

**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**



**ASSESSMENT OF CORPORATE SOCIAL RESPONSIBLY AT
COMMERCIAL BANK OF ETHIOPIA:
THE CASE OF ADDIS ABABA CITY BRANCHES**

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Addis Ababa, Ethiopia

May 2017

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY GRADUATE
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RESEARCH ADVISOR; ELIAS NOUR (PhD)

May, 2017

ADDIS ABABA, ETHIOPIA

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SCHOOL OF GRADUATE STUDIES
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DECLARATION

I, the undersigned, declare that this work titled “**Assessment of corporate social responsibly at Commercial Bank of Ethiopia: The case of Addis Ababa city Branches**” in my own effort and study. I have produced it independently except with the guidance and suggestion of the advisor Elias Nour (PhD) and the articles referred. All sources of materials used for the research paper have duly acknowledged. This has not been submitted either in part or full in this university or any other university for the purpose of earning any degree.

Ermiyas Mamo

Name

Signature

ENDORSEMENT

This research project paper titled “**Assessment of corporate social responsibly at Commercial Bank of Ethiopia: The case of Addis Ababa city Branches**” has been submitted to St. Mary’s University School of Graduate Studies, with my guidance and approval as a university advisor.

Elias Nour (PhD)

Advisor Signature

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DEDICATION

This research is dedicated to the memory of my late Mom, **Wude Dessei**, who lives on in my heart and soul. I love you always (RIP).

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Ermiyas Mamo

ACRONYMS

<u>Abbreviation</u>	<u>Explanation</u>
A	Agree
CBE	Commercial Bank of Ethiopia
CSR	Corporate Social Responsibility
D	Disagree
EIA	Environmental Impact Assessment
EPI	Environmental Performance Indicators
IFC	International Finance Corporation
ISO	International Organization for Standardization
GRI	Global Reporting Initiative
NGO	Non-Governmental Organization
NBE	National Bank of Ethiopia
MBA	Master of Business Administration
SA	Strongly Agree
SD	Strongly Disagree
SPSS	Statistical Package for the Social Sciences
STD	Standard Deviation
USA	United States of America
UNEPFI	United Nations Environment Programmed Finance Initiative
WBCSD	World Business Council for Sustainable Development

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ABSTRACT

The focus of this research is on the Assessment of corporate social responsibly at Commercial Bank of Ethiopia: The case of Addis Ababa city Branches. The study has employed descriptive research approach. With regards to instrument for data collection, the study is use combines close ended questionnaires and interview. Closed ended questions is included to shape the information in the way that researcher need. A 5-point Likert type scale were used to construct the questionnaire for closed ended questions. The data was analyzed using Statistical Package for the Social Sciences (SPSS) software. For statistical interpretation percentage, mean and standard deviation was used. Findings of the study has shown that CBE the case of Addis Ababa city branches has looser in terms of protects employees from abuse, provided decent living wage, developing real skill and long term career, facilitates equal and fair working environment to all employees, lower lending options to low income individuals and small business, less engage totally in Environment protection. Bur the case of other variables which means in terms of consumer issues and human rights CBE the case of Addis Ababa city branches are fully social responsible. The researcher has recommended that management of CBE the case of Addis Ababa city branches and all over CBE should adhere to the need for Corporate Social Responsibility requires more for the bank to pay special attention to design and built forth programs and policies to enrich wealth knowledge of banking service staff and to understand their own position among the overall banking sector.

Key words: *concept of CSR, CSR standards and guidelines, CSR in the Banking Industry, CBE*

CHAPTER ONE

INTRODUCTION

This chapter contains an overview of the study background focusing on the study variables and concept of CSR. It presents the statement of the problem, research questions, objectives of the study, Significance of the study, limitations and the scope of the study are also provided.

1.1 Background of the study

In the recent years the concept of Corporate Social Responsibility (CSR) is spreading very rapidly in the whole world (Chaudhury et al., 2011; Das, 2012; Omur et al., 2012). As it has been studied by many scholars and agreed that it is quite difficult to have an agreed definition that clearly reveals the concept of corporate social responsibility. Hameed (2010) had provided the definition of the corporate social responsibility in such a way “Corporate Social Responsibility (CSR) provides strategic framework for achieving sustainability by considering the ethical concern in the society.” Naylor (1999) defines Corporate Social Responsibility as “the obligation of managers to choose and act in ways that benefit both the interests of the organization and those of society as a whole.” One of the most widely accepted and a used definition of CSR is by Carrol (1979, 1991) who defines it as “the social responsibility of businesses which encompasses the economic, legal, ethical and discretionary expectations that society has of organizations. The CSR pyramid distinguishes various layers of responsibilities. The foundation is economic responsibility. At the same time, however, companies also need to comply with legal norms. Ethical responsibility equals the obligation to conduct in a fair way and to do the right thing, going beyond mere compliance with rules. It can also mean discretionary or philanthropic responsibility (Carroll, 1991). Carrol (1991) also conceptualized CSR in one of the early models as represented by what is commonly referred to as Carrols Pyramid.

In addition, 4 dimensional model of Carroll, Alexander. De(2006) concluded with five dimensions of CSR: The stakeholder dimension, the social dimension, The economic dimension, The voluntariness dimension, The environmental dimension. Among them, the environmental dimension received a significantly lower dimension ratio than the other dimensions whereas stakeholder and social and economic dimensions received high attention, in descending order. Cochran, (2007) stated that CSR can be used to promote the reputation of a company as a good corporate citizen who takes responsibility for its impact on society. Good reputation

creates value of a firm by not only reducing negative rumors but also contribute indirectly to profitability by attracting more customers. Activities of CSR can contribute to better relationship with company stakeholders which in turn lead to increased capital from investors Weber (2008).

Corporate social responsibility is a key quality in social economic development. Holme and Watts (2000) defined CSR as the continuous 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 the local community and society at large. Businesses can use ethical decision making to secure their businesses by making decisions that allow for government agencies to minimize their involvement in the corporation. Several reasons have been advanced to explain why commercial institutions voluntarily engage in social activities. Most companies practice social activities to satisfy their primary needs of presenting themselves as legitimate members of society (Bowen, 1953).

In general, CSR that is a broad category and differently is expressed upon point of view of the authors. The confusion is not about how CSR is defined but about how CSR is socially constructed in a specific context (Alexander 2006). Essentially, in modern society, it is important to note that the final goal of CSR is just to contribute to building a dynamic, competitive and cohesive economy based on knowledge (Persefoni Polychronidou et al., 2013). In order to achieve this goal, firms should always bear in mind that they have to balance all relating people including employees, shareholders, suppliers, customers, and community.

Even though CSR initiatives are applicable to virtually all organizations, banks are more sensitive to these programmed as they have to strive to satisfy a multiplicity of stakeholders. These include maximizing profit to shareholders who are the true owners of the business, maintaining optimal liquidity for depositors, complying with regulator's demands, satisfying the deficit sector demands for credits, contributing to the development of the economy as well as satisfying the needs of the immediate community in which they operate (Nwankwo, 1991). The bank "attitude towards current problems of society related culture and environment (Persefoni Polychronidou et al., 2013) become more and more recognized by bank clients. As a result, banks are recently motivated by goals other than profit, revenue, and market share because this alternative inspiration can be better both for the society and the bank itself. The company engaging in CSR will indirectly gain competitive advantage in the market place through reduction or elimination of government imposed fines (Belkaoui, 1976; Bragdon & Marlin,

1972; Freedman & Stagliano, 1991; Shane & Spicer, 1983) and product differentiation (McWilliams & Siegel, 2001; Waddock & Graves, 1997). At the same time, it can minimize its Overall Company's exposure to risk (Godfrey, 2004). Besides, CRS positively affects present value of the firm's cash flows (McWilliams & Siegel, 2001; Waddock & Graves, 1997; Godfrey, 2004).

The Ethiopian banking sector is believed to growing in recent times as the number of banks escalates and branch outreach also diversified. One among those banks more significant contribution to the financial sector is commercial bank of Ethiopia (CBE). Repeatedly spoken in the literature, banks being part of business community need to work with social responsibility beside the profit motive and it will benefit all stakeholders. However, previous studies on CSR practice in Ethiopia are very limited. In her comparative case study Diana (2009) wrote that CSR in Ethiopia is a concept known in the academics only, not well understood by the society. This connotes that the subject need to be studied and be well understood by all stakeholders of business. Likewise, there is no scientific study report on how social responsibility practiced in CBE. Indeed, study will carried out to assess the social responsibility practices of commercial Bank of Ethiopia the case of Addis Ababa city branches.

1.2 Statement of the Problem

Corporate social responsibility (CSR) is a citizenship function with moral, ethical and social obligations between a corporation and its consumers (Maignan and O'Ferrell, 2001). The purpose of the company is to provide return on investment for shareholders and thus corporations are seen as instruments of creating economic value for those who risk capital in the enterprise (Greenwood, 2001).

It goes without saying that corporate social responsibility (CSR) has become of great importance in recent years, very often through public scandals and mismanagement. Therefore, demands from customers, employees, statutory bodies and the general public for detailed information about whether companies are meeting acceptable standards increased enormously.

The actual practice of CSR in the developing world is not a wide spread phenomena. Even though most of CSR issues are included in the various laws and policies of the country like Nigeria, Ghana, Kenya, and Pakistan, their implementation is inevitably lagging behind; that may be due to lack of full awareness of the relevant practices and its consequences. **According to Cecily (2014) stated on her research, there is more research on corporate social responsibility in**

industrialized nations than in developing nations, but the need for CSR is greater in developing nations. Enderle stated in 2010 that further research was necessary on CSR in Asia, Africa, and Latin America. However, there has been significantly more CSR research on Asia than on Latin America and Africa, and the primary focus on Africa has been limited to South Africa (Idemudia, 2011).

In-depth studies about CSR in the banking sector in Africa do not exist (Kolk & van Tudler, 2010). African banks do not receive the same research attention as banks in other developing nations because researchers in developed nations view them as underdeveloped and unstructured (Ezeoha, 2007). However, African economies are developing rapidly, and the banking sector is critical to this development.

