



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

**PRACTICE AND CHALLENGES OF DISCHARGING CORPORATE  
SOCIAL RESPONSIBILITY IN THE CASE OF BGI ETHIOPIA**

**BY  
EMEBET FEKADU**

**ADVISER: WUBESHET BEKALU (Professor)**

**JANUARY, 2018  
ADDIS ABEBA ETHIOPIA**

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**ADDIS ABABA ETHIOPIA**

**ST. MARY'S UNIVERSITY**

# **SCHOOL OF GRADUATE STUDIES**

## **ASSESSMENT ON PRACTICE, CHALLENGES AND BENEFIT OF DISCHARGING CORPORATE SOCIAL RESPONSIBILITY IN THE CASE OF BGI ETHIOPIA**

**BY**

**EMEBET FEKADU**

**APPROVED BY BOARD OF EXAMINERS**

---

**Dean, Graduate Studies Signature & Date**

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Advisor

---

**Signature & Date**

---

External Examiner

---

**Signature & Date**

---

Internal Examiner

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**Signature & Date**

**Declaration of Originality**

I hereby declare that this submission is my own work towards the Masters of Business Administration prepared under the guidance of WubshetBekalu (Professor) and that, to the best of my knowledge, it contains neither material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due Acknowledgment has been made in the text.

EmebetFekadu.....

SGS/0178/2008A

Signature& Date

## **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 & Date

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## **List of Abbreviation**

CSR            Corporate Social Responsibility

SPSS           statistical package for social science

## Abstract

*The objective of this study is to make assessment on the practice, challenges and benefit of discharging Corporate Social Responsibility by taking the case of BGI Ethiopia. Theories of Corporate Social Responsibility, triple-bottom line and stakeholder's theories as well as different literatures are used to make the assessment. The practice and challenges of CSR in the company have been studied by using important stakeholders which are customers, community and employees as a respondent. To decide the sample size and select samples from the customer and the surrounding community easily convenient sampling is applied and judgmental sampling is applied to select the interviewee of the company from the target population. After stratifying the samples from the employees as managerial and non-managerial proportional stratified sampling is used to take samples which are proportional to the size of each strata of the employees. Questionnaires were distributed to 227 respondents totally that including employees, the surrounding communities, customers and 195 were collected. A detail interview was made with the officer of the company and document analysis is made by using documents from the company, websites, periodic magazines, brochures etc. So data's were collected using both primary and secondary sources of data. The collected data's were organized, coded and analyzed using SPSS version 16 software and the results which were analyzed using simple descriptive statistics like frequencies, mean and percentage is presented by using tables. The finding of the study mainly shows that the practice of CSR in BGI Ethiopia is not formally organized and is more of temporary philanthropic limited to charities and event sponsorship which are intended for brand image and reputation. The finding also shows that the company's CSR is also challenged due to lack of awareness and understanding of the stakeholders, visibility factors, narrow perceptions, lack of separated and clear Guidelines or regulations and policies from the company and the government, lack of NGOs who are working on the issues etc. Periodic discussion and transparency on the issue of CSR, developing organized reporting mechanism and guidelines as well as policies, helping and initiating NGOs and other concerned bodies to make research and create awareness, making the employees to understand the significance of organized and holistic approaches of CSR are some of the recommendations which are given in the study.*

**Key words: CSR, Challenges, Practice, Benefit, BGI**

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the study

Corporate Social Responsibility is among the concepts which are becoming center for discussion currently. Globalization and the expansion as well as the proliferation of transnational corporation are some of the main factors that lead to the advent of CSR (Mihaljevic&Tokic, 2015). It is also attracting the interests of many and it becomes the center of discussion for academicians and practitioners both theoretically as well as practically. The possible reason for this could be the dynamic market situation and growing concepts like ethical consumerism. It can be also for building once company acceptance and win in the competition (Sharma &Kiran, 2013). In the meantime Organizations and regulatory Institutions are also focusing on CSR not only due to its relation with law and ethical practices but also the area of concepts it covers (Ahmadu et al, 2015). The CSR practice and concept is getting this attention also due to the changing interest and expectation of the society. For example, as opposed to the situation in developing countries in developed countries like U.S.A the society have positive reflection towards the responsible businesses that works in harmony with the welfare of the societies (Kish & N. Ruud, 2010,). Including other factors, CSR is seen as critical because it helps for sustainable growth in responsible manner and can contribute to the society by fulfilling the interest of the stakeholder while considering the society ethically (Ahmadu et al, 2015).

Corporate Social Responsibility has been defined by different authors, academicians and international institution in several ways and dimensions. For example, CSR is defined as a type of business where by a given company's economic objective is designed in a harmony with the concern of the employees and their environment willingly (Mihaljevic&Tokic, 2015). But this definition is narrow as it considers only the employees and the environment they work. The other definition of CSR is that CSR is a concept whereby a firm accepts or considers the interest of the society so that it will be responsible for any impact that its business activities have on different stakeholders. In short CSR means doing business strategically by being ethical and friendly to the society (Ismail, 2009). After describing about the lack of one general definition of CSR

international standardization organization like IISD defined CSR as *“is taken to mean a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and society (IISD, 2004 P.1).* European Commission articulated CSR shortly as *“the responsibility of enterprises for their impact on society”*. CSR Among the prominent definitions suggested by scholars Carroll’s definition of CSR is the one. According to Carroll; *“CSR is a concept that embraces the economic, legal, ethical and discretionary (philanthropic) expectations that society has of organization at a given point in time”* (Carroll, 1979, P-499). This definition is further described and elaborated in the famous model of Carroll’s which is Pyramid of CSR.

There are different approaches like shareholders approach, stakeholder and others which are used to analyze CSR from different dimensions. Guidelines are also used internationally like ISO 26000 as a framework for practicing CSR activities. As stated by ISO 26000, this scheme *“provides guidance on how businesses and organizations can operate in a socially responsible way. This means, acting in an ethical and transparent way that contributes to the health and welfare of society”* (ISO 26000, 2011).

Regarding the CSR practices in Africa, in most countries CSR activities has philanthropic nature and or donation based to the communities by giving attention to selected needs such as education, healthcare, poverty alleviation etc. This is due to the fact that the socio-economic level of most African countries is at lowest stage and the act of philanthropy is common or even seen as mandatory responsibilities of a given company. Also the concept of CSR as a major part of a business is not developed and it is even at infant level in some African Countries (Lindgreen, 2009). But there is a change of trend from philanthropic nature to strategically selected CSR activities which are aligned with the core business activities of the companies (Rampersad & Skinner, 2014). There are different challenges in implementing CSR in developing countries like Ethiopia. Lack of customer awareness, lack of regulations and standards as well as poor attention from top management are also the other vital factors in implementation of CSR (Shen et al, 2015). In general Lack of awareness and interest of General public in CSR activities due to lack of knowledge CSR and lack of communication, lack of transparency of the companies due to different reasons, lack of NGO’s who works properly on the issue so to create awareness in the society, lack of clear CSR guidelines that matches with the size and

performance of the company are among the factors which are listed as the challenges of practicing CSR in different countries (Maan, 2014).

CSR practice in Ethiopia is not that much developed and it has philanthropic nature. There is also lack of research and literature in the context of Ethiopia to the extent that the government has no strict guideline to control both local as well as multinational companies which are working indifferent industries. This study focuses on the practices and challenges in discharging CSR practice in Ethiopia by selecting BGI Brewery Company which is big in size and known for its experience in the industry.

## **1.2 Background of the industry and the company**

Foreign investment in Ethiopia's beverage industry is showing massive increase as multinational companies are heavily attracted to the industry, according to Ethiopian Food Beverage and Pharmaceuticals Industry Development Institute (ENA, 2017). The number of breweries in Ethiopia has doubled in the last six years, from three to seven - BGI, Heineken, Diego, Dashen, Zebidar, Habesha and Raya. Combined, they have an annual production capacity of close to 5.62 million hectoliters mirroring a nationwide trend that has brought newcomers into the field. Among the competitor in the brewery industry of Ethiopia BGI is the giant company which was founded in 1922 by Belgians and now has the largest market share of around 42 %. It is currently owned by BGI, which also has a winery at Zeway. BGI has 25% share in Raya Beer factory and three plants at Hawassa, Addis Ababa, Kombolcha, and winery factory at Zeway with a total of 3000 permanent and temporary workers. Currently the market share of BGI Ethiopia is 42 % which has declined but still has a strong hold. (Fortune, 2017). BGI Ethiopia's products are distributed by partner agents in all corners of the country and exported internationally to North America, Europe, Middle East, Australia, and Africa. Committed to producing high quality products, BGI Ethiopia is also continuously increasing and diversifying its contributions to the economic development of the country. Facilitation of foreign direct investment, transfer of knowledge and skills, generating high tax revenues and foreign currency through export are just a few examples. BGI Ethiopia is steadfast in its CSR engagements, constantly investing in funding and sponsoring activities, projects and individuals dedicated in contributing towards development of communities and building a better tomorrow for future generations (<http://bgiethiopia.com/history/>).

### **1.3 .Statement of the problem**

Companies can gain different advantage in participating or in having CSR activities in their corporate programs. Among the advantage enhanced brand image and reputation, ability to impress and retain employees, reduced regulatory oversight and acceptance from the public, product safety are some of the advantage that can be gained by having CSR activity (Nadaf, 2014). It is also important to understand that in countries like Ethiopia the positive image of companies in the society is critical for their survival and even it is determinant factor for the success of the organization.

The Ethiopian beer production and market is under a huge and dynamic change after the private sectors are participating and owning the business. Especially experienced international companies are activating the beer industry. It is believed that a systematic integration of CSR into their business practices can make a positive influence on their economic, social, and environmental performance .Therefore, brewery firms are expected to include the need of different stakeholders who are affected during their operations in a way that can make an advantage to their business.

Like many other African Countries CSR has economic aspect and other dimensions like ethical and legal responsibilities are least considered factors in CSR context of Ethiopia (Mezgobo, 2012). Even if there are some fragmented efforts of CSR activities in developing countries like Ethiopia the concept is not developed and it is inclined to emotional philanthropic activities. It seems also that those who are undertaking the activities of CSR are doing it for promotion purpose and building goodwill in the society. This is not a problem by itself as it can be seen from the perspective of CSR business case but if the primary motivation for doing its business it may not achieve the objective of CSR. The main challenges of practicing CSR in Ethiopia include the lack/limited awareness about CSR in the local setting, overwhelming social problems, and company resource/financial limitations, bureaucratic inefficiencies in government offices and absence of CSR frameworks at the national level. In Ethiopian context there are no series rules, regulations and laws which abide the CSR activities of companies and investors who are working in Ethiopia. And those that are trying to achieve the CSR activities are doing it in traditional way which is not regulated and governed by law and has a nature of charity. Also the CSR activities of the companies are more of traditional. BGI Ethiopia is one of the leading beer



company in Ethiopia but the CSR activities of the company is more of traditional and not supported by policies, guidelines and planned. The CSR activities of the company is more of charity based which focuses mostly on helping celebrities and providing medication services for poor or victims of sever diseases (Endashaw,(2017, October 24). Also they have no any standard CSR reporting guidelines and regulations which they follow. There is no also organized government body that is following and controlling CSR activities of the companies specially the brewery companies of the country.

Researches and literatures in areas of CSR are scanty and those which are made on CSR are in different industries like floriculture and environmental issues. Among the researches “Assessing Application of Corporate Social Responsibility in Meta Abo Brewery Share Company” was done by EzanaMeles (2014) with the aim of assessing the perception and attitude of the Meta Abo about CSR. The study examined only the understanding and benefit of CSR in Meta Abo but it doesn't cover the practice and challenges of implementing CSR. The other research was made on “Environmental corporate social responsibility of brewery firms in Ethiopia” (Mohana&Fentaye, 2014) by focusing only on the environmental CSR perspective of brewery firms of Ethiopia. Mohana&Fentaye (2014) have seen CSR only from environmental dimension other dimensions are not covered and also they didn't cover the challenges and practice of CSR in the brewery industry of Ethiopia. The other research was “Corporate Social Responsibility Programs in Ethiopian Floriculture Industry” by TedlaZegeye (2013) which is done on the CSR activities and environmental impact of flower industries in Ethiopia. Since Tedla's paper is made on other industry, which is floriculture, there is a contextual difference as this paper studies the brewery industry. The paper which are done previously examine CSR only from the understanding and benefit side (Ezana, 2014) as well as environmental aspect of CSR in Brewery industry of Ethiopia ((Mohana&Fentaye, 2014). The same environmental aspect of CSR is done in the other industries (Tedla, 2013) which shows the existence of contextual difference with this study. So this research feels the conceptual gap which is the practice and challenges of implementing CSR in Brewery industry of Ethiopia by taking BGI Ethiopia in to consideration. The study has also tried to cover not only environmental dimension but also economical, philanthropic and ethical dimensions of CSR which was not also covered in the previous studies. In addition to the above conceptual gaps observed on the previous papers there is also methodology gap as they rely more on interview and questionnaires as well as personal observation and this paper fills this gap by

using secondary sources which are available from the selected company. The study explores the practice or the realities of CSR in Ethiopia brewery as well as the main challenges that companies are facing in changing CSR into action. This fills the conceptual gap of practice and challenges of implementing CSR in Ethiopian Brewery industry, because the previous papers are done on the nature, perceptions and attitudes as well as the understanding of CSR not on their real practice and challenges that they are facing. To summarize the main problem area of this paper is the lack of national as well as company wise policy, rules and regulations which guides the CSR activities of Brewery Company and traditional way of CSR practice as well as the challenges that company are facing. The main gap it fills is it gives highlight about the CSR reality or practice and challenges that the company is facing by using document analysis and other techniques as a method of study.

#### **1.4. Research question**

1. What are the CSR practices of BGI Ethiopia to its Stakeholders?
2. What are the policies and principles that are used to implement CSR in BGI Ethiabiabrewery?
3. What are the challenges of discharging of CSR in the BGI Ethiopia brewer?
4. What are the contribution of discharging CSR to BGI Ethiopia brewery?
5. How is the understanding of the stakeholders about the CSR practice of BGI?

#### **1.5. Objective of the study**

##### **1.5.1. General objective**

- The main objective of the study is to describe the practices, challenges and benefit associated with Corporate Social Responsibility in the BGI Ethiopia brewer.

##### **1.5.2. Specific objective**

- To assess the CSR practice of the company.
- To assess the company's CSR policy.
- To assess the challenge of discharging CSR in the BGI Ethiopia brewer.
- To assess the contribution of discharging CSR in the BGI Ethiopia brewer.
- To examine the understanding of stakeholders about the CSR practice of BGI.

#### **1.6. Significance of the study**

The research paper has the following contribution to the company and other researchers who would like to have an insight about corporate social responsibility practices by providing valuable information and recommendation for the company. The study also Provide a way on how to be successful while being socially responsible and how to protect the environment and the community. It has a piece of contribution to the current knowledge in the area of CSR for many Ethiopian industries particularly for brewery industry and fills the existing gap in the literature. In addition to the above points the paper will serve as a base line for other researchers who would like to study further. It also helps the companies to understand the concept and theory of CSR so that they can improve their traditional way of doing CSR. It can also be used as a reference material for future studies which enhance the practical knowledge of the researcher on the study area. Alert the organization on the benefits of CSR and what the employees and the customers' opinion are with regard to its CSR efforts.

### **1.7. Scope and Limitation of the study**

As a basic research the scope of the research is limited to disclosing the prevailing crude information with regard to the practice of the subject matters.

**Conceptually:** the study focuses on all dimensions of CSR which are economical, legal, philanthropic and ethical. Also the study covers only the practice and challenges of CSR practice in BGI Ethiopia brewer.

**Geographically** the study is limited to only one beer factory and it will be done only at the head office level so it cannot be taken as a reflection about the whole industry and the company at large.

The study has also some limitations which are the difficulty of to find organized report made from the aspect of CSR as the company doesn't have organized activity of CSR, effort which was made to access policies and guidelines of the company on the issues of Corporate Social Responsibility is not successful due to lack of willingness from the officials, Searching and getting literatures which are directly related to the experience in Ethiopian case was also difficult.

