St. Mary's University

School of Graduate Studies

The Business Ethics Practice: *The Case of East Africa Bottling SC., Addis Ababa Plant*

Submitted as Partial Fulfillment of Degree of Master of Business Administration

By

Muse Girma,

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Addis Ababa

St. Mary's University

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The Business Ethics Practice: *The Case of East Africa Bottling SC., Addis Ababa Plant*

A Thesis Submitted to St. Mary School of Graduate Studies
In Partial Fulfillment of the Requirements for the Degree of Master of Business
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By

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DECLARATION

I, Muse Girma, ID No, SGS /0412/2007A declare that all sources of materials used for writing of this thesis have been acknowledged. I 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.

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Name   Signature

St. Mary's University, Addis Ababa   **June 4, 2016**

ENDORSEMENT

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

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Advisor   Signature

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Abstract

*Recent unethical business practices occurring in various companies in Ethiopia should be a source of worry to everyone. Many employers fail to put in place adequate health and safety measures in place at their workplace to safeguard not only the employees and management but also clients/customers and other stakeholders who might have some kind of interest in the company or institution. Some are reluctant in their waste emissions causing great damages to the environment and some are known for their unsafe products and abusive working conditions. In such a predicament, there are gaps in ensuring ethical business operations, with most issues remaining unsolved. The responsible Ministry of Labor and Social Affairs and other public regulatory firms have difficulties in controlling the issue. In line with this, the adverse effects of unethical business practices in the interests of employees, communities, government and environment need due attention. This research mainly aimed at assessing the **business ethics practice of East Africa Bottling S.C** pertinent to **Employee Safety and Health**, **Product Safety** and **Corporate Social Responsibility**. To this end, Country Managers, line managers, line technicians, production crews, laboratory technicians in the departments and units of the factory formed the population of the study. Data was collected through questionnaire, interviews and review of relevant literature from books, articles, website etc. Finally, based on the analysis of data on business ethics practices of East Africa Bottling S.C, conclusions are made and recommendations have also been forwarded based on the observed gaps and problems.*

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CHAPTER ONE

INTRODUCTION

This chapter briefly presents the background of the study, the problem that is addressed in this study, the research questions and objectives of the study. Moreover, the significance of the study, limitations and organization of the research are stated.

1.1 Background of the Study

In a globalized world, the importance of business ethics is greater than ever. The reasons for running ethical businesses are only going to get more compelling—as well as more complex—over the coming decade. According to Ghillyer (2011), business needs to be truly acting in a way which goes beyond purely profit-based motivations, towards a model which works for everyone - what they call the Triple Bottom Line: People, Planet, and Profit. Businesses are not only economic relations created by the exchange of goods and services, but also moral relationships.

Businesses are joined at the hip with the other part of the society, community and the government at large. Companies are often advised to operate within the tolerable business climate zone in a way that doesn't impair or harm the interest of stakeholders. This led businesses all over the world to scheme and execute business ethics programs to address ethical, societal, legal and environmental issues which are mainly aroused as a result of business's day to day operations.

As a result, during the three decades following the sixties business ethics has become catchword in developed countries all over the world. In many instances it has indeed become more than a catchword - it has become part of the corporate culture of many leading business companies.

Nevertheless, when one looks at developing countries, the situation is somewhat different. However, business ethics should indeed become an integral part of business culture in all, and therefore also in developing countries (G.J. Rossouw, 2010, pp. 2). This of course does not mean that there are no examples of moral business culture in developing countries. Some big corporations in developing countries, especially those Multinationals, indeed adhere to ethical codes and standards. In comparison to developed countries, however, the number of such morally committed companies are very few (G.J. Rossouw, 2010).

One of the biggest multinational corporations operating in Ethiopia, East Africa Bottling SC (EABSC), the only approved Coca-Cola bottler in the country is believed to be one of the few big international corporations that operates in the country.

This study is designed to assess the practices of Business Ethics in East Africa Bottling SC [Coca-Cola Ethiopia] Addis Ababa plant. Currently the bottling factory has two plants in Addis Ababa and Dire Dawa and a third factory already being on pipe line to be inaugurated in the city of Bahir-Dar. It employs thousands of people, operating in two sites and distributing more than 40 million physical cases of products a year to more than 72,000 outlets nationwide and impacts the lives of nearly 1,000,000 Ethiopians.

On the whole, the primary aim of this paper is to assess and provide the existing business ethics practice of the East Africa Bottling SC (EABSC) and ease the uphill battle fight that business ethics is fighting in becoming part of business culture in developing countries like that of Ethiopia. Secondly, it is to stimulate the development of a moral business culture in companies operating in Ethiopia.

1.2 Statement of the Problem

In times past, Businesses were not concerned with having ethical business operations at work. Employers were only fused at making profits and an employee was not provided with safety and health equipment and s/he risked getting hurt at work anytime s/he goes about his/her duties. (Christine Gichure, 2006)

In olden days, many business executives had voiced their support for the idea that a business should be run exclusively with a view to profits or shareholder returns. Communities and Employees in countries like U.S. for example had to litigate to obtain compensation for unethical and abusive business operation which in most cases were not successful. Today, however, most executives would be disinclined to express themselves this bluntly. The increased focus on running ethical business or corporate citizenship, might even give the appearance that corporations may have strayed from the narrow path of profit maximization, focusing instead on a wider or different set of goals. (Kitson and Cambel, 1996)

According to Christine Gichure (2006), executives and most companies in Africa seems to still walk in the narrow path of profit maximization. "Africa culture has no regard or concern for ethics or that there has been a gradual loss of the concept of the ethical and moral in contemporary African society, equally problematic is the teaching and promotion of business ethics in organizations"(Christine Gichure, 2006). Mallema (2009) in contrary argued that business ethics in Africa is having a tremendous growth in line with the boost of foreign direct investments of developed countries which drifted company executives from the narrow path into the wider that believe business ethics and profit can go together.

As part of one element of business ethics, product safety is an important issue that needs to be underlined in the relationship between business and consumers. Most consumers lack the expertise to assess the safety of today's technologically sophisticated products and most rely on the impression they are given by sellers (Bekele Gebisa, et, al. 2010). Therefore, the growing lack of confidence in the market system to protect consumer safety is demonstrated by the increase in consumer protection legislation (Hoffman and Frederick, 1995).

As to employees' health and safety, all workers are entitled to work in environments where risks to their health and safety are properly controlled. Under health and safety law, the primary responsibility for this is down to employers. Employers have a duty to consult with their employees, or their representatives, on health and safety matters. Employees may be exposed to extreme heat, cold, excessive noise levels, dust, chemical agents, or radiation. According to Brain Harvey (1994), employees should be compensated sufficiently for risk they are obliged to take both through appropriate insurance and social security provisions.

As an entity, businesses can't be in peace while its neighbors are at war or enjoy while its surrounding societies are suffering. They're joined at the hip with the other part of the community and the world at large. Especially big firms operating in the country like East Africa Bottling S.C are expected to play an active role in maintaining an ethical and socially responsible business. Social responsibility focuses on the impact that business activity has on society (Josie Fisher, 2004, pp. 391-400).

However, as per the company's internal sources, criticisms of Coca-Cola has arisen from various groups including employees' health and safety, environmental issues, and business practices. The Coca-Cola Company subsidiary, East Africa Bottling S.C have been subject to sustained criticism by both societal groups (Communities adjacent to the Addis Ababa plant) and government administrations, particularly since the early 2000s E.C. It is in line with this that this research seeks to assess the business practices of EABSC.

1.3 Research Questions

The research questions would be:

- What does the overall business ethics practices of the factory look like?
- How is the factory promoting health and safety working conditions
- How the company compensates employees for the risk they are asked to take?
- What are types of quality control techniques does the factory use to reduce products' hazard?
- What type of contributions does the company make for the welfare of the society?

1.4 Research Objectives

The general objective of the study is to see the practices of business ethics at East Africa Bottling S.C, (EABSC) Addis Ababa Plant in relation to social responsibility, product safety and occupational health and safety in its business operation.

The specific objectives of the study are:

- To assess the overall business ethics practices of the plant
- To examine the factory's possible hazard control methods of products.
- To assess the practices of its employee health and safety program
- To determine and assess whether the factory is engaged in societal welfare activities

1.5 Significance of the Study

The importance of this study can be seen in diverse ways. The study could provide bases for the formulation of effective Business Ethics Policies in the East Africa Bottling S.C. Furthermore, this piece of work will also provide the opportunity for company to assess itself and identify where it stand

in terms of exercising good business ethics practices and take corrective actions if necessary. It will also give insights to other Beverage Industries in Ethiopia to adopt the recommendations in the formation of effective business ethics measures in their factories as well. The work can also be used by institutions related to policy-making concerning business ethics practices and policies.

1.6 Scope and Limitation of the Study

The study is restricted to focus on East Africa Bottling Company and In spite of the fact the subject matter/discipline is too broad, It only focuses on limited business ethics variables, solely; product safety, Employee Health and Safety and Corporate Social Responsibility. In line with this, the study may probably suffer from budget and time shortage. In addition to this, since the study focuses on few business ethics dimensions, it may decrease the degree of applicability in other business.

1.7 Organization of the Thesis

The research work is divided into five (5) chapters. Chapter one concerns itself with the general introduction grouped under the following headings; Background to the study, Statement of the problem, Objectives of the study, Significance of the study, Research questions, Scope of the study and Organization of the study. Chapter two involves the review of various related literatures on the relevant subject under the study.

Chapter three includes the various methods used for collecting data for the research work. These methods include administration of questionnaires, interviews and review of documents.

Chapter four presents discussions and representation of results and provides analysis of the data gathered for the study.

Finally, the fifth chapter provides summary, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

As stated in Section 1.6 above, the focus of this study relates to product safety, employee health and safety and corporate social responsibility related to these themes. The following sections review the literature that in this regard.

2.1 Definition of Basic Terms Related to Ethics and Ethical Practices.

Many scholars define Ethics as the theory of morality where morality is the quality of being in accord with what is right and wrong. According to Magnus, 2013 a moral or ethical person knows why decisions have been taken and can explain his actions (Magnus Larson, 2012). To Magnus, all the possible judgments that a person reaches into should be well thought and be backed with particular descriptions and explanations in order to refer his/her decisions as a moral verdict. However, Magnus's definition lacks somehow clarity. According to a rational choice theory, people are tend to be rational, meaning they always do things with a reason but this doesn't mean all people are ethical. Only having explanations for what you do can't make a person's act ethical or unethical rather our explanations or reasoning should be taken as right by particular persons or society.

