



ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES

AN ASSESSMENT OF BUSINESS ETHICS PRACTICES: THE  
CASE OF ZEMILLI PAINT FACTORY

BY

ALEMNESH MULATU MEKONNEN

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ADDIS ABABA, ETHIOPI

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ALEMNESH MULATU MEKONNEN

A THESIS SUBMITTED TO ST.MARY'SUNIVERSITY, SCHOOL  
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JULY 2018

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THE CASE OF ZEMILLI PAINT FACTORY**

**By**

Alemnesh Mulatu Mekonnen

Approved by Board of Examiners

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Signature

Geremew Teklu (PhD)

Advisor

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Signature

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Internal Examiner

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Signature

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External Examiner

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Signature

## STATEMENT OF CERTIFICATION

This is to certify that this paper work, “An Assessment of Business Ethics Practices; the case of Zemilli Paint Factory”, undertaken by Alemnesh Mulatu for the partial fulfillment of Master’s of Arts Degree in Business Administration, is an original work and not submitted earlier for any degree either at this University or any other University.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Geremew Teklu (PhD)

(Advisor)

## DECLARATION

I, Alemnesh Mulatu declare that this work entitled “An Assessment of Business Ethics Practices; the case of Zemilli Paint Factory” is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Master of Arts in Business Administration.

By: Alemnesh Mulatu Mekonnen

Signature\_\_\_\_\_

Date\_\_\_\_\_

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## **ABSTRACT**

The study was conducted at Zemili Paint factory with the general purpose of examining the business ethics practices of the factory. The significance of the study is that based on the finding; the factory can find itself “where it is” in terms of exercising a good business ethics and take corrective action if necessary. In this study, three business ethical issues were explained and explored; .Employee health and safety program of the company was explored. Contributions of the company to local community development program were pointed out. Finally, the attitude of the company towards environmental protection and the mechanism they are using to reduce the pollution of the environment were highlighted. Data were collected through questionnaire and interview. The collected data were analyzed by using descriptive statistics and software package for social science (SPSS version 20). Based on the finding the absence of formal business ethics practices may make the factory unaware to extract the possible opportunities from business ethics. The Factory is not undertaking a risk assessment to identify and control hazards which could arise. The factory does not have public relation department, as a result there is no document concerning the society development programs they participate. So in light of the above problems, the following recommendations were forwarded. The factory had better make use of indicators of formal business ethics like Written ethical standards Training program on business ethics and Ethical committee or ethical officer and the factory should undertake a risk assessment to identify and control hazards which could arise at the work place and finally should form public relation department, through which it can influence public attitudes towards the factory

**Keywords:** Business Ethics, Employee safety and health, Social Responsibility, Environment Protection



# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

The word ethics is the principle of morality, including both the science of the good and the nature of the right. It involves doing the right thing in the right manner. It is a system of moral principles or rules of behaviors. Ethics is the discipline dealing with what is good and bad and right and wrong or with moral duty and obligation. In the words of Hurn (2008) ethics is considered as the study of “human duty in its wider sense”, underlining the common thread of the recognition of obligation and acceptance of responsibility for how one’s actions would impact on other people.

According to McGee (1992), businesses are not only economic relation created by the exchange of goods and services, but also moral relationship. As a result, businesses around the world are designing and implementing business ethics program to address the legal, ethical, social responsibility, and environmental issues. By addressing these issues in a systematic way, enterprises can improve their own business performance, expand opportunities for growth, and contribute to the general social welfare. In addition to this, markets become free and remain free if their players are responsible and respect the basic values of honesty, reliability, fairness and self-discipline. To nurture these free markets, businesses need to promote good business ethics and also as to comply with government policy with relating to market oriented legal framework

Great deal of interest in codes of ethics exists in both the business community and the academic community (Bruce R. Gaumnitz and John C. Lere, 2004). Mohamed M. Ahmed, Kung Young Chung, John W. Eichenseher (2003) also concluded that with the growing interest and debate surrounding "Globalization", no one can underestimate or push aside the cruciality of the perception of ethical behavior of business. The problem is not only the concern of business firms, but far more importantly, it draws into the picture politicians, government officials and various national and international pressure groups. Since few researches including the above have focused on the business ethical practices of developing countries, the situation calls for other extended studies which explore the nature and the

practices of business ethics in developing countries (specifically in Ethiopia). This study was designed to examine the practices of business ethics in Zemilli Paint Factory.

## **1.2 Back ground of the organization**

Zemilli Paint Factory was founded in 1998, at a total estimated cost of about 20 million Birr, the Factory is located at Gelan. Since its establishment, the factory has been committed to producing quality paints that are high in demand. Zemilli produces a wide variety of paints, glues and tile adhesive that have been developed by a team of research and development professionals.

Zemilli Paint Factory is the only paint factory in the country to be ISO certified. It has a workforce of around 244 employees, operates 24 hours a day, and uses the latest technology in production and quality control equipment's. The factory has annual capacity to produce approximately nine million liters with over 150 different color paints used for various purposes.

### **1.2.1 Vision statement**

Zemilli paint factory aim to create its global presence by becoming one of the leading competitively dynamic companies in the horn of Africa in producing and supplying paints and paints related product

### **1.2.2 Mission statement**

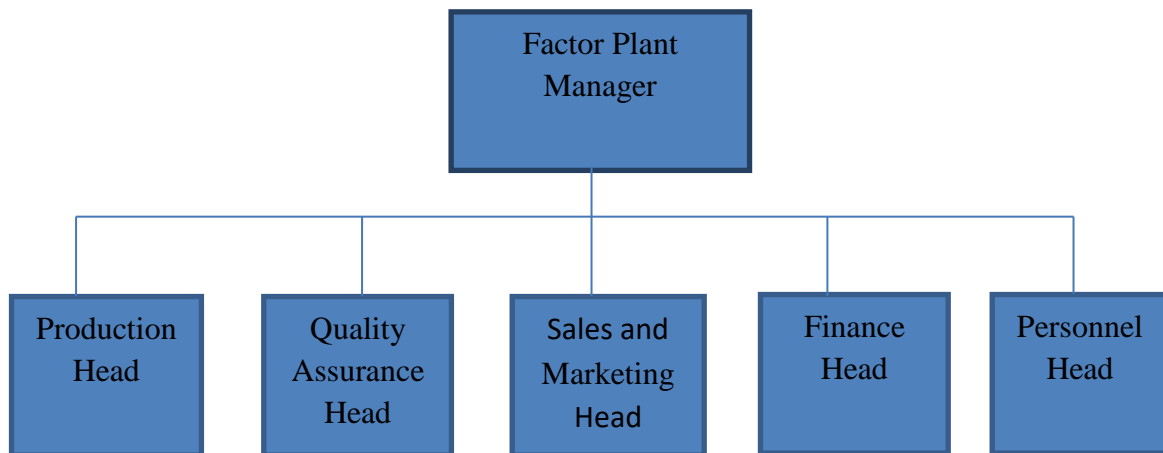
DH geda Zemilli paint factory management is dedicated to producing customer driven products in the most efficient and cost effective manner with total quality management as its emphasis.

❖ Zemilli paint factory management believes that valued customers are the sole purpose of its existence and will make every effort to satisfy them through its commitment to quality, technology, and service.

- ❖ Zemilli paint factory management believes that its associates are the most valuable resource therefore it provides work environments where employees can meet their potential and thrive in an atmosphere of excellence.
- ❖ Zemilli paint factory strives to be the industry standard in service to customers while maintaining a superior level of integrity in interactions with business partners and associates.
- ❖ Zemilli paint factory appreciates its achieved success and conducts its business to realize reasonable returns for shareholders with the use of improved management practices through a committed team of managers and staff.

### 1.2.3 Organizational Structure

Fig 1.1 Organizational Structure





### **1.3 Statement of the Problem**

Business Ethics covers the areas of moral principles and decision making, governance issues and codes of conduct for a business. Beverungen and Case (2011) argue that “We might find that ethics in business involves a basic dislocation relating to phenomenal experiences arising when things are out of place”.