According to Yeneneh (2015), “there is great need to create understanding about CSR and ethical manner to conduct the business in sustainable way. In addition, it is not common to find a specific form of corporate social responsibility practices in the developing world that could be seen from business perspectives. Since Ethiopia is one of the developing countries the philosophy of corporate social responsibility is not well developed.”

Commercial banks institutions in Ethiopia play a pivotal role in the country socio-economic development. They act as a catalyst in spurring the development of all other industries. According to I.F.C. (2008), having a well-functioning and vibrant financial sector is a critical ingredient in accelerating economic growth by spurring private sector development and ensuring macroeconomic stability thereby leading to the creation of employment and poverty reduction.

According to Mathias (2016) on his case study stated by referring Icke et.al (2011) in Belas (2012), the bank are financial intermediately that play significant role in national and international economy, whose power affects the social system. Commercial bank operates with the money from depositor to creditors. The money is usually guaranteed by the state resulting in a bank operating as some kinds of public equity. Likewise, commercial bank of Ethiopia operate like any financial institution and takes the leading banking role in the country in terms of number of branches, supporting development projects and fostering financial operation both inside and outside of the country.

Publications show that, “Commercial Bank of Ethiopia did pioneer the introduction of modern banking services in the country takes the lion’s share of the commercial banking market of the country in terms of credit, deposit and customer base and branch network” (CBE, 2013). As a corporate, CBE is also expected to be socially responsible entity. A review of the literature revealed that commercial bank of Ethiopia CSR practice to welfare of the society and development is not clearly known by the public or stakeholders based on scientific study (Mathias, 2016). It needs empirical investigation and study of existing CSR situation, awareness of CSR as business strategy and ground to implement it. The problem is that the relationship between CBE and CSR practices are unclear. Therefore, the study will tries to assess CSR practices in Commercial Bank of Ethiopia.

1.3 Research Questions

The following research questions was derived from reviewing the literature on CSR, the Ethiopian Banking sector, and CSR practices in the Commercial Bank of Ethiopia. Since corporate social responsibility is a main variable, the study broke down into specific sub variables for measurement and analysis, which includes labor practices, fair operating practices, organization governances, consumer issues, community involvement and development, environment protection, and human rights. Finally the research tries to answer the following questions:

Question 1: What are corporate social responsibility practices of CBE the case of Addis Ababa city branches?

Question 2: What does the condition of CSR practices in CBE the case of Addis Ababa city branches look like?

1.4 Objectives of the Study

1.4.1 General Objective

The general objective of this study is to assess the CSR practice in commercial bank of Ethiopia the case of Addis Ababa city branches.

1.4.3 Specific Objectives

- Assess CSR practices of CBE the case of A.A city branches in terms of labor practices
- Assess CSR practices of CBE the case of A.A city branches in terms of fair operating practices
- Assess CSR practices of CBE the case of A.A city branches in terms of organizational governance
- Assess CSR practices of CBE the case of A.A city branches in terms of consumer issue
- Assess CSR practices of CBE the case of A.A city branches in terms of community involvement and development
- Assess CSR practices of CBE the case of A.A city branches in terms of environmental protection
- Assess CSR practices of CBE the case of A.A city branches in terms of human rights

1.5 Definition of Terms

Commercial Bank:- “A type of bank that provides services such as accepting deposits, making business loans, and offering basic investment products.” (Auka, 2006)

Corporate Social Responsibility: - “A management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders (Obrien, 2011)”

Employee Rights: - “have certain rights when it comes to their job, including privacy rights and wage rights” (Enderle, 2010).

Ethics: - “unwritten codes, values, and regulations based on societal norms” (Enderle, 2010).

Human rights: the most significant characteristic of moral rights justified for all individuals (Wettstein, 2012).

Philanthropy: generous donations or contributions (WBSCD, n.d.).

Poverty: low income, living on less than US \$2 per day (World Health Organization, 2011).

Priority sector:- “is a sector that government or organization gives High rank in terms of importunacy, impact huge population segment, section in the society” (Mathias, 2016).

Stakeholder: – “A party that has an interest in an enterprise or project. The primary stakeholders in a typical corporation are its investors, employees, customers and suppliers” (Givai, 2010)

Shareholders: - “Refers to the owners of a company” (Givai, 2010).

1.6 Significance of the Study

Even it is difficult to conclude and list all the significance this research will provide information to relevant actors regarding the current situation and concerning corporate social responsibility in the CBE the case of Addis Ababa city branches. Furthermore, the output of the social organization policy developers and other concerned parties. In addition, it will also serve as a stepping stone for other researchers who are aspired to make depth study about the issue under the study.

1.7 Scope and Limitation of the study

The study also limited itself to CBE branches that exist in Addis Ababa city and selected three head office departments, it does not focus on branches out of this area. Also within Addis Ababa city branches, the study focused on employees in some selected branches of CBE. However, the recommendation provided can help all branches of the bank all over the country to have insight on determinant of CSR in Bank and take corrective measurement.

1.8 Organization of the study report

The study is organized in to five chapters. The first chapter is an introductory part of the study which includes background of the study, statement of the problem, objective of the study, research question, definition term and delimitation/Scope of the study. The second chapter deals with related literature review of the study. The third chapter is about methodology of the study. Chapter four analyzes the data and presents the findings. The last chapter is the conclusions and recommendations part.

CHAPTER TWO

LITERATURE REVIEW

This chapter contains a review of literature regarding definition and the main concepts of CSR, CSR Standards and Guidelines, CSR in banking industry and different empirical studies. Furthermore on this chapter draw conceptual framework for the study. The key search terms used in this chapter is included banking, corporate social responsibility, CSR Standards and Guidelines, CSR and banking industry.

2.1 Theoretical Review

2.1.1 Definition and Concepts of Corporate Social Responsibility

As it has been studied by many scholars and agreed that it is quite difficult to have an agreed definition that clearly reveals the concept of corporate social responsibility. One recent study identified 37 definitions of CSR (Dahlsrud 2006), and this figure underestimates the true number, because many academically derived definitional constructs were not included owing to the methodology for identifying them. “Most of the academically derived definitional constructs have been discussed elsewhere” (Carroll 1999), so we will touch upon only a few of them here to illustrate the evolving nature of CSR’s meaning.

Hameed (2010) had provided the definition of the corporate social responsibility in such a way that Corporate Social Responsibility provides strategic framework for achieving sustainability by considering the ethical concern in the society. Naylor (1999) defines Corporate Social Responsibility as the obligation of managers to choose and act in ways that benefit both the interests of the organization and those of society as a whole.

One of the most widely accepted and used definition of CSR is by Carrol (1979, 1991) who defines it as “the social responsibility of businesses which encompasses the economic, legal, ethical and discretionary expectations that society has of organizations. The CSR pyramid distinguishes various layers of responsibilities. The foundation is economic responsibility. At the same time, however, companies also need to comply with legal norms. Ethical responsibility equals the obligation to conduct in a fair way and to do the right thing, going beyond mere compliance with rules. It can also mean discretionary or philanthropic responsibility (Carroll,

1991). Carrol (1991) also conceptualized CSR in one of the early models as represented by what is commonly referred to as Carrol's Pyramid.

Later models like that of Schwarz and Carrol (2003) modified the earlier model by removing the philanthropic category arguing that it cannot be classified as a "social responsibility" because it is purely discretionary. This revision of the earlier model is in line with contemporary views of CSR as being part of the whole business model as opposed to being imposed on the organization (Meehan et al, 2006).

The CSR concept is explained by the triple bottom line (Adams, 2006. p. 2). This describes three different functions (Environment, Economy, & Society) all together combine to form three pillar of sustainable development as described by WBCSD. "The CSR concept in developed countries tends to focus on (TBL) posing great emphasis on environmental management practices that leads to create awareness of environmental stewardship, involving stakeholder's interest to adopt sustainable practices which creates well-articulated consumer concerns about the environment" (Adam, 2006). In the corporate sector, there is a strong concern about community outreach that changes the corporate investment and practices beyond charity or philanthropy. "In some countries the companies are adopting sustainable supply chain management practices and there is an increasing trend of private partnership from which they get mutual benefit" (Philippe, & Jaclyn, 2009. p. 4). In developed countries the companies are working to identify and remove gaps between CSR practices and make common standard for sustainable production and supply chains. "The commitment to social responsibility has led to improvements of the social performance which create the concept of corporate citizenship as shown below" (Buchholtz & Carroll, 2008. p. 36).

In addition, 4 dimensional model of Carroll, Alexander Dahlsrud (2006) concluded with five dimensions of CSR: The stakeholder dimension, the social dimension, the economic dimension, the voluntariness dimension, the environmental dimension. Among them, the environmental dimension received a significantly lower dimension ratio than the other dimensions whereas stakeholder and social and economic dimensions received high attention, in descending order. Given diverse model of CSR, recently, CSR can be expressed by following core subjects and issues: Fair operating practices, the environment, Labor practices, Consumer issues, Community involvement and development, Organizational governance and Human rights.

“CSR programmed where preceded by what social and economic theorists referred to as Corporate Social Contract which stipulated what society expected of business and vice versa” (Bowie, 1983). “CSR involves organizational paradigm shift from traditional profit maximization objective under shareholder-value creation to stakeholder-management approaches whereby the impacts of their activities on the social constituents are taken into account” (Stubbs and Cockling, 2007). The stakeholder’s (Social Contract) theory posits that organizations have social responsibilities to all their stakeholders because these stakeholders have allowed these organizations to exist and conduct their businesses in a kind of social contract (O’Brien, 1996). Such actions in society are aimed at improving the conditions of the consumers and employees without degenerating the physical environment or subjecting the employees to inhuman working conditions.

In general, CSR that is a broad category and differently is expressed upon point of view of the authors. The confusion is not about how CSR is defined but about how CSR is socially constructed in a specific context (Alexander, 2006). Essentially, in modern society, it is important to note that the final goal of CSR is just to contribute to building a dynamic, competitive and cohesive economy based on knowledge (Persephone et al., 2013). In order to achieve this goal, firms should always bear in mind that they have to balance all relating people including employees, shareholders, suppliers, customers, and community.

2.1.2 The Three-Domain Model of CSR

“The three-domain model of CSR is composed of the three responsibility areas: economic, legal, and ethical. In general, these domain categories are defined in a manner consistent with Carroll’s four part model, with the exception that the philanthropic category is subsumed under the ethical and/or economic domains, reflecting the possible differing motivations for philanthropic activities” (Mark and Carroll, 2012).

