



**ST.MARY'S UNIVERSITY SCHOOL OF GRADUATE  
STUDIES COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF MARKETING MANAGEMENT**

**ASSESSMENT ON CORPORATE SOCIAL  
RESPONSIBILITY PRACTICE IN BEVERAGE INDUSRY;  
THE CASE OF NATIONAL ALCOHOL AND LIQUOR  
FACTORY**

**BY:**

**TSION GASHAW MULUGETA**

**ADVISOR: ASFAW YILMA (PhD)**

**RESEARCH SUBMITTED TO SCHOOLS OF GRADUATE  
STUDIES OF ST.MARY'S UNIVERSITY IN PARTIAL  
FULFILMENTS OF THE REQUIREMENTS FOR THE  
DEGREE OF MASTERS OF ART IN MARKETING  
MANAGEMENT**

**DECEMBER, 2019**

**ADDIS ABABA**

**ST.MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**FACULTY OF BUSSINESS**

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IN ETHIOPIA; THE CASE OF NATIONAL ALCOHOL AND LIQUOR  
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**Tsion Gashaw Mulugeta**

**APPROVED BY BOARD OF EXAMINERS**

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Dean, Graduate Studies

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signature and date

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Advisor

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signature and date

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External Examiner

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signature and date

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Internal Examiner

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signature and date

## DECLARATION

I, *Tsion Gashaw Mulugeta*, declare that this thesis is my original work, prepared under the guidance of Dr. AsfawYilma. All source of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

*Tsion Gashaw Mulugeta*,

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St. Mary's university college, Addis Ababa

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December, 2019

## ENDORSEMENT

This thesis has been submitted to St. Mary's university college, school of graduate studies for examination with my approval as a university advisor.

Dr. AsfawYilma

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Advisor

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Signature and Date

ST.MARY' S UNIVERSITY, ADDIS ABABA

December, 2019

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## ACKNOWLEDGEMENT

Praise be to God, the One and Only, for the strength He bestows on me throughout the development of this thesis work. His help is invaluable and without it this thesis would never have been completed in this organized mode. Then I wish to thank my advisor Dr. AsfawYilma for his expert advice, constant encouragement and unending patience. I am indebted to you for the support you have given me. I would like to thank the staff of National Alcohol and Liquor FactoryMekanissa branch, particularly for general manager and operation manager National Alcohol and Liquor FactoryMekanissa branch,. I am grateful for all the help and encouragement that you have given me over the data collection period and I want to give thanks to all participants of the study for the support and encouragement you have given me.

Most of all, we give our greatest thanks to our parents and all of our family members for their never-ending love and continuous supports.

## ACRONYMS

- CE : Community Enforcement
- CSR : Corporate social responsibility
- EC:Ethiopian Calendar
- ENA: Extra Neutral Alcohol
- LP: Labor Pressure
- LT: Labor Treatment
- NF:Nature of the Firm
- NGO: Non Government Organization

## ABSTRACT

The study aimed at studying the practices of different dimensions of Corporate Social Responsibility (CSR) in National Alcohol and Liquor Factory as case studies corresponding to the determinants namely labour pressure, community enforcement and nature of the firm. It is relevant to labour, community, and Environment especially for beverage industries to implement CSR concepts and to get benefit from it. In relation to the methodology, there is three target population which is community, employees from production department and operation manager of the company. The researcher use both probability and non –probability sampling technique. To select samples from community the researcher use convenience sampling method and simple random sampling for employees' from production department for the last target population which is operation manager the researcher use purposive sampling technique was used. The study has been conducted on the basis of the quantitative and qualitative research techniques to assess the nature or practice of CSR and its determinants. 83 workers and operation manager from operation department and 200 from community with lives around factory of National Alcohol and Liquor Factory Mekanisa Branch.

Data were collected through questionnaire and interview. Interview has been also conducted with managers and questionnaire for employees and community questions which are designed to elicit their perception about the nature of CSR in their respected companies. Finally through analysis of the direct relationships that insight is developed between the dependent and independent variables. CSR (dependent variable) was found to have a strong positive relationship with labour pressure, community enforcement and nature of the firm This dissertation concludes with a discussion of the implications of these findings as well as recommendations for further research in the area.

**Key Words:-**Corporate Social Responsibility, National Alcohol and Liquor Factory

## CHAPTER ONE

### 1. INTRODUCTION

#### 1.1. Background of the Study

By any count, the world is changing faster than ever before. Human numbers are growing faster, and the impact of our activities is being felt in more and more ways. This change has profound implications for business, and means that the world of corporate social responsibility (CSR) is at the forefront of this change. So it's worth looking for what are the current trends and where are they heading (Mallen B., 2012).

There is no universal definition of the concept of CSR, and it is generally used to refer to transparent business practices that are based on ethical values, compliance with legal requirements and respect for people, community and environment. Beyond making profit, companies are responsible for the totality of their impact on people and the planet (USAID 2002). Today, an increasing number of companies are realizing that in order to stay productive, competitive and viable in the rapidly changing business world, they have to become socially responsible. According to the World Business Council for Sustainable Development definition, "Corporate Social Responsibility is the continuing commitment by businesses 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" (WBCSD 2014). CSR helps companies live up to their responsibilities as global citizens and local neighbors in a fast-changing world. In addition, acting in a socially responsible manner is more than just an ethical duty for a company; it is something that actually has a bottom line payoff (WBCSD, 2014).

The concept of CSR is now firmly rooted in the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. In Ethiopia, it can be observed that CSR is more of a theoretical concept rather than a practical body. This study has tried to assess CSR theory and CSR practices of National Alcohol and Liquor Factory. National Alcohol and Liquor Factory, a state owned business enterprise, which has been operating for more than a century is a pioneer in Ethiopia's liquor industry. The factory is engaged in the production and distribution of Extra Neutral Alcohol (ENA) and various alcoholic liquors of high quality both for domestic and export markets. The factory comprises four branch factories which was once established and owned by individuals in

different periods. It acquired its current name after being nationalized by the derg regime in 1969 EC the company is pioneer and engaged in the production and distribution of pure alcohols and various alcoholic drinks to local and export market such as USA, AUSTRALIA, ISRAEL and SOUTH SUDAN. Along these the company has developed a strong market image and its customer's confidence in the beverage sector.

The concept of CSR has to be clearly identified and applied in all aspects of the company's business since it is the key factor which leads a company to profitability and sustainable growth and in today's business environment it is an effective way of building a good image in the peoples mind.

CSR can benefits the whole world for it not only can help to build a company's reputation and financial benefits, but also accelerate the development rate of rural areas, improve the global environment, and enhance people's living standard by increase the whole industry. Even if the motivation for those companies is for profits, they will in turn make benefits to improve the whole world. The literature review highlights the development of the beverageindustry and how it has led to increased rates of consumption, and significant environmental and social impacts.

The purpose of this research is not to question whetherNational Alcohol and Liquor Factory should be contributing to sustainable community developmentthrough CSR, but whether to assess the current CSR programs implemented by National Alcohol and Liquor Factory.

## **1.2. Statement of the Problem**

Corporate social responsibility (CSR) is a citizenship function with moral, ethical and social obligations between a corporation and its consumers (Maignan I. and O'Ferrell O. 2001). The purpose of the company is to provide return on investment for shareholders and thus corporations are seen as instruments of creating economic value for those who risk capital in the enterprise (Greenwood M. 2001). Former Chief Economist of the OECD, David Henderson argued against CSR and argued its general adoption by business would reduce welfare and undermine the market economy (Tyrrell A. 2006). Carroll A. and Buchholtz A. (2000) argue that many critics of CSR view it too narrowly and merely take into account its ethical and philanthropic categories.

Friedman M. (1970) argument that the social responsibility of business begins and ends with profit maximization, but this plays less well according to Hopkins M. (2003) today than in the heyday of Reaganomics or Margaret Thatcher's conservative government. Curran M. (2005) refers to this as "social permission theory", which holds that corporations exist and

act by permission of society at large corporations are obliged to consider all possible stakeholders because they make up society at large and these stakeholders were the ones who gave corporations permission to do business in the first place. Further, if corporations use that power in ways that are not consistent with society's expectations, they will eventually face increasing externally imposed controls over their behavior, thus society will circumscribe that power.

Equally, Jensen M. (2002) argues that CSR and stakeholder theory is fatally flawed because it violates the proposition that any organization must have a single-valued objective as a precursor to purposeful or rational behavior. He argues that the adoption of CSR leaves a firm handicapped in the competition for survival because, as a basis for action, stakeholder theory politicizes the corporation and leaves managers empowered to exercise their own preference in spending the firm's resources. Essentially, this core argument against CSR criticizes that CSR involves expending limited resources on social issues necessarily decreases the competitive position of a firm by unnecessarily increasing its costs. Devoting corporate resources to social welfare is tantamount to an involuntary redistribution of wealth, from shareholders, as rightful owners of the corporation, to others in society who have no rightful claim.

In line with literature (Agle B. and Mitchell R. 2008; Vaaland T. 2008) and interview findings (Sweeney L. 2008), CSR activities were categorized under the headings; Environment, Customers, Employees and Community. Firstly, in relation to the environment, the most common activities include waste reduction and recycling. Energy conservation is also quite common. To a lesser extent; reduction in water consumption, air pollution and packaging is carried out by firms. The most common activity toward customers is commitment to providing value to customers. Responding to customer complaints in a timely manner is also quite popular and to a lesser extent, supplying clear and accurate information to customers and considering customer accessibility. The most common activities in relation to employees are a commitment to the health and safety of employees and ensuring adequate steps are taken against discrimination. Slightly less popular activities include encouraging employees to develop skills and long term career paths and work/life balance. Lastly, in relation to the community, the most common activity involved donating to charity. Having employees volunteer on behalf of the firm and having recruitment and purchasing policies in favor of the local community are also popular activities. There was a positive correlation noted between extent of many CSR activities and firm size.

Although these are the arguments on CSR practices and determinants, business of this complex and dynamic environment should consider the concepts or core components of CSR such as integration of social and environmental concern; voluntariness; ethical behavior; economic development; improving the quality of life of the citizens; human rights; labor rights; protection of environment; fight against corruption; transparency and accountability. The arguments, however, faced short sights in terms of findings, approaches, content and so on. Consequently, certain individuals argued on the favor of stockholders' benefit other focused on only stakeholders' interest. Similarly, many studies described CSR practices only in few dimensions, for instance, in terms of ethics. The arguments also faced excluding of important determinants for instance they focused on financial matters. These arguments also focused on Europe and Far East countries.

In this respect, the beverage industry could have certain problems in the processes of being socially responsible business sector. Because the steps in producing and ending at the sales counter as finished goods is a long process that leaves its effects on individuals and communities worldwide.

Hence, on the basis of the data which have been collected from the employees and management of National Alcohol Factory and surrounding community, the researcher tried to analyze the extent to which the above mentioned problems exist in these companies in the form of comparison to fill the above gaps.

### **1.3 Objectives of the Study**

The research have both general and specific objective

#### **1.3.1 General Objective**

- The general objective of the study is to make an assessment on corporate social responsibility practices of National Alcohol and Liquor Factory.

#### **1.3.2 Specific Objective**

- To examine company perception about Corporate Social Responsibility
- To analyze how much the company is involving in ensuring the health and safety of the employees.
- To examine the constraints that hinders the company from discharging its social responsibility.
- To analyze the measures taken by the company to reduce the negative impacts of the company's business on the environment.

#### 1.4. Research Question

- What is company perceptions about Corporate Social Responsibility ?
- To what extent the company is involving in ensuring the health and safety of the employees?
- What are the constraints that hinder the company from discharging its social responsibility?
- What kind of measures is taken by National Alcohol and Liquor Factory in order to reduce or avoid the negative impacts of its business on the environment?

#### 1.5. Significance of the Study

The results of this study are significant in various respects. Firstly, on the basis of the findings of the study, the report has drawn some conclusions and identified certain problems which are related to economical, legal, ethical and environmental issues and had gave signal to the respected companies to take remedial action to reduce or eradicate these problems. Second, it has a piece of contribution to the current knowledge in the area of CSR for many Ethiopian industries particularly for beverage industry. Finally the researcher believes it can also use as a secondary source for those who are interested in undertaking a research on the same issue.

#### 1.6. Scope and limitation of the Study

The scope of the study is mainly related to investigating the CSR practices of Ethiopian beverage industry. All organizations, for profit or not for profit, governmental or non-governmental, need intensive effort on the area of corporate social responsibility to create good organizational and social environment. For the sake of quality and specialization as well as to cope with the available time and resource constraints, this study focused only on corporate social responsibility practices of National Alcohol Factory although CSR is equally important in all other industries, particularly other beverage industries currently operating in Ethiopia. In the case of determinants of CSR, six predictors were selected despite other variables were available.

The study only focuses on CSR practice of National Alcohol Factory towards the community, environment and its employees. The study will delimited to Addis Ababa around MECHANISA area only because it is the place in which the factory is located and the wastage is released from.



### 1.7. Organization of the Study

The study organized under four chapters. The introductory part composed of background of the study, Statement of the problem, basic research question, objectives of the study, significance of the study, Scope of the study and the methodology use to conduct the study. The second chapter deal with review of related literature. Chapter three is about research approach, research design, sample design, data sources and instruments, analytical method of the research, and, model variables. The four chapter present the findings from the respondents wherein the data gather are present analyze and interpret. Finally, chapter five constitutes conclusions and recommendation so as to solve observed problems and to accelerate the development of CSR practices in National Alcohol Factory Mechanisa branch particularly.

## CHAPTER TWO

### 2 REVIEW OF RELATED LITERATURE

#### 2.1. Theoretical Literature

##### 2.1.1. *Development of CSR*

Corporate Social Responsibility has become a hot topic of discussion among the business sectors for over several years. The concept of corporate social responsibility arose at the beginning of this globalization process, between the 1950s and the 1970s. It was the time when the post-war investments for the economic recovery in Europe and Japan paid off for U.S.-American companies. So they had the resources that helped them to open new markets beyond U.S.-borders and, consequently, they grew in size and power. Social problems like poverty, racism and unemployment, as well as pollution, raised requests for a changing role of the U.S.-industry and more involvement in community. At first corporate responsibility just requested a concern to secure and maximize share prices for institutional investors, representing the typical American household. Later, social and ethical responsibilities rose after some big scale corporate wrongdoing came to light, like tax evasion and exploitation of foreign governments by the manipulation of transfer prices. Active MNCs permanently reduce costs of their inputs, mainly labor and capital, which defines new demands on CSR. New stakeholders, like NGOs, formulate their own interests on behalf of the ones they represent and are willing to enforce these interests (Bacher, 2005).

