this, one can say that the company offers training programs for the community.

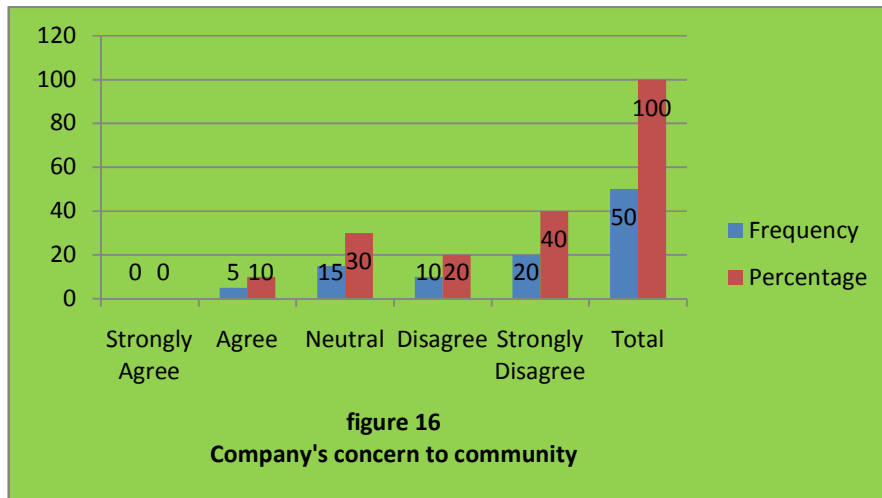


As shown in the above graph 15 (30 %) of the respondents strongly agree that the company have dialogue with them on controversial issues while 15 (30 %) strongly disagree, 10 (20 %) responded neutral, 5 (10 %) responded agree and 5 (10 %) disagree. This clearly shows that even though 40% of the community claimed that they discuss on the controversial issues with the company, the other 40 % does not agree with the issue.

Table 18 Environmental Impacts

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I consider the potential environmental impacts when the company produces its products	Strongly Agree	0	0
		Agree	15	30
		Neutral	10	20
		Disagree	15	30
		Strongly Disagree	10	20
		Total	50	100

Table 18 shows none of the respondents strongly agree that they consider the environmental impact of the company when producing its products while 10 (20 %) strongly disagree, 10 (20 %) responded neutral, 15 (30 %) agree and 15 (30 %) disagree. This depicts that the community is not aware of the environmental impacts or the company is not providing the full information.

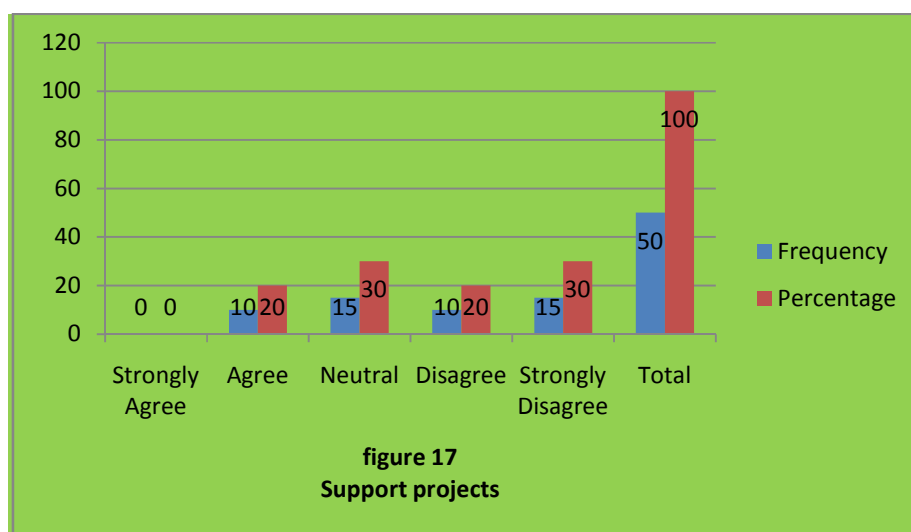


From the total of 50 responses on the bases of Company's concern to community none strongly agree while 20 (40 %) strongly disagree, 15 (30 %) were neutral, 5 (10 %) agree and 10 (20 %) responded disagree. From this the student researcher understands that the company doesn't concern about the community's well being if this is the case the company's survival in a long coming could be jeopardized.

