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**Assessment of Business Ethics and Corporate Social Responsibility Practices:
The Case of Development Bank of Ethiopia Head Office**

**A Thesis Submitted to St. Mary's University, School of Graduate Studies.
In Partial Fulfillment of the Requirement for the Degree of Masters of
Business Administration**

By: Eleni Shitaye

Advisor: Dr. Taye

Amogne

**ASSESSMENT OF BUSINESS ETHICS AND CORPORATE SOCIAL
RESPONSIBILITY PRACTICES: THE CASE OF DEVELOPMENT BANK
OF ETHIOPIA**

By

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Advisor: DR. TAYE AMOGNE

**A Thesis Submitted to St. Mary's University, School of Graduate
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Masters of Business Administration**

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Addis Ababa, Ethiopia

DECLARATION

I, the undersigned, declare that this thesis entitled “Assessment of Business Ethics and Corporate Social Responsibility Practices: The Case of Development Bank of Ethiopia” is my original work, prepared under the guidance of Dr. Taye Amogne. All sources of material 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.

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LIST OF ACRONYMS

CSR	Corporate Social Responsibility
DBE	Development Bank of Ethiopia
UNDP	United Nations of Development Program
CCI	Corporate Community Involvement
WBCSD	World Business Council for Sustainable Development
UNDESA	United Nations Department of Economic and Social Affairs

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ABSTRACT

Business Ethics and Corporate Social Responsibility (CSR) are increasingly important topics in contemporary business discourse. Many studies have examined various aspects of Business Ethics and CSR and their value, particularly within the Ethiopian context. However, there is a dearth of research specifically focusing on the Ethics and CSR practices within the Development Bank of Ethiopia (DBE). This thesis aims to address this research gap by critically examining the ethical principles, the nature of CSR practices, the level of engagement in CSR activities, CSR approaches, and the implementation of CSR initiatives for community development by DBE. The study employed a mixed-method approach that includes both quantitative and qualitative methods. It primarily used survey questionnaires administered to DBE employees and community members, as well as key informant interview questions directed at DBE managers who possess significant insights and expertise related to the research topic, in order to generate primary data. For triangular unit of analysis, A sample of 250 employees were selected through simple random sampling techniques, 2 managers were selected using key informant interviews, and 92 community representatives were chosen through multi-stage sampling. The collected data were analyzed using descriptive analysis with the frequency, percentage, Mean, and Standard deviation using SPSS version 25, as well as thematic analysis to substantiate the study findings. The findings position DBE as an exemplar institution in responsible banking, contributing to community development, and serving as a catalyst for positive change. By shedding light on Ethical and CSR practices within DBE, this research contributes to the broader exploration of CSR implementation and provides valuable insights for academia and the corporate sector alike.

Key words: CSR, Community, Business Ethics

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

The concept of Corporate Social Responsibility (CSR) is known by various terms, such as social accounting, corporate citizenship, corporate responsibility, sustainable business, and corporate social and environmental responsibility, including corporate social performance. (Fernando, Lawrence, Kelly, and Arunachalam, 2015). CSR is a fundamental concept of business ethics and represents a moral concept that encompasses private virtues, such as fairness, reciprocity, mutual interest, and utility, as well as social and moral competencies within organizations (Robertson, 2009).

The European Commission defines CSR as “a concept whereby companies decide voluntarily to contribute to a better society and cleaner environment”. In this manner, CSR is “about how companies manage the business processes to produce an overall positive on society”. (Bhanumurthy, 2007). Furthermore, according to The World Business Council for Sustainable Development (WBCSD, 2000) defined CSR as “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local communities and society at large”. This definition signifies an extended interpretation of corporate social responsibility, emphasizing the expectation for companies to actively contribute to the development and progress of society.

Business ethics is a “form of applied ethics or professional ethics that examines the ethical principles and moral or ethical problems which arise in a business environment”. (Gheraia, Saadaoui, and Abdelli, 2019). The concept of CSR arose from the realization that corporations need to incorporate a sense of responsibility into their business ethics, emphasizing the importance of ethical and responsible practices in their operations. Therefore, the traditional notion of unregulated laissez-faire business has been replaced by a recognition of the need for determinism, individualism to be balanced with public control, and personal responsibility to be transformed into social responsibility. In addition, the concept of utilitarianism can be closely associated with instrumental theories, wherein the corporation is regarded solely as a vehicle for generating wealth, and its social activities are seen merely as a means to achieve economic outcomes (Maimunah, 2009).

In Ethiopia, there is generally no aversion to the concept of CSR; however, it is observed that the application of the CSR label to various initiatives and political programs has occurred without effective strategic discussions taking place (Fentaye, 2018). The absence of incentives and obligations to engage in CSR is notable, as businesses are primarily driven by the goal of maximizing profits without considering social objectives. The relationship between companies and the federal government is primarily based on political patronage, while the influence of regional and local governments remains weak. Notably, the floriculture sector stands out as the only CSR-focused initiative driven by trade and access to foreign market requirements, as well as advocacy by NGOs (Abdurahman, 2020).

Development Bank of Ethiopia is one of the financial institutions engaged in providing short, medium, and long-term development credits. DBE's distinguishing feature is its "project" based lending tradition. Project financed by the Bank are carefully selected and prepared through appraised, closely supervised and systematically evaluated. It has established recognition at national and international levels. Nationally, it is the sole Bank with reputable experience in long term investment financing. Internationally, and it is recognized as an important on leading channel for development program financed by bilateral and/or multilateral sources. The goal of this bank is to promote economic development via financing commerce, industry, agriculture, and manufacturing. Each period of Ethiopian political history has used the bank for different purposes.

Thus, Assessing the Business Ethics and Corporate Social Responsibility of the DBE is important in order to identify areas where the bank can improve its ethical and social responsibility practices, enhance its reputation and trust with stakeholders, and contribute to sustainable development in Ethiopia. The study can also provide insights for other banks and financial institutions in the country to adopt similar practices and contribute to the overall improvement of CSR practices in Ethiopia. The area is one of the least studied subjects in the country in terms of what social responsibility and ethical considerations a banking sector is expected to discharge and what it actually is doing.

1.2. Statement of the Problem

CSR is in its early stage in sub-Saharan Africa, including Ethiopia, with the majority of initiatives being driven by philanthropic motives rather than a comprehensive CSR approach (Klen et al., 2013). This suggests that companies in the region tend to prioritize one-off charitable activities and donations, rather than adopting a holistic CSR strategy that incorporates social and environmental considerations into their core business operations (Klen et al., 2013).