##### 2.1.2 *Corporate social responsibility concepts, theories and approaches*

The modern concept of Corporate Social Responsibility (CSR) covers various social issues, such as how to treat employees in a responsible manner and how to respect the interests of customers, communities, suppliers, competitors, and governments. Environmental issues are relevant to reduce business's impact on the environment through efficiency improvements. Furthermore, CSR also affects a company's economic behaviour, as it adopts transparent and accountable business conduct as well as avoiding bad practices such as fraud, bribery, or corruption.

2.1.2.1 CSR theories

The CSR field since the appearance of Garriga and Mele’s (2004)1 examination by “mapping the territory” was some kind of landscape of theories and also a proliferation of approaches, which are still controversial, complex and unclear. This situation in systematic context was clarified with the researchers by classifying the main CSR theories and related approaches into four groups of CSR theories.

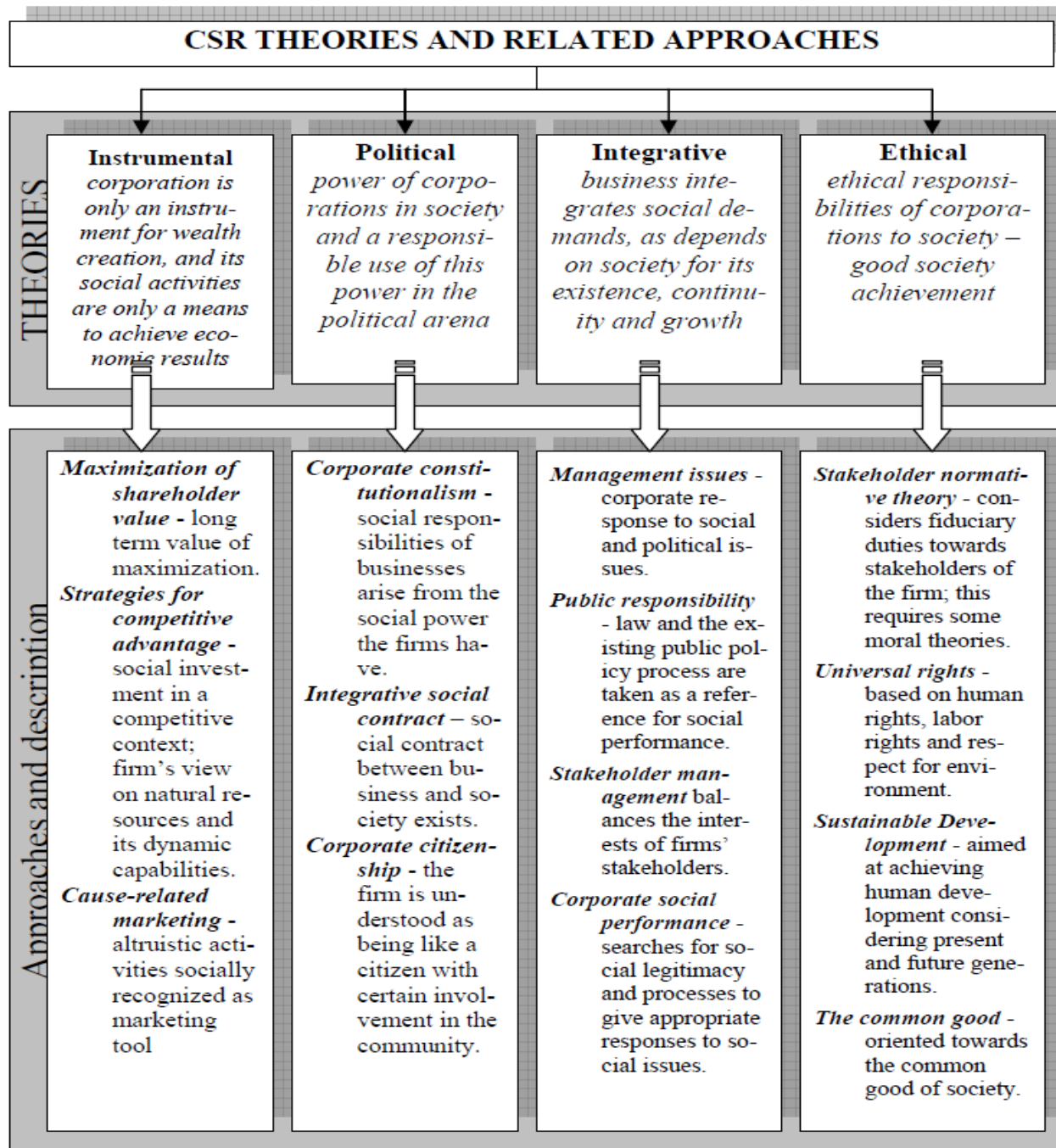


Figure 1 Corporate social responsibility theories and related approaches

Source: adapted by author according to Garriga and Mele (2004, p.63-64)

From the view of Garriga and Mele (2004), in practice it is most common that each of CSR theory presents four aspects related to:

- meeting objectives that produce long-term profits,
- using business power in a responsible way,
- integrating social demands,
- contributing to a good society by doing what is ethically correct.

These aspects permitted Garriga and Mele (2004) research to classify the most relevant theories on CSR and related concepts into four groups. Scholars recognized that most of the theories considered do not make explicit the implications of each specific approach for the aspects considered in other groups of theories. Therefore, further directions are drawn in terms of these four dimensions connection in most relevant theories and consider contributions and limitations, under which new theory could be developed.

Partly different approach to CSR dimensions had come to research much earlier, when famous American CSR researcher Archie B. Carroll (1979) suggested the four-dimensional model of CSR. That is why Garriga and Mele (2004) according to their findings state, that “there exists the necessity to develop a new theory on the business and society relationship, which should integrate these four dimensions” (p.51), and, may be, some new ones. According to Carroll (1983), “corporate social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm’s ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent” (p.608). By Carroll’s (1999) own admission, this is the only one of countless definitions which has proliferated in the literature since the 1950s.

From the diversity of CSR conception Moon (2002) observes that CSR, similar to other important concepts like democracy and justice, is “essentially contested”. Moon (2002) states, that CSR “is only one of several terms in currency designed to capture the practices and norms of new business-society relations. There are contending names, concepts or appellations for corporate social responsibility”. Consequently, Wisser (2007) points out, that these statements are confirmed by a survey of CSR education in Europe, which found 50 different labels for CSR modules, 40 different labels for CSR programs and numerous CSR synonyms, the most popular of which were: business ethics, corporate citizenship, sustainability or sustainable development, corporate environmental management, business & society, business & governance, business & globalization, and stakeholder management. Reviews of CSR literature by Carroll (1994; 1999) and Garriga & Mele (2003) had come to the similar conclusions regarding multiplicity of aligned terms.

However the common ground between these concepts and CSR is widely acknowledged

(Madsen & Ulhoi, 2001; Moon, 2002; Van Marrewijk, 2003; Wheeler, Colbert, & Freeman, 2003). Hereby, the definition of corporate responsibility by Sustainability (2004) is a good illustration of this confluence and interdependence of terms, describing it “an approach to business that embodies transparency and ethical behavior, respect for stakeholder groups and a commitment to add economic, social and environmental value”.

### 2.1.3 Principles of CSR

According to Hohnen (2007) because of the uncertainty surrounding the nature of CSR activity it is difficult to define CSR and to be certain about any such activity. It is therefore imperative to be able to identify such activity and we take the view that there are three basic principles which together comprise all CSR activity. These are:

#### ➤ **Sustainability**

This is concerned with the effect which action taken in the present has upon the option available in the future. If resources are utilized in the present then they are no longer available for use in the future, this is of particular concern if the resources are finite in quantity. Sustainability therefore implies that society must use no more of a resource than can be regenerated.

#### ➤ **Accountability**

This is concerned with an organization recognizing that its actions affect the external environment, and therefore assuming responsibility for the effects of its actions. This concept therefore implies a quantification of the effects of actions taken, both internal to the organization and externally. More specifically the concept implies a reporting of those quantifications to all parties affected by those actions. This implies a reporting to external stakeholders of the effects of actions taken by the organization and how they are affecting those stakeholders. Accountability therefore implies recognition that the organization is part of a wider societal network rather than just to the owners of the organization.

#### ➤ **Transparency**

Transparency, as a principle, means that the external impact of the actions of the organization can be ascertained from that organization’s reporting and pertinent facts are not disguised within that reporting. Thus all the effects of the actions of the organization, including external impacts, should be apparent to all from using the information provided by the organization’s reporting mechanisms. Transparency is of particular importance to

external users of such information as these users lack the background details and knowledge available to internal users of such information. Transparency therefore can be seen to follow from the other two principles and equally can be seen to follow from the other two principles and equally can be seen to be a 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 stakeholders.

After defining CSR, a business may conduct a series of CSR related activities to meet that definition. The way a business performs CSR is also subject to its understanding of how CSR should be implemented. Similar to CSR definition, implementation of CSR includes a rapid increment of theories, approaches and terminologies. To conduct this research researcher review three CSR models. the first one is Social-Economic Model and the second model is Stakeholder Model of CSR the last model is Triple Bottom Line Model Based on these theories researcher try to see what must the relation between business and society, CSR is perceived as a consequence of how the relationship between business and society is understood. Different understandings may lead to different approaches to CSR.

#### 2.1. 4 Concept Briefing

The first theme focuses on why CSR gets started in organizations and how it is or can be well implemented. As to why CSR gets started, some authors argue that CSR can be seen as either an integral part of the business strategy and corporate identity, or it can be used as a defensive policy, with the latter being used more often by companies targeted by activists. The rationale for CSR can be based on a moral argument, a rational argument, or an economic argument (Werther, 2006).

Corporations' level of social responsibility is influenced by factors such as financial conditions of the firm, health of the economy, and well-enforced state regulations. Why companies take on CSR is also discussed in the literature in terms of the specific initiatives under which CSR may fall. Ways of describing these rationales vary, from the more sceptical view of cause-related marketing to a more generous attribution of genuine socially responsible business practices (Kotler& Lee, 2005).

To ascertain how CSR is implemented in organizations, some research uses a developmental framework to show change in awareness, strategy, and action over time, and posits stages of CSR from elementary to transforming (Mirvis&Googins 2006).

Although there is substantial variation in the nature and the extent of the corporate approaches reflected in the literature, interest in the field seems poised to stimulate further research and to provide both researchers and CSR practitioners some valuable direction for action and reflection. (Alessia, 2011)

#### *2.1.4.1 Labour Issues and Corporate Social Responsibility*

Corporate Social Responsibility initiatives, of diverse kinds, address the gap between current practice and what is seen as more appropriate conduct by companies. The theory and practice of CSR is linked to how companies are defined, and the diverse legal contexts in which they operate, which effectively determine the scope for market forces. The employment relationship is at the heart of company operations, as well as of working life, and is undergoing radical change. Globalisation is having a major impact on labour issues, casting new light on human rights, and the role of migrant workers. Companies may choose to exclude labour issues from their model of CSR, but may thus operate outside the law of many countries, and forfeit their credibility. The pressure of international information, and the fear of exposure, can influence corporate practice. If business is to have a “human face”, CSR must address labour issues, including migrant workers and human rights. If sustainable improvement is to be made, new forms of work organisation must be embraced. The way ahead is seen in terms of creating collaborative advantage, both internally and externally (Werther, 2006).

#### *2.1.4.2 Corporate Social Responsibility and Environment*

In the CSR context, the environment is seen in terms of both responsibility and opportunity. Corporate responsibility towards the environment encompasses waste management, pollution, ecological degradation, energy management, conservation and sustainable management of natural resources. Business opportunities include green marketing, green/ethical consumerism, ethical investment and eco-efficiency.

However, what may be an opportunity for a large multinational company may be an obstacle to development for a small or medium sized enterprise, particularly in developing countries. The baseline for corporate environmental responsibility is compliance with environmental legislation, which is now relatively well developed in most parts of the industrialised world. However, business implementation and public enforcement of environmental legislation remain significant challenges in many countries. A strong

corporate commitment to the environment can lead to better relations with civil society and other stakeholders, thus reducing the costs of stakeholder management, and enhancing a company's reputation in the eyes of consumers. Good environmental performance can provide a competitive edge in the market place (Wilson, 2011).

#### *2.1.4.3 Corporate Social Responsibility from a Holistic Marketing Perspective*

A holistic, integrated and complex marketing approach as it is reflected in the model proposed in the prestigious book 'Marketing-Management' State that the 'holistic marketing concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognizes their breadth and inter-dependencies'. Four dimensions of holistic approach are brought together which are relationship marketing, integrated marketing, internal marketing and socially responsible marketing. (Kolter, 2006)

The first dimension of the holistic marketing concept is relationship marketing, which involves 'creating, maintaining, and enhancing strong relationships with customers and other stakeholders. The goal is to deliver long term-value to customers and the measure of success is long-term customer satisfaction. It is interesting to see that the authors acknowledge the existence of other stakeholders, not just customers, which expresses a broader view of marketing activities as opposed to the narrowly, myopic, classical concept oriented only on the consumers.(Kotler, 1999).

The orientation towards stakeholders suggests that the main objective of a company should be the long-term value for all stakeholders, not only for consumers. Other marketing scholars proposed a Stakeholder Relationship Marketing Model with the goal of 'delivering long-term, economic, social and environmental value to all stakeholders in order to enhance sustainable business financial performance'. In this model the mission of a company is to create value for all stakeholders, who are seen as partners in a win-win situation. In this context, relationship marketing builds strong economic, technical and social ties among the stakeholders (Murphy et al., 2005).

(Gummesson, 2008) states that an important marketing relationship is the green relationship and corporate social responsibility. Green marketing is now a marketing sub discipline and cause-related marketing is the new notion for 'doing good in society'.

An important marketing priority for many top organisations in recent years has been internal marketing to employees. Successful companies have been able to attract, retain and



develop superior talent and create a workplace that maximises employee productivity and satisfaction (Hoeffler, 2010).