Table 19 Community Development

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I support the company in the matters of community development	Strongly Agree	0	0
		Agree	5	10
		Neutral	10	20
		Disagree	20	40
		Strongly Disagree	15	30
		Total	50	100

The above table shows that from the 50 respondents that were asked none strongly agree that they support the company in matters of community development while 15 (30 %) strongly disagree, 10 (20 %) were neutral while 5 (10 %) responded agree and 20 (40 %) disagree. This data show that the company doesn't participate in developing community and in converse the community might not support the company in times when community's participation is needed.

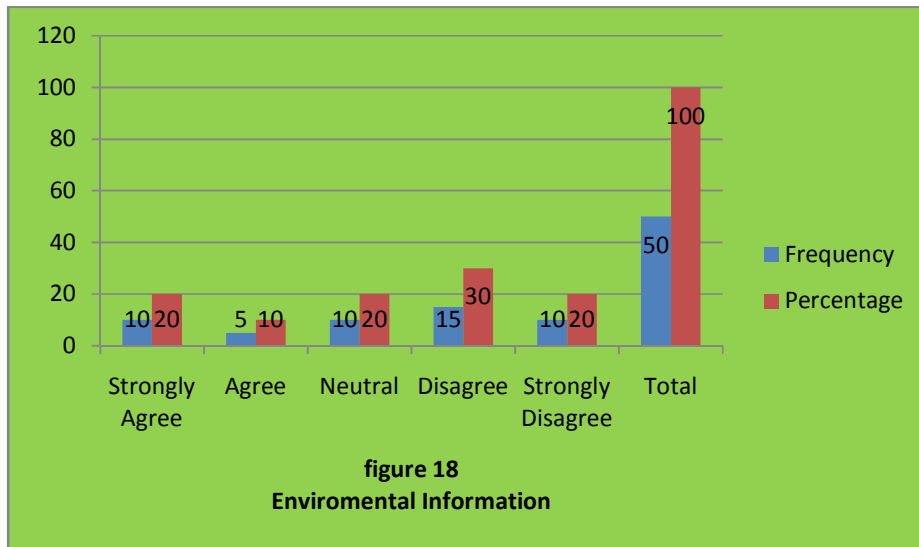


In the above table none of the respondents strongly agree that the company supports activities and projects in the community while 15 (30 %) strongly disagree, 15 (30 %) were neutral, 10 (20 %) responded agree and 10 (20 %) disagree. This implies that the company doesn't support the projects which are launched in the local areas.

Table 20 Impact of waste released

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I am affected by the waste released from the company.	Strongly Agree	20	40
		Agree	15	30
		Neutral	5	10
		Disagree	5	10
		Strongly Disagree	5	10
		Total	50	100

As clearly showed in the above table 20 (40 %) of the respondents strongly agreed that they are affected by the waste released from the company while only 5 (10 %) strongly disagree, also 5 (10 %) of the respondents were neutral, 15 (30 %) responded agree and 5 (10 %) disagree. From the above data the student researcher recognized that the company's waste is affecting majority of the local community and environment protection office didn't do anything about it.



As shown in the above graph 10 (20 %) of the total respondents strongly agree that the company supply accurate environmental information on its products, 5 (10 %) agree, 10 (20 %) were neutral, 15 (30 %) disagree and 10 (20 %) strongly disagree. From this, one can say that the company doesn't inform the community about the negative impact that is caused during the production of the product.

