



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF CORPORATE SOCIAL
RESPONSIBILITY PRACTICES OF MOHA SOFT
DRINKS INDUSTRY: THE CASE OF SUMMIT PLANT**

BY

WORKU ALEMAYEHU

JUNE, 2017
ADDIS ABABA, ETHIOPIA

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SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

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INDUSTRY: THE CASE OF SUMMIT PLANT**

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LIST OF ABBREVIATIONS & ACRONYMS

CEO – Chief Executive Officer

CSO – Civil Society Organizations

CSR – Corporate Social Responsibility

FDI – Foreign Direct Investment

FDRE – Federal Democratic Republic of Ethiopia

GMP – Good Management Practices

HDI – Human Development Index

HRD – Human Resources Department

ISO – International Standardization Organization

MDG – Millennium Development Goals

MIDROC – Mohammed International Development Research and Organization Companies

MOHA S.C. – Mohammed Hussein Alamudi Share Company

MoLSA – Ministry of Labour and Social Affairs

NGO – Non-Governmental Organizations

OECD – Organization for Economic Cooperation and Development

PPP – Public Private Partnership

SDG – Sustainable Development Goals

SPSS – Statistical Package for Social Sciences

UN - United Nations

UNDP - United Nations Development Programme

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ABSTRACT

Corporate social responsibility relates to the concerns of internal and external stakeholders in the economic, social and environmental impact of a business firm's activities. Even though, fulfilling the CSR requires volunteering actions by the business firms, the role of government is also vital in regulating the required practices. Accordingly, the purpose of the research was to assess Corporate Social Responsibility practices of the Summit Plant of the MOHA Soft Drink Industry towards its employees, consumers, environment, society at large, other stakeholders and its philanthropic engagements. Descriptive research was used in this research and Interviews, questionnaire, review of documents and observation methods were applied in collecting relevant data. The systematic random sampling was used for selecting sample employees and convenience sampling was used for selecting sample regulatory offices. A one-to-one structured interview conducted with all department managers and the general manager of the company. The relevant qualitative and quantitative data collected through the selected tools were quantitatively and qualitatively analyzed in order to compile major findings of the study. Major results of the study indicated that the objective of the company in undertaking CSR activities is marketing related; others related to community development, environment and voluntary activities are undertaken as responses based on the request of stakeholders concerned. The company has a full compliance to the CSR pertinent rules and regulations of the nation. The company is more of reactive, not proactive, in discharging its social responsibilities in terms of its contribution for community development, philanthropic engagements and natural environment protection activities, and its act of CSR is also used as a marketing tool. The main recommendation is that the company should be proactive in discharging its social responsibilities through an organized and planned manner.

Key Words: *Corporate Social Responsibility, Business Ethics, CSR Elements, Stakeholders*

CHAPTER ONE

INTRODUCTION

This chapter presents the background of the study and the problem that is addressed in the study. It also states the research questions and objectives of the research. The last three sections of the chapter briefly deal with definition of terms, significance of the study and scope of the research.

1.1 Background of the Study

Over the years, understanding and explanation of Corporate Social Responsibility (CSR) has been the major issue for both Academicians and businessmen. Different point of views supporting and against it have evolved on the subject matter. Economists like Adam Smith and Milton Friedman were of the opinion that the primary responsibilities of the firm is to earn profits and avail goods and services to the society and leave other social functions to other institutions of a society (Fernando, 2006). Here, it is clear that the basic stance of this view was laissez-faire, whereby businesses are purely regulated by market forces and are primarily concerned with the short-term profit maximization motive.

However, scholars who were opposing the notion of Adam Smith and others have a view that government should not be the only entity that is responsible for social welfare, but businesses too. Fernando (2006) substantiated this notion by stating that governments cannot and need not be the sole repository for promoting the welfare of masses. It is also an area where the corporate firms can also play a role.

On the other hand, businessmen had different views in support of and against CSR. One of the businessmen indicated by Fernando (2006) was T.F. Bradsha, former president of the Atlantic Richfield Company who stated that businesses could not ignore social expectations of the community of which the business itself is a part. This view of the company president is one of those CEOs who were pro-CSR. Fernando (2006) concluded his pro-CSR view by paraphrasing the view of Prof. Robert Dahl that today it is abnormal

to regard the corporation simply as an enterprise established for the sole purpose of maximizing profit for the owners, rather it is also responsible and should be thought of as a special enterprise whose existence and decisions can be justified only if they are able to serve its internal and external stakeholders, including the society at large.

It is increasingly recognized that the role of the business sector is critical. As a part of society, it is in the interest of business firms to contribute in addressing common problems. Strategically speaking, business can only flourish when the communities and ecosystems in which they operate are healthy (Hohenen, 2007).

CSR efforts and initiatives need not and must not only come from corporations, but governments at all levels, non-governmental organizations (NGOs) and society play key roles (Contreras, 2004). Since there are continuous changes in both the business environment and demands of society over time, the application and fulfillment of CSR elements are also becoming dynamic. Jonker and Witte (2006) stated that the society is fundamentally in transition. As a result, new and unforeseen demands are placed upon business; and businesses themselves need to find new ways to respond to these developments.

The characterizations of the concept vary based on the perception and sensitivity of the analyst of the concept itself. There are authors who define CSR from the perspective of a philanthropic model, while others define it from the point of view of operating core businesses in a socially responsible manner. Fernando (2006) stated that World Business Council for Sustainable Development defined CSR as a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

The practice of Corporate Social Responsibility (CSR) among private corporations is spreading worldwide. (Carroll 2016) indicated that the majority of the world's population lives in developing countries and each country's experience its own unique social, political

and environmental issues. These countries are in the process of industrialization and are often characterized by unstable governments, higher levels of unemployment, limited technological capacity, unequal distribution of income, unreliable water supplies and underutilized factors of production.

As a result of rapid industrial development, policies are pursued that aim to attract greater foreign investment, and the investors are often keen to start benefitting from fiscal incentives and cheap labour. While these strategies make economic sense, they have adverse social and environmental effects, including the use of child labour, low or unpaid wages, unequal career opportunities, occupational health and safety concerns, and increased pollution (Carroll, 2016).

Researchers mentioned above investigated that companies are working towards maximizing their benefits and minimize costs of operations through their effort which could also have an adverse effect on the wellbeing and development of society. More specifically, adversely affect employees, environment, increase pollution, and less engagement in voluntary activities towards contributing to properly discharge CSR. These all investigations of different researchers focused on elements of CSR are the main pillars of this research on CSR practices of the Summit Plant of MOHA.

1.1.1 Background of the organization

MOHA soft drinks Industry S.C was established on May 15, 1996 acquiring Nifas Silk Plant, Tekle Haimanot Plant, Gondar Plant, and Dessie Plant from the Ethiopian Privatization Agency with paid capital of Birr 108,654,000. The Company currently has seven operating units including Summit Plant, Bure Plant, and the recently inaugurated Hawassa Plant in the Southern Nations & Nationalities People's Region (Company Brochure). The major products of the industry are Pepsi Cola, Mirinda Orange, 7-Up, Mirinda Tonic, Mirinda Apple (all Pepsi Brands), and Kool (BureKool and Tossa bottled water products.)

MOHA Soft Drinks Industry S.C. has adhered to Pepsi Cola International Standards and Good Manufacturing Practices (GMP). The company holds 52% of the market share in soft drinks industry in Ethiopia.

As it is stated in the website and brochure of the company, MOHA has paid more than Birr 656 million as excise and sales tax to the government. It has provided 2485 jobs for citizens out of which 1095 are new employment opportunities since acquisition. MOHA has been implementing its social obligation by way of sponsoring different events and supporting initiatives. It has contributed Birr Two Million for victims of natural disaster. It has also backed initiatives and supports HIV/AIDS victims in the Company. The summit Plant as one of the factories under the management of the industry has made its contributions.

The Summit Plant of the MOHA Soft Drinks Industry S.C. started its operation in 2010. Currently, the major products of the plant are Pepsi Cola, Mirinda Orange, 7-Up, Mirinda Tonic, Mirinda Ananas and Mirinda Apple (all Pepsi Brands). The plant has a capacity of 12,000 bottles per hour with 1.5 liter bottle of soft drinks. The company's organization structure consists of a general manager Office and 7 different departments. It has a total of 583 employees. It has been established with an initial investment capital of Birr 130,000,000 with a capacity of producing 12,000 bottles per hour with 1.5 liter bottle capacity for both soft drinks and bottled water (<http://www.midroc-ethiopia.et/moha>).

1.2 Statement of the problem

In many developing countries like Ethiopia, the workers are still not considered as the major internal partner of a business entity and management is more of working towards getting the most out of them by any available means, including unfair treatment, if not considered to be exploitation. In this regard, a case study of one beverages company found out that the working environment for employees is not good, employees don't get the appropriate safety equipments, health & safety trainings, and disagree on the issue of work life balance ((Asefa 2013).

Moreover, in many developing countries prices are manipulated and monopolized, materials of sub-standard quality are deliberately produced or dumped from advanced and developed countries, with no due consideration of the consumers, interests of the community around, the environment, and the society at large. It is to be noted that Corporate Social Responsibility (CSR) along with the concern for the environment is considered to be one of the factors of success and among the building blocks of competitive advantage of a firm (Porter 2002).

National governments pass laws that protect the interests of employees, consumers, community, environment and the society at large. In this regard, the Ethiopian government has proclaimed laws and regulations that deal with different elements of Corporate Social Responsibility (Ethiopian Labour Proclamation, Environmental Pollution Proclamation, Fair Business Practices in trade competition, Consumer Protection, etc). These laws and regulations are also mandatory, which the violation will result a serious penalties, including the closing of business. Even though the legal enforcements are prevailing, it is believed that there are still gaps in fulfilling the CSR requirements as per its areas of concern for the employees, consumers, community, environment and the society.

The gaps in fulfilling the CSR is partly because of its nature that it has a voluntary element, which requires that businesses should excel than simply complying the legal requirements stipulated in a specific law or regulations. Therefore, the focus of the research was on the assessment of CSR practices of MOHA Soft Drinks Industry – Summit Plant in order to find what the real experience looks like and find how the practices in this regard are in line with the required standards, rules, regulations and expectations in the country.

1.3 Research Questions

The research addresses the following questions by applying a proper data collection and analysis methods. These basic questions adopted from different local and international studies, including GIZ (2012) -Frequently Asked Questions on Corporate Social Responsibility in China, Gabisa (2010) and Zegeye (2013).

1. What are the policies, rules and procedures of MOHA Soft Drinks Industry – Summit Plant with regard to employee safety, security health and other employee related CSR elements?
2. What are the components of CSR implemented by the company and how does the company abide by the laws of Ethiopia and internationally accepted standards concerning the food safety for consumers?
3. What are the elements of CSR activities implemented for the wellbeing and development of community around and society at large and its voluntarily engagement?
4. What are environmental protection and pollution control CSR related activities undertaken by the company?
5. How does the company's management implement the CSR as one of the building blocks of competitive advantage?

1.4 Objectives of the study

The general purpose of this study is to assess the practical Corporate Social Responsibility experiences of the Summit Plant of the MOHA Soft Drink Industry S.C. in the perspectives of its responsibility to employees and their families, Consumers, Environment and the society at large, identify gaps and recommend based on analysis of findings.

Having this general objective, the study has some more specific objectives, which are indicated as follows.

1. To identify the company's policies, rules and regulations, implementation level pertaining to its employees safety and health, and their families;
2. To identify the practices related to concern for consumers/customers in marketing and selling operations;
3. To pinpoint the components of CSR activities implemented by the company with regard to the wellbeing and development of community around and society at large and its voluntarily engagement;

4. To identify how production and operations are environmental friendly and reconcile with natural resources conservation and pollution control; and
5. To identify how the company uses its CSR activities to win competition in the market.

1.5 Definition of Terms

Here both conceptual and working definitions are provided for the key concepts and/or terms used in due course of writing the research report. Accordingly, the following are the main concepts with their respective conceptual and working definitions.

Corporate Social Responsibility: The World Business Council for Sustainable Development has described CSR as

“the Business contribution to sustainable economic development building on a base of compliance with legislation and regulations, CSR typically includes “beyond law” commitments and activities pertaining to corporate governance and ethics, health and safety, environmental stewardship, labour rights (as an element of human rights), sustainable development, conditions of work (including safety and health, hours of work, wages), industrial relations, community involvement, development and investment, involvement of and respect for diverse cultures and disadvantaged peoples, corporate philanthropy and employee volunteering, customer satisfaction and adherence to principles of fair competition, anti-bribery and anti-corruption measures, accountability, transparency and performance reporting, and supplier relations, for both domestic and international supply chains” (www.wbcsd.org).

The definition of World Business Council illustrates the components of the CSR in an inclusive manner. Therefore, the operational definition to be used in this study is based on this definition basically from the perspective of the responsibilities of a business company for its employees & and their families, the consumers of its products, community, the environment and the society at large.

Business Ethics: even though different scholars provided different definitions for the term business ethics, the following definition is applied in this study. According to Ferrell *et al*,

“Business Ethics comprises the principles and standards that guide behavior in the world of business” (Ferrell, Fraedrich and Ferrell L., 2005, 28).

Environment: in this study, environment refers to the natural resources and the responsibility for protection and conservation of those resources. As it is stated in the Environmental Pollution Control Proclamation No. 300/2002: "Environment" means

“the totality of all materials whether in their natural state or modified or changed by humans, their external spaces and the interactions which affect their quality or quantity and the welfare of human or other living beings, including but not restricted to, land, atmosphere, weather and climate, water, living things, sound, odour, taste, social factors, and aesthetics...”

Stakeholders: in this study, the concept of stakeholders refers to those who are directly or indirectly affected and/or benefited from the operations of the plant under study.

1.6 Significance of the study

The analysis to be made in this study was based on the existing and contemporary theories & concepts of Corporate Social Responsibility (CSR) and its significance as one of the building blocks of competition in business operations. Therefore, the following are the major benefits that can be drawn from the result of this study.