Another significant dimension of the holistic marketing concept is socially responsible marketing. It is clear that marketing effects extend beyond company to other stakeholders and society as a whole. It is therefore important for marketers to contribute to social welfare in developing social activities or implementing environmental and social strategies. Corporate social responsibility includes ethical, environmental, social and sustainability aspects that need to be implemented in the strategic planning of a company.

Successful corporations are those which can fulfil various stakeholders' expectations. Identification of the most important categories of stakeholders, of those who have the greatest potential to influence companies' behaviour and what their desires are is the basis for an efficient marketing strategy. Approaching corporate social responsibility from a holistic marketing perspective recognises the scope and activity complexity of marketing. (Agricore, 2011)

#### *2.1.4.4 Corporate Social Responsibility and Social Marketing*

The notion of modern corporate social responsibility was first formalised as an obligation 'to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society' (Batcher, 2005).

In 1971, Kotler and Zaltman extended the role of social marketing by elaborating the first formal definition: 'social marketing is the design, implementation and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communications and marketing research'. This definition emerged in the context of the rapidly growth of CSR definitions and development of alternative theories. It is interesting to see that marketing scholars focused on the socially responsible marketing mix rather than on the whole social role of an organisation.

Another great contribution to development of social marketing is the revised definition which identifies social marketing as: 'the adaptation of commercial marketing technologies to programs designed to influence the voluntary behaviour of target audiences to improve their personal welfare and that of the society of which they are a part'. We can notice the extended role that a company's marketing activity has on influencing society and not only

the target audience. The debate over social marketing lead to a new approach of marketing techniques and strategies and has specialised in linking marketing activities to socially desirable behaviours and goals. (Grigore, 2011)

#### **2.1.4.5 Organizational Challenges and Limitations of CSR**

Companies face challenges and limitations as they implement CSR. These usually relate either to political issues or to organizational-level concerns and are often embedded in culture. The complexity of operating in a global society places new demands on organizations and their leadership. As the roles and responsibilities of government are being redefined and the boundaries between business and government become less clear, the literature shows that business leaders are facing a daunting array of challenges. In the new age of CSR, the needs of the stakeholders, consumers, employees, national as well as international regulators, NGOs, and activist groups have to be satisfied (Hatcher, 2002).

The CSR rhetoric including the blurred boundaries of CSR, the underdevelopment of the civic society, the economic reality, the ethical standards, and the attempts at self-regulation of business considers the biggest challenge in the field of CSR implementation considered to be the development of leaders for a sustainable global society, asking what kind of leader is needed for building a sustainable global society and how we can best develop individuals with these leadership capabilities. The task and challenge will be to develop leaders for a sustainable global society by encouraging imagination and the accomplishment of a positive change. McGraw (2005)

According to Howell and Avolio (1992), responsible leadership is the art of building and sustaining relationships with all relevant stakeholders, and it requires socialized, not personalized, leaders. Here, the challenge is to develop leaders who can relate in different ways, who are able to align different values into a common vision, which can listen to and care for others and ultimately serve them. Meeting these challenges requires the joint efforts of a society and responsible leadership committed to diversity, ethics, and values.

## **2.2 Methodological Review**

According to Liangrong (2009) Most of the CSR models revolve around the controversy as to whether business is a single dimensional entity of profit maximization or a multi-

dimensional entity serving greater societal interests. The models are mostly descriptive in nature and broadly classified into three major categories: which are socio-economic model, Stakeholder model and Triple-bottom line model

### 2.2.1 Social-Economic Model of CSR

This model has two distinctive arguments on the social and economic dimensions of CSR. The first group represents the orthodox paradigm which maintains that social responsibility of business is a single dimensional activity in which business has the only responsibility of supplying goods and services to society at a profit. These classical models of CSR appear to have a narrow focus of the role of business in modern society. They also put much emphasis on the cost of social involvement of business and consider profit as the only criterion for judging the efficiency of business operation, thus ignoring the reality that business is a part of the larger society. On the other hand the second group of models sees business in a social matrix contributing to the welfare of society as a whole and supports the view that business is a part of the greater society and it has responsibility of reaching beyond the narrow perspective of profit maximization in the short term. These models recognize the fact that in order to understand the complexity of social responsibility in modern corporate enterprise, a second dimension of contemporary views in social responsibility is needed. The model has two axes (Liangrong, 2009).

#### **Horizontal Axis**

The horizontal axis having two extremes: a narrow and a wide responsibility: The positive side represents the narrow view of social responsibility which the emphasis is on profit maximization in the short term. By contrast, the negative side considers corporate social responsibility in a broader context, reaching beyond regulation to serve the wider expectations of society in areas such as environmental protection, community development, resource conservation and philanthropic giving(Liangrong, 2009).

#### **Vertical Axis**

The vertical axis of the model represents two extremes in the perceptions of the Consequences of social action of businesses ranging from concern with the cost of Social commitment to a focus on the benefits of social involvement. The negative end of this axis is concerned with cost of social action that is where the expenditure Involved in the exercise of social responsibility in the short term is the main consideration. The emphasis here is on social costs in the short term. The positive end is concerned more with the long

term benefits arising from social action, and perceives the potential benefits for business to outweigh costs in the long term. Thus the model proposed has four distinct views. Each view is named as follows: (Liangrong, 2009).

**Classical view:** This is concerned with the classical view of social responsibility in which there is no provision to look beyond a narrow view of profit maximization as it is seen to generate a net cost to the company without any real benefit flowing from an activity (Liangrong, 2009).

**Socio-Economic View:** Represents a narrow view of social responsibility but accepts that adopting some degree of social responsibility will lead to net benefit to the company in terms of avoiding costly and embarrassing regulation, building good customer relationships, good supplier relationships(Liangrong, 2009).

**Modern View:** Modern view captures a perspective in which a business maintains its relationship with the broader matrix of society where there are net benefits flowing from socially responsible action in the long run, as well as in the short term(Liangrong, 2009).

**Philanthropic View:** This view represents a broader view of social responsibility in which business agrees to participate in the charitable activities even though this is perceived as a net cost (Liangrong, 2009).

### 2.2.2Stakeholder Model of CSR

Stakeholders are all the groups affected by, or that can affect, an organization's decisions, policies, and operations. A company's success can be affected – negatively or positively – by its stakeholders. In an era when business strategies are changing because of such forces as global competition, new political arrangements, shifting public values, and ecological concerns, managers are challenged to achieve good economic results while also considering the needs and requirements of their business's stakeholders. The stakeholder theory of the firm argues that focusing purely on the economic function of the firm ignores the complexity that firms deal with along with related inefficiencies, information asymmetries and multiple incentive problems, a firm's role shall be broadened to include other external and internal actors apart from shareholders. According to (Liangrong, 2009) There are two different stakeholders groups:

**Market Stakeholders:** Market stakeholders are those that engage in economic transactions with company as it carries out its primary purpose of providing society with goods and services (it is also called primary stakeholders). In market stakeholders, each relationship is based on a unique transaction, or two –way exchange. In return for payment, suppliers provide raw materials, energy, services, and other inputs; and wholesalers, distributors and retailers engage in market transactions with firm as they move the product from plant to sales outlets to customers.

**Non-Market Stakeholders:** on-market stakeholders are peoples and groups who–though they do not engage in direct economic exchange with the firm – are nonetheless affected by or affect its actions, including communities, various levels of governments, activist groups and NGOs, media, business support groups and the general public.

### 2.2.3 Triple Bottom Line Model of CSR

It has been recognized in recent decades by the companies that sustainable corporate profit does not result from the single-minded pursuit of financial gain; rather sustainable growth and shareholder value are best achieved by working through a broad framework of economic, social, environmental and ethical values and shared objectives that involve constant interaction between the company and its various stakeholders. This paradigm shift, which incorporates financial, social, and environmental factors into the company’s commitment to growth and sustainable profitability, is often referred to as the “triple bottom line.” A positive Triple Bottom Line reflects an increase in company’s value, including both its profitability and shareholder value, and its social, human, and environmental capital. TBL lays out the interrelationships between economic, social and Environment dimensions, and reveals the truth that TBL is a new way to measure the bottom line – where profits go side-by-side with environmental and social performance (Liangrong, 2009).

#### **Economic Line**

The economic line of TBL framework refers to the impact of the organization’s business practices on the economic system (Elkington, 1997). It pertains to the capability of the economy as one of the subsystems of sustainability to survive and evolve into the future in order to support future generations (Spangenberg, 2005). The economic line ties the growth of the organization to the growth of the economy and how well it contributes to support it.

In other words, it focuses on the economic value provided by the organization to the surrounding system in a way that prospers it and promotes for its capability to support future generations.

### **Social Line**

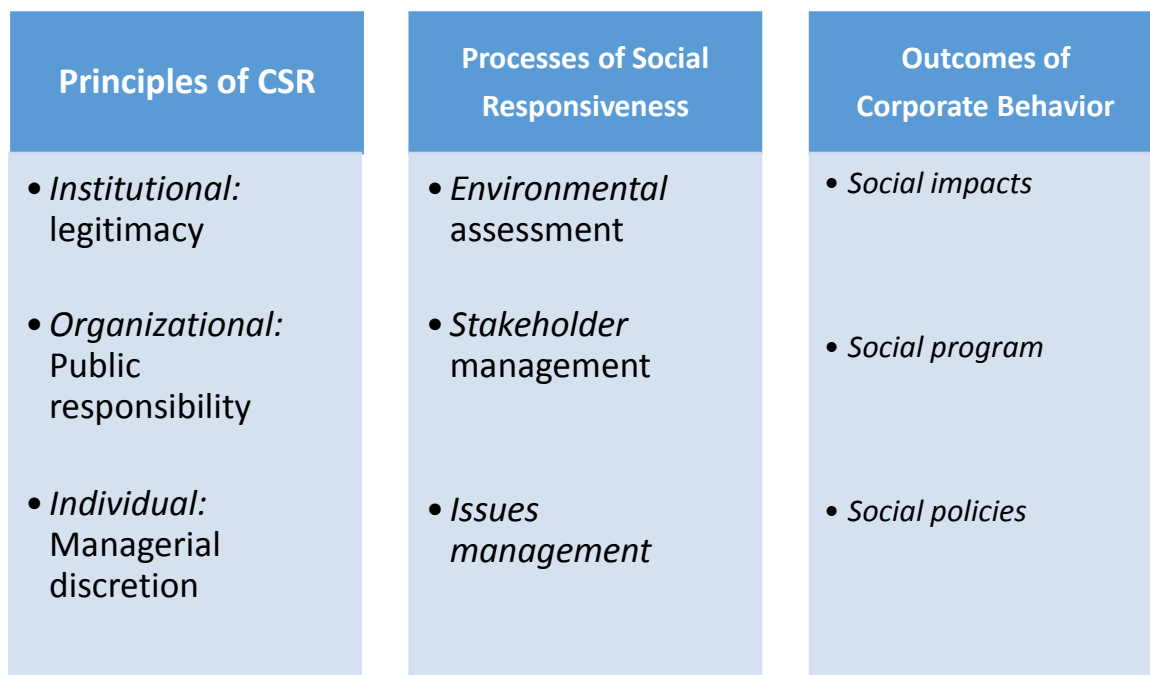
The social line of TBL refers to conducting beneficial and fair business practices to the labor, human capital, and to the community (Elkington, 1997). The idea is that these practices provide value to the society and “give back” to the community. Examples of these practices may include fair wages and providing health care coverage. Aside from the moral aspect of being “good” to the society, disregarding social responsibility can affect the performance and sustainability of the business. The social performance focuses on the interaction between the community and the organization and addresses issues related to community involvement, employee relations, and fair wages (Goel, 2010).

### **Environmental Line**

The environmental line of TBL refers to engaging in practices that do not compromise the environmental resources for future generations. It pertains to the efficient use of energy resources, reducing greenhouse gas emissions, and minimizing the ecological footprint, etc. (Goel, 2010). Similar to the social aspect of TBL, environmental initiatives impact the business sustainability of the organizations.

#### **2.2.4 Side-by-side Model of CSR**

Side-by-side Model of CSR, which examines the principles motivating responsible behavior, the processes of responsiveness, and the outcomes of social performance as shown in Fig 2. A comprehensive and integrated CSR approach would ideally entail according attention to all three aspects of CSP (principles of CSR, processes of social responsiveness, and outcomes of corporate behavior), across all domains of the firm’s operations (e.g., economic, legal, ethical, and discretionary). MNCs may differ with respect to the particular configuration of principles of social responsibility, processes of social responsiveness, as well as observable CSR outcomes as they relate to the firm’s societal relationships.

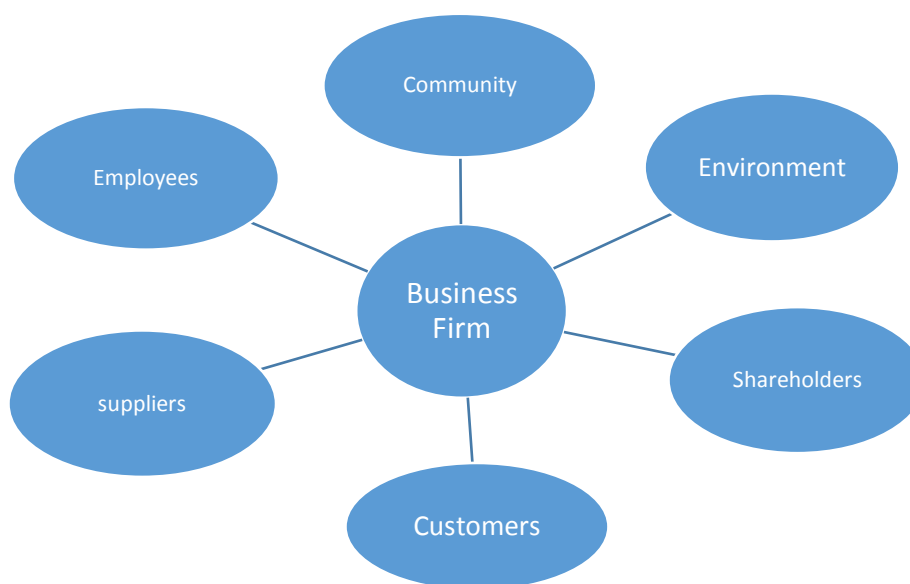


*Figure 2 Side-by-side Model of CSR*

Source : *Jun Ma / Physics Procedia 25 ( 2012 ) 435 – 442*

### 2.2.5 Star Model of CSR

Star Model of CSR provides another fruitful theoretical lens and could help in shedding light on the peculiarities of SMEs in relation to CSR. It has helped in re-conceptualizing the nature of the firm, encouraging consideration of new external stakeholders, beyond the traditional pool—shareholders, customers, employees, and suppliers, and legitimizing in turn new forms of managerial understanding and action as shown in Fig 3. As outlined in the literature review below.