According to Sumeyye and Ibrahim (2023) CSR management in Ethiopia is characterized by mediocrity, indicating a lack of proper attention and focus on effective CSR management. The CSR practice in Ethiopia is observed to be poorly managed and lacking a strong emphasis on value creation. Notably, previous studies conducted in the same region consistently highlight a similar finding, indicating that the absence of organized and planned CSR initiatives hinders proactive CSR practices among businesses.

Takele (2018) conducted a study among 152 employees and managers employed in the Ethiopian leather industry, revealing notable findings regarding CSR practices. The study found that companies in this sector primarily focus their CSR efforts on employees and customers. However, the research highlighted several critical concerns. Employees expressed dissatisfaction with salary levels and raised concerns about the lack of robust safety controls in the workplace. Additionally, local communities criticized companies for their perceived negligence towards environmental issues. Managers identified challenges such as the absence of government policies promoting CSR and organizational limitations as significant obstacles to implementing effective CSR initiatives. These findings shed light on the current state of CSR management in Ethiopia and emphasize the need for improved practices in order to address these concerns and create value for all stakeholders involved.

Gereziher (2019) conducted a study on CSR activities focusing on a multinational brewery company in Ethiopia, it was noted that the company exhibited a greater inclination towards being socially responsive rather than actively embracing social responsibility. While the company had integrated CSR into its corporate-level strategy, limited efforts were made to mitigate the environmental impact caused by its operations in suburban areas. Furthermore, the company's engagement in philanthropic activities was primarily a response to the mounting pressure exerted by local residents.

The limited CSR practices observed in Ethiopia can be attributed to the philanthropic efforts and activities of multinational corporations and a few large local companies (Vertigans et al., 2016; Kivuitu, Yambayamba, and Fox, 2005). It is important to emphasize that existing research on CSR practices in Ethiopia predominantly concentrates on large multinational corporations and their CSR initiatives (Sumeyye and Ibrahim, 2023). However, there is a lack of comprehensive studies that explore the practice of Corporate Social Responsibility across various business settings in Ethiopia (Sintayehu, 2019).

Several researchers, Melese (2014), Yeneneh (2015), Sengeh (2021), Dagmawi (2021), Silge (2015), and Kefyalew (2016) conducted CSR and Business Ethics related studies in Private and Commercial Banks of Ethiopia which are a depositing-taking financial institutions. These studies employed various research methodologies, including descriptive analysis (utilizing measures such as frequency, percentage, mean, and standard deviation), binary logistic regression, Tobit analysis, correlation analysis, and multiple regression analysis. The primary focus of studies was to examine the effect of CSR activities and Ethics on the financial performance and benefit/ profit of the banks.

Despite the growing importance of corporate social responsibility (CSR) practices in the business world, there is a lack of research on the state of CSR practices in the banking sector in Ethiopia, particularly in the case of Development Bank of Ethiopia which is a specialized bank in project financing and not a deposit-taking financial institution. (Seyoum and Gebrehiwot, 2021; Taddese and Fanta, 2020; and NBE 2013/2014). Additionally, to the best of the researcher's knowledge, there are no studies specifically link the state of DBE's Business Ethics and CSR practices, making this area plausible for research. Therefore, this study aimed to fill the practical gap in the banking sector in the case of Development Bank of Ethiopia. By interrogating the question "Does Development Bank of Ethiopia (DBE) engage itself in CSR activities? Does Development Bank of Ethiopia (DBE) adopt CSR strategies? Is DBE's CSR strategies characterized as reactive or proactive? To what extent does DBE fulfill its Corporate Social Responsibilities?".

1.3. Research Questions

- What are the ethical principles followed by the organization in its business operation?
- What is the nature of CSR practice in the organization?
- To what extent is DBE engaging in CSR activities?
- What is the CSR approach adopted by DBE?
- How are CSR initiatives implemented by DBE for community development?

1.4. Research Objective

1.4.1. General Objective

Assessment on the practice of Business Ethics and Corporate Social Responsibility in Development Bank of Ethiopia.

1.4.2. Specific Objective

- To evaluate the ethical principle upheld by the organization.
- To identify the nature of CSR practice in the organization.
- To explore the level of DBE engagement in CSR activities.
- To determine the CSR strategies of DBE.
- To examine the implementation of CSR initiatives by DBE for community development.

1.5. Significance of the Study

The study on business ethics and corporate social responsibility (CSR) in Development Bank of Ethiopia (DBE) holds significant implications for various stakeholders.

For DBE, the research findings can serve as a valuable tool to assess and evaluate its current ethical principles, and identify the nature of CSR practices within the organization. It can guide DBE in enhancing its reputation, building trust with stakeholders, and contributing to sustainable development. Moreover, employees and managers of DBE can benefit from the study by raising awareness about the importance of ethical behavior and CSR, fostering a positive organizational culture, and aligning actions with ethical principles.

The research also holds value for researchers and academia as it contributes to the existing knowledge on business ethics and CSR in the banking sector in Ethiopia. By incorporating the study's insights into curricula and further investigations, it promotes a deeper understanding of CSR practices and ethical decision-making among future business professionals.

Furthermore, the study has broader implications for the country and society by promoting responsible and sustainable business practices. It also influences the industry and banking sector by inspiring other financial institutions to adopt and enhance their CSR practices, facilitating collaboration, and improving the overall CSR standards within the sector.

In addition to that, the study can inspire government initiatives to incentivize and support CSR activities in the broader business community, encouraging other financial institutions and industries to integrate CSR into their operations.

Therefore, the study's significance extends to organizational, individual, academic, societal, and industry-related dimensions, making it valuable and impactful on multiple levels.

1.6.Scope of the Study

The study comprehensively assessed business ethics and corporate social responsibility (CSR) practices specifically within the Development Bank of Ethiopia (DBE). The research was conducted at the DBE head office in Addis Ababa, Ethiopia, serving as the focal point for evaluating these practices. This choice was made considering that CSR initiatives are primarily planned and implemented by the head office, located in Addis Ababa. In addition, the study extended its focus to include the pivotal role of the community within the DBE framework. It aimed to examine ethical principles, the nature of CSR practices, the level of engagement in CSR activities, CSR approaches, and the implementation of CSR initiatives for community development. This holistic approach ensured a thorough exploration of both internal organizational practices and external community interactions, with the community representatives in Addis Ababa serving as a significant representative sample of the country.