Improve Practices: It will improve the understanding and practical experiences in discharging CSR related responsibilities in similar plants;

Helps Policy Makers: The assessment result and report of findings have a positive contribution in reviewing and/or developing dynamic and appropriate policies, rules and regulations in this regard;

Source of Information for further studies: It can also be a source of information and/or a base for further studies in the areas of Corporate Social Responsibility in light of practical experiences of different companies from the perspective of the products they are offering to the society at large.

Add knowledge and understanding: The study has also a contribution to widen the understanding of the concept from different perspectives and sector specific issues.

1.7 Scope of the study

The study is limited to the assessment of Corporate Social responsibility policies, implementation and management practices of the Summit Plant of the MOHA Soft Drinks

Industry in Addis Ababa during the period of 2010- 2016. A descriptive research type is applied using data collection tools of Interview, Questionnaire and physical observations. A specific emphasis has been given to the major components of social responsibility and how each of these elements of CSR are implemented and managed in the company. The main elements of the CSR assessed are the following.

- a) Concern for employees;
- b) Concern for consumers/customers in marketing and distribution activities;
- c) Concern for community and the Society at large;
- d) Concern for the environment in terms of conservation of natural resources and pollution; and
- e) Philanthropic responsibility engagements.

CHAPTER TWO

LITERATURE REVIEW

In this chapter, both relevant conceptual and empirical literatures are reviewed in terms of the subject of the study. Accordingly, overview and definition of CSR, its evolution, principles, components, debates on the concept of CSR, and significance of CSR are discussed under the review of relevant concepts. Moreover, empirical and practical literatures specific to the topic from, developing countries perspectives industry under consideration are reviewed in a more specific manner. Finally, a conceptual framework is developed based on the review of relevant literatures.

2.1 Overview and Definition of CSR

The concern for society and natural environment, both at individual and organization level, has a paramount contribution and it is very basic for proper utilization of scarce resources and keeping those resources available for the coming generations. In this sense, one of humankind's highest challenges this century is to ensure sustainable, just and balanced development. The needs of current and future generations cannot be met without respect for society at large, natural environment and international standards protecting core social and environmental values that need to be fulfilled in due course of doing business (Hohnen, 2016).

The accomplishment of CSR by businesses and sustainability are highly linked as the business is established for an indefinite period of time for economic benefits. Sustainability refers to a normative perspective on the internal and external environment regarding tangible and intangible resources. Tangible resources (e.g. water, oil, primary material etc.) should be used with explicit care and, if possible, replaced by alternatives and recycled. Intangible resources (e.g. know-how, competencies, qualifications etc.) should be identified and (strategically) maintained. It is in the interest of the organization to carefully look after the combined tangible and intangible resources and to reflect CSR in its business

strategy and positioning in the value chain while producing a physical product or rendering services as major business undertakings (Jonker and Witte. Ed. 2003).

Corporate social responsibility has become a subject of increasing significance in businesses and national and International business laws concerning the safety, security and well-being of a society at large and of course for the protection and development of the natural environment. Nowadays, no analysis of corporate governance structures would be complete without taking into consideration of the pressures on companies to be seen as responsible corporate citizens in terms of their contribution towards their employees, consumers, competitors, community, environment and the society at large (Cynthia 2016). Consequently, Investors, especially Multinational Corporations as well have become more observant in recent years to environmental and social responsibilities in their portfolio management practices across countries and therefore more concerned with corporate social responsibility. Moreover, (Hohenen 2007) also stated that there is growing recognition of the significant effect the activities of the private sector have on employees, customers, communities, the environment, competitors, business partners, investors, shareholders, governments and others.

International organizations, like the United Nations also confirmed that there are many progresses in the understanding and implementation of CSR by both private and public institutions. In this regard, UN stated that the past recent years have witnessed enormous developments in the field of corporate sustainability. Thousands of companies around the world have established commitments and policies to integrate and diffuse universal principles in the areas of human rights, labour, the environment, and anti-corruption (UN 2010).

In general terms and according to the recent literatures, there is a growing awareness that business needs to manage its relationship with the society at large. Therefore, beyond compliance of stated laws and regulations pertaining to their business venture, corporate business managers are responsible for their corporations' impact on society and the natural environment (D'Amato, Henderson and Florence 2009).

The concept of Corporate Social Responsibility (CSR) is defined differently by different scholars, researchers, Working groups, business executives and other institutions. It is also known by a number of other names, which include corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as CSR and this name will be used throughout this research paper. According to (Carroll, 2016), CSR is all about the obligations of businesses to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of the society at large.

Prominent scholars in the field of the CSR like David Crowther defined CSR in a broader sense by taking into consideration Multinational corporations and a country in which they are operating, and in a more local context in terms of the relationships between a business corporation and the community in their surroundings of business operations. According to (Crowther and Aras, 2008) the broader definitions of the CSR is concerned with what is the relationship between global companies, country governments and individual citizens and at a more narrower level, it is concerned with the relationship between the corporations and the local society around which the business is operating, and of course its stakeholders. This definition elucidates that CSR involves the responsibility of a corporation both internally and external to its business boundaries.

The World Bank developed an operational definition of CSR that considers CSR

“.....as the process of managing the costs and benefits of business activity to both internal, which implies employees, shareholders, investors and external implying institutions of public governance, community members, civil society groups, other enterprises and stakeholders. Setting the boundaries for how these costs and benefits are managed is partly a concern of individual business policy and strategy and partly a question of public governance in terms of establishing broad rules and regulations in order to supervise business enterprises in due course of their activity that need to comply with specific laws and regulations concerning the fulfillment of their Social Responsibility.....” World Bank 2002

Hohnen (2007) also described CSR as:

“.....the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations, CSR typically includes “beyond law” commitments and activities pertaining to corporate governance and ethics, health and safety, environmental stewardship, human rights (including core labour rights), sustainable development, conditions of work (including safety and health, hours of work, wages), industrial relations, community involvement, development and investment, involvement of and respect for diverse cultures and disadvantaged peoples, corporate philanthropy and employee volunteering, customer satisfaction and adherence to principles of fair competition, anti-bribery and anti-corruption measures, accountability, transparency and performance reporting, and supplier relations, for both domestic and international supply chains....”(Hohnen 2007,4).

All the definitions stated above include major components of the CSR that are concerned with the responsibility of a business entity both internally in its operational premises (Shareholders/investors, employees and their families), the local communities around their operations, the natural environment and the society at large. This entails the ethical conduct and responsibility for the development, safety, well-being of society and conservation and protection of the natural environment in due course of applying required resources in producing goods and conducting marketing activities. Based on both the general and specific objectives, this operational definition by World Bank is used in this research paper.

2.2 Historical Development of CSR

The main idea and principle that a corporation has a responsibility to the society along with shareholders' wealth maximization objectives has long historical roots. In addition to other scholars, Peter Drucker debated that companies have a social dimension as well as an economic purpose in his Book entitled “The Future of Industrial Man”, written in 1942. (Katsoulakos, *et.al.* 2004).

There have been also United Nation's initiatives incorporating the rights of business stakeholders and the responsibilities of those businesses for their both internal and external stakeholders. Some of those initiatives introduced before the noticeable milestones in the evolution of CSR include, Universal Declaration of Human Rights Adopted in 1948, UN Freedom of Association and Protection of the right to Organize Convention, Establishment of World Health Organization (both in 1948), and 1951 UN Equal Remuneration Convention, to mention some.

In describing the evolution of CSR, (Bichta 2003) stated that as a significant milestone in the development and practices of the concept, CSR began in the United States of America as a social and political reaction to the rapid growth of capitalism. In the 1970s, big companies arose and as a result they became too powerful, wasted resources, were politically dangerous and socially irresponsible. In order to address this unfavorable act of those big industries, an 'anti-trust' movement grew over time. As a result, the American government assumed responsibility for correcting the social behaviour of big corporations as early as the 1890s and it passed laws on child labour, safety at industrial sites, and on workers' rights to form their associations.

In the UK, the idea that business should take into consideration social and not only economic issues is traced back to the industrial revolution era. Amongst the pioneers of this new era, Robert Owen and others called for a more responsible approach to the needs of those who failed to prosper from the industrial revolution and arguing that workers who were treated well would respond well and the entrepreneurs started funding a range of welfare activities including public health and education (Bichta 2003).

But in overall global terms and according to (Katsoulakos et.al. 2004), the development of CSR can be classified in three phases as Phase one (1960-1990) which is called the initiation phase, where the adopting and reporting during this period were primarily associated with environmental issues. The second (Momentum Building phase) is from 1990-2000 with continuous development of sustainability concepts (including formulation of the MDGs) and the major concern for corporations extended their existing environment

reports to include wider issues such as community. The third phase is the mainstream Initiation Phase (2000-onwards), during which the basic principles have been established and with the focus on implementation developments are likely to come from linking CSR with the mainstream strategy and management frameworks. In general terms, Legal and economic concerns have long been acknowledged in business, but voluntary and ethical issues are more recent concerns in the evolution of the concept CSR and business practices in performing CSR activities (Carroll 1991).

2.2.1 Importance of CSR

A proper implementation of Social responsibility activities has multi-faceted advantages for a business in ensuring its sustainability, profitability, gaining good reputation, developing its goodwill, and win competitions in the industry it is engaged in. corporations can use their CSR efforts to improve their competitive position (Porter and Kramer, 2002).

In emphasizing the significance of CSR activities for business performance, Williams and Siegel (2000) stated that Support of CSR can also help to create a reputation that a firm is reliable and honest, and some consumers may assume that the products of a reliable and honest firm will be of high quality. Therefore, advertising that provides information about CSR attributes may be used to create a reputation for quality or reliability or honesty-all attributes that are important, but may be difficult for consumers to determine. Such advertising makes consumers aware of product quality and other features differentiation based on CSR attributes.

Therefore, at firm level, a business properly discharging its CSR components will be stable in its business operations, increase its productivity, undertake a secured business operations, minimize costs by being proactive in implementation of CSR activities, to mention a few. In a broader level, activities conducted at the national and international level, suggest a widespread appropriate CSR roles played by government, industry, civil society and non-governmental organizations (NGOs) with respect to the natural environment, social development and social inclusion have a significant contribution for overall society wellbeing, development and sustainability (Bichta 2003).

2.3 Principles and Components of CSR

As it is indicated in the definition part of the review of the relevant literatures, CSR is an evolving concept that lacks a universally accepted definition. But, generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, create wealth and improve society. As issues of sustainable development become more important, the question of how the business sector addresses them is also becoming an element of CSR (Hohnen 2007).

(Crowther and Aras 2008) identified the three major principles of CSR as Sustainability, Accountability and Transparency, which all together comprise the activities of CSR. These basic principles encompass the broad economic, legal, ethical, and voluntary of dimensions of social responsibility of a business. In describing the components of the CSR within the framework of the above principles, the same authors also stated that earning profits is the economic foundation of and complying with the law is the legal dimension of a business. A business whose sole objective is to maximize profits is not likely to consider its social responsibility, although its activities will probably be legal and finally, voluntary responsibilities are additional activities that may not be required but which promote human welfare or goodwill. Legal and economic concerns have long been acknowledged in business, but voluntary and ethical issues are more recent concerns. A business that is concerned about society as well as earning profits is likely to invest voluntarily in socially responsible activities (Crowther and Aras 2008, 19-28).

The principle of sustainability is concerned with the effect of the decisions and action taken today on future options available. Since resources are scarce and most often times are finite, the use of such resources will deplete their availability in the future. The sustainable availability of resources is also significant for the continuity of the business itself (Crowther and Aras 2008).

According to Crowther and Aras (2008), accountability refers to the concern of the business that its decisions and actions in running the business affect the internal and external environment and therefore assuming responsibility for the effects of its decisions and actions. The third basic principle of CSR is concerned with the reporting system that the business is producing to different stakeholders. It is particularly important to the external users of business activity information as these users do not have the access for the details as the internal ones may have. Therefore, in a nutshell, a business organization report about its activities, performance and intentions that will affect the different stakeholders and the society at large should be comprehensive and be well communicated.

Within the broad basic principles of the activities of CSR, (Carroll 1991) identified the following four responsibilities of a business from the perspectives of CSR.

1. **Economic components**, which involves to perform in a manner consistent with maximizing earnings per share, be committed to being as profitable as possible, to maintain a strong competitive position, a high level of operating efficiency, and be consistently profitable so as to sustain in the business.
2. **Legal responsibilities** including performing in a manner consistent with expectations of government and law, comply with various federal, state, and local regulations, to be a law-abiding corporate citizen, successfully meet all legal obligations, and offer goods and services that at least meet minimal legal requirements.
3. **Ethical Responsibilities** including performing in a manner consistent with expectations of societal mores and ethical norms, to recognize and respect new or evolving ethical moral norms adopted by society, prevent ethical norms from being compromised in order to achieve corporate goals, doing what is expected morally or ethically, and recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations.
4. **Philanthropic responsibilities** involve performing in a manner consistent with the philanthropic and charitable expectations of society, providing assistance to private and public educational institutions, managers & employees participate in voluntary

and charitable activities within their local communities, assisting the fine and performing arts, and assisting voluntarily those projects that enhance a community's quality of life.

On the other hand, Tolhurst and Pohl, Ed.(2010) identified the five major principles as Connectedness (concern for shareholders), Scalability (concern for being responsible and sustainability), Responsiveness (being responsive to community needs - reactive), Duality (concern for both shareholders and stakeholders), and Circularity (concern for recycle and wise use of resources).

But the aforementioned Carroll's classification of the components of the CSR was considered in due course of this study and of course company's responsibility and practice in protecting the natural environment was also assessed as an element of the CSR activities of the company under study.

2.4 Arguments of CSR

(Crowther and Martinez 2007) described the ongoing debates on CSR as follows.

“...an important issue in contemporary international debates and for long recent years, it appears to have become more relevant to corporations all over the world with a major concern for sustainability in terms of environmental sustainability, welfare and social issues and it has become one of a measure of success for businesses. But there has also been a perception that performing CSR activities affect the financial performance of an enterprise with the former being costly for the later and corporations having an imperative to pursue shareholder value”(1-2).