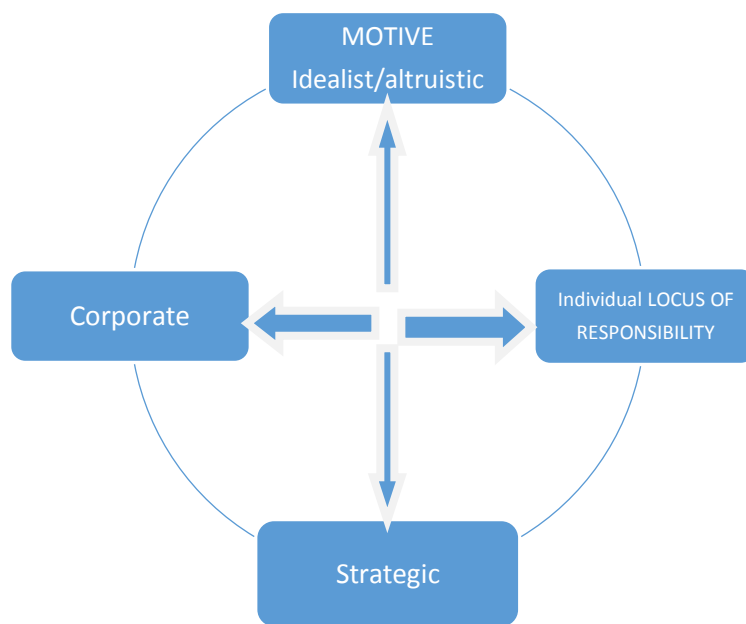


*Figure 3 Star Model of CSR*

Source: *Jun Ma / Physics Procedia 25 ( 2012 ) 435 – 442*

### 2.2.6 Coordinate Model of CSR

The other theoretical model is the Coordinate Model of CSR and illustrated in Fig 4, in which we identify two relevant dimensions for the analysis of CSR in practice, involving the motivation basis (strategic versus altruistic) and the locus of responsibility (corporate versus individual). The strategic motive seeks to reconcile firm and managerial interests with societal interests, while the altruistic motive is humanitarian or philanthropic, involving genuine optional caring, irrespective of whether the firm will reap concrete benefits or not. The corporate locus of responsibility attributes responsibility for social action to the corporation itself (as per the definition of CSR), while the individual locus of responsibility shifts attention to the role of individual managers as champions of CSR, exercising stewardship and influence in pursuit of specific social interventions.



*Figure 4 Coordinate Model of CSR*

*Source: Jun Ma / Physics Procedia 25 ( 2012 ) 435 – 442*

### 2.2.7 Seven Step Model for CSR

This attention to language and semantics and the alleged problematic aspects associated with focusing on large corporations in discussions of CSR thus begs the question as to whether CSR is different for large businesses than for SMEs. For Grayson (2006), the answer is a resounding yes and no. It is different for the same reasons that set SME operations apart from MNCs while being similar for what makes ethics the same across companies and nations. In Grayson's (2006) words, "the same basic principles apply." In this context, Grayson (2006) recommended the "Seven Step Model for Corporate Social Opportunity" for small firms as shown in Table I, which



highlights the critical importance of delineating the business case for CSR in the case of SMEs as well as the roles of owners or managers in building motivation and commitment for CSR



*Figure 5 Seven Step Model for Corporate Social Opportunity*

*Source: Jun Ma / Physics Procedia 25 ( 2012 ) 435 – 442*

### 2.3 Potential Benefits of Implementing CSR

Better Anticipation and Management of an Ever-expanding Spectrum of Risk.

Effectively managing governance, legal, social, environmental, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the security of supply and overall market stability. Considering the interests of parties concerned about a firm's impact is one way of better anticipating and managing risk (Vogel, 2005).

#### 2.3.1 Improved Reputation Management.

Organizations that perform well with regard to CSR can build their reputation, while those that perform poorly can damage brand and company value when exposed. Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency. Even for firms that do not have direct retail exposure through Brands, their reputation for addressing CSR issues as a supply chain partner both good and bad can be crucial commercially Bacher (2005). Enhanced Ability to Recruit, Develop and Retain Staff.

This can be the direct result of pride in the company's products and practices, or of introducing improved human resources practices, such as "family-friendly" policies. It can also be the indirect result of programs and activities that improve employee morale and loyalty. Employees are not only front-line sources of ideas for improved performance, but are champions of a company for which they are proud to work (Vogel, 2005).

### **2.3.2 Improved Innovation, Competitiveness and Market Positioning.**

CSR is as much about seizing opportunity as avoiding risk. Drawing feedback from diverse stakeholders can be a rich source of ideas for new products, processes and markets, resulting in competitive advantages. For example, a firm may become certified to environmental and social standards so it can become a supplier to particular retailers. The history of good business has always been one of being alert to trends, innovation, and responding to markets. Increasingly, mainstream advertising features the environmental or social benefits of products Hatcher (2002).

### **2.3.3 Enhanced Operational Efficiencies and Cost Savings.**

These flow in particular from improved efficiencies identified through a systematic approach to management that includes continuous improvement. For example, assessing the environmental and energy aspects of an operation can reveal opportunities for turning waste streams into revenue streams and for system-wide reductions in energy use, and costs Murphy (2005)

### **2.3.4 Improved Ability to Attract and Build Effective and Efficient Supply Chain Relationships.**

A firm is vulnerable to the weakest link in its supply chain. Like-minded companies can form profitable long-term business relationships by improving standards, and thereby reducing risks. Larger firms can stimulate smaller firms with whom they do business to implement a CSR approach. A company with its "ear to the ground" through regular stakeholder dialogue is in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur. Increasingly, firms use CSR as "radar" to detect evolving trends in the market Murphy (2005).

### **2.3.5 More Robust "Social Licence" to Operate In the Community.**

Improved citizen and stakeholder understanding of the firm and its objectives and activities translate into improved stakeholder relations. This, in turn, may evolve into more robust and enduring public, private and civil society alliances. CSR can help to build "social capital" (Vogel, 2005).

### 2.3.6 Access to Capital.

Financial institutions are increasingly incorporating social and environmental criteria into their assessment of projects. When making decisions about where to place their money, investors are looking for indicators of effective CSR management. A business plan incorporating a good CSR approach is often seen as a proxy for good management Hohnen, (2007).

### 2.3.7 Improved Relations With Regulators.

In a number of jurisdictions, governments have expedited approval processes for firms that have undertaken social and environmental activities beyond those required by regulation. In some countries, governments use CSR indicators in deciding on procurement or export assistance contracts. This is being done because governments recognize that without an increase in business sector engagement, government sustainability goals cannot be reached Hohnen, (2007).

### 2.3.8 A Catalyst for Responsible Consumption.

Changing unsustainable patterns of consumption is widely seen as an important driver to achieving sustainable development. Companies have a key role to play in facilitating sustainable consumption patterns and lifestyles through the goods and services they provide and the way they provide them. “Responsible consumerism” is not exclusively about changing consumer preferences. It is also about what goods are supplied in the marketplace, their relationship to consumer rights and sustainability issues, and how regulatory authorities mediate the relationship between producers and consumers Hohnen (2007).



Figure 6 Carroll's pyramid of CSR

*Source: Carroll(1991)*

## 2.4 Empirical Reviews

CSR practice of the study are described according to ISO 26000 seven fundamental subjects of CSR which are supported by lots of research findings of CSR. These CSR standards are environment, labor practice, human rights, organizational governance, fair operating practice, consumer issues and social development. Thus, on the basis of these standards, empirical studies of the thesis are summarized and presented below including CSR determinants.

### 2.4.1 Labor Treatment

Anupam S. and Ravi K. (2012), in their study called “Corporate Social Responsibility Initiatives of Major Companies of India” described CSR with focus on health, education and environment. The study based 12 large scale organizations basically from the IT, FMCG and Auto sectors. The detailed study of CSR initiatives by all these firms has been taken and then scores compiled for all three sectors undertaken for the study vise education, health and environment. Using a combination of case studies and industry - matrices for all three sectors, i.e. education, health and environment sectors the results are discussed. The results indicate that the selected companies (IBM, Tata consultancy service and Nestel) are practicing CSR via the selected CSR standards including labortreatment. These firms are trying to provide different services such as education and training for their skills and long-term career, health care, work life balance and safety facilities.

Dirk M. and Jeremy M. (2004), in their study of CSR standards, described labor treatment seeing that fair wages, working time and conditions, healthcare, redundancy, protection against unfair dismissal, just to name a few examples, have been key issues to which CSR policies have been addressed. Currently, many outlets of Starbucks Coffee in the USA announce that the company is offering to pay the healthcare benefits of all employees (respectively franchisees) who are employed by the company for more than 20 days per month. In general, the theme is firms should respect fundamental human rights and facilitate a fair, safe, healthy and pleasant work environment.

### 2.4.2 Consumer Protection

Consumers are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. For instance, Carroll A. and Shabana M. (2011) in their business cases suggested that CSR initiatives can contribute to strengthening a

firm's competitive advantage, its brand loyalty, and its consumer patronage. Anupam and Ravi (et al, 2012) also stated that consumer protection can be achieved through improved products. In the main, these and other findings indicate that consumer protection can be achieved through different dealings such as:

- ✓ *Firms should deal with all customer issues in a fair and honest manner, by listening to them and giving sincere consideration to their comments and suggestions.*
- ✓ *They should strive to deliver high value, quality products and services that meet and/or exceed the expectations of their customers.*
- ✓ *They should ensure that all products meet the required safety and environmental*
- ✓ *They will carefully monitor cost issues in order to provide our customers with affordable products.*
- ✓ *They will provide goods and services that can be used for socially beneficial purposes.*
- ✓ *They will actively invest in research, development, and manufacturing improvements that enable them to add value to the customer by consistently creating innovative products and services.*

#### 2.4.3 Community Welfare

Nirmala L. (2008) studied about CSR as “the Social and Environmental Impacts of Leather Production”. The study indicates health problems which are related to tanneries. People who work in or live near tanneries are dying from cancer caused by exposure to toxic chemicals used to process and dye the leather. As a result leather companies in different countries should spot the incidence of disease among residents near to tannery. Companies have made public stands against the inhumane slaughter of animals and improper processing of hides. The remedies of the social and environmental injustices are as varied and in some cases as obscure as the victims. In each country, governing agencies should supposedly regulate and watch over the processes involved. Hadi C. and Raveed K. (2011) also described CSR in terms “social values and behavioral issues” in order to reduce unemployment level of the community. These and other research findings on community standard of CSR summarized as:

- ✓ *Firms should crate strategic partnership between civil society, organizations and business gain momentum*
- ✓ *They should participate in local purchase*
- ✓ *Companies should provide various social services in infrastructure, entertainment, health, culture and so on.*

- ✓ *Business organizations should produce socially beneficial products*
- ✓ *Dialogue with the local community is also other thing which be considered in community standard of CSR*

#### 2.4.4 Environmental Protection

Hadi and Raveed (et al, 2011), on their article “Iranian Corporations and Corporate Social Responsibility: An Overview to Adoption of CSR Themes” explained certain CSR descriptions. They used a combination of qualitative and quantitative methods to identify the CSR themes and measure the priority of each theme, and also the extent to which the Industrial Management Institute (Iran) have contributed toward each of them. The research population primarily includes 100 top - in terms of annual sales - Iranian companies and semi-structured questionnaire are developed and used as instrument. The findings of the article indicate that promotional programs for environment, in environmental group should be designed in CSR strategies and practices of firms.

Shafiqur (et al, 2011), in his study “Evaluation of Definitions: Ten Dimensions of Corporate Social Responsibility” stated that environmental protection is one of the dimensions by which CSR described. As a methodology, dimensions of CSR were identified through a content analysis of its definitions. According to Anupam and Ravi (et al, 2012)., the environment can be protected via various measures such as using less water, emitting fewer green house gases and reduction of energy consumptions. CSR standard studies of William and Jose (et al, 2009) proposed that environmental protection using means such as:

- ✓ *Comply with or surpass set environmental laws, rules and regulations to promote environmental protection and minimize, if not eliminate, environmental risks.*
- ✓ *Companies will continue to work towards developing innovative products that integrate environmental standards, minimize environmental impacts in integrated manner and enhance the social value.*
- ✓ *They will participate in environmental protection and restoration projects.*
- ✓ *They will promote environmental awareness and provide information to their employees to enhance their understanding of environmental issues.*

#### 2.4.5 Human Rights

With reference to, William and Jose (et al, 2009) study of CSR standards, the CSR standards hinge on many aspects of life such as human rights, treatment of labor, the environment,

consumer protection, health, fighting corruption and transparency in reporting. The findings of the study claim that companies are under obligation to respect and promote human rights in their operations. The Universal Declaration of Human Rights of 1948 recognizes the dignity and equality of all persons as members of the global community. This also forms the basis for freedom, justice and peace across the world. Corporations, as organs of society are under obligation to comply wherever they may be operating in the world. It stated that corporations are required to:

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

#### **2.4.6 Transparency and Anti-corruption**

According to Australian Government (2010) study, social responsibility is premised on fair operating practices, meaning ethical conduct in an organization's dealings with others, including government agencies, partners, suppliers, contractors, competitors and the associations in which they are members. A key issue in fair operating practices is anti-corruption. Corruption can result in the violation of human rights, the erosion of political processes, impoverishment of political processes, impoverishment of societies and damage to the environment. It can also distort competition, distribution of wealth and economic growth. Socially responsible companies will consequently have in place robust anti-corruption policies and practices, backed up by senior management buy-in, staff training, and reporting, and accountability arrangements. Similar explanation about transparency and anti-corruption are also raised by Shafiqur (et al, 2011).

#### **2.4.7 Determinants of CSR**

In the last decade, in particular, empirical research has brought evidence of the measurable payoff of corporate social responsibility (CSR) initiatives to companies as well as their

stakeholders. Companies have different reasons for being attentive to CSR. Varieties of studies about factors which determine CSR are discussed below.