People are the ones who establish business enterprises and they are also the major assets in business firms, thus they take the ethical and moral principle which they apply in their personal lives to be applied in the commercial world, known as the Business Ethics. However, the business ethics is a whole new scientific area because it combines law theory and politics as much as philosophical and historical documents. (Fothergill, 1990)

Ethics become a term very flexible and have many different aspects. Business ethics provide guidelines for acceptable behavior by organizations in both their strategy formulation and day-to-day operations. An ethical approach is becoming necessary both for corporate success and a positive corporate image. Especially nowadays ethics in business are obligated because many businessmen and women are only interested in making money despite the ethical costs or the harm they would probably cause to people or even to nature (environmental pollution). (G.J. Roosouw, 2010)

Many organizations are choosing to make a public commitment to ethical business by formulating codes of conduct and operating principles. Coca-Cola, one of the leading beverage companies in the world, has made several public commitments to its consumers, societies and governments through its bottling firms to run not only ethical business but to go the extra mile in benefiting its employees, nearby societies and work in alignment with local governments, administrations and civic societies. The Coca-Cola Company is the world's largest beverage company, having portfolio of more than 3500 beverage products having more than 700,000 system associates and 275 bottling partners, including East Africa Bottling SC in Ethiopia. (Coca-Cola Sabco Quarterly Dispatch, 2016)

Looking to its vast and big operation throughout the world, Coca-Cola is highly required to function in an ethical way as its impact whether positive or negative is also going to be immense. In doing so, Coca-Cola must translate every bit of its public commitments into action. (Coca-Cola Sabco Quarterly Dispatch, 2016)

2.2 Business Ethics, Overview

"Business Ethics comprises the principles and standards that guide behavior in the world of business" (Ferrell, Fraedrich and Ferrell, 2005). Business ethics refers to the application of ethics in business. Earlier it was a widespread opinion that a business cannot be ethical. This trend has been changed today (Ranjit Kumar, 2010). Companies are now coming to a common understanding that they cannot be economically or socially sustainable if they can't maintain an ethical business. For instance the story of Jeffrey Skilling the former CEO of ENRON who apparently when he did his MBA at Harvard University, he took the view that the only obligation of a firm are essentially to maximize its profit and be well abided by the law and as a result of that particular view on Corporate Social Responsibility (Corporate Social Responsibility, 2009) the decisions made by the company under his jurisdiction has harmed a lot of stakeholders involved in the business which might have translated into the company's financial distress and bankruptcy in the long run.

Today business has found out that they are, responsible for social welfare, since they live and operate within a social structure. In this present globalized economy; corporate social responsibility, corporate governance, ethical behavior are key factors of concern. Business ethics is a form of applied ethics (Broni, 2010) that examines ethical principles and moral or ethical problems that arise in the business

(Solomon, 1991). This however should not only focus on the business. It need to be applied to all aspects of business conduct and to all relevant conduct of individuals and business organizations as a whole.

Business ethics consists of a set of moral principles and values (Jones - Parker - Bos, 2005:17) that govern the behavior of the organization with respect to what is right and what is wrong (Badiou, 2001; Seglin, 2003). In such cases, I argue that there has to be a certain accepted moral principles that needs to be applied in business. For instance, a person who is at the age of 14 yrs. might be eligible in a certain country but it doesn't mean it's ethical for firms to hire minors in business though the land of the law allows them to do so. Main reason would be such things are objectively moral and can be based on entirely on rational and scientific reasoning.

Such things might force companies to spell out the basic philosophy and priorities of an organization in concrete terms (French, 1979; French, 1995). It should also contains the prohibitory actions at the workplace (Collier - Esteban 2007:19; Duska, 1999). It provides a framework on which the organization could be legally governed.

In a much deeper definition, business ethics can be explained as the behavior that a business adheres to in its daily dealings with the world (Borgerson - Schroeder, 2008). Though the ethics of a particular business can be diverse, there should be universal ethical principles and companies need to have the willingness to extend their ethicality to the maximum level.

Ethical considerations are as important in management as in any other occupation. In the field of morality, personal life is not separate from business life. Business ethics is currently a very prominent business topic, and the debates and dilemmas surrounding business ethics have tended to attract an enormous amount of attention from various sections. Since the business exists and operates within the society and is a part of subsystem of society, its functioning must contribute to the welfare of the society (Ferrell, Fraedrich, Ferrell, 2008). To survive in the society a business must earn the social sanction ofthe society. Without social sanction, a business cannot earn loyal customers. (George A. Steiner, 2010).

Supporting Ferrell's opinion, I say that business can only operate as long as their nearby societies are well enough to be part of business. Like it or not, business and societies are joined at the hip to each other and business are sanctioned by the society over their resources of land, water, people and other and in return companies should operate in a way that doesn't erode the societies trust.

However, it should also go in line with profit maximization and satisfy the stakeholders. Within the parameters of stakeholders, society can be considered one important among them.

In the words of George Steiner (2010), the social dimensions of business ethics cannot be overlooked because many problems arise from the relationship of business to the broader society. Business needs to remain ethical for its own good. Unethical actions and decisions may yield results only in the very short run. For surviving long term businesses require to conduct it ethically and to do its business on ethical lines.

There are two schools of thought about why business should or ought to be ethical (JosieFisher, 2002, pp.96-101).The first view links ethics with self-interest. It has been pointed out that businesses ignore ethics at their peril. In order to survive a business must make a profit; however, in doing so it must comply with the law and the society's moral values (Kitson and Cambell, 1996). The second view takes a different focus. According to this view, the reason why businesses should be ethical is not to promote self-interest; rather, there is an intrinsic motivation for doing the right thing. Business should be ethical because this is the right way for them to behave(Trevino and Nelson, 1999).As per the second view, the intrinsic motivation is taken as the only leading factor towards acting ethically. This may not allow setting ethical standards and practice, except it comes from internal. On the other hand, the first view gives a chance to set ethical guidelines and also links ethical practices with the organizational survival, which is what it should be.

According to Bekele Gebisa (et.al. 2010), the importance of business ethics as follows:
- Improving employee satisfaction: Employee satisfaction arises from, among other things fair management decisions. The way managers ensure that staffs have all the information they need to do their work, the way managers assign attainable targets and work load, and the way conflicts are solved can make the difference between employee satisfaction and frustration.

- Executive facing ethical decisions where there is no easy right or wrong will be less stressed if they have more guidance from their organizations' ethical values than those who have to work it out for themselves each time.
- Trust: If you are commissioning services, purchasing raw materials, trust become an issue. The higher the level of trust you have with your supplier the better the relationship and the better the business.
- Gives Competitive advantage

2.3 Business Ethics in International Business: CSR for Multinational Corporations

Enterprises are moving from local to international and transnational competition. As a result, cultural misapprehension are happening of which ethics is the one (Beekun, Stedham, andYamamura, 2003, pp. 267-279). Gary R. Weaver (2001, pp. 3-15) states that habits which are suitable in one social setting may disrupt the existing understanding of organizational and social life in another cultural context agree that international companies must not only apprehend the ethics, culture, and moral standards of his or her own country but also be delicate to those of other countries.It should also depict ethical issues around the world such as:• Human rights, Product safety, natural Conservation and protection of environment, and Intellectual property protection.

Charles A. Home (2005, pp.303-309) has itemized these ethical subjects mentioned by Ferrell, Fraedrich, and Ferrell (2005) as they are shared practices in less developed countries, which could be unlawful and immoral in the developed countries. This indicates that, international organizations are usually in predicament as of such conflicting cultures.

Business ethics and social responsibility in multinational corporations (MNCs) are more and more challenging, because they are operated in culturally varied environments, which vary from host to host country of each foreign subsidiary and are often very different from the MNC headquarters' (HQs) home country culture (Ferrell, Fraedrich, Ferrell, 2008). As per Ghillyer (2011), a host country's societal and cultural factors, combined with local economic conditions and business practices, play major roles in determining the preferred business ethics and social responsibility in each foreign subsidiary. An MNC's global HQ should partner with all foreign subsidiaries to determine the global

corporate business ethics, social responsibility core, general values, and objectives. Further, each foreign subsidiary should develop in partnership with the HQ, the customized details of its business ethics, social responsibility objectives, goals, strategies, and specific programs for its host country's environment.

Multinational corporations (MNCs) benefit the world in that they bring the state of the art products and services that are essentially standardized yet subtly customized to the local needs (Lauren, 2012). MNCs not only transfer technology and raise the standard of living, but they also spread wealth and employment in underdeveloped regions, emerging market, and fast-developing regions of the world.MNCs also respond to host country's needs and expectations for business ethics and social responsibility. Larger MNCs, with greater resources and greater global influence, should consider their unique role of benefiting the world not only through the delivery of their products and services, but also through providing their philanthropic activities as they pay back to the society (Lauren, 2012).

A large MNC, with its enactment of many countries as its relevant task environments, has to deal with varied cultural and operational environments. This situation poses a complex challenge in formulating effective business ethics, social responsibility objectives, goals, and strategies at the corporate and subsidiary levels. Hoffman and Frederich (1995) suggested five moral guidelines that apply in general to any multinational operating in third world countries and that can be used in morally evaluating the actions of multinational corporations (MNCs)

  a) MNCs should produce more good than bad for the host country
  b) MNCs should contribute by their activities to the host country's development
  c) MNCs should respect the human rights of its employees
  d) MNCs should respect the local culture and work with it, not against it.
  e) MNCs should cooperate with the local government in the development and enforcement of just background institutions.

2.4 Issues of Business Ethics related to Safety

2.4.1 Product safety

Coca-Cola Ethiopia currently produces nine types of products and these products go through different stages of checkups and scans before they reach the final consumer. The major traits of product quality frequently talked over in numerous literatures and accounts are: effectiveness (how well the product does its job), durability (how long it does its job), and safety (whether the act or use of the product bears risk of injuries). Among these traits, as depicted by Doughety and Reinganum, (1995, pp.1187-1206), product safety is not an option for business, but a necessity.Epple and Raviv (1978, pp. 80-95) in their study indicates that, if consumer undervalues the likelihood of failure, then the true likelihood of failure usually be higher than under consumer liability with complete info. Their finding signposts the vital role of information in the identification of product traits and consumer welfare.