➤ Economic Domain

For the purposes of the three-domain model, the economic domain captures those activities which are intended to have either a direct or indirect positive economic impact on the corporation in question. In this sense, it is similar to the Carroll formulation of this component. “The positive impact is based on two distinct but related criteria (poitras 1994): (i) the maximization of profits and/or (ii) the maximization of share value” (Mark and Carroll, 2012).

It is to be expected that the vast majority of corporate activities will be economic in nature. However, there may be some activities that would not be included. A corporation's actions would fall outside of the economic domain if (i) they are not intended to maximize profit (or minimize loss) when a more profitable alternative exists, or (ii) they are engaged in without any real consideration of the possible economic consequences to the firm. In terms of the outcome or results, if the activity produces a decline in profits or share value, this may be an indication of a non-economic motive, but may also merely represent a flawed business decision (and the action would still be considered to fall within the economic domain).

➤ **Legal Domain**

The legal category of CSR pertains to the business firm's responsiveness to legal expectations mandated and expected by society in the form of federal, state, and local jurisdictions, or through legal principles as developed in case law. In this context, legality may be viewed in terms of three general categories: (1) compliance, (2) avoidance of civil litigation, and (3) anticipation of the law. The first legal category, compliance, can be further sub-divided into three types: *passive*, *restrictive*, and *opportunistic*. The first type of compliance is of a *passive* or accidental nature the company is doing what it wants and just happens to be complying with the law.

The second type of compliance, referred to as *restrictive* compliance, occurs when a corporation is legally compelled to do something that it would not otherwise want to do. The payment of taxes, tariffs, or duties is often done reluctantly and, therefore, restrictively. Although a company may want to pollute at higher levels or sell goods with fewer safety warnings, the law may prohibit it from doing so, leading to restrictive compliance. The adjective *restrictive* is used to reflect the idea that the legal system is limiting, constraining, or modifying otherwise intended behavior in a restrictive fashion.

The third type of compliance is that of *opportunistic* compliance. There are two general modes of opportunistic compliance. First, a corporation may actively seek out and take advantage of loopholes in the legislation to be able to engage in certain activities. In such cases one typically finds that the corporation is abiding by the letter of the law but not the spirit of the law. Second, a corporation may choose to operate in a particular jurisdiction because of its weaker legal standards. In such a case, the corporation has based its decision on the legal system, and is still technically complying with the law.

Carroll's treatment of the legal domain appears to embrace these types of legal motives although he does not distinguish between or elaborate upon them. There are, however, other legal dimensions as well. The second general legal category, *avoidance*, relates to corporate activities that are motivated by the desire to avoid possible current or future civil litigation for negligent conduct.

The third legal category consists of the *anticipation* of changes to legislation. The legal process is often slow in nature, and corporations may wish to engage in activities that will result in immediate compliance upon the legislation's eventual enactment. Changes to legislation in other jurisdictions often serve as an indication of forthcoming similar legislation in one's own jurisdiction. If laws are anticipated, companies may engage in voluntary activities to help prevent, modify, or slow down the pace of new legislation being enacted, and are thus acting based on a consideration of the legal system.

➤ **Ethical Domain**

The ethical domain of the three-domain model refers to the ethical responsibilities of business as expected by the general population and relevant stakeholders. This domain includes responsiveness to both domestic and global ethical imperatives. Based on this general definition, the three-domain model both broadens and refines Carroll's concept of the ethical domain by including only three general ethical standards: (a) conventional; (b) consequentialist; and (c) deontological.

(a) ***Conventional standard:*** The standard of conventions can be explained by the moral philosophy known as ethical relativism (Pojman 1995: 31). The manner by which Carroll defines the standard of conventions as noted above to limit it to a concern for justice or moral rights. For the purposes of the new model, the standard of conventions will be defined as those standards or norms which have been accepted by the organization, the industry, the profession, or society as necessary for the proper functioning of business.

(b) ***Consequentialist standard:*** The consequentialist standard (sometimes referred to as "teleological") focuses on ends or consequences. Although there are several types of consequentialism, the form that is relevant for the purposes of the ethical domain suggests that "the morally right thing to do is to promote the good of persons" (Hoffman, Frederick, and Schwartz 2001). In this respect, consequentialism includes both egoism (promoting the

good of an individual) and utilitarianism (promoting the good of society). Although egoism can be used as a moral justification for the economic domain, only utilitarianism is considered relevant for the purposes of the ethical domain under the consequentialist standard.

(c) ***Deontological standard:*** The deontological standard, as opposed to focusing on consequences, is defined as embodying those activities which reflect a consideration of one's duty or obligation (De George 1999: 80). This category would embrace two of Carroll's ethical principles, moral rights and justice. Rights are defined as an individual's "entitlement to something" (De George 1986: 79) and can be of a positive or negative nature (Feinberg, 1973). Justice can be of several different types, distributive (whether benefits and burdens have distributed equitably), compensatory, or retributive (Velasquez 1992: 90).

2.2 CSR Standards and Guidelines

To help organizations in developing and implementing their social responsibility practices various national and international voluntary guidance notes on social, environmental and economic responsibilities are available. Some of the widely followed guidelines include ISO26000, the United Nations Global Compact, Global Reporting Initiative (GRI) the United Nations Environment Programmed Finance Initiative, position paper released by the world Business Council on Sustainable Development (WBCSD), EPI-Finance, Equator Principles, etc. These guidelines are generally voluntary in nature for the financial institutions, and developed with the objective to provide enlightening guidance to organization, in order to achieve new paradigm in CSR.

2.2.1 ISO 26000

International organization for standardization is the world's leading developer of international standards. The standards are designed by ISO to be implemented worldwide. It was established in 1926 and its secretariat is situated in Geneva, Switzerland. ISO launched the ISO 26000 Voluntary guidance on social responsibility in 2010. The guideline is prepared by ISO and technical member working group on social responsibility.

ISO standards in general are commonly adapted and certified among companies and products around the world. CSR practice of the study are described according to ISO 26000 seven fundamental subjects of CSR which are supported by lots of research findings of CSR. These CSR standards are labor practice, consumer issues, environment, human rights, organizational

governance, fair operating practice, and social development. Thus, on the basis of these standards, empirical studies of the thesis are summarized and presented below including CSR determinants.

➤ **Labor Practice**

According to ISO 26000 (2010), the labor practices of an organization encompass all policies and practices relating to work performed within, by or on behalf of the organization, including subcontracted work. Labor practices include the recruitment and promotion of workers; disciplinary and grievance procedures; the transfer and relocation of workers; termination of employment; training and skills development; health, safety and industrial hygiene; and any policy or practice affecting conditions of work, in particular working time and remuneration. Labor practices also include the recognition of worker organizations and representation and participation of both worker and employer organizations in collective bargaining, social dialogue and tripartite consultation to address social issues related to employment.

The creation of jobs, as well as wages and other compensation paid for work performed, are among an organization's most important economic and social contributions. Meaningful and productive work is an essential element in human development; standards of living are improved through full and secure employment. Its absence is a primary cause of social problems. Labor practices have a major impact on respect for the rule of law and on the sense of fairness present in society: socially responsible labor practices are essential to social justice, stability and peace” (ISO 26000, 2010, p.34).

➤ **Consumer issues**

Consumer issues regarding social responsibility are related to, among other matters, fair marketing practices, protection of health and safety, sustainable consumption, dispute resolution and redress, data and privacy protection, access to essential products and services, addressing the needs of vulnerable and disadvantaged consumers, and education. The UN Guidelines for Consumer Protection provide fundamental information on consumer issues and sustainable consumption” (ISO 26000, 2010, p.51).

➤ **Community Involvement and Development**

Community involvement is an organization's proactive outreach to the community. It is aimed at preventing and solving problems, fostering partnerships with local organizations and stakeholders and aspiring to be a good organizational citizen of the community. It does not replace the need for taking responsibility for impacts on society and the environment. Organizations contribute to their communities through their participation in and support for civil institutions and through involvement in networks of groups and individuals that constitute civil society” (ISO 26000, 2010, p.60).

Community involvement also helps organizations to familiarize themselves with community needs and priorities, so that the organization's developmental and other efforts are compatible with those of the community and society. An organization might become involved through, for example, participation in forums established by local authorities and residents' associations or by creating such forums” (ISO 26000, 2010, p.61).

➤ **Environmental Protection**

Society is facing many environmental challenges, including the depletion of natural resources, pollution, climate change, and destruction of habitats, loss of species, the collapse of whole ecosystems and the degradation of urban and rural human settlements. As the world population grows and consumption increases, these changes are increasing threats to human security and the health and wellbeing of society. There is a need to identify options to reduce and eliminate unsustainable volumes and patterns of production and consumption and to ensure that the resource consumption per person becomes sustainable. Environmental matters at the local, regional and global level are interconnected. Addressing them requires a comprehensive, systematic and collective approach” (ISO 26000, 2010, p.40).

Environmental responsibility is a precondition for the survival and prosperity of human beings. It is therefore an important aspect of social responsibility. Environmental matters are closely linked to other social responsibility core subjects and issues. Environmental education and capacity building is fundamental in promoting the development of sustainable societies and lifestyles” (ISO 26000, 2010, p.40).

➤ **Human Rights**

With reference to, William and Jose (et al, 2009) study of CSR standards, the CSR standards hinge on many aspects of life such as human rights, treatment of labor, the environment, consumer protection, health, fighting corruption and transparency in reporting. The findings of the study claim that companies are under obligation to respect and promote human rights in their operations. The Universal Declaration of Human Rights of 1948 recognizes the dignity and equality of all persons as members of the global community. This also forms the basis for freedom, justice and peace across the world. Corporations, as organs of society are under obligation to comply wherever they may be operating in the world. It stated that corporations are required to:

- i) Promote human rights in those countries where they operate.
- ii) Investigate how human rights might be affected by the various types of business operations.
- iii) Ensure that all security personnel respect human rights and comply with the principles of the UN Code of Conduct for Law Enforcement Officials.
- iv) Include in their code of conduct, the aspect of respect for human rights. Similar to his description about environmental dimension, Shafiqur (et al, 2011), has declared that CSR be treated in terms of human rights.