## **1.8 Organization of the Paper**

This paper have five main Chapters which are organized as per the content and the subject it discusses. The first chapter is about the background of the study and it describes important issues like statement of the problem, objective of the study, scope and other issues. The second chapter discusses theories and literatures which are directly related to Corporate Social Responsibility including conceptual framework of the study. The third chapter is about the methodology and the design of the research which is used throughout the paper. The next chapter is the fourth chapter which discusses the data collected from the respondents and analyze it using simple descriptive statistics which are mean and percentage. The final chapter, Chapter five, summarize and concludes about the subject raised and it recommends some points for the company.

## CHAPTER TWO: REVIEW OF RELATED LITERATURE

### 2.1. Definition of CSR

Different literature so far defined CSR in terms of different dimensions like political, economic, environmental and societal. From those definitions and dimensions we can see that the main dimensions of CSR which are described and cited in different literature are Obligation to the society, Stakeholders involvement, improving the quality of life, Economic development, Ethical business practice, Law abiding vii, Voluntariness, Human rights, Protection of Environment, Transparency & accountability(Rahman, 2011).

Corporate social responsibility (CSR) is also known by a number of other names (Paul, 2007). These include *corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability.”* These meanings or concepts, however, are very general and they indicate only the other names of CSR. They didn't point out technical and practical definitions of CSR.

Business for Social Responsibility (2003) defines CSR as socially responsible business practices strengthen corporate accountability respecting ethical values and in the interests of all stakeholders. Responsible business practices respect and preserve the natural environment. Helping to improve the quality and opportunities of life, they empower people and invest in communities where a business operates. The definitions of Global Corporate Social Responsibility Policies Project (2003) as well as World Business Council for Sustainable Development are also very similar with the definitions of Business for Social Responsibility. These definitions are good and technical although they didn't included other CSR indicators. The definitions reflect only ethical, environmental, quality of life and community views of CSR

One of the most complete and frequently cited definitions comes from Archie Carroll , who defined CSR as *“The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time”* (Carroll, 1979).

The World Business Council for Sustainable Development (n.d.), a pro-sustainability CEO led organization, defined CSR as “*the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.*” This entails that businesses have not only economic responsibilities but also responsibilities to the members of the society both within and outside the organization involving social, environmental and ethical responsibilities.

Likewise, the European Commission defined CSR as “*the responsibility of enterprises for their impacts on society and is a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders*” (EU Comm, 2011, p. 6). Thus based on the notions explained here, this paper considers CSR as a set of organizations’ economic, social, environmental and ethical responsibilities to its employees, customers, communities, and the environment in the territories they operate.

After quoting the definition of European Green Commissions Fontaine et al (2006) defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.

From the definition it had consist the following three important aspect of CSR;

- What matter is how enterprises communicate with their internal and external stakeholders (employees, customers, neighbors, non-governmental organizations, public authorities, etc.);
- The main concerns of CSR are Social and Environmental issues
- CSR is highly related to the business strategy and operations of the company and as such it is related or linked with the social and environmental concerns of a business strategy and operations;
- CSR is a voluntary concept.

## **2.2 Three Approaches to Corporate Responsibility**

Traditionally the primary motive of any corporation is to make profit and these motive created moral dilemmas as the companies struggle to make profit they might omit some morale issue or they may act unethically. These dilemmas include: “what are the regulations or obligation that

organizations fulfill to keep the employment or promotion process fair?” what type of advertising means or strategy is ethical to be pursued with the intention of making profit?” In order to answer these questions and to put guiding principles and outline for business activities scholars have proposed different approaches. This is because as the marketing competition is becoming fierce companies may intend to forget the civic or society part and this societal issue together with other different moral dilemmas is becoming critical to get acceptance and win in the competition. Broadly, there are three theoretical approaches to these new responsibilities (Bursseau, 2012):

### **1. Corporate social responsibility (CSR)**

#### **2. The triple bottom line**

#### **3. Stakeholder theory**

##### **2.2.1. Corporate Social Responsibility (CSR)**

The term CSR is a generic term and it has two meanings. The first one is as a theory of the corporation focuses on being responsible to make money and to communicate or to create ethical environment with the community that it is working. The second one is, CSR is specifically the responsibility of a given business to be profitable while at the same time considering the community safety and moral dilemmas.

While working within the community and interacting with the business world CSR as a specific theory is a combination of the following four obligations or responsibilities:

- 1. The economic responsibility to make money-**Companies are obligated to make profit not only to assure their survival but also to keep their operations from bankruptcy. Because the primary motive of any business is money and as such it utilizes different resources so it is mandatory at the same time to make money or be profitable.
- 2. The legal responsibility to adhere to rules and regulations-** Companies are expected to respect the rules and obligations of the country and environment where they are operating not because they punishment for trespassing a law is Sever or hard for survival but also willingly to respect the societal value or good faith. So companies are even expected to respect the society’s good and good faith in conditions where there are no legal grounds to obey.

3. **The ethical responsibility-** Corporations or business as a citizen of a country are expected to do what's right even when there is no rules or when the spirit of the law is limited to specific thing. Being ethical for a citizen is not only by respecting the written laws and known rules but also by going beyond that when it is necessary.
4. **The philanthropic responsibility-** A given business is expected to contribute to the society even if there is no direct and indirect role played by the environment. Even if the project is independent of the business companies are expected to be willing to do something for the society.

### 2.2.2 The Triple Bottom Line

This is a type of CSR that describe or guides the corporate leaders to chart the “bottom-line” results in terms of economic term (cost versus revenues), company's effects in the society and environment. The corner stone of this idea is that the three columns of responsibility should be seen separately where by their effect or result reported alone and in all of the three results each of them need to be sustainable in its nature.

- a. **Economic sustainability-** At any cost or at any time the focus of a business should be on long-term or sustainable financial result than being shortsighted. According to the triple-bottom-line model, large corporations are expected to follow or design a business strategy or plan that helps them to be stable and survive in long term.
- b. **Social sustainability values balance in people's lives and the way we live:** When one observe Sustainability concept from social dimension life or human doesn't end with money rather it has more respected value. As such workers need to be treated like a human being not as a machine or necessary thing and this is in line with the logic of stability. It is also must to consider the external environment or the society that a business works and create peaceful relationship continuously.
- c. **Environmental sustainability:** Being environmentally responsible or sustainable starts from believing that the energy or the natural resource like oil, the clean air and even the water are highly limited or even some of them are non-renewable. So the way a business consumes they determine the future destiny of our children to the level of survival and poor quality of life. Due to this reason wise usage of resource and keeping the environment need to be taken



as a priority issue and sustainable plan should be installed even to substitute the existing natural resources by developing new one.

**Figure 2.1 triple bottom line**



### 2.2.3 Stakeholder Theory

Stakeholder theory, which has been described by Edward Freeman and others, is the mirror image of corporate social responsibility. Instead of starting with a business and looking out into the world to see what ethical obligations are there, stakeholder theory starts in the world. It lists and describes those individuals and groups who will be affected by (or affect) the company's actions and asks, "What are their legitimate claims on the business?" "What rights do they have with respect to the company's actions?" and "What kind of responsibilities and obligations can they justifiably impose on a particular business?" In a single sentence, stakeholder theory affirms that those whose lives are touched by a corporation hold a right and obligation to participate in directing it. The first five on the list—shareholders, workers, customers, suppliers, and community may be cited as the five cardinal stakeholders.

Stakeholder theory is the expansion of corporate social responsibility. It dictate that responsibility starts from the world itself not after starting the business or not waiting for the impact of our businesses. It lists and describes each and every individuals and groups that will be influenced or touched by the actions of the business and tries to give responses for important questions like “*what are their legitimate claims on the business?*” “*What rights do they have with respect to the company’s actions?*” and “*What kind of responsibilities and obligations can they justifiably impose on a particular business?*,” In short stakeholder theory believes that those parties who are under the impact of the corporation’s operations are entitled as well as expected to react directly. There are five main groups which are listed under this theory as a stakeholder which are shareholders, workers, customers, suppliers and community.

### **2.3 Principles of Corporate Social Responsibility**

According to Crowther and Aras (2008) there are three basic principles which together compile all CSR activities. These are:-

1. Sustainability
2. Accountability
3. Transparency

The concept of sustainability is merely focuses on as to how the present actions will reflect and affect the future usability of same action. If resources are utilized presently, then they are no longer available in the future, and this is of particular concern if resources are finite in quantity. Therefore at some point in the future there should be an alternative that fulfill the function currently provided by these resources. In light of an organization being part of wider social and economic system implies that these effects must be taken into consideration, not just for cost and value created in the present but also for the future of the business itself. Unsustainable operations must be replaced with closer suitable sustainable one or should be properly backed by planning for a future lacking in resource currently required. In practice companies are tend to aim at less unsustainability trend by generating different alternative options. An example would be energy efficiency program.

Accountability is concerned with an organization recognizing that its actions affect the external environment, and therefore assuming responsibility for the effect of its action. These are therefore related to measuring and quantifying the effect and do the due diligent to internal and external concerned stakeholders. Thus, the concept is about assuming responsibility and letting the parties know the fact on the ground.

Accountability therefore necessitates the development of appropriate measures of the environmental performance and the reporting of the actions of the firm. By way of notifying the facts on the actions, it prompts the decision makers to take appropriate measure as needed.

Principle related to transparency is about ascertaining impact of organization actions against the organization reports and pertinent facts. Therefore all the actions and effects including external impacts are apparent to all stakeholders who are using the information. Transparency can be seen to follow from the other two principles and equally can be seen to be part of the process of recognition of responsibility on the part of the organization for the external effects of its actions and equally part of the process of transferring power to external stake-holders.

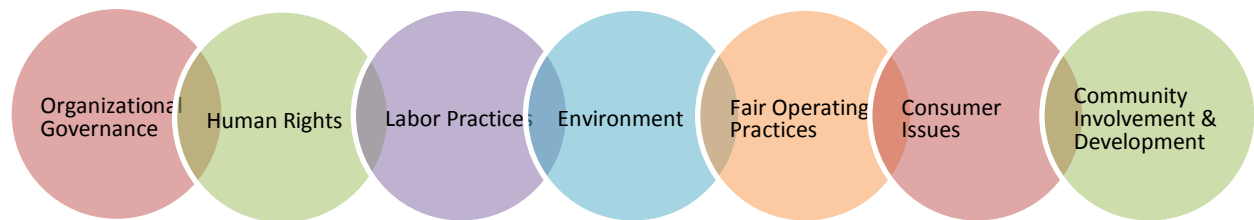
## **2.4 Guidelines of CSR: Global initiatives**

Among different global initiatives that are used as a guideline for practicing CSR, ISO 26000, is one of them. As stated by ISO 26000, this scheme “*provides guidance on how businesses and organizations can operate in a socially responsible way. This means, acting in an ethical and transparent way that contributes to the health and welfare of society*” (ISO 26000, 2010). As stated clearly in this ISO website, ISO 26000 is “an international standard which provides guidance on the underlying principles of social responsibility, recognizing social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility.” Accordingly, it has identified the core subjects to social responsibility to be organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development.

### **2.4.1 Key Elements of ISO**

In the guideline of ISO 26000 there are three key elements which are further subdivided in to different concepts to use it as a guideline for CSR (Ávila et al., 2013),

- 1.1 **Stakeholders:** are those people and groups that are affected by the actions of your business. These can include workers, suppliers, community residents, consumers, and investors.
- 1.2 **Core Subjects:** ISO 26000 identifies seven core subjects that socially responsible businesses should address. Implementers of ISO 26000 should evaluate their actions in each of the core subjects, to identify what they are doing in their current practices, and to set priorities for improvements (Alpana, 2014).



**Figure 2.2 seven core subjects of ISO 26000**

- A. **Organizational governance** – is the way a business is run. The principles are: accountability (making sure that people who act for the business are held responsible for their actions), transparency (openness in explaining how the business operates, makes decisions, handles money, etc.), ethical conduct (treating others with honesty and fairness), consideration of stakeholders’ interests, and obeying the laws.
- B. **Human rights** – treating all individuals with respect; making special efforts to help people from vulnerable groups
- C. **Labor practices** – Labor practices refer to fair treatment of all workers, including those who are sub-contracted rather than being regular employees.
- D. **Environment**–accept responsibility for the environmental burdens caused by your activities, products and services; act to improve your own performance and that within your sphere of influence
- E. **Fair operating practices** – Businesses can use their relationships with other businesses to promote positive outcomes. By building good long-term relationships, businesses are most likely to develop reliable partners, and to practice effective social responsibility.

Respect for the rule of law, accountability, transparency, and honesty are the key principles to put into action to achieve fair operating practices.

- F. **Consumer issues** – Businesses have responsibilities to their consumers, such as truthful advertising and marketing, providing clear and helpful user information, minimizing risks from use of products or services, and providing support services and recall procedures. Stimulating sustainable consumption and respecting consumer rights are aspects of social responsibility. Satisfied consumers will strengthen the reputation of a business.
- G. **Community involvement and development** – All businesses should recognize their long-term interest in the sustainability of the communities in which they operate. Every business is a stakeholder in its community; it depends on the community and also affects its development. By providing employment, all businesses can make an important contribution to reducing poverty and promoting economic development.

### 1.3. Reporting

This is a valuable tool for engaging stakeholders and for promoting your achievements. Implementers of ISO 26000 should report on activities and decisions in as many of the seven core subjects as they can. If they do not address a core subject, they need to: (1) explain why they omitted it, and (2) include it in a plan for consideration in the future (Moravcikova et al, 2015).

Your report should:

- **Identify** your CSR achievements in each of the seven core subjects of ISO 26000. If you choose not to report on some of the core subjects at this time, give a brief explanation of why not, and commit to examining this area at a specific time in the future
- **Establish** your credibility by identifying problem areas (not avoiding them)
- **Describe** how and when stakeholders have been involved in your work on social responsibility
- **Explain** plans for improvement in a section such as “the way forward”. In future reports you can discuss your progress

## **2.5 Argument on why Do Companies should Practice CSR?**

Broadly, there are three kinds of arguments in favor of placing corporations, at least large and fully developed ones, within an ethical context of expansive social and environmental responsibilities:

1. **The Moral Requirement Argument** - Corporations are morally required to accept those responsibilities.
2. **Externalities** - The existence of externalities attaches companies, in operational and economic terms, to those responsibilities.
3. **Enlightened self-interest** leads to voluntarily embracing those responsibilities.

### **1. The Moral Requirement Argument**

The moral requirement that business goals go beyond the bottom line to include the people and world we all share is built on the following arguments:

- Corporations are already involved in the broad social world and the ethical dilemmas defining it. Because companies are inescapably linked to the ethical issues surrounding them, they're involved with some form of corporate social responsibility whether they like it or not.
- Corporations, at least well-established, successful, and powerful ones, can be involved in the effective resolution of broad social problems, and that ability implies an obligation. Whether we're talking about a person or a business, the possession of wealth and power is also a duty to balance that privilege by helping those with fewer resources.
- Because businesses cause problems in the larger world, they're obligated to participate in the problems' resolution. What kinds of problems are caused? Taking the example of an industrial chemical factory, toxic waste is produced. Even though it may be disposed of carefully, that doesn't erase the fact that barrels of poison are buried somewhere and a threat remains, no matter how small.

### **2. The Externality Argument**

The second type of argument favoring corporate social responsibility revolves around externalities. These attach corporations to social responsibilities not morally but operationally. An externality in the economic world is a cost of a good or service that isn't accounted for in the

price (when that price is established through basic laws of supply and demand). Whether an externality is negative or positive—whether a company’s bottom line rises or falls with it—a strong argument remains for broad corporate responsibility wherever an externality exists. Because these parts of corporate interaction with the world aren’t accounted for in dollars and cents, a broad ethical discussion must be introduced to determine what, if any, obligations or benefits arise.

### **3. The Enlightened Self-interest Argument**

The third kind of argument in favor of corporations as seats of social responsibility grows from the notion of enlightened self-interest. Enlightened self-interest means businesses take on broad responsibilities because, on careful analysis, that public generosity also benefits the company. The benefits run along a number of lines:

- Corporations perceived as socially engaged may be rewarded with more and more satisfied customers.
- Organizations positively engaged with society or the environment may find it easier to hire top-notch employees.
- Organizations taking the initiative in regulating themselves in the name of social betterment may hold off more stringent requirements that might otherwise be imposed by governmental authorities.