Business Ethics is confined with ethical issue with relating to advertisement, shareholders, partners, suppliers, competitors, government and the like. But the focus of this study was particularly on business ethics practice at the case of Zemilli Paint Factory on the area of employee health and safety, obligation of the Factory to the environment and social responsibility.

Concerning employee health and safety, all workers have a fundamental right to execute their job contract in safe and healthy conditions. Employees may be exposed to extreme heat, excessive noise levels, dust, or chemical agents. According to Brain Harvey (1994), employees should be compensated sufficiently for risk they are asked to take both through appropriate insurance and social security provisions.

Businesses are expected to play social responsibility by contributing to the welfare of the society. Social responsibility focuses on the impact that business activity has on society (Josie Fisher, 2004). Lastly, they are also expected to protect communal ownership natural resources like water, air and others from pollution (McGee, 1992).

### **1.4 Research Questions**

The study was conducted to address business ethics practice in Zemilli Paint factory. Therefore the study was expected to provide possible solutions to the following basic research questions.

- What does the overall business ethics practices of Zemilli Paint factory looks like?

- How is Zemilli Paint factory promoting healthy and safe working conditions and employee compensation and benefit for the risk they are asked to take?
- What type of contributions does Zemilli Paint factory make for the welfare of the society?
- What environmental protection mechanism does Zemilli Paint factory use?

## **1.5 Objectives of the Study**

### **1.5.1 General Objective**

The general objective of the study was to assess the practices of business ethics at Zemilli Paint Factory

### **1.5.2 Specific Objective**

The specific objectives of the study were to:

- ✓ Assess the overall business ethics practices of Zemilli Paint factory
- ✓ Assess the practices of employee health and safety program of Zemilli Paint factory
- ✓ Assess Zemilli Paint factory contribution for the welfare of the society
- ✓ Point out the techniques Zemilli Paint factory is using to protect the environment from pollution.

## **1.6 Significance of the Study.**

To detail study about the topic and to identify the problem and provide recommendation about the problem then Zemilli Paint Factory can find itself “where it is” in terms of exercising a good business ethics and take corrective action if necessary. In addition to Zemilli, other businesses, whether it is private, public, profit or non-profit could get awareness that they should practice a good business ethics to stay in operation. Moreover, the findings contribute to business ethics and can be used as a secondary data for interested researchers in this area.

## 1.7 Scope of the Study

The study was limited to business ethics practices, the case of Zemili paint factory. Even though the ethical dimensions of business are various, the study was focuses only on the selected dimensions that are: employee health and safety, social responsibility, and environmental protection. Therefore, due to the broad nature of business ethics, the research does not include other areas other than the above variables.

## 1.7 Limitation of the Study

The study focuses on assessing business ethics practices at Zemilli Paint Factory and forwards the possible recommendations. However the researcher faced some difficulties when the study conducted. Try to find the manager and make a schedule to have interview & late response and un returned questionnaires by the respondent. Though these and other problems were some limitations, the researcher tries to find any options that help to solve the problem.

## 1.8 Definition of Key Terms

The following operational definition for key terms are provided as they are used on the proposal

**Ethics:**-is concerned with what is good for individuals, society and legally acceptable.

**Business:**-is refers to an organization engaged in commercial, industrial or professional activities.

**Business Ethics:**-is concerned with set of moral rules that govern how business operates, how business decisions are made and how people are treated in business.

**Social Responsibility:**-refers to an organization responsibility for the impact of its decision and activities on society and the environment through transparent and ethical behavior that contribute to the health and the welfare of society.

## **1.9 Organization of the paper**

The organization of this study takes the following form: The first chapter is introductory which consists of background of the study, statement of the problem, objectives of the study, definition of key terms, significance of the study, organization of the paper and scope and limitation of the study. The second chapter provides the related summary of literature review on the business ethics and related variable. Chapter three present research methodology. Chapter four present result and discussion of the study. The last chapter, chapter five, provides conclusions and recommendations of the study.

## **CHAPTER TWO:REVIEW OF RELEATED LITERATURE**

### **2.1 Theoretical Review**

#### **2.1.1 Definition of Basic Terms Related to Ethics and Ethical Practices**

##### **2.1.1.1 Ethics, Morals and Values**

“Ethics is a moral principle or set of moral values held by an individual” (Charles Holme, 2008).Similarly, J. M. Eligedo (1996) defined ethics as a moral principle that explores systematically the conditions conducive to a flourishing life. The above two definitions require defining the terms morals and values, and (Charles Holme,2008) defined them as follows:

- Moral is a principle of behavior in accordance with standards of right or wrong.
- Value is moral principles or accepted standards of a person or a group.

##### **2.1.1.2 Business Ethics**

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

Manuel G.Velasquez (1992) has defined business ethics in depth than the above definition as follows:

Business ethics is a specialized study of moral rights and wrongs, which concentrate on how moral standards apply particularly to business policies, institutions, and behavior. The above two definitions lack detail list of ethical issues and also could not specify the boundaries of business ethics. However, the following definition which incorporates particular business ethical issues is found to be more elaborative than others.

In their research on personal values, business ethics and strategic development, Mauro, Nataleand Libertella (1999) used definition for business ethics that were developed by Walton (1977) as follows:

Business ethics is a range of criteria where by human actions are judged to include such things asocial expectation; fair competition; the aesthetics of advertising and the use of public relations; the meaning of social responsibilities; reconciling corporate behavior at home with behavior abroad; the extent of consumer sovereignty; the relevance of corporate size, the handling of communication; and the like.

### 2.1.2 The Development of Business Ethics

According to Charles Home (2008), the study of ethics started in ancient Greece which students of philosophy pursue this line with interest. In this country, the first legal reference to fair business practice is in the Magna Carta of 1215. In addition to this, Ferrell, Fraedrich and Ferrell (2005) stated in their book that the study of business ethics has evolved through five distinct stages.

Table 2.1 Stages of Business Ethics Development

Stages	Period	Major events
1	Before 1960	<ul style="list-style-type: none"> <li>• Defined wage sufficient for education, recreation, health and retirements</li> <li>• Civil rights and environmental responsibility</li> </ul>
2	1960s	<ul style="list-style-type: none"> <li>• The rise of social issues in business</li> </ul>
3	1970s	<ul style="list-style-type: none"> <li>• Business ethics as an emerging field</li> </ul>
4	1980s	<ul style="list-style-type: none"> <li>• Business academics and practitioners acknowledged business ethics as a field of study.</li> </ul>
5	1990s	<ul style="list-style-type: none"> <li>• Institutionalization of business ethics</li> </ul>

Source: Adopted from Ferrell, Fraedrich and Ferrell (2005)

### **2.1.2.1 Factors contributing to the Development of Business Ethics**

At a company level, there are a number of encouraging developments of business ethics (Brain J.

Hurne, 2008). These are:

- Setting up specific ethical programs which clarify a company's business ethics.
- Setting up induction and ongoing awareness programs
- Development of ethical policy statements that are published internally and made known externally
- Publication of codes of ethics.
- Setting up ethical committees with a company to advise an ethical standards and keep company practices under view.

### **2.1.3 Ethics in International Business**

Business organizations move from domestic to global and transnational competition, they are finding that cultural values vary significantly across national boundaries. As a result, cultural misunderstanding are likely to occur of which ethics is the one (Beekun, Stedham, and Yamamura, 2003, pp. 267-279). Similarly, Gary R. Weaver (2001, pp. 3-15) states that practices which are appropriate in one cultural setting may violate the established understanding of organizational and social life in another cultural context.

According to Ferrell, Fraedrich, and Ferrell (2005), the international business person must not only understand the values, culture, and ethical standards of his or her own country but also be sensitive to those of other countries.

Ferrell, Fraedrich, and Ferrell (2005) also identified ethical issues around the world such as:

- Human rights
- Product safety
- Pollution and natural environment, and
- Intellectual property protection

Charles A. Home (2005, pp.303-309) has listed the above ethical issues mentioned by Ferrell, Fraedrich, and Ferrell (2005) as they are common practices in less developed countries, which could be illegal and unethical in the developed countries. This shows that, multinational organizations face a biggest challenge from these conflicting cultures.