➤ **Fair Operating Practice**

According to ISO 26000 (2010), social responsibility is premised on fair operating practices, meaning ethical conduct in an organization's dealings with others, including government agencies, partners, suppliers, contractors, competitors and the associations in which they are members. A key issue in fair operating practices is anti-corruption. Corruption can result in the violation of human rights, the erosion of political processes, impoverishment of political processes, impoverishment of societies and damage to the environment. Socially responsible companies will consequently have in place robust anti-corruption policies and practices, backed up by senior management buy in, staff training, and reporting, and accountability arrangements.

➤ **Organizational Governance**

According to ISO 26000 (2010), Organizational governance is the system by which an organization makes and implements decisions in pursuit of its objectives. Organizational governance is the most crucial factor in enabling an organization to take responsibility for the impacts of its decisions and activities and to integrate social responsibility throughout the organization and its relationships. In the context of social responsibility has the special characteristic of being both a core subject on which organizations should act and a means of increasing the organization's ability to behave in a socially responsible manner with regard to the other core subjects.

2.2.2 UN Global Compact

The UN Global Compact is a CSR initiative applicable to all business sectors consists of 10 voluntary principles on human rights, labor rights, environment and anti-corruption. The compact is currently the largest initiative of its kind in the world; it has close to 8000 participants, including over 6000 businesses in 135 countries around the world. It includes recommendation to all sorts of financial market participants, ranging from stock exchanges, pension funds, financial institutions and regulators” (UNGC 2009).

2.2.3 Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) produces one of the world's most prevalent standards for sustainability reporting also known as corporate social responsibility reporting, triple bottom line reporting, environmental social governance reporting. GRI seeks to make sustainability reporting by all organizations as routine as, and comparable to financial reporting GRI guidelines apply to corporate businesses, public agencies, smaller enterprises, NGOs, industry groups and others. As of January 2009, more than 1,500 organizations from 60 countries use the Guidelines to produce their sustainability reports” (GRI 2000-2011).

2.2.4 United Nations Environment Programmed Finance Initiative (UNEPFI)

United Nations Environment Programmed Finance Initiative (UNEPFI 2007) launched at the beginning of 1990s to work with financial companies to identify, define and promote good and best environmental practices in their internal and external operations. In collaboration with over 260 commercial and investment banks, fund managers, and insurance companies, the

initiative is based on a statement of commitment in regard to environmental and sustainable development in three areas of their activities: incorporating environmental and social aspects in internal operations; identifying and quantifying environmental risk as a part of risk management, and developing products and services that actively promote environmental protection.

2.2.5 EPI-Finance 2000

EPI-Finance 2000 aims at developing environmental measurement indicators, and was launched by 11 financial corporations in Germany and Switzerland. The set of Environmental Performance Indicators (EPI) for the financial industry incorporated the environmental evaluation standard ISO-1403 as a guideline. The EPI-Finance 2000 proposed indicators covering four categories of financial services-commercial banking: Investment Banking, Project Financing, Asset Management and insurance relating to integrating environmental issues into core business and development of environmental products for financing” (EPI-Finance 2000).

2.2.5 Equator Principles

The Equator Principles are based on the environmental and social policies and guidelines of the International Finance Corporation (IFC), the private sector development arm of the World Bank Group. The Equator Principles are a set of voluntary commitments in the area of project financing, designed by a group of banks for assessing, managing and monitoring environmental and social risk. These principles apply to all projects financing, in all sectors globally, where the size of the deal exceeds US\$50 million. Each project is categorized into one of three groups: High-impact ‘Category A’ projects, which require a full Environmental Impact Assessment (EIA); ‘Category B’ projects with lower likely impacts, which require a less-extensive EIA; and ‘Category C’ projects with minimal or no adverse impacts. The projects under category C do not require an EIA. The principles also require borrowers in high impact projects to carry out appropriate local stakeholder consultation. In addition, the borrower or a third-party expert must put an environmental management programmer in place to address project compliance, mitigation, action plans and monitoring procedures.

2.3 CSR in the Banking Industry

Even though CSR initiatives are applicable to virtually all organizations, banks are more sensitive to these programmes as they have to strive to satisfy a multiplicity of stakeholders. “These include maximizing profit to shareholders who are the true owners of the business, maintaining optimal liquidity for depositors, complying with regulator’s demands, satisfying the deficit sector demands for credits, contributing to the development of the economy as well as satisfying the needs of the immediate community in which they operate” (Nwankwo, 1991). Banks have a key role in government’s aim of stewardship of the economy. As the most important financiers they uniquely perform functions of collecting deposits from wider public, granting loans, and running the payment system simultaneously. Additionally, they must take care of the ethical aspects of customer relationships, as people’s assets are at stake” (Salmones, et. 2009). Banks are answerable to their shareholders because they have invested their money in the business, are entitled to see it protected and rewarded by a fair return, and they also want to see their institution behaving in an ethically satisfactory fashion. Banks depend on people to run their business and to reflect their ethical standards, who have to know what is expected of them. Finally, through their business activities banks invest in the well-being of the communities they serve and their everyday decisions have a long term impact on those communities” (Green, 1989).

A number of factors have contributed to a more socially responsible orientation in banking. “The increased economic and public pressure has forced banks to analyse their role in society and their contribution to obtaining more sustainable development” (Cuesta et al, 2006). In particular, the recent economic crisis and its social consequences have to some extent damaged consumer confidence and the level of trust in financial institutions. Demonstrating (and not only claiming) responsibility towards society is crucial for regaining trust, and banks are increasingly recognizing it. Furthermore, banks themselves are becoming increasingly aware of the risk associated with financing environmentally or socially sensitive projects. Therefore, in their lending activities they analyse how to fairly balance the risk and interests of various parties affected by their business.

The bank attitude towards current problems of society related culture and environment (Persephone Polychronidou et al., 2013) become more and more recognized by bank clients. As a result, banks are recently motivated by goals other than profit, revenue, and market share because this alternative inspiration can be better both for the society and the bank itself. The company engaging in CSR will indirectly gain competitive advantage in the market place through

reduction or elimination of government imposed fines” (Belkaoui, 1976; Bragdon & Marlin, 1972; Freedman & Stagliano, 1991; Shane & Spicer, 1983) and product differentiation (McWilliams & Siegel, 2001; Waddock & Graves, 1997). At the same time, it can minimize its Overall Company’s exposure to risk (Godfrey, 2004).

Moreover, these days, competition in the banking sector has a non-price nature: many banks offer similar conditions in the same markets. The necessity of searching for additional benefits is got mainly through the promotion of new products and brand development. It should be taken into account that to maintain the uniqueness in the market within the introduction of innovations is not possible in the long term financial engineering does not stand still, and competitors can always offer something similar, if the product is successful. That is why the development of brand of the bank by creating a positive image in front of the main groups of stakeholders is an important aspect of the performance in a high competitive environment. To achieve this target, tools of socially responsible business are often used and the choice is determined by financial possibilities of banks, the level of development of the whole system, the requirements of regulators, national peculiarities and differs in many countries.

From banks ‘point of view, social responsibility in its comprehensive understanding is the way of creating long-term value. “It enables banks to recognize business opportunities and to manage risk more efficiently. It improves their reputation and branding, by influencing trust and customer perceptions” (Mulki and Jaramillo, 2011). Awareness of responsibility towards society and environment guarantees compliance with government regulations. Finally, it offers vast potential to improve and develop banks’ own services, e.g. in fast-growing areas of sustainable energy, cleaner production, biodiversity conservation and banking services to low-income and underserved groups” (IFC, 2007).

2.4 Empirical Studies

An empirical study made by (Shahid, 2013), Out of forty seven scheduled banks in Bangladesh, forty six had some kind of engagement in CSR practices in 2010. In terms of direct monetary expenditure, engagements of banks in CSR initiatives are increasing, particularly following issuance of BB guidance¹⁸. The CSR expenditure of banks in Bangladesh sharply increased from Tk. 226.4 million in 2007 to Tk. 2329.80 million in 2010 registering 929 percent growth in CSR expenditure from 2007 to 2010 (Figure-1). However, CSR expenditures of banks were mainly in the form of passive grants and

donations. CSR expenditures of banks can be broadly categorized as philanthropic Expenditures 19 and strategic philanthropic expenditures 20. By practicing CSR, a bank can be benefited both directly and indirectly. The direct benefit that a bank can enjoy comes from strategic philanthropy.

Soana (2011) examined a correlation between social and financial performance of banks. This analysis showed that Italian banks haven't shown any significant correlation between social and financial performance. According to this study, any negative correlation between social and financial performance has not been revealed. On the other hand, results of this study provide evidence that banks' investment in CSR does not lead to economic benefits for the bank. According to Graafland and Van de Ven (2011), focus on a social responsibility of the bank requires increased professionalism of those who are working in the financial sector; a stronger focus on compliance with Code of Ethics; verification of employees' capabilities and other approaches such as transparency, focus on stakeholders' interests and cooperation with social institutions.

According to their website the Barclays Pakistan has started "Barclays has Flagship program in the financial sector for improving financial independence and security. To reduce child labor and exploitation Barclays have invested 30 million PKR with UNICEF to provide vocational training and technical education. They have also initiated to help financial aid to different primary schools in Lahore and Karachi and constructed 20 libraries in different cities across the country spending 4.65 million PKR in 2008-09 benefit a total 5,145 school going children. On the higher education site Barclays Pakistan has arranged educational stipend for deprived students who are willing to take higher education at Lahore University of management sciences (LUMS) and Institute of Business administration (IBA) covering two million PKR for undergraduate and postgraduate programs" (Barclays.pk, 2010).

An empirical study made by (Deepika & Rama, 2014) the chief domains for reporting CSR activities in Indian private sector banks are to enhance the level of education and employment. The other prominent areas for their concern include community welfare, programmers for child welfare and protection of environment. As indicated their report CSR practices of the selected banks represents a wide spectrum of different activities including rural development, community development and social welfare, family initiatives, women's empowerment and environment protection. A significant part of the bank's annual earnings is used to support structures, events and individuals across diverse areas of child healthcare and education, entertainment, environmental beautification, human capital development and arts. The study of

core areas as reported by the selected banks reveal that primary concern for both type of bank is social welfare. However both have different approach to promote the same. The general trend of selected public sector banks are mainly practices for rural development and removal of gender inequality. On the other hand, the core operational CSR activities in private sector banks are focused on education and employment for all and mitigating the risk of environmental degradation through their green banking strategies.