Enlightened self-interest starts with the belief that there are many opportunities for corporations to do well (make money) in the world by doing good (being ethically responsible). From there, it’s reasonable to assert that because those opportunities exist, corporations have no excuse for not seeking them out, and then profiting from them, while helping everyone else along the way.

“CSR has positive effects on company image and reputation, Positive effects on employee motivation, retention, and recruitment, Cost savings, Revenue increases from higher sales and market share, CSR-related risk reduction or management: CSR can also be used as a means to reduce or manage CSR-related risks such as the avoidance of negative press or customer/NGO boycotts” Weber (2008, pp. 449-450).

## **2.6. Benefits of Practicing CSR activities**

Some of the business advantages of CSR are listed as follow by Asemah et al, (2013):

### **1. Enhanced Brand and Reputation:**

Socially responsible Companies have heightened brand and names which play great role in attracting consumers due to its good reputations. This is also suitable to convince trade partners and raise more capital. It is also advisable to companies to work hard on CSR because it helps to offset any problematic outlook that exist within the society by making them to feel as the company is part or partner of the society.

**2. Reduction in Operation Costs:**Based on the type of the companies' services CSR initiatives is helpful to reduce cost of operation by keeping also the health of the environment. For example changing the packaging materials, improving the delivery trucks, making the production site near to the consumer etc. helps to keep the environmental conditions better and reduces the cost of operation. This advantage is believed to motivate the owners as well as the executives to work on CSR to get more advantage.

**3. Attracting New Customers:** Employees tendencies to resign from Companies that have strong CSR practice is low and to the reverse the interest of professional to be employed in the company that have CSR commitment is high this enable the reduction of turnover as well as training cost. Professionals and sometimes even normal employees compare their company's performance with their personal values and if they feel it is conflicting they make a decision to leave and the opposite is true.

**4. It Discourages Government Regulation:** Most of the time government draft and issue regulation when there are problems due to the operations of the organizations. As the government bodies are responsible to keep the wellbeing of the society they try to install different discouraging rules that may have even negative impact on the operation of the companies that may reduce the profit. To the opposite if the organizations works according to the law as well as by considering the societies safety and if the level of complain from the community is minimum; there may be no need to design new regulations that hamper the operations of the companies.



**5. Recognizes Business Moral Obligations:** Organizations owe it a duty to provide amenities to environments where they operate. Thus, those who argue in favor of corporate social responsibility note that it is the organization's moral obligation to help society.

**6. Improved Relations with the Investment Community and Better Access to Capital:** Internationally, companies like Coca-Cola, Canon have their own CSR format and practice with the standardized reporting format which helps them highly to inform their customers about their CSR activities. The trend of selecting and working with companies that have CSR practice as well as creating a better opportunity for capital and marketing is growing from day to day. Even international standards like ISO 26000 and OECD are accepted as a measure for evaluating the CSR practice of a company. This would have an impact on the image of the companies at the stage of capital raising, looking for investment communities etc.

**7. Enhanced Employee Relations, Productivity and Innovation:**

One of the key benefits of CSR initiatives is creating conducive environment for employees that would motivate for better productivity and healthy relation with co-workers because CSR is broad in its dimensions and includes important frameworks like labor union, employee safety, community involvement etc.

## **2.6 Challenges of Practicing CSR**

Yet there are challenges to CSR adoption, particularly in the developing world. Wanderley, Lucian, Farache, and de Sousa Filho (2008) indicated that various factors inhibit the adoption of CSR in developing countries. The authors outline some of the challenging factors: Civil societies are not well organized, governments do not strongly promote CSR practices, businesses do not face strong and constant pressure, and the press has yet to play the role of watchdog; and as a result, most developing countries face a range of obstacles to CSR.

As Kemp (2001) put it, this is primarily due to the fact that there are several practical problems that hinder the successful adoption of CSR especially in many developing countries, where “the institutions, standards and appeals systems, which give some life to CSR in North America and Europe, are relatively weak,” (p. 1).

In general there are barriers/challenges that affect the implementation of CSR. A list of CSR challenges is provided by (Uvais&Cholasseri, 2013), (Saxena, 2016), Berad (2011) and CSR Course Handbook, Facilitated by Golden gate (2012);

**Lack of Community Participation in CSR Activities:** Lack of interest of the local community in participating and contributing to CSR activities of companies due to poor understanding of the concept. This is aggravated by factors like the lack of communication between the company and society as well as the internal communities of the company like the employee. Societies may not have enough understanding about CSR so they may not demand or push the companies around their environment to respect the rules and to the reverse the company may become disadvantageous due to unplanned activities of helping the communities.

**Need to Build Local Capacities:** To encourage the practice of CSR in the community their need to be bodies like NGO's that have experience and understanding so as to aware and educate the society as well as to help the government. But most of the time this institutions lacks the necessary resource and efficiencies.

**Issues of Transparency:** Lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. Especially in developing countries there is lack of rules, regulations and laws that follow the CSR activities of companies. And the companies have no also clear guideline and reporting mechanism. As such it is difficult for the companies to be transparent on their activities and due to this they engage in profit making dimensions ignoring sometimes the environmental impact they impose on the societies.

**Non-availability of Well Organized Nongovernmental Organizations:** Lack of organized Non-governmental organizations in developing countries especially in remote and rural areas can also be raised as a challenge as they have the capacities to identify the real problems and needs of the societies on which the CSR should base. If the main interest and problem areas of the society is identified companies are able to direct their CSR activities in a planned manner.

**Visibility Factor:** Most companies prefer to involve themselves in event based programs so as to gain advantage of publicity and promotion. This may not be a problem by itself as it has contribution for the profitability of the company. The problem arises when the main focus is only to promote only the company without addressing the basic needs and problems of the society. Most of the time stockholders raises question related with the advantage of practicing CSR, the increase of expense due to CSR etc. and as the result managers face challenges

**Narrow Perception towards CSR Initiatives** - A narrow outlook towards the CSR initiatives of companies even by governmental and nongovernmental agencies as they think it is only donating money without any gain or without having complementary advantage.

**Non-availability of Clear CSR Guidelines and Consensus on implementing issues:** Lack of clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies.

**Difficulty of identifying why CSR is implemented:** Sometimes companies tend to implement CSR activities for different purposes which cannot be identified easily and the same is true from the customer side that it is impossible to be sure why the society or a group of customers prefer one product over the other. For example the customers of a given company, which is famous for its CSR activities, might prefer the product due to its quality, price, the service delivery mechanism or attractive advertising. So it is challenging to quantify the financial effects of CSR as well as to get the way which can satisfy stakeholder (Cheers, 2011).

### **Review of Related Literatures in Ethiopia**

The issue of Corporate Social Responsibility in Ethiopia is new and as such there is lack of research as well as customized literatures' that reflects the existing situations. The Understanding of many companies is also traditional which inclined to Philanthropic activity in its nature. Among the research made in Ethiopia the study used the following as an indicator for the existing gap. Among the researches "Assessing Stakeholders Perception of Corporate Social Responsibility on Meta Abo Brewery Share Company" was done by EzanaMeles (2004) with the aim of assessing the perception and attitude of the stakeholders of Meta Abo about CSR. The study used primary source of data with the aim and effort of evaluating the understanding of the stakeholders like employees, customers, communities as a variable and the result shows on general that there is a problem of awareness as well as communication about CSR activity in Meta Abo S.C. The other research was made on "Environmental corporate social responsibility of brewery firms in Ethiopia" (Mohana&Fentaye, 2014) by focusing only on the environmental CSR perspective of brewery firms of Ethiopia. The main objective of this study is to examine the perception of employees towards environmental corporate social responsibility initiatives of Brewery firms in Ethiopia. For the study purpose, a cross-sectional research design was employed, sought to gather data only at the time of the survey. The objective of the paper was to

examine the perception of employees of five selected brewery firms in Ethiopia by using cross-sectional research design and primary sources. The result is also inclined to the perception of environmental CSR where by the researcher concluded that age and sex has nothing to do with the perception of the employees. The third study was done by Kasaye Deyasa (2016) “CSR from Ethiopian Perspective” with the aim of investigating and analyzing the concept of CSR from Ethiopian perspective as well as how the companies perceive their role in sustainable growth and development. The data’s were collected for the study using field survey and different governmental, national and international companies were included in the study and the result shows that there is a recent development of formal understanding of CSR with the motive of philanthropy mainly initiated by MNCs, NGOs and westerners. There are also researches made about Corporate Social Responsibility in other industries like flower industries and tourism industry. Among these “Corporate Social Responsibility Programs in Ethiopian Floriculture Industry” by TedlaZegeye (2013) which is done on the CSR activities and environmental concerns of flower industries in Ethiopia can be quoted. The study tried to explore the practice of Corporate Social Responsibility by taking the case of Ethiopian flower industry and tried to highlight their practice and the role of government in supporting their activities. In the tourism sector Hailu and Nigatu (2015) made a research on “Practices and Challenges of Corporate Social Responsibility (CSR) in the Hospitality Industry: The Case of First Level Hotels and Lodges in Gondar City, Ethiopia”. They have found out that the first level hotels and lodges in Gonder practice corporate social responsibility in terms of gender equality, quality of life for the employees, fair operation and reward system etc.

As it is possible to read from the above lines those researches which are made on the brewery industries of Ethiopia focuses more on the perception and understanding of the stakeholders as well as the environmental dimension of CSR. And those that are made on the practice of Corporate Social Responsibility are made only on one company without specifying the time line that is considered for the study. It is also possible to see that there is a lack of study on the specific issues of the benefits and challenges of discharging corporate social responsibility in Ethiopian brewery industries. So this paper can feel the exiting gap in CSR literature of Ethiopia by exploring and describing the practice, challenges and benefits of CSR activities broadly by taking BGI Ethiopia beer companies in to consideration. In addition to the above conceptual gaps observed on the previous papers there is also methodology gap as they rely more on interview

and questionnaires as well as personal observation and this paper will fill this gap by using document analysis which are available from the selected companies. The study will be able to explore the practice or the realities of CSR in Ethiopia brewery as well as the main challenges that companies are facing in changing CSR into action. This fills the gap in CSR concepts of Ethiopia because many papers are done on the nature, perceptions and attitudes as well as the understanding of CSR not on their real practice and the challenges that they are facing. To summarize the main problem area of this paper is the lack of national as well as company wise policy, rules and regulations which guides the CSR activities of brewery companies and traditional way of CSR practice as well as the challenges that companies are facing. The main gap it fill is it gives highlight about the CSR reality or practice and challenges that companies are facing by using document analysis and other techniques as a method of study.

### **Conceptual Framework of the Study**



**Figure 2.3 Conceptual Framework of the Study; Source – Own model**

The above framework of the study tries to explain about the general topic and the main purpose of this research. Corporate Social Responsibility is in short going beyond what the regulation of the country orders or it is a responsible way of making a business. Being responsible in this context means considering other stakeholders while making the business profitable. As described in the above literatures' of this chapter, companies participate in corporate social responsibility programs for various reasons which can be legal, ethical, and economical and philanthropic in their nature. The above reasons can also be taken as an approach of practicing Corporate Social Responsibility. Stakeholder's theory as an approach is also the other way of practicing Corporate

Social Responsibility where by a given company is expected to consider those parties which are directly or indirectly affected by its business activity. Whatever the type of the business it is the primary motive is profit making and it expects some kind of benefit out of practicing corporate social responsibility. This means companies can generate different kinds of benefit or advantage by participating in Corporate Social Responsibility. The advantage can be good reputations and brand, building positive image, reduction of operation cost and others. But on the moment where companies move to practice or to change their corporate Social responsibility plans into reality they face different kinds of challenges which are different as per the context of the country. Even if there are different contextual challenges in different countries the most widely accepted challenges of practicing corporate social Responsibilities in developing countries are lack of clear understanding of the concept, lack of local as well as international NGO's that works on CSR, lack of guidelines at the company level, lack of rules and regulations at the country level, lack of responsible government body that support or regulate CSR etc. In general this study will try to describe the practice of Corporate Social Responsibility in Ethiopian Breweries as well as the benefit and challenges that exist while in the course of doing it.

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

The purpose of this chapter is to explain the research design and methodology that is applied to undertake the research.

### **3.1 Research Design**

Research design is an outline so as to fulfill the objective and to answer the questions raised in the research. It is like a road map that shows the methods and procedures in order to gather and analyze the information required for the study (Adams, 2007).

Since the research give response to question of like what, how it is descriptive research. The major purpose of descriptive research is description of the state of affairs as it exists at present (Kothari, 2004). And the main purpose of this research is to make an assessment on the Practices and Challenges of discharging CSR in BGI Ethiopia so as to describe the practices, challenges and benefits of CSR activities of the companies as well as the policies and principles that are used in order to make the practice effective. The study is also mixed research which is both qualitative as it tries to collect data through interview and questionnaires with concerned bodies for their opinion and quantitative research as it tries to collect data using questionnaire so as to reach on quantifiable result Accordingly, this research takes a mixed approach and it seeks to explore the CSR practices of the one prominent brewery company in Ethiopia.

### **3.2 Population and Sampling Design**

Population is the whole group of people about which the study is concerned and sample is the group of participants about which the researcher is going to make empirical investigation. The target population of a study consists of all the people to whom the survey's findings are to be applied or generalized (Dornyei, 2007).

Purposive sampling is referred to as judgmental sampling since it involves the researcher making a decision about who or what study units will be involved in the study. The technique is selected because it helps to select those respondents who had the right information as well as the knowledge on the issue. Thus, this research employed purposive sampling in collecting data from employees of the company as they are respondents who are knowledgeable enough about the subject of the study. Convenient sampling technique is also used to select samples from the customer of BGI and community who are living around the factory as it is difficult to determine sample size and select samples from large number of populations.



BGI Ethiopia has totally around 3000 employees and of which 257 are working at the head office level which are found at Lideta and Bulagria / Mexico Street. This number includes both the professional and nonprofessional workers as well as clerical and non-clerical staff. The number of employees who are non-clerical is 36 and the rest 221 are professional workers of managerial and non-managerial. The non-professionals staffs are not included in the study as they are employees who are undertaking Janitorial, Messenger and Security Services and Office Assistants who may not familiar with the issue to be addressed. A stratified Sampling technique is used then to divide the target populations in to managerial and non-managerial which are 37 and 184 respectively. And To make the number of sampling units drawn from each stratum in proportion to the relative population size of that stratum, Proportional Stratified Sampling is applied. To specify the sample size the study applied simple random sampling technique after getting the number of the sample size by using the calculation. Based on the information from common sample size determination table or by using the following formula (<https://sciencing.com/calculate-sample-size-formula-5262463.html> , Ari Reid; access date October 24, 2017) for the target population of 221 the sample size (n) will be approximately 142.

Where N = Target population

n = sample size

e = level of precision=0.05

$$n = 221 / (1 + 221(0.05)^2) = 142$$

The calculation of sample selection from each strata is as follow:

$$N_1 \text{ (Managerial Strata)} = 37$$

$$N_2 \text{ (Non-Managerial Strata)} = 184$$

$$N = 221$$

$$N_1/N * n = \text{Sample from } N_1 \dots\dots\dots 37/221 * 142 = 24$$

$$N_2 / N * n = \text{Sample from } N_2 \dots\dots\dots 184/221 * 142 = 118$$

Interview is also undertaken with selected officials of the company who are selected purposively considering that they do have the right information about the Corporate Social Responsibility

Programs of the company history. The managers who are selected for the interviews are the Public Relation Officer recommended by the Marketing officers as he is the spokesperson for this issue, Deputy Operational Manager and lower level manager of different department who were willing to give information on the issue.

The other sampling technique which is used in the study is convenient sampling which is a type of sampling method that is used to decide the sample size and select samples from large numbers of target populations. This sampling technique is used due to the reason that it makes the sample selection and sample size determination from BGI customers and community who are around the factory easy. Based on this assumption fifty (50) customers of BGI and thirty five (35) communities who are living around the city factory are selected for the study.