Issues incorporated in setting primacies for establishing product safety standards as mentioned by

(Manuel G.Velasquez, 1982) are: Frequency of injuries, Severity of injury, Exposure (degree to which consumer comes in contact with product), Citizen willingness to incur risk, The likely success of a standard in reducing hazards, the cost of reducing the hazards and the cost of Injuries

2.4.2 Occupational Health and Safety

Coca-Cola Ethiopia employs more than 1400 employees in its two plants. All these employees has the right to occupational safety and health and Coca-Cola has the obligation to ensure their safety in every day to day operation. Occupational safety and health is an extensive multidisciplinary field, invariably touching on issues related to scientific areas such as medicine – including physiology and toxicology – ergonomics, physics and chemistry, as well as technology, economics, law and other areas specific to various industries and activities. Huang, Chen, Krauss, and Rogers (2004, pp. 473-506) identified certain basic principles in relation to occupational health and safety which are:

- All workers have rights
- Occupational safety and health policies must be established
- A national system for occupational safety and health must be established
- A national programs on occupational safety and health must be formulated
- Social partners (that is, employers and workers) and other stakeholders must be consulted

- Occupational safety and health program and policies must aim at both prevention and protection
- Continuous improvement of occupational safety and health must be promoted.
- Information is vital for the development and implementation of effective programs and policies
- Occupational health services covering all workers should be established.
- Compensation, rehabilitation and curative services must be made available to workers who suffer occupational injuries, accidents and work related diseases
- Information is vital for the development and implementation of effective programs and policies
- Policies must be enforced (safety Policies, Supervisory Safety support, Employee Safety Control

According to Stewart, Ledgerwood, and May (1996, pp. 919-926), ethics and health and safety are inextricably bound. Accordingly companies should give greater emphasis to employees' safety as part of their corporate ethical mandate.

2.4.3 Safety Training and Communications

Tsui and Gomez-Mejia. (1988) state that one way to encourage employee safety is to involve all employees at various times in safety training. Safety training can be done in various ways. This includes;

- Regular sessions with supervisors, managers, and employees often are coordinated by HR staff members.
- Showing videos, television broadcasts and internet-based resources all are means used to conduct safety training.

To reinforce safety training, continuous communication to develop safety consciousness is necessary. Merely sending safety memos is not enough. Producing newsletters, changing safety posters, continually updating bulletin boards and posting information in visible areas also are recommended. (Tsui and Gomez-Mejia.1988)

2.4.4 Organizational Safety and Health Programs.

Pirani and Reynolds. (1976) indicate that accidents results from two broad causes: unsafe work condition (physical and environmental) and unsafe work behavior .Unsafe physical conditions include defective equipment, inadequate machine guards, and lack of protective equipment.

Examples of unsafe environmental conditions are noise, radiation, dust, fumes, and stress. Accidents often result from an interaction of unsafe acts. Thus if a particular operation forces a worker to lift a heavy part and twist to set it on a bench, then the operation itself forces the worker to perform the unsafe act. Telling the worker not to lift and twist at the same time will not solve the problem.

The unsafe condition itself must be corrected, either by redesigning the flow of material or by providing the worker with a mechanical devise for lifting. Engineering controls attempt to eliminate unsafe work conditions and to neutralize unsafe worker behaviors. Management controls attempt to increase safe behaviors. Engineering controls involve some modification of the work environment.

2.4.5 Promoting Occupational Safety and Health

Cacio, Wayne. (1992) outline four approaches in promoting job safety and health. These are;

- Technical responses-this involves replacing or redesigning equipment, modifying physical work places and providing worker protection (engineering controls).
- Information responses-which refers to changes in the way that health and safety information is transmitted within the organization.
- Administrative responses include changes in the authority structure or in policies and procedures with respect to safety and health (e.g. upgrading the safety function and shifting it from engineering to the human resource department)
- External responses refer to legal or political actions to change the enforcement of safety and health regulations.

Byars and Rue (2008) suggest the following as things which can be done to promote safety and health of the organization. These include;

a) *Making the work interesting*: Uninteresting work often leads to boredom, fatigue and stress, all of which can cause accidents. Often simple changes can be made to make the work more meaningful. Attempts to make the job interesting are usually successful if they add responsibility, challenge, and other similar factors that increase employees' satisfaction with the job.

b) *Establishing a safety committee:* Composed of operative employees and representatives of management and which provides a means of getting employees directly involved in the operation of the safety programs.

c) *Feature employees' safety contests*: Give prizes to the work groups or employees having the best safety record for a given time period. Contests can also be held to test safety knowledge. Prizes can be awarded periodically to employees who submit good accident prevention ideas.

d) *Publicize safety statistics*: Monthly accidents reports should be posted and ideas as to how accidents can be avoided should be solicited.

e) *Use bulletins boards throughout the organization such as* Pictures, sketches, and cartoons.

f) *Encourage employees including supervisors and managers to have high expectations for safety*.

g) *Periodically hold safety training programs and meetings*: Have employees attend and participate in these meetings as role players or instructor.

2.4.6 Maintaining a Health Working Environment

David, and Stephen. (1999) indicate that unhealthy work environment is a concern to all. If workers cannot function properly at their jobs because of constant headaches, watering eyes, breathing difficulties, or fear of exposure to materials that may cause long term health problems, productivity will decrease. Consequently, creating a healthy work environment not only is the proper thing to do, but it also benefits the employer. Often referred to as sick buildings, office environments that contain harmful airborne chemicals, asbestos, or indoor pollution (possibly caused by smoking) have forced employers to take drastic steps. For many, it has meant the removal of asbestos from their buildings.

Palmer. (1989) makes suggestions for keeping the workplace healthy. These include

- Making sure workers get enough fresh air. The cost of providing it is peanuts compared with the expense of cleaning up a problem.
- Avoiding suspected building materials and furnishing. A general rule is that if it stinks, it is going to emit an odor.
- Adequate/suitable temperatures and light and heating systems with in all functions and working rooms.
- Providing a smoke-free environment. If you do not want to ban smoking entirely, then establish an area for a smoker that has its own ventilation.
- Keeping air ducts clean and dry. Water in air ducts is a fertile breeding ground for fungi. Servicing the air ducts periodically can help eliminate the fungi before they cause harm.
- Having emergency exits and fire extinguishers in a way employees can reach it at ease.

2.4.7 Industrial Accidents Controlling Techniques

The subsequent methods are applied to evade or lessen the accidents that may occur at workplace (Bekele Gebisa et.al. 2010).

1. Spotting possible hazardous areas
2. Ensuring periodical maintenance of machines and other tools.
3. Training employees in safe use of working tools
4. Supervise the proper use of personal protective Equipment (PPEs) by employees
5. Establishing medical care-givers and first aid centers in business compounds

2.5 The Social Functions of Business Entities and Areas of Responsibility

Business organizations today, apart from being economic entities, are also considered to be social institutions, primarily for two reasons. Firstly, since business organizations exist and operate within a social structure, they must earn social acceptance, without which they will collapse. Secondly and more importantly, since business organizations exercise a definite and extensive influence on our social lifestyle, they must discharge social responsibilities. Corporate Social Responsibility (CSR) is one of the implementation used to carry out the reputation and goodwill as well as the existence of the

business house becomes transparent, through the implementation of CSR. It is introduced to harmonize the business effectively in the society.

Business today no longer exists only to maximize profits (Boatright, 2000). They exist and operate for a number of reasons one of which should be the welfare of the society in which they operate and grow. As the business has the irreversible impact on the society, hence the business should be socially responsible, socially conscious and they should carefully consider the social and ethical implications of their decisions. If the motive of the business is to earn profit only then profits can be earned in various ways even the profit can be earned in a dishonest manner e.g. black-marketing, hoarding, adulteration etc. But these type of acts degenerate business into misleading the public. Hence, profit motive of business must go in line with the service motive, to fulfill social obligations for social welfare. As early as in 1960s, (Peter F. Drucker, 1963), the renowned management guru, stated that the relationship between business and society is like the relationship between a ship and the sea which engirdsit and carries it, which threatens it with storm and shipwreck, which has to be crossed but which is yet alien and distant, the enterprise. Even the most private of private enterprises is an organ of society and serves a social function".

2.5.1 Corporate Social Responsibility toward Positive Impact on Society

Corporate social responsibility is one of the management strategies where companies try to create a positive impact on society, while doing business (Asemah, Edegoh and Anatsui, 2013). Organizations need to cater for the environment where they carry out their operations so as to earn the goodwill of their stakeholders and this in turn enhances the performance of the organization financially and other areas. Thus, Robins (2008) avers that the main idea of CSR is that companies should accept that they play in society more than just an economic role. It means an interest to take liability not only for activities and impact in business, but also responsibility for their impact on society and environment. This commitment as noted by Robins (2008) is thereafter perceived as a significant competitive advantage mostly in high developed countries. Sources of the advantage lay on a wide range of socially responsible activities, which can be targeted on three areas, in terms of CSR.

Corporate social responsibility (CSR) can be seen as the "economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time" (Carroll and Buchholtz 2003,

p. 36, cited in Asemah, Okpanachi and Olumuji, 2013). The concept of corporate social responsibility means that organizations have moral, ethical and philanthropic responsibilities in addition to their responsibilities to earn a fair return for investors and comply with the law. Carroll and Buchholtz's four-part definition of CSR makes clear the multi-faceted nature of social responsibility (Asemah, Okpanachi and Olumuji, 2013).

It is no longer acceptable for a corporation to experience economic prosperity in isolation from those agents impacted by its actions. A firm must now focus its attention on both increasing its bottom line and being a good corporate citizen. Keeping abreast of global trends and remaining committed to financial obligations to deliver both private and public benefits have forced organizations to reshape their frameworks, rules and business models. To understand and enhance current efforts, the most socially responsible organizations continue to revise their short- and long-term agendas, to stay ahead of rapidly changing challenges. Corporate responsibility is therefore a prominent feature of the business and society literature, addressing topics of business ethics, corporate social performance, global corporate citizenship, and stakeholder management.

2.5.2 Areas of Corporate Social Responsibility

There are several types of corporate social responsibility programs; they are

a) **Employee Health and Wellness**: Organizations have to be socially responsible to their employees. The employees are an organization's greatest assets. Since the longevity of employees is influenced by the lifestyle choices that they make, organizations need to offers tools and incentives that encourage employees to adopt or maintain healthy lifestyles. There is also the need to offer a variety of benefits aimed at protecting employees' physical and emotional health (Asemah, e t al, 2013).

b) **Environmental Integrity**: Corporate social responsibility also covers commitment to protecting and even improving the environment for the benefit of current and future generations. Environmental protection and preservation makes sound business sense. It not only enriches the lives of our employees, our clients and their loved ones, it can also reduce our expenses and improve our bottom line. Through actions such as, but not limited to, using energy-efficient properties, reducing our reliance on paper and investing in alternative energy and clean air

technology. Environmental responsibility covers precautionary approaches to prevent or minimize adverse impacts support for initiatives, promoting greater environmental responsibility, developing and diffusing environmentally friendly technologies and similar areas (Asemah, e t al, 2013).

c) **Ethical Responsibilities**: Ethical responsibilities are responsibilities that a company puts on itself because its owners believe it is the right thing to do; not because they have an obligation to do so. Ethical responsibilities could include being environmentally friendly, paying fair wages or refusing to do business with oppressive countries, for example (Smith, n.d). Ethical CSR entails incorporating responsible practices that minimize the societal harms of business operations (Lantos, 2001), cited in Asemah, e t al, 2013). There are many ways for organizations to implement ethical business practices; these include minimizing environmental pollution from manufacturing facilities and providing healthcare benefits to employees.