### **2.1.3.1 Multinational Corporation Moral Guidelines**

Hoffman and Frederich (1995) suggest seven 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)

1. MNCs should produce more good than bad for the host country
2. MNCs should contribute by their activities to the host country's development
3. MNCs should respect the human rights of its employees
4. MNCs should pay their fair share of taxes
5. To the extent the local culture does not violate moral norms; MNCs should respect the local culture and work with it, not against it.
6. MNCs should cooperate with the local government in the development and enforcement of just background institutions.

### **2.1.4 Social Responsibility and Ethics**

There are four views concerning the relationship between social responsibility and ethics (as cited in Josie Fisher, 2004). First, social responsibility is ethics in organizational context (Davidson and Griffin, 2000). Second, social responsibility focuses on the impact that business activity has on society while ethics is concerned with the conduct of those within organization (Boatright, 2000 and Trevino and Nelson, 1990). Third, there is no connection between social responsibility and ethics (Shaw and Barry, 2001). Fourth, social responsibility has various dimensions one of which is ethics (Carol, 1991; Ferrell et al. 2000 and Samson and Daft, 2003). Similarly, Ferrell, Fraedrich, and Ferrell, (2005) argued that ethics is one dimension of social responsibility.



For this study, the first view i.e., ‘social responsibility is part of ethics in organizational context’ is adopted since it enables the researcher to deal with social contribution of the organizations as part of business ethics.

### **2.1.5 The Importance of Business Ethics**

There are two schools of thought about why business should or ought to be ethical (cited in Josie Fisher, 2002).

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).

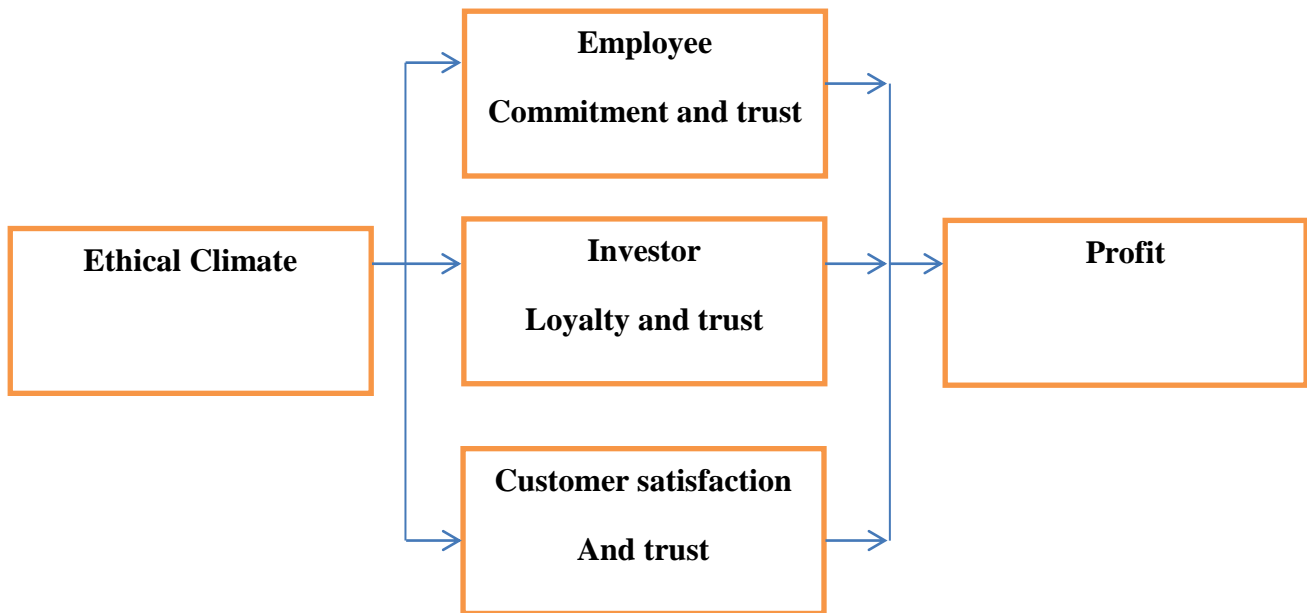
As per the second view, the intrinsic motivation is taken as the only leading factor towards acting ethically. This may not allow setting ethical standards and practice, except it comes from internal. On the other hand, the first view gives a chance to set ethical guidelines and also links ethical practices with the organizational survival, which is what it should be. Charles Holme (2008) states the importance of business ethics as follows:

- Improving employee satisfaction: Employee satisfaction arises from, among other things air 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 Similarly, Ferrell, Fraedrich, and Ferrell (2005) state that many people who have limited business experience suddenly find themselves making decision about product quality, advertising, pricing, sales techniques, hiring practices, and pollution control. The values they learned from family, religion, and school may not provide specific guidelines for these complex business decisions. Many business ethics decision are close calls. Brain Harvey (1994) depicted the role of organizational ethics in performance in the following figure

Figure 2.1: Role of Organizational Ethics in Performance



Source: Brain Harvey (1994)

## **2.1.6 Business Ethics- A Function of Culture and Time**

### **2.1.6.1 Business Ethics - a Function of Culture**

Business ethics may be seen as a function of culture, since the Cultural Revolution in the business environment certainly will affect what are acceptable and unacceptable business activities and management principles in the market place and in society (Svensson and Wood, 2003). Similarly, Vinten (1998) as cited by Svensson and Wood, (2003), argues that business ethics has the potential to become a significant aspect of corporate strategy and culture. In addition to this, Ferrell, Fraedrich, and Ferrell (2005) emphasized the role of corporate culture in ethical decision-making.

### **2.1.6.2 Business Ethics-a Function of Time**

Business ethics may be seen as a function of time, since the time-dimension in the business environment certainly will affect what are acceptable and unacceptable business activities and management principles in the market place and in society (Svensson and wood, 2003). Similarly, Kilcullen and Kooistra (1999) focus on the changing role of business ethics and corporate social responsibility in the business environment through time.

## **2.1.7 Employee Health and Safety**

According to Stewart, Ledgerwood, and May (1996), ethics and health and safety are inextricably bound. It is clear that employee safety and health have ethical dimensions since relevant managerial decisions affect workers' lives and well-being. Clearly, managerial attention to employee safety and health is not only an ethical mandate; it is a prerequisite for sound business policies and practices.

### **2.1.7.1 Safety Policies, Supervisors Safety support, and Employee Safety Control**

Huang, Chen, Krauss, and Rogers (2004) stated in their research findings that perceptions of organizational safety related policies, supervisor safety support and employee safety control tend to predict safety outcomes and even satisfactions with the company.

#### **2.1.7.1.1 Safety Policies**

Implementation of safety policies suggests that the companies are expected to invest a considerable amount of their resources to promote the safety and physical well-being of their employees. As a result, there must be quality execution of corporate safety policies to reduce injury incidence and injury risk. In addition to this, Watson, Scott, Bishop and Turnbeaugh (2005) illustrated the importance of management policies and practices that emphasize safety, and equally important, the degree to which management follows through on the implementation of such policies and practices.

#### **2.1.7.1.2 Supervisor Safety Control**

Supervisor support of safety represents the extent to which supervisors encourage safe working practices among their subordinates. Hoffman and Mergeson (1999), (as cited in Huang, Chen, Krauss, and Rogers, 2004) also demonstrated that, perceived organizational support was related to improved safety communication and safety commitment as well as lower frequencies of injuries. Generally, through providing information to subordinates or sharing their attitudes or opinions regarding safety, supervisors often act as a driving force affecting the safety of the work place.

#### **2.1.7.1.3 Employee Safety Control**

Watson, Scott, bishop, and Turnbeaugh (2005) mentioned four major approaches to improve safety in the work place in their research.