**Table 3.1 Summary of the sample size determination of BGI Ethiopia Brewery**

<b>N°.</b>	<b>Categories</b>	<b>Target Population</b>	<b>Sample Size</b>	<b>Remark</b>
1	Managerial Staffs	37	24	Stratified Sampling
2	Non Managerial Staffs	184	118	Stratified Sampling
3	Community	Surrounding people	35	Convenient Sampling
4	Customers	Different bars	50	Convenient Sampling
Total			227	

Source: Own

### **3.3 Types of Data Collected and Used**

The study has used both primary and secondary sources of data to fulfill the research with the necessary information and resource. The primary data that is preferred was interviews and Questionnaires. The type of the interview was of semi structured interview with selected officials and key informants which makes them to respond flexibly on the issue raised. The other data collection method was Questionnaire that will be distributed to managerial and non- managerial staffs of both companies. In addition to the primary sources of data which are explained above, secondary sources of data have been used based on their accessibility and importance. The secondary type of data which were used was mainly the brochures, websites, and guidelines together with periodic magazines of the company. So the main primary source of data that was

applied in this study was the analysis from the interview and the data collected through the questionnaires.

### **3.4 Source of data**

The main sources of data's are of two types and these are primary and secondary data's. As a primary data questionnaire is distributed to the key stakeholders and interview was also made with the selected officials of the company. To prepare the questionnaire the study has used papers made by Ezana (2014) and Bonituo (2014) as a model for preparing questionnaires which are distributed to customer, community and employees of the company. Secondary data's were used which are out sourced from websites, periodic magazines, and brochures and written documents of the company.

### **3.5 Data Collection Method**

Data is collected from different sources and means and the theoretical foundations as well as the literature review of this study used as the bases for the subsequent data gathering and analyses phases of this research project. The data collection method for this study was both qualitative and quantitative. The qualitative method which is the interview was very helpful to get deep information and understanding about the subject raised. Quantitative method like questionnaire was also helpful to get information which can be generalized based on the statics obtained. To address the research questions, primary data sources were used. Secondary sources comprising of available archive records and document analysis were also referred based on their availability. Based on this, the instruments to collect the data were interviews and questionnaires with main stakeholders like customers, communities, employees and also secondary sources which are documents like brochures, magazines, websites etc.

### **3.6 Data Collection Procedures**

In order to collect the necessary information semi-structured interviews and structured questionnaires were prepared based on the study subject and different theories. Then Managers who had the knowhow and who are directly or indirectly responsible for CSR operation of the company from various higher management positions like Marketing manager, operations manager, social and community affairs manager were taken as the main respondent for the study. Next, employees of the company were given the chance to participate and give information to the study via the questionnaire. Also Stakeholders who are communities and customers were selected randomly and participated via questionnaires.

Questionnaires were distributed to the employees and some selected managers of the two companies in order to elicit more information on the issues. The number of the questionnaires that were distributed and collected was decided based on the sample size and total population of the company. Employees are the resource of an organization and as such they play a vital role in accomplishing the objective of the company. As such the employees have knowledge of what is happening in their organization. Reasonable years of experience and knowledge are the bases to select the employees for the issues that were raised in the paper.

### **3.7 Data Analysis Method**

The collected data were analyzed using different methods. But before analyzing the collected data's, the task of editing, coding and classifying were accomplished. Editing is important to assure that the data are accurate, consistent with other facts gathered, uniformly entered, as completed as possible and have been well arranged to facilitate coding and tabulation (Kothari, 2004). Then the edited data's were decoded to SPSS version 16 and by using these software frequency and mean results were calculated and extracted to the word format. In the meantime, the interviews were transcribed into a word processed format and were used with the response from the questionnaires. Important information were also taken from brochures, documents, websites and newspapers and presented in line with the interview which was made with the officials. Qualitative analysis is also used to analyze data's which were collected from the written documents, periodicals, websites and interviews that describes about the Corporate social Responsibility practice of the company and challenges it faced during implementation. Based on the analyzed data summary and conclusion is made which was followed by recommendation as well as limitation of the study.

### **3.8 Ethical Considerations**

In the course of making the study, efforts have been made to have ethical consideration for the respondents. The major ethical considerations made are the following:

**Confidentiality** –It is expressed in the questionnaires that the response on questionnaire as well as the interview will be kept confidential and it will only be used for academic purpose.

**Informed consent** – Cover page of the questionnaire explains the purpose of the study and informed that the respondents have the right to accept or refuse to participate in the research activities.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

This Chapter has two main sections which are analysis and presentation of the data collected from the employees, community and customers through questionnaires, interviews and from secondary sources. The data analysis and presentation part is subdivided as per the sources of the data which are employees, consumers and customers and the result of the interview is also presented with the response from the questionnaires.

**Table 4.1 Status of the collected and uncollected questionnaires distributed to the employee**

N <sup>o</sup> .	Categories	Returned	Not Returned
1	Managerial Staffs	17	7
2	Non Managerial Staffs	108	10
3	Community	30	5
4	Customers	40	10
Total		195	

#### 4.1. Analysis of Data from Customers and discussion of the results

##### 4.1.1. Demographic Characteristics of the Respondents of BGI

In this part the most basic demographic characteristics which are believed to have Relation with the issue raised is presented. Among the fifty questionnaires which are designed to be collected on the spot only forty five are collected successfully and out of which only forty are filled without omission. The demographic characteristics which are selected are Age, employment status and income.

**Table4.2 Demographic Characteristics of Respondents – Customers**

<b>Demography</b>					
Age range Count	<b>18-28</b>		<b>29-39</b>	<b>&gt; 39</b>	
	Percentage	10%	25%	65%	
	Counts	4	10	26	
Employment Status	<b>Employed</b>		<b>Self-Employed</b>	<b>Unemployed</b>	<b>Student</b>
	Percentage	47%	20%	9%	23%
	Counts	19	8	4	9
Income Range(ETB)	<b>&lt; 2500</b>		<b>2501-4000</b>	<b>4001-6000</b>	<b>&gt; 6000</b>
	Percentage	47%	33%	13%	7%
	Counts	19	13	5	3
Educational Level	<b>H.S Graduate</b>		<b>Diploma</b>	<b>Degree</b>	<b>&gt;Degree</b>
	Percentage	36%	18%	31%	15%
	Counts	14	7	12	6

Source: Own, December 2017.

The above table 4.2 shows that majorities (65%) of the consumers of the BGI's product are adults or those that are above age 39. There are also consumers within the age range from 29-39 which makes 25% of the respondent. The rest, 10 %, are youngsters with the age ranging from 18-28. From the respondent forty seven percent are employed and 23% are students. There are also self-employed consumers which are 20 % followed by 9 % unemployed consumers. In terms of income range majority (47%) of the consumers are within the income range which is below 2500 ETB and within the medium income range there are 33% respondents that use the product. The rest are lowest in percentage as there income range is between 4001-6000 birr are (13%) and above 6000 birr income level (7%). Concerning the educational background of the respondents 36 % are high school graduate, 31% are degree holders followed by diploma (18%) and above degree (15%) holders. From the above table it is possible to deduct that in terms of age wise the consumers of BGI's products are adults with the age above 39, from the employment status majority of the respondents are employed and self-employed and medium as well as low income winners are also the consumers. So it is possible to see that the respondents

are familiar with the products of the company and able to reflect on the issue raised about the product owners.

#### 4.1.2. Awareness and Understanding of Customers towards BGI's CSR

**Table 4.3 Customers understanding about Corporate Social responsibility Concept**

	<b>The Meaning of CSR for the customers</b>				
	To protect the safety of the environment	To act responsibly by respecting ethics and morals of the society	To have charity or voluntary programs that helps the society	To respect the laws of the country and act accordingly	To be profitable as much as possible
Percentage	10%	23%	60%	2%	5%
Count	5	9	23	1	2

Source: Own, December 2017.

As per the information described in Table 4.3 majority (60%) of the customers understand the meaning of Corporate Social Responsibility as charity or voluntary programs designed to help the society and the next percentage (23%) is choice that defines CSR as the means where by companies act responsibly by respecting the ethics and morals of the society. Some of the customers defined CSR also as protecting the safety of the environment not forgetting those that defined CSR as respecting the laws of the country and being as profitable as possible. From the response of the customer it is possible to see that most of the customer understands only the philanthropic part of CSR which is in line with many researches that commented developing countries CSR inclination to charity and voluntary programs.



**Table 4.4 Customers awareness about the Corporate Social Responsibility Programs of BGI Ethiopia**

Questions	Yes		No		Total
	Count	%	Count	%	
Do you believe BGI products are produced with the highest level of safety?	29	72%	11	28%	100%
Do you think that BGI have formally organized CSR programs?	28	70%	12	30%	100%
Do you think BGI advertisements are made in a socially responsible way?	32	80%	8	20%	100%
Do you know the Social or donation activities of BGI like sponsorships, charity etc.	37	92%	3	8%	100%
Do you think BGI works by keeping the environment and environmental regulations?	30	75%	10	25%	100%
Do you believe BGI is discharging its economical responsibility as a profit making company?	38	95%	2	5%	100%
Generally do you believe that BGI is working by respecting the norms, ethics and values of the society?	25	62%	15	38%	100%

Source: Own, December 2017.

The following points can be extracted based on the responses of the customers which is listed on the above Table 4.4 Most (72%) of the customers of BGI Ethiopia believed that the production steps of the company are very safe and the means that the brewery products of the company are standard and fits the long year experience of the company. Contrary to this there are some (28%) customers that are suspicious on the level of safety of beer production. The implication of the majority of the customer is that they have trust on the quality or safety of the beers produced by BGI Ethiopia which is very helpful in developing its acceptance from the society. Concerning the Corporate Social Responsibility Programs of BGI Ethiopia seventy percent of the customers are well aware and they do believe that BGI Ethiopia have formally organized Corporate social programs. As opposed to this response closer to 30% of the customers doesn't think that BGI have formally organized Corporate Social Programs. The implication is that the company's level of transparency or way of communicating its corporate Social programs addressed most of the

customers but there are some who are not addressed. In these proliferating beer advertisement competitions which are known for their level of attractiveness promoting in socially responsible way is one of the qualities of BGI Ethiopia as indicated by the response of the customers. This is well supported by eighty percent (80%) of the customers who believed that BGI Ethiopia advertise its product in socially responsible manner. There are 20% customers who don't accept this idea instead they think the advertisement of BGI is not socially responsible. Analyzing this from CSR perspective BGI Ethiopia is trying to work up to the social norms and expectation of the society as well as the countries but there are some loopholes that needs to be filled. The loopholes are critical because to keep on the level of acceptance and profit that it has now it is must to improve problems which are indicated from the society. One of the dimensions of CSR is philanthropy which are meant to measure the level of donation or charity that the company does to the society in which it operates. Customers are key stakeholders in identifying the good deeds done by BGI Ethiopia and in this regard closer to 92 % of the customers knows the donation or charity programs which are meant to help the society. This shows that customers are well aware about one of the corporate social responsibility programs of BGI Ethiopia. On the other hand only 75% of the societies are sure about BGI's effort in keeping the environment as well as environmental regulation while undertaking its day to day operations. The rest of the customers which makes 25% are not aware about any environmental effort done by BGI Ethiopia in the course of its operation. Finally almost all (95%) of the customers believe that the company is discharging its economic responsibility expected from it which is to mean that the company is using the opportunity that the country has created to make itself economically strong and to contribute the economy of the country at large which is in line with the response from the interview made with one of the officer of BGI Ethiopia. Only five percent of the customers are not ok with this idea saying that more is expected from the economical perspective as compared to the profit it makes. On summary question rose to customer concerning the ethical way of doing business 62 % of the customers believe that BGI is working as per the norms, ethics and values of the society. In the meantime 38% of the customers don't accept this idea rather they criticized the company for not working by respecting the norms, ethics and values of the society which needs high attention from the company.

## 4.2. Analysis of data and discussion of Results from Communities

### 4.2.1. Demographic Characteristics of the communities

In this part the most basic demographic characteristics which are believed to have Relation with the issue raised is presented and analyzed. Among the thirty five questionnaires which are designed to be collected on the spot only thirty are collected successfully. The demographic characteristics which are selected are Age, employment status, income and year of residence in the area.

**Table 4.5 Demographic Characteristics of Respondents – community**

<b>Demography</b>					
Age range	<b>18-28</b>		<b>29-39</b>	<b>&gt; 39</b>	
	Percentage	27%	20%	63%	
	Count	11	8	19	
Employment Status	<b>Employed</b>		<b>Self-Employed</b>	<b>Unemployed</b>	<b>Student</b>
	Percentage	40%	16%	27%	15%
	Count	12	5	8	5
Income Range	<b>&lt; 2500</b>		<b>2501-4000</b>	<b>4001-6000</b>	<b>&gt; 6000</b>
	Percentage	53%	27%	11%	9%
	Count	16	8	3	3
Educational Level	<b>H.SGraduate</b>		<b>Diploma</b>	<b>Degree</b>	<b>&gt; Degree</b>
	Percentage	29%	29%	37%	5%
	Count	9	9	11	2
Year of residence in the area	<b>&gt; 1 Year</b>		<b>1 – 3 Years</b>	<b>3-5 Years</b>	<b>&gt; 5 Years</b>
	Percentage	7 %	16%	20%	57%
	Count	2	5	8	15

Source: Own, December 2017.

Table 4.5 on general shows the demographic Characteristics of the community living around the factory of BGI which is located in Addis Ababa. In terms of age majority (63%) of the residents are more than 39 years old and the rest are youngsters whose age ranges from 18- 28 (27%) to

29-39 (20%). So they are able to identify the effect of the production site or the factory. Around forty percent of the communities are employed followed by high rate of unemployment which counts for 27%. There are also self-employed (16%) and students (15%) which are very low in percent. It is also clear more from the table that 53% of the communities are low income winners followed by the medium range income employees which are 27% only. In terms of educational level only 37 % of the communities are degree holder the rest are mainly graduated with diploma and high school. The last but not the least issue is for how long did the community inhabited in the area. Closer to 57% of the respondents lived in the area for more than five year followed by 16 % and 20% respectively that lived from 1-3 years and 3-5 years. To summarize the points which are described in the table 4.4 the selected communities and respondents are capable enough to respond on CSR as they are matured in terms of age, in terms of education and familiarity with the area where the factory is located.

#### 4.2.2. Communities understanding and awareness of BGI's CSR activities

**Table 4.6 Understanding of communities about Corporate Social Responsibility**

	<b>The Meaning of Corporate Social Responsibility for the communities</b>				
	To protect the safety of the environment	To act responsibly by respecting ethics and morals of the society	To have charity or voluntary programs that helps the society	To respect the laws of the country and act accordingly	To be profitable as much as possible
percentage	18%	15%	63%	2%	2%
Count	5	4	19	1	1

Source: Own, December 2017.

Table 4.6 clearly describes the understanding of the communities on the issue of Corporate Social Responsibility. More specifically it shows how the surrounding communities defined Corporate Social Responsibility. More than half (63%) of the communities that live in the vicinity of BGI Addis Ababa beer factory defined Corporate Social responsibility as the ability or willingness of the company to have charity or voluntary programs that is intended to help the society at large. On the other hand fifteen percent of the community defined CSR as the responsibility of the factory to work by respecting the ethics and moral values of the society in which it operates. The same concern is given to the protection of the environment by 18 % of the

communities that have defined CSR as the responsibility of the company to work by keeping the safety of the environment in which it operates. Company's responsibility to be profitable and to work in accordance with the laws of the country is the other definition suggested by very few (2%) respondents for each. From what is defined in the table it is possible to say that the community in which BGI factory is operating have the basic understanding about corporate social responsibility. And among the definition suggested again the philanthropic dimensions of CSR is takes the primary conditions followed by ethical dimension.