A survey by Gichana (2004) on CSR practice by Kenyan companies sought to identify social responsibility practices by firms listed in the NSE and the factors that explain the kind of CSR practices adopted by these firms. The study found out that all the companies practiced long term planning and had strategies or social responsibility in place. It was observed that majority of these firms focused on health and education in their practice and were responsible to their employees by offering them medical, housing and pension schemes. It was also observed that water conservation and management was poorly addressed with most of the respondents focusing on internal implications or their activities rather than the water situation as a whole on factors that drive companies to adopt CSR. The recognition of CSR as a core value was the most cited explanation. Other factors include: giving back to the community as a way of meeting government requirement on degradation and as a medium of advertisement.

Yeneneh (2015) described under the title “The Role of Private Commercial Banks on Corporate Social Responsibility in Ethiopia” Practitioners of private commercial banks have to work on accountability for creditability. It means that banks has to work closely with NBE, improve financial management so as to reduce adverse effect to the environment and society, and implement strategy that serve for the financing of health projects. Some respondents strongly disagree to the statement that banking organizations should take a looser/liberal/ attitude to support greener industries, banking organizations should provide lending options to low income individuals and small business, banking organizations should engage in community development and bad management is correlated to poor financial management in banking organizations which results to adverse effect to the environment and society.

The data that fund from CBE website it is depicted in the annex 1, lending to the priority sector is increasing from in the last five years except in the export case decrement in 2013. This indicates CBE’s commitment to the sectors which are believed pillar to boost national economic development. In its corporate citizenship value, CBE stated that “*We value the importance of our role in national development endeavor and step-up for commitment*”. This statement

connotes that CBE shows commitment for national development endeavors taking voluntarily the interest of government as a stakeholder. The government, as in developing nation, gives great concern for some sectors than others. As a result, a stakeholder with keen interest for fulfilling its corporate social responsibility takes in to account the interest of others. CBE, as key stakeholder for government, takes the initiative of supporting some sectors through loans and advances service priority.

According to their website the commercial bank of Ethiopia has started On September 2011 and April 2012, Commercial Bank of Ethiopia donated 20,000 and 500,000 birr to Hamlin Fistula Ethiopia consecutively. After handing over the cheque to Dr. Catherine Hamlin, Ato Abay Mehari, Vice President of Credit Management with the CBE said on 26 April 2016 the CBE, as a public enterprise, goes way beyond widening its profit margin and the Bank will continue supporting the various initiatives being undertaken by the organization to treat and prevent obstetric *fistula* in Ethiopia. As part of its corporate social responsibility, the CBE is carrying out significant initiatives from health care to education to community development.” (Combanketh.et, 2012).

Furthermore, According to their website the Commercial Bank of Ethiopia has started “The Commercial Bank of Ethiopia donated 2.6 million birr to Children Heart Fund of Ethiopia (CHFE) in December 2016. The donation is earmarked for the purchase of an Echo Machine and to digitalize a manual X-Ray Machine. According to CBE, the partnership between the Bank and the CHFE has existed for a long time and CBE responded positively to calls for various donations. Earlier, CBE donated 1 million birr for the construction of the cardiac center now found in the premises of the Black Lion Hospital and donated another 1 million birr for heart surgery performed for 280 patients by specialists from abroad. CBE pledged that the partnership with the CHFE will continue in the future too in order to make medical care easier for Ethiopian children with heart disease. ” (Combanketh.et, 2016).

2.5 Knowledge Gaps

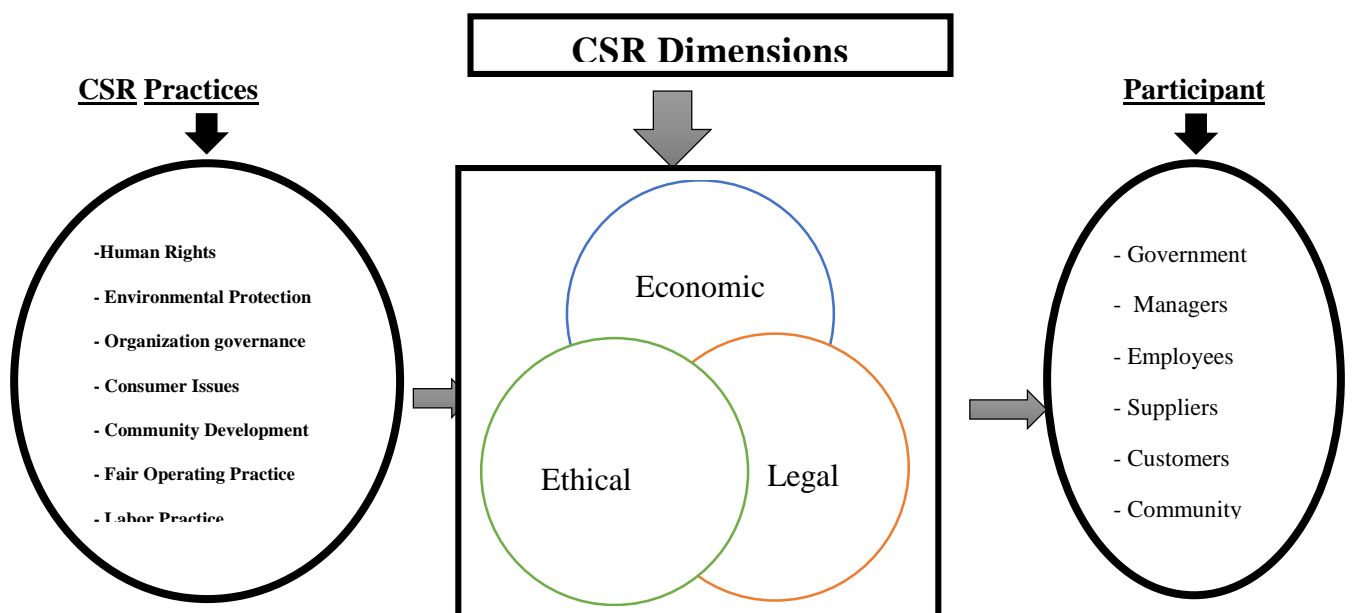
As it has been studied by many scholars and agreed that it is quite difficult to have an agreed definition that clearly reveals the concept of corporate social responsibility. Accordingly, Corporate Social Responsibility (CSR) as a concept has no consensus definition. Various writers defined it based on their background, interest, exposure, as well as values embodied in the writer’s frame of reference. Friedman (2006) cited in Sharma and Mani 2013 described

that, there is one and only one social responsibility of business- to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud. In contrast to Friedman’s statement, Robbins and Coulter (2007) quoted in Sharma and Mani explained that the management’s social responsibility goes beyond making profit to include protecting and improving social’s welfare of its stakeholders and the environment in which the firm carries out its operations. This statement is based on the belief that corporation are not independent entities responsible only to stockholders. They also have the responsibility to the society that allow their formation through various laws and regulations and support them through purchasing their products and services. According to Moharana (2013) CSR defined as, the economic, legal, ethical, and philanthropic expectations placed on organizations by society at a given point in time.

2.6 Conceptual Framework

Conceptual frameworks are abstract representations, connected to the research's goal that directs the collection and analysis of data. Carroll’s (1991) cited in the works of Moharana (2013) had described the fundamental model which could be argued to reflect the outcome of the discussion. After reviewing numerous empirical findings the following conceptual framework is developed for this research.

Figure 1.1 Conceptual Framework of the Study



Source: Three-Domain Model of CSR, with adjustment for the study

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter begins by describing the research design adopted. It then identifies the target population from which the sample were selected and the sampling techniques were used in identifying the organization that was subjected to the study. The chapter ends by describing the data analysis techniques used to analyzing the data.

3.1 Research Design

“Research design is the blueprint for fulfilling research objectives and answering research questions. In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information” (Malhotra, 2004). In order to meet research objective the researcher were used descriptive research approach. According to Kothar (2004) the major purpose of descriptive research is description of the state of affairs as it exists at present. In descriptive research the researcher had no control over the variables; he can only report what was happened or what is happening.

Furthermore, on this study both quantitative and qualitative research type specifically survey method were used. Researchers at the WBCSD (n.d.) recommended using survey methodology to measure the socially responsive values of companies. This type of data collection is preferable because it identified attributes of the CBE, which is a large population, from a small group of individuals.

3.2 Population and Sampling Techniques

According to website of the Commercial Bank of Ethiopia (2017), CBE has 1172 branches and 27,100 employees throughout the country. Out of total branches and employees, Addis Ababa city had 275 branches and 7838 employees.

To meet research objective and based on CBE structure and branch distribution the researcher used non probability sampling technique. The researcher were used a purposive sampling technique to select respondent from the total population of Addis Ababa city branches and three selected different head office department. The reason to used purposive sampling technique is

due to in an effort to increase the respondent rate by using respondents who agreed to participate in study and due to their greater importance and suitability to collect the require data. The study were used to choose individuals based on their job position to ensure diversification of knowledge and job duties.

The total population of this study is 7,875 professional employees who are found in CBE Addis Ababa city branches 7,838 employees and three head office selected different departments 38 employees. From total population the sample size was determined by using the Slovin's formula (Serakan, 1992) cited in Unam (2012 pp.52):

Where:

- **N** is the population size
- **n** is the sample size
- **e** is the margin of error

$$\frac{N}{1+Ne^2} = n$$

Applying 7% error margin, the sample size for the study is 198 members of the target population. Furthermore the researcher was add 10% to the sample size to compensate for persons that the researcher is unable to contact. Therefore, the total number of sample size is 217.

3.3 Types of Data and Tools/ Instrument of Data Collection

With regards to instrument for data collection, the study used both close ended questionnaires and interview. Closed ended questions is included to shape the information in the way that researcher need. A 5-point Likert type scale were used to construct the questionnaire for closed ended questions. "The Likert type scale is an intact scale created by Likert, an American educator and organizational psychologist, in 1932" (Johns, 2010). According to Johns (2010), the Likert-type scale successfully measures attitudes to convey the underlying dimension of the attitudes of survey respondents.