The first approach is to focus on the work environment itself: making it physically safer. The major trust in this approach is to revise policies, redesign jobs, and ergonomically design tasks with the human factor in mind. In addition to designing a safe and health work place, Stewart, Ledgerwood, and May (1996) forwarded that it is a managements responsibility to provide adequate personal protective equipment. The second focus is to identify traits like neuroticism and introversion in employees that are more likely to lead to accident. In contrast with the job design and trait models, a third approach attempts to convince employees to behave more safely. Behavioral modification models of safety emphasize that specific conduct can be encouraged by organizations that enhance safety related outcomes. A fourth general framework for understanding safety improvement is from the interpersonal or social perspective. The control question in this approach is: what interpersonal factors (like having safety officer, safety committee, safety training, etc.) enhance safety in the work place?

### **2.1.7.2 Industrial Accidents Controlling Techniques**

The following techniques are used to avoid or minimize the accidents that may happen at workplace.(Fida, 1990).

1. Identifying potential hazards at work place
2. Maintaining machines and equipment's on time and remove risky parts
3. Informing workers about work area safety and health through training, employees hand book, notice board and others.
4. Train and follow- up the proper use of protective equipment's by the worker
5. Having medical center and provide first aid or full treatment when accident happened

### **2.1.8 Social Responsibility**

According to J. M. Eligido (1996), business organizations should have responsibilities which go beyond making profits. According to this argument it is proper for companies to support worth community initiatives like universities, museums, or hospitals; to reduce to a minimum pollution, going voluntarily beyond the standard set by the law; to employee the

physically handicapped in order to faster desirable political objectives; and generally to use their resources or restrict their activities in way which are not calculated to maximize their profits but which will contribute to the common good of the communities in which they operate

Similarly, the social permission theory (as indicated in Robert W. McGee 1992) states that society has entrusted to business large amounts of society's resources to accomplish its mission, and business is expected to manage these resources as a wise trustee for society. In contrast to this, Professor Milton Friedman, the famous monetarist economist and winner of the Nobel Prize for economics argued in favor of the idea that a corporation has only one responsibility: maximizing profit for its shareholders while operating within the limits set by the law (cited in J. M. Eligedo, 1996).

In Friedman's view it is certainly a responsibility of corporations to respect all the laws which protect the public interest. But going beyond this would amount to have "socially responsible executives" functioning as redistributors which would take other people's money (i.e., Shareholders') and spend it on what these executives themselves defined as the "General Social interest"; as if they were some sort of self-appointed tax collectors.

Ferrell, Fraedrich, and Ferrell (2005) on the other hand argue that the proposition that one has no moral responsibilities which go beyond compliance with the law is clearly unsound. They have stated three reasons why legal duties often fall short of moral demands.

First, because of difficulties of environment, legal standards often do not cover all the relevant moral duties. Secondly, the law necessary reacts slowly and a long time can pass from the moment a problem is identified until a suitable law is passed. Thirdly, morally objectionable laws may be enforced. Supporting the above argument, Josie Fisher (2004) elaborates that "It is only organizations whose actions and decisions fall above social obligation on the continuum that do any more than comply with the law." Because of the above reasons and arguments, one cannot assume that by keeping to the law one has discharged all of one's duties towards others. As a result, companies are expected to go beyond profit maximization and support worthy community initiatives

### **2.1.9 Environmental Protection**

Economic activities can have an effect on the environment in many different ways (J. M. Elgedo, 1996). The use of chlorofluoro carbons as a propellant in aerosol sprays can damage the ozone layer with potentially serious consequences for human well-being; factory and vehicle emissions can cause acid rain that in turn can harm forests; oil spills can destroy animal life and make farming impossible, dumping of industrial residues and garbage into the sea or rivers can make them useless for swimming and other recreational activities and destroy fish life; and soon. Two different views are there concerning the responsibility of organizations in protecting environment (cited in Hoffman, and Frederick, 1995). These are: Business does not have an obligation to protect the environment over and above what is required by law; however, it does have a moral obligation to avoid intervening in the political arena in order to defeat or weaken environment legislation (Norman Bowie, 1989). On the other hand, Robert Frederick (1990) argued that the harm principle morally requires business to find ways to prevent certain harm it causes even if such harm violates no environmental law.

Supporting the view of Robert Frederick, many authorities (such as Robert W. McGee, 1992; Hoffman and Frederick, 1995; and Brian Harvey, 1994) give emphasis in their books that; corporation should not isolate themselves from participation in solving environmental problems. Therefore, businesses must creatively find ways to become part of solutions, rather than being part of a problem (Josie Fisher, 2004,) and business organizations should go for environmental protection to ensure sound stewardship of natural resources, for legal reason, and for corporate image (Robert w. McGee, 1992)

## 2.2 Empirical Review

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 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). Many organizations are choosing to make a public commitment to ethical business by formulating codes of conduct and operating principles. In doing so, they must translate into action the concepts of personal and corporate accountability, corporate giving and corporate governance. John Velentzas and Georgia Broni (2010)

There is growing recognition that good ethics can have a positive economic impact on the performance of firms. Many statistics support the premise that ethics, values, integrity and responsibility are required in the modern workplace. For consumer groups and society at large, research has shown that good ethics is good business. Brenda E. Joyner and Dinah Payne(2002).

The view of pursuing shareholder wealth alone, of course, is not the approach most ethicists or, now, most business people take. The realization has occurred that businesses must participate in society in an ethically symbiotic way. A fundamental truth is that business cannot exist without society and that society cannot go forward without business. Thus, business must acknowledge society's existence and society's growing demand for more ethically responsible business practice. Brenda E. Joyner and Dinah Payne(2002)

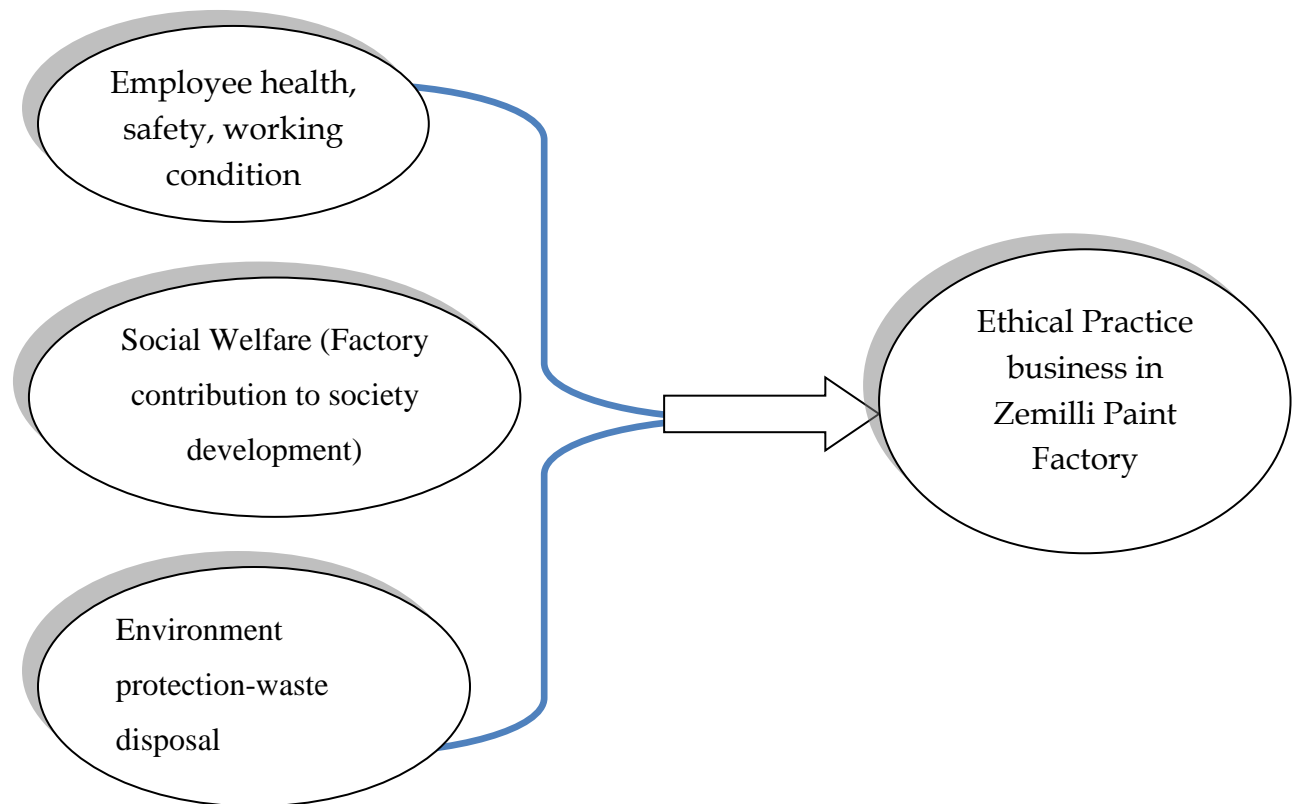
CSR is required to be implemented by Human Resource Departments to spread the concept internally among employees and employers. Employees who are confident that they are working at an ethical and socially responsible company tend to be more motivated and efficient at the work. For the job satisfaction, ethics programs can be implemented at corporations. (DişahErtop, 2015)Fulfilling the ethical norms would need to be the framework within which the firm pursues profits. Mridula Goel and Preeti E. Ramanathan(2014)