Furthermore, the study employed a mixed-methods approach, combining surveys and key informant interviews for data collection. Structured questionnaires were administered to DBE employees at the head office and community members, serving as the primary data collection instrument. Key informant interviews were conducted with two selected managers at DBE's head office in Addis Ababa, providing qualitative insights. The sampling techniques included simple random sampling for DBE employees to ensure representativeness, while multi-stage sampling was used for community members, involving categorization into sub-cities, woredas and community representatives. Data analysis procedures comprised descriptive statistics, such as mean, standard deviation, and frequency distributions, for quantitative data obtained from surveys. Thematic analysis was applied to qualitative data from key informant interviews, facilitating the identification of recurring themes and patterns. These methodological choices were implemented during the conducted study, contributing to the rigor, reliability, and relevance of the research in capturing a comprehensive understanding of CSR practices at the DBE.

1.7. Limitation of the Study

The study, while providing valuable insights into business ethics and corporate social responsibility (CSR) practices within the Development Bank of Ethiopia (DBE), acknowledges certain limitations. Firstly, the unreturned questionnaires posed a limitation, affecting the completeness of quantitative data. Additionally, time constraints influenced the depth of the study, limiting the ability to explore more extensive geographical locations beyond Addis Ababa. Political circumstances within the country posed challenges, restricting the researcher's mobility and access to diverse regions. Despite these limitations, the study endeavors to present a comprehensive understanding of DBE's practices within the scope of the available resources and constraints.

1.8. Organization of the Study

The study was organized into five distinct sections, commencing with the introduction. Chapter one encompassed the general background of the study, statement of the problem, study objectives, research questions, significance of the study, scope and limitations. Chapter two provided a comprehensive review of both theoretical and empirical materials, focusing on topics relevant to the research, including the definition of business ethics and corporate social responsibility. Moving forward, Chapter three detailed the area description of the study, research design, sampling techniques, and the method of data analysis, concluding with an overview of the references employed. Subsequently, Chapters four and five featured the data analysis, presentation, and discussion, followed by a summary of major findings, conclusions, and recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature

2.1.1. Ethics

The word "Ethics," derived from the Latin "Ethos" and Greek "Ethikos," which conveys character, denotes the study of conduct. Human habits and behaviors are closely tied to the enduring traits of human character. One's conduct acts as a mirror reflecting their character, thus defining ethics as the scientific exploration of character and habit. This encompasses the evaluation of human habits, character, and voluntary decisions, with considerations of their appropriateness (Sharma, 1963).

Ethics involves the exploration of what constitutes good and bad, as well as moral responsibilities and obligations. Additionally, it is defined as a framework of moral principles and codes of conduct. The intention behind ethical codes of conduct generally revolves around providing guidance for human actions that preserve both society and its individual members. In other words, ethics is a set of moral principles governing the behavior of individuals and groups. It can be seen as a collection of principles forming a code of behavior that distinguishes between commendable actions and those to be avoided (Koslowski and Shionoya, 1994).

Ethics is practiced universally within organizations, irrespective of an individual's role, authority level, or scope of responsibilities (Paliwal, 2006). Peter F. Drucker (1981) emphasizes the non-negotiable nature of ethics; there is a singular ethical standard. Universally applicable moral rules and ethical behavioral codes are relevant to all individuals. Ethical behavior is characterized by actions imbued with "honesty, integrity, morality, and good management practices" (Paliwal, 2006, p. 4), all while generating profits for the business. The significance of upholding ethical behavior has gained prominence in recent times as individuals and organizations strive to embed ethical conduct within corporate practices. Both internal and external stakeholders are exerting pressure on organizations to endorse ethical practices, aiming to foster approaches that benefit the common good (Eryaman, 2008; Child, 2015; Trevino, Weaver, and Reynolds, 2006).

In the 21st century, ethics, coupled with the concept of ethical behavior and value systems in organizational contexts, has risen as a paramount concern. The term "Ethos" was initially discussed in ancient Greek philosophical circles, symbolizing a principle that defines virtuous and moral beliefs, attitudes, and actions (Sulmasy, 2013). According to Brimmer (2007, p. 12), ethics "are neither luxury nor an option. Business ethics is a set of principles that guides business practices to reflect a concern for society as a whole while pursuing profits." Ethical practices influence not only

organizational decision-making but also the overall organizational culture. Achieving this alignment entails a process that seamlessly integrates business ethics with the organization's mission, vision, strategies, and goals (Brimmer, 2007, p. 3). Ethical principles stem from societal values; hence, the alignment extends to relationships and the definition of interpersonal expectations. The ultimate outcome is an ethical organization, where internal and external relationships are strengthened, and all parties involved—directly or indirectly—are consistently treated well, fostering the emergence of an ethical culture. Organizations embracing ethical practices within their daily operations are presented with a significant opportunity (Brimmer, 2007, p. 3). These concepts elevate Corporate Social Responsibility (CSR) to a core aspect of leadership and management, ensuring employee welfare and stakeholder benefit from corporate practices (Child, 2015).

2.1.2. Business Ethics

Business ethics constitutes a specialized examination of moral rightness and wrongness as it applies to business practices, institutions, and behaviors (Velasquez, 2007). Within modern society, businesses stand as influential entities, rendering the study of business ethics of paramount importance. Business organizations, acting as essential economic establishments, facilitate the production and distribution of goods and services. They form the essential framework through which society's resources—labor, land, capital, and technology—are harnessed to generate valuable goods and services. Additionally, these entities serve as conduits, channeling the outcomes as employee wages, consumer goods, investor returns, and governmental revenues. In contemporary times, substantial corporate entities and multinational corporations command our economies and societies, rendering the concept of business ethics increasingly significant (Singh and Kumar, 2010).

Business ethics encompasses the investigation of business scenarios, actions, and choices that entail moral considerations. The terms 'right' and 'wrong' here signify moral rightness and wrongness, rather than merely commercial, financial, or strategic correctness. Furthermore, the scope of 'business' ethics extends beyond commercial enterprises to encompass not-for-profit entities, governmental bodies, charitable organizations, advocacy groups, and other such institutions. Ethics engages with the exploration of morality and employs reasoning to delineate precise regulations and principles that dictate right and wrong within a specific context. These guiding principles and regulations are referred to as ethical theories (Stanwick and Stanwick, 2009).

The pursuit of high ethical standards necessitates both individuals and businesses to adhere to sound moral principles. However, when applying ethics to the realm of business, certain unique considerations come into play. Foremost among these is the fact that businesses require profits for

survival. Yet, if profits are accrued through illicit means, the gains will be short-lived and may hasten the organization's demise. Addressing the distinctive facets of the business environment, society, governments, and the business community have formulated regulations—both explicit and implicit—to steer businesses toward profit-generation methods that do not undermine individuals or society as a whole (Ferrell et al., 2011).