d) **Legal Responsibilities**: A company's legal responsibilities are the requirements that are placed on it by the law. Next to ensuring that organization is profitable, ensuring that it obeys all laws is the most important responsibility, according to the theory of corporate social responsibility. Legal responsibilities can range from securities regulations to labor law, environmental law and even criminal law (Smith, n.d, cited in Asemah, e tal, 2013).

e) **Philanthropic Responsibilities**: Philanthropic responsibilities are responsibilities that go above and beyond what is simply required or what the company believes is right. They involve making an effort to benefit society; for example, by donating services to host communities, engaging in projects to aid the environment or donating money to charitable causes (Smith, n.d). Philanthropic corporate social responsibility involves giving funds, goods or services, sometimes serving as advertising. For example, the local branch of a bank might donate money to fund uniforms for a school sports team or a health care company might donate to the city opera. Philanthropic CSR describes a company's support for a cause or activity that occurs outside of their business operations, but provides benefit to society (Kerlin and Gagnaire, 2009, cited in Asemah, e t al, and 2013).

f) **Economic Responsibilities**: An organization's first responsibility is its economic responsibility; that is to say, an organization needs to be primarily concerned with turning a profit. This is for the

simple fact that if a company does not make money, it will not last, employees will lose jobs and the company will not even be able to think about taking care of its social responsibilities. Before a company thinks about being a good corporate citizen, it first needs to make sure that it can be profitable (Smith, n.d). This implies that economic responsibility covers areas like integrity, corporate governance, economic development of the community, transparency, prevention of bribery and corruption, payments to national and local authorities, use of local suppliers, hiring local labor and similar areas (Asemah, e t al, 2013).

2.6. Empirical Review

Beekun, Stedham and Yamamura, (2003) have examined empirically the practices of international business with respect to arrays of business ethics elements including those examined in this thesis. It massively outlines their current practices on the subject of mostly external elements. Though it covers internal elements which are believed to be under the influence of the company, it tends to focus and give emphasis on the external elements of business ethics almost disregarding the crucial internal elements (Lanti, 2007).

According to Beekun, Stedham and Yamamura, (2003), several international companies working in Africa comply to ethical business operations often when strongly enforced with local regulatory bodies. Meaning, their ethicality is to save face in the eyes of the government administrations just to earn a social license to operate.

In line with this, their research doesn't show how the internal elements which exists in the company does really impact the business ethics of the company. This has been the major gap in the research. Few more other researches on International Business Ethics practices including Stewart MacClenny's, 2010, wasn't able to clarify the major aspects to assess when dealing with business ethics. She focused on stakeholder management as a major issue of business ethics thinking it covers all elements of business ethics from end (Downstream Stakeholders) to end (Upstream Stakeholders).

Likewise, Bekele Gebisa, 2010 on its business ethics assessment on Moha, he pretty much incorporated several variables affecting business ethics. Conversely, he very limited the aspect corporate social responsibility defining it as country development programs while the term corporate social responsibility covers vast and arrays of elements besides to just country development programs.

The above empirical review of literature indicates that almost all the studies so far conducted are mainly discussing the either the external elements of business ethics or the very limited internal elements susceptible to hasty conclusion. Even the research taken by fellow Ethiopian researched tends to focus on very few business ethics elements which is hard to conclude the practice of a given company basing only these few elements.

In line with this, this research tried to incorporate major elements of business ethics which are internally driven and related so as to fill the existing gap on the subject matter.

2.7 Conceptual Framework

The conceptual framework proposed in this study is shown on the below Diagram aiming to answer the central question of the current thesis:

What is the current business ethics of East Africa Bottling S.C?

In this figure, business ethics is the independent variable, East Africa's Bottling SC practice is the dependent and there are also other variables that may affect the end result.

Independent

Variables

Business Ethics

- *Employee Safety and Health*
- *Product Safety*
- *Corporate Social Responsibility*

EABSC Practice

Business Ethics

Other

Variables

- *Stakeholder Management*
- *Responsible Marketing and Promotion*
- *Adherence to the most employee benefiting rules and regulations*
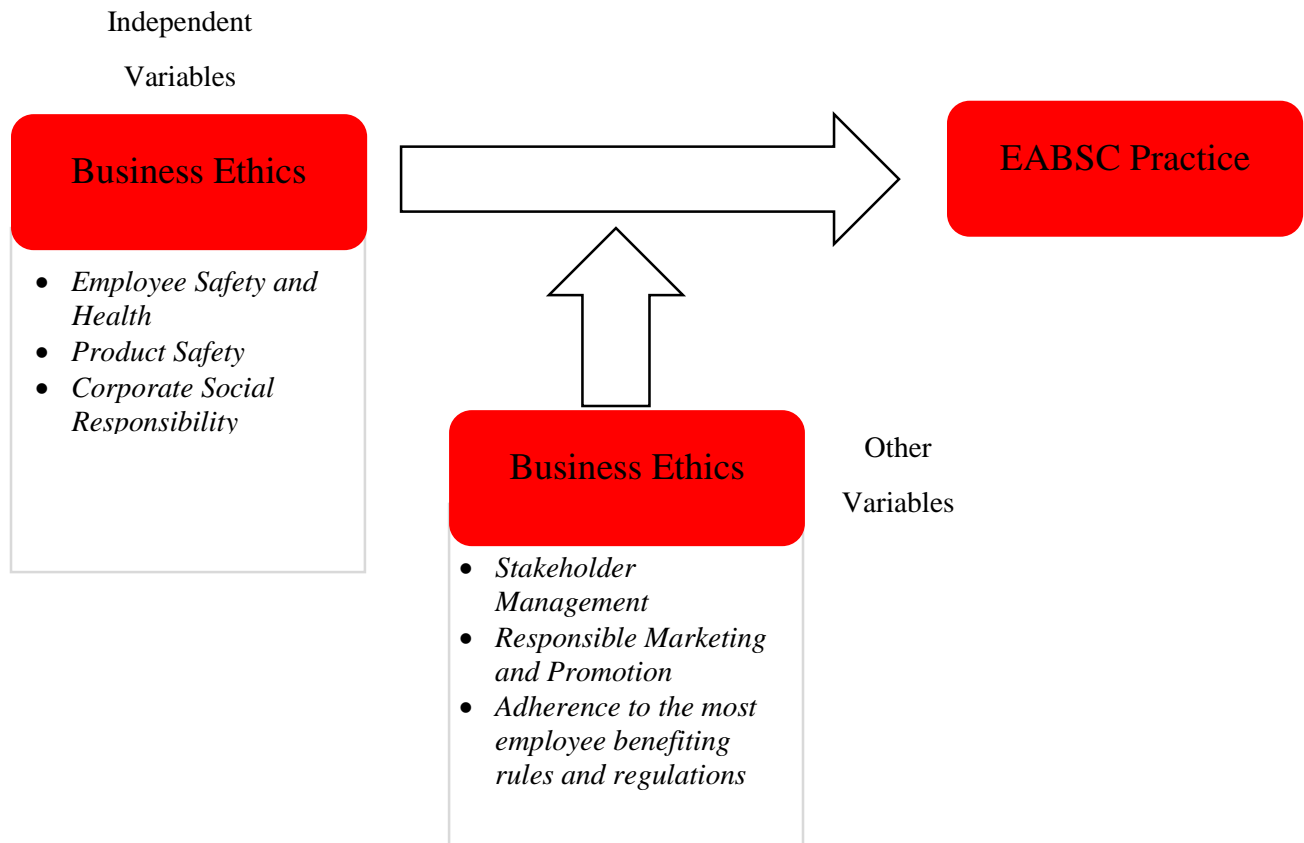
CHAPTER THREE

RESEARCH METHODOLOGY

This chapter presents the procedures, methods and techniques that are adopted in the research work. The chapter shows how data were gathered for the research. The methods stated in this chapter indicates the tools or techniques for research design, data collection, the population and sampling techniques, and data sources, data collection instruments, and data analysis plan.

3.1 Site of Study

The study was made at the East Africa Bottling S.C. The factory is situated in Lideta, Central Addis Ababa. It was established in 1959 by seven Ethiopians. After years of operation, 85% of the share was sold to the Guchie Family in South Africa. It is the only approved Coca-Cola bottler in Ethiopia serving millions of Ethiopians with its nine products. The vision of the EABSC is to become the best bottlers in the world. The bottling plant hopes to achieve this vision through customer focused activities, with well trained, motivated, disciplined results oriented staff.

Currently the factory manufactures 9 products; Coca-Cola, Coca-Cola Diet, Fanta Orange, Fanta Pineapple, Fanta Strawberry, Schweppes, Schweppes Lemon, Sprite and Dasani. These all products are produced in both of the two plants. The Addis Ababa plant has 5 manufacturing lines where us one line is designated for plastic bottle production.

The manufacturing department employees has a direct contact with the production of the soft drinks in these manufacturing lines and they are exposed to different chemicals and sophisticated machines. As a result the study area focuses on these employees to identify employee's safety and health hazards.

Data were drawn from One Hundred and Fourty (140) staffs for the research work. The data were obtained from two sources; primary sources and Secondary sources. Primary sources include data collected through questionnaires, and interviews. Interviews were conducted with Country Managers in the sampled departments to acquire data for the research work. The sources of secondary data include data drawn from books, files, journals, magazines and internet and website.

The research design is a descriptive research. It made use of both qualitative and quantitative tools in analyzing the data gathered through questionnaire and interview.

3.2 Population and Sampling Technique

East Africa Bottling S.C has two plants across Ethiopia, with one plant already in the pipeline, among which, the Addis Ababa plant is the site of this study through convenience sampling technique owing to the accessibility of adequate data and information easily with minimal cost.

The company currently employees more than 1400 employees permanently and temporarily. Choosing the sampling unit to be those departments which their employees are exposed to critical safety hazards, 75 male and 75 female employees were randomly chosen using computer excel sheet to collect the data related to employee health and safety. Focus is given to laboratory, production, fleet and casual workers because, unlike the white collar workers, these workers may face more health and safety problem since they have close direct contact with dangerous chemical substances, equipment and machinery of the factory.

The random sampling selection could have been done using the most primitive and mechanical lottery method but since the population size a little bit higher for that, a computer is used to do a random selection from the population. Accordingly those chosen were given questionnaires to fill out.

The types of data, subject and tools that will be used in the study are presented in the fourth chapter of this study.

3.3 Data Collection Procedure

Data collection in a research is the stage where the necessary data useful according to the purposes and objectives of the research are gathered from the field. The ways for gathering these data is what is termed data collection methods. Two main sources of data were used for the research work; primary sources and secondary sources. The methods used in collecting primary data include interview, and questionnaire. The study made use of primary data at the chapter four, which is the analysis stage. Secondary source includes data from published and unpublished books, magazines, journals, websites etc.