## 2.3 Conceptual Framework

According to the theoretical and empirical literatures discussed in the aforementioned sections the ethical practice of a business is determined by its undertakings to ensure a safe, healthy and conducive workplace to its employees as well as in its endeavor to establish welfare to the society. As a result the assessment of the ethical considerations of Zemilli Paint Factory, it is important to assess its performance in terms of putting in place employee health and safety program, its efforts in protect the environment from pollution as well as its contribution to welfare of the society. Based on these understandings, the following conceptual framework is deduced from previous empirical studies discussed in the above section.

Figure 2.2: Conceptual framework



Source: own frame work

## **CHAPTER THREE:RESEARCH DESIGN AND METHODS**

Research methodology is the way(s) by which the researcher collects data to answer his/her question(s). Therefore this deals with the research design, source of data, population and sampling technique, method of data collection and tools of data processing and analysis

### **3.1. Research Design**

As the study was mainly focused on describing the business ethics practices at Zemilli Paint Factory the descriptive research design were applied.

### **3.2 Research Approach**

For the purpose of this study, the researcher used both qualitative and quantitative approaches.

“Qualitative approach is concerned with subjective assessment of attitude, opinions of behavior” (Kothari, 2004). Accordingly, the researcher will use this approach for the purpose of analyzing data collected from respondents using open-ended questionnaire and from interview with the top managers.

«Quantitative approach is an approach which involves the generalization of data in quantities from which can be subjected to rigorous quantitative analysis informed and rigid fashion.” (Kothari, 2004). This approach also will be used to analysis data collected from respondents using structured questionnaires

### **3.3 Population and Sampling Technique**

#### **3.3.1 Population**

Zemili Paint Factory is selected on the basis of willingness to give access to the researcher to assess the business ethics practice of their factory. Data related to employee health and safety were collected, from factory workers which are more from machine operators, chemists, technicians and other production section workers and laboratory workers. This is because unlike other administrative workers, machine operators and other production section workers may face more health and safety problem since they have direct contact with different chemicals, equipment's and machinery of the factory and regarding the general practice of business ethics, Social responsibility and environmental protection technique of the factory data will be collected from factory general management.

#### **3.3.2 Sampling Technique**

The Technique of purposive sampling was used to develop the sample of study. According to this method, which belongs to the category of non-probability sampling techniques, sample members were selected on the basis of their knowledge, relationships and expertise regarding a research subject.

### **3.4 Sample Size**

According to Mr Workneh Belte (HR Head of Zemilli paint Factory) 2017 the total population of the organization is 244 the sample size was determined with Taro Yamane formula.

$$n = \frac{N}{1 + N(e)^2}$$

Where: n = the sample size

N = the sample frame

1 = a constant

e = margin of error

$$n = \frac{244}{1 + 244(0.05)^2} \quad n=152$$

### **3.5 Data Collection Tools**

The study was only including primary data gathering system. Primary data were collected through distributed questionnaire for employees and by using structured interview with factory top manager. Interviewing factory top manager were give wider information about the factory general business ethics practice, the factory's contribution for the welfare of the society and also about its environmental protection techniques. The questionnaires were also facilitating collection of large amount of data regarding employee safety and health. In addition reviewing and analyzing different documents in the factory were also held.

### **3.6 Data Processing and Analysis Techniques**

Descriptive analyses was used for the collected data through questionnaires and present and analyzed by using software package for social science (SPSS version 20) and statistical tools like frequency, mean standard deviation and percentage. The collected data was processed by classifying based on each group of data. On the other hand data which were collected through interview and short answer forwarded by respondents on the questionnaire were analyzed qualitatively.

### **3.7 Validity and Reliability**

Intensive related literature was conducted and the instruments were criticized by expert on the area while conducting the pilot test. To further maintain the validity of the conclusion, representativeness of the sample were scientifically checked.

### **3.8 Ethical Considerations**

In order to secure consent to the study, the researcher was clearly communicated the purpose and aim of the study. In addition, the researcher notifies the participant to participate in the research willingly. Moreover the researcher also notify the participant not to disclose their names and also assured anonymity of data the researcher were follow logical procedures in every stage of data collection processes

## **CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

Based on the collected data through interview, questionnaire and document review, this chapter focus on presenting, analyzing and interpreting the data which focuses on general business ethics practices, employee safety and health, social responsibility and environmental protection mechanism of Zemili Paint Factory

### **4.1. General Business Ethics Practices of the Factory**

This section illustrates the response of the general manager of the factory on questions with respect to general business ethics practices conducted by the factory. As the general manager is the highest executive organ of the factory, the responses represent the direction and general policies of the factory outlined about the practices to be followed on business ethics. The following sections are arranged based on the response of the general manager to each questions.

#### **4.1.1. Is Business Ethics addressed formally or informally in your Factory?**

The general manager of Zemili Paint factory stated that there is informal practice of business ethics in the Factory. As evidences, factory's moral principles, value statements such as quality product, employee empowerment, customer satisfaction, environmental protection and others exist. This implies that, the factory do not have written ethical standards, Publication of codes of ethics, training program on business ethics and ethical committee or ethical officer, which are the indicators of formal business ethics.

#### **4.1.2. Do you think business ethics is important for the success of your company? How?**

The general manager answered that “it is unquestionable”. As an organization in order to survive it is not a choice but a must to treat employee fairly, participating on society’s development program, protecting the environment and mostly comply with government rules and regulations. Therefore, it is impossible to ignore business ethics, which is vital for the organizational success, said the manager. The result shows that, the factory has a good attitude towards business ethics and can make use of it, if facilitated.

#### **4.1.3. Is it possible to consider business ethics in your corporate strategy? If yes, what arrangements it needs?**

Regarding the above question, the factory general manager answered that, it is possible to consider business ethics in the factory’s corporate strategy. The manager mentioned arrangements such as revising the organizational structure to incorporate business ethics department (officer) in the structure may be required. In addition to this, it also requires each employees commitment since the application of business ethics concerns the entire population of a given organization. Therefore, the factory believes in the importance of business ethics even to the extent of incorporating it into its corporate strategy.

#### **4.1.4. How can you explain the progress of business ethics in your factory?**

According to the factory general manager, there is a good progress of business ethics practices in the factory even though it is informally addressed. The progress can be observed in the areas like customer satisfaction, employee satisfaction, participating in some of society’s development programs, special treatment of factory waste and the like. The existence of the above progresses can simplify the implementation of business ethics if need arise.

#### 4.1.5. How does your organization respond to changes in business ethics as it is a function of time and culture?

The manager responded that, Zemilli paint factory strives to have sustained innovation and work towards new technology based operation in the painting industry. By doing so, the company can move with change in culture and time. Therefore, the result indicates that the factory is proactively responding to changes in culture and time.

## 4.2. Demographic Background of the Respondents

### 4.2.1 Response rate and respondents

At Zemilli Paint factory there were total a population of 244 employees. From a total of 152 distributed questionnaires 123(81%) were filled and returned. This implies that majority of respondents participated in responding. This makes the studies of findings valued and reliable.