Table 4.7 Communities awareness about BGI's Corporate Social Responsibility programs

Questions	Yes		No		Total
	Count	%	Count	%	
Do you think that BGI have formally organized CSR programs?	16	53%	14	47%	100%
Do you know any community support activities of BGI Ethiopia? like sponsoring art, sport activities , health programs etc.	28	93%	2	7%	100%
Do you believe that BGI Ethiopia has charity / donation programs that help the community in which it operates?	10	31%	20	69%	100%
Do you know any program of BGI that is designed to help economically disadvantaged community in your area?	12	40%	18	60%	100%
Do you think BGI works by keeping the environment and environmental regulations in which it operates?	26	89%	4	11%	100%
Do you know any social package of BGI in your area that focus on promoting issues of health, inventions, education etc.?	4	13%	26	87%	100%
Do you believe that BGI is transparent and acts quickly when there is a need for open dialogue with the community?	17	59%	13	41%	100%

Do you know any programs of BGI designed to improve the community well-beings who are found around the factory? like roads, social facilities etc.	5	17%	25	83%	100%
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Source: Own, December 2017.

Table 4.7 describes different issues that clearly show the awareness of the community in which BGI Ethiopia operates in Addis Ababa factory. The understanding of the communities in which the factory works is very critical because they are one of the stakeholders that have two ways influential relation with BGI Ethiopia Addis Ababa factory. Understanding the awareness of the community in which once company operate is very critical to design for future mechanisms. In response to the formally organized activities of Corporate Social Responsibility half of the community trust that BGI Ethiopia has formal CSR programs which is designed to the society. In the meantime closer to half (47%) of the community in which BGI operate have no idea whether it had formally organized programs or not. Almost all (93%) of the community knows the community support activities of BGI which are like supporting sport, sponsoring arts, social events and it is possible to say BGI is successful in communication in this area. On the other hand from 69% to 60 % of the community in which BGI operates in Addis Ababa doesn't believe that BGI have specific charity/donation programs as well as programs designed to help economically disadvantaged inhabitants of the area. But there are around thirty one to forty percent communities who doesn't support this idea rather they think that the company has such kinds of charity or donation programs designed to help the society at all. Concerning the environmental impact that the factory has on the community, majority (89%) of the community reflected their opinion saying that BGI works by protecting the environment as well as environmental regulations of the country. But there are minor communities (11%) which refuse the environmental safety of BGI and do not accept that the company care about the environment in which it operates. This might go with the response on the question with the readiness to make a dialogue or the level of transparency the company has when the community wants to make an open discussion with BGI. On this issue forty one percent of the community believe that the company is not open for discussion as opposed to more than half of the (59%) community that believe on the level of transparency as well as openness for discussion when a need arise. Finally on the effort of the company to improve the community well-being as well as any social package programs designed to help the community in which BGI's Addis Ababa factory works many

(83%) respondent doesn't know the existence of such kinds of social programs and they don't believe also that the company have such kinds of programs at all which is specifically designed to help them.

The understanding as well as the awareness of the community in which a given company operate is critical because it determines the smooth relation and survival of the company. It also helps to develop sense of belongingness in the society in which the company operates. In this respect many features of BGI Ethiopia Addis Ababa factory is good but there are some problems which are specifically related with the area in which operates. These are like lack of community support activities, lack of readiness for discussion when a need arise for, lack of programs which are designed to improve the community well-being, lack of social packages that encourages health ,education ,invention etc. These problems are critical because it helps to develop sense of ownership in the society and the society should not see the company only as a profit making organization. It is not also debatable that the peaceful and long term survival of the factory in the area is dependent up on the mutual benefit created by the company. Because if the community believes that they are benefited due to the existence of the factory in vicinity they will be the first to understand the importance of CSR as well as propagators of the company's positive works. In this regard it seems that the community fills that they are not benefited out of the existence of the company in their vicinity.

### 4.3. Analysis and Discussion of BGI's Employees Response

Since the study is undertaken at the level of head office only head office employees are included in the questionnaires distributed. The questionnaires which were distributed to the BGI's head office employees were one hundred forty two and out of which one hundred twenty five are collected and analyzed as follow.

#### 4.3.1. Demographic Characteristics of the Employees

**Table 4.8 Demographic Characteristics of the Employees**

<b>Demography</b>					
Educational Level		<b>Diploma</b>	<b>Degree</b>	<b>Masters</b>	<b>&gt; Masters</b>
	Percent	5%	69%	23%	3%
	Counts	6	86	29	4
Income Range		<b>&lt; 6500</b>	<b>6501-7500</b>	<b>7501-9500</b>	<b>&gt; 9500</b>
	Percent	23%	33%	29%	15%
	Counts	29	41	36	19
Year of Experience in BGI Ethiopia		<b>&lt; 3 years</b>	<b>3 – 5 years</b>	<b>5 – 7 years</b>	<b>&gt; 7 years</b>
	Percent	10%	27%	36%	27%
	Counts	12	34	45	34

Source: Own, December 2017.

Table 4.8 shows the demographic characteristics of the employees which are useful to predict their level of understanding on corporate social responsibility as a concept and the real practice in the company. In terms of academic status majority (69%) of the employees are first degree holders and twenty three percent have Masters in different streams. The rest are very few in number which are Diploma and PHD holders. So it is possible to see that they are capable enough to respond on the issue of Corporate Social Responsibility. The other important factor is



year of experience they spent in BGI Ethiopia head office. Most of the employees (36%) know the company from five to seven years and there are also 27 % employees who have worked for more than seven years. The percentage of the employees who have worked from the year three to five years is also 27 %. So the employees are also familiar with what BGI Ethiopia had done in the area of Corporate Social Responsibility. They are also capable to define CSR from their company perspective and explain about the benefit and challenges it faced until now.

### 4.3.2 Understanding and awareness of Employees about CSR and CSR of BGI Ethiopia

The Main aim of this section is to present and analyze employees understanding and awareness about Corporate Social Responsibility and CSR activities of their company. Numerical representation is given to the employee's response to utilize the table wisely as follow.

**Table 4.9 Understanding of employees about Corporate Social Responsibility Concept**

1 = Strongly Disagree      2 = Disagree      3 = Neutral    4 = Agree    5 = Strongly Agree

Statements		1	2	3	4	5
CSR is being profitable as much as possible so as to contribute to the economic development of the country	Counts	11	28	0	72	14
	Percent	9%	22%	0	58%	11%
	Mean	3.12				
CSR is the responsibility of the Company for their impact on society	Counts	31	11	5	57	21
	Percent	25%	9%	4%	45%	17%
	Mean	2.93				
CSR means working by respecting the legal compliance, ethical and moral laws of the society while considering environmental and economical issues at the same time.	Counts	9	51	21	39	5
	Percent	7%	41%	17%	31%	4%
	Mean	3.92				
CSR is the responsibility of the company to improve the life quality of the employees and their families, to care for the community and society while keeping its economic growth.	Counts	8	30	0	82	5
	Percent	6%	24%	0	66%	4%
	Mean	4.11				

Source: Own, December 2017.

As per the mean value of this question from the definition given by the employees the one that is most acceptable is taking CSR as the means of improving the life quality of employees, community and society in line with the economic growth (mean value of 4.11). The next definition (with the mean value of 3.92) is taking CSR as the means where by companies keeps the ethical, moral laws of the society while considering the economic and environmental issues at the same time. Finally the least accepted definition as per the mean value of 2.93 is defining CSR only as the means where by the company is obligated to assume the impact that it has on the society while under taking its operation. The detail view of the employees on each definition is also presented and analyzed as follow. Table 4.9 clearly indicates the Understanding of employees of BGI Ethiopia on issues of understanding of the employees mainly the concept which takes more percentage is the one which focus more on employees' quality of life. The extent of understanding CSR from economic side only meaning taking CSR as a responsibility to be profitable as much as possible so as to give economical advantage is voted with agreement by 58% of the employees. On the other extreme 22 % of the employees doesn't accept the idea of taking CSR only from economic perspective supported by few others (9%) to higher extent. In the meantime among the employees closer to 62% understand Corporate Social responsibility as the obligation of the company to take responsibility for any impact where its operation caused in the community. This response of the customer agrees with the new definition of European Union (Euro Commerce, 2012). But this idea of taking responsibility for any social impact of a company as a CSR concept is refused by closer to 34 % of the employee and their some (17%) that doesn't have any idea on the issue of CSR from social perspective. The number or the percentage of employees that consider Corporate Social responsibility as "working by respecting the legal and social laws of the country while considering environmental issues and economical at the same time" is accepted by 48% & 35% of the employees don't accept this definition. This shows there is some confusion on the level of understanding of CSR as a concept that include social, environmental and legal perspective as a whole as defined in Carroll's model (Carroll, 1979, P-499). Finally almost all (70%) of the employees agree on the statement of CSR that define it as the responsibility of the company to improve the life quality of the employees and their families, to care for the community and society while keeping its economic growth. This is also in line with the definition suggested by International Institute for Sustainable Development,

(2004) which gives more attention to the employees and community with which a given company is working.

### 4.3.3 Employees awareness about the Corporate Social Responsibility practices of BGI Ethiopia

This section is the result of two approaches or theories that have been explained in the literature part of the study. These theories are Corporate Social Responsibility theories which comprise the legal, economical, ethical and philanthropic dimensions of CSR and triple-bottom line theories which focus on the sustainable thinking on the social, economic and environmental dimensions of Corporate Social Responsibility.

Table 4.10 Employee’s awareness on the Economic aspects of BGI CSR activities

1 = Strongly Disagree      2 = Disagree      3 = Neutral      4 = Agree      5 = Strongly Agree

Economical Aspects of BGI’s CSR activities		1	2	3	4	5
The company has long term and stable financial performance and plan that enable to lead its business sustainably.	Counts	0	11	5	95	14
	Percent	0	9%	4%	76%	11%
	Mean	4.71				
The company is very competitive in maximizing its market share and profit	Counts	10	36	5	55	19
	Percent	8%	29%	4%	44%	15%
	Mean	3.72				
The company uses different operational mechanisms so as to reduce operation cost and increase efficiency	Counts	9	44	16	51	5
	Percent	7%	35%	13%	41%	4%
	Mean	3.92				
The company is discharging its economical responsibility to the country by creating different economic opportunities like creating Job opportunity, paying huge sum of tax, mobilizing high amount of finance etc.	Counts	7	30	0	83	5
	Percent	6%	24%	0	66%	4%
	Mean	4.11				

Source: Own, December 2017.

Table 4.10. Shows Employees' awareness on the economic aspects of corporate social responsibility programs of BGI Ethiopia. From the theory of CSR it is clear that companies are responsible for the economic improvement of the society in which it operates and to do this first the company should be profitable by itself. The long term existence of the company is also critical. From this aspect, majority of the employees (76%) are aware of the long term and stable financial plan and performance of BGI which is believed that it makes it sustainable in the business. There are only minority (9%) which are doubtful about this idea and disagree on this specific economical point of BGI's CSR activity. In the meantime 59% of the employees believe and are familiar with the effort of the company to remain competitive and increase its profit which is also part of economical responsibility. In this regard one of the means to stay in the competitive economic position is to reduce operation cost and increase efficiency by using different operational mechanism which is one of the quality of BGI responded by 45 % of the employees. There are almost the same numbers of employees (42%) who are against the idea that BGI have good operational mechanism that reduce cost and increase efficiency. Finally closer to 70% of the employees are happy on the ability of BGI to discharge its economical responsibility to the country through various mechanisms like creating Job opportunity, paying huge sum of tax, mobilizing high amount of finance etc. It is also possible to see the mean result of the respondents so as to prioritize as per the response of the employees. Accordingly, from the economical aspect of CSR activities of BGI discharging economical responsibility (4.11) and sustainable economic aspects (4.71) are the main features that get the attention of the employees. From this it is clear that the company's CSR has good economical aspect that goes in line with theory of corporate social responsibility and triple-bottom line.

**Table 4.11 Employee’s awareness on the Legal aspects of BGI CSR activities**

1 = Strongly Disagree      2 = Disagree      3 = Neutral   4 = Agree   5 = Strongly Agree

Legal Aspects of BGI’s CSR activities		1	2	3	4	5
The company works as per the rules and the regulations of the country	Counts	11	28	0	72	14
	Percent	9%	22%	0	58%	11%
	Mean	3.52				
The company respects every legal requirements claimed from the government	Counts	31	11	5	57	21
	Percent	25%	9%	4%	45%	17%
	Mean	2.93				
The company respects the production laws and standards of the country	Counts	9	21	16	74	5
	Percent	7%	17%	13%	59%	4%
	Mean	3.92				
The company fulfills the legal requirements in its internal and external day to day operations	Counts	0	38	0	75	12
	Percent	0	30%	0	60%	10%
	Mean	4.27				

Source: Own, December 2017.

As per the information obtained from table 4.11 the Company works as per the rules and regulations of the country which is confirmed by more than 58% of the employees. This is not accepted by more than 22% of the employees. Contrary to the response of this minority respondents there are more than 45% of employees who are aware of the company’s effort to respect every legal requirement claimed by the government. Again above 25% of the employees doesn’t believe that the company works by respecting every legal requirements claimed by the government and there are also few (4%) employees who preferred to be neutral on the issue. Concerning the production process of the company, more than half (63%) of the employee agree that their company is up to the standard set by the government. On General the company effort in

respecting the laws of the country in its day to day internal and external operation is further confirmed by seventy percent of its employees. By using the mean value of each point which are raised to describe the legal aspect of CSR activities of BGI , the companies effort to be legal in its day to day internal and external operation (with the mean value of 4.27), ability to keep the standard of beer production stated by the country (with the mean value of 3.92) and working in line with each rules and regulation of the country (with the mean value of 3.52) are the main features of BGI’s legal dimension Corporate Social Responsibility practice .

**Table 4.12 Employee’s awareness on the Social and Ethical aspects of BGI CSR activities**

1 = Strongly Disagree            2 = Disagree            3 = Neutral    4 = Agree    5 = Strongly Agree

<b>Social and Ethical Aspects of BGI’s CSR activities</b>		1	2	3	4	5
The company works by respecting the ethical norms and values of the society	Counts	11	28	0	73	13
	Percent	9%	22%	0	58%	11%
	Mean	3.12				
The company treat every employees fairly by respecting their right and human parts consistently	Counts	31	11	5	57	21
	Percent	25%	9%	4%	45%	17%
	Mean	2.93				
The companies goes beyond the limit to entertain issues of ethics and society persistently	Counts	9	44	16	51	5
	Percent	7%	35%	13%	41%	4%
	Mean	2.52				
The company works strongly in a planned way to have stable, peaceful and positive relationship with the society	Counts	7	30	0	83	5
	Percent	6%	24%	0	66%	4%
	Mean	4.01				

Source: Own, December 2017.

The third features of BGI CSR dimension is the social and ethical aspect which are described by taking concepts from the theory of triple-bottom line and CSR. As per the information stated on table 4.12 more than 58% of the employees agree on the issue of the company’s ability in working by respecting the ethics norms and values of the society. To the contrary there are more

than 22% employees who criticize BGI for not working as per the ethical norms and values of the society. This idea is in line with the response given on the ability of the company to go beyond or to understand issues of ethics and society beyond the normal limit. Because almost forty five percent of the employees believe the company has such kind of understanding and is ready to entertain different issues of ethics raised against the company. The opposite is true for forty two percent of the employees that are doubtful about the understanding and readiness of the company to go beyond the limit to answer for the issues of ethics and norms of the society. Concerning the relation it had with the employees most (more than 60 %) of them appreciate the effort of the company to treat employees fairly and to them as the most important body of the company rather than as a machine or necessary thing. Numbers of (34%) employees also complain on the issues of fairness and human right in BGI Ethiopia. With regard to the relation with the society the company has a planned way of stable and peaceful mechanism that enabled it to create positive relation as described by more than 66% of the employees. Using the mean value obtained from each points the companies effort to create sustainably smooth and peaceful relation with the society (with the mean value of 4.01) and efforts to work by respecting the ethical norms and values of the society (with the mean value of 3.12) are the main strength from the social and ethical dimension of BGI's CSR practice.

**Table 4.13 Employee's awareness on the Philanthropic aspects of BGI CSR activities**

1 = Strongly Disagree      2 = Disagree      3 = Neutral    4 = Agree    5 = Strongly Agree

<b>Philanthropic aspects of BGI's CSR activities</b>		1	2	3	4	5
The company have organized community development programs to improve the life of the society in which it operates	Counts	11	73	0	28	13
	Percent	9%	58%	0	22%	11%
	Mean	2.12				
The company have all rounded social service and support programs like sponsoring education, health, sport ,art and culture etc.	Counts	31	11	5	57	21
	Percent	25%	9%	4%	45%	17%
	Mean	3.91				
The company participate continuously in different social and economical development programs of the country	Counts	9	44	16	51	5
	Percent	7%	35%	13%	41%	4%
	Mean	3.37				
The company fits the philanthropic expectation of society.	Counts	20	57	0	43	5
	Percent	16%	46%	0	34%	4%
	Mean	2.71				

Source: Own, December 2017.