3.4 Research Instruments and Data Analysis Plan

The primary sources included interviews and questionnaires. The purpose of the study was explained to officials and those who responded to questionnaires and interviews

Interviews were designed to gather valid and reliable information through the responses of the interviewees to a planned sequence of questions. Interviews took structured and unstructured forms. That is though content and the procedure involved were designed in advance there were instances where follow up questions not planned for were asked for further clarification. The interviews have provided the researcher better understanding of all issues concerning the topic under study. Interviewees practically demonstrated on other issues which were not covered by the questionnaire.

The questionnaires took the form of a list of questions given to respondents to answer with the rationale of getting data on the topic under study. The questions in the questionnaire took a close ended question form. These close ended questions offered a set of alternative answers from which the respondents were asked to choose the one that most closely represents their view. Research assistants who retrieved completed questionnaires checked thoroughly to ensure that respondents answered questionnaires.

The analysis of the data collected was done at the end of the data collection. The responses were classified and summarized on the basis of the information provided by the respondents. The analysis was done using both qualitative and quantitative tools. With the quantitative tools, Microsoft excel, tables, percentages, and statistical tools such as graphs and charts were used, whereas qualitative made use of descriptions, analysis of feedback from interview.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND RESULTS

This chapter deals with data presentation, analysis and interpretation. It contains the responses obtained through questionnaire, interview and document review with relating to employee safety and health, social responsibility, product safety and environmental protection mechanism of East Africa Bottling SC, Addis Ababa, Lideta Plant.

4.1 Presentation, Analysis and Interpretation of Data Related to General Business Ethics Practices of the Factory (Plant HR Manager)

4.2.1. How do you define Business Ethics for your company?

The HR Manager of EABSC, Lideta Plant stated that Business Ethics for his company is all about running ethical business operation though out the business value chain. Explaining the meaning of ethical business, he refers to having and practicing ethical principles that guide the way business behaves. According to him, most of the ethical principles are driven from the International Business Ethics framework, the Coca-Cola Company and from the nearby society where they operate in. What is regarded ethical and good practice in the eyes of the society are [often] taken as they are to be practiced in the workplace and in contrary what has been despised and condemned by the society is also strictly prohibited within the business daily activity. He said his company periodically monitors and ensures the ethicality of his business whether it's aligned with international ethical business procedures and societal ethical views. Furthermore, he added that business ethics is one of the key aspects of the business which is in place with no compromises.

However the company does not have its own written ethical standards or publication of codes of ethics. The company currently uses the ethical standards which was published by its parent company, The Coca-Cola Company and it has not yet revised or customized since 1992 GC.

4.2.2 Does your company's business model incorporate business ethics?

The HR Manager said that the company incorporates business ethics in its business model. He stated that though they are operating in stiff and rigid business environment, they cannot afford to allow any

compromises with regard to business ethics. In fact he mentioned that the stiffer the competition gets the more ethical we are required to be in order to win minds and hearts of our society.

According to his explanation, it is impossible to ignore business ethics which is vital for the successful operation of the business. Likewise, I have come to witness the fact that they included some portion of business ethics in their 2016 key priorities agenda which is posted all over the compound.

4.2.3 Do you think there is a relationship between business ethics and corporate growth/success?

'We have been maintaining unprecedented growth for the past decades and still the future is bright and this is not only because of the recipe we put into our product it's also what the product gives out to the community.' The manager replied. He added that Coca-Cola operates in 207 countries and in all those countries they only have success stories to tell the world this is because they managed to maintain good business culture and values that goes hand in hand with the society they operate in, Further explaining the issue he said that unlike Asian and some greedy western companies they don't operate in countries just to make money and leave rather they operate and usually grow together with the community while providing products that is complement to societies interest and working in way that doesn't harm the well-being of nearby societies.

4.2.4 How do you see the practice of business ethics in your company?

The manager said that there is a good practice of business ethics in the company. For instance the company has established a department called SHEQ (Safety Health Environment and Quality) giving high emphasis on safety and health of employees, quality of products, and protection of environment. The manager further said that the company annually invest lots of money to ensure safety and health of employees and quality of products and yearly implements environmental initiatives.

4.2.5 How do you explain the progress of your company with regard to business ethics?

According to the HR manager, there is a good progress of business ethics practices in the factory. This can be observed in the areas like customer satisfaction, quality services, participating in some of country's development programs, employee satisfaction and the like. The factory has recently been

awarded for highest employee engagement scorecard and country of the year (Sales Volume). Meaning, there is high engagement of employees and the number of customers from year to year is increasing which shows better level of customer satisfaction and product quality.

4.3 Employees' Responses Concerning Safety and Health

In this section, the responses obtained through 150 distributed questionnaires out of which140 (93.3%) were filled and returned for the population of 1400 employees were presented, analyzed and interpreted.

4.3.1 Demographic Background of the Respondents

a) Sex of respondents

Table 4.1

	Responses	
SEX	**F**	**%**
Male	72	48.5
Female	68	51.5
Total	140	100.0

Source: Respondents' response

Table 4.1 shows sex categories of the sample respondents. Among the respondents, 68(48.5%) are males and 72(51.5%) are females. The number of female respondents are slightly higher than that of the male respondents.

The result displays that there is a little higher participation of males in area like machine operating, fleets, productions and others. Though these areas are exhaustive naturally and requires frequent movements and great deal of effort, female employees are partaking roles as well.

b) Age of respondents

Figure 4.1 Age of respondents
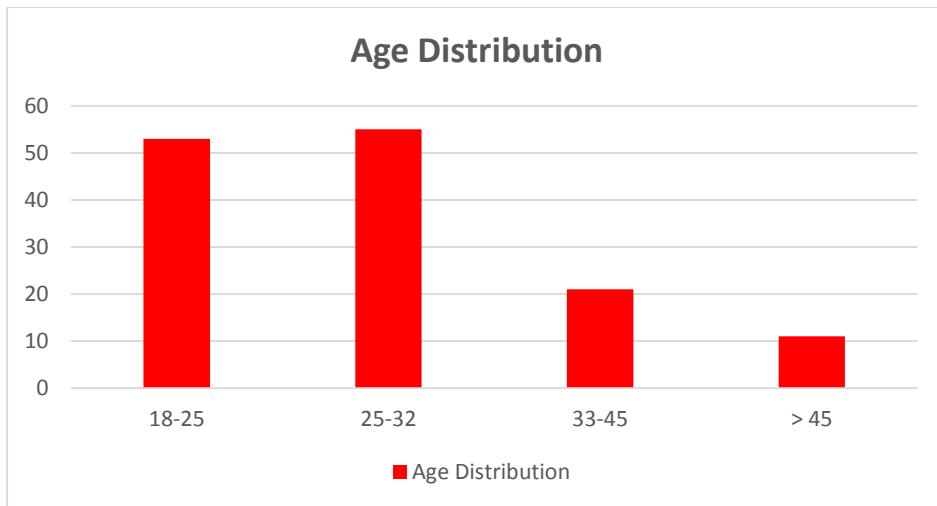
The above figure shows age distribution of the respondents. As displayed in the chart, most of the respondents are categorized in the second group interval between the age of 26 and 32 years. On the other hand, the age interval with the least frequency is 42-48years. In addition to this, there is no minor employee registered in the company. This indicated that the employees are matured enough to understand and implement the health and safety policy.

c) Educational Level of Respondents

Among the sample respondents, 59(42%) employees are 8th complete, 36(30%) employees10th complete, 26 (20%) are 12thcomplete, 12 (10%) are certificate holders and diploma graduates and 7(5%) are degree holders. This indicates that major of the respondents are not educated which leads to high probability of accident occurrences.

d) Job Position of Respondents

Among the sample respondents, 85 workers are machine operators and production crews, 10 workers are quality technicians and food experts, 14 workers are line and technical technicians in the production, 31 works in fleet and warehouses of the factory respectively. The majority of the questionnaire is distributed to production crews and machine operators as they are the one who are

directly involved in the bottling of the products and are highly exposed to several machines and chemicals and they can serve as a mass indicator of employees' health and safety.

e) Work experience of Respondents, at the Company

Table 4.2 work experience of sample respondents

Table 4.2 indicates that the majority of the respondents the work experience of the respondents 65(46.4%) of them has fair working experience in the company meanwhile other consider amount of respondents has an experience of 0 – 2 years which infers that the company is required to provide the necessary occupational safety and hazard trainings and assign mentors from those who are well experienced of the situation to prevent possible hazardous work situations.

4.3.2 Responses related to the Company's Health and Safety Framework

Table 4.3 Safety and Health Policy and its actual relevance to the work place's real needs.

Question Items						
	Does Your Organization have written health and safety policy?		Have you read the Company's health and safety policy?		Is the health and Safety policy relevant to the work place's real need?	
Responses	**F**	**%**	**F**	**%**	**F**	%
Yes	138	98.6	24	17.1	122	87.1
No	2	1.4	116	82.9	18	12.9
Total	140	100.0	140	100.0	140	100.0

Source: Respondents' response

Table 4.3 indicates that 98% of the respondents know that the organization has a health and safety policy and reviewing the necessary documents the factory indeed has a health and safety policy for all the functions within the system. It is updated every year and is given to employees on hand books and some policy procedures are being communicated via trainings and notice boards. However, 2 employees (1.4%) doesn't have the clue whether the factory has it or not.

In line with this, despite the fact that the majority of the respondents are aware of the existence of the health and safety policy, 24 (17%) of them only read about the policy. 116 (82%) have read the policy even once. Thus, the company should be ready enough to find mechanisms of communicating and teaching employees about the policy. Otherwise the importance of having the policy would be meaningless. Reviewing the possible documents, I have found that the majority of the health and safety policy documents are written in English and this may have caused a discouragement to read the handbooks as many of the respondents didn't even finish elementary school.

With regard to question number 3,122 (87%) of the respondents said that the policy formulated by the organization is not relevant to the work place. However their replay seems to have a contradiction with the above question. In question number 2, it was found that only 24(17%) of the employees have read the policy and these employees are the only employees in the position to say whether the policy is relevant or not. Referring to the existing policies, I came to know that most part of the policy is directly taken from the Coca-Cola Company in Atlanta and few are customized in a way to fit EABSC's actual business scenario.

4.3.3 Actual Policy Implementation

Table 4.4 Actual Implementation of Health and Safety policy

Question Item		
	Is Health and safety policy actual Implementation is equally monitored compared together workplace policy objectives?	
Responses	**F**	**%**
Strongly Agree	2	1.4
Agree	10	7.1
Neutral	11	7.9
Disagree	40	28.6
Strongly Disagree	77	55.0
Total	140	100.0

Source: Respondents' response

Table 4.4 shows the actual level of policy implementation, accordingly majority of the sample respondents, 77(55%) of them strongly disagreed that the health and safety policy actual implementation is equally monitored compared to other workplace policy objectives. Totally, 78.6% of the respondents disagree the fact that the company equally monitors the implantation of health and safety policy with that of other policy objectives.