#### 4.2.1. Gender of respondents

**Table 4.1 Gender of respondents with different occupation**

Gender of respondents with different occupation						
Gender	Occupation				Total	Total %
	Machine Operators	Chemist	Technicians	Other		
Male	36	28	19	19	102	83
Female	0	7	5	9	21	17
Total	36	35	24	28	123	100

Source: Own Survey, 2017

Regarding gender category of respondents from different occupational group majority 102 (83%) of the respondent are male while 21(17%) are females. This implies that male hold majority of employment opportunities than female employees in the factory.



### 4.2.2. Age of respondents

**Table 4.2 Age of respondents**

Age * Occupation Cross tabulation						
Age	Occupation				Total	Total %
	Machine Operators	Chemist	Technicians	Other		
18-29	19	21	17	24	81	66
30-45	17	14	7	3	41	33
46-60	0	0	0	1	1	1
Total	36	35	24	28	123	100

Source: Own Survey, 2017

Majority of the respondents 122(99%) are between age 18-45 years while only 1% of employees are above 60 years age. This shin that the factories have a workforce in the productive age to meet goals

### 4.2.3. Educational Level of Respondents

Among the sample respondents, 12(10%) employees are 10th or 12th complete, 54(44%) employees are certificate holders, 18(14%) employees are diploma holders, and the rest 39 (32%) employees are degree holders. The educational levels of respondents show that, the majority of the respondents are diploma holders and less. This lower qualification may aggravate the occurrence of safety and health problems in the factory.

**Table 4.3 Education Status of respondents**

Education Level	Frequency	Percent	Valid Percent	Cumulative Percent
High School Complete	12	9.8	9.8	9.8
Certificate	54	43.9	43.9	53.7
Diploma	18	14.6	14.6	68.3
First Degree and Above	39	31.7	31.7	100.0
Total	123	100.0	100.0	

Source: Own Survey, 2017

#### **4.2.4. Job Position of Respondents**

From the total respondents, the highest proportion, 29.3% are Machine Operators, while chemists, workers on other fields and technicians represent 28.5%, 22.8% and 19.5% respectively. The fact that the majority of the respondents 77.3% (95) are from section of the employees directly involved in the operation business of the factory, i.e. Machine Operators, technicians and chemists, is important to address the concern of safety and health issues. The fact that 88.4% of those working in the operational area have at least certificate level education and above helps them to demonstrate health and safety procedures, understand manuals and hence reduce accidents.

**Table 4.4 Job category of respondents**

Job category * Education status Cross tabulation						
Job Category	Education Status				Total	Total %
	High school Complete	Certificate	Diploma	First Degree an Above		
Machine Operators	4	22	9	1	36	29.3
Chemist	0	0	0	35	35	28.5
Technicians	7	14	3	0	24	19.5
Other	1	18	6	3	28	22.8
Total	12	54	18	39	123	100.0

Source: Own Survey, 2017

#### 4.2.5. Work experience of Respondents, at the Factory

**Table 4.5 Work experience of respondents**

Experience * Job Category Cross tabulation						
Experience	Job Category				Total	Total %
	Machine Operators	Chemist	Technicians	Other		
Less than 1 year	8	0	6	2	16	13.0
1-3 years	20	20	9	19	68	55.3
3-5 years	5	12	5	3	25	20.3
above 5 years	3	3	4	4	14	11.4
Total	36	35	24	28	123	100.0

Source: Own Survey, 2017

Table 4.5 indicates the work experience of the respondents, since employed in the factory. More than half i.e. 68(55%) of the respondents have 1-3 years of experience and also 16 (13%) of the employees have less than one year experience in the factory. This implies that, the factory is expected to give safety training for these less experienced individuals to

prevent the occurrence of safety and health related problems, especially for those who don't have prior experiences in other factory.

The data also shows that 68% of the respondents are those employees within the past three years and only 11.4% have been working in the company over five years. This demonstrates that there is high level of turnover in the factory which calls for an intense training for employees as they lack experience and also look for ways to retain customers with high level of experience as it reduces work place accidents and improve safety.

### **4.3. Employee Safety and Health**

Generally the employees' responses regarding the safety and health conditions prevailing in the factor is categorized in to seven main areas. These are, occurrence of accident, working condition, risk assessment and training, risk minimization techniques, supervision and maintenance of equipment, availability of insurance as compensation and finally additional suggestions and comments provided by employees on general safety and health issues in the factory. The following sections present each of the areas mentioned in detail.

#### **4.3.1. Occurrence of Work Place Accidents**

Three questions were used to gage the level of understanding of employees towards the occurrence of accident and related issues. The questions enabled the respondents to gage the level of agreement of respondents about their experience towards occurrence of accident at work place, availability of first aid arrangement as well as presence of clear health and safety policy.

**Table 4.6 Work Place Accidents**

	Occurrence of Accident		Availability of First Aid Service		Availability Written Safety Policies	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Yes	39	31.7	47	38.2	27	22.0
No	84	68.3	76	61.8	96	78.0
Total	123	100.0	123	100.0	123	100.0

Source: Own Survey, 2017

Table 4.6 shows that, the incidence of accidents, the availability of first aid and written health and safety policy. According to the response given to question regarding whether the respondents faced work place accident or not, 39 (31.7%) of the respondents faced work place accident at least once. Furthermore, 38.2% of the respondents believe that there is a proper first aid service available in the factory. From the total respondents, only 27 (22.0%) have information on the availability of a written health and safety policy. Those who have information about health and safety policy of the factory mentioned training and notice boards as a means to get an access to such policy. This shows that the even if the factory has written safety and health policy, it is not accessible to the employees equally.

### **4.3.2. Working Conditions**

This section deals with understanding the response of employees towards the working conditions in the factory. These includes the factory's attitude in maintaining an adequately clean condition, comfortable temperature for work, maintaining adequate heat and light, availability of neat and adequate washing and toilet facilities and accessibility of protective equipments. The respondents gagged their level of agreement to a five scale likert scale ranging from strongly disagree to strongly agree. The mean is averaged using a 5 point likert scale where 1-1.499 = strongly disagree, 1.500-2.499 = disagree, 2.500-3.499= neutral, 3.500-4.499 = agree and 4.500-5.000 = strongly agree.

**Table 4.7 Working Condition**

	Clean Work Place	Temperature	Heat and Light	Wash and toilet	Protective equipment
Mean	3.71	1.90	3.90	2.00	2.72
Median	4.00	2.00	4.00	2.00	2.00
Mode	4	1	4	2	4
Std. Deviation	1.114	1.112	.987	1.056	1.320
Variance	1.242	1.236	.974	1.115	1.743
Skewness	-.843	1.177	-1.102	1.104	.134

Source: Own Survey, 2017

The respondents expressed their opinion and level of agreement to the statement questioning the ability of the factory to adequately maintain a clean condition at work place with a mean score of 3.71 which shows the majority agree that the work place is adequately clean. The responses given averaged a deviation from the mean with close to one scale showing the respondents have more or less variance of a lower degree. . It indicates that 28 (23%) and 61 (50%) of the sample respondents strongly agree and agree on the cleanness and adequacy of the work place. On the other hand, 20(16%) and 5(4%) of the respondent disagree and strongly disagree with the work environment neatness. The result implies that, the factory has a clean work environment which in turn has a positive contribution to employee safety and health conditions. The data shows that the responses are negatively skewed which shows the responses are not perfect symmetrical but shows that the real valued random responses to the mean amount is not that much varied.

The respondents to a large extent disagree that the factory is not taking effective measure to create a comfortable workplace temperature with a mean response score of 1.90. On average the respondents deviate from the mean score an observation away which shows the majority is closer to the mean score. Among the sample respondents, 58 (47%) are strongly disagree with the conformability of the temperature in the work room (area). Similarly, 40(33%) disagree with the temperature level of the work area. This implies that, the work place temperature (ventilation system) of the factory is not comfortable. As a result, this

can bring a serious health problem to the employees. With respect to the respondents feeling about the temperature condition of the workplace, the data is skewed to the right which demonstrates though there is no perfect symmetry of responses, most responses are positively skewed towards the mean response.