Different CSR determinants were stated by Matthias H. and Ludwig T. (2009), though their empirical findings in terms of Corporate Social Responsibility in Agribusiness of Germany. In the study a total 170 enterprises agribusiness sectors participated in the survey. Questionnaires and interviews used regarding data collection. The questionnaire focused on the perception of external pressure and the motives for implementing CSR. It was designed on the basis of five-point Likert-scales. It was employed in such a way that allowed respondents to agree or disagree with pre-formulated statements. In order to identify groups of interrelated variables and to understand how they are related to one another, a factor analysis was conducted.

The results of the study show that agribusiness firms in general perceive high public pressure that might threaten their legitimacy. Nevertheless, companies in agro-food chains often do not deny the legitimacy of general protests and claims concerning food production. Some aspects such acceptable social standards for employees, higher environmental standards are considered to be legitimate by a majority of respondents. A majority of respondents agree that they are engaged in the company's local environment (corporate citizenship) as well as in social initiatives and make suppliers commit to social and environmental standards. Further, these empirical findings show that CSR in agribusiness is a top management matter as it is often advised in the literature.

For the implementation and controlling of CSR, numerous management systems exist. ISO standards and risk management are used most frequently.

On the factor - critics - reflects the perceived external pressure from stakeholders, such as non-governmental organizations, and society in general, represented by, for instance, the mass media as well as firm reputation. The other factor - profit focus - consists of statements regarding possible cost and profit effects of CSR strategies as well as statements linked to the priority of CSR. Besides these direct CSR benefits which can be due, for instance, to cost reductions, there can also be indirect interrelations between CSR and performance.

Carroll and Shabana (et al, 2011), through their business cases, contributed certain concepts for Corporate Social Responsibility. They proposed, companies may also justify their CSR initiatives on the basis of creating, defending, and sustaining their legitimacy and strong reputations. The win-win perspective on CSR practices aims to satisfy stakeholders' demands while allowing the firm to pursue financial success. By engaging its stakeholders



and satisfying their demands, the firm finds opportunities for profit with the consent and support of its stakeholder environment. CSR activities also directed at managing community relations may also result in cost and risk reductions. For example, building positive community relationships may contribute to the firm's attaining tax advantages offered by city and county governments to further local investments. In addition, positive community relationships decrease the number of regulations imposed on the firm because the firm is perceived as a sanctioned member of society.

Craig N., Read D. and Sofia L. (2010), studied consumer perceptions of CSR using CSR halo effects. In the study, 165 participants were selected randomly for experimental conditions and were debriefed and compensated on departure. Each participant read a brief scenario describing a firm in terms of CSR initiatives, local community, customers, employees work life balance and environment. The study findings shows that consumers were exposed to a CSR initiative, their evaluation of the company's CSR performance within four domains (excluding the initiative described in the scenario) was significantly higher than the control condition ( of not initiative).

Martin M. and Yunita A. (2012), on "Impact of Corporate Social Responsibility toward Firm Value and Profitability" tried to describe profitability as a determinant of CSR. This research used data from 30 Indonesian listed corporations in 2007-2009. Data used in this research are financial data, stock price, and information of CSR activities extracted from annual report. For profitability testing, they used three indicators: Return on Asset, Return on Equity, and Net Profit Margin. As a result, descriptive statistics and linear regression model were designed for the analysis. Accordingly, the findings shows, CSR defined as business contribution to sustainable development and that corporate behavior must not only ensure return to shareholders, wage to employees and products and services to consumers, but they must respond to societal and environmental concerns and value.

Antonia A. and vonWeltzein H. (2009), in their study stated determinants of CSR. The study was done through hypothesis testing. The findings show that a variety of drivers emerged upon CSR namely utopian philosophers and social critics, philanthropists, religious and ethical thinkers, political and business interests. Accordingly, CSR is not only business ethics, but also social ethics and even political ethics, and besides the corporate responsibilities, there are also responsibilities of government, public administration, trade unions, the media, consumers, workers and etc.

On the basis of the above descriptions about determinants of CSR and other related studies mainly based on Nick C. (et al, 2010) “45 Forces Driving Corporate Social Responsibility” the findings of CSR determinants are summarized as follows:

- ✓ *More than ever before, the public-at-large (community) is placing social, ethical and environmental expectations on organizations large and small. Many companies are now engaging in corporate social responsibility simply to catch up with these expectations.*
- ✓ *Shareholder resolutions related to social and environmental issues have steadily increased year-on-year. Through these resolutions, activist investors attempt to sway management policies either by passing a binding resolution or simply by forcing the board and senior management to respond publicly to social concerns.*
- ✓  *Indeed, employees at all levels are suffering a lack of meaning at work. Even at the lowest levels of many companies, entrepreneurial employees are launching their own initiatives targeting social and environmental issues within the context of their company. So grassroots employee activism is the other critical determinant of the practice of CSR.*
- ✓ *CSR and ethics education is the other determinant of CSR practices. In response to the growing interest in corporate social responsibility, companies are sending staff to workshops focused on sustainability, ethical decision making, and other dimensions of CSR. MBA programs worldwide are incorporating these aspects into their curriculum.*
- ✓ *The other determinant which rose was level of social license. In order for buyers to verify the social and environmental record of their suppliers, many are turning to certification programs that provide independent verification. ISO 14001 was one of the first and most popular of these programs, but many more have been launched since.*
- ✓ *The internet and social media is also affects the activity. Once, the internet enhanced the public's access to information - including information about social issues and the social & environmental performance of companies. On Facebook, Twitter, Myspace, thousands of review sites and tens of thousands of discussion forums, people's compliments, complaints, and criticisms are readily shared with the world.*
- ✓ *Regulation on social and environmental reporting influences the company to be socially responsible. In a fairly recent development, some jurisdictions and laws are now pursuing legislation or securities regulation that would force companies to*

*report on social and environmental performance, similar to mandatory financial reporting to shareholders.*

- ✓ *The other very important factor is sustainability and profitability. One common myth of corporate social responsibility is that it is costly to implement. But on the contrary, many companies are being driven to engage in responsible business practices out of a desire to save money. Firms that conserve energy & resources and create a more efficient value chain help the environment and their bottom line. Some companies are even earning revenue through their activities. For example, some are installing solar panels on roofs and selling energy back to the grid.*
- ✓ *International organizations including NGOs also put pressure on CSR practices. A major role of these organizations is to raise public awareness of social issues and to pressure those with the power to fix those issues. This activism is responsible for much of the increase in public awareness of social issues and the questionable activities of some companies, as well as shifting attitudes toward the social role of the corporation.*

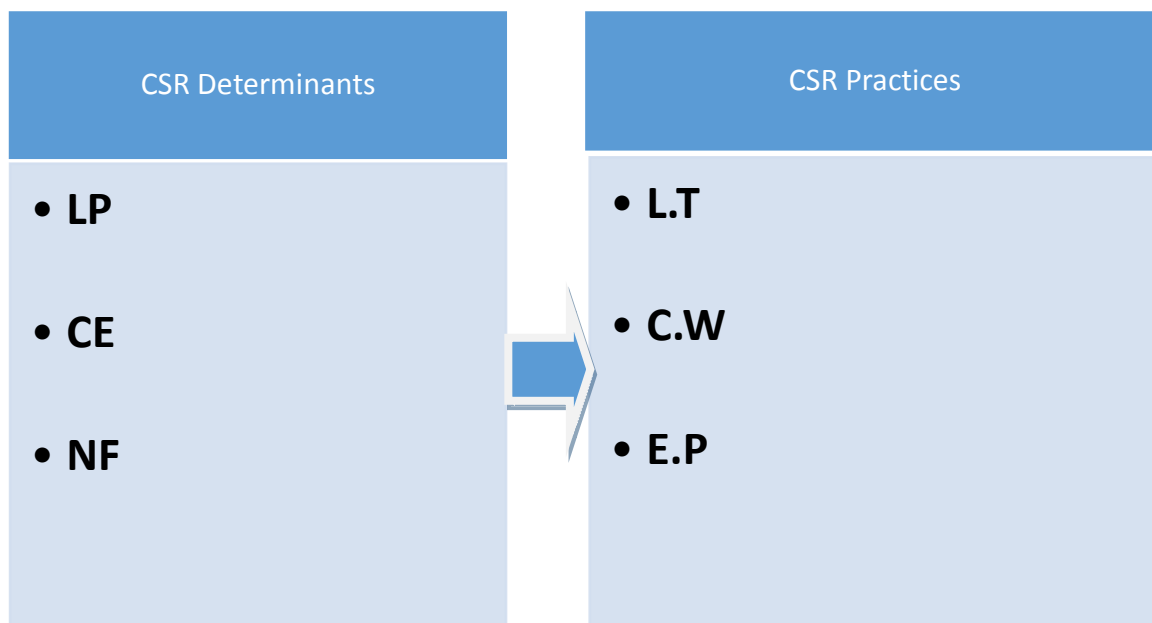
In summary, the preceding description about the empirical studies of CSR presents a landscape of CSR standards and determinants although some of them provided a propagation of approaches, which are controversial and complex. These concepts have been examined and classified by scholars since the mid-1970s. However, owing to the evolving meaning of CSR and the huge number of scholars who have begun to analyze the issue in recent years fresh efforts are needed to understand new developments. Subsequently, the above empirical findings faced hole or holes, they are not all contented. These gaps can be summarized below as per the knowledge and understanding of the researcher.

- ✓ *The studies did not investigate CSR practices in accordance with their determinants. In addition to this, greater number of studies focused only on certain dimensions of CSR.*
- ✓ *The methodologies were based on questionnaires and interviews as instrument for data collection, although, observation is the other instrument especially related to environmental matters.*
- ✓ *The studies used descriptive statistics, liner regression or qualitative analysis to find out the results of their analysis. Logistic regression which is a best tool for respondents' attitudes, however, did not put into practice as an analysis tool.*

## 2.5 Conceptual Framework

There is no agreed measurement system for CSR, although companies such as Shell have tried measure CSR through their Key Performance Indicators (KPI). There is no single methodological framework in existence which has achieved widespread agreement (Hopkins et al, 2011). The nearest might well be the framework that can be developed based on CSR standards, which have been adapted and to be applied to the selected companies.

As we can see Figure 6 below, the conceptual framework can be present in form of a cycle in which companies exist, i.e. with an external and a company internal environment which together define the CSR response and performance.



**Figure 7 Conceptual Framework of the study**

*Source :Researcher Own Development*

The above figure shows that CSR can be described via three issues or concepts such as labor treatment (L.T), community welfare (C.W), and environmental protection (E.P). These CSR practices, however, depend on various factors also called independent variables such as labor pressure (LP), community enforcement (CE) and nature of the firm (NF). The cause and effect relation of these factors or predictors and the dependent variable (CSR practice) is described in figure 6 and the explanations are stated in the model specification part of the study in chapter three. To make each of the dependent and independent variables selected for the study more clear, the explanations and research findings reported by different periods of time are presented in the previous part of this chapter. In relation to this study, the independent variables are discussed and presented in the following certain subtopics and paragraphs.

### 2.5.1 Labor Pressure

Grassroots employee activism is a critical factor which influences CSR practices of a firm. Indeed, employees at all levels are suffering a lack of meaning at work, even at the lowest levels of many companies, entrepreneurial employees are launching their own initiatives targeting social and environmental issues within the context of their company.

Firms should respect fundamental human rights and facilitate a fair, safe, healthy and pleasant work environment for their workers. They should also draw strength from workers diversity, creating a positive synergy between the individual and the company. Because business performances of a firm is more depends on the activities of its employees. So, employees influences CSR activities of their organization through their labor unions or/and in the informal groups.

### 2.5.2 Community Enforcement

Many companies are engaging in various activities which enhance the welfare of the community. As a result, companies should actively contribute to the communities, in which they operate, as well as the international community, and facilitating mutually beneficial relationships. Because community enforcement, threat profitability as well as survival of business organizations. More than ever before, the public-at-large is placing social, ethical and environmental expectations on organizations large and small. Many companies are now engaging in corporate social responsibility simply to catch up with these expectations.

Community welfare includes different social, economical and political activities regarding to the problems of the society. These activities might be in education, health, sport, infrastructure or other similar activities. Organizational or institutional participation in these activities can be considered as a CSR practice.

### 2.5.3 Environmental Protection

Hadi and Raveed (et al, 2011), on their article “Iranian Corporations and Corporate Social Responsibility: An Overview to Adoption of CSR Themes” explained certain CSR descriptions. They used a combination of qualitative and quantitative methods to identify the CSR themes and measure the priority of each theme, and also the extent to which the Industrial Management Institute (Iran) have contributed toward each of them. The research population primarily includes 100 top - in terms of annual sales - Iranian companies and semi-structured questionnaire are developed and used as instrument. The findings of the article indicate that promotional programs

for environment, in environmental group should be designed in CSR strategies and practices of firms.

Shafiqur (et al, 2011), in his study “Evaluation of Definitions: Ten Dimensions of Corporate Social Responsibility” stated that environmental protection is one of the dimensions by which CSR described. As a methodology, dimensions of CSR were identified through a content analysis of its definitions. According to Anupam and Ravi (et al, 2012)., the environment can be protected via various measures such as using less water, emitting fewer green house gases and reduction of energy consumptions. CSR standard studies of William and Jose (et al, 2009) proposed that environmental protection using means such as:

- ✓ *Comply with or surpass set environmental laws, rules and regulations to promote environmental protection and minimize, if not eliminate, environmental risks.*
- ✓ *Companies will continue to work towards developing innovative products that integrate environmental standards, minimize environmental impacts in integrated manner and enhance the social value.*
- ✓ *They will participate in environmental protection and restoration projects.*
- ✓ *They will promote environmental awareness and provide information to their employees to enhance their understanding of environmental issues.*

## CHAPTER THREE

### 3. RESEARCH METHODOLOGY AND DESIGN

#### 3.1 Description of the Research Area



National Alcohol and Liquor Factory, a state owned business enterprise, which has been operating for more than a century is a pioneer in Ethiopia’s liquor industry. The factory is engaged in the production and distribution of Extra Neutral Alcohol (ENA) and various alcoholic liquors of high quality both for domestic and export markets. The factory comprises four branch factories which was once established and owned by individuals in different periods. It acquired its current name after being nationalized by the derg regime in 1969 Ethiopian Calendar (EC).

- Sebeta branch: established in 1906,
- Maichew branch: Head Office established in 1914,
- Mekanissa branch: established in 1957.
- Akaki branch: established in 1938.