Moreover there is no agreed upon definition of exactly what constitutes CSR (Ortiz Martinez & Crowther, 2005) and therefore no agreed upon basis for measuring that activity and relating it to the various dimensions of CSR performance of a business entity. Garriga and Mele (2004) stated that over the years, a long argument on CSR has been taking place and there has been a shift in terminology from the social responsibility of business to CSR. Additionally, this field has grown significantly and different terminologies used such as Society and business, social issues management, public policy and business, stakeholder

management, corporate accountability describe the issues related to corporate responsibility in society. Recently, renewed interest for corporate social responsibilities and new alternative concepts has been proposed, including corporate citizenship and corporate sustainability.

As it is indicated by (Carroll 1991) in classifying the components of CSR, being profitable is the economic foundation and helps the business to sustain itself being competitive and offering the best quality products/services to consumers. In their operations, businesses are required to comply with the stated laws and regulations that involve their legal responsibilities. A business whose sole objective is to maximize profits is not likely to consider its social responsibility, although its activities will probably be legal. Moreover, voluntary responsibilities are additional activities that may not be required but which promote human welfare or goodwill.

Corporate social responsibility brings a new perspective to the societal role of enterprise, while recognizing the relationship between profitability, ethical and environmental standards of the company. The position of companies in society is under constant change. People today do not perceive the company only as producers or suppliers of the products that reach only for maximizing profits, but they assume that the company will meet the requirements of the other areas as well, such as the legal environment and that it will support development of other activities beneficial for the society (D'Amato et.al. 2009).

Promoting the corporate social responsibility principles will improve the relationship between businesses, public authorities and companies, non-governmental organizations, as well as representatives of citizens and the citizens themselves. This is reflected in the cooperation with the government and non-governmental organizations, where this effect does not depend on the authority of the relationships on the market (Crowther and Martinez 2007).

The following table summarizes the core ideas in favour of and against CSR:

Table 1. The Arguments FOR and AGAINST Social Responsibility

Ideas of PRO CSR	Ideas of AGAINST CSR
Business helped to create many of the social problems that exist today, so it should play a significant role in solving them, including environmental prevention.	The main responsibility of a manager is earning profits and CSR entails a cost for owners and/or investors.
Businesses should be more responsible because they have the financial and technical resources to help solve social problems.	Participation in social programs gives businesses greater power, perhaps at the expense of particular segments of society
As members of society, businesses should do their fair share to help others.	Some people question whether business has the expertise needed to assess and make decisions about social problems.
Socially responsible decision making by businesses can prevent increased government regulation.	Many people believe that social problems are the responsibility of government agencies and officials.
It is necessary to ensure economic survival which helps businesses to get educated and healthy employees, capable customers to buy their products/services and suppliers with quality inputs and raw materials.	

Source: Adopted from Carroll and Shabana (2010), The Business Case for CSRY: A Review of Concepts, Research and Practice. PP.88-89

2.5 CSR Practices from the perspective of Developing Countries

Rostow (1962) stated that stages of Economic Growth model suggests that there are five stages (traditional society, preconditions for take-off, take-off, drive to maturity, and age of high or mass consumption), yet most literature on CSR classifies countries only into developed or developing. The ‘developing’ classification potentially includes countries that

are in first, second or third stage which may have an impact on their response to CSR issues.

In addition to economic variables, the United Nations' a Human Development Index (HDI) also considers life expectancy, education and income to measure how social as well as economic development manifestations that both of these concepts are important for consideration of CSR (UNDP 2015).

In describing the efforts undergone in developing countries, (Ehrler 2009) stated that Globalization, Sustainable development goals (SDG) and Public private Partnerships (PPP) are highly considered to overcome the major sustainable developmental issues including poverty and food crisis. The discussions are initiated for realizing sustainable development in developing countries various business enterprises and civil society organizations (CSO) are working jointly with the governmental organizations to obtain this goal, which has a significant effect on CSR.

In describing the significance on integrating social and environmental issues in business operations, (Ganuza 2012) indicated that the concern for social development and environmental issues is important for sustainable development to restore and protect the environment and conserve it for future generation.

But, the big challenge for developing countries is that the industry environment is not the same as in developed countries and major issues affecting CSR practices also vary widely according to the local environment. Weak legal controls and investors' protection, and economic or political uncertainty often stand in the way of CSR engagement of corporations. Often times, Governments in developing countries usually promote Foreign Direct Investment (FDI) for economic development rather than promoting standard CSR practices among corporations (Nicolae 2010).

2.6 Role of government in CSR

In general terms, any government has a responsibility to protect its people, natural and overall resources of the country. Accordingly, it has to develop tools such as policies, Rules, regulations and laws pertinent to society and the general environment towards the protection, safety and appropriate application of scarce national resources. The government has also a big responsibility of enforcing and monitoring the proper implementation of such national and endorsed international laws related to CSR activities in the country and sometimes its implication beyond (Moon 2004).

In the broadest sense, the government can also be involved in increasing transparency in the directions of acceptable management practices, financial reports, audit & reporting modalities, standard Labeling of products, performing socially responsible investment, promote and assist CSR Activists, Associations, and others (Nicolae, et.al.2010).

Mohamed (2016) indicated the challenges and problems of developing countries with regard to regulate multinational companies in implementing CSR as stated below:

“... today with the rise in foreign direct investment (FDI) in emerging markets, international competition has once again incentivized corrupt corporate practices in securing business deals. In light of the fact that multi-national companies from OECD countries are reluctant to face corruption, countries from emerging markets must lead their multi-national corporations toward stronger CSR standards in their international business transactions”.
(Mohamed, 2016:19)

2.7 Empirical Review

Ethiopia, being a developing nation, is also facing such challenges as the country is aggressively working towards FDI and attracts as many MNCs as possible. In this regard, the country is also working towards the prevention and protection of its natural and other resources. Accordingly, the country has taken a comprehensive environmental prevention and protection measures (develop a national environmental policy, Environmental Pollution Control Proclamation- NO.300/2002, established an appropriate and responsible

agency,), has labour law (Labour Proclamation- No. 377/2003), regulations on Fair Trade Practices and Consumer Protection, to mention a few and major ones. These and other proclamations address the major components of CSR activities that are described as Economic responsibilities, Social, Ethical and Environmental responsibilities of businesses.

As one of the developing nations, business activities in Ethiopia are expected to properly address the elements of CSR in the areas of environmental protection, concern for employees, community and society at large. Therefore, this research assesses the real practice of one of the major Soft Drink Factories in the country, MOHA Soft Drink Industry, with a specific focus on the Summit Plant found in Addis Ababa.

With regard to CSR practices of the company, Gebisa (2010) stated that MOHA Soft Drinks Industry S.C., participates in country's development programs such as education program, health program and environment development program in the form of giving sponsorship and direct support. This assessment indicated that the company is involved in implementing CSR elements, which are the focus of analysis of this research.

Employees of a given company are the major stakeholders for whom proper implementation of CSR is vital. Communities in the vicinity of its operation and beyond also have a significant part of CSR. In emphasizing the internal and external stakeholders of a firm, Zegeye (2013) affirmed that firms should involve employees and community leaders in the CSR process and evaluation so that all of them have common understanding and responsibility that will enhance to have an effective CSR programs.

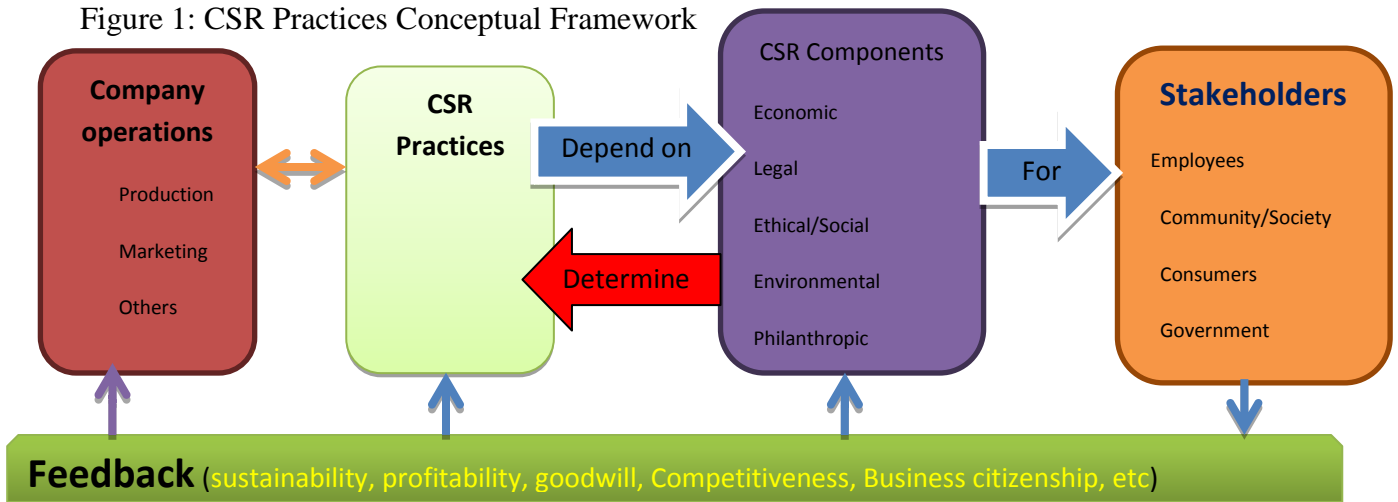
2.8 CSR Conceptual Framework

Carroll (1991) identifies four major components of CSR, which includes Economic, Legal, Ethical and Philanthropic responsibilities of a business. However these classifications do not explicitly and independently explain business's responsibilities for the environment. D'Amato et.al. (2009) emphasized the significance of considering the environment as an

element of business responsibilities from the perspective of CSR, and they stated that CSR brings a new perspective to the societal role of enterprises while recognizing the relationship between profitability, ethical and environmental standards. Moreover, Crowther and Martinez (2007) also illustrated that CSR has become more relevant to corporations all over the world with a major concern for sustainability in terms of environmental sustainability, welfare and social issues. Therefore, based on the relevant literatures on the subject, five major CSR components are identified for the purpose of this study. These are Economic, Legal, Ethical, Environmental and Philanthropic elements of CSR.

With respect to the importance of CSR, (Porter and Kramer 2002) explained that a proper implementation of Social responsibility activities has multi-faceted advantages for a business in ensuring its sustainability, profitability, gaining good reputation, developing its goodwill, and win competitions in the industry it is engaged in. Accordingly, the following CSR Practices Framework was developed based on Carroll’s (Carroll 1991) classification of components of CSR with the inclusion of the environmental component.

Figure 1: CSR Practices Conceptual Framework



Source: own model developed by the researcher based on (Carroll 1991) and (Messele 2014, p.30).

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter presents the research design, sampling and the sources of data and tools that are used in gathering data. The procedures of data collection and methods of analysis are also indicated in this chapter. The ethical considerations in the course of the research are also stated.

3.1 Research Design

A descriptive type of research was applied in order to meet the general and specific objectives stipulated in this research, and to find the appropriate & justifiable answers for the research questions posed. This is because of the nature of the problem stated in this research paper that it is basically the assessment of the existing practices of the company based on the description of the actions and performances as far as CSR is concerned, which is the center of the study. In general terms, descriptive studies collect data that describe the characteristics of a particular group of respondents.

3.2 Sample and Sampling Techniques

In this study the management group at different level, employees in different departments of the company, and regulatory offices located around the company were considered as participants, which constitute the population of the study.

A systematic random probability sampling for questionnaires, based on the number of employees working in each department, was applied in the case of selecting participant employees from each department to complete the questionnaire, which implies that representative employees from all departments of the company have participated in the research as respondents of the designed questionnaires in the process of relevant data

collection through selected tools. The following table elucidates the process of sample selection that was suitable to all departments.

Table 2: Sample selection technique

S. No.	Dept.	No. of Employees	% age for sample	Selected for Questionnaire response	Systematic Sampling Interval
1	HR & Administration	112	19%	17	7
2	Finance	21	4%	3	7
3	Procurement & Store	24	4%	4	6
4	Production	154	26%	23	7
5	Quality Control & Food Safety	48	8%	7	7
6	Marketing & Sales	165	28%	24	7
7	Technical Services	59	10%	9	7
	Total	583	100%	86	

Source: Student Researcher's own Analysis

NOTE: Considering a 10% contingency on the return of completed questionnaires, 95 ($86 + 86 \times 0.1$) questionnaires were distributed. Additional 9 questionnaires were circulated based on the proportion of total number of employees of each department. One the alphabetic list of employees from each department established, every 7th name of the employee in the list was included in the sample for all departments except Procurement and Store, for which the interval applied was every 6th employee in the list.

As the data found from the Human Resource Department of the company (Accessed on 3 February 2017), the total number of employees of the MOHA Soft Drinks Industry Summit Plant was 583. The organization structure of the plant was composed of 7 Departments (Appendix V), which are Production, Quality Control& Food Safety, Marketing& Sales, Procurement& stores, Technical Services, Finance and Human Resources Departments. All the aforementioned departments are under the supervision of the General Manager of the plant.

The number of employees that participated as respondents of the questionnaire was determined by using the following formula developed by Yamane Taro (1967):

$$n = \frac{N}{1 + N * (e)^2}, \text{ Where}$$

n= sample size

N= total population (Number of employees, 583)

e = level of precision

The sample participants of the research from the employees of the company were selected from all departments based on the number of employees in each department, irrespective of age, gender, education and other compositions. Participants of this research from the surrounding regulatory offices/community were also selected through convenience and judgment of the researcher.

3.3 Source of Data

Collecting relevant and sufficient data is significantly helpful to address the core problem of the research and accomplish the stipulated research objectives. Secondary data from company reports, brochure, profile, website and other official records, and primary data relevant to the study and pertaining to the company were collected in the course of the study.

3.4 Tools of Data Collection

Based on the above conceptual framework, the data collection tools were broadly framed around inputs, production process, quality, marketing & Sales and waste management activities in order to gather appropriate and specific data on CSR practices of the Summit Plant of the MOHA Soft Drinks S.C. The five major elements on which data collection tools were designed are described as follows.