Meaning, the company gives much emphasis on the implementation of other objectives rather than the health and safety policy. Productivity and efficiency comes whenever employees work at their maximum level and this can be obtained when they are only exposed to a safe working environment. Having policies on paper but disregarding actual implementation of it may lead to injuries and other work related accidents.

4.3.4. Responses related to Employees Safety and Health Related Questions

Table 4.5 provision of safety materials and safe use training of safety materials

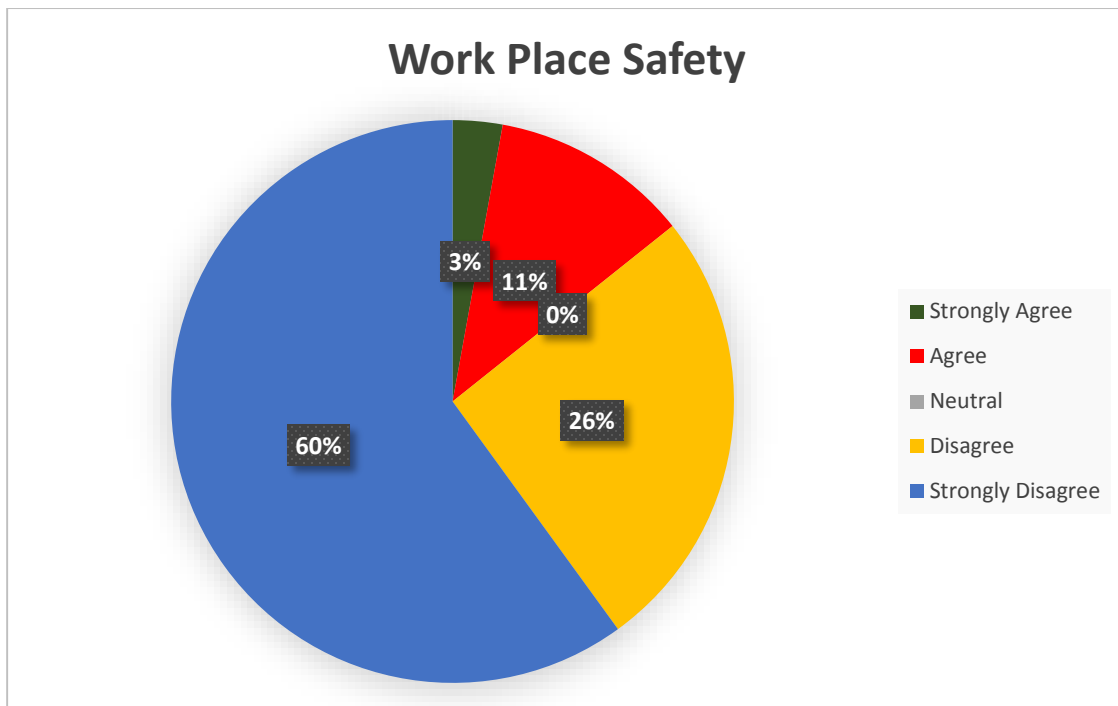| Question Items				
	Are you provided with Personal Protective Equipment's?		Are you trained on safe use of the equipment's and the machines?	
Responses	**F**	**%**	**F**	**%**
Yes	112	80	22	15.7
No	28	20	118	84.3
Total	140	100.0	140	100.0

Source: Respondents' response

Regarding to the above question, among the sample respondents, 112 (80%) of them have an access to protective equipment and 28 (20%) said that they don't have the required personal protective equipment which is provided by the company. This shows that the company doesn't provide the necessary working tools to all employees equally. The available working tools provided by the company differs from function to function, ye the major ones are aprons, gloves, hair nets, ear plug, safety shoes and the like.

Nevertheless, though the company provides the necessary working tools to its employees, 118 (84%) of the sample respondents said that they haven't been trained on safe use of the machines and equipment which they are exposed to. Proper teaching of safe use of machines reduces the possible occurrence of accidents and work injuries. Furthermore, it will increase the life time of the machines and the equipment as well.

4.3.4 Work Place Safety

Chart 1 Response of respondent on how safe their work place is

Work Place Safety

- 3%
- 11%
- 0%
- 26%
- 60%

Legend:
- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

Source: Respondents' response

Looking to the above smart chart expressed based on the sample respondents answer, majority of the respondents, 84(60%) of them strongly disagree to the statement that that their work place is safe to work in. The next majority respondents stands at 36 (26%) and still disagreeing the fact the work place is safe. Only 16 people think that their work place is safe.

Observing the actual scenario, the company stages +150 of its cars in the compound and sometimes it forced to stage vehicles along toad side which resulted congestion of vehicles and also forklifts and other moving machineries.

4.3.5 Work related accidents

Table 4.6 responses to work related accidents and first aid services

	Question Items			
	Have you ever had work related accidents in the compound?		Are there First Aid Services during accidents?	
Responses	**F**	**%**	**F**	**%**
Yes	52	37.1	44	31.4
No	88	62.9	96	68.6
Total	140	100.0	140	100.0

Source: Respondents' response

Table 4.6shows the occurrence of accidents and the accessibility of first aid services during accidents. According to their response given to the question item 2a substantial amount of employees, 37%, had had work accidents and most of them are forklift accidents. However, only few employees have had first aid services when accidents occurred.

4.3.6 Response related to the overall work environment

Table 4.7 Work place cleanliness and temperature condition?

	Question Items			
	Is the work place maintained in adequate clean condition		Is the temperature in the workplace comfortable?	
Responses	**F**	**%**	**F**	**%**
Yes	134	95.7	11	7.9
No	6	4.3	129	92.1
Total	140	100.0	140	100.0

Source: Respondents' response

134, 95.7% of sample respondents agreed that the work place is in adequate clean condition. Meaning, the company keenly works to maintain it cleanliness, however 6, 4.3% of the respondents said their work place is not kept clean. As it can be understood, most of the work environment are kept in suitable clean condition yet there are still areas that needs to be cleaned.

*Table 4.8 Availability of fire extinguishers and emergency exits and clear markings of Smoking areas.*

Question Items				
	Are there fire extinguishers and emergency exists available without any hurdles?		Are ' No Smoking" area clearly marked in the factory?	
Responses	**F**	**%**	**F**	**%**
YES	42	30.0	122	87.1
NO	98	70.0	18	12.9
TOTAL	140	100.0	140	100.0

42 respondents which amount to 30% said that the fire extinguishers and emergency exits are not available at ease however the majority of the respondents replied that there are nearby fire extinguishers and emergency exits which is available in their workplace.

In line with this, 122 (87.1%) of the respondents said that there are clearly marked 'No Smoking' designated areas in their work area yet 18 (12.9%) sample respondents said that there is no clear 'No Smoking' area. This implies that some areas are not labeled in clear signs to smokers. This may have an impact on employees' health and safety.

4.3.7 How often supervision is made concerning the proper functioning of machinery, proper usage of protective equipment by workers

Chart 2 level of supervisors control over proper usage of safety materials
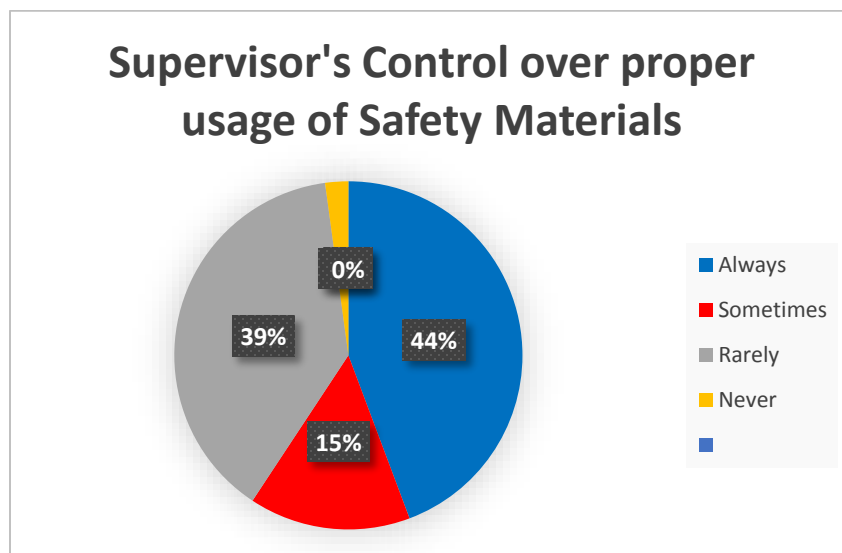
62 (44%) of the respondents said their supervisors always make supervision over proper function and usage of equipment and machines and 54 (39%) of them said their supervisors makes rare visits and supervisions.

This implies that greater number of supervisors make constant inspections over proper use of safety materials however still a considerable amount of supervisors doesn't give much concern about it which may lead to accidents,

Table 4.9 Insurance for work related accidents.

Question Item		
	Do you have an Insurance for work related accidents?	
Responses	**F**	**%**
Yes	134	95.7
No	6	4.3
Total	140	100

Source: Respondents' response

134 (95.7%) of the respondents are aware of the fact that they are entitled to accident insurances while 6 (4.3%) are not aware that they are insured for work related accidents. However the company entitles every employee to free medical and life insurance for work related and unrelated accidents.

4.3 Responses of Manager Concerning Standards of Occupational Safety and Health (Country Public Affairs and Communications Manager's Interview Responses)

1. **How do you value the importance of CSR for you Company?**

   As per his statement, 'Corporate Social Responsibility is the integral part of the broader sustainability strategy of EABSC and is aimed at uplifting the communities in which it operate spending at least 1% of prior year's EBIT. (Earnings before Income Tax). This means they spent millions of birrs every year implying the company increases its contribution to the community as its income increases which is fair and logical.

   They often make sizeable contributions to a limited number of high impact projects rather than small ad hoc donations and often partner with Government administrations and other stakeholders to create the so called Golden Triangle Partnership on selected anchor (secured) projects. However

they resulted in disregarding the participation of the communities in the projects. The projects are well managed internally through the PAC department and CEO Office.

By and large, the company seems to value CSR well importantly as it has its own departmental structure which is solely responsible for CSR programs initiations and implementations. Furthermore, good CSR projects are endorsed by the group office management team which encourages country bottling plants to further enrich and expand their CSR initiatives.

2. Does your Company business model incorporate Corporate Social Responsibility Activities?

CSR is well incorporated in the business model. CSR is included as part of their 2016 key priorities. This indicates that the company is willing to implement CSR initiatives that aims at supporting the societies and communities.

In line with this, the company has supported several philanthropic activities and projects this year alone, including those who are currently being undertaken by humanitarian organizations like World Vision, water Aid and other local humanitarian organization.