The above table 4.13 shows the philanthropic aspect of BGI CSR activities and it is described that more than 58% of the employee disagree on the idea that BGI is working on organized community development programs to improve the life of the society in which it operates. The opposite is true for 22% and 11% of the employee who said the company has organized community development programs that helps the society. On the other hand more than half of the employees agree that BGI have all rounded social service and support programs which are mostly known for sponsoring the art programs and sport programs. Contrary to this more than twenty five percent of the respondents are doubtful that the company had all rounded social service and support programs. Concerning the role of the company on the social and economical development programs of the country, closer to 45% employees believe that BGI is continuously committed in participating in national economical development programs. On the other hand the employees are divided in to two sides concerning the harmony between the philanthropic expectation of the societies and the philanthropic performance of BGI. Comparing the mean value of each point the company is good on the all rounded social service and support programs (with the mean value of 3.91) and in participating in national development programs (3.37), but very low in meeting the philanthropic expectation of the society (2.71) and in having organized



community development programs that improve the life's of the society in which it operates (2.12).

**Table 4.14 Employee's awareness on the Environmental aspects of BGI CSR activities**

1 = Strongly Disagree      2 = Disagree      3 = Neutral      4 = Agree      5 = Strongly Agree

<b>Environmental Aspects of BGI's CSR activities</b>		1	2	3	4	5
The company have modern waste management system to protect the environment	Counts	11	27	0	73	14
	Percent	9%	22%	0	58%	11%
	Mean	3.12				
The company uses recycling system on things like energy ,water, waste products etc. to reduce its effect on environment	Counts	31	12	5	56	21
	Percent	25%	9%	4%	45%	17%
	Mean	2.93				
The company have integrated environmental management system that fits environmental rules and regulations of the country	Counts	9	44	16	51	5
	Percent	7%	35%	13%	41%	4%
	Mean	3.92				
The company have never experienced significant complain and problems in environmental aspect far.	Counts	0	8	30	82	5
	Percent	0	6%	24%	66%	4%
	Mean	4.11				

Source: Own, December 2017.

The company has modern waste management system to control the direct effect that the factories have on the environment and this is confirmed by 69% of the employees. On the contrary more than twenty two percent of the employees don't accept this idea. In relation to this according to sixty two percent of the employee agreed on the idea that the company uses recycling system for water, waste products and the like to reduce the negative impact on the environment and the rest of the employees say the company doesn't have such kind of recycling system to keep the environment from pollution. On the other hand forty five percent of the employees confirmed the existence of integrated environmental management system which is in line with the environmental protection agency regulations of the country. Closer to 13% of the employees are neutral to this idea of the existence of environmental management system in the company followed by more than 35% of the employees that confirms the absence of such kind of environmental protection management system in the company. Many of the employees (70%) also are the witness for the absence of significant environmental complains and problem created

by the company so far. But there are 24% employees who preferred to be neutral on the negative experience of the company so far on the environment. Environmentally BGI employees believe that the company doesn't face significant problem so far (with the mean value of 4.11), this might be due to the integrated environmental management system that the company have as it is the point credited by the employee (with the mean value of 3.92) and the role of modern waste management system is also high in reducing negative environmental influence (with the mean value of 3.12) of the company.

### **4.3.3 The Benefits of Corporate Social Responsibility to BGI Ethiopia**

This section of the paper is dedicated to the benefit that BGI gained out of practicing corporate social Responsibility programs.

#### 4.3.1 Economical Benefits of Practicing CSR for BGI Ethiopia

1 = Strongly Disagree      2 = Disagree      3 = Neutral    4 = Agree    5 = Strongly Agree

**Table 4.15 Economical Benefits of Practicing CSR in BGI Ethiopia**

<b>Economical Benefits of BGI's CSR activities</b>		1	2	3	4	5
BGI's profit increased due to the practice of Corporate Social Responsibility	Counts	8	47	41	24	5
	Percent	6%	38%	33%	19%	4%
	Mean	2.63				
BGI's market share is growing and getting competitive advantage due to the practice of Corporate Social Responsibility	Counts	16	45	29	35	-
	Percent	13%	36%	23%	28%	-
	Mean	2.12				
BGI's product demand / Sales Volume increased due to the practice of Corporate Social Responsibility	Counts	30	45	16	34	-
	Percent	24%	36%	13%	27%	-
	Mean	2.02				
BGI's operational cost decreased due to the application of Corporate Social Responsibility	Counts	14	53	26	21	11
	Percent	11%	42%	21%	17%	9%
	Mean	2.11				
BGI's Brand image and reputation has increased due to its Corporate Social Programs	Counts	-	7	-	99	19
	Percent	-	6%	-	79%	15%
	Mean	4.32				

Source: Own, December 2017.

The above table 4.15 stated some of the points which are believed to be the main benefits of CSR in economic aspects. The reflection of the employees on the economical benefits of CSR is discussed as follow. Closer to 44% of the employees doesn't accept the idea that Corporate Social Responsibility Practice of the company has increased the profit and thirty three percent of the employees are neutral about the idea that CSR practice of BGI has increased the profit. As opposed to this response 23% of the employees believe that the Corporate Social Responsibility

practice of BGI played great role in increasing its profit. In relation to profit market share and getting competitive advantage is critical and in this respect most of the employees doesn't accept the impact of CSR for BGI case. This is further supported by almost half (49%) of the respondent who refuse the idea that the growth of the market share as well as the competitive advantage of BGI is not related totally with its CSR practice. The concept of increase in demand or sales volume is also related to this idea that almost 60% of the employee disagree on the contribution of CSR practice of BGI for the increase of its product demand. Meanwhile twenty three percent of the employees are neutral to the case because they believe that some other factors other than CSR have contributed for the market share growth and competitive advantage of BGI. But there are 28% who accept the role of Corporate Social Responsibility in increasing the market share as well as the competitive advantage of BGI. The other economical advantage of CSR which is raised for employees were the decrease in operational cost due to the application of CSR concepts which is opposed by almost half of the employee that disagree the role of CSR in BGI's operational cost followed by twenty one percent neutral employees on the idea. Still 26% of the employee are positive and in agreement with the idea that the practice of BGI's CSR decreased its operational cost. Finally the only point that gets positive response and concluded with the agreement is the economical advantage of CSR for BGI in building its positive brand image and brand reputation. Almost all (94%) of the employee agreed that BGI is advantageous in terms of practicing corporate social responsibility for building its brand image and brand reputation. The company implanted its positive name and reputation through its practice of corporate social responsibility. But it is also difficult to decide that the customer preferred BGI products due to its CSR activity For example the customers of a given company, which is famous for its CSR activities, might prefer the product due to its quality, price, the service delivery mechanism or attractive advertising. So it is challenging to quantify the financial effects of CSR as well as to get the way which can satisfy stakeholder (Cheers, 2011). To compare the mean result of each economical aspect of CSR for the benefit of BGI the only aspect that is believed to be advantageous is the role of CSR for brand image and reputation (with the mean value of 4.32). Other points like the role of CSR to decrease operational cost (2.11), the role of CSR to increase profit (2.63), the role of CSR in increasing sales volume (2.02) and market share (2.12) got the least points. This shows that most of the employee doesn't

believe on the economical advantage of practicing CSR for their company and they don't believe in the business side of Corporate Social Responsibility.

#### 4.3.2 Social and Philanthropic Benefits of Practicing CSR for BGI Ethiopia

**Table 4.16 Social and philanthropic benefits of BGI's CSR activities**

1 = Strongly Disagree      2 = Disagree      3 = Neutral      4 = Agree      5 = Strongly Agree

<b>Social and philanthropic benefits of BGI's CSR activities</b>		1	2	3	4	5
BGI Ethiopia is discharging its moral obligation to the society by practicing Corporate Social Responsibility	Counts	-	8	5	72	40
	Percent	-	6%	4%	58%	32%
	Mean	3.91				
BGI's Corporate Social Responsibility practice has created smooth and positive relation with the society and community it works.	Counts	-	16	19	68	22
	Percent	-	13%	15%	54%	18%
	Mean	3.42				
BGI's Corporate Social Responsibility practice built positive image in the society and increased its acceptance from the customers.	Counts	-	-	14	66	45
	Percent	-	-	11%	53%	36%
	Mean	4.51				
BGI's Corporate Social Responsibility practice created improved and positive relation with its employees	Counts	27	33	16	49	-
	Percent	22%	26%	13%	39%	-
	Mean	2.79				

Source: Own, December 2017.

On the social and philanthropic benefit that CSR have given to BGI many of them are positive and agree on most of the points raised. For example almost all (90%) of the employees feel that BGI is discharging its moral obligation to the society while it practice its current CSR activities. So the company feel that it has no question of morality in relation with philanthropic or charity based activities which is one of important dimension in our country. In relation to this most of the (72%) employees believe that BGI is advantageous in creating smooth and positive relation with the society and community it works by practicing different Corporate Social Responsibility Programs. In fact there are few (13%) employee who are reserved on the issue and even their fifteen percent employees who have no idea of the role that CSR has played for BGI in

improving their relation with the society. The role of Corporate Social Responsibility programs of BGI has also played great role in building its image and increasing its acceptance within the society as confirmed by most of (89%) of the employees. The role of CSR practice for creating smooth and positive relation with the employees is almost none in BGI as most of the employees disagree on the idea that the company CSR programs has improved their relation (48%). In fact the percentage of those who also believe that the corporate social Responsibility practice of BGI has also created positive relation with the employee is also not small (39%). Finally in comparing the mean value of each points which are raised to discuss the social and philanthropic benefit of CSR it is possible to rank that BGI is benefited by its practice in terms of creating positive and smooth relation with the society (with the mean value of 3.42) which is further advantageous for improving its image as well as increasing its acceptance (with the mean value of 4.51) and also in discharging its moral obligation that is expected from the society (with the mean value of 3.91). From this one can see that BGI has gained a lot from practicing corporate social responsibility programs and the social advantages of CSR has played critical role for having positive image and great acceptance within the society.

#### 4.3.2 Legal Benefits of Practicing CSR for BGI Ethiopia

1 = Strongly Disagree      2 = Disagree      3 = Neutral      4 = Agree      5 = Strongly Agree

**Table 4.17 Legal benefits of BGI's CSR activities**

<b>Legal benefits of BGI's CSR activities</b>		1	2	3	4	5
So far BGI doesn't face any significant or series legal claim out of its operation while working with the society	Counts	-	-	32	80	13
	Percent	-	-	26%	64%	10%
	Mean	4.61				
The company doesn't initiated any laws and regulations from the government side that affect its operation	Counts	9	24	16	54	22
	Percent	7%	19%	13%	43%	18%
	Mean	2.82				
The company seen by the employees and the societies as law abiding company that works by keeping the rules and regulations of the country.	Counts	-	16	14	57	38
	Percent	-	13%	11%	46%	30%
	Mean	4.19				

Source: Own, December 2017.

The main theme of Table 4.17 is to show some of the advantage that can be gained by the company for involving itself in corporate social responsibility. The legal advantage of being law abiding company is not so much separated from the advantage gained through social benefit of CSR that we have seen above. In this regard, most of the employees which account for more than 64% agree on the idea that their company doesn't face so far any significant or series legal claim while undertaking its operation. There are 26% employees who are neutral on this response of legal claim. Concerning the contribution of the company for initiation of any laws and regulations that affect its operation majority of the employee (61%) believe that their company works by respecting rules and regulations of the country and as such there is no significant legal claim that leads to the government to design discouraging rules and regulation against the activity of the company. Twenty six percent of the employee doesn't accept this idea and there are some (13%) employees who have no idea about the issue or who preferred to be silent. The last point is about how the company is seen by the employees and the societies as defined by the employees themselves. And majority of the employees (76%) see their company as a company that works by respecting the rules and regulation of the country as well as the society. Comparing the mean value, the belief of the employees that their company is law abiding company (with the mean value of 4.19) and the fact that their company had not faced any series or significant legal claim from the government or the society during its operation (with the mean value of 4.61) can be taken as the main legal benefit gained so far by BGI Ethiopia. And this is very important even for the industry that the government might not issue any law which hampers the day to day operation as well as the whole operation of the company.

### **4.3.3 The Challenges of practicing Corporate Social Responsibility in BGI**

There are different challenges that hamper the implementation of CSR in BGI Ethiopia and some of the challenges are discussed below by referring the response of the customers.

**Table 4.18 Challenges of implementing Corporate Social Responsibility in BGI brewery**

1 = Strongly Disagree      2 = Disagree      3 = Neutral      4 = Agree      5 = Strongly Agree

Challenges of implementing CSR in BGI brewery		1	2	3	4	5
There is lack of awareness and interest of the employees about the importance of CSR for all of the stakeholders.	Counts	-	5	5	83	32
	Percent	-	4%	4%	66%	26%
	Mean	3.63				
There is low level of understanding and interest in the community and society concerning the benefit of CSR for all stakeholders.	Counts	9	8	16	68	24
	Percent	7%	6%	13%	55%	19%
	Mean	4.23				
There is poor communication between the company and other important stakeholders like community and employees about its CSR activities.	Counts	30	45	16	34	-
	Percent	24%	36%	13%	27%	-
	Mean	2.02				
There is lack of NGOs that helps to teach the community and identify on what issues shall the company's CSR activities shall base.	Counts	-	-	11	70	44
	Percent	-	-	9%	56%	35%
	Mean	4.61				
There is lack of transparency and clear reporting mechanism on the CSR performance of the company.	Counts	-	7	5	94	19
	Percent	-	6%	4%	75%	15%
	Mean	4.39				
The company tends to focus on event and public sponsorship that promote itself than doing what is important for the society in its CSR programs,	Counts	11	10	-	88	16
	Percent	9%	8%	-	70%	13%
	Mean	4.11				
The company doesn't have organized and clear guidelines, policy and regulation that helps to implement CSR activity.	Counts	-	7	19	99	-
	Percent	-	6%	15%	79%	-
	Mean	4.02				
There is a belief that CSR is just donating and expending money without any complementary advantage.	Counts	14	21	26	53	11
	Percent	11%	17%	21%	42%	9%
	Mean	4.15				
There is lack of rules and regulations that support and direct the Corporate Social Responsibility of companies from the government side.	Counts	-	8	5	96	16
	Percent	-	6%	4%	77%	13%
	Mean	4.32				

Source: Own, December 2017.



### **A. Challenges Related with Understanding, awareness and lack of interest**

On table 4.18 different challenges of implementing Corporate Social Responsibility are listed and employees have responded on each of the issues. More than 90% of the employees believe that there is lack of awareness and interest of the employees about the importance of CSR for all of the stakeholders. This is a critical bottleneck for the implementation of CSR in a given company because employees are one of the key stakeholders for changing CSR plans in to reality. Not only their level of understanding but also their level of interest for the issues matter a lot in this issue as it is a new developing concept in countries like Ethiopia. The same is true about the understanding and interest of the community and the society at large as it is confirmed by more than 70% of the employees. The level of understanding of the community about CSR is critical to make them participate in the issue and motivate them for continues involvement in the company strategy. Around 13% of the employees disagree by saying that it is difficult to measure the level of understanding and interest of the society and preferred to be neutral. The same number of employees disagree that the society is capable of understanding the issue and are motivated enough on the issue of CSR.

### **B. Challenges of lack of Communication and transparency**

The interest and level of awareness of the employees and the community is sometimes dependent up on the communication they have with BGI on the issue of CSR. Because 27% of the employees believe the existence of poor communication between the company and the stakeholders like community and employees. This might agree with the idea that more than 80% of the employees suggested the lack of clear and transparent mechanism of reporting Corporate Social Responsibility practice of the BGI in formal way. But there are also 60% employees who confirm the existence of good communication between the company and the stakeholders on the issue of CSR which is in agreement with 20% of the employees who claim the existence of clear and transparent reporting mechanisms of CSR activities of BGI. Issues which are related with problem of communication and transparency as well as lack of motivation or interest are also common in many cases and are listed as part of challenging factors of CSR implementation in the hand books of CSR (2012).