Within the landscape of corporate operations, harmonizing strategies with ethical benchmarks proves pivotal. This encompasses adherence to legal requisites, established policies and procedures, and the ethical principles upheld by employees. While legal parameters outline the foundation for acceptable conduct in society, they do not inherently guarantee ethical behavior. Legality doesn't invariably align with morality. Organizational policies and procedures offer concrete directives for decision-making, yet an individual's moral compass remains influenced by factors beyond external regulations. The corporate culture substantially shapes employees' comprehension of ethical conduct. Consequently, business ethics emerges as the guiding principle governing companies in their interactions with stakeholders (Godfrey, Azigwe, and Awuni, 2016).

2.1.3. Professional Ethics

According to Ali (2005) study, professional ethics encompass the moral standards, principles, and regulations that steer the trajectory of professional conduct. These ethical principles hold relevance at both the individual and institutional levels, and they often find cultivation within the framework of one's professional education. However, professional ethics also find substantial footing in one's own intrinsic sense of moral propriety and discernment. Notably, it emphasizes that a true professional seeks to transcend the threshold of excellence dictated solely by legal statutes or commercial objectives. The realm of business professionalism extends beyond the mere pursuit of financial gains and societal admiration. It encompasses fundamental tenets such as integrity, steadfast commitment, and a profound respect for both oneself and the broader community.

Idolohor (2010) points out that professional ethics entail the moral standards, principles, and regulations that direct the trajectory of professional demeanor. This ethical framework holds way at both the individual and institutional dimensions. Moreover, the development of professional ethics often transpires alongside one's educational journey within the chosen field. Yet, the bedrock of professional ethics also firmly rests upon an individual's internalized moral comportment and evaluative faculties.

2.1.4. The Basic Ethical Principles in Banking Business

Dastidar (2014) provided a characterization of Banking ethics, outlining its core values as encompassing honesty, trustworthiness, impartiality, compatibility, and transparency. This can be further expounded upon: Honesty dictates that banks are obligated to maintain truthfulness in their interactions and engagements with their employees, shareholders, customers, competitors, and other affiliated entities. Trustworthiness necessitates that banks execute all their undertakings and transactions with exactitude, accountability, timeliness, precision, and duly inform their clients accordingly. Impartiality entails that banks should conduct themselves in an equitable manner, refraining from differentiating between customers, employees, or any stakeholders. Compatibility underscores that banks must conduct their activities and operations in strict accordance with established banking rules and regulations. Transparency emphasizes that banks must carry out their business dealings and transactions in a transparent and fair way, ensuring that they provide lucid and easily comprehensible information regarding their range of services, products, associated risks, and benefits to their valued customers.

Moreover, Bozovic (2007) states the realm of banking ethics, articulating seven fundamental ethical principles that pulsate within this domain: Principle of Mutual Benefit and Interest: Operating within the intricate fabric of business interactions, the principle of mutual benefit and interest underscores the importance of equitable engagement. It underscores that no party involved in a business transaction should fall victim to deception or exploitation. Principle of Good Intentions: At the very core of ethical business conduct lies the principle of good intentions. This compass guides enterprises toward a realm of virtuous behavior, infusing ethical integrity into every facet of business engagements. Principle of Business Compromise and Tolerance: The dynamic landscape of business often witnesses conflicting interests. In these instances, the principle of business compromise and tolerance emerges as a navigational guide for fostering harmonious coexistence. It ensures that conflicting parties navigate their differences guided by ethical considerations. Principle of Ethical Improvement of Business Behavior: Ethical maturity involves the profound ability to recognize and rectify missteps. The principle of ethical improvement of business behavior invites enterprises to embrace humility, fostering an environment where learning from errors translates to ethical growth. Principle of Demonopolization of One's Own Position: An ethical marketplace thrives on diversity and healthy competition. The principle of demonopolization champions this ethos, highlighting that monopolistic behavior lacks ethical resonance. It urges businesses to embrace a landscape where diverse participants contribute to a vibrant ecosystem. Principle of Conflict Between One's Own Interests: In the intricate interplay of personal and collective interests, ethical dilemmas emerge. The principle of conflict between one's own interests

illuminates the challenge of navigating this complex terrain, where ethical values act as a compass to harmonize divergent pursuits.

This principle underscores the challenge of comparing ordinary behaviors of an individual with simultaneous adherence to the same ethical values. Within the banking sector, ethical breaches often occur when lenders take excessive risks, exploiting gaps in banking regulations to attract more loans. However, by diligently adhering to regulations and financial protocols in the financial sector, bankers can impartially approve loans for all deserving parties. Consequently, banks should refrain from granting loans exclusively to a single industrial branch or sector, unless special enterprises exhibit a steadfast commitment to this practice. Notably, customers seeking loans should be required to reserve a specific sum of money in their accounts as a prerequisite for obtaining a loan. The loan approval process must rigorously follow a prescribed procedure, encompassing details such as purpose, source, price, terms, and payment methods. Additionally, when considering granting a loan to a customer, the bank must consider the debtor's financial report from the preceding year (Bozovic, 2007).

2.1.5. Evolution and Concept of CSR

The concept of Corporate Social Responsibility (CSR) is not novel, but its core focus evolves in tandem with shifting business needs and societal demands. Corporate Social Responsibility acknowledges that businesses bear various responsibilities, encompassing economic and legal obligations. (Dhingra and Mittal, 2014).

In 1960, CSR emerged as an effort to connect business endeavors with societal well-being. During this era, the emphasis was on employing resources in a socially responsible manner, striving for both economic growth and social welfare. The key proposition was to harness the economy's production capabilities to elevate overall socio-economic welfare. By the 1970s, CSR extended its reach beyond industry norms. The fundamental idea was to broaden the scope of CSR beyond purely economic concerns. This entailed utilizing business resources ethically, allowing profit maximization without deceit or misconduct. Firms in this context abided by ethical guidelines while striving for financial gains, remaining within the ethical boundaries of the business landscape. Consequently, a socially responsible enterprise was one that balanced various interests rather than solely pursuing shareholder profits. According to Davis (1973), CSR involved a company's recognition and response to diverse issues extending beyond the narrow confines of economic, technical, and legal obligations. During this phase, researchers emphasized that CSR encompasses economic, legal, ethical, and discretionary (philanthropic) expectations that society holds at a given moment.