Table 21 Waste Reduction

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company introduced significant initiatives to reduce its waste	Strongly Agree	5	10
		Agree	5	10
		Neutral	15	30
		Disagree	10	20
		Strongly Disagree	15	30
		Total	50	100

The above table shows that 5 (10 %) of 50 respondents strongly agree that the company introduced significant initiatives to reduce its waste, while 15 (30 %) strongly disagree, 5 (10 %) agree, 10 (20 %) disagree and finally 15 (30 %) were neutral. This implies that majority of the local community agreed that the case company is not taking the necessary actions or motives to reduce its waste.

## CHAPTER FOUR

### SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The proposal was designed to assess the CSR Practices and its challenges of Awash Tannery. Descriptive research method was employed to analyze the result found from questionnaire and interviews from the Company.

In view of this, the researcher focused on the CSR pillars being used by the company. If this pillars are being used in the right manner.

From the analysis and interpretation made in the previous chapter the following summary, conclusions and recommendations are drawn up.

#### 4.1. Summary of Major Findings

##### Employee

- 17 (10 %) of respondents strongly agree that they heard about CSR before, while 61 (35 %) strongly disagree and 17 (10 %) just agree that they heard it before and 53 (30 %) of the 175 respondents are neutral, however 27 (15 %) disagree.
- Out of 175 responses, 70 (40 %) of 175 respondents strongly agree that the company gives training programs, 17 (10 %) disagree, 35 (20 %) were neutral and 53(30%) agree.
- 35 (20 %) of the total 175 respondents agree that there are measures taken to enhance employee motivation, 61 (35 %) disagree, 53 (30%) neutral and 26 (15 %) strongly disagree.
- From the responses 9 (5 %) of the respondents strongly agree that the company has policy in preventing discrimination in employees compensation and promotion while 26 (15 %) agree, 70 (40 %) responded strongly disagree and 44 (25%) disagree, meanwhile 26 (15 %) were neutral.
- From 175 respondents 17 (10%) strongly agree that having CSR program helps to gain competitive advantage while 35 (20 %) strongly disagree, 26 (15 %) responded agree while 44 (25 %) disagree and 53 (30 %) were neutral.

- Out of the total 175 responses, 26 (15 %) strongly agree, 35 (20 %) agree, 70 (40 %) were neutral, 26 (15%) disagree and 18 (10 %) strongly disagree that CSR will lead to profitability.
- 88 (50%) of the respondents strongly agree that they encountered a problem while working in the company on the other hand 9 (5 %) of the respondents strongly disagree, 61 (35%) responded agree while 17 (10%) disagree from the total of 175 respondents.
- Regarding employees benefit, 26 (15%) of the respondents strongly agree that they have got a benefit from the company's operation while 35 (20%) strongly disagree, 17 (10 %) were neutral, 53 (30%) responded agree and 44 (25%) disagree
- .Among the total of 175 respondents, 26 (15 %) strongly agree that CSR implementation is clear for them while the other 53 (30%) responded strongly disagree, 26 (15%) stayed neutral, 35 (20 %) responded agree and 35 (20 %) disagree.
- In regard of ensuring equal opportunities 26 (15%) and 53 (30%) strongly agreed and agreed respectively while 44 (25%) and 17 (10%) disagree and strongly disagree respectively, however the rest 35 (20%) were neutral.
- From the total of 175 respondents, 17 (10%), 35 (20%), 17 (10%), 61 (35%) and 44 (25%) responded strongly agree, agree, neutral, disagree, and strongly disagree respectively regarding on the issue that the company is providing appropriate safety equipment.
- 17 (10%) of the total 175 respondents strongly agree that the company provides a complaint platform for them while 18 (10%) strongly disagree, even if 70 (40%) were neutral while 35 (20%), and 35 (20%) agree and disagree respectively.
- 9 (5%) of the respondents strongly agree, 26 (15%) responded agree, 79 (45%), and 61 (35%) responded disagree and strongly disagree respectively that the company provides incentive structure.