In addition the study was used face to face Semi-structured interview, to obtain information with regard issues that require clarification and vital information that is not expected to access using questionnaires. From the researcher point of view this approach is useful because these respondents will able to elaborate on the status of CSR in the company.

3.4 Procedures of Data Collection

After the sample is identified, first contact was made with the administrative affairs head of the bank and different branch managers. Then after getting necessary permission, the questionnaire and interview was passed out to the respondents during business hours at their workplace. The respondents and heads of same department was informed about the purpose of the study.

3.5 Methods of Data Analysis

This study employed both descriptive and qualitative methods of data analysis techniques to analyze the data. Analysis is done from the data that collected through the questionnaires and interview. The research questions is serve as a guide for conducting the analysis. The items of the questionnaires is analyzed through counting of the frequencies, mean and standard deviation, tables in which the selected items and provided texts from the respondents are appeared.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter deals with the analysis and interpretation of the data collected from the employees of commercial Bank of Ethiopia through the distribution of questionnaires and interviews sessions arranged with the concerned official of Commercial Bank of Ethiopia. It involves making sense out of text and image data. Qualitative and quantitative data analyses as well as descriptive and statistical tools are considered in this section.

Thus, this section mainly include descriptive statistics which provides CSR practices of Commercial bank of Ethiopia corresponding to seven dimensions namely labor practices, fair operating practices, organization governances, consumer issues, community involvement and development, environment protection, and human rights. Therefore, descriptive statistics tools such as frequencies, percentage, mean, and standard deviation are employed in this regard.

Qualitative analysis is developed using data which have been collected using interview. This is used to assist or/and to seal the gap of the questionnaire as well as the quantitative analysis. With respect to this, the administrative head of three selected different departments were interviewed. Quantitative analysis, however, focused on the results of the questionnaire, which is the main instrument of the study. 218 Questionnaires are distributed to ten purposively selected branches employees and three department managers and officers purposively. Among these questionnaires 192 questionnaires are qualified (88%) and analyzed in this chapter. From 218 questionnaires 25 questionnaires are not included as they because some of them are not responded the questionnaires and some of them are not respond correctly.

4.1. Descriptive Statistics Results

In this section, CSR practices in terms of labor practices, fair operating practices, organization governances, consumer issues, community involvement and development, environment protection, and human rights are described using various statistical tools.

Regarding the descriptive interpretations for variables or dimensions used on Likert scale; the measurement was used on the basis of the survey; 5 = Strongly agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly disagree. The mean level of agreement between the group or of the group is categorized on the scale; SA = Strongly Agree (4.51 or greater); A = Agree (3.51 – 4.50); N = Neutral (2.51 – 3.50); D = Disagree (1.51 – 2.50); and, SD = Strongly Disagree (1.49 or less). And, to make more comfortable for analysis three base scale is used, Agree (3.51 and above), Neutral (2.51 to 3.50), and Disagree (less than 2.50) (Dane B. 2007).

The means and standard deviations of the responses are described in study (Appendix B). The mean indicates that to what level of agreement the response of all respondents is approached. It also measures CSR practices of companies with regard to the samples. Standard deviation, however measures the mean difference between responses. In other words, it measures variation of responses with respect to the mean. It show us whether respondents are highly deviated one another in their responses. Thus, the means and standard deviations of variables are described as request as the analysis.

4.1.1 CSR in terms of Labor practices

The result collected from respondent show that, majority of the respondents (46.9%) agree and 41.6% of them disagree with the statement “The bank protects employees from abuse” and 11.5% were neutral in this regard. With respect to providing decent living wage about 18.2% of respondents agree, 62.5% of them disagree while 19.3% were neutral. To seek further interpretation the mean of the responses is 2.48 which lie down under the shade of disagreement. In terms of developing real skill and long term career workers, most of the employees which is 48.4% agree, 38% disagree and 13.5% neutral.

Table 4.1 CSR in terms of Labor practices

Questions	Degree of Agreement	Frequency	%	Mean	STD
The bank protects employees from abuse.	SD	26	13.	2.98	1.226
	D	54	28.		
	N	22	11.		
	A	77	40.		
	SA	13	6.8		
	Total	192	100		
CBE employees are provided a decent living wage	SD	20	10.	2.48	0.976
	D	100	52.		
	N	37	19.		
	A	29	15.		
	SA	6	3.1		
	Total	192	100		
CBE encourages its employees to develop real skill and long term career	SD	15	7.8	3.11	1.159
	D	58	30.		
	N	26	13.		
	A	77	40.		
	SA	16	8.3		
	Total	192	100		
The bank encourages freedom of association of workers	SD	3	1.6	3.75	0.738
	D	12	6.3		
	N	28	14.		
	A	136	70.		
	SA	13	6.8		
	Total	192	100		
The bank has suitable arrangements for health and safety to provide sufficient protection for its employees.	SD	13	6.8	3.53	1.166
	D	35	18.		
	N	13	6.8		
	A	99	51.		
	SA	32	16.		
	Total	192	100		

Source: Survey findings, 2017

In another dimension that is freedom of association, 77.6% of the respondents agree, about 7.9% disagree and the rest 14.6% neutral. Similarly, out of the total number of respondent approximately 68.3% are agree about suitable arrangements for health and safety, about 25% of them disagree while 6.8% were neutral.

To sum up, the description shows, CBE the case of A.A city branches practices labor standard of CSR only in terms of developing real skill and long term career, freedom of association of worker and suitable arrangements for health and safety to employees. The respondents were neutral to the rest two questions.

4.1.2 CSR in terms of Fair operating practice

In response to the growing interest in corporate social responsibility, companies are trying to create ethical work force, ethical decision making, and other dimensions of CSR. Fair operating practice activities also included in this regard.

Table 4.2 CSR in terms of Fair operating practice

Questions	Degree of Agreement	Frequency	%	Mea	STD
CBE facilitates equal and fair working environment to all employees	SD	28	14.6	2.92	1.215
	D	52	27.1		
	N	32	16.7		
	A	67	34.9		
	SA	13	6.8		
	Total	192	100.		
CBE provide enough training to employees on anticorruption or unethical behavior.	SD	3	1.6	3.73	0.729
	D	15	7.8		
	N	20	10.4		
	A	146	76.0		
	SA	8	4.2		
	Total	192	100.		
The bank tries to avoid or reduce corruption.	SD	2	1.0	3.81	0.721
	D	10	5.2		
	N	29	15.1		
	A	132	68.8		
	SA	19	9.9		
	Total	192	100.		

Source: Survey findings, 2017

According to the data collected from employees of CBE the case of A.A city branches, 42% of respondents witnessed that A.A city branches facilitates equal and fair working environment to all employees, 41% of them disagree and 17% of them were indifferent about it. In another variable of Fair operating practice, that is sense of training to employees on anticorruption or unethical behavior, most of (80%) respondents agree, 9% disagree and again 10% of them were neutral. To seek further interpretation, the mean of the responses is 3.73 which lie down under the shade of agreement. Based on these descriptions, we can conclude that CBE the case of A.A city branches is nearly practicing CSR in terms of fair operating.

4.1.3 CSR in terms of organization governances

Organizational governance is the most crucial factor in enabling an organization to take responsibility for the impacts of its decisions and activities and to integrate social responsibility throughout the organization and its relationships. For the case of this discussion, Organizational governance described in two variables such as budget allocation and level of CSR practices.

Table 4.3 CSR in terms of organization governances

Questions	Degree of Agreement	Frequency	%	Mean	STD
Corporate Social Responsibility budget allocation by CBE is fair.	SD	3	1.6	3.26	0.968
	D	46	24.0		
	N	57	29.7		
	A	70	36.5		
	SA	16	8.3		
	Total	192	100.0		
The nature of Corporate Social Responsibility activities undertaken by CBE reached at acceptable level.	SD	3	1.6	3.71	0.814
	D	15	7.8		
	N	38	19.8		
	A	117	60.9		
	SA	19	9.9		
	Total	192	100.0		

Source: Survey findings, 2017

The above table 4.3 indicate that, 86 respondent which means 44.8% of respondent were agree by CBE budget allocation for CSR, 25.6% respondent disagree and other 29.7% were neutral. In another variable of organization governances, that is CSR activity undertaken by CBE the case of A.A city branches reached at acceptable level, most of (70.8%) respondents agree, 9.4% disagree and again 19.8% of respondent were neutral. To seek further interpretation the mean of the responses is 3.71 which lie down under the shade of agreement.

4.1.4 CSR in terms of consumer issues

A customer is not only a king for a bank, but also a boss for the bank. Because, survival of the bank is directly relates to customers. If this is the case, the bank should protect the needs and interests of customers. For the case of this discussion, customer issues described in three terms or variables such as protects customer from fraud, effective feedback and consultation and fair marketing.

Table 4.4 CSR in terms of consumer issues

Questions	Degree of Agreement	Frequency	%	Mean	STD
The bank protects customers from internal and external fraud.	SD	6	3.1	3.74	0.995
	D	23	12.0		
	N	21	10.9		
	A	107	55.7		
	SA	35	18.2		
	Total	192	100.0		
CBE has a process to ensure effective feedback and consultation with customers.	SD	8	4.2	3.53	0.902
	D	19	9.9		
	N	35	18.2		
	A	86	62		
	SA	16	5.7		
	Total	192	100.0		
CBE tries to create fair marketing.	SD	3	1.6	3.72	0.853
	D	20	10.4		
	N	26	13.5		
	A	122	63.5		
	SA	21	10.9		
	Total	192	100.0		

Source: Survey findings, 2017

It is possible to understand from table 4.1.4 greater part (i.e. 73.9%) of respondents agreed that CBE the case of A.A city branches protect customer from fraud, about 15.1% of respondents disagree whereas around 10.9% of them were indifferent. On the subject of customer feedback and consultation, around 67.7% of the employees responded optimistically, 14.1% among them responded pessimistically, whereas, around 18.2% of them were neutral. In terms of fair marketing, most of the employees which account 74.4% were agree, 12% disagree and 13% neutral. . Furthermore, the above table shows that, all means under this consumer issue stretch out between agree and strongly agree. Thus, one can decide that CBE the case of A.A city branches practices CSR in the standard of consumer issue entirely. The interview conducted for the study also supports this.