The heat and light condition availed to respondents working in the factory ranked to be to an agreement level with the mean score of 3.90. The average deviation of respondents' room the mean score is 0.987 which shows it is a scale away from the mean. Majority of the respondents i.e., 66(54%) agreed with the adequacy of heat and light of work environment. Similarly, 32 (26%) of the respondents are strongly agreed with the adequacy of heating and lighting conditions of the working environment. This condition in general has a positive contribution for employees' health and safety.

The respondents disagree that the available wash and toilet facilities are adequate for the employees with a mean score of 2.00. The response of each respondent is averaged a scale of response away from the mean score. From the sample respondents, 53(43%) are disagree and similarly 45(37%) of the respondents strongly disagree with the neat and adequacy of washing and toilet facilities of the factory. This implies that the washing and toilet facility of the factory is not adequate and didn't keep clean. As a result, this can bring a serious health problem to the employee.

The respondents believe that the availability of protective equipment in the factory is on average level with a mean score of 2.72 which implies neutral level of agreement. However the responses of each respondent averaged a 1.320 deviation away from the mean which shows there is some level of variation in between. Among the sample respondents, 9(7%) of them are strongly agree and 40(3%) of them are agree with the availability of protective equipments. The available protective equipments are glove, shoes, chemical and dust mask, coat, eye glass, and the like. On the other hand, 38(31%) and 27(22%) of the respondents are disagree and strongly disagree with the availability of such equipments. This indicates that, all employees do not have the same access to protective equipments.

### 4.3.3. Risk Assessment and Training

Two questions were raised on the questioner to evaluate the risk assessment and training of the factory with regard to the safety and health issue of the factory. The first question asks whether or not a risk assessment been carried out formally to identify and control all hazards which could arise from ones undertaking and the other is asking whether or not the respondent is trained in a safe use of equipments and machinery which he/she are exposed to.

**Table 4.8 Risk Assessment and Training**

	Risk Assessment Undertaken		Appropriate Training Given	
	Frequency	Percent	Frequency	Percent
Yes	36	29.3	33	26.8
No	87	70.7	90	73.2
Total	123	100.0	123	100.0

Source: Own Survey, 2017

Table 4.8 shows risk assessment and employees training in the safe use of equipments and machinery. According to the response on risk assessment being undertaken or not, the majority of the respondents i.e., 87(71%) answered that the factory does not make risk assessment to identify potential hazards in the work place. This can reduce risk controlling ability of the factory.

As to whether the employees are trained in safe use of equipments and machinery or not, the majority of the respondents 90(73%) answered that that they were not trained in safe use of equipments and how to operate machinery. This may increase the occurrence of safety and health problems in the factory.

### 4.3.4. Risk Minimization Techniques

The respondents were also asked on areas of the factory's efforts towards availing risk minimization techniques. The main areas of risk minimization of identified are availability



of fire extinguishers, availability and swiftness of emergency exits and also whether or not ‘no smoking’ areas are clearly marked in the factory. The table below shows the availability of fire extinguishers, emergency exits and whether ‘no smoking’ areas are clearly marked or not.

**Table 4.9 Risk Minimization Techniques**

	Fire Extinguisher		Emergency Exit		‘No Smoking’ Area	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Yes	81	65.9	33	26.8	101	82.1
No	42	34.1	90	73.2	22	17.9
Total	123	100.0	123	100.0	123	100.0

Source: Own Survey, 2017

Among the sample respondents, the majority of the respondents i.e., 81(66%) answered that the fire extinguishers available without any obstacle on the other hand 90(73%) answered that emergency exits are available but with obstacles. This implies that, the availability of fire extinguishers without obstacle may can the factory to easily control accidents if happened on the other hand availability of emergency exits with obstacle may increase the magnitude of risk if happened.

Regarding marking ‘no smoking’ areas, 101(82%) of the respondents answered that, ‘no smoking’ areas are clearly marked in the factory. This enables the factory to control risks like fire explosion, which in turn helps the factory to prevent employee safety and health problems.

#### **4.3.5. Supervision on Machinery and Protective Equipments**

Another area of investigation is the availability of supervision on timely maintenance of work equipments by the factory regularly as well as use of protective equipment. In order to address these concerns, the study designed two questions regarding the frequency of supervision made concerning the proper functioning of machinery as well as proper usage of protective equipment by workers. The respondents gagged their level of agreement to a

four scale likert scale ranging from never to always. The mean is averaged using a 4 point likert scale where 1-1.499 = Never, 1.500-1.999 =Rarely, 2.000-3.499= Sometimes and 3.500-4.000 = Always.

**Table 4.10 Supervision**

	Machinery Functioning Supervision	Protective equipment
Mean	2.02	2.08
Median	2.00	2.00
Std. Deviation	.844	.865
Skewness	.452	.692

Source: Own Survey, 2017

Regarding question regular supervision of machinery functions, majority of the respondents i.e. 54(44%) answered that, supervision sometimes exist. Similarly, 36(29%) responded that supervision exists Always. The mean score for this particular statement is 2.02 which show the supervision is undertaken sometimes. And regarding usage of protective equipment 64(52%) answered that, supervision sometimes exist. Similarly, 30 (24%) responded that supervision exists Always. Therefore, supervisors often act as a driving force affecting the safety of the work place. This implies that the factory is making a regular supervision on proper functioning of machinery and protective equipments, which can reduce the probability of accident occurrence at the work place. The responses are generally skewed to the right showing a relatively positively skewed nature with a relative symmetry in respondents' opinion.

### 4.3.6. Compensation insurance

**Table 4.11 Availability of Insurance**

	Availability of compensation Insurance	
	Frequency	Percentage
Yes	123	100
No	-	-
Total	123	100

Source: Own Survey, 2017

Table 4.11 indicates that, whether compensation insurance is available or not to cover work related accidents, in the factory. From the table one can observe that all sample respondents answered that compensation insurance is available. This implies that, the employees can get a full treatment in case accident happened.

### 4.3.7. Additional Comments and Suggestions

Majority of the respondents gave their suggestions on the following issues with relating to safety of their work station. These are: shortages of protective equipments and the existing equipments are too old, ventilation problem of the factory, poor neatness of washing and toilet facility some machine operators lack training, and other similar problems were raised.

## 4.4. Presentation, Analysis and Interpretation of Data Related to Social Responsibility of the Factory (Factory General Manager's Interview Responses)

**4.4.1 There are two views concerning organizational social responsibility: Only maximizing profit for its shareholders while operating within the law and responsibility which goes beyond the standard set by the law. Which view does your organization support? Why?**

Regarding the above question, the factory general manager stated that the factory supports the view which goes beyond the standard set by the law, the manager says as an example the factory provide catering service for each worker. This is because; such types of commitment to the society contribute much to the development of the factory. This implies that the factory has a good views concerning organizational social responsibility.

#### **4.4.2 Does Zemilli paint factory involve in any of society's development programs?**

The factory general manager answered that the company participates in country's development

Programs such as education program, health program and environment development program. All the participations are in the form of giving sponsorship.

In addition to this, the factory is participating in providing different facilities for societies living around the factory like clean drinking water installation, providing educational materials for the students and the like. In general, such worthy community initiatives and other social affairs should be handled by the public relation department. However, the factory do not have public relation department and as a result other department handles the program according to the manager.

The result shows that, the factory participates in some of the country's development program even though it is not well planned and documented.

#### **4.4.3 How do you consider playing social responsibility as organizational competitive advantages?**

Regarding the above question, the manager responded that, playing social responsibility can create competitive advantages. If organizations fit social expectations in its activities, it can:

- Use society's resource with minimum effort and cost
- Increase market share for its product because of good image
- Attract qualified employees

- Get good reputation
- Get government support when needed, etc..

It indicates that the factory considering playing social responsibility as organizational competitive advantages.