- Regarding offering a good work life balance, 9 (5%) of the total 175 respondents responded strongly agree though 61 (35%) strongly disagree, 17 (10%) agree while 79 (45%) disagree and 9 (5%) responded neutral.
- 17 (10 %) of 175 respondents strongly agree that the company gives safety and health training, 35 (20%) strongly disagree, 44 (25 %) respond agree, 26 (15 %) were neutral and 53(30%) disagree.
- Out of 175 respondents that were asked if they support the company in matters of community development, none strongly agree while 35 (20 %) strongly disagree, 44 (25 %) were neutral while 35 (20 %) responded agree and 61 (35%) disagree.
- 79 (45%) of 175 respondents strongly agree that the company introduced significant initiatives to reduce its waste, while none strongly disagree, 61 (35 %) agree, 9 (5 %) disagree and finally 26 (15%) were neutral.
- Among the total of 175 respondents, 105 (60%) respond yes and the rest 70 (40%) respond no regarding that the protection of safety increases employees work performance.
- Out of the total 175 respondents, 9 (5%) respond very good while 19 (10%) responded very bad, 53 (30%) were neutral, 35 (20%) said good and the rest 61 (35%) respond bad when they were asked to rate their working environment.
- Out of 175 respondents who were asked about the company's effort to employee's health follow up 53 (30%) respond yes while 122 (70%) respond no.

## Community

- 5 (10 %) of respondents strongly agree that they heard about CSR before, while 10 (20 %) strongly disagree and 10 (20 %) just agree that they heard it before and 15 (30 %) of the 50 respondents are neutral, however 10 (20 %) disagree.
- Out of the 50 respondents, 5 (10 %) of the 50 respondents strongly agree that CSR is clear to them while 15 (30 %) of them strongly disagree, 20 (40 %) are neutral, 10 (20 %) just disagree and none of the respondents agree that they heard about CSR.



- Among the total of 50 respondents, 5 (10 %) of 50 respondents strongly agree that they have good relation with the company, 15 (30 %) agree, 5 (10 %) disagree 10 (20%) are neutral and 15 (30 %) strongly disagree.
- Regarding the company's compliant handling system, 5 (10 %) responded strongly agree, 10 (20%) responded agree, 15 (30 %) were neutral while 10 (20%) disagree and 10 (20%) strongly disagree.
- Out of the 50 respondents none of the respondents strongly agree that they participate in the practice of CSR of the company while 10 (20 %) of the respondents agree, 5 (10 %) strongly disagree, 20 (40 %) said they are neutral, 15 (30 %) disagree.
- Among the total of 50 respondents, 15 (30 %) of the respondents strongly agree that they got benefit from the company, 10 (20 %) agree, 10 (20 %) stayed neutral, 10 (20 %) responded disagree and 5 (10 %) strongly disagree..
- From the 50 respondents regarding the issue of ensuring equal opportunities 5 (10%) strongly agree on the company's effort, also 5 (10%) agree, 15 (30 %) responded neutral, 20 (40 %) disagree and 5 (10 %) strongly disagree.
- 10 (20 %) of the respondents strongly agree that they have strong brand association with the company while 15 (30 %) strongly disagree, 15 (30 %) responded neutral while 5 (10 %) agree and 5 (10 %) disagree out of 50 responses.
- Regarding training opportunities that the company offers 20 (40 %) of the 50 respondents strongly agree, 5 (10%) strongly disagree, 5 (10%) neutral, 10 (20 %) responded agree while 10 (20 %) disagree from the total of 50 responses.
- Out of the total 50 responses, 15 (30 %) of the respondents strongly agree that the company have dialogue with them on controversial issues while 15 (30 %) strongly disagree, 10 (20 %) responded neutral, 5 (10 %) responded agree and 5 (10 %) disagree.
- With regard to the environmental impact of the company when producing its products 10 (20 %) strongly disagree, 10 (20 %) responded neutral, 15 (30 %) agree and 15 (30 %) disagree out of the total 50 respondents.