1. **Inputs:** relevant data collected on the supply and quality of inputs of the factory that are used in the production process. More specifically, data were gathered on how the inputs quality is inspected, stored, movement and safely used in the process;
2. **Production Process:** this involves seeking appropriate data on production process, movement of workers and equipments in the operations, safety and security of employees in the process, protective devices, employee interactions, operations layout as an element of favourable working conditions;
3. **Product Quality:**the activities and practices related to product quality inspection and assurance processes and data are collected. Related quality control and certification related data are also collected;
4. **Marketing & Sales:** Here marketing related data pertinent to CSR (like ethical issues in promotion, advertising, pricing, customer services) are collected;
5. **Waste Management:** data related to environmental impacts (like waste management, environmental protection, resource usage – including power, water and other resources, and recycling). Basically, the data collected is about waste disposal, waste recycling and environmental friendly operations.

Both qualitative and quantitative methods of data collection were used in collecting relevant data in due course of the research. Questionnaire, structured interview (One-to-one interview of general manager and department managers), interview of some regulatory office staffs, and personal observation tools were used as instrument in order to gather relevant data on components of CSR (Economic, social, Ethical, Environmental, Philanthropic) that the company is performing. Questionnaire was completed by employees of the company. Structured interview was conducted with the general manager and department managers of the plant. Interview was also held with health office, Standard Authority, Police Station, and some beneficiary institutions and/or groups of community around the company. The fourth data collection instrument used was observation by the student researcher. Observation was only based on the scope of the study and checklists as guideline of observation prepared for appropriate data gathering in due course of the research.

The above data collection instrument were developed based on (Kothari 2004, PP 95-112), (GIZ 2012 – Frequently Asked Questions on Corporate Social Responsibility in China), and (Crowther 2007) and adopted to the purpose of this study.

3.5 Procedures of Data Collection

After the questionnaire and interview questions were developed, the student researcher approached the Human Resources Department of the plant with a proposed schedule of meeting of the department managers to fix appointment to conduct the interview. During interview, all issues discussed were only about the components of and relevant to CSR, and responses of one interviewee were not told to the other one.

The questionnaires for the employees were distributed and responses were collected through the cooperation of Human Resources Department of the company after the researcher determined the sample size from each department. The questionnaire for employees was prepared in English language and the HRD manager has advised the researcher that there is no need to translate it into Amharic because of his belief that they can understand the language of English and provide appropriate response accordingly. The student researcher approached some regulatory offices, community and beneficiaries for interview and collected responses from those around the vicinity of the plant.

With regard to checking the validity of the instrument, a pilot testing was undertaken with 10 employees included in the sample from different departments through a follow up by the researcher. Through this checking, the respondents were found to be comfortable to respond each and every question and did not show any confusion about the questions.

3.6 Method of Data Analysis

Data analysis is important in interpreting the collected data so that the information can be put in use for appropriate conclusion and recommendations. As a result, the responses to questionnaires from the selected sample employees were analyzed by descriptive data

analysis techniques, and in order to summarize the findings, data were also presented in figures, graphs and tabulated in logical and understandable manner.

Generally, Data collected through questionnaire and interview were presented by using tables, bar charts, pie charts and analyzed using statistical tools like SPSS for mean and standard deviation calculations. Frequency responses and percentage analysis were also used. On the other hand, data collected through observation of the researcher and parts of the interview were also analyzed qualitatively.

In order to check the reliability of questionnaire responses, a T-test analysis was done by taking one sample response and the result is summarized as follows.

Table 3: Reliability Test - One-Sample Statistics

Measurement Factor	N	Mean	Std. Deviation	Std. Error Mean
Recognize benefits of CSR	6	4.33	2.251	.919

As it is indicated above, the standard error is 0.919, which is acceptable because the result is found to be between 0 and 1.

3.7 Ethical Considerations

Since this research involved the participation of people, the researcher gave top priority for participant’s well-being in due course of collecting relevant data for the research. Accordingly, the following major issues were taken into consideration in due course of the research.

Confidentiality – the respondents have been assured that they will not be confused and that their response will remain confidential. The information they provided is confidential and used for academic purpose only.

Organizational approval– the researcher got approval and obtained a written recommendation letter from St. Mary’s University. The letter explained the idea and

purpose of the research with a request for cooperation. And of course, the research is done based on the full consent and highest cooperation of the plant.

Informed consent– As far as the questionnaire was concerned, the cover page explained the purpose of the study and informed that the respondents have the right to seek for further explanation on any issues pursuant to the research.

All the data/information and Responses were also used only for the purpose of the research and kept confidential just not to affect the privacy of the interviewee too.

CHAPTER FOUR

RESULTS AND DISCUSSION

In this chapter, main findings of the research are presented in line with the conceptual framework of the CSR Practices, which constitutes the broad components of CSR by using the results of interviews, questionnaire and observations conducted during the research. The results are also analyzed and interpreted in pursuant to the basic questions of the research that are intended to be answered through the research and objectives that are envisaged to be accomplished through the research.

As it is described in the Data Collection Tools Framework under the literature review chapter of the study, the data collection tools were broadly framed around inputs, production process, quality, marketing and Sales, and waste management activities. Appropriate and specific data on CSR practices of the Summit Plant of the MOHA Soft Drinks S.C. were collected.

Analysis and interpretation of each of the findings of the study are done subsequent to presentations of results using different means of presenting findings, which include tables, charts, graphs and qualitative description, among others.

4.1 Findings of the Study and Discussion

4.1.1 Questionnaire response rate and Respondents' demographic composition

89 responses received from the 95 questionnaires distributed to systematically selected employees from each department of the company. This indicates about 94% response rate. The following table shows the demographic factors of the respondents in terms of frequency and percentages.

Table 4: Demographic composition of Questionnaire Respondents

Demographic Factor		Response	
		Frequency	Percentage
Sex	Male	67	75
	Female	15	17
	No response	7	8
	Total	89	100
Education	12 Complete	4	4
	Diploma	26	29
	BA Degree	45	51
	Masters	4	4
	No response	10	11
	Total	89	100
Age Category	20-25 Years	7	8
	26 -30 Years	21	24
	31-35 Years	19	21
	36 -40 Years	7	8
	Above 40 Years	5	6
	No Response	30	34
	Total	89	100

Source: Student Researcher's own Survey

Of the 89 respondents, 67 (75%) are male, 15 (17%) are Female and 7 (8%) of them didn't respond as to what sex they belong to.

With regard to their educational level, 4(4%) employee respondents have Masters Degree, 45 (51%) have BA Degree, 26(29%) have Diplomas, 4(4%) are 12th Grade Complete and 10 (11%) of the overall respondents didn't make explicit their level of education. The following graph elucidates the educational composition of the respondents.

From those who answered the questionnaire about their age, majority of the respondents (34%) did not respond about their age, 24% and 21% of the respondents belong to the age category between 26–30 and 31-35 years respectively. In general terms, the following table indicates the age composition of the respondents.

The sex, educational and age profiles of respondents are included in the general question of the questionnaire distributed to employees. As the result shows, 75%, 51% and 24% (excluding those who didn't respond) constitute the highest score of male, BA Degree educational level and 26-30 years of age compositions respectively. It is expected that male constitute a relatively high number of employees in factories like this one because of the nature of the job physical and other requirements.

Since the large number of respondents are BA degree holders and in general terms, at this educational level people are more analytical and more of conversant and more knowledgeable about their rights and obligations in the work environment, other things remain the same. This implies that the responses from them on the CSR issues raised in the questionnaire are done based relatively on knowledge based and reliability is more assured.

The age composition of 26-30 generally is within the range of youth and beyond, and youth are more of quick in requesting and responding to their rights & responsibilities and other things what they observe in their working and surrounding environment. This has a greater positive contribution to get a more reliable and exhaustive response on the CSR issues asked in the questionnaire.

4.1.1.1 Employee Volunteering Engagement

Employees of the company were asked whether they are currently engaged in any volunteering activities and if they are willing to be engaged in volunteering activities through the company in any feasible activity. 22(30%) of them responded that currently they are engaged in blood donation, helping HIV victims, supporting local NGO(Mekedonia), being member of other charity groups as part of their volunteering activity out of the company. And 45(51%) of the respondents are willing to participate in any feasible volunteering activity organized by the company. The overall response is

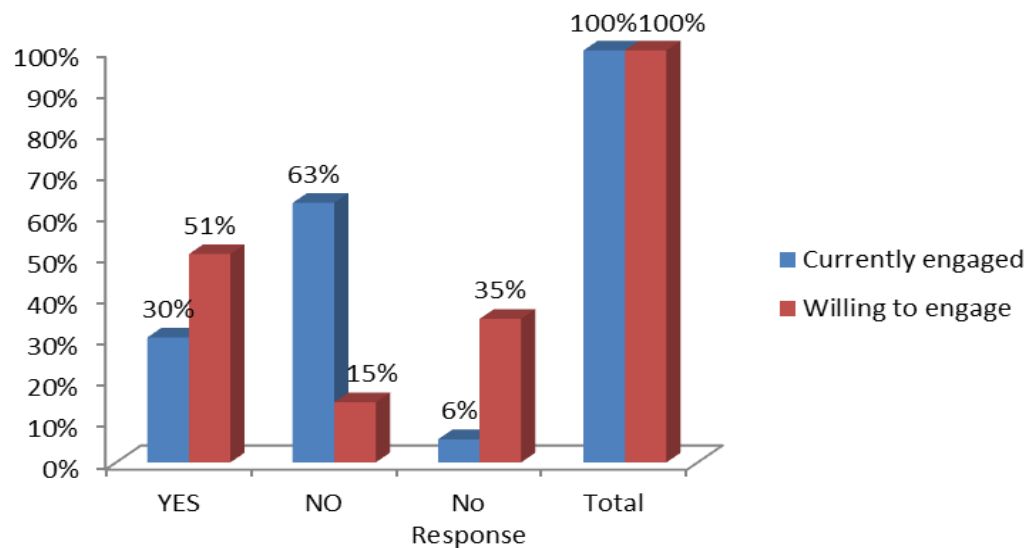
presented in the following table and subsequent graph in terms of frequency of responses and percentage.

Table 5: Employees Philanthropic engagement

Volunteering Engagement	Responses			
	YES	NO	No response	Total Response
currently engaged in any volunteering activity	27	57	5	89
willingness to engage any volunteering activity through the company	45	13	31	89

Source: Student Researcher's Own Survey

Graph 1: Employees philanthropic Activities Engagement



Source: Student Researcher's Own Survey

The above result shows that the company is not encouraging or has no clear plan in making employees to be engaged in voluntary activities to the community in the surrounding and beyond. Apart from its effort to properly discharge its Social Responsibilities, the company need to make its employees be engaged in philanthropic activities in an organized manner through the company.

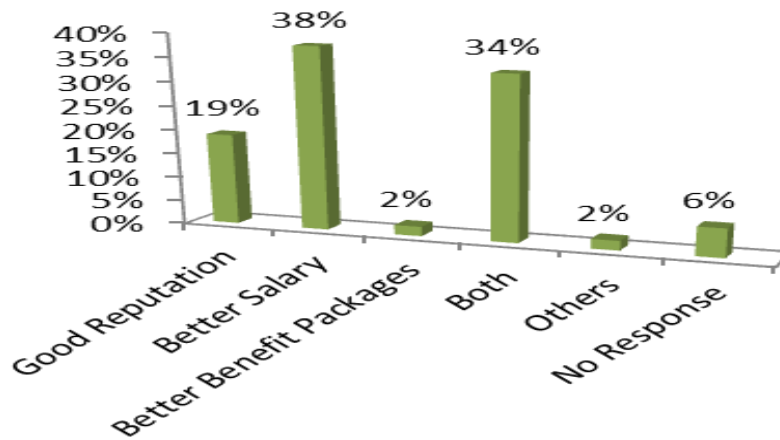
Philanthropic activities should not only be taken by organizations; employees also need to participate. Substantiating this idea, Carroll (1991) stated that philanthropic engagements involve performing in a manner consistent with the need and expectations of society and therefore managers & employees participate in voluntary and charitable activities within their local communities.

In general terms, resources are limited, but society problems and needs are multi-faceted and unlimited. The company needs to work closely with its employees in mobilizing resources voluntarily in addressing its multi-faceted CSR concerns in order to join hands in solving community problems at large. This act will also help the company to achieve its objectives as to why the company is undertaking CSR activities.

4.1.2 Employees decision factor to join the company

The employees included in the sample study were asked about what motivated them to seek employment with the company and the overall result is summarized as follows.

Graph 2: Employee Motivating factors to join the company



Source: Student Researcher's own Survey

According to the response, the major decision factor for employees to join the company was provision of better salary (38%) followed by both consideration of the reputation of

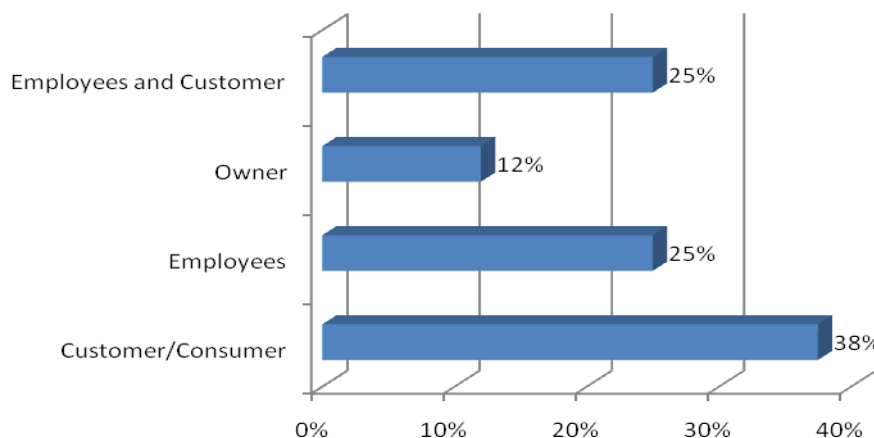
the company, better salary & benefit packages (34%). This implies that employees are attracted to the company because of its better salary payment, its good reputation and offering better benefit packages. These factors are both related to elements of CSR activities of a given company to its employees, among others.