#### **4.5 Presentation, Analysis and Interpretation of Data Related to Environmental Protection (Factory General Manager's Interview Response)**

**4.5.1 There are two views concerning practices in environmental protection: Firstly, business does not have an obligation to protect an environment over and above what is required by the law. Secondly, business should find ways to prevent certain harm it causes even if such harm violets no environmental law. Which argument does your organization support? Why?**

The factory manager responded that, business should find ways to prevent certain harm it causes even if such harm violets no environmental law. According to the manager, the factory is not only protecting the environment to comply only with government rules and regulation. The factory is socially and environmentally responsible organization. So that it is expected to control the environment from pollution, be it regulated or not. As an example the manager states that, as per the environmental law every factory should only left 2% of the compound for green area but Zemilli paint factory more than 11% of the factory compound covered by different plants. This infers that the factory strives to be environmentally friend regardless of the factories location, which is not in the industry zone.

**4.5.2 Do you have any policy concerning environmental protection? If yes, what type?**

Concerning the above issue, the general manager stated that, the factory has no policy or comprehensive plan about how to protect the environment. However, the factory identifies all waste materials of the factory, exhausting all potential sources from the production area,

the office, warehouses, toilets and workshops and removes them to save the environment from pollution. This implies that the absence of policy concerning environmental protection may hamper the factory from developing a good mechanism of environmental protection.

#### **4.5.3 What possible environmental pollution could arise from your factory? What mechanism do you have to control this pollution?**

According to the factory general manager, the possible environmental pollutions that could arise from the factory are: factory liquid waste, and other solid wastes from different sources in the factory.

##### **4.5.3.1 Waste materials and techniques to remove them (from document analysis)**

###### **A. Factory liquid waste**

The major component in the liquid waste from the factory is amalgamated water with different chemicals. The factory treats this waste before disposing, this treatment has four steps and from this treatment the factory can remove Lead Octate, Cobalt Octate, Calcium and Skins step by step from waste water. Currently the factory is letting the factory's liquid waste to the main sewerage system of the city.

###### **B. Solid waste**

The Factory solid wastes are damaged plastic and steel cans and sacks which were used for different powder. The damaged cans are collected and taken to a common location together with the damaged plastics so that they will be taken to a plastic and steel factory for recycling. And the sacks are taken to a mineral factory (Zemilli sister company) for re-using.

###### **C. Other wastes**

Wastes like stationary waste remains, and dirt from the factory are taken to the collection site and removed by the City administration waste removal trucks.

**4.5.3.2 Did you come across any complain from community living around your factory about noise, gas emission, smell, or others? If yes, how did you entertain their questions and compensate them?**

Regarding the above question, the factory general manager answered that, there was a complaint from the community (farmers) living around the factory concerning the liquid waste. As far as the location of the factory concerned; it is not in the industry zone/area. Therefore, such complain may be expected and the factory immediately take the required corrective action on procedure of disposal of such wastes

## **CHAPTER FIVE:SUMMARY, CONCLUTIONS AND RECOMMENDATIONS**

### **5.1 Summary of the Finding**

Zemilli Paint Factory is one of the largest factories in painting industries in Ethiopia with different products. Currently the company has 244permanent employees. Concerning the practices of business ethics, the factory does not have formal business ethics. However, there is an informal practice of business ethics in the factory. Even though the practice of business ethics is informal in the company, the company believes in the importance of business ethics for its success. Therefore, the company has an intention to include business ethics formally in its strategic plan in the future.

#### **5.1.1 Employee Safety and Health**

Regarding employee safety and health, as one major issue of business ethics, data is collected through questionnaire from machine operators, Chemists, Technicians and other production section worker. The following points show the nature and practices of employee safety and health conditions in the factory.

- Among the sample respondents, the employees who ever faced accidents at their work station were 39(32%).
- Those employees who faced accidents at the work area had poor access to employee safety and health policy, poor access to protective equipments and poor training on how to operate machines.
- Concerning the sanitation of the work environment, 61(50%) and 28(23%) of the sample respondents agree and strongly agree with the cleanness and adequacy of the work place.

Among the sample respondents, 58(47%) are strongly disagree and, 40(33%) are disagree with the temperature level of the work area



From the sample respondents, 53(43%) are disagree and similarly 45(37%)of the respondents strongly disagree with the neat and adequacy of washing and toilet facilities of the factory

- The available protective equipment in the factory are: glove, shoes, chemical and dust mask, coat, eye glass, and the like. However, all employees do not have the same access to these equipments.

- Concerning the risk assessment at the work place, majority of the respondents i.e., 87(71%) answered that the factory does not make risk assessment to identify potential hazards in the factory.

- Among the sample respondents, the majority of the respondents i.e., 90(73%) answered that emergency exits are not available without obstacle.

- The factory's supervisors often act as a driving force affecting the safety of the work place because majority of the respondents answered that, supervision with relating to different activities is frequently made.

- The employees can get a full treatment in case accident happened, because they have compensation insurance.

### **5.1.2 Social Responsibility of the Factory**

Zemilli Paint Factory participates in society development programs such as education program, health program and environment development program in the form of giving sponsorship. In addition to this, the factory is participating on providing different facilities for societies living around the factory like clean drinking water installation, providing educational materials for the students.

### **5.1.3 Environmental Protection**

Concerning the environmental protection, the factory has no policy on how to protect the environment. However, the factory identify all waste materials of the factory, exhausting all potential sources from the production area, the office, warehouses, toilets and workshops and remove them to save the environment from pollution. The possible environmental pollutions that could arise from the factory are: factory liquid waste, and other solid and liquid wastes from different sources in the factory. The factory treats its liquid waste before disposing, the damage cans and plastics taken to other factory for recycling and Wastes like stationary waste remains, and dirt from the factory are taken to the collection site and removed by the City administration waste removal tracks.

## 5.2 Conclusions

After careful analysis of business ethics practices of Zemilli paint factory, the following conclusions were attained.

- The absence of formal business ethics practices may make the factory unaware to extract the possible opportunities from business ethics.
- Safety policy, protective equipments and training on how to operate machinery are not equally accessible to all employees in the factory. This resulted in the occurrence of different accidents.
- The temperature at the work place is found to be very hot. Therefore, the ventilation system of the factory's work environment is not comfortable.
- The company is not undertaking a risk assessment to identify and control hazards which could arise. In addition to this, emergency exits are not free from different obstacles, which can hinder the immediate usage of these facilities if accidents occurred. Hence, the factory seems more reactive than proactive in the work area risk management.
- Zemilli Paint Factory is participating in country's development programs such as education program, health program and environment development program. However, the factory does not have public relation department, as a result there is no document concerning the above programs, and the programs lack coordination. In addition to this, the absence of public relation department may not help the company to develop public image.
- Zemilli Paint Factory has no policy or comprehensive plan about how to protect the environment from pollution. Besides, the location of the factory is not in the industry zone/area, as a result community around the factory was complaining about the liquid Waste of the Factory.

### 5.3 Recommendations

After detail analysis of business ethics practices of Zemilli paint factory the following recommendations are forwarded based on the observed gaps and problems.

•Zemillipaint factory believes in the importance of business ethics. On the other hand, the factory does not practice business ethics formally. Hence, to practice business ethics formally, the company had better make use of the following indicators of formal business ethics. These are:

- Written ethical standards
- Publication of codes of ethics
- Training program on business ethics
- Ethical committee or ethical officer
- Safety and health policy, protective equipments and training on how to operate machinery should be equally accessible to all employees in the factory to avoid work related accidents. The safety and health policy of the company should be accessible to all employees in the form of hand books, induction, on the notice board and the like. The factory needs to also avail the necessary protective equipments for all concerned employees and replace the old one on time. Concerning the training, the factory had better make employees' need analysis and give training to those who have less training and less experience.
- Regarding the temperature at the work place, 80% of the sample respondents were not comfortable with the work environment temperature. To solve this problem, the factory had better adjust its ventilation system by increasing the number of ventilators in the work room.

The factory should work on adequacy and neatness of washing and toilet rooms.

- The factory should undertake a risk assessment to identify and control hazards which could arise at the work place.

The factory should strength and equally provides first aid service for employees those who face accident at their work place. In addition to this, emergency exits should be available without any obstacle to facilitate the immediate exit of employees during emergency.

- The factory should form public relation department, through which it can influence public attitudes towards the factory.
- The factory needs to have its own environmental protection policy and therefore it should develop the policy in line with the government policy concerning environmental protection.

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