National Alcohol & Liquor Factory occupies a pioneering status signalling a major breakthrough in the onset of beverage industrialization in Ethiopia over the last century. The factory improved its manufacturing technologies and production capacity through time and reached in producing 2.3 million litres of Pure Alcohol & 5.2 million litres of alcohol liquors annually during 2008 budget year. But, the factory realized that liquor products supply to the local market is short of demand in most cases. The government decided the factory to be fully transformed in all aspects.

Hence, the factory's management & Board of Management decided to conduct market & feasibility studies. The study clearly indicated the growth of demand for liquor products & feasibility of the project. The feasibility study also showed the existence of growing demand of liquor products abroad.

The Factory then, started to implement Rehabilitation & Expansion of its old & downsized plant Machineries. The Expansion in addition with the Rehabilitation increased the production capacity of the Factory to more than fourfold of the previous capacity.

The new plant at Mekanissa produces 18,000 liters per day and 6.5 million liters of ENA per year. In addition, the factory is in erecting a new distillery at Sebeta with production capacity of 12,000 liters per day; which will enhance the factory's overall capacity to rise to 30,000 liters per day and 11 million liters of ENA per annum.

### **3.2 Research Design**

To accomplish the research and come up with possible answers to the research questions the student researcher use descriptive research method. Descriptive research method use to describe and determine the CSR practice of national alcohols factory and it is use in determining the frequency with which an event occurs and collect data that describe the characteristics of a particular group of respondents which helps to answer questions.

### **3.3 Sources of Data**

In order to achieve the objectives of the research the student researcher use both primary and secondary data. Primary data collected from the company's operation manager, employees and the surrounding society. And Secondary data's was collected from the company's reports, journals and books of related types.

### **3.4 Sample Size Determination**

The target populations of the study are composing of the surrounding society located around the company, the company's employees from the production department and the company's operation manager. Sample sizes larger than 30 and less than 500 are appropriate for most research. The standard and sophisticated statistical analysis including structural equation modeling recommends sampling of 200 as fair, and 300 as good (Tabachnick and Fidell, 1996). In addition, Hair et al. (1998) recommended a sample size of 200 to test a model using SEM, because 200 is a 'critical sample size' that can be used in any common estimation procedure for valid results (Hoelter, 1983). Based on the



recommendations student researcher use 200 peoples with non-probability sampling particularly convenience (accidental) sampling technique because while using convenience sampling technique it enables the researcher to meet the populations on their availability.

### 3.5. Sampling Technique

Sampling technique may be broadly classified as non-probability and probability. Non-probability sampling technique relies on the personal judgment of the researcher rather than chance to select sample element. And for probability sampling, sampling units are selected by chance (Malhotra, 2007).

Convenience sampling of non-probability sampling technique is applied for this study where the selection of sampling element is based on the convenience of the researcher. Researcher meets and selects the potential respondents who are willing to participate in the research because they happen to be in the right place at the right time. This sampling method is adopted due to it is cost efficient, less time consuming and easy to administer. It is used when researcher unable to reach wider population due to the time and cost constraints.

The study is basically targeted at community members within the National Alcohol and Liquor Factory and employees from the production department and the company's operation manager. Accordingly, people in the National Alcohol and Liquor Factory and employees in the beverage industry is targeted as respondents. There are two main types of sampling: probability and non-probability sampling. Probability sampling is a sampling technique where equal opportunity is given to individual in the population to be chosen while non-probability sampling does not give equal opportunity to individual within the population to be selected.

Purposive sampling techniques were used in selecting the interviewees. Simple random sampling is where the researcher gives all respondents equal chance of being included or excluded in the study. Purposive sampling is where the researcher consciously decides who to include or exclude in study. It use to target the operation manager who provided relevant information on the total number of employees in the companies and issues on CSR respectively.

### **3.6. Data Analysis Method**

Quantitative and qualitative techniques of data analysis was used to analyze the data. Content analysis use to explain the qualitative data collect from interview and the open-ended questions in the form of comprehensive statements.

Content analysis is a technique that can be used to analyze both qualitative and quantitative data in an inductive or deductive approach. According to Lauri and Kyngas (2005), the inductive approach is employed where there is scanty or patchy literature on the phenomenon understudy. An approach based on inductive data moves from the specific to the general, so that specific situations are observed and included in a general statement (Chinn & Kramer, 1999). The researcher utilizes the inductive approach to analyze the qualitative data. Deductive content analysis is utilized when the structure of analysis is based on earlier literature (Kyngas & Vanhanen, 1999). As a result of this, deductive approach moves from the general to the specific (Burns & Grove, 2005).

### **3.7 Ethical Considerations**

To ensure subjects are treated ethically, the current research proposal will submitted to my adviser to review the proposal and the general interview guide interview questions and Appendix. To ensure all questions are appropriate for the interviewees. The researcher used fictitious names in transcribing the interviews to provide anonymity for the participants. Also, the purpose of the study and interview will clearly articulated to each participant. All interviewees know they are being interviewed.

## CHAPTER FOUR

### 4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this part of the research paper, data which were collected from sample respondents and interview results are presented, analyzed and interpreted. The data's have been collected and then processed in Return to the problems raised in the first chapter of the study.

The data's were collected through questioners and interviews. The questionnaires were distributed to the employees of National Alcohol Factory and the local society who settled around the company where as the interview was held with the operation manager of the company.

Among the company's employees who are in the production department, all of them (83 employees) were selected as respondents of the study from national alcohol factory. The rate of return for the questionnaire was 83 (100 %) and among the local community who live around the company, 200 houses which were close to the company were selected as sample respondents. 182 questionnaires were successfully responded and collected. The rate of return for the questionnaire was 182(91%)

The questions asked were close ended and few open ended questions. The open ended questions were used to gather respondent's opinion which provides in depth understanding of the issue of the study.

Source: Aug, 2019

In the above below some demographic characteristics of the respondents which consist of

**Table 1 Table 1 General Characteristics of the Population ( society )**

NO	Item	Description	NO. of Respondents	Percentage (%)
1.	Sex	Male	106	58
		Female	76	42
		Total	182	100%
2.	Age	18-23	45	25
		24-29	68	37
		30-35	34	19
		36-41	26	14
		42-47	5	3
		>47	4	2
		Total	182	100%
3.	Education	10/12 complete	42	23
		Certificate	20	11
		Diploma	67	37
		Degree	49	27
		masters and above	4	2
		Total	182	100%
4.	Occupation	Student	104	57
		Employee	67	37
		Retired	2	1
		Merchant	9	5
		Total	182	100%
5.	Inhabitant	<1yr	7	4
		1-2yr	33	18
		3-4yr	54	30
		>4yr	88	48
		Total	182	100%

Source: Aug, 2019

As it is illustrated in the above table item no. 1 out of 182 respondents 106 (58%) found to be males and the rest 76 (42%) of them are found to be females in the community side. This implies that males take a larger portion as inhabitants of the company.

While in table 2 and item no. 2 shows that 45 (25 %) of the respondents lay in the age of 27-32, and 68 (37%) of respondents are between the age of 33-38, 34 (19%) of the respondents are in the age of 39-44, and the rest 26 (14%) are above the age of 44, while 5 (3%) are between the age of 42–47 and the rest 4(2%) are greater than the age 47. Therefore they are assumed to fill the questionnaires appropriately.

And regarding the community educational background which is shown in table 2 item no.3, from the total of 182 respondents 42 (23%) respondents are 10<sup>th</sup> or 12<sup>th</sup> complete, 20 (11%) are certificate holders, 67 (37 %) are diploma holders, 49 (27%) and 4 (2 %) have first

degree. As can be seen from the data presented above out of the 182 respondents 140 of them have an advanced educational capability therefore they can understand the questions raised simply.

From the above table 2 item no.4, which entails the occupation part, there are 104 (57 %) students, 67 (37 %) are employees either in government or private institutions, 2 (1 %) are merchants and 9(5 %) are retired out of the 182 respondents. From this data we can understand that more than half of the respondents are students therefore they are assumed to give clear response to the questions raised in the study.

In the item 5 of table 2 which illustrates for how long the respondents have been living in the surrounding of the company, 7 (10 %) have been there for at least 1 year, 33(50 %) were in the community from 1-2 years,54 (20 %) lived from 3-4 years and 88 (20 %) were in the community for more than 4 years. In the data presented above, Out of 182 respondents of the study 175 (96 %) have lived in the surroundings of the company above one year so they can give a clear information about the topic under study in relation with past experience and recent activities of the company.

**Table 2 The complaint handling mechanism of the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company has a good complaint handling mechanism.	Strongly Agree	0	0
		Agree	5	3
		Neutral	57	31
		Disagree	68	37
		Strongly Disagree	52	29
		Total	182	100

**Source: Aug, 2019**

The above table shows that 5(3%) of the respondents agree that the company has a good complaint handling mechanism, 57(31%) were neutral to the question whereas 68 (37%) of the respondents disagree and the rest of 52 (29%) strongly disagree. The above data implies the company does not resolve the complaints raised from the society or they hadn't gone further to ensure their right.

**Table 3 Regarding the effect of the wastage released from the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I am affected by the waste released from the company	Strongly Agree	38	21
		Agree	79	43
		Neutral	55	30
		Disagree	10	6
		Strongly Disagree	0	0
		Total	182	100

**Source: Aug, 2019**

As it is presented in the above table 38(21%) of all the respondents strongly agree that they are affected by the waste released from the company, 41 (23%) agree, 15 (8%) of the respondents were neutral to the question, whereas 78(43%) disagree and the rest 10(5%) strongly disagree. This shows that more than half of the respondents of the study agree that their health is affected by the waste released from the company and this implies the severity of the wastage released from the company is high.

**Table 4 Regarding the company's compensation to the society**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company gives compensation to the local community	Strongly Agree	0	0
		Agree	0	0
		Neutral	75	41
		Disagree	65	36
		Strongly Disagree	42	23
		Total	182	100

**Source: Aug, 2019**

The above table shows 75 (41%) were neutral to the question, whereas 65 (36%) of the respondents disagree and the rest 42 (23%) strongly disagree. From the data presented above one can understand that almost the company doesn't compensate the society for the

wastage released to the environment which leads to a rough relationship between the company and the society.

**Table 5 Concerning the cooperation of the society in the implementation of CSR**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company asks cooperation of the society in the implementation of CSR.	Strongly Agree	0	0
		Agree	0	0
		Neutral	58	32
		Disagree	86	47
		Strongly Disagree	38	21
		Total	182	100

**Source: Aug, 2019**

The above table shows that 58(32%) of the respondents were neutral to the question, whereas 86 (47%) of the respondents disagree and the rest 38 (21%) strongly disagree. This implies that the company didn't ask a support from the society in the implementation of corporate social responsibility this implies that the company does not have any initiation to discharge its social responsibility.

**Table 6 The concept of CSR**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I have heard about CSR before	Strongly Agree	26	15
		Agree	55	30
		Neutral	45	25
		Disagree	48	26
		Strongly Disagree	8	4
		Total	182	100

**Source: Aug, 2019**

The above table shows 26 (15%) of the respondents strongly agree that they have heard about corporate social responsibility, 55 (30%) of the respondents agree, 45 (25%) were

neutral to the question, whereas 48 (26%) of the respondents disagree and the rest 8(4%) strongly disagree. From the data presented above one can understand that the society has relatively heard of the concept of corporate social responsibility and this can help them to ensure their rights.

**Table 7 Regarding the relationship between the company and the society**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I have a good relationship with the company	Strongly Agree	0	0
		Agree	5	3
		Neutral	79	43
		Disagree	72	40
		Strongly Disagree	26	14
		Total	182	100

**Source: Aug, 2019**

The above table shows 5 (3%) of the respondents agree that they have a good relationship with the company, 79(43%) of the respondents were neutral to the question, whereas 72 (40%) of the respondents disagree and the rest 26 (14%) strongly disagree. This shows that the society doesn't have a good relationship with the society, it is obviously because of the danger the company's business process cause on the well being of the employees.

**Table 8 Company's participation in widening infrastructures to the society**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company participates in widening infrastructures to the society	Strongly Agree	0	0
		Agree	0	0
		Neutral	48	26
		Disagree	94	52
		Strongly Disagree	40	22
		Total	182	100

**Source: Aug, 2019**



The above table shows 64 (32%) of the respondents were neutral to the question whether the company participates in widening infrastructure to the society, whereas 94 (52%) of the respondents disagree and the rest 40 (22%) strongly disagree. From the data presented above we can understand that the company doesn't participate significantly in providing infrastructure to the surrounding society this can also be a good indication of the lower concern the company has given to the corporate social responsibility.

**Table 9 The benefit of the society from the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I believe that I got a benefit from the company's operation.	Strongly Agree	0	0
		Agree	4	2
		Neutral	66	42
		Disagree	68	36
		Strongly Disagree	44	20
		Total	182	100

**Source: Aug, 2019**

The above table shows 4 (2%) of the respondents agree that they got a benefit from the company's operation, 66(42%) of the respondents were neutral to the question, whereas 68 (36%) of the respondents disagree and the rest 44 (20%) strongly disagree. From The above data one can understand that the society didn't get any kind of benefit from the company's operation in one or the other way.

**Table 10 Efforts to reduce the negative impacts production process on the environment.**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company tries to reduce the negative impacts of its production process on the environment.	Strongly Agree	0	0
		Agree	42	23
		Neutral	64	35
		Disagree	46	25
		Strongly Disagree	30	16
		Total	182	100

**Source: Aug, 2019**

The above table shows 42 (23%) of the respondents agree that the company tries to reduce the negative impacts of its production process on the environment, 64 (35%) were neutral to the question, whereas 46(25%) of the respondents disagree and the rest 30 (16%) strongly disagree. This shows that the company either didn't tries to reduce the negative impacts of its production process on the environment or the society didn't notice it.

**Table 11 About remedial measures**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	How do you rate the speed by which the company takes a remedial measure based on a complaint raised from the society?	Very High	0	0
		High	0	0
		Medium	42	23
		Low	75	41
		Very Low	65	36
		Total	182	100

**Source: Aug, 2019**

The above table shows 42 (23%) of the respondents rated the speed by which the company takes a remedial measure based on a complaint raised from the society as medium, whereas 75 (41%) of the respondents rated as low and the rest 65 (36%) rated as very low. This implies that the company doesn't take a remedial measure while there is any complaint from the society.