Major requirements of employees, as internal stakeholders, in terms of setting priorities and properly discharging its CS Responsibilities, need to be considered in a strategic manner. In substantiating the need of employees and their families' serious consideration as an element of CSR, Cynthia (2016) stated that companies should be seen as responsible corporate citizens in terms of their contribution towards employees & their families.

4.1.3 Stakeholders

The result of the respondents of the management group indicated that the most important stakeholder for the company is Customer/Consumer (38%). The overall result is presented as follows.

Graph 3: Identification of stakeholders based on priority



Source: Student Researcher's own Survey

The result has an implication in the company's CSR related policies, procedures and activities planning & implementation, and of course setting priorities. Conceptually, every

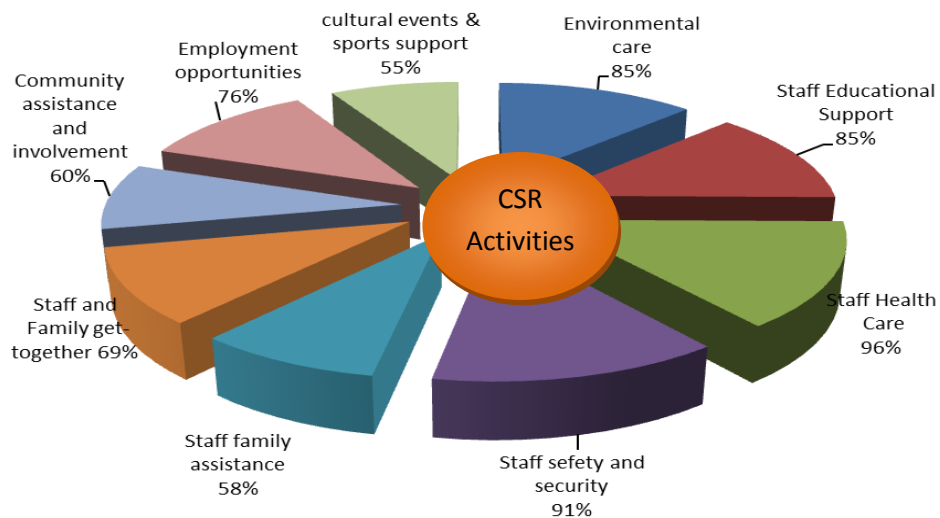
production, marketing and other operational activities of a business company, like Summit Soft Drinks Plant, starts from the consumer/customer and ends with consumer/customer.

Therefore, according to the result, the company has considered its customers as the most important stakeholders with a 38% response rate. Employees are also considered next most important and this indicates that the next priority in the implementation of CSR activities is provided to employees. Of course, the responsibility to the employees stipulated in the labour law and trade union agreement documents are mandatory and this is clearly stated in the Employee’s Handbook which is distributed to every employee when they join the company.

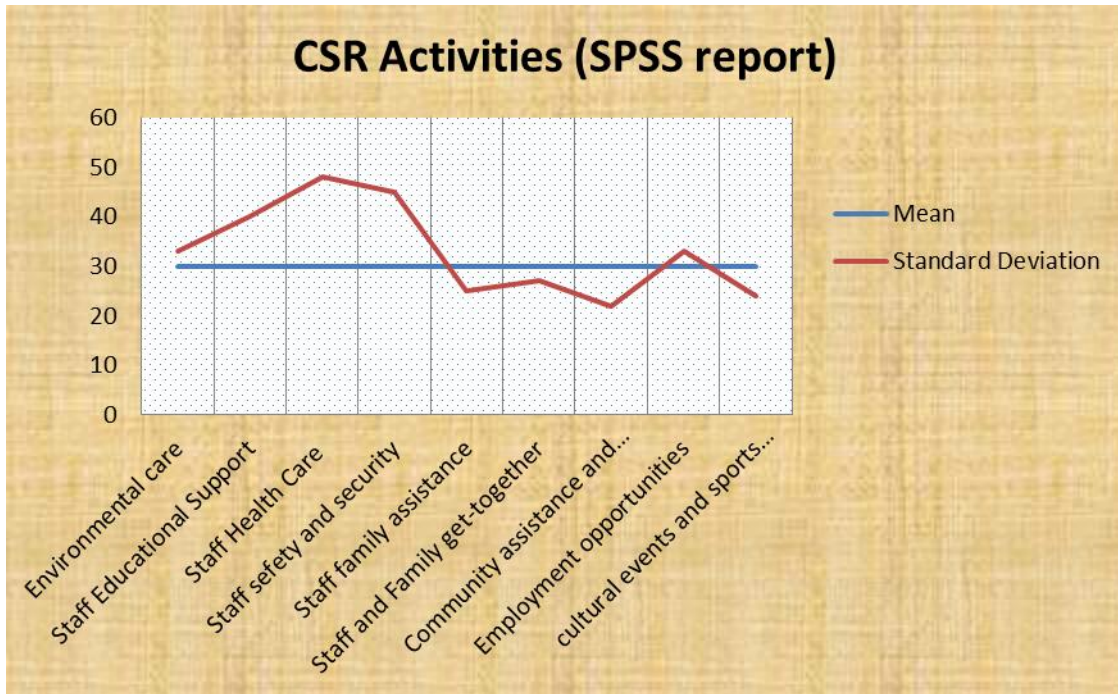
4.1.4 Company Activities related to elements of CSR

The following chart elucidates the “YES” responses of the employees participated in the study that they know the company is engaged to CSR activities related to internal stakeholders (employees benefited), Environment and Community Support elements of CSR.

Chart 1: Employee responses on CSR activities of the Company



Source: Student Researcher’s own Survey



Source: Student Researcher's own Survey

Moreover, the summary of the SPSS report presented above indicates that, according to the responses, the company is below the calculated average in terms of CSR activities related to staff family assistance, staff-family get together and community assistance & involvement, and cultural events & sports supports. While, the company has the highest performance in terms of staff health care provisions.

4.1.5 Analysis and Interpretation of Environmental Protection Activities

As it is indicated in the chart (Chart 2 and SPSS report above), 85% of the respondents indicated that the company is engaged in environmental protection and not polluting the environment. This is also above the average in the case of the SPSS report, which all analyses indicate that the company is operating in an environmentally friendly manner. The CSR related activities in the case of environmental protection explained by both the management group and employees are Waste treatment, tree planting, and appropriate utilization of natural resources, like water.

The major wastes of the company are categorized as liquid and solid ones. Used water constitutes as the main element of liquid waste and the result of the interview with the management members and response from employees showed that this liquid waste is treated along with the caustic soda and released through the city liquid waste sewerage system. The solid wastes are basically broken bottles and these are collected by Micro and Small Enterprise Operators and sold to factories for recycling.

The issue of natural environment protection and pollution control is becoming the significant component of CSR and corporate social responsibility itself has become a subject of increasing significance in businesses and national & International business laws concerning the protection and development of the natural environment, among others (Cynthia 2016).

The company is releasing its liquid wastes through the system which is designed to be used for other purposes and this may cause a problem on the capacity of the system and make it vulnerable to damage, which would result a huge environmental pollution.

4.1.6 Analysis of Community Support and Employment Opportunity Activities

In this regard, 60%, 55% and 76% of the employees participated in this study indicated that the company is involved in community support, cultural & sport support and employment creation activities respectively. These results indicate that the company is performing below average in its involvement in community assistance & development and events support activities or the employees are not aware of what the company is doing to the community living in its vicinity and beyond. The researcher asked the same question in a one-to-one interview with the members of the management of the company. The interview result indicated that there is no plan or regular budget for such CSR related activities, but the practice is that the company considers being involved only when the request comes from the community through leaders or institutions working for the wellbeing and development of the surrounding community. Accordingly, so far, the company supported (in terms of constructing facilities, offering soft drinks for events/meetings and money) to the following institutions and group of people living in its vicinity;

- Adis Sefer Wondimamachoch Tena Hibret
- Bole Kifle Ketema Wereda 8 Edir
- Bole Kifle Ketema Wereda 8 Health Center
- Care for Children and Elders (Local NGO)
- CMC area Community Police Station
- Summit area Health Station
- Yeka Police Station
- Summit area condominium residents Association
- Mekedonia (Local NGO)

As it is indicated in the above chart (Chart 2), 76% of the employees responded that the company is also engaged in creating job opportunities to the people living around. Moreover, during the one-to-one interview, the Human Resources Manager of the company indicated that priority is given to those people living around the company, especially for lower qualification requirements and casual daily labourers. The company also built working shelter facilities for unemployed young people as part of its effort to assist people to create their own job, like for those to work in shoe shinning and other petty trade activities. The researcher visited some places in the area, like bus stations and where shoe shinning young people are working, and found out that shelters for bus transport service waiting people and shoe shinning people are constructed. The researcher also asked some of those beneficiaries by this act of the company and they all expressed their happiness.

The researcher also interviewed officials working in Summit Area police station and health center and found out that the company assisted them in building cafeteria and waiting sheds for their staff and customers. It also provided soft drink products in events organized by those institutions.

Some of the management group members interviewed for this study have also explained that the factory participates in some of the country's development program through the

Industry and MIDROC Office even though it is not well planned and explicitly documented.

As an element of being a good corporate citizen, businesses need to be involved in solving community problems to the extent their capacity allows. In this regard, there is a growing awareness that business needs to manage its relationship with the society at large. Therefore, beyond compliance of stated laws and regulations pertaining to their business venture, corporate business managers are responsible for their corporations' impact on society (D'Amato, et.al 2009).

4.1.7 Analysis and Interpretation of Major Employee related CSR Activities

The major employee related elements of CSR activities included in the study were staff safety & Security, Staff Health, educational support, support to staff families, and family get-together. According to the results, 85% indicated that education for interested staff is supported, 96% showed that they have a health care facility, and 91% indicated that there are safety and security measures and instruments.

The researcher observed that there is a staff clinic inside the compound of the company and once a week there is one visiting doctor. And also the researcher observed that all workers in the production and quality control department have the required protective tools and some employees do in other departments.

With regard to Staff family assistance and family get-together support, the responses indicated that 69% responded that the support is available to employees and only 58% indicated that there is a support for families to get-together as part of coming close together and try to facilitate a sense of one big company family.

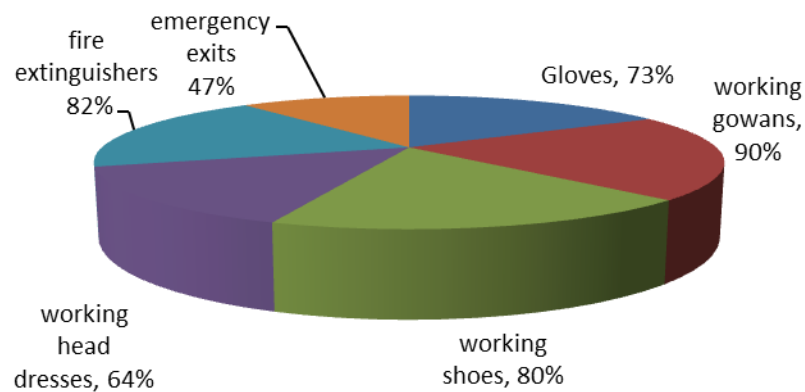
According to an elaborated response during one-to-one interview with the Human Resources Managers, it was explained that those employees who didn't complete Grade 12 are fully encouraged to do so, but for further territory education support decision is based on the requirement of a job and capacity of the company at a point in time when the request from a staff member arises.

The above employee related supports are part of the benefit packages and this is one of their parameters as it is indicated by the employees' response for why they joined the company. These all positive support responses to employees have a positive contribution for the company in order to accomplish its competitiveness, build a good reputation and others.

4.1.7.1 Employee Safety and Security Measures

In a more detailed manner, based on their nature of the work and environment in which they are exposed in the work place, employees were asked to indicate what safety and security measures are taken and tools are available in the work place. Here, the researcher also physically observed the availability and use of those protective tools. Moreover, the department managers, through a one-to-one interview session with each of them, confirmed that all protective tools are provided to employees based on the nature of the job. More concretely, the response of employees on some of the major protective tools is summarized as follows.

Chart 4: Employee safety and security tools, measures and their usage



Source: Student Researcher's own Survey

Safety and security at the work place is the most significant component of employee related CSR activities. As Moon, (Ed.) (2010) stated that employees are the most important stakeholder group for whom Businesses have to exercise their social responsibility.

Therefore, the result above indicates that majority of protective dresses and tools are available to and used by employees of the company. The safety and security of employees has a direct effect on their productivity, motivation and life as a whole, which all these factors are a major concern for the company to sustain its profitable operations.

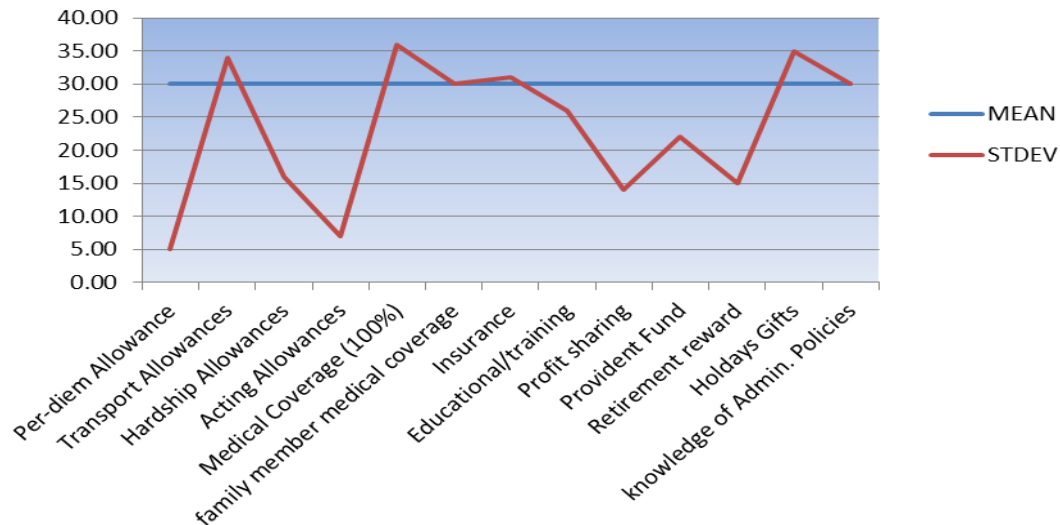
In a broader sense, since workers are member of the larger community and society at large, proper consideration and fulfillment of their work place requirements, will definitely part and parcel of properly discharging social responsibility of a company. In this regard, the company has a favourable policy and procedures with proper implementation practices in employee related CSR activities.