- From the total of 50 responses on the bases of Company's concern to community, none strongly agree while 20 (40 %) strongly disagree, 15 (30 %) were neutral, 5 (10 %) agree and 10 (20 %) responded disagree.
- From the 50 respondents that were asked if they support the company in matters of community development, none strongly agreed, 15 (30 %) strongly disagree, 10 (20 %) were neutral while the rest 5 (10 %) responded agree and 20 (40 %) disagree.
- None of the respondents strongly agree that the company supports activities and projects in the community while 15 (30 %) strongly disagree, 15 (30 %) were neutral, 10 (20 %) responded agree and 10 (20 %) disagree out of the total 50 respondents.
- Among the total of 50 respondents, 20 (40 %) of the respondents strongly agreed that they are affected by the waste released from the company while only 5 (10%) strongly disagree, also 5 (10 %) of the respondents were neutral, 15 (30%) responded agree and 5 (10 %) disagree.
- 10 (20 %) of the total respondents strongly agree that the company supply accurate environmental information on its products, 5 (10 %) agree, 10 (20 %) were neutral, 15 (30 %) disagree and 10 (20 %) strongly disagree out of 50 respondents.
- Out of the total of 50 respondents 5 (10 %) of 50 respondents strongly agree that the company introduced significant initiatives to reduce its waste, while 15 (30 %) strongly disagree, 5 (10 %) agree, 10 (20 %) disagree and finally 15 (30 %) were neutral.

## 4.2 Conclusions

The main points which are raised on the analysis and summary parts of the survey are concluded to address the basic questions.

- According to the research findings, majority of the respondents does not have clear information about CSR; though some of the respondents have knowledge about CSR they don't know how to implement it. Furthermore, majority of the respondents disagree about the effort of the company regarding incentive and compensation. In accordance with the research findings, majority of the respondents doesn't participate in the community development. Also majority of the respondents disagree that there is a complaint handling platform.
- In line with the research finding, majority of the respondents doesn't participate in the implementation of CSR. Also the findings explain that majority of the respondents disagree that they have strong brand association with the company. Moreover, more than 50% of the respondents disagree that the company creates equal opportunities.
- As the research finding shows that majority or 85% of the respondents face a problem during work. Moreover, majority of the respondents agree that the working environment is not good. Additionally, findings of the research depicts that 60% of the respondents doesn't get the appropriate safety equipments. Also the findings show that majority of respondents get health and safety trainings. Furthermore, 80% of the respondents disagree on the issue of work life balance.
- Findings of the research portray that more than 50% of the respondents doesn't consider the potential environmental impact of the company's product. Furthermore, 60 % of the respondents disagree that the company has concern to the local community.
- According to the research findings, more than 50% of the respondents disagree that the company supports activities and projects in the community. Besides majority of the respondents agree that they are affected by the waste released from the case company. Additionally more than 50% of the respondents don't have the accurate environmental information on the company's product. Moreover majority of the respondents agree that the company is not taking necessary actions or motives to reduce its waste..

### 4.3 Recommendations

Based on the outcomes of the study, some points which are believed as possible remedy are suggested. One should not forget that comments and suggestions given by people who reside around any company should not be underestimated; because CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (EU Definition of CSR, 2011:1). What the public recommend on the problem is that either the company to find other production area far from the inhabitants or to find technical solutions.