### **C. Challenges of Local capacities and NGOs that create awareness and identifies issues**

Non- Government Organizations plays critical roles in creating awareness and by identifying important issues of CSR. NGOs role starts from teaching the community about basic understanding of Corporate Social Responsibility to make them beneficiary out of operations of any that works around them. Not only to win benefit but also to keep the stakeholder safe from any externality effects of the company NGOs played important role like in the case of Coca Cola's case in India in 2011 where they were the first to criticize the company for its negative role in polluting the rivers and endangering the communities wellbeing. Also NGOs can help by identifying important issues to be addressed specially in terms of developing sustainable community based economic as well as social development Programs. Otherwise most of the CSR practice may favor to charity or donation as it is common in Africa (Uvais&Cholasseri, 2013). In this regard majority (91%) of the employees of BGI claim lack of NGOs that plays the role of creating awareness and selecting important issues in the community. Even if there are some neutral responses to this idea there are no employee who doesn't share this idea of lack of NGOs that plays critical role in developing CSR concepts within the community.

### **D. Challenges of Narrow perception and Visibility factors**

One of the main challenges in implementing Corporate Social Responsibility is the challenges from key stakeholders claiming CSR activities as only donation or simply increasing expense without any counter advantage that can be calculated financially. This is due to lack of mechanism to develop business case mechanism for CSR. For example companies can decrease their cost of waste management by applying recycling mechanism which saves the revivers around the factories from pollution. Also it is not fair to forget the impact of creating smooth and positive relation with the society that increase acceptance within the investment environment. In this aspect half of the employees (51%) of BGI believe that CSR is just charity or delivering a donation without any a tangible financial return which is off course the idea not accepted by 28% of the employees. There are also some (21%) who preferred to be neutral on the issue of narrow perception. As a solution for this companies mostly prefer to invest on issue of CSR which are like famous event sponsorship and public programs to promote itself side by side. The problem is that the company may focus on issue of CSR which is less important for the society. This is the case in BGI as responded by 83% of the employees who feel the company prefer promotional

events than simple CSR programs even if it is not accepted by 17% of the employees. This is also in line with study made in India factories (Saxena, 2016).

#### **E. Challenges of Lack of clear guidelines, policy and regulation in BGI**

Even if BGI is one of the big companies that are implementing CSR the employees described during the interview made with the officer as well as from the questionnaires that there is no clear guidelines, policies and regulation that is used to manage its CSR Programs. This is further supported by more than 75% of the employees who said there are no clear guidelines, policy and regulation for the company's CSR activities. But this doesn't mean that the company doesn't have any outline or simple rules or guidelines which are used to entertain different planned as well as unplanned issues of CSR. This is also one of the critical problems in CSR especially in the areas where the concept of CSR is not developed (Berad, 2011).

#### **F. Challenges of lack of Support from the Government**

Even the government appreciates different gift or donation programs of the company it doesn't have any specific policy or rules that dictates the corporate social responsibility of companies in Ethiopia. This shows that even the country is new for such kinds of organized activities. It is clear that the government have different bodies like labor Unions, Environmental Protection Agency, Ethiopian Standardization Agency etc. that control specific issues that are part of corporate social responsibility concepts. This lack of clear rules and initiation to direct companies' effort of CSR is supported by more than 90% of the employees of BGI.

In Summary among the points which are listed as a challenge for the CSR implementation of BGI's programs it is possible to compare using their mean value as follow. Lack of NGOs that create awareness in the community and identify issues for the company's (with the mean value of 4.61), lack of transparency and clear reporting mechanism on the CSR performance of the company (with the mean value of 4.39), lack of support from the government (with the mean value of 4.32) , low level of understanding and interest in the community about CSR (with the mean value of 4.23) and lack of clear guidelines, policy and regulation in the company about CSR (with the mean value of 4.02) are the main challenges that BGI faces while implementing CSR activities in the society. Problems like narrow perception and visibility factors (4.11), lack of communication, lack of awareness and interest from the employees are also other challenges

that need the attention of the company to create solution in its future implementation of CSR activities.

#### **4.4 Discussion and analysis of interviews and other secondary resources of BGI**

In this section the response of officials who participated in the interview is discussed and analyzed with secondary resources which are mainly brochures, magazines, website and other paper works delivered by BGI Ethiopia in few titles which are CSR Profiles, CSR guidelines and policies of the company, CSR and Stakeholders and finally the benefits and challenges of CSR in BGI Ethiopia is presented.

##### **4.4.1 CSR Profile of BGI Ethiopia**

As per the interviews made with the officials of the company and as per the information extracted from different secondary sources BGI implements different kinds of CSR activities which have different advantages for the company as well as the stakeholders. The company operates within a framework of ethical principles and good corporate citizenship in its thinking and day to day operations. The company considers the impact it has on local environments and communities and a responsible approach to alcohol use is of the utmost importance and central to their business ethos. The same goes to the act of all the employees at every place and any time.

**A. Legal and Ethical Compliance** - BGI Ethiopia complies with all relevant legislation of the Ethiopian Government Concerning its manufacturing process and there is a continuous staff training to keep the standard always. It also adheres to all recommendations and regulations in relation to responsible drinking and sales of the product are managed by the rules of the relevant authority.

**B. Quality of the product and safety**- being committed to providing products of uncompromising quality to meet the needs and expectations of its customers, the company believes that its products should be advertised and promoted in an honest and ethical manner that respects the values of the society. Continuous staff training and certification on food Hygiene and Management, Healthy and Safety procedures is one of the qualities of the company.

**C. Environmental Protection** - The Company is equipped with appropriate and modern facilities for factory waste management. The product delivery system is also designed in coordinated approach to reduce the carbon foot prints by transporting in bulk or using other

techniques which indicate that the company is sensitive for environmental protection issues. There is also recycling management and integrated environment management system to reduce any impact that the factory has on the environment. In this regard the company is one of the brewery company that won ISO 14000 which is an award made for the environmental safety efforts and protection practices made by a company.

**D. Community involvement and Social Investment** - In terms of involving community and social investment BGI Ethiopia participate in a wide range of social responsibility engagement programs to invest back into the community in which it operates. This is part of the company's effort in improving society's life and mainly the company prefers to support the project or ideas or issues provided by the community rather than doing what the company wants to do. The company intends to fund several projects that belongs to and driven by the community and become sustainable. However, before delivering the finance to the project the company makes sure that skills will be transferred, communities are involved and the project will be able to become self-sustaining. BGI Ethiopia is known for its local charity through sales of certain products and provision of facilities at community events. It is also committed in supporting local causes, events and organizations so as to create positive image and increase its acceptance within the community. It also provides multidimensional and all rounded social service and support on education (like child education-school feeding programs, covering fees, constructing schools etc.) , health (local and international medication for disadvantaged people and for sharing knowledge with international doctors, awareness creation program on epidemic diseases like HIV), sponsoring sports and arts, developmental initiatives of the government like the grand dam and community development initiatives, emergency and humanitarian assistances etc.

#### **4.4.2 CSR guidelines and policies of the company**

The officials said the company always has a budget for different kinds of Corporate Social Programs that will be undertaken and for those which are under operations. There are also annual programs that will be planned in advance to perform the activities which are designed in the CSR programs. In terms of strategy the company said that it has tried to combine corporate social responsibility with every plan it has but there is no documented CSR plan and as well as reporting mechanism which has a standard. In fact during the interview the officials confirmed the existence of policy for every activity which are performed in the name of Corporate Social

Responsibility but it is more of company financial, marketing or formal process of planning achieving rather separately designed guideline or regulation. Meaning the company doesn't have also clear and separate guideline or regulation to manage its CSR program rather it uses policies, manuals and rules which are designed by the administrative body for financial and administrative purpose. They are also doubtful for the need of such kind of separately designed out line and reporting mechanism rather than what they now. With regard to reporting it is the responsibility of the public relation office and officer to announce and promote what has been done by the company on timely bases. They report it also in the form of news, brochures, monthly magazine or the like in the name of charity or donation given to the society or the country by BGI rather than well-developed CSR format.

#### **4.4.3 CSR activity and Stakeholders in the Company aspect**

The company gives attention to the stakeholder like employees, customers and community and others. The attention given to the community is expressed by different kinds of social and development charity programs delivered by the company. This is discussed also in the questionnaires and in the CSR profile of the company. Concerning the relation it has with the employees the company believes that it has smooth and positive relation due to its effort to enrich its employees with training, attractive benefit and salary packages, keeping their safety and health condition etc. The company also believes that it has loyal customers and attention is also given for safety of their product and the company is responsible in production as well as distribution process of its product. The company is also working by keeping the ethics, norms and values of the society in which it operates and its charity based CSR has also created positive image with the customer and have good reputations.

#### **4.4.4 Benefits and challenges of CSR in Ethiopian brewery industry**

The response in this issue is almost similar to the last section of the analysis made on the response of the employees' questionnaires. Except the fact that the official believe that they have enough guideline to direct their current corporate social responsibility programs. Also they have stated the difficulty of measuring the economical as well as legal benefit of CSR except factors like the absence of discouraging law, brand image and reputation etc. The officials has also stressed on the lack of clear guideline ,policy and regulation from the government as well as from the company side informing that the government is currently calling different companies

for CSR discussion to prepare framework. On the issue of CSR the understanding of the officials is also almost similar to the rest of the employees in the fact that they refer or magnify only the social aspect of CSR rather than holistic approach. In addition to this, the officials also believe that the company's effort or budget and the philanthropic expectation of the society is different due to the number of demand from the society and the lack of guideline on how to entertain all the issues.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

This is the last and important chapter of the study and first the summary of the findings from the company is presented together in terms of the title that is extracted from the research questions.

Then conclusion is from the summary that is made and finally recommendation will be given based on the conclusions and findings of the study.

## **5.1. Summary**

- Most of the customer (60%) and the community (63%) understand CSR as charity or voluntary programs done by the company to help the society.
- Concerning the Corporate Social Responsibility programs of BGI Ethiopia majority of the customers (70%) believe that the company has formally organized CSR programs which is also shared by half of the community (53%) in which BGI operate in its Addis Ababa site. But closer to 47% of the community and minority of the customer (30%) says there are no formal and organized CSR programs in BGI Ethiopia. Also more than 70% of both the customer and community believe that BGI is working by keeping the environment, environmental regulation, norms, ethics and values of the society in its day to day operations.
- On the CSR activities of BGI in the area where it is operating majority of the community (69%) criticized BGI Ethiopia for not having charity/donation programs and social package as well as community well-being programs (87%) which are designed specifically to help the community in which it is operating.
- Majority (with the mean value of 4.11) of the employees in BGI Ethiopia defines CSR as the responsibility of the company to improve the life quality of the employees and their families, to care for the community and society while keeping its economic growth at the same time. On the other hand considering the legal compliance, ethical norms and moral laws as well as environmental and economic issues parallel is the other way in which most of the employees (3.92) understand CSR.
- From the economical aspect of CSR activities of BGI discharging economical responsibility (4.11) and sustainable business strategy (4.71) are the main feature that gets the attention of the employees.
- The companies effort to create sustainably smooth and peaceful relation with the society (mean value of 4.01) and efforts to work by respecting the ethical norms and values of the society (mean value of 3.12) are the main strength from the social & ethical dimension of BGI's CSR practice.
- According to the response of most of the employees (mean value of 3.91) BGI have all rounded social service and support programs and it also participate continuously in different



socio-economic development of the country (mean value of 3.37). Contrary to this, most of them feel that the company is not up to the philanthropic expectation of the society (2.71).

- Environmentally many of the BGI employees believe that the company doesn't face significant problem so far (mean value of 4.11), this might be due to the integrated environmental management system that the company have as it is the point credited by majority employee (mean value of 3.92) and the role of modern waste management system is also high in reducing negative environmental influence (mean value of 3.12) of the company.
- Among the Economical aspect of CSR which are listed as the benefit of BGI the only aspect that is believed to be advantageous is the role of CSR for brand image and reputation (mean value of 4.32). Other points like, the role of CSR to increase profit (2.63), the role of CSR in increasing sales volume (2.02) and market share (2.12) got the least points.
- BGI is benefited by its CSR practice in terms of creating positive and smooth relation with the society (with the mean value of 3.42) which is further advantageous for improving its image as well as increasing its acceptance (with the mean value of 4.51) and also in discharging its moral obligation that is expected from the society (mean value of 3.91).
- Almost all of the employees believe that their company is law abiding company (with the mean value of 4.19) and the fact that their company had not faced any series or significant legal claim from the government or the society during its operation (mean value of 4.61) can be taken as the main legal benefit gained so far by BGI Ethiopia.
- Among the Challenges of CSR that BGI Ethiopia is facing lack of awareness and understanding as well as lack of interest from the employees and the community and society is listed as one of the main challenging factor (mean value of 3.63&4.23 respectively).
- Lack of NGOs that create awareness in the community and identify critical issues for CSR practice of the company's is one of the major challenges faced by BGI Ethiopia (4.61).
- Lack of transparency and clear reporting mechanism on the CSR performance of the company is also the other major problem as responded by many of the employees (mean value of 4.39) who claimed lack of standardized reporting mechanism which is designed specifically to report their CSR performance.
- Lack of clear guidelines, policy and regulation in the company about CSR (mean value of 4.02) is also the other critical challenges that BGI faces while implementing CSR activities in the society. This is also the other problem from the government side as stated by interview

made with the officials and the response of many employees (mean value of 4.32) which shows the lack of support from the government on issues like policy and guidelines etc.

- As per the response of many employees the company tends to focus on event and public sponsorship that promote itself than doing what is important for the society in its CSR programs (with the mean value of 4.11).
- Most of the employees agree on the belief that CSR is just donating and expending money without any complementary advantage that can be calculated in terms of financial return or any other visible measure (with the mean value of 4.15).

## **5.2 Conclusions**

The customer and the surrounding community of BGI Ethiopia defines or understand Corporate Social Responsibility only from Philanthropic dimension which might create load of charity or donation demand on the company as the Philanthropic expectation of the society doesn't fit with the existing philanthropic performance of the company.

Due to the above understanding stakeholders like customers , community and employees of BGI lists only philanthropic and ethical issues like respecting the norms and values of the society , sponsorship of the events , sports, fragmented community support on issues like health , education etc. as the only features of Corporate Social Responsibility. Other dimensions like economical, legal and environmental are suppressed under marketing view or social aspect of CSR.

In line with this there is also problem of narrow perception where by most of the employees as well as officials think that Corporate Social Responsibility is just donating activity or simple expense escalating way that have no tangible or financial complementary advantage.

Even if it is temporary, the effort of the company in having different social and community based programs had created smooth and positive relation with the company which is very important to the acceptance that it has in the community.

Having environmental protection mechanisms like modern waste management system, water treatment mechanism and recycling is very important to protect the safety of the environment and those who are living around there. This is very helpful in getting the acceptance of the surrounding community, the society and the government as a whole.

It is possible to see the benefit of Corporate Social Responsibility from its main dimensions which are economic, social, philanthropic and legal. And of which most of the time the economic benefit is only seen from brand image building and reputation aspect. Which is also seen in the case of BGI where the role of CSR for increasing sales volume or demand, the role of CSR for increasing profit, the role of CSR in decreasing operational cost is almost perceived as zero compared to the value given to brand image and reputation.

The company doesn't face any discouraging law from the government side as the company is seen as law abiding company where there is no significant or series legal claim from the society or the government so far.

Communicating what is done in aspects of Corporate Social Responsibility by being transparent and by having clear and organized reporting mechanism is one of the main challenges in developing countries like Ethiopia. This is due to the fact that in many cases companies don't have clear reporting and communicating mechanism other than sponsoring of events and festivals which can be seen from BGI's case.

The role of Non-Governmental Organizations is critical in creating awareness in the community about the concept of CSR. In line with this NGOs can play critical role in identifying important issues which needs quick measures (like if there is environmental problems out of the operation of the company) and those primary issues of the society that needs sustainable solutions than temporary problems which are used by many companies for publicity purpose.