4.1.7.2 Administrative Policies, Rights & obligations and employee Benefits

The company has prepared “Employee’s Handbook”, which explains the contents of employment contract, employment terms and conditions, all benefits and allowances for employees, performance appraisal, and others. The researcher accessed this manual as part of his secondary data source review and found out those major administrative policies and procedures of employees’ rights and obligations are included and it is explained to the researcher during one-to-one interview with the Human Resources Manager that this manual is distributed to all permanent employees when they join the company.

SPSS was applied in order to measure the level of deviation of responses in terms of the above mentioned employee related CSR activities. The following graph shows the Mean result and the standard deviation for each of the factors.

Graph 2: Mean and Standard Deviation analysis of selected Employee related CSR activities



Source: Student Researcher's own Survey

The above analysis (Graph 2) indicated that the company has more than average implementation practices providing transport facilities, full medical coverage of employees, staff on duty insurance, provision of holidays gifts, and making the employees to know the relevant administrative policies, rules & regulations, which all constitute employee related CSR activities selected for this study. The responses with other employee related CSR activities look highly deviated from the mean, because of the reason that some of the factors (like per-diem allowance, Acting allowance) don't apply for all employees.

As an element of allowances, the company provides transport allowances, acting allowances, per diem allowances, and others. The result indicated that the company is not as such special in providing allowances as compared to other similar factories engaged in soft drink industry.

It is indicated that employees are enjoying 100% medical coverage for themselves, but their family members are not included in this arrangement. The concept of CSR and its components elucidates that a company should be concerned to the employee and her/his family too. Since health is a major concern for employees and their family, the company lacks to solve such problems. As the response indicated (83%), majority of employees are covered under insurance package for accidents occurred on duty only. This can also indicate that there are still other employees who are not covered under this insurance arrangement.

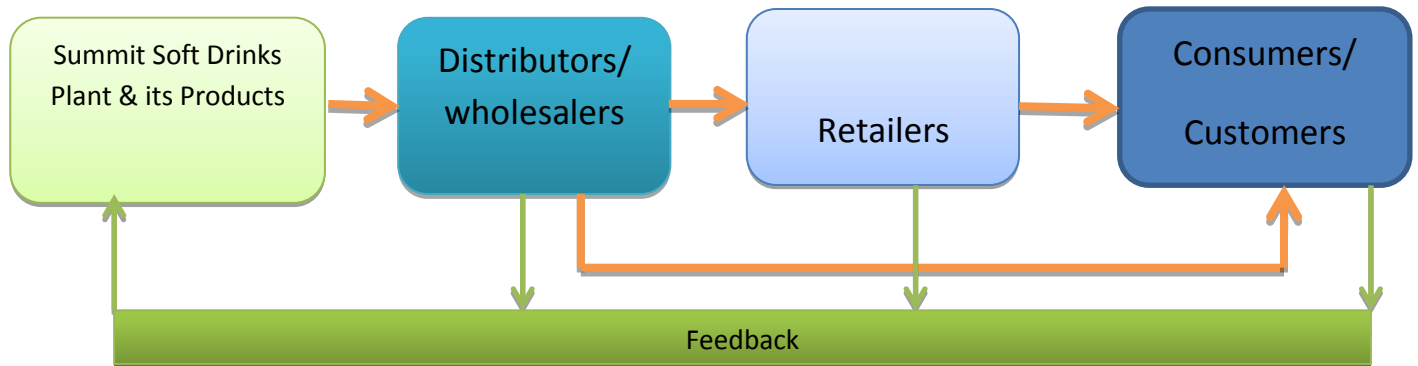
The company also provides gifts to its employees during holidays. This is confirmed by 89% of the respondents. The gifts are in terms of soft drink products. Conceptually, CSR activity also involves supporting employees and their families in their special events, like cultural celebrations, which will make them live a happy family life.

4.1.8 Consumer Protection in Production, Quality, Marketing and Input acquisition

All marketing and promotion materials, procedures and ethical standards are set by the Franchiser, Pepsi Cola International. The company only receives those guidelines and contents of marketing and promotional materials through the MOHA Industry S.C., which is the mother company of the Factory. Those marketing and promotional materials and activities are presented to the public in local languages considering the local socio-cultural elements in Ethiopia. The major means of advertising and promotional activities explained during the one-to-one interview with the marketing & Sales manager are through Radio, Television, support public service institutions (like police stations, health centers) and event sponsoring (School, community meetings, sports, cultural festivities,).

The factory is not engaged in direct sale of its soft drinks products to final consumers. The distribution system constitutes distributors in the middle between the producer, retailers and final consumers of the products. Of course, consumers/customers have an option to use distributors or retailers based on the volume of their demand. The following flowchart depicts the soft drink products distribution system.

Figure 2: Product Distribution System



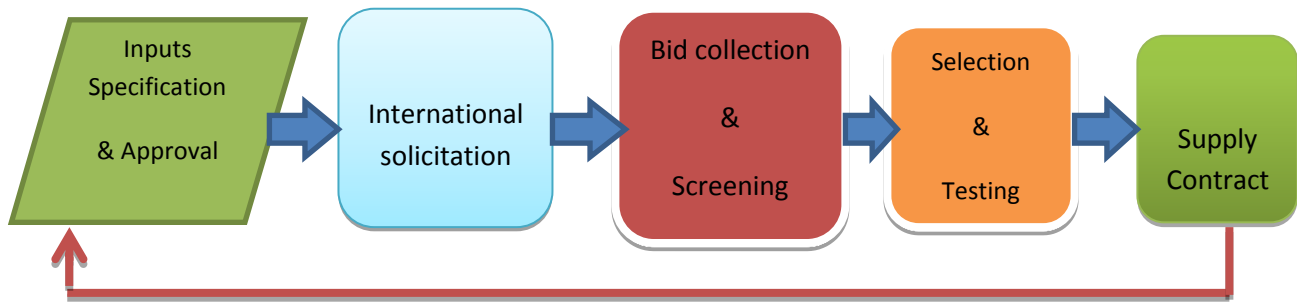
Source: Developed by the Student Researcher based on results of interview

As it is depicted in the above flowchart, even though the company is not engaged in direct selling of its products to final consumers, there is a system where by it can gather final consumers' level of satisfaction, dissatisfaction, quality problem and other issues that the consumers have on its products through distributors, retailers and direct survey from consumers in the form of feedback. Based on marketing concepts, everything to be marketed should start from customers and end with them, which imply that the demand should be comprehensively assessed and analyzed, converted into products/services and offered to customers. Then the response from customers should also be regularly attended in order to sustain in the business by offering what the customers demand and/or need to be improved in the existing products.

The feedback system also helped consumers, which are one of the targets of CSR activities of a given business, in terms of getting quality products based on their needs and capacity.

During one-to-one interview with the Procurement & Stores Manager of the company, it has been explained that since the company is operating under franchising arrangement with the Pepsi Cola International, all the major inputs and suppliers are selected, supervised and approved by the Franchiser. The following flow chart depicts the system of acquisition of major inputs and supply process.

Figure 3: Input Selection and Supply System



Source: Developed by the Student Researcher based on results of interview

The manager also explained that the major inputs used in producing soft drinks are Water, Sugar, Carbon dioxide and Flavor/concentrates. With the consensus of the Franchiser, that there are times when the company can exercise local procurement process based on its internal procurement procedures and authority.

As far as CSR activities pertinent to acquisition of inputs is concerned, acquiring quality inputs from reliable sources using a transparent system of acquisition significantly helps final consumers in getting quality products. Therefore, in this regard, the company is applying international procurement and input supply procedures in looking for a quality inputs for its soft drinks production process and reliable suppliers.

Inspection of the aforementioned inputs is always done in such a way that Water is inspected using microbiological test in order to kill germs in the water, if any. Carbon dioxide is inspected based on the standard set by the Franchiser for its purity, color, odor and appearance. The company tests flavor/concentrates in terms of quantity of ingredients, expiry date, formula code match, breakage and for other damages. Bottles that are going to be used as container of the final soft drink products are also inspected and washed using different additive chemicals.

Product Quality and management practice Certifications Through review of the documents and interview with the management group of the company, it was found that the company is certified in Hazard Analysis and Critical Control Point (HACCP), which It assures that

food items are safe from biological, chemical and physical hazards in production processes that can cause the finished product to be unsafe. From CSR perspective, applying safe production process and provision of safe product to consumers is one of the significant elements of CSR activities and in this regard the company assures the consumers of its products that the soft drink products are safe.

The company has ISO 9001 certification for its quality management which also reveals that the company is implementing an efficient and effective internal operational system.

Environmental protection activities are also major components of CSR and the ISO 14001 certification of the company indicated that the company's operations and practices are undertaken to the requirements related to environmental protection and pollution control.

4.1.9 Compliance to Rules and Regulations

Both Management and employees were asked if there was a situation by which they were alleged in violation of specific rules or regulations pertinent to them and the response from both sides was "NO". The issues related to them were Labour law violation allegations Practice, environmental law violation allegations, tax related, customer/consumer complaint related allegations, discrimination practices at work place or employment process, and product quality related allegations.

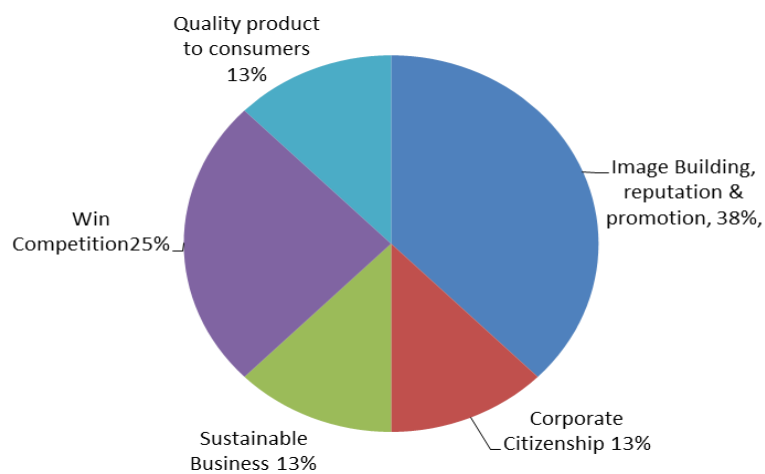
Of course, branches of regulatory bodies (Labour and Social Affairs Office, Bole Wereda Health office, Police Station, Bole Kifle ketema Inland Revenue Office) approached for this study also confirmed that the company has not experienced any allegations within their respective authority in violation of rules, regulations and requirements.

All interview and questionnaire results indicated that the company has a full compliance of applicable rules and regulations pursuant to its business operations. One of the components of CSR as identified by Carroll (1991) is compliance to applicable rules and regulations. Furthermore, Carroll(1991) also stated that companies in their operations are required to comply with the stated laws and regulations that involve their legal responsibilities.

4.1.10 Management Group level of understanding of Objectives of CSR Activities

The question was raised to management group during a one-to-one interview why the company is undertaking CSR activities in order to pinpoint the integrity of the company objectives and the comprehensive knowledge & understanding in the decision making process in different management members. Majority of the respondents (38%) indicated that the objective is to build the image of the company. The overall interview result is summarized in the following chart.

Chart 3: Management group level of understanding of Objectives of CSR



Source: Student Researcher's own survey

As the above researcher's survey result shows, the reason why the company is undertaking CSR related activities is for the very purpose of gaining good reputation and build a good image (38%) in the eye of the stakeholders, including consumers. The result also indicated that winning competition (25%) constitute as the second purpose of CSR activities of the company, which explicitly indicates that its CSR activities are marketing related.

Conceptually, Crowther and Martinez (2007) also supported that promoting the corporate social responsibility principles will improve the relationship between businesses, public

authorities as well as representatives of citizens and the citizens themselves, which ultimately help to build a good image in the eyes of the stakeholders.

Moreover, in emphasizing the needs and objectives of undertaking CSR activities, Porter and Kramer (2002) stated that a proper implementation of Social responsibility activities has multi-faceted advantages for a business in ensuring its sustainability, profitability, gaining good reputation, developing its goodwill, and win competitions in the industry it is engaged in. corporations can use their CSR efforts to improve their competitive position.

4.1.11 Company Commitment to CSR activities

Employees participated in the research were asked their level of agreement as to how the company is committed to its CSR activities. Accordingly, the following results are found. 29(39%) of the employee respondents AGREE that the company is committed to CSR activities, 24(32%) of the total respondents DON'T KNOW whether the company management recognized the benefits of performing CSR activities and also 23 (31%) respondents indicated that they DON'T KNOW whether CSR is a low priority in the company or not. The total result in terms of frequency is summarized in the following table.

Table 6: Employee responses on CSR commitment of the Company

Statement	Scale of Agreement						Total
	Strongly agree	Agree	Don't Know	Disagree	Strongly Disagree	No response	
Company is committed to CSR activities	14	35	21	2	1	16	89
Managers recognize benefits of CSR	13	19	30	6	0	21	89
CSR is a low priority in the company	3	11	32	12	8	23	89

Source: Student Researcher's own Survey

For more analysis of the above response in terms of its mean and deviation of the response from the mean, the SPSS result is also indicated in the following table.