4.1.5 CSR in terms of community involvement and development

This variable is used to measure the activities performed by the bank for the welfare of the community. In his Study, Moon (2007) stated that corporate entities should be a key stakeholder in community development because of a number of factors that have been highlighted in the literature. One of these factors is the need for corporate entities to use their Corporate social responsibility (CSR) activities to contribute to sustainable community development (particularly that of their host communities) to enhance their social status and competitive edge which is critical to their existence.

CSR in terms of community involvement and development described in four variables namely services for the purpose of benefiting society, financial support to community development, loan provisions to low income and aligns of community investment initiatives to national goal development. Based on the responses gathered from CBE the case of A.A city branches employees, levels of agreement of respondents are described in Table 4.5

In relation services for the purpose of benefiting society, however, relatively large numbers of the respondents (i.e.88.5%) were agree, 5.2% and 6.3% among them disagree and neutral respectively. This seems true, as the interview conducted declare, because different CBE saving methods prepared for the purpose of benefiting different level society. The levels of agreement on “financial support to community development” were 80.2% agree, 9.9% disagree and again 9.9% respondent respond neutral.

Table 4.5 CSR in terms of community involvement and development

Questions	Degree of Agreement	Frequency	%	Mean	STD
The bank provides services for the purpose of benefiting society.	SD	2	1.0	3.92	0.646
	D	8	4.2		
	N	12	6.3		
	A	151	78.6		
	SA	19	9.9		
	Total	192	100.0		
CBE contributes financial support to community development.	SD	4	2.1	3.83	0.852
	D	15	7.8		
	N	19	9.9		
	A	125	65.1		
	SA	29	15.1		
	Total	192	100.0		
CBE has loan provisions to low income individuals and small businesses.	SD	68	35.4	2.15	1.175
	D	70	36.5		
	N	22	11.5		
	A	22	11.5		
	SA	10	5.2		
	Total	192	100.0		
The bank aligns any of its community investment initiatives to National development Goals.	SD	3	1.6	3.92	0.862
	D	13	6.8		
	N	22	11.5		
	A	112	58.3		
	SA	42	21.9		
	Total	192	100.0		

Source: Survey findings, 2017

The table also shows that out of the total respondents 16.7% of employees agree, 71.9% disagree and 11.5% indifferent on the issue that the bank loan provisions to low income.

Furthermore, as we can be seen in the above table 4.1.5 about 80.2% of employees accept that the bank aligns of community investment initiatives to national goal development even though 8.4% of them do not agree and while about 11.5% of them are indifferent.

Generally, respondents agree on services for the purpose of benefiting society, financial support to community development and aligns of community investment initiatives to national goal development although they do not agree on loan provisions to low income. Thus, one can conclude that the firm practices CSR regarding community welfare in some extent.

4.1.6 CSR in terms of Environment protection

As the world population grows and consumption increases, these changes are increasing threats to human security and the health and wellbeing of society. There is a need to identify options to reduce and eliminate unsustainable volumes and patterns of production and consumption and to ensure that the resource consumption per person becomes sustainable.

Table 4.6 CSR in terms of Environment protection

Questions	Degree of Agreement	Frequency	%	Mean	STD
The bank tries to reduce its paper and energy consumption.	SD	25	13.0	2.94	1.199
	D	58	30.2		
	N	22	11.5		
	A	77	40.1		
	SA	10	5.2		
	Total	192	100.0		
CBE tries to participate and support natural environment protection and restoration of natural habitats.	SD	10	5.2	3.25	1.033
	D	38	19.8		
	N	54	28.1		
	A	74	38.5		
	SA	16	8.3		
	Total	192	100.0		

Source: Survey findings, 2017

Table 4.1.6 show that about 45.3% of the respondents agree on the statement “the bank tries to reduce its paper and energy consumption”, 43.2% of them disagree and approximately 11.5% were indifferent. Regarding environment protection and restoration of natural habitats, again 46.8% of the respondents responded positively, 25% among them reflected their negative attitude, and 28.1% of them were indifferent. Generally, the descriptions declare that CSR practice in terms of environmental protection in CBE the case of A.A city branches is not satisfactory.

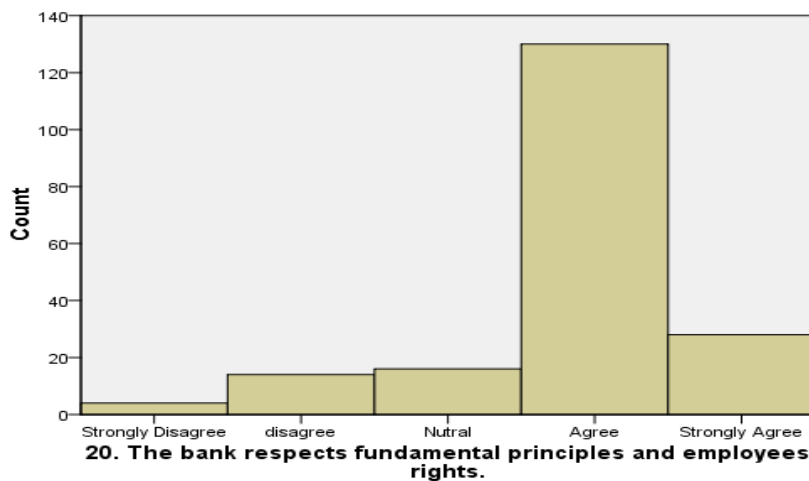
4.1.7 CSR in terms of Human right

CSR practice of a bank also can be expressed in terms of whether the bank carries out human rights or not. For this section of the paper human rights articulated through respects fundamental principles and employees rights.

As it is possible to observe from figure 4.1 majority (82.3%) of the respondents agree, 9.4% disagree, while 8.3% of them indifferent on the subject of comply with human rights. To sum up CBE the case of A.A city branches participates in human rights although the levels of agreement are satisfactory though the interview conducted indicates this.

Figure 4.1 CSR in terms of human rights

Mean	STD
3.85	0.831



Source: Survey findings, 2017 technique

4.2 Summary of the findings and Discussion

This study included a survey design to generalize from a sample of CBE A.A city branch population about the practices of CSR within CBE. The survey design allowed this study the opportunity to explore CBE A.A city branch employees' attitudes about CSR practices, therefore allowing for an examination of the practice of CSR in CBE A.A city branch. This type of data collection was preferable because it identified representative characteristics of the all CBE A.A city branches employees which is a large population, using a small group of individuals.

Enterprises that are interested in reducing employee turnover and maintaining the best cream of employees own it a responsibility to create the condition for such goals to be achieved. In this subsection, employees were asked to indicate the extent to which they agreed or disagreed to various benchmark of CSR practices relating to labor treatment. To sum up, the description shows, CBE the case of A.A city branches practices labor standard of CSR only in terms of developing real skill and long term career, freedom of association of worker and suitable arrangements for health and safety to employees. The respondents were neutral to the rest two questions.

The result on consumer issues base CSR activities indicated that all activities summarized in the above result were engaged in by the A.A city branches at a considerably high level. As indicated in table 4.4 and interview result shows CBE the case of A.A city branches engagement in customer related CSR activities.

The study survey result and empirical review shows, CBE do not made environmental protection one of mainstreams in fulfilling its social responsibility, no fraction out of its annual donation is towards environmental protection endeavors in the study years. It only directly involve, once a year, in planting of trees making an organized team of employees including top management. Compared to its dedication to environmental protection on paper, the empirical evidence shows, the actual practice on the ground is limited to plantation trees once a year. Mainly this is due to the reactive nature of social responsibility practice, one that is done only when a request is coming from anyone of the stakeholders working on environmental protection and sustainability. If there is no request coming from a stakeholder group working on protection of environment, no donation will be made in the existing social responsibility practice.

In community development and involvement issues all activities which were found from respondent response are intertwined with the need of the communities within which the bank operates. In faced there was all indication that these banks are not only interested in making money but are equally concerned about improving the living conditions of the people in community where they operate. In general, respondents agree on services for the purpose of benefiting society, financial support to community development and aligns of community investment initiatives to national goal development although they do not agree on loan provisions to low income. Thus, one can conclude that the firm practices CSR regarding community welfare in some extent.

This research study added to the corpus of literature by posing questions that reflect current social standards and expectations. No recent literature existed examining this general population in CSR case; updating this was necessary to ensure that it reflected changes and growth in mores of corporate social responsibility. Based on the research questions, the finding of this research study indicated that the majority of the respondent respond that CBE is fully social responsible in consumer issues and human rights but in the case of community involvement and development, environment protection, organization governances and fair operating practice CBE tries to practices CSR partially.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

In this chapter present conclusions of the research findings that have been analyzed and discussed in the previous chapter presented. Furthermore, based on the findings of the study possible recommendations are made.

5.1. Conclusion

Commercial bank of Ethiopia the case of Addis Ababa city branches practices labor treatments of CSR in terms of freedom of association of worker and suitable arrangements for health and safety to employees. Where as in case of protects employees from abuse, providing decent living wage and developing real skill and long term career, Addis Ababa city branches are not practicing CSR in good manner. In line with the fact that employees are deemed to be a very important stakeholder, firms undertake CSR activities for the benefit of employees. In reflecting CSR activities for employees with the selected sector. However, seems as if it practices CSR for the success of the bank regardless of other interests of workers, because it practices only in freedom of association of worker. In relation to this labor standard of CSR practices CBE the case of Addis Ababa city Branches should consider which activities should come first and which are next. The most familiar activities in relation to employees should be a commitment to the health and safety of employees and ensuring adequate steps should be taken protects employees for abuse. In addition to this employees should be encouraged to develop skills and long term career paths and work- life balance.

With respect to Fair operating practice, Addis Ababa city branches are practicing CSR despite the level of agreement is weedy regarding sense of training to employees on anticorruption or unethical behavior. In other words, the levels of agreement indicate that the Addis Ababa city branches are practicing CSR in this dimension partially.