Here some recommendations as a solution are proposed by the student researcher;

- The corporate management should give training or sessions with both the local community and the employees about Corporate Social Responsibility and follow up the implementations accordingly so that they clearly understand why being socially responsible benefits both employees and community. Moreover, the company should acquire the employees trust and make them motivated by providing incentives, appraisals and even verbal appreciation. Finally, The Company must provide a visible complaint handling platform or suggestion box so that both employees and people from the community will have a chance to communicate with the company in matters of their problems as well as to appreciate the good work.
- The company must offer unbiased work opportunities for the whole community and when building infrastructure it should consider every part of the surrounding community so that the community will have a strong brand association with the company and build sense of belongingness.
- The company must provide its employees with the appropriate safety equipments, health follow up, give trainings regarding their work, create work life balance by creating a smooth relationship among and between employees and the management so that the employees well being is assured.

- The company must provide a meeting session with the local community in regular basis regarding the safety of environmental and community so that the relationship between the company and the community will be tight and at the same time protect the environment.
- The company must have a very latest treatment plant with professional employees in the area in order to protect the well being of the community and the environment; by this the company can create a positive externality.

# DECLARATION

## Candidate's Declaration

I undersigned declare that this senior essay is my original work prepared under the guidance of Ato Zellalem Tadesse all sources of materials used for the manuscript have been duly acknowledged.

Name: Mikias Asefa

Signature \_\_\_\_\_

Place of Submission: - ST.MARY'S UNIVERSITY COLLEGE DEPARTMENT OF  
MARKETING MANAGEMENT

Date of Submission \_\_\_\_\_

## ADVISOR'S DECLARATION

This paper has been submitted for examination with my approval as the university college advisor

Name: \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

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December 27-2012, 3:43pm



## Appendix A

St Mary's University College

Faculty of Business

Department of Marketing Management

### Questionnaire to be filled by employees of Awash Tannery

This Questionnaire is prepared by the third year student of St. Mary's University College in the field of marketing management for the partial fulfillment of a senior essay. This questionnaire is prepared to assess the overall CSR practice of Awash Tannery and to collect data which can assist to prepare a senior essay.

The validity of your response has high contribution for success of my senior essay due to this reason I would like to ask with due respect to give me the right response.

Thank You for your sincerely cooperation!

#### Instruction

- The respondent should give their response marking the box using ✓ or X sign
- The respondents are not supposed to disclose their names.
- If the respondents are interested to give personal response they can use the blank space provided at the end.

#### I. General Characteristics of the Respondents

##### 1. Personal information

1.1. Sex	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>		
1.2. Age	15-20	<input type="checkbox"/>	21-26	<input type="checkbox"/>	27-32	<input type="checkbox"/>
	33-38	<input type="checkbox"/>	39-44	<input type="checkbox"/>	Above 44	<input type="checkbox"/>

1.3. Educational back ground

12 Completed  Certificate  Diploma  1<sup>st</sup> Degree  Master and above

2. For how long did you work in the company

less than 1year  1-2year  3-4year  above 4 years

**II. Questions Directly Related to the Study**

**SA=Strongly Agree; A=Agree; N=neutral, DA=Disagree; SDA=Strongly Disagree**

Item No	Description	SA	A	N	D	SDA
1.	I heard about CSR before					
2.	I encountered a problem while working in the company					
3.	The company provide me with the appropriate safety equipment					
4.	The company gives training programs					
5.	Measure (s) will be taken to enhance employee motivation					
6	The company provides anonymous compliant mechanism/platform for employees					
7.	There is incentive structure for best performing employees					
8.	The company offer a good work-life balance for employees, for example by considering flexible working hours					
9.	The company have internal policies that prevent discrimination in employees' compensation and promotion					
10.	I believe that I got a benefit from the company's operation					
11.	I think having CSR programme(s) gives my firm competitive advantage over other firms in the industry					

12.	CSR has an effect on profitability of the firm					
13.	Company's CSR implementation is clear to me					
14.	The company provide health and safety training to employees					
15.	The company makes an effort to ensure equal opportunities					
16.	The company introduced significant initiatives in the past financial year to reduce its waste					
17.	I support the company in the matters of community development					

18. How do you rate your work environment?

Very Good  Good  Neutral  Bad  Very Bad

19. Does the company have health follow up effort to employees?

Yes  No

20. Other employee Suggestions (if any)

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**St Mary's University College**

**Faculty of Business**

**Department of Marketing Management**

**Questionnaire to be filled by the Local Community.**

This Questionnaire is prepared by the third year student of St. Mary's University College in the field of marketing management for the partial fulfillment of a senior essay. This questionnaire is prepared to assess the overall CSR practice of Awash Tannery and to collect data which can assist to prepare a senior essay.