## 4.2 Analysis of Respondents (Employees)

*Table 12 General Characteristics of population (Employees)*

Item NO.	Item	Description	NO. of Respondents	Percentage (%)
1.	Sex	Male	48	58
		Female	35	42
		Total	83	100
2.	Age	18-23	30	36
		24-29	19	23
		30-35	15	18
		36-41	10	12
		42-47	4	5
		>47	5	6
		Total	83	100
3.	Education	Illiterate	0	0
		10/12 complete	48	58
		Certificate	0	0
		Diploma	20	24
		Degree	15	18
		Masters and above	0	0
		Total	83	100
4	Work experience	< 1yr	10	12
		1-2yr	26	31
		3-4yr	32	39
		>4yr	15	18
		Total	83	100

Source: Aug, 2019

In the above table some demographic characteristics of the respondents which comprises age distribution, gender, educational level, work experience.

As it is presented in the above table item no. 1 out of 83 respondents 48 (58%) are males and the rest 35(42%) of them are females this implies males take a larger role in working in the company.

item no. 2 shows that 30(36%) of the respondents lay in the age of 18-23, and 19 (23%) of respondents are between the age of 24-29, 15 (18%) of the respondents are in the age of 30-35, 10 (12%) of the respondents fall in the age of 36-41 and 4 (5 %) are somewhere between the age of 42-47 and the rest of 5(6%) are greater than 47. From the data presented above we can understand that of all the respondents of the study 77% percent of them are between the age of 18-35 which are young and productive.

As shown in the above table item no. 3, 48 (58%) of the employees are 10-12 complete and 20(24%) diploma and 15 employees (18%) who has a degree. As can be seen from the above data more than half of the respondents are 10/12 complete, therefore they are assumed to have a good exposure about corporate social responsibility.

In table 1 item no.4 which shows for how long the respondents have been working in the company, 10 (12%) have been there for at least 1 year, 26(31%) were in the company from 1-2 years,32 (30%) worked from 3-4 years and 15 (18%) were in the company for more than 4 years. As we can understand from the above data 88% of the respondents have stayed in the company above one year therefore they can give valuable information about the company's corporate social responsibility practice.

**Table 13 The concept of CSR**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I have heard about CSR before	Strongly Agree	8	10
		Agree	19	23
		Neutral	18	22
		Disagree	16	19

		Strongly Disagree	22	26
		Total	83	100

**Source: Aug, 2019**

The above table shows that 8(10%) of the respondents strongly agree that they have heard about corporate social responsibility 19(23%) of the respondents agree that they have heard about corporate social responsibility, 18(22%) of them are neutral whereas 16(19%) disagree and the rest of 22(27%) strongly disagree. Therefore we can understand that most of them are not aware of the term corporate social responsibility and this can cause for the employees not to claim their rights.

**Table 14 about the work of the employees**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	I am happy with what I am working in the company	Strongly Agree	6	7
		Agree	24	29
		Neutral	13	16
		Disagree	34	41
		Strongly Disagree	6	7
		Total	83	100

**Source: Aug, 2019**

As the above table implies 6 (7%) of the respondents strongly agree that they are happy with what they are working in the company, 24 (29%) of the respondents agree, 13 (16%) of the respondents are neutral to the question, whereas 34 (41%) of the respondents disagree and the rest 6 (7%) strongly disagree. Out of 83 respondents of the study more than half are not happy with what they are working in the company this might be because of the working environment or the salary scale of the company.

**Table 15 Regarding safety materials**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company provides me with the necessary safety materials.	Strongly Agree	11	13
		Agree	13	16
		Neutral	17	20

		Disagree	19	23
		Strongly Disagree	23	28
		Total	83	100

**Source: Aug, 2019**

The above table shows 11 (13%) of the respondents strongly agree that the company provides the necessary safety materials to the employees 13(16%) of the respondents agree 17 (20%) are neutral whereas 19 (23%) disagree and the rest 23 (28 %) strongly disagree with the question. This shows more than half of the respondents of the study didn't agree that the company provides the necessary safety materials and it also shows the concern given by the company for the safety of the employees is low and this might result in resignation of qualified employees who have much experience from the company.

**Table 16 Trainings given by the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company gives appropriate training for its employees	Strongly Agree	0	0
		Agree	14	17
		Neutral	15	18
		Disagree	29	35
		Strongly Disagree	25	30
		Total	83	100

**Source: Aug, 2019**

The above table shows that 14 (17%) of the respondents agree that the company give training for its employees 15 (18%) are neutral to the question whereas 29(35%) disagree and the rest 25 (30%) strongly disagree. Among 83 employees 65 % of them didn't agree and this show the company doesn't give appropriate training for employees and if the company continues this way it will be resulted in reduced level of productivity which in turn has a negative impact on the profitability of the company.

**Table 17 Concerning the incentives given by the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company	Strongly Agree	3	4

	gives incentive for its employees to enhance their morale.	Agree	7	8
		Neutral	14	17
		Disagree	39	47
		Strongly Disagree	20	24
		Total	83	100

**Source: Aug, 2019**

As it can be seen from the tables above 3 (4%) of the respondents strongly agree that the company gives incentive for its employees 7 (8%) of the respondents agree 14 (17%) are neutral whereas 39 (47%) of the respondents disagree and the rest 20 (24%) strongly disagree. This indicates the company doesn't give incentive for its employees which can be used as a very good indication that the company is not discharging its responsibility towards its employees.

**Table 18 Award given by the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company awards its best performing employees.	Strongly Agree	0	0
		Agree	0	0
		Neutral	24	29
		Disagree	34	41
		Strongly Disagree	25	30
		Total	83	100

**Source: Aug, 2019**

The above table shows that 24 (29%) of the respondents are neutral whereas 34 (41%) of the respondents disagree and the rest 25 (30%) strongly disagree. This shows the company

doesn't award its best performing employees and this might lead to lower morale and reduced level of satisfaction towards their work.

**Table 19 About the salary of the employees**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The salary scale of the company is proportional with the work of the employees.	Strongly Agree	0	0
		Agree	17	20
		Neutral	27	33
		Disagree	37	45
		Strongly Disagree	2	2
		Total	83	100

**Source: Aug, 2019**

The above table shows that 17 (20%) of the respondents agree that the salary scale of the company is proportional with their work 27(33%) neutral, whereas 37 (45 %) disagree and the rest 2 (2%) strongly disagree to the question. From the data presented above we can understand that 47% of the respondents didn't agree that the salary scale of the company is attractive if situations continue like this there might be a high rate of employee's resignation in order to get a better salary.

**Table 20 Regarding the impact of CSR on employees motivation**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	Corporate Social Responsibility has an effect on employees' motivation.	Strongly Agree	28	34
		Agree	21	25
		Neutral	24	29
		Disagree	4	5
		Strongly disagree	6	7
		Total	83	100

**Source: Aug, 2019**

The above table shows that 28 (34%) of the employees strongly agree that corporate social responsibility has an effect on employee's motivation, 21 (25%) agree, 24 (29%) are neutral whereas 4 (5%) disagree and the rest 6 (7%) strongly disagree. Above 50% of the



respondents have agreed that corporate social responsibility has an impact on employees' motivation.

**Table 21 Regarding the impact CSR has on the sustainability of the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	Corporate social responsibility has an impact on the sustainability of the company.	Strongly Agree	0	0
		Agree	21	25
		Neutral	20	24
		Disagree	30	36
		Strongly disagree	12	14
		Total	83	100

**Source: Aug, 2019**

From the above table we can see that 21(25%) of the respondents agree that corporate social responsibility has an impact on the sustainability of the company, 20 (24%) of the respondents are neutral to the question whereas 30 (36%) of the respondents disagree and the rest 12 (14%) strongly disagree. From the data presented above one can understand that (50%) of the respondents are not aware of the impact corporate social responsibility has on the sustainability of the company this indicates the lower level of employees knowledge about corporate social responsibility.

**Table 22 About the impact CSR has on the profitability of the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	Corporate social responsibility has an effect on profitability of the company.	Strongly Agree	10	13
		Agree	19	22
		Neutral	27	32
		Disagree	23	28
		Strongly Disagree	4	5
		Total	83	100

**Source: Aug, 2019**

The above table shows 10 (13%) of the respondents strongly agree that corporate social responsibility has an influence on the profitability of the company, 19 (22%) of the respondents agree, 27 (32%) are neutral to the question, whereas 23 (28%) of the

respondents disagree and the rest 4 (5%) strongly disagree. From 83 respondents most of them know the effect corporate social responsibility has on the profitability of the company.

**Table 23 About the working environment of the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company's working environment is conducive.	Strongly Agree	9	11
		Agree	18	22
		Neutral	25	30
		Disagree	17	20
		Strongly Disagree	14	17
		Total	83	100

**Source: Aug, 2019**

The above table indicates 9 (11%) of the respondents strongly agree that the working environment of the company is conducive, 18 (22%) of the respondents agree that the working environment of the company is conducive, 25 (30%) of the respondents are neutral to the question, where as 17 (20%) of the respondents disagree to the question and the rest 14 (17%) strongly disagree. From the data presented above one can understand that the working environment of the company is safe for the wellbeing of the employees.

**Table 24 Accidents experienced by the employees**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
	I have had experienced an accident during my work.	Strongly Agree	4	5
		Agree	15	18
		Neutral	33	40
		Disagree	26	31
		Strongly Disagree	5	6
		Total	83	100

**Source: Aug, 2019**

The above table shows that 4 (5%) of the respondents strongly agree that they have experienced an accident during their work, 15 (18%) of the respondents agree to the question, 33 (40%) are neutral, whereas 26 (31%) disagree and the rest 5 (6%) strongly disagree. The above data implies that half of the respondents of the study don't have experienced a risk during their work.

**Table 25 About the compensation of the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company compensates its employees when suffered by the production process.	Strongly Agree	0	0
		Agree	10	12
		Neutral	25	30
		Disagree	25	30
		Strongly Disagree	23	28
		Total	83	100

**Source: Aug, 2019**

The above table shows that 10 (12%) of the respondents agree to the question 25 (30%) of the respondents are neutral to the question in which the company compensates its employees when suffered by the production process of the company, whereas 25 (30%) of the respondents disagree to the question and the rest 23 (28%) strongly disagree to the question. The above data implies that the company doesn't have any compensation for its employees,

**Table 26 About the health insurance coverage of the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company has health insurance coverage for its employees.	Strongly Agree	0	0
		Agree	0	0
		Neutral	29	35
		Disagree	42	51
		Strongly Disagree	12	14
		Total	83	100

**Source: Aug, 2019**

The above table shows that 29 (35%) of the respondents are neutral to the question in which the company has health insurance coverage for its employees. Whereas 42 (51%) of the respondents disagree and the rest 12(14%) strongly disagree to the question. From the data presented above we can understand that the company doesn't have any health insurance coverage for its employees, this implies how much the company has neglected the well being of its employees.

**Table 27 About the remedies taken by the company**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
	The company takes a remedial measure to reduce the negative impacts of the production process.	Strongly Agree	0	0
		Agree	9	11
		Neutral	31	37
		Disagree	33	40
		Strongly Disagree	10	12
		Total	83	100

**Source: Aug, 2019**

The above table shows (11%) of the respondents agree that the company takes a remedial measure to reduce the negative impact of the production process, (37%) of them are neutral to the question whereas (40%) of the respondents disagree and the rest of (12%) strongly disagree. Of all the respondents of the study most of them didn't agree to the question and this shows the company didn't take any remedial measure to minimize the negative impacts of its production process.

**Table 28 Labors right**

Item No.	Item	Scale	NO. of Respondents	Percentage (%)
1.	The company respects labor's right.	Strongly Agree	5	6
		Agree	12	15
		Neutral	31	37
		Disagree	29	35
		Strongly	6	7

		Disagree		
		Total	83	100

*Source: Aug, 2019*

The above table shows that 5(6%) of the employees strongly agree that the company respects labour's right, 12(15%) of the respondents disagree, (37%) are neutral to the question, whereas (35%) disagree and the rest of (7%) strongly disagree. From the data presented above we can understand that the company doesn't respect labour's right which can make the employees not to work to the best of their ability.

### 4.3. Results of the Estimations of the Model

This section of the chapter discusses about the results of the estimations of the research model. In reference to chapter three, the research model is designed based on logistic regression. Logistic regression equation bears many similarities to the ordinary regression equations. In logistic regression, instead of predicting the value of a variable Y from a predictor variable X1 or several predictor variables (Xs), we predict the probability of Y occurring given known values of X1 (or Xs).

Therefore, CSR practice (dependent variable) to be explained in this study on the basis of three predictors such as Labor Pressure (LP), Community Enforcement (CE) and Nature of the Firm (NF). In relation to the method of logistic regression, forced entry method is selected. It is a method in which all predictors are forced into the model simultaneously. This method is selected because stepwise techniques (forwarded and backward) are influenced by random variation in the data and so seldom give replicable results if the model is retested. In addition to this, forward method runs a higher risk of making a Type II error (i.e. missing a predictor that does in fact predict the outcome).

The result of the descriptive analysis on CSR practices of National Alcohol and Liquor Factory CSR practice in terms of skill and long-term career development, freedom of association, health and safety respondents disagree that the company provides the necessary safety materials to the employees where as regarding the proportionality of the salary scale of the company with their work, National Alcohol and Liquor Factory does not practice CSR along the dimension of human rights. However, National Alcohol and Liquor Factory participates labor rights although the levels of agreement are not that much satisfactory

Regarding consumer protection, business operation in one or the other way and the company doesn't participate significantly in providing infrastructure to the surrounding society. Based on the analyses of respondents' levels of agreement most of respondents disagree that the company tries to reduce the negative impacts of its production process on the environment

#### 4.4 Analysis of Interview with Operation Manager of the Company

These primary data have been collected from operation manager of National Alcohol and Liquor Factory through interview.