Regarding consumer protection, majority Addis Ababa city branches are fully practicing corporate social responsibility practices well. Because the most critical CSR activity toward customers is commitment to providing value to customers. Other similar activities such as responding to customer complaints in a timely manner is also quite popular, providing good and continues information to customers and considering customer accessibility also sustains the exited customers and creates new customers.

The employees' response indicates implications that the bank practices community welfare activities in terms of various services for the purpose of benefiting society, financial support to community development, and aligns of community investment initiatives to national goal development. This statement connotes that CBE shows commitment for national development endeavors taking voluntarily the interest of government as a stakeholder. Over all CBE, as key stakeholder for government, takes the initiative of supporting some sectors through loans and advances service priority. But the CBE does not participating in loan provision to low income individuals and small businesses. In relation to this, the interview notes show that in overall CBE does not provide Loan provision to low income individuals and small businesses by this reason all Addis Ababa city branches not provide Loan provision to low income individuals and small businesses but the bank finance nutmegs national projects that support the majority of low income individuals.

Regarding environmental protection with the reference to the analysis and interview conducted, the actual practice on the ground is limited to plantation trees once a year. Mainly this is due to the reactive nature of social responsibility practice, one that is done only when a request is coming from anyone of the stakeholders working on environmental protection and sustainability. If there are no request coming from a stakeholder group working on protection of environment, no donation will be made in the existing social responsibility practice. Therefore, it is possible to understand here that commercial bank of Ethiopia Addis Ababa city branches performs lower on environmental issues compared to practices on other dimensions and its CSR procedure.

In general Commercial bank of Ethiopia has included social responsibility in its business operation and that is reflected in its value "*Corporate Citizenship*" which shows how the bank values its role in national development, care for society's welfare and the environment in which it operate as a business entity. Furthermore the study indicated that the majority of the respondent respond that Addis Ababa city branches are fully social responsible in consumer issues and human rights but in the case of labor practices, community involvement and development, environment protection, organization governances and fair operating practice CBE trained to practices CSR partially.

5.2. Recommendation

On the basis of the findings and conclusions reached, the researcher would like to make the following recommendations in view of what has been concluded by the data collected and analyzed.

In relation to labor treatment, in the case of A.A city branches and all over CBE pays attention to is the responsibilities of the bank towards its staff. In the banks view, the attainment of corporate goals is dependent on well-motivated and highly-qualified employees. To that effect, CBE has to give high attention about labor treatment and practices specially, protects employees from abuse, providing decent living wage and developing real skill and long term career activities.

Most of the time developing country are poor in terms of fair operating practices, CBE the case of Addis Ababa city branches need to evolve certain improvement in creating fair operating practices, especially by creating equal and fair working environment. Specifically, the companies' code of conduct should be designed and implemented in such a way that it is creating standard working environment to form fair computation between one branch employees with other branch employees.

The bank actually place some importance on its value loyal customer mind, so management goes all length to ensure that customers issues on CSR practices. This is why the bank has put in place a strategic ion customer issues policy which applicable to all branches of the bank.

Particularly with the environment protection, the study finding indicated that CBE the case of A.A city branches do not have any direct implication for environment protection. The study, therefore recommends that, in bid to contribute to environmental sustainability, CBE must include environmental sustainability plans in their credit and supplier requirements to impress on clients and suppliers to ensure the use of environmentally sound technologies. For instance, those generator that CBE A.A city branches use when power outage hardly produces noise or even smoke. So the bank must think about any equipment purchase meet all environmental friendly specifications.

The researcher has recommended that management of CBE the case of Addis Ababa city branches and all over CBE should adhere to the need for Corporate Social Responsibility requires more for the bank to pay special attention to design and built forth programs and policies to enrich wealth knowledge of banking service staff and to understand their own position among the overall banking sector..

Finally, even though in some case CBE participate in CSR activities, but in some situation some stakeholders of the bank may not be aware the CSR activate of the CBE. So as recommendation, the study suggests that CBE put in place a CSR communication strategy which will incorporate various platforms and media to communicate or report their CSR activities to all stakeholders.

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Appendices A

**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF MANAGEMENT
MBA PROGRAM**

Dear Respondents,

This study is conducted in partial fulfillment of the requirements for the Master of Art degree in Business Administration. This questionnaire is designed for the purpose of collect data for a research work on the title of “**Assessment of Corporate Social Responsibility at Commercial Bank of Ethiopia: The Case of Addis Ababa city Branches**”. The objective of this questionnaire is to obtain your perceptions and views regarding various aspects of Commercial Bank of Ethiopia CSR practices. Your cooperation to respond this questionnaire is very important to the study because it represents thousands of others who are not included in the sample. Furthermore, the questionnaire will also help organization to identify the position of CSR practices. Thus, you are kindly requested to answer the questions honestly and you are assured that your responses will be treated confidential and used for only academic purpose.

General Instruction:

- Your participation is voluntary
- Guarantee you that your responses will not be disclosed to any one
- Do not write your name on the questionnaire
- Please simply tick the most appropriate responses

Thank you in advance for your kind cooperation!

1. The bank protects employees from abuse.

- | | | |
|---|--|----------------------------------|
| <input type="checkbox"/> Strongly Agree | <input type="checkbox"/> Agree | <input type="checkbox"/> Neutral |
| <input type="checkbox"/> Disagree | <input type="checkbox"/> Strongly disagree | |

2. CBE employees are provided a decent living wage.

- | | | |
|---|--|----------------------------------|
| <input type="checkbox"/> Strongly Agree | <input type="checkbox"/> Agree | <input type="checkbox"/> Neutral |
| <input type="checkbox"/> Disagree | <input type="checkbox"/> Strongly disagree | |

3. CBE encourages its employees to develop real skill and long term career.

- | | | |
|---|--------------------------------|----------------------------------|
| <input type="checkbox"/> Strongly Agree | <input type="checkbox"/> Agree | <input type="checkbox"/> Neutral |
| <input type="checkbox"/> | <input type="checkbox"/> | |

Disagree

Strongly disagree

4. The bank encourages freedom of association of workers

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

5. The bank has suitable arrangements for health and safety to provide sufficient protection for its employees.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

6. CBE facilitates equal and fair working environment to all employees.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

7. CBE provide enough training to employees on anticorruption or unethical behavior.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

8. CBE tries to create fair marketing.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

9. The bank tries to avoid or reduce corruption.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

10. Corporate Social Responsibility budget allocation by CBE is fair.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

11. The nature of Corporate Social Responsibility activities undertaken by CBE reached at acceptable level.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

12. The bank protects customers from internal and external fraud.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

13. CBE has a process to ensure effective feedback and consultation with customers.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

14. The bank provides services for the purpose of benefiting society.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

15. CBE contributes financial support to community development (e.g. supporting community education, construction of health facility, etc.)

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

16. CBE has loan provisions to low income individuals and small businesses.

- Strongly Agree Agree Neutral
 Disagree Strongly disagree

17. The bank aligns any of its community investment initiatives to National development Goals.

- Strongly Agree Agree Neutral

Disagree Strongly disagree

18. The bank tries to reduce its paper and energy consumption.

Strongly Agree Agree Neutral

Disagree Strongly disagree

19. CBE tries to participate and support natural environment protection and restoration of natural habitats.

Strongly Agree Agree Neutral

Disagree Strongly disagree

20. The bank respects fundamental principles and employees rights.

Strongly Agree Agree Neutral

Disagree Strongly disagree

Interview Guides

- 1) Could you please tell me some of the main sectors or areas where the bank engage in CSR?
- 2) Does your Bank offer arrangements and procedures for the wellbeing of workers?
- 3) From the consumers' perspective, dose your Bank has a responsibility to the society?
- 4) What efforts are made in the Bank to offer good community welfare?
- 5) Does the bank engage in CSR to improve community relation and how?
- 6) In what activity CBE participates in environmental protection and Restoration?

Appendices B

Descriptive Statistics

	N	Mini mum	Maxi mum	Mean	Std. Deviation
1. The bank protects employees from abuse.	192	1	5	2.98	1.226
2. CBE employees are provided a decent living wage.	192	1	5	2.48	.976
3.CBE encourages its employees to develop real skill and long term career	192	1	5	3.11	1.159
4.The bank encourages freedom of association of workers	192	1	5	3.75	.738
5. The bank has suitable arrangements for health and safety to provide sufficient protection for its employees.	192	1	5	3.53	1.166
6. CBE facilitates equal and fair working environment to all employees.	192	1	5	2.92	1.215
7. CBE provide enough training to employees on anticorruption or unethical behavior.	192	1	5	3.73	.729
8. CBE tries to create fair marketing.	192	1	5	3.72	0.853
9. The bank tries to avoid or reduce corruption.	192	1	5	3.81	.721
10. Corporate Social Responsibility budget allocation by CBE is fair.	192	1	5	3.26	.968
11.The nature of Corporate Social Responsibility activities undertaken by CBE reached at acceptable level.	192	1	5	3.71	.814
12. The bank protects customers from internal and external fraud.	192	1	5	3.74	.995
13. CBE has a process to ensure effective feedback and consultation with customers.	192	1	5	3.53	.902
14. The bank provides services for the purpose of benefiting society.	192	1	5	3.92	.646
15.CBE contributes financial support to community development	192	1	5	3.83	.852
16. CBE has loan provisions to low income individuals and small businesses.	192	1	5	2.15	1.175
17. The bank aligns any of its community investment initiatives to National development Goals.	192	1	5	3.92	.862
18. The bank tries to reduce its paper and energy consumption.	192	1	5	2.94	1.199
19.CBE tries to participate and support natural environment protection and restoration of natural habitats.	192	1	5	3.25	1.033
20. The bank respects fundamental principles and employees rights.	192	1	5	3.85	.831
Valid N (list wise)	192				
20. The bank respects fundamental principles and employees rights.	192	1	5	3.85	.831
Valid N (list wise)	192				

Appendices C

Priority Sector Loan Ratio to Total Loan and Advances

		In years				
		2009 June	2010 June	2011 June	2012 June	2013 June
Priority Sector	0	8589865.7	12986608.	23779815.	43577784.	55236078.
Total Loan and Ad		19,375,59	22,859,02	34,217,68	58,326,98	70,432,28
Ratio to Total		44.4	56.8	69.5	74.7	78.4

Ratio of Priority Sector Lending to Total Loan/Advances ('000)