Currently the company is working on three big CSR projects each worth more than million birr.

3. Does EABSC involve in any of Country's development programs?

EABSC actively participates in the country's development programs. The company closely works with arrays of government administrations and Civic societies to partake in the overall development of the country. Accordingly, the company has recently handed out birr 2,000,000 to H.E FDRE President Dr. Mulatu Teshome and Professor Tamirat, Vice Board Chairman of Red Cross Society to compliment the drought relief support tin Ethiopia (Look at annex 3, Picture 8). Just prior to this support, the company has inaugurated a community police station near its plant based on the community's request (Look at annex 3, Picture 9). Furthermore, the company has turned its littered plastic bottles into an opportunity through tis one of a kind recycling project that engages women in collection and recycling of plastic bottles (Look at annex 3, picture 10).

In addition, they strongly work on community upliftment programs, education support, health care system, water conservation, environment protection, women empowerment programs and the like.

However several criticism are coming from nearby societies and other stakeholders for business malpractices as well.

4. How do you consider playing social responsibility as organizational competitive advantage?

The company never used or tried to take the advantage of doing corporate social responsibility projects to gain competitive advantages, accordingly it has never announced or advertised its goods deed to the public at large. As a company, they give back to the community because they believe they have already taken a lot from the community.

In addition, their CSR policy does not allow to take CSR initiatives for marketing consumption or to gain competitive advantages. Though they do these things without looking for any benefit, the benefits of doing it are coming naturally. Whenever and wherever the company implements such initiatives, it is cheered up by the beneficiaries, nearby community and the government at large, winning the minds and hearts of the people around the area.

He further added that though the company hasn't made any research on the relationship between the CSR initiatives and competitive advantages, there is an assumption that its good deeds are bearing the following fruits:

- Strong stakeholder relationship
- Brand love and good reputation
- Employee engagement and satisfaction

Responses of Manager Concerning Related to Product Safety (Safety, Health, Environment and Quality Manager Interview Response)

1. **Has your company ever had product safety problems?**

There hasn't been any product safety problems that came from any of their stakeholders. The product safety policy which is currently in effect requires the utmost high safe and quality production process. The safety requirements which are internally in place are way higher and tougher than that of the governments' standards, this is because the company is required to maintain the rich history and heritage of Coca-Cola as a safe and perfect quality product which has been trustworthy for 130 years now.

In addition, the company has number of food and chemical experts that ensure the safety of products and in addition the company uses one of a kind and modernized technologies to ensure maximum level of safety and product quality.

2. **How do you see the importance of product safety in relation to other attributes?**

Unsafe product results in unsafe business which may lead to operation shut downs. Even though there are hundreds of franchise Coca-Cola bottlers around the world, the world however doesn't differentiate the bottler and the brand and regarded all as Coca-Cola. Meaning, a quality drop down in any of the Coca-Cola's factory in any part of the world can debase the reputation of Coca-Cola all over the world, so the importance of product safety is given due care and attention.

Product safety is the essence of their existence as slight tumble in product safety and quality has an unbearable consequences.

3. **What type of Inspection do you make to ensure maximum safety and quality of products?**

The company uses the following inputs to make its different products:

A. Water
B. Carbon dioxide
C. BRIX
D. Concentrates/Secret Ingredient

A. Water inspection

The factory uses analytical balance (Denver and GX600), Shaker, Magnetic Stirrer, Vortex and microbiological tests to kill germs in the water and to make it at the required cleanliness level. In addition to this, the factory also measures hardness and softness of the water through different technological mechanisms .Furthermore it has a Biosafety cabinet to ensure the product from any hazardous contamination element.

B. Carbon dioxide Inspection

Carbon dioxide (Co2) is the key element which gives all products the refreshing and bubbly test. The Coca-Cola Company inspects and measure all sorts of process to ensure it meets the required standard. Thus the company makes a close checkups on the purity, color, odor, appearance and other tests.

C. BRIX

BRIX is the sugar content of an aqueous solution. Accordingly, the company measures the sugar solution by refractometer or density meter. Most of the Coca-Cola sparkling beverages has a sugar amount of 30-40 grams of sugar per one liter. East Africa Bottling S.C plant uses locally produced sugar after the government banned importation of sugars recently. However, the company is required to treat the sugars as the quality of local sugar is below the standard set internationally.

D. Concentrates

Concentrates are the major cost for the company. The company imports concentrates from the Coca-Cola Company, Swaziland.. The company tests: quantity of ingredients, expiry date, formula code match, breakage and other damages. I

Furthermore there are several inspection process that extends from unpacking, sorting bottles, checking, washing, and sighting to final packages and delivery.

4.5.4.2 Process inspection

During production process, the factory tests odor, taste, appearance, pressure, volume and weight of the products every 20 minutes of production. Production will be hold in if quality problems found during process inspection.

4.5.4.3 Output Inspection

East Africa Bottling SC. bottles, sells and delivers its products to its consumer as it was designed in order to drive brand preferences. It assures the safeness of its product at several production phases. In case there is product problem, consumers compliant will be received and handled properly.

The company however doesn't have a full-fledged mechanism to recall non-conforming products. More often it's the FMHCA (Food, Medicine and Health Control Authority) who makes continuous checkups and enforce the company to recall expired products.

4.5.5 Do you have insurance for possible product failure?

There is no insurance purchased for possible product failure. The main reason for it is that there hasn't been as such a major incident that demands the company to purchase an insurance. However, the company compensate adequately for defective product complaints that arise very rarely. The compensation process is led by the SHEQ, PAC and legal affairs department. However the process lacks clarity and consistency. It is done according to the manager's preference which should not be.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings of the Study

East Africa Bottling SC is the only approved Coca-Cola bottler in Ethiopia having factories in Addis Ababa and Dire-Dawa. Currently the company has more than 1,400 employees who permanently and temporarily work within the company.

East Africa Bottling is well aware of the importance business ethics towards successful and productive operation and it has already incorporated business ethics in its corporate business model and long term strategic objectives. However, there has been identified business ethics malpractices and EABSC which show that the company still has a long journey ahead to actually and fully implement what has been stated in its policy. The findings of the study with regard to employee safety and health, corporate social responsibility initiatives and product safety can be summarized as follows:

5.1.1 Employee Safety and Health

Employees' Safety and Health is one of the indicators to measure how good companies are in having ethical businesses. As part of an indicator, data is collected through questionnaire from technical specialists, production crews, machine operators and fleet/vehicle operators to examine the condition of their safety while working in the factory.

a) More than 80% of the sample respondents have not read the safety and health policy and the same percentage of the respondents does not believe the relevance of the safety policy to their work.

b) Among the sample respondents, 80% of the respondents have access to personal protective equipment (PPEs) however, still a substantial percent of the respondents do not have access to personal protective equipment (Look at annex 3, Picture 7).

c) Majority of the sample respondents have not had any sort of safety trainings.

d) Frequent accidents caused by forklift operators because the pedestrians and the forklifts use the same road. (Look at annex 3, Picture 4)

e) The factory is kept in adequate clean condition; however the temperature is not comfortable to many of the sample respondents. (Look at annex 3, picture 6)

f) Supervisors always make close supervisions on the proper use of working tools; however there are some respondents whose supervisors make rare supervision over the appropriate use of the safety materials.

g) Among the sample respondents, 70% of the respondents said that the fire extinguishers and emergency exists are not available without much hurdle.

h) Adequate safety signs are posted in several areas to inform employees and keep them out of possible hazards. (Look at annex, picture 2)

i) Employees are entitled to full time insurance for work related accidents.

5.1.2 Corporate Social Responsibility Initiatives

East Africa Bottling SC is actively engaged in several corporate social responsibility initiatives. Its CSR policy gives priority to Education, Health, Community, Women Empowerment and Disaster relief. Accordingly, the company has done several projects that fall within these categories. For instance its 5 by 20 women empowerment program which enables to economically empower 5 million women until 2020, its PET recycling program which engages beneficiaries in the collection of plastic bottles for a living, its bursary program which aims at supporting impoverished students through financial donations and its annual tree plantation programs are among the many which the company does. In doing so, the company is contributing greatly to the development of the country and poverty reduction.

5.1.3 Product Safety

The company has made considerable growth during the last fifty years since its establishment. This can be attributed to its high quality and safety product. The company has not had any major product safety problems; however, minor complaints of defective products has been noticed.

To assure high product safety, the company makes several inspections starting from raw material selection that goes to the final delivery point. Inspections are made at the input, process and output

levels. As an input, water, CO_2, Sugar, and concentrates are tested before they enter into the production process. At the process period, the company makes further inspection processes over the flavor taste, color, appearance, pressure, volume and weight of the products every 15 minutes of production. Finally at the output level, the company makes close monitoring over its already delivered products to make sure they are consumed with in the desired time frame before they lose their refreshing taste and odor. Otherwise it will be forced to make a product recall. The product recall has several phases of guidelines and procedures before ordering product recall. The product recall is usually done through its sales team and official Coca-Cola distributors who are operating in all major areas in the country.

5.2 Conclusions

The following conclusions emerge from the assessment made in this study on East Africa Bottling's business ethics practices, Addis Ababa, Lideta Plant,:

a) The company has a health and safety policy which gets updated every year; however it has not yet been well communicated to its employees so that employees know the dos' and don'ts' thereby enabling them work and operate in alignment with the policy.

b) The company has gaps in making the necessary monitoring and close follow-ups of the implementation of the health and safety equally with other policies. Having the policy on paper does not ensure safe business operation by itself.

c) Employees do not have equal access to personal protective equipment and other necessary working tools. This has a role in reducing or eliminating possible work injuries and accidents.

d) According to the Occupational Accident Report of the company for year 2015 the frequent accidents are caused by forklifts and unsafe protections of Costic sodas. This is because several forklifts are running in the very congested space of the compound. In addition, due to limited warehouse space, Costic Sodas are sometimes kept along with other materials and are causing harm to several employees as indicated in the occupation accident report.

e) The work temperature in the work rooms tend to be uncomfortable especially in the production lines as the high sounds of the machines and crushes of the bottles are creating so much noise and heats. (Look at annex 3, picture 3)

f) Employees do not feel safe while working in the compound as the company is struggling with limited spaces for car parking and staging of crates. This has not enabled the free movement of employees and forklifts which leads to several accidents which in turn has led to unsafe environment. (Look at annex 3, picture 1)

g) East Africa Bottling SC actively engages in several corporate social responsibility initiatives. However, most of the initiatives are getting implemented based on the government requests. It should have been more effective if the company engages the community and other stakeholders as well. Furthermore most of the projects tend to be annual projects, as a result of which they have not been able to be sustained for further years.

h) The company has not provided quick first aid services for most of its employees when they had accidents. This may lead to severe injuries.

i) All products of the company goes through several inspection processes to ensure maximum level of product quality. However, there minor defective products have been identified. The company doesn't have the necessary policy to handle such defective product complaints.

j) The company recalls any defective products and it uses its sales team and official Coca-Cola distributors to recollect flawed products. However, the company cannot recall its products once they reach its consumers and does not have a system to inform its consumers not to consume the particular products which are labeled as defective for use.

k) The company does not have insurance for product failures. However, there are customers who buys thousands of batches and packs of products and if a batch of a product happens to fail, it will leave the company in a predicament on how to compensate its customer and treat such situations.