Table 7: SPSS result of Employees response on CSR commitment level of the Company

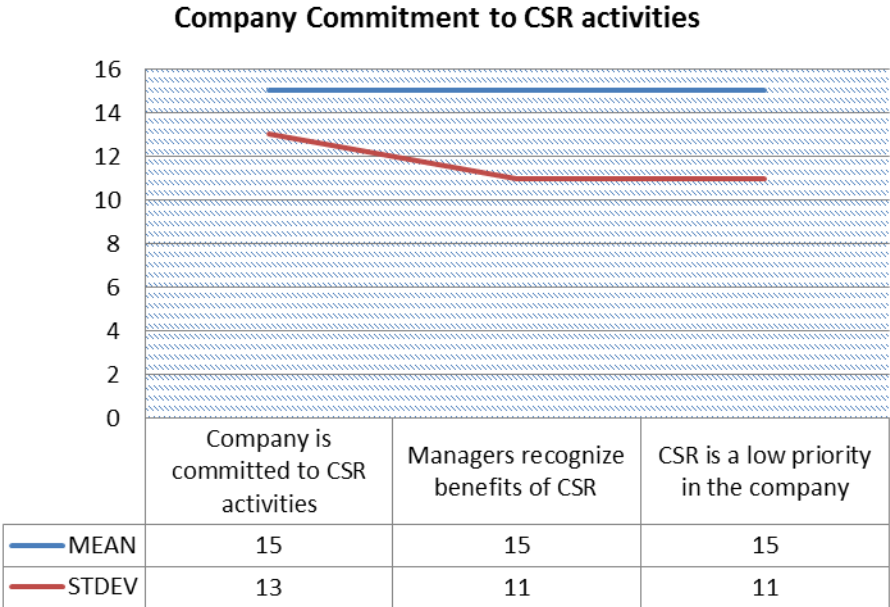
Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Committed	6	1	35	15	13
Recognize benefits	6	0	30	15	11
Low priority	6	3	32	15	11

Source: Student Researcher's own Survey

The above result (Table 4) on the scale of agreement for identified commitment factors indicate that the company is not transparent in making its employees know as to what level the management knows the significant of CSR and its benefits. This lack of transparency has a negative impact in getting the full cooperation and commitment of employees in implementing the company's CSR activities the SPSS result (Table 5) also indicate that the standard deviation for the maximum number of responses for each of the benefits and priority factors is less than the one for the commitment factor. The positive higher deviation for the maximum value of commitment factor indicates that the company is more committed to CSR activities.

Based on the above SPSS statistics, the following graph (Graph 3) shows that the company's practice in terms of its commitment to selected CSR factors is below the average, which implies that employees are not confident on the level of commitment of the company in implementing its CSR activities.

Graph 3: CSR commitment level of the company using mean & Standard Deviation



Source: Student Researcher’s own Survey

The majority of the respondents, 35(39%), agree that the company is committed to CSR activities and this looks contrary to the response on their knowledge of recognition of benefits and priority of the CSR by the management. This indicates, partially, that there is lack of planned and organized CSR activities, especially related to environment and external stakeholder related activities. This issue has also been confirmed through the one-to-one interview with the management members and secondary documents review (plan and periodic report documents) that the company has only involved in a passive manner as far as its CSR related activities related to external stakeholders supports are concerned, like community support initiatives.

4.1.12 General CSR related Policies and procedures

According to the one-to-one interview result with department Managers and review of secondary information available in due course of the research, with regard to its concern

for final product consumers and CSR related activities, the company has explicit policies, rules and procedures on the following issues.

- a) Acquisition of quality inputs and Raw materials secured by appropriate inspection and testing
- b) Provision of Quality product to customers/consumers
- c) Consumer/Customer management
- d) Systematic Complaint handling and management
- e) Customer Feedback system
- f) Human Resource Management explicit rules and regulations
- g) Resource usage and application
- h) Safety and security
- i) Visitor's Guideline

4.2 Problems and Challenges to implement CSR

The problems indicated by the members of the management group of the company were the following

1. There is no concrete plan and budget for the implementation of some of the elements of CSR activities, like Community Support and environmental protection related activities;
2. Limited capacity to entertain all incoming CSR related support requests from different internal and external stakeholders;

On the other hand, those external stakeholders in the vicinity of the company approached by the student researcher indicated that the company is doing its best in addressing social problems and the effort is encouraging in improving the living conditions of the community through employment creation and other supports for income generation. But all interviewed for this study expressed that what is done so far is not enough and more needs to be done.

In more general terms, the country being a developing nation, the industry environment is not the same as in developed countries and major issues affecting CSR practices also vary widely according to the local environment as is prevalent in other developing countries. In this regard, Nicole (2010) stated that most developing countries experience weak legal controls and more investors' protection. Often times, Governments in developing countries usually promotes Foreign Direct Investment (FDI) for economic development rather than promoting standard CSR practices among corporations.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

The conclusions on each key CSR component practice of the company made below are based on the major findings from the analysis of data collected through interview, questionnaire and observations. Subsequently, the recommendations are made based on the concluding points on major findings and conceptual frameworks of good CSR practices. The major areas of conclusion and recommendations are identified and presented as follows.

5.1 Summary of Findings

The major findings are categorized under the objectives, employee related activities, community development engagement, Environmental protection, marketing, Input and Product Quality, Philanthropic engagements, compliance to rules & regulations pertinent to CSR and over all CSR practice Model of the company.

As it is indicated in the analysis of the data with regard to why the company is undertaking CSR activities, the major finding showed that the main purpose is to build its image in the eyes of both internal and external stakeholders in order to be sustainable in the business and be competitive in the market.

As far as employee related CSR activities of the company are concerned, most of the employees who participated in the study and management group members who were approached for one-to-one interview and the result of the research indicated that the company is very considerate in undertaking CSR activities related to the safety, security, benefits, development and over all wellbeing of its employees.

With regard to the preservation and protection of the natural environment component of CSR, the research result indicated that the company's CSR activities related to environmental protection is more of compliance to the rules and regulations stipulated by

the Government of FDRE related to environmental protection and pollution control. These rule compliance environmental related activities involve waste management system, proper resource utilization and planting trees in its premises and the vicinity.

The research result indicated that CSR activities of the company related to community development are in the areas of employment creation, infrastructural institutions support, sponsoring community events and or engagements, and others as per the request and based on scrutiny by the management of the company on the basis of its objectives.

Being a franchisee of an International Company, Pepsi, MOHA Soft Drinks Industry Summit Plant is applying internationally accepted marketing practices adopted to the local Ethiopian socio-cultural standards. This indicates that its advertising and other marketing activities are adapted to the Ethiopian local business ethics based on the international standards. As the result of the study indicated, there is a comprehensive quality control system for inputs, processing and outputs. The company is HACCP certified for its acceptable quality control system for food sector safety operations.

Major inputs suppliers are selected based on international standards and competitive bid and sample taste of inputs are undertaken before full acquisition of those required inputs for processing in the company. There is a quality control system during production and final product before going into the market, and of course, there is a practice of analysis and assessment of defective products when detected. The study indicated that the company has a continuous practice of getting feedback from final consumers of its products through distributors, retailers and directly approaching consumers in different occasions. These all activities have a positive impact on taking care of customer requirements, safety of products, and undertaking ethical business.

As far as CSR related Rules and Regulations compliance practices of the company are concerned, the study indicated that the MOHA Soft Drinks Industry Summit Plant has never experienced any allegation and charge in violating business rules and regulations pertinent to its overall business operations in the sector.

The research result indicated that employees are not engaged in any philanthropic activity through the company as an organization and they are willing to participate if relevant voluntary activities which can be initiated by the company considering their capacity and affordability for the overall development of the society at large.

As the major findings of the research indicated, the overall company's CSR related activities with regard to environment, community/society development and philanthropy are reactive which are done as a response to requests from different stakeholders and regulatory requirements, and not proactive, the general practice indicates that the feedbacks as final results are positive in terms of building its reputation, being competitive in the market, running secured business operation and guaranteeing its sustainability, which all constitute the objectives of the company, at large.

5.2 Conclusions

The company's main Objective of undertaking CSR activities is to build its image and reputation. Basically, priorities are given based on the objective hierarchy. In this regard, the company gave CSR related activities based on the contributions towards building the company's image and reputation. Of course, building image and reputation is one of the benefits of undertaking CSR activities, but since the resources are limited and commitment to each and every component of Social Responsibility activities of a company differs, allocation of resources and management efforts also vary based on the objective of undertaking such activities.

Employee related CSR activities of the company are based on the objective of the company to attract competitive work force. All the major issues included in the "Employees Manual" are applied, and this is substantiated by the response of the employees for what attracted them to join the company. This act of the company made it competitive in the market in order to get competent employees.

The major Environmental related CSR Activity comprises *comprehensive waste management system*. ISO-14001 certification of the company for its environmentally friendly operations indicated that the company's overall production and operations *are not*

violating basic natural environment requirements. The company's waste management system involves release of the company wastes through the city sewerage system, which is believed to be not designed for such purpose. As the research output indicated the company is also undertaking other natural environmental sustainability activities in terms of appropriate use of natural resources, including water and participating in planting trees around its vicinity.

CSR activities of the company related to community/society development are responsive, which implies that it is contributing for community requests when it arises from different sectors/institutions of the society. Even though, other components of CSR activities of a company have impacts on the overall development of a society at large, the company's involvement in social infrastructure, including, health, education, safety and security, social institutions capacity building is not based on a pre-planned and organized manner. Rather such contributions are based on the requests of those beneficiary institutions on an irregular manner.

With regard to Marketing and product quality/Customer Care related CSR activities, the company has a *comprehensive quality control system for inputs, processing and outputs.* It also applies internationally accepted marketing standards adopted to local socio-cultural environment, assess continuous feedback from customers. It is HACCP certified for its acceptable quality control system for food sector safety operations. The practice of selecting input suppliers is based on international standards and competitive bid and sample taste of inputs are undertaken before full acquisition of those required inputs for processing practices have a positive contribution for the acquisition of quality inputs. There is also a quality control system during production and final product before going into the market.

Application of internationally accepted marketing practices in line with the local Ethiopian socio-cultural standards indicates that its advertising and other marketing activities are adapted to the Ethiopian local business ethics based on the international standards and a continuous practice of getting feedback from final consumers of its products through

distributors, retailers and directly approaching consumers in different occasions have positive effects on taking care of customer requirements, safety of products, and undertaking ethical business; ultimately can lead to profitability of the company.

This practice of *compliance to all rules and regulations* implies that the company is undertaking its operations in line with the rules and regulations of the nation. And conceptually it fulfills compliance to rules step in the social responsibility hierarchy of a business as far as overall Corporate Social Responsibility activities are concerned.

As the findings of the research indicated, employees are not also initiated to engage in philanthropic activities through the company and in an organized manner.

The company has given priority in responding to perform its CSR activities bearing in mind the direct impact on its business image and reputation in order to win the competition in the Soft Drinks market. This is in line with the conceptual CSR Practice framework elucidated in the literature review chapter of this research, which indicates that CSR activities of a business have an impact (in terms of feedback) on profitability, sustainability, competitiveness and overall business operations of a company.

As the research result indicated, the company is only engaged in discharging its CSR activities as a business organization in a reactive manner. The employees are not engaged in an organized manner to help the company in joining hands with the company in this course of action. Moreover, the result also indicated that employees who participated in the research expressed that they are willing to participate in philanthropic engagements to contribute for the success of Social Responsibilities of the company and its employees. This is a good indication of the employees that the company can develop a comprehensive strategy on how it can also involve its internal stakeholders in CSR activities. Of course, the owner of the company is a known philanthropist in Ethiopia.

5.3 Limitation of the Study

The scope of the study was limited to one plant (Summit plant) of the MOHA Soft Drinks Industry S.C., which has a total of seven plants. All the conclusions and recommendations are based on the analysis of data collected from this plant and conclusions are made based on findings of data collected from it only. Therefore, there was some limitation of scope in order to generalize CSR related practices of the Industry based on the assessment of a single plant.

5.4 Recommendations

The recommendations forwarded as follows were based on the conclusions made above on major elements of the CSR related activity practice of the company, which, are made based on the main findings of the study. Accordingly, the recommendations here are focus on the significant issues that need to be improved or reinforced as an element of discharging Social Responsibilities for the wellbeing and development of the society, at large.

In discharging its social responsibilities, the company should prioritize the objective of being good business citizen rather than merely focus on marketing related objectives in order to have more market share in the soft drinks market in Ethiopia.

Building business image is one of the main objectives of running an ethical business and consequently discharging social responsibilities. Accordingly, the company is undertaking its CSR activities with the prioritized objective of building its reputation in the eyes of consumers of its products and other stakeholders. At the same time, corporate citizenship is also a major criterion why businesses should discharge their Social Responsibilities.

Summit Plant of the MOHA Soft Drinks Industry is one of the business units of the MIDROC Technologies Group which has large business operations in different sectoral business engagements in Ethiopia. Therefore, undertaking CSR activities prioritizing a marketing related objective in mind has a risk of dominating the market share and this will create a danger of monopolizing the market in different business or product ventures in Ethiopia too.

The company should be proactive in strategically planning, implementing and monitoring its CSR related activities proactively in order to be sustainable in the business. The company is also expected to go beyond the compliance of rules and regulations in these components of the CSR as defined by Carroll (1991). The research result indicated that environmental, community and philanthropic CSR related practices of the company are reactive which implies that it is engaged in responding to requests when it is initiated from different stakeholders/institutions. In this regard, it is obvious that CSR is a recent phenomenon and it is not fully addressed in developing countries, like Ethiopia.

The company should undertake more of its comprehensive research and be explicit to the final consumers of its products as to the pros and cons of consuming its products in order to be more concerned for the society as being a business citizen rather than focusing on market related objectives a part and parcel of discharging its Social Responsibilities. Even though, the marketing activities of the company are undertaken within the frame and guidance of the Pepsi International (the Franchiser) following international marketing and advertising standards taking into consideration of the local socio-cultural setup and ethical business operation requirements in Ethiopia, the company is not explicit in telling the consumers what the health related effects of consumption of the products are. Of course, the Quality and Food Safety, Marketing and Production Managers of the company have responded to the researcher during the one-to-one interview that everything taken in excess is dangerous; no specific human health related effects are mentioned.