Challenges of Visibility factors which is sponsoring events and famous programs for the sake of getting consumers attention is one of the challenge in the brewery industry as they are using such kinds of program only from marketing perspective and reporting on the other side as CSR activity.

Finally lack of clear guideline, rules, regulation and reporting mechanism is the main challenge for Corporate Social Responsibility practice both from the company and government side. Because all the challenges which are raised above can get solution to some extent if there is clear mechanism to practice CSR. The company uses its existing financial or marketing policies or regulations which are not meant directly for CSR and this discourages the development of CSR as separate area of interest.

### **5.3 Recommendations**

The understanding and awareness of the stakeholders should be improved concerning the concept as well as practice of Corporate Social Responsibility through different mechanism that have a nature of teaching and informing all the concerned parties. This mechanism could be

- Preparing annually or half year program to celebrate and report different performance and achievement made in the area of Corporate Social Responsibility by inviting key stakeholders like employee, community , society and other important bodies like NGOs, public and private medias
- Initiating and helping academicians and others to make Research and development on the issue of CSR by collaborating with other companies from the same and different industries.
- Sharing experience and preparing such kind of experience sharing platform for others also to discuss and develop about Corporate Social Responsibility
- Inviting and helping local NGOs to create awareness on the issue of CSR and to evaluate and report the Company's performance.
- Being transparent and communicating what has been done so far in the area of CSR regularly to public and private Medias.

It is advisable to prepare separated and standardized guidelines, policy, rules and regulations in area of Corporate Social Responsibility by considering the advantage it has and by existing situation of the country. Having separated and standardized guideline is very helpful to evaluate once performance and to identify weakness. Also it helps to identify important areas and to act in a planned way that would give better result. It is also advisable to consider the growing brewery industry of the country and extending it to international market and to do this the Company CSR format or organization is critical. In this regard it is recommendable to use modern CSR guidelines like ISO 26000 which are very inclusive and holistic in their approach.

The report and the reporting format of BGI shall encompass the following main things:

- Identify the CSR achievements in terms of points like environment , fair operating practices, consumer issues , community involvement and development
- Identifying problem areas so as to increase once credibility
- Description about how and when stakeholders are involved in social responsibility programs of the company

- Explaining plans for improvement in their future plan in area of Corporate Social Responsibility

To improve the problem of narrow perception it is advisable to understand the significance of acceptance and image building as well as having good reputation in the society. The activities of Corporate Social Responsibility play key roles in increasing acceptance and creating sense of belongingness in the society. These are very critical not only to increase or sustain market share but also for the survival of the company. So it is not advisable to evaluate CSR always from the financial side rather to see from other intangible advantages like acceptance and smooth relation with the community.

Finally the role of Government and NGOs shall be given due attention and BGI shall initiate and call for discussion on the issue. This is due to the fact that one company could not create awareness and understanding in the society alone. In other countries like India NGOs had played fundamental and positive role in critical environmental and social problems which were caused by Beverage Company Coca cola in 2011 to correct Coca cola's water pollution problem by making it to have CSR program for the society. As Ethiopia is developing country there are critical issues like poverty, education, innovation etc. that need critical consideration than simple event sponsorship and one time donation. So the role of NGOs and organized follow up from the government side on the issue of CSR is recommendable.

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## **Appendices**

### Appendix 1

#### **Managers' Interviews Schedule**

##### **I. Guided Interview Questions**

1. What is your understanding about CSR?
2. What CSR practices/activities does your company serve?
3. How does CSR function in your company works?
4. What is your reason or what are the factors that motivate the company to engage in CSR practices?
5. Do you think there is a business case for CSR that gives advantage to the company?
6. What return does the CSR contribute to the company?
7. Do you think the mission and vision of the company considers the CSR practices or activities?
8. Who is responsible about the CSR in the company?
9. Who do you report your local CSR activities to?
10. What are the values of the company that dictate or serve as the source of CSR practices for the company?
11. Do you believe that the company is responsible (societal and ethical) to develop a better society by crossing the legal and economical obligations?
12. Are there any governmental and public pressures like expectation from the society concerning CSR activities?
13. What international pressure(s) or CSR initiatives (CSR tools) do you follow and struggle to apply? Why?
14. Are the above international and local obligations served as the pushing factor for the CSR imitative of the company?
15. What are the national law as well as the company specific (internal) law that you have to respect regarding CSR?
16. What semi-legal requirements do you have to abide by as part of your internal mechanisms?
17. How do you evaluate your company's participation in public policy dialogue?

18. Do you think the law/domestic regulation serves as a CSR source for your company?
19. How is the transparency of communication level that the company have with its stakeholders?
20. What are the CSR practices which are related with employees?
21. How do you evaluate the treatment of employees from the perspective of fairness and equitability?
22. How do you describe the compensation and benefits packages that you offer to your employees?
23. How do you judge the role of your company in encouraging employees to form associations or unions?
24. How is the effort of the company to improve the social welfare/livelihood of the community in which it exists?
25. What efforts have you been exerting to promote awareness of health, safety and international issues that relate to the specific types of business in which your company is engaged in?
26. How is the communication and transparency that the company have with the community?
27. What customer-oriented CSR practices do you undertake?
28. What efforts do you exert to (increase) consumer information availability?
29. How do you judge your commitment to truthful advertising? And advertising to children?
30. How do you educate your customers to reduce the environmental cost of using your product?
31. What are the customers centered CSR activities of the company?
32. List out the effort made to increase the level of transparency to customers?
33. Are the advertisement and promotion made reliable?
34. What are the lessons given to the community to keep the safety of the environment?
35. How do you conserve water/ water resource?
36. What are the CSR practices done by the company to keep the environmental resources? Like water, air pollution etc.
37. What are the waste management processes of the company is looks like?

38. What are the benefits that the company will gain by implementing CSR in the local context?
39. What are the major and the minor barriers and challenges that the company is facing while changing SR into reality?
40. Does the company so far integrate different international standards or strategies of CSR?
41. How do you customize the international CSR strategies and guidelines in to the local exiting situation?
42. How do you explain the legal, ethical and economic framework with respect to CSR environment of Ethiopia? Is there any national law enforcement that dictates or require the company business to be in line with regards to CSR?

## Appendix 2

### ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES MBA PROGRAM

Dear Respondent I am a final year MBA student at St. Mary's University School of Graduate Studies. As part of the requirements in completion of the MBA program; I am undertaking a research entitled "ASSESSMENT ON PRACTICE, CHALLENGE AND BENEFIT OF DISCHARGING CORPORATE SOCIAL RESPONSIBILITY IN THE CASE OF BGI ETHIOPIA BREWERY". To this end, I am collecting data from the customers who are using the products of the Company. You have been selected as a valuable participant for this research. In order for the research to yield valid results, it is important that you answer all questions as honestly and truthfully as possible. It is solely for an MBA Thesis and responses will remain anonymous and confidential.

Respond by ticking  in the table

#### Part I: Question 1. Demographic Characteristics

Demography				
Age range	18-28	29-39	> 39	
Employment Status	Employed	Self-Employed	Unemployed	Student
Income Range	< 2500	2501-4000	4001-6000	> 6000
Educational Level	High School graduate	Diploma	Degree	> Degree

**Part II: Q.1 Understanding and awareness of the Customer about Corporate Social Responsibility program of BGI brewery.**

<b>The Meaning of CSR for the customers</b>				
To protect the safety of the environment	To act responsibly by respecting ethics and morals of the society	To have charity or voluntary programs that helps the society	To respect the laws of the country and act accordingly	To be profitable as much as possible

**Q.2 Customers awareness about the Corporate Social Responsibility Programs of BGI**

<b>Statements</b>		<b>Yes</b>	<b>No</b>
No			
1	Do you believe BGI products are produced with the highest level of safety?		
2	Do you think that BGI have formally organized CSR programs?		
3	Do you think BGI advertisements are made in a socially responsible way?		
4	Do you know the Social or donation activities of BGI like sponsorships, charity etc.		
5	Do you think BGI works by keeping the environment and environmental regulations?		
6	Do you believe BGI is discharging its economical responsibility as a profit making company?		
7	Generally do you believe that BGI is working by respecting the norms, ethics and values of the society?		

**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES MBA PROGRAM**

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**Respond by ticking  $\surd$  in the table**

**Part I: Q.1 Demographic Characteristics of the community**

<b>Demographic characteristics of the community</b>				
Age range	<b>18-28</b>	<b>29-39</b>	<b>&gt; 39</b>	
Employment Status	<b>Employed</b>	<b>Self-Employed</b>	<b>Unemployed</b>	<b>Student</b>
Income Range	<b>&lt; 2500</b>	<b>2501-4000</b>	<b>4001-6000</b>	<b>&gt; 6000</b>
Educational Level	<b>High School graduate</b>	<b>Diploma</b>	<b>Degree</b>	<b>&gt; Degree</b>
Year of residence in the area	<b>&gt; 1 Year</b>	<b>1 – 3 Years</b>	<b>3-5 Years</b>	<b>&gt; 5 Years</b>

## Part II: Communities Understanding and Awareness of BGI's CSR activities

### Q.1 Understanding of communities about Corporate Social Responsibility

The Meaning of Corporate Social Responsibility for the communities				
To protect the safety of the environment	To act responsibly by respecting ethics and morals of the society	To have charity or voluntary programs that helps the society	To respect the laws of the country and act accordingly	To be profitable as much as possible

### Q.2 Table 4.7 Communities awareness about BGI's Corporate Social Responsibility programs

No.	Statements	Yes	NO
1	Do you think that BGI have formally organized CSR programs?	16	53%
2 3	Do you know any community support activities of BGI Ethiopia? like sponsoring art, sport activities , health programs etc.	28	93%
4 5	Do you believe that BGI Ethiopia has charity / donation programs that helps the community in which it operates?	10	31%
6	Do you know any program of BGI that is designed to help economically disadvantaged community in your area?	12	40%
7	Do you think BGI works by keeping the environment and environmental regulations in which it operates?	26	89%
8	Do you know any social package of BGI in your area that focus on promoting issues of health, inventions, education etc.?	4	13%
9	Do you believe that BGI is transparent and acts quickly when there is a need for open dialogue with the community?	17	59%
10	Do you know any programs of BGI designed to improve the community well-beings who are found around the factory? like roads, social facilities etc.		

**ST. MARY'S UNIVERSITY**

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**Respond by ticking  $\surd$  in the table**

**Part I: Demographic Characteristics of the Employees**

	<b>Diploma</b>	<b>Degree</b>	<b>Masters</b>	<b>&gt; Masters</b>
Educational Level				
Income Range	<b>&lt; 6500</b>	<b>6501-7500</b>	<b>7501-9500</b>	<b>&gt; 9500</b>
Year of Experience in BGI Ethiopia	<b>&lt; 3 years</b>	<b>3 – 5 years</b>	<b>5 – 7 years</b>	<b>&gt; 7 years</b>



## Part II: Understanding and Awareness of Employees about CSR and CSR of BGI Ethiopia

### Q.1 Understanding of Employees about Corporate Social Responsibility

Note that 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

	Statements	1	2	3	4	5
1	CSR is being profitable as much as possible so as to contribute to the economic development of the country					
2	CSR is the responsibility of the Company for their impact on society					
3	CSR means working by respecting the legal compliance, ethical and moral laws of the society while considering environmental and economic issues at the same time.					
4	CSR is the responsibility of the company to improve the life quality of the employees and their families, to care for the community and society while keeping its economic growth.					

### Q.2 Employees response on Economical Corporate Social Responsibility practices of BGI

Note that: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No.	Economical Aspects of BGI's CSR activities	1	2	3	4	5
1	The company has long term and stable financial performance and plan that enable to lead its business sustainably.					
2	The company is very competitive in maximizing its market share and profit					
3	The company uses different operational mechanisms so as to reduce operation cost and increase efficiency					
4	The company is discharging its economical responsibility to the country by creating different economic opportunities.					

### Q.3 Employees response on Legal Corporate Social Responsibility practices of BGI

Note that: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No.	Legal Aspects of BGI's CSR activities	1	2	3	4	5
1	The company works as per the rules and the regulations of the country					
2	The company respects every legal requirements claimed from the government					
3	The company respects the production laws and standards of the country					
4	The company fulfills the legal requirements in its internal and external day to day operations					

### Q.4 Employees response on Social and Ethical Corporate Social Responsibility practices of BGI

Note that: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No.	Social and Ethical Aspects of BGI's CSR activities	1	2	3	4	5
1	The company works by respecting the ethical norms and values of the society					
2	The company treat every employees fairly by respecting their right and human parts consistently					
3	The companies goes beyond the limit to entertain issues of ethics and society persistently					
4	The company works strongly in a planned way to have stable, peaceful and positive relationship with the society					

Q.5 Employees response on Philanthropic Corporate Social Responsibility practices of BGI

Note that: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No.	Philanthropic aspects of BGI's CSR activities	1	2	3	4	5
1	The company have organized community development programs to improve the life of the society in which it operates					
2	The company have all rounded social service and support programs like sponsoring education, health, sport ,art and culture etc					
3	The company participate continuously in different social and economic development programs of the country					
4	The company fits the philanthropic expectation of society.					

.5 Employees response on Environmental Corporate Social Responsibility practices of BGI

Note that: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No.	Environmental aspects of BGI's CSR activities	1	2	3	4	5
1	The company have modern waste management system to protect the environment					
2	The company uses recycling system on things like energy , water, waste products etc. to reduce its effect on environment					
3	The company have integrated environmental management system that fits environmental rules and regulations of the country					
4	The company have never experienced significant complain and problems in environmental aspect far.					

### Part III: The Benefits of Corporate Social Responsibility to BGI Ethiopia

#### Q.1 Employees response on Economic benefit of CSR practices of BGI

Note that: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No.	Economic Benefits of BGI's CSR activities	1	2	3	4	5
1	BGI's profit increased due to the practice of Corporate Social Responsibility					
2	BGI's market share is growing and getting competitive advantage due to the practice of Corporate Social Responsibility					
3	BGI's product demand / Sales Volume increased due to the practice of Corporate Social Responsibility					
4	BGI's operational cost decreased due to the application of Corporate Social Responsibility					
5	BGI's Brand image and reputation has increased due to its Corporate Social Programs					

#### Q.2 Employees response on Social and philanthropic benefit of CSR practices of BGI

Note that: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No.	Social and philanthropic benefits of BGI's CSR activities	1	2	3	4	5
1	BGI Ethiopia is discharging its moral obligation to the society by practicing Corporate Social Responsibility					
2	BGI's Corporate Social Responsibility practice has created smooth and positive relation with the society and community it works.					
3	BGI's Corporate Social Responsibility practice built positive image in the society and increased its acceptance from the customers.					
4	BGI's Corporate Social Responsibility practice created improved and positive relation with its employees					

### Q.3 Employees response on Legal benefit of Corporate Social Responsibility practices of BGI

Note that: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No.	Legal benefits of BGI's CSR activities	1	2	3	4	5
1	So far BGI doesn't face any significant or series legal claim out of its operation while working with the society					
2	The company doesn't initiated any laws and regulations from the government side that affect its operation					
3	The company seen by the employees and the societies as law abiding company that works by keeping the rules and regulations of the country.					

### Part III: The Challenges of practicing Corporate Social Responsibility in BGI

#### Q.1 Challenges of implementing Corporate Social Responsibility in BGI brewery

Note that: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

No.	Challenges of implementing CSR in BGI brewery	1	2	3	4	5
1	There is lack of awareness and interest of the employees about the importance of CSR for all of the stakeholders.					
2	There is low level of understanding and interest in the community and society concerning the benefit of CSR for all stakeholders.					
3	There is poor communication between the company and other important stakeholders like community and employees about its CSR activities.					
4	There is lack of NGOs that helps to teach the community and identify on what issues shall the company's CSR activities shall base					
5	There is lack of transparency and clear reporting mechanism on the CSR performance of the company					
6	The company tends to focus on event and public sponsorship that promote itself than doing what is important for the society in its CSR programs					
7	The company doesn't have organized and clear guidelines, policy and regulation that helps to implement CSR activity					
8	There is a belief that CSR is just donating and expending money without any complementary advantage					
9	There is lack of rules and regulations that support and direct the Corporate Social Responsibility of companies from the government side.					