The validity of your response has high contribution for success of my senior essay due to this reason I would like to ask with due respect to give me the right response.

Thank You for your sincerely cooperation!

**Instruction**

- The respondent should give their response marking the box using ✓ or X sign
- The respondents are not supposed to disclose their names.
- If the respondents are interested to give personal response they can use the blank space provided at the end.

**III. General Characteristics of the Respondents**

1 Personal information

1.1 Sex	Male	<input type="checkbox"/>	Female	<input type="checkbox"/>		
1.2 Age	15-20	<input type="checkbox"/>	21-26	<input type="checkbox"/>	27-32	<input type="checkbox"/>
	33-38	<input type="checkbox"/>	39-44	<input type="checkbox"/>	Above 44	<input type="checkbox"/>

2. Educational Background

12 Completed    Certificate    Diploma    1<sup>st</sup> Degree    Master and above

3. Occupation

Student       Employee       Retired       Merchant

If you are employee please specify your position \_\_\_\_\_

4. For how long did you work in the company

**II. Questions Directly Related to the Study**

**SA=Strongly Agree; A=Agree; N=neutral, DA=Disagree; SDA=Strongly Disagree**

Item No	Description	SA	A	N	D	SDA
1.	I heard about CSR before					
2.	The company offers me with training opportunities, for example, apprenticeships or work experience					
3.	The company have dialogue with me on adverse, controversial or sensitive issues					
4.	The company gives regular financial support to local community activities and projects					
5.	I consider the potential environmental impacts when the company produces its products					
6.	I am affected by the waste released from the company					
7.	The company supply clear and accurate environmental information on its products and activates to the community					
8.	The company is interested in a locally co-ordinated CSR programme when projects can benefit the local community directly					
9.	The CSR implementation is clear to me					
10.	I support the company in the matters of community development					
11.	I cooperate with the company in the implementation of CSR					
12.	I believe that I got a benefit from the company's					

	operation					
13.	The company makes efforts to ensure equal opportunities					
14.	The company introduced significant initiatives in the past financial year to reduce its waste					
15.	I have strong brand association with the company					
16.	I believe that I have a good relationship with the company					
17.	The company provides anonymous compliant mechanism/platform for community					

18. Other Community Suggestions (if any)

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## **Appendix B**

### **St. Mary's University College**

#### **Faculty of Business**

#### **Department of Marketing Management**

#### **Interview Checklist**

This interview is prepared to interview the human resource manager of Awash Tannery which is required to fulfill the research under study concerned to the Corporate Social Responsibility of the company.

1. What is your understanding of Corporate Social Responsibility (CSR) and responsible business practices? What activities do they include?
2. If your answer for question 1 is yes, how did you learn first about Corporate Social Responsibility (CSR)?
3. How long do you think it would take to implement CSR in your company?
4. What would in your opinion be the biggest obstacles to integrate CSR in your business operations?
5. Describe briefly what benefits do you think your particular company could reap from engaging in CSR?
6. According to your opinion, what policies/activities/mechanisms exist in your company that belongs to the CSR domain?
7. What incentives would encourage your company to implement CSR practices?
8. Which of the following measures has your company adopted to reduce environmental impact?
9. For greater transparency to the market in which you operate, which of the following practices your company has setup?
10. Do you find it important to inform stakeholders about your CSR activity? Please explain why/why not

# Appendices