1. Are you familiar with the term Corporate Social Responsibility?
  - Yes
2. What is your view on Corporate Social Responsibility?
  - Corporate Social Responsibility is company concern about social welfare
3. Does the beverage industry carry out any Corporate Social Responsibility activities in for community?
  - According to the operation manager of the company yes there is good replica but that is not satisfactory there is straits that limit the company's from practicing corporate social responsibility are lack of concern and budget allocated for environmental oriented issues..
4. What specific CSR programs have the organization?
  - As the operation manger of national alcohol factory has said the Company produce products which are environmentally safe, and at this time they are planning to widen infrastructure which are very important to the habitants of the surrounding environment
5. Does Corporate Social Responsibility address the community needs?
  - yes
6. How does it address the community needs?
  - According to the operation manager The Company has to discharge its social responsibility By respecting labours right, by protecting the environment from dangerous activities, and by supporting the society with the necessary infrastructure.
7. Is it important for the beverage industry to embark on Corporate Social Responsibility?
  - yes
8. Why should they embark on Corporate Social Responsibility?
  - In the operation manager point of view if corporate social responsibility is practiced by the company employees' motivation will enhance which in

return contribute a lot to the profitability and healthiness of the company's business.

9. How will you rate your contribution to Corporate Social Responsibility in your community?

➤ As The operation manager of the company in our department there is employees who have direct contact to producing the products so we can easily identify and try to solve the problem of production process with other department of the company.

10. How often does your company embark on Corporate Social Responsibility?

➤ As The operation manager of the company has discussed their strategy is supportive to apply corporate social responsibility but there are limitations which hinders the company from implementing CSR such as budget constraint, time and there is also lack of initiation towards the top level management

11. How involve are you in the implementation of Corporate Social Responsibility intervention in your community?

➤ According to the operation manager of the company the While making decision in all aspects it involves the participation of stakeholders who are concerned on the issue.

12. What will you recommend should be done to improve the practices of Corporate Social Responsibility?

➤ As the operation manager of the company has discussed the fulfillment of corporate social responsibility cannot simply be achieved by establishing a department rather every employee starting from top level up to lower level employees have to contribute their role

13. What are some of the specific CSR projects/programs undertaken by the company for the past 4 years?

➤ According to the operation manger of the company the company have hired a safety professional to study the impact our production process on employees, environment and the society and based on that the company will take a remedial measure.

## Chapter Five

### 5. Major Findings, Conclusions, and Recommendations

This part of the research paper incorporates summary, conclusion and recommendations of what has been studied so far.

#### 5.1. Summary of the Major Findings

Based on the research conducted, the findings are summarized as follows

- *Research Question 1:-What does the corporate social responsibility practice of the company look like?*
  - ❖ (67%) of the respondents disagree that they have heard about corporate social responsibility
  - ❖ Pertaining to the impact corporate social responsibility on the sustainability of the company 50% of the respondents have disagreed and (33%) of the respondents disagree that corporate social responsibility has an influence on the profitability of the company
  - ❖ (66%) of the respondents disagree that the company has a good complaint handling mechanism
  - ❖ Concerning the training given by the company (65%) of the respondents disagree and (71%) of the respondents disagree that the company gives incentive for its employees. Whereas regarding the effect corporate social responsibility has on employee's motivation (59%) of the respondents agree.
- *Research Question 2:- To what extent the company is involving in ensuring the health and safety of the employees?*
  - ❖ Regarding the conduciveness of the working environment of the company 37% of the respondents disagree and (27%) of the respondents agree that they have experienced an accident during their work whereas (48%) of the respondents disagree to the question in which the company compensates its employees when suffered by the production process of the company
  - ❖ Regarding their satisfaction towards their work 36% of the respondents agree and (51%) of the respondents disagree that the company provides the necessary safety materials to the employees whereas regarding the proportionality of the salary scale of the company with their work 47% of the respondents disagree
- *Research Question 3:-What are the constraints that hinder the company from*



*discharging its social responsibility?*

- ❖ company has discussed their strategy is supportive to apply corporate social responsibility but there are limitations which hinders the company from implementing CSR such as budget constraint, time and there is also lack of initiation towards the top level management

➤ *Research Question 4:-What kind of measures is taken by National Alcohol Factory in order to reduce or avoid the negative impacts of its business on the environment?*

- ❖ (74%) of the respondents disagree whether the company participates in widening infrastructure to the society and (56%) of the respondents disagree that they got a benefit from the company's operation.
- ❖ (41%) of the respondents disagree that the company tries to reduce the negative impacts of its production process on the environment and (77%) of the respondents rated the speed by which the company takes a remedial measure based on a complaint raised from the society as low whereas (54%) of the respondents rated the relationship they have with the company as low

## 5.2 Conclusion

The current context of economic development, changes faced by the domestic and international organization require their traditional attitude change in relation to the results and performance activity. In the context of globalization and fierce competition, social responsibility entails legal, ethical, economic or other accountability to expectations that society has towards companies and also make decisions that balance the needs of all stakeholders. The study conducted make assessment on corporate social responsibility practices of National Alcohol and Liquor Factory found that the surveyed organization is still at the beginning of their change process regarding the implementation of corporate social responsibility practices. In the research it was found that although organization largely acknowledge social responsibility, but have not yet been able to plan and implement CSR-oriented management practices.

National Alcohol and Liquor Factory CSR practices towered employees will make a positive impact on socioeconomic condition of employees. The impacts of CSR on the employees are significant because it leads to their productivity; improve their moral and positive perception about the company. In the current research study it assessed the companies CSR practices regarding its employees under three domain; Employee income, workers rights, and health. When it consider about the overall level of company's practices regarding employee's income, it is in a moderate level. However, from the perspective of employee's policies and practices regarding employee's income have not been positively impact on employee's social and economic development. Employees have not perceived good level of practices and according to

their respond companies practices are poor. Therefore there is a need for revised and improve the practices regarding workers rights. Overall practices of company regarding health practices towards employees are in moderate level. Resource allocation for environmental protection and upgrading is not at a satisfactory level. Companies are in the initial stage of understanding the CSR agenda related to environmental protection and resource allocation.

### 5.3. Recommendations

Based on the major research findings that have been discussed so far the following points are recommended by the student researcher.

- Major Finding 1:-(67%) of the respondents disagree that they have heard about corporate social responsibility. Pertaining to the impact corporate social responsibility on the sustainability of the company 50% of the respondents have disagreed and (33%) of the respondents disagree that corporate social responsibility has an influence on the profitability of the company (66%) of the respondents disagree that the company has a good complaint handling mechanism
- ❖ Recommendation: - Corporations should inform consumers of their CSR activities and meet consumer expectations. In general, the Awareness of the CSR of Ethiopia consumers is now growing, and the overall level of CSR awareness of the interviewees was quite lower. Therefore, corporations should pay attention to CSR efforts and the expectations of consumers.

A comprehensive approach to training will ensure employees' information on the organization's CSR commitments, programs and implementation. It is important to educate and train managers and employees through different courses in order to develop CSR knowledge and skills. The education system, at all levels, plays a crucial role in the fostering of social responsibility.

All these actions will help increase knowledge of the concept of CSR among managers, employees and other stakeholders, will create a favorable image of the organization, will increase the customer trust, and on the long run, will result in quantifiable and non-quantifiable benefits. CSR will be of strategic importance to ensure the long-term business success. Corporate social responsibility implementation should have a "win-win" result for all stakeholders.

- Major Finding 2:-Regarding the conduciveness of the working environment of the company 37% of the respondents disagree and (27%) of the respondents agree that they have experienced an accident during their work whereas (48%) of the respondents disagree to the question in which the company compensates its employees when suffered by the production process of the company

Regarding their satisfaction towards their work 36% of the respondents agree and (51%) of the respondents disagree that the company provides the necessary safety materials to the employees where as regarding the proportionality of the salary scale of the company with their work 47% of the respondents disagree

- ❖ Recommendation: -The company must allocate a budget to provide safety materials for its employees in order to ensure their well being and it has to give the necessary incentives for its employees to enhance their performance.

The company has to make its working environment safe, which in turn enable the employees to be productive on their work, and the company has to respect labors right and it also has to include the participation of those employees while making a decision regarding the work. Even though the Company has a health center it is not functioning in a desirable way therefore it has to widen its health center and it also has to hire professional doctors in order to protect the health of employees and it has to compensate those employees who have suffered because of the production process.

- Major Finding 3:-There are limitations which hinders the company from implementing CSR such as budget constraint, time and there is also lack of initiation towards the top level management

- ❖ Recommendation: -National alcohol factory has to establish a department which is committed in the fulfillment of CSR towards employees, society and the environment with a sufficient budget and facilities and it has to pay a proportional salary for its employees in order to enhance their morale which will enable them to do their job in a better way.

- Major Finding 4:- (74%) of the respondents disagree whether the company participates in widening infrastructure to the society and (56%) of the respondents disagree that they got a benefit from the company's operation. (41%) of the respondents disagree that the company tries to reduce the negative impacts of its

production process on the environment and (77%) of the respondents rated the speed by which the company takes a remedial measure based on a complaint raised from the society as low whereas (54%) of the respondents rated the relationship they have with the company as low

- ❖ Recommendation: - The company has to establish a good complaint handling mechanism and it has to take a remedial measure in order to rescue the well being of society.

The company has to work cooperatively with the society in order to effectively discharge its social responsibility and it also has to widen infrastructures to form a good relationship with the society. The company has to undertake further research in order to discharge its social responsibility towards the employees, community and the environment in an effective way and it has to use a latest technology to release the wastages in the safest way. Otherwise it has to change the place of the factory to some other place in which there are no inhabitants.

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## APPENDIX A: INTERVIEW GUIDE FOR OPERATION MANAGER

ST.MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES  
COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF MARKETING MANAGEMENT

**INSTRUCTIONS:** I am a graduate student at Saint Mary University and currently am conducting a research for the completion of my masters in marketing management. This questionnaire is designed to collect data on assessment on corporate social responsibility practice in Ethiopia; the case of national alcohol and liquor factory. As a operation manager, you qualify to participate in this study. In the following sections there are questions that focus on Corporate Social Responsibility. Please respond to each question as honestly as you can. Remember that your responses are **confidential** and solely for academic purposes



- 1 Are you familiar with the term Corporate Social Responsibility?.
- 2 What is your view on Corporate Social Responsibility?
- 3 Does the beverage industry carry out any Corporate Social Responsibility activities in for community?
- 4 What specific CSR programs have the organization?
- 5 Does Corporate Social Responsibility addresses the community needs?
- 6 How does it address the community needs?
- 7 Is it important for the beverage industry to embark on Corporate Social Responsibility?
- 8 Why should they embark on Corporate Social Responsibility?
- 9 How will you rate your contribution to Corporate Social Responsibility in your community?
- 10How often does your company embark on Corporate Social Responsibility?
- 11How involve are you in the implementation of Corporate Social Responsibility intervention in your community?
- 12What will you recommend should be done to improve the practices of Corporate Social Responsibility?
- 13What are some of the specific CSR projects/programs undertaken by the company for the past 4 years?

***Thankyouforyourtimeandparticipation!!***

## APPENDIX B: QUESTIONNAIRE FOR EMPLOYEES

**ST.MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES  
COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF MARKETING MANAGEMENT**

**INSTRUCTIONS:** I am a graduate student at Saint Mary University and currently am conducting a research for the completion of my masters in marketing management. This questionnaire is designed to collect data on assessment on corporate social responsibility practice in Ethiopia; the case of national alcohol and liquor factory. As an employee, you qualify to participate in this study. In the following sections there are questions that focus on Corporate Social Responsibility. Please respond to each question as honestly as you can. Remember that your responses are **confidential** and solely for academic purposes

If you would like further information about this study, or have a problem in completing this questionnaire please contact me via +251910-92-27-26 or [tsiongashaw66@gmail.com](mailto:tsiongashaw66@gmail.com)

**Part I: General Characteristics of the Population**

1. Sex

Male { } Female { }

2. Age

<18 { } 18-23 { } 24-29 { } 30-32 { } 36-41 { } 42-47 { } 47< { }

3. Education

10-12 Complete { } Certificate { } Diploma { } Degree { } Master { }

4. Work experience

<1 { } 1-2 { } 2-3 { } 4< { }

**Part II: Questions related to corporate social responsibility practices**

No		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	I have heard about CSR before					
2.	I am happy with what I am working in the company					
3.	The company provides me with the necessary safety materials.					
4.	The company gives appropriate training for its employees					
5.	The company gives incentive for its employees to enhance their morale					
6.	The company awards its best performing					

	employees.					
7.	The salary scale of the company is proportional with the work of the employees					
8.	Corporate Social Responsibility has an effect on employees' motivation					
9.	Corporate social responsibility has an impact on the sustainability of the company					
10.	Corporate social responsibility has an effect on profitability of the company.					
11.	The company's working environment is conducive					
12.	I have had experienced an accident during my work					
13.	The company compensates its employees when suffered by the production process.					
14.	The company has health insurance coverage for its employees					
15.	The company takes a remedial measure to reduce the negative impacts of the production process.					
16.	The company respectslabour's right.					

**Thankyouforyourtimeandparticipation!**

## APPENDIX C: QUESTIONNAIRE FOR SOCIETY

**ST.MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES  
COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF MARKETING MANAGEMENT**

**INSTRUCTIONS:** I am a graduate student at Saint Mary University and currently am conducting a research for the completion of my masters in marketing management. This questionnaire is designed to collect data on assessment on corporate social responsibility practice in Ethiopia; the case of national alcohol and liquor factory. As a resident, you qualify to participate in this study. In the following sections there are questions that focus on Corporate Social Responsibility. Please respond to each question as honestly as you can. Remember that your responses are **confidential** and solely for academic purposes

If you would like further information about this study, or have problem in completing this questionnaire please contact me via +251910-92-27-26 or [tsiongashaw66@gmail.com](mailto:tsiongashaw66@gmail.com)

**Part I: General Characteristics of the Population**

1. Sex

Male { } Female { }

2. Age

<18 { } 18-23 { } 24-29 { } 30-32 { } 36-41 { } 42-47 { }  
47< { }

3. Education

10-12 Complete{ } Certificate { } Diploma { } Degree { } Master { }

4. Occupation

Student { } Employee { } Merchant { }

5. Inhabitant

<1 { } 1-2 { } 2-3 { } 4< { }

**Part II: Questions related to corporate social responsibility practices**

No		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	I have heard about CSR before					
2.	I have a good relationship with the company					
3.	I am affected by the waste released from the company					
4.	The company gives compensation to the local community.					
5.	The company asks cooperation of the society in the implementation of CSR.					

6.	The company participates in widening infrastructures to the society.					
7.	I believe that I got a benefit from the company's operation.					
8.	The company tries to reduce the negative impacts of its production process on the environment.					
9.	How do you rate the speed by which the company takes a remedial measure based on a complaint raised from the society?					

**Thank you for your time and participation!**