During the 1980s and 1990s, there arose a discernible need to acknowledge and integrate novel concepts such as stakeholder theory, Corporate Governance, Corporate Social Performance, Corporate Citizenship, Corporate Social Innovation, and the Communication of CSR practices through CSR reporting. Lee (1997) delineated CSR as a commitment by companies to conduct their operations in a way that sustains both economic and environmental viability. This commitment involves recognizing the interests of a diverse range of stakeholders and maximizing economic, social, and environmental value.

Holmes and Watts (1999) provided their interpretation of CSR, portraying it as an enduring dedication of businesses to uphold ethical conduct while contributing to economic advancement. Simultaneously, they endeavor to enhance the quality of life for their employees and their families, as well as the broader local community and society. Amidst this discourse, certain scholars contended that adopting a CSR perspective enables corporations to reap long-term profits, while others expressed the perspective that CSR might divert focus from businesses' primary economic function. However, Matten and Crane (2005) underscored that companies encounter varying degrees of internal, external, and cross-sectoral pressures to engage in CSR activities. This divergence in CSR adoption is rooted in the distinct national business systems within which firms operate, illustrating that contextual factors play a pivotal role in influencing a company's CSR involvement.

In the 21st century, a concerted effort has been made to establish a comprehensive connection between economic, legal, social, and ethical standards in pursuit of sustainable development. The World Business Council for Sustainable Development (2001) elucidated CSR as the commitment of businesses to contribute to sustainable economic progress, fostering collaboration with employees, their families, and local communities.

Uhlener et al (2004) delved into various dimensions of CSR, encompassing the economic, legal, ethical, and philanthropic facets. Juholin (2004) drew a distinction between CSR as a mere adherence to legal requirements and CSR as conducting business with a heightened ethical consciousness. Presenting a contrasting viewpoint, Friedman (2006) posited that the sole social responsibility of business is to employ resources and engage in endeavors aimed at augmenting profits, within the framework of transparent and honest competition, devoid of deceit or fraud.

In counterpoint to Friedman's stance, Robbins and Coulter (2007) expounded on the broader scope of management's social responsibility. They expanded this responsibility beyond profit-making to encompass the safeguarding and enhancement of the well-being of stakeholders and the environment in which the firm operates. They emphasized that businesses also owe a responsibility

to the society that permits their existence through various regulations and laws, as well as through support in the form of purchasing their products and services.

Building upon Carroll's foundation, Zain (2008) extended the notion by highlighting the pivotal role of ethical standards in a company's long-term success. Upholding social responsibility standards and engaging in morally upright activities can forge a positive relationship between the firm and all its stakeholders. This approach not only fosters ethical alignment but also contributes to the cultivation of a positive rapport with the society at large.

In recent times, Corporate Social Responsibility (CSR) has garnered significant attention within the corporate realm. As articulated by Hertz (2012), the past primarily saw a form of capitalism that placed greater emphasis on material possessions, like owning a Gucci handbag, rather than focusing on factors such as the environment's quality, the air we breathe, healthcare quality, and our overall well-being and contentment. This era was dubbed "Gucci capitalism," where material possessions took precedence.

Hertz went on to predict a shift away from this Gucci capitalism towards a new epoch characterized by responsible capitalism, termed "Co-opt capitalism." In this evolving landscape, the collective community gains precedence over individual pursuits, and collaboration holds more value than competition. In essence, co-opt capitalism underscores the importance of communal well-being and cooperative endeavors.

During this transformative phase, the concept of CSR has been subject to diverse perspectives, encompassing economic, legal, ethical, philanthropic, and social dimensions of business enterprises. This evolving discourse reflects the growing recognition of the multifaceted responsibilities that corporations bear in contributing to the betterment of society and the environment.

2.1.6. Corporate Social Responsibility (CSR) Strategy

When businesses opt to adopt corporate social responsibility (CSR), they usually have specific values they aim to achieve (Porter and Kramer, 2006). These values can be either tangible or intangible (Turban and Greening, 1997). Tangible values are quantifiable, often financial in nature, while intangible values involve enhanced reputation, image (Turban and Greening, 1997), and improved trust and loyalty (Stanaland, Lwin, and Murphy, 2011). To deliver these values, they must also be accessible to stakeholders (Bhattacharya et al., 2009). Clarkson (1995) highlighted that a company's capability to meet stakeholders' demands serves as a critical means of comprehending the specific needs and desires of stakeholders. This understanding significantly influences the manner in which companies choose to implement their CSR strategies.

There are two fundamental approaches, namely reactive and proactive strategies, through which companies execute their CSR initiatives. Reactive strategy is adopted by companies that address CSR at the minimum level required for regulatory compliance (Torugsa et al., 2013). Conversely, proactive strategy entails companies actively managing economic, social, and environmental sustainability, supporting CSR initiatives beyond mere compliance (Wagner et al., 2009; Torugsa et al., 2013).

The extant literature reveals core concepts categorizing CSR strategy implementation into reactive and proactive forms (Wilson, 1975). These concepts underline the pivotal role of timing in CSR strategy implementation. Reactive strategy involves companies formulating CSR strategies to mitigate negative outcomes of their operations, essentially seeking to avoid the repercussions rather than confronting them (Carroll, 1979, 1999). In contrast, proactive CSR strategy is adopted by companies that voluntarily initiate CSR activities, regardless of external pressure or negative trends (Carroll, 1979, 1999). While these strategies constitute initial representations of CSR approaches, it's noteworthy that regardless of their underlying objectives, CSR initiatives fall within the broad spectrum of reactive and proactive strategies (Groza et al., 2011). In the reactive approach, companies react to negative trends during their operations, while proactive strategy involves implementing CSR to instill value without direct relation to negative occurrences (Groza et al., 2011). These two overarching CSR strategy concepts hold implications for their implementation.

Moreover, these views on CSR can also be categorized as reactive and proactive CSR. According to the “reaction-defense-accommodation-proaction” classification (Carroll, 1979; Wartick and Cochran, 1985; Wilson, 1975), organizations exist along a continuum of CSR ranging from reactive to proactive. This is rooted in the understanding that every company bears a social responsibility, and their approach to CSR varies based on how they meet this responsibility (Carroll, 1979; Wartick and Cochran, 1985). Within this context, diverse approaches can be employed to implement CSR in order to mitigate business risks, notably by adopting proactive or reactive strategies (Wu et al., 2021).