Employees should also be initiated to involve in philanthropic activities. Voluntary engagements of a company should not only involve it as an organization, rather the company should also initiate its employees to participate in Social Responsibility activities voluntarily. Since employees are also main internal stakeholders of the company, the management should develop a workable and feasible strategy on how the employees can also engage in discharging its Social Responsibilities as a business.

The company should strategically look into the long term effect of its CSR activities rather than being narrow and short-sighted. The business model of the company with regard to CSR is around the fulfillment of its marketing related objectives; building its image and

winning competition. The ultimate destination of such objective and subsequent activities will have an effect of leading to monopolizing the soft drinks market. Therefore, the company's CSR activities should be more of fulfilling the business citizenship requirements, rather than being narrowly focusing on market targets. Of course, fulfilling a corporate citizenship objective leads to be successful in business in terms of being sustainable in the business and assuring security, which all have a significant effect on the profitability of the company.

Apart from recommending the company to work to be ISO 26000 certified, I would also like to recommend that the relevant regulatory Offices related to environment (Environmental Protection Agency), Community Health (Ministry of Health), Consumer Protection and Fair Trade, Water and sewerage authority, MoLSA and other pertinent ones should facilitate the process and monitor implementations in their respective areas of responsibility. In a broader sense, there is a massive effort in Ethiopia and other developing countries to attract FDI in order to attract Multinational businesses. However, there is a need for those multinational companies to be certified of comprehensive international CSR standards. In this regard, ISO 26000 is vital for such companies in order to assure their concern and proper discharge of Social responsibilities.

ISO 26000 is the international standard developed to help organizations effectively assess and address those social responsibilities that are pertinent and significant to their business operations and processes, customers, employees, communities and environmental Protection. As identified by Carroll (1991), these all constitute the elements of CSR and the company as being a Franchisee of an Pepsi International, it needs to work for this certification in order to illustrate its commitment to the wellbeing and development of the society at large.

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APPENDICES

I. Interview questions to management members

This tool is designed to collect CSR related data from members of the management group of the company, which comprises the general manager and Department Heads. The company has seven Departments and all the heads including the general manager were contacted for the interview.

1. Does Your Company have a CSR policy, programme and CSR activities incorporated into your company policy in the areas of Human Resource, Marketing & Sales, Corporate Governance, Operations/Production Management, Public Relations and others?
2. Who are the most important stakeholders for your company's CSR activities? A set of Stakeholders include Customers, Employees and their families, Suppliers, Government, Community, other institutions including NGOs
3. What is the main objective of your company in undertaking CSR activities? (Objectives could be Image Building, using as a Marketing and advertising Strategy, complying to rules and regulations, attaining employee satisfaction, Protect the environment and benefit society, productivity enhancement, securing sustainability, gaining competitive advantage)
4. In What kind of projects or activities does your company support the local community? (this could include transport, social facilities, health institutions, sports, cultural events, education...)
5. What are the measures your company adopted and engaged in to reduce its environmental impact and protection of the natural environment? (This could include water treatment and recycling, energy saving, Packaging, waste management, appropriate use of resources....)
6. With which regulatory offices is your company collaborating related to its CSR activities and initiatives?

7. Has your company ever been fined with regard to violating or not fulfilling its CSR? If so, what was it and please explain the situation and actions taken to revert the impact, if any?
8. In your opinion, what are the problems related to honoring its CSR or developing such initiatives in your company or other stakeholders?

II. Questionnaire to employees

Dear Participant,

First of all I would like to thank you for your participation and like to receive some additional information regarding the corporate social responsibility (CSR) practices of Summit Plant of the MOHA Soft Drinks Industry S.C. You, as an employee of the plant, are selected as one of the respondents for this study.

The concept of CSR is a new and has been used in the current business world. Corporate social responsibility (CSR) can be defined as the "economic, legal, ethical, and discretionary and environmental protection expectations that society has of organizations at a given point in time". The concept also implies that businesses have moral, ethical, and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law.

Enclosed is a questionnaire that I am requesting you to complete to the best of your knowledge and understanding. The questionnaire is very brief and will take not much of your time to complete. I would appreciate if you would complete the questionnaire and return it at your earliest convenient possible time.

Please be assured that all information you provided will be kept strictly confidential. Your name or other identifying information will not appear on any report. All results from the questionnaires are used in completing my thesis as a partial requirement to fulfill my master's Degree in Business Administration –Management from St. Marry University.

Do not hesitate to write me on my email or to call through my phone if you have any questions or concerns about the questionnaire or any aspect of the Study. Your participation signifies a valuable contribution to the study.

I thank you very much for giving me your time and cooperation.

Sincerely yours;

Worku Alemayehu
Post Graduate MBA Student
St. Mary University
workualemayehu@yahoo.com
0910-077217

1. General

- a. Name (Optional): _____
- b. Sex: Male [] Female []
- c. Age: [] Yrs.
- d. Occupation of Respondent (Department and job title)_____
- e. Educational Qualifications

2. What made you to decide to join this company? Please mark with \surd symbol the one or more which applies to you

- a. Good reputation in terms of its concern for employees, customers, community, environment, etc YES [] NO []
- b. Better salary YES [] NO []
- c. Better benefit packages YES [] NO []
- d. Others, please specify_____

3. Please indicate whether you agree, disagree or neither agree nor disagree with each of the following statements by selecting 5-strongly agree, 4-Agree, 3-Don't Know, 2-Disagree, and 1-strongly disagree,?

- a. My company is committed to acting on CSR []
- b. The senior managers in my company recognize the business benefits that CSR can bring []
- c. CSR/corporate responsibility is a low priority for my company at the moment []

4. What do you think your company Corporate Social Responsibility(CSR) activities involve? Please mark with \surd symbol the one or more which you think is right

- a. Environmental Care YES [] NO []
- b. Staff Educational support YES [] NO []
- c. Staff Healthcare YES [] NO []
- d. Staff safety and security YES [] NO []

- e. Assist staff families YES [] NO [], please specify, if any_____
- f. Staff and family get-together YES [] NO []
- g. Community assistance and Involvement YES [] NO []
- h. Employment & Employment opportunities YES [] NO []
- i. Support cultural events and Sports YES [] NO []
- j. Any Others (Please specify):_____
5. Are you a member of the Labour Union of the company? YES [] NO []
6. Do you well understand the company's administrative policies and procedures wherein the employees' rights, obligations and benefits are stipulated? YES [] NO []
7. What allowances do you get? Please mark with \surd symbol the one or more which applies to you
- a. Per-diem YES [] NO []
- b. Transport allowance YES [] NO []
- c. Hardship allowance YES [] NO []
- d. Acting allowance YES [] NO []
- e. Others, please specify_____
8. What benefits do you get or entitled for? Please mark with \surd symbol the one or more which applies to you
- a. 100% medical coverage YES [] NO []
- b. Medical coverage for my family YES [] NO []
- c. Insurance YES [] NO []
- d. Educational assistance YES [] NO []
- e. Profit sharing/commission YES [] NO []
- f. Provident fund YES [] NO []
- g. Retirement award YES [] NO []
- h. Holiday gifts YES [] NO []

- i. Others, please
specify_____
9. What safety protections are you using or available in the work place? Please mark with $\sqrt{\quad}$ symbol the one or more which applies to you
- | | |
|-----------------------------------|--|
| a. Gloves | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| b. Working gowns | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| c. Working shoes | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| d. Working head dresses | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| e. Fire Extinguishers | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| f. Emergency Exits | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| g. Others, please
specify_____ | |
10. Does your company provide job related training programmes for men and women like Computers, safety, language? YES [] NO []
11. What other services or benefits are you getting from the company? Please mark with $\sqrt{\quad}$ symbol the one or more which applies to you
- | | |
|--|--|
| a. Canteen services | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| b. Sporting facilities | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| c. Staff and family recreation or get-together | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| d. Others, Please specify
_____ | |
12. Have you ever alleged the company or being alleged by the company on job related matters? YES [] NO []. If yes, please describe the case in detail_____
-
13. Have you ever been discriminated in the work environment because of
- | | |
|--------------------|--|
| a. Your sex | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| b. Your Religion | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |
| c. Your disability | YES [<input type="checkbox"/>] NO [<input type="checkbox"/>] |

d. Tribe YES [] NO []

e. Other, please specify _____

14. Are you currently or have you in the past, been involved in any volunteering and/or fundraising activities (Eg. working for a community group, involvement with a charity) YES [] NO []. If 'Yes', please provide details. _____

15. Would you like to get involved in volunteering or fundraising activities through the company?

16. Please feel free to mention here if there are any other issues you want to raise about CSR related activities in your company?

_____.

THANK YOU AGAIN!

III. Interview Questions to Regulatory Office

1. General

- a. Name (Optional): _____
- b. Sex: Male [] Female []
- c. Age: [] Yrs.
- d. Occupation of interviewee (organization and position) _____
- e. How long have you lived in this area? _____
- f. Educational Qualifications

- 2. What is CSR from your point of view?
- 3. What are the most obvious social issues in this area?
- 4. Is there any policy to encourage local companies take part in solving the local issues?
- 5. Please Rate on a scale from 1 to 9 which of the below described activities taken up and implementing by nearby company (MOHA Soft Drinks –Summit Plant) to the community living in the surrounding area and the environment on account of CSR:
(1) Very poor (2) Poor (3) Satisfactory (4) Good (5) Very Good (6) Excellent

NOTE: The student researcher filled the ratings as a respondent selected one when the statement read to her/him

1. Environmental Care and protection:

- a. Solid waste Management []
- b. Liquid Waste Management []
- c. Green development and tree planting []
- d. Safety and Environment initiatives []

2. Education:

- a. Support to Primary / Secondary Educational building []
- b. Scholarships to students []
- c. Infrastructure to Schools/Colleges []
- d. Furniture, equipment etc. to schools / Colleges []
- e. Trainings to students []

3. Health Care:

- a. Health institutions building []

- b. Provide health institutions facilities and equipment []

4. Community Involvement:

- a. Interaction with people in the vicinity []
- b. Community Welfare Centers []
- c. Multipurpose Halls []
- d. Placement linked trainings and job opportunities to the people living around []
- e. Support people to be self-employed by giving them important and support in developing by themselves []
- f. Encourages sports among nearby people by encouraging and sponsoring sports programmes /cultural events? []

5. Other Infrastructural Development:

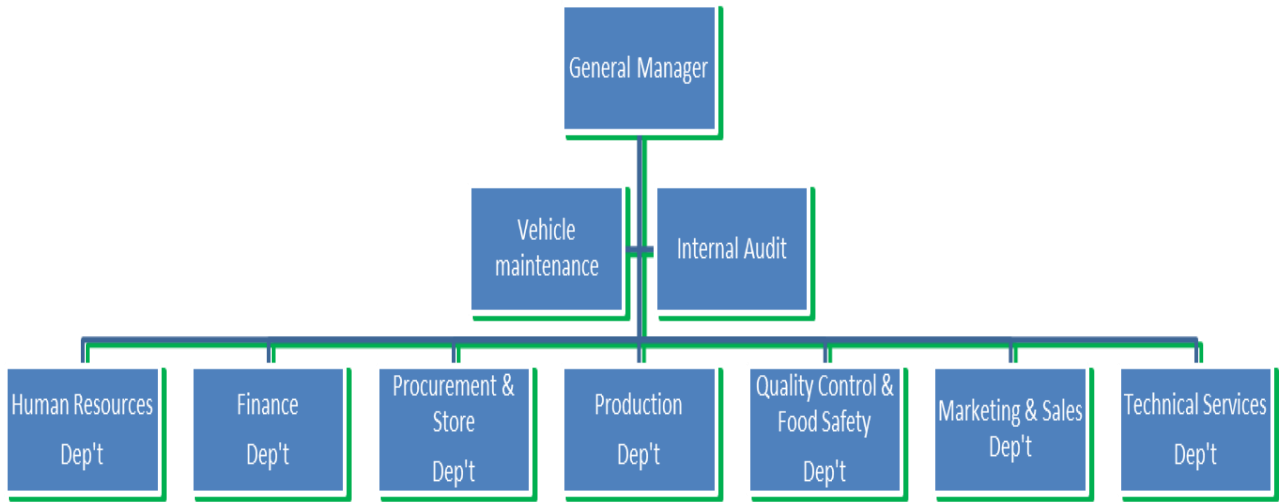
- a. Roads construction/improvement []
- b. Support in Water supply development/improvement []
- c. Support in Bridges building []
- d. Support in Drainages system []

- 6. What other CSR related activities are undertaken by the Company?
- 7. Do you see any problems of the company in discharging its CSR for the well-being and development of the community? If so, what should be done?
- 8. Is there any other CSR related issue you want to raise here?

IV. Researcher Observation checklist

1. General Employee and guest safety
 - a. Safety rules and procedures
 - b. Safety materials
 - c. Safety cautions/notices
 - d. Emergency management/exit
2. Employee Health care
 - a. Clinic
 - b. Health care facilities
 - c. Qualified manpower
3. Raw materials
 - a. Storage
 - b. Quality assurance
 - c. protection
 - d. Movement
 - e. Inspection
4. Production area
 - a. Process and flow of production
 - b. Safety cautions/notices
 - c. Protective devices and cloths
 - d. Employee and materials movement
5. Output storage area
 - a. Quality inspection
 - b. Packaging
 - c. Storage
6. Marketing and sales
 - a. Means of distribution
 - b. Promotional materials
 - c. Customer management
 - d. Feedback mechanism
7. Waste management
 - a. Liquid waste management
 - b. Solid waste treatment
8. Power and other resources utilization
 - a. Electric power
 - b. Water
9. Employee –supervisor relationships at work place
10. Facilities (staff canteen, other recreational facilities)
11. Prevalence and management of policies, rules, regulations pertaining to CSR

V. MOHA Soft Drinks Industry S.C. Summit Plant - Organization Structure



DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Elias Nour (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

St. Mary's University, Addis Ababa

Signature

... May, 2017

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

St. Mary's University, Addis Ababa

Signature

...May, 2017