5.3 Recommendations

The following recommendations are forwarded based on the assessment, analysis, findings and conclusions of this study:

a) In order to effectively communicate its safety policy employees the company should:
   - Incorporate the effective teaching of employee health and safety policy as part of its induction policy
   - Inform and encourage all employees' immediate supervisors to provide informative trainings on employee health and safety policies.
   - Publish handbooks which would be provided for employees whenever they're employed and annually
   - Post major health and safety policies on notice boards and at visible compound corners
   - Periodically inform employees via the company's quarterly newsletters.

b) The company should periodically make sure that all employees have the necessary working tools and replace those that needs to be changed. There has to be a mechanism where immediate supervisors monthly report to the management whether there is an adequate protective personal equipment which is in effect.

c) The company should work with its learning and development department to ensure employees are trained on safe use machines and equipment. In line with this, the learning and development department can allocate a budget and keep the necessary record of employees whether that employee took safety trainings or not.

d) As indicated in occupational accident report, most of the accidents are caused by forklifts as there is no designated pedestrian walk ways. Thus, the company must either make walkways for employees which is free from the movement of forklifts and other moving machines or annex nearby adjacent lands so that the company can have enough space for pedestrians and moving vehicles as well.

e) EABSC usually collaborates with only the government offices to address the problems of te society however it needs to involve the members of the society themselves as the government may take advantages and fulfill its own agenda. Thus EABSC should engage community representatives and other members of the community to partake in community upliftment initiatives.

f) East Africa Bottling SC needs to have a well-organized consumer response mechanism whereby it can easily reach its customers to pass into any vital informations and also need to have a designated person who can be responsible to handle any consumer complaints.

g) As the majority of the respondents said that they do not feel their business environment safe to work in, East Africa Bottling SC needs to study why its employees do not feel safe and initiate action plans to solve the problem.

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Appendices

Annex 1. Questionnaire

<div align="center">

St. Mary University

School of Graduates

Department of General MBA

</div>

This questionnaire is intended to collect primary data to be used for a thesis entitled "The Business Ethics Practice, Case of East Africa Bottling SC"" in partial fulfillment of requirement for masters of Arts Degree in General MBA.

So, I respectfully request your kind cooperation in answering the questions as clearly as possible. I would like to assure you that the information you provide will be used for academic purpose only and all responses will be treated in strict confidentiality. Please circle the box to the statement/choice which highly reflects your idea. There is no need of writing your name. Your honest and unbiased response will greatly contribute for the research to achieve its objective.

Thank you very much, in advance for your sincere cooperation.

If you have any comment or questions you can contact me through the following address;

Muse Girma (+251 911 183 986)

PART ONE: DEMOGRAPHIC AND OTHER INFORMATION

Please circle which most closely represents your personal situation. Please only circle one item only per question.

1. Gender
    a. MALE
    b. FEMALE

2. Age
    a. 18-25
    b. 26-32
    c. 32-45
    d. >45

3. Educational Background
    a. 8th Complete
    b. 10th Complete
    c. 12th Complete
    d. Certificate
    e. First Degree
    f. Other

4. Job Position   …………………………………………………………

5. Work Experience in EABSC in years
    a. 0-2
    b. 0-5
    c. 5-10
    d. >10

PART TWO: GENERAL QUESTIONS ON THE COMPANY'S HEALTH AND SAFTEY FRAMEWORK: Circle which is most appropriate

6. Does your organization have a written health and safety policy?
    a. YES
    b. NO

7. Have you read the Company's health and safety policy?
    a. YES
    b. NO

8. Is the health and Safety policy relevant to the work place's real need?
    a. YES
    b. NO

9. Is Health and safety policy actual Implementation is equally monitored compared together workplace policy objectives?
    a. STRONGLY AGREE
    b. AGREE
    c. NEUTRAL
    d. DISAGREE

e. STRONGLY DISAGREE

PART THREE: Employee's Safety and Health related questions

10. Are you provided with Personal Protective Equipment's?
    a. YES
    b. NO

11. Are you trained on safe use of the equipment's and the machines?
    a. YES
    b. NO

12. I consider my work place as a safe place to work in
    a. STRONGLY AGREE
    b. AGREE
    c. NEUTRAL
    d. DISAGREE
    e. STRONGLY DISAGREE

13. Have you ever had work related accidents in the compound?
    a. YES
    b. NO

14. Are there first aid services during accidents?
    a. YES
    b. NO

PART THREE: QUESTIONS ABOUT OVERALL WORK ENVIRONMENT

15. Is work place is maintained in adequate clean condition?
    a. YES
    b. NO

16. Is the temperature in the workplace is comfortable?
    a. YES
    b. NO

17. Are there fire extinguishers and emergency exists available without any hurdles?
    a. YES
    b. NO

18. Are ' No Smoking" area clearly marked in the factory?
    a. YES
    b. NO

19. How often supervision is made concerning the proper functioning of machinery, proper usage of protective equipment by workers?
    a. ALWAYS
    b. SOMETIMES
    c. RARELY
    d. NEVER

20. Do you have an Insurance for work related accidents?
    a. YES
    b. NO

21. Comments and Suggestions

Thank you for taking time to fill out the form.

Annex 2. Interview Questions

Interview Questions to Plant HR Manager

1. How do you define Business Ethics for your company?
2. Does your company's business model incorporate business ethics?
3. Do you think there is a relationship between business ethics and corporate growth or success?
4. How do you see the practice of business ethics in your company?
5. How do you explain the progress of your company with regard to business ethics?

Interview Questions to the SHEQ Managers

1. Have your ever had product safety problems?
2. How does your company handle safety problem issues?
3. What type of inspections does your company frequently use to make sure maximum level of product safety?
4. Does your company compensate for defective product complaints? If so how?
5. How do you explain the company's overall progress in maintaining safe products to its consumers**?**

Interview Questions to the Public Affairs and Communication Manager

1. Has your Company ever had product safety problems?
2. How do you see the importance of product safety in relation to other attributes?
3. What type of Inspection do you make to ensure maximum safety and quality of products?
4. Do you have insurance for possible product failure?

Annex 3. Photographs

Picture 1 EABSC Addis Ababa Congested Plant

Picture 2 Safety Sign In production Line

Picture 3 Uncomfortable working seats (Too many seats in one room) causing heats

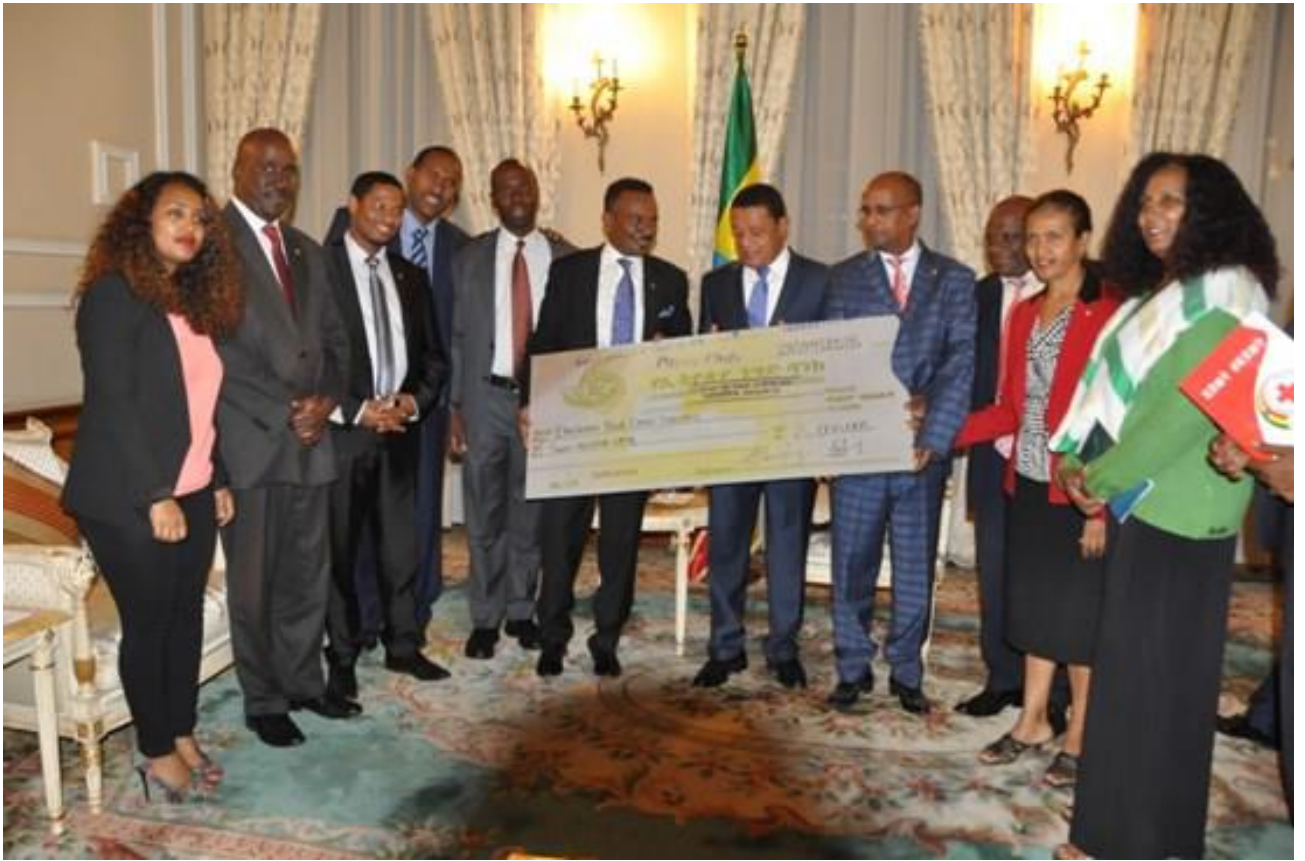*Picture 4 Forklifts and Pedestrians in the same road*

Picture 5 Fire Extinguisher in Manufacturing Line

Picture 6 Clean Compound, In front of Administrative Office Building

Picture 7 Women Sorting bottles without proper PPEs

Picture 8 Coca-Cola handing out 2 million Birr to compliment the efforts on the current drought relief support (CSR program)

Picture 9 some of the PET Recycling project Beneficiaries collecting plastics

Picture 10 a community Police Station constructed by EABSC/Coca-Cola