2.1.6.1. Proactive CSR Strategy

The proactive CSR strategy is underpinned by the concept of reputational capital (Fombrun et al., 2000). Its objective is to fulfill stakeholder expectations by deeply embedding CSR principles and aligning them with the core business strategy through the corporate purpose. Firms possessing substantial reputational capital are often shielded from potential risks and scrutiny, creating a foundation of trustworthiness by integrating CSR seamlessly into their strategic processes (Bansal and Clelland, 2004). This entails the establishment of a firm's positioning on the pillars of CSR and responsible purpose, urging companies to take proactive measures in meeting stakeholder demands

for CSR performance (Bansal and Clelland, 2004). Such companies tend to cultivate their corporate brand and stakeholder relationships by embracing a clear purpose that integrates CSR principles into their core business philosophy.

It's important to note that proactive CSR necessitates substantial resource investment, with the returns often materializing in the long term rather than yielding immediate improvements in short-term financial performance (Eisenhardt and Martin, 2000; Hart and Ahuja, 1996; Russo and Fouts, 1997). On the flip side, firms that adopt proactive CSR strategies voluntarily choose to exceed regulatory obligations, making social responsibility a pivotal aspect of their competitive priorities (Carroll, 1979; Du et al., 2007; Groza et al., 2011; Wilson, 1975). Scholars specializing in strategy underscore the value-generating potential of proactive CSR, which can lead to a competitive advantage (Benn et al., 2006; Berry and Rondinelli, 1998; Klassen and Whybark, 1999; Sharma and Vredenburg, 1998).

Proactive CSR embodies intentional and voluntary practices that transcend regulatory requirements, demonstrating an organization's commitment to manage social responsibility as a top competitive concern (Carroll, 1979; Du et al., 2007; Groza et al., 2011; Wilson, 1975). This approach actively promotes sustainable economic, social, and environmental development as an integral part of its ethos.

2.1.6.2. Reactive CSR Strategy

Numerous companies, reluctant to commit to a distinct CSR stance, opt to adopt CSR strategies opportunistically (reactive strategies). This helps them sidestep a clear brand positioning that might lead to reputational crises by aligning them too closely with stakeholders. Instead of proactively addressing CSR issues, these firms tend to adopt a wait-and-see approach from a business decision perspective (Lapiz, 2015). This often results in a reactive, fire-suppressing strategy, where some commitment to CSR emerges only when potential crises loom. Reactive strategies essentially involve firms delaying CSR investment until the timing seems favorable. This approach can function as a crisis management tactic (Du, 2015) and serve as a tool to mend a tarnished reputation (Koehn and Ueng, 2010).

Consequently, the reactive approach is employed to divert public attention from CSR misconduct (Du, 2015) and can be used as a form of moral window-dressing to counteract suspicions of unethical behavior (Koehn and Ueng, 2010). In this way, it aims to salvage a damaged reputation (Williams and Barrett, 2000) or mitigate negative perceptions (Brammer et al., 2009). Research underscores that reactive strategies can mitigate the adverse impact of corporate misconduct (Koehn

and Ueng, 2010) and foster more positive attitudes toward companies and their actions (Brown and Dacin, 1997; Lee and Faff, 2009).

Companies following a business case model that prioritizes economic outcomes often tend to adopt a reactive approach toward CSR, engaging in such activities in response to pressure from various quarters (Research Methodology, 2012). This could even be termed corporate social responsiveness beyond corporate social responsibility (Tulder and Zwart, 2006). Reactive CSR primarily focuses on the minimal effort required to meet non-voluntary regulatory standards (Carroll, 1979; Du et al., 2007; Groza et al., 2011; Wilson, 1975).

However, this approach and its motivations also come with potential hazards for a company. When CSR isn't integral to a company's identity, stakeholders might accuse it of greenwashing. Such allegations can harm consumer perceptions of the brand (Atkinson and Kim, 2015; Nyilasy et al., 2014). The prevalence of discussions on greenwashing and its consequences has grown in recent times, as evidenced by research (e.g., Bowen and Aragon-Correa, 2014; Seele and Gatti, 2017). Moreover, literature demonstrates that firms experiencing reputation loss due to violations of stakeholder expectations and reputational crises often recover by embracing CSR (Fombrun and Shanley, 1990; Sen and Bhattacharya, 2001). Consequently, an expanding body of literature delves into CSR practices as a means to mitigate negative impacts (Chen et al., 2008; Delmas and Burbano, 2011; Du, 2015; Koehn and Ueng, 2010).

2.1.6.3. Proactive vs. Reactive Corporate Social Responsibility (CSR) Strategies

Proactive CSR strategy involves the adoption of CSR by companies to add value without the catalyst of negative events, whereas reactive CSR strategy entails implementing CSR as a response to adverse incidents stemming from a company's actions (Groza et al., 2011). Studies reveal that when companies embrace CSR reactively, stakeholders perceive them as pursuing business objectives. Conversely, proactive CSR initiatives are seen as altruistically contributing value to society (Groza et al., 2011; Ellen, Mohr, and Webb, 2000; Becker-Olsen, Andrew, and Hill, 2006).

Hill and Becker-Olsen (2005) found out that proactive and reactive implementation of CSR programs function as information cues that influence the assessment of CSR efforts. Their findings demonstrated that respondents tended to rate reactive CSR programs unfavorably due to perceptions of self-serving motives, while proactive CSR programs were rated positively as they were seen as value-driven. Similarly, another study by Becker-Olsen, Cudmore, and Hill (2006) indicated that proactive CSR programs generated favorable attitudes, whereas reactive programs led to negative perceptions and intentions. Furthermore, proactive CSR strategies are widely recognized by stakeholders as responsible business practices, encompassing contributions beyond mandated

standards (Groza et al., 2011). In contrast, reactive strategies are often interpreted as attempts to salvage a company's image without fundamental commitment. Consequently, proactive CSR tends to yield a more positive response compared to reactive CSR implementation (Groza et al., 2011).

Corporate strategies should align with stakeholder demands. Developing and enacting strategies should be a proactive process, reflecting a company's moral compass and management acumen. Each organization should embrace the principles of enduring winning strategies, "giving equal importance to human resources, societal balance society, and the environment" (Lepineux et al., 2010). while recognizing the vital significance of establishing a foundation for sustainable business practices.

Some differences between reactive and proactive CSR are the following (Tulder and Zwart 2006):

Reactive	Proactive
Don't do things wrong	Do the right things right
Efficiency	Effectiveness
Negative duty approach: quarterly profits and market capitalization	Interactive duty approach: medium-term profitability and sustainability
Compliance	Discourse ethics
Business and society management	Business-society management
Trust me	Trust me, engage me, join me

Scholars have highlighted numerous challenges, particularly concerning the intersection of CSR and stakeholder expectations. Jušćius (2007) and Yuan et al. (2011) emphasize the growing demand from societal stakeholders for CSR initiatives, while corporate managers simultaneously seek to enhance business performance through such initiatives. This scenario has led to various strategies aimed at integrating CSR into existing business activities. However, not all of these approaches have been successful. If a company fails to generate value through CSR implementation, it may be due to suboptimal integration of CSR into its business operations. Yuan, Bao, and Verbeke (2011) propose a comprehensive framework comprising seven patterns that illustrate how companies can effectively integrate CSR initiatives into their business models. Each pattern within this framework offers a distinct approach through which recurrent CSR practices can be seamlessly incorporated into traditional operations.

CSR initiatives often adhere to either proactive or reactive strategies (Rick, 2005; Šimanskienė and Paužuolienė, 2010). Firms pursuing a proactive approach actively engage in and endorse CSR before encountering negative consumer perceptions (Du et al., 2007). Conversely, a reactive strategy involves implementing CSR to safeguard the organization's reputation after negative

incidents have been reported (Wagner et al., 2009). Groza et al. (2011) acknowledge that Corporate Social Responsibility (CSR) has emerged as an effective means for firms to cultivate positive consumer attitudes. The authors support the notion that proactive engagement in CSR generates more favorable consumer responses compared to a reactive stance. Furthermore, their findings suggest that to maximize the positive outcomes of CSR investments, firms should take additional measures to proactively communicate CSR information from internal sources (Groza et al., 2011).

2.1.6.4. Defensive Strategy

In several instances, businesses adopting a defensive strategy toward social responsibility are not particularly committed to being socially responsible (Kanobi,2018). They assert that their primary goal is profit generation (Griffin,2012). These companies might view themselves as impartial and prioritize profits over socially conscious behavior (Kanobi,2018). They do exhibit a commitment to corporate social responsibility by adhering to legal requirements, but they make no effort to go beyond these obligations (Wamitu,2014). Consequently, their focus remains on maximizing shareholder value within the bounds of the law (Wamitu,2014).

These firms adhere to a perspective that "argues that nothing has been done wrong by them despite possible bad outcomes," and they strictly adhere to legal mandates, doing no more than what is legally required (Steege, 2008). Such companies often perceive themselves as neutral, with profit motives outweighing their commitment to socially responsible actions. They diligently follow the law to protect themselves from potential legal repercussions. For example, a company might generate more waste than necessary but will dispose of it using legal methods rather than resorting to illegal dumping (Kanobi,2010).

To illustrate, companies like Camel, R. J. Reynolds, and Phillip Morris, all tobacco companies, take a defensive approach to social responsibility. They only place warnings on their product packaging because it is legally mandated. In countries where such warnings are not required by law, these companies prioritize selling their products and may omit the warnings, fearing that consumers may be discouraged from purchasing them (littlechica, 2011).

2.1.6.5. Accommodative Strategy

An accommodative approach signifies that a business acknowledges the importance of corporate social responsibility (CSR), valuing it on par with profit-making (Kanobi, 2018). These firms recognize the significance of supporting CSR initiatives while striving to balance the interests of various stakeholders and shareholders (Wamitu, 2014). Companies adopting an accommodating stance are transparent in their decision-making processes, openly communicating whether they undertake specific actions (Kanobi, 2018). Griffin (2012) notes that such companies voluntarily

engage in social programs, but they require persuading from advocates to deem these programs worthy of their support.

In this accommodative stance, companies exceed the minimum legal requirements, demonstrating a commitment to various societal groups and individuals within their social environment (Steege, 2008). Social responsibility refers to businesses' obligation to balance their commitments to various stakeholders, including customers, other businesses, investors, and employees. Accommodative social responsibility is a strategy employed when a company willingly assumes responsibility for specific issues and takes proactive measures to address them (VanBaren, 2010).

An accommodating stance denotes that a company places a high value on social responsibility, potentially equating it with profit-making endeavors. These businesses meet all legal obligations and strive to adhere to ethical standards, occasionally going above and beyond these requirements (Kanobi, 2010). They willingly participate in social programs, although advocates may need to convince them of the worthiness of these initiatives, as they are selective in their support (Griffin, 2012). Furthermore, companies adopting an accommodating stance do not conceal their actions, maintaining transparency about the rationale behind their decisions. For instance, they may reduce waste production, source products that are not tested on animals, and offer fair wages to employees. These companies keep their records open to the public and are open to policy changes in response to constructive criticism (Kanobi, 2010).

Several prominent companies, such as Walmart, Disney, and Google, exemplify an accommodative stance by providing generous benefits to their employees and matching employee contributions to selected charitable causes (littlechica2009, 2011). For instance, VodaPhone, an African telecommunications company, sponsors a youth cricket league in Pretoria, South Africa, demonstrating an accommodative stance in this context.

2.2. Theories of CSR

2.2.1. Stages Theory of CSR

Organizations progress through various stages of CSR maturity. According to Zadek (2004), There are five stages that provide insights into the level of CSR engagement within a company. The five stages are as follows: defensive, compliance, managerial, strategic, and civil. In the defensive stage, companies find themselves unexpectedly facing criticism and tend to respond by considering legal options or implementing public relations strategies. Their focus is primarily on denying any wrongdoing and dissociating their operations from any negative outcomes. Moving into the compliance stage, companies make efforts to meet regulatory requirements and address criticisms in order to maintain their image and mitigate legal risks. Their goal is to ensure compliance and

manage the external perceptions of their actions. The managerial stage marks a shift in perspective, with companies recognizing the ongoing nature of the problems and taking responsibility for finding sustainable solutions. They commit to integrating CSR into their core business practices and demonstrate a genuine commitment to making a positive impact. At the strategic stage, companies go beyond mere compliance and start aligning their business strategies with societal needs. They view CSR as a strategic advantage and actively seek opportunities to create shared value for both the company and society. In the final stage, known as the civil stage, companies not only take responsibility for their own actions but also proactively promote social causes. They aim to influence and inspire other companies in their industry to engage in responsible practices, fostering a collective approach to serving society. Various scales have been developed by scholars to assess the different stages of CSR implementation. Johnson (2003) proposed a model that provides insights into the levels of CSR practices within a company. The first level is labeled as illegal or irresponsible, indicating a lack of compliance with societal norms and legal requirements. The second level is compliance, where the focus is on meeting minimum legal standards. The third level is fragmented, characterized by engagement in activities such as charitable giving, community support, and environmental protection beyond mere compliance. The fourth level is strategic, with companies aligning CSR practices to enhance financial performance. This level emphasizes ethical values in company policies, community support based on needs assessment, and environmentally sustainable business practices. Finally, the fifth level is social advocacy, where CSR practices are driven by intrinsic morals rather than solely aiming for profit maximization.



Figure 2. 1 Stages of CSR (Johnson, 2003)

2.2.2. Legitimacy Theory

The legitimacy theory suggests that organizations have an ongoing need to ensure that their activities align with social acceptability (Wilmshurst and Frost, 2000:11). As organizations depend on societal resources that can be utilized in various ways, society evaluates the value and legitimacy of the organization's actions (Parsons, 1956, as cited in Tsang, 1998:631). Therefore, organizations aim to engage in activities that enhance their legitimacy, as neglecting societal concerns could lead to negative long-term consequences. Thus, it becomes crucial for organizations to exhibit a commitment to fulfilling their legal obligations and ethical responsibilities within the broader societal context (Papasolomou-Doukakis et al., 2005:263).

Deegan and Unerman (2011) contend that legitimacy theory is built upon the concept of a "social contract" between an organization and the society it operates in. Consequently, corporations seek to legitimize their actions by participating in CSR reporting to gain societal approval (societal approach), thereby ensuring their sustained existence. The social contract, as elaborated by Deegan (2002), embodies the array of expectations society holds regarding an organization's conduct.

O'Donovan (2002) asserts that the legitimacy theory stems from the notion that for corporations to continue operating successfully, they must operate within the bounds and norms of what society deems socially responsible behavior. Maignan and Ralston (2002) note that a firm's legitimacy hinges on maintaining a reciprocal relationship with its stakeholders, given the firm's obligations, including moral ones, extend to a wide range of stakeholders beyond shareholders (Adams et al., 1998).

According to Kyle et al. (2005), CSR reporting practices have become a crucial management tool in the increasingly complex arena of multinational business management. They argue that CSR reporting facilitates the integration of CSR activities into a company's strategic risk management to maximize the impact of such activities. Waddock et al. (2002) suggest that employee perceptions of how a corporation accepts and handles its responsibilities often influence their decision about where to work. Thus, the publication of sustainability-related information can position a firm as an "employer of choice," fostering loyalty, reducing staff turnover, and enhancing the firm's ability to attract and retain high-quality employees.

Margolis and Walsh (2003) contend that a corporation's engagement in CSR activities and its disclosure can enhance corporate performance. Their research establishes a positive relationship between CSR performance and financial performance (shareholder approach). Roberts (1992) argues that one reason firms consider CSR disclosure is to gain access to capital and shareholder value by meeting stakeholder expectations. Investors are increasingly opting to invest in

organizations that exhibit a high level of CSR. Branco and Rodrigues (2008) suggest that CSR disclosures function as a significant mechanism for amplifying the impact of CSR on corporate reputation and serve as a signal of improved social and environmental conduct. Bayoud et al. (2012) affirm that a high level of CSR disclosures is closely linked with corporate reputation among stakeholder groups (stakeholder approach).

2.2.3. Stakeholder Theory

The stakeholder approach is a management strategy that aims to enhance the responsible behavior of a firm by recognizing and addressing the interests of various stakeholders. It provides a framework for understanding the interconnected relationships within a firm and the broader community. Based on Garriga and Mele's (2004) analysis, The stakeholder approach combines elements of both integrative and ethical theories, where it emphasizes the integration of social demands into the firm's decision-making processes. From an ethical standpoint, it focuses on doing the right thing to achieve a socially desirable outcome. This approach is supported by the works of Mitchel, Agle, and Wood (1997), who highlight the importance of balancing stakeholder interests, and Freeman and Phillips (2002), who emphasize the fiduciary duties of firms towards their stakeholders.

Stakeholder Theory in CSR: Edward Freeman (2004), the founder of stakeholder theory, described a stakeholder of a company: "A stakeholder in an organization is any group or individual who can affect, or is affected by, the achievement of the organization's objectives". Stakeholder theory recognizes that stakeholders are crucial groups, whether individuals or organizations, whose support is vital for an organization's survival. These stakeholders encompass a wide range of entities, including managers, employees, customers, shareholders, investors, suppliers, society at large, local communities, government, the environment, and future generations. Stakeholder theory emerged in the business sector as a response to the need to understand and address the broader impacts of business activities. Throughout the twentieth century and continuing into the 21st century, the academic community has extensively studied the wide-ranging effects of business actions. Stakeholder theory provides a systematic framework for analyzing how companies and organizations impact those who influence them or are influenced by them. In the context of companies, stakeholders typically encompass consumers, suppliers, shareholders, staff, and other relevant parties. The concept of stakeholders has become central to almost all practical approaches to organizational responsibility, guiding businesses to consider the interests and welfare of their stakeholders in decision-making processes and overall operations.

Stakeholder theory is instrumental in fostering responsible and sustainable business practices. The stakeholder theory emerged in the business sector in the mid-1980s with the publication of Edward

Freeman's (1984) "Strategic Management: A Stakeholder Approach" in the academic literature. According to Freeman (1984) every corporation has complex relationships with stakeholders who have a vested interest in the company's actions and outcomes. Indeed, managing and involving stakeholders in the organization's day-to-day operations is crucial for both the success of the organization and the satisfaction of the stakeholders. (Hailu and Nigatu, 2015, p. 2). The social contract theory addresses the crucial aspect of justifying the ethical nature of economic activities, providing a theoretical foundation for analyzing the social relationship between corporations and society. In this context, CSR is derived from the moral legitimacy that corporations attain within society. Understanding CSR entails examining the justification of social actions that legitimize corporate behavior. According to Garriga and Mele's (2004) analysis, the social contract theory falls within the category of ethical theories. Approaches within this framework include universal rights (UN Global Compact, 1999) and sustainable development (WCED, 1987; Korhonen, 2003). Both approaches emphasize the importance of upholding human rights, labor rights, and environmental respect as integral aspects of CSR.

2.3. CSR in the Context of Community Development

Understanding development is a multifaceted endeavor. Kanbur (2006:5) emphasizes that defining development doesn't have a one-size-fits-all answer. Gegeo (1998:289) characterizes development as observable progress resulting from collaborative efforts that create visible differences from previous states. Davids et al. (2005:24) posit that development involves achieving self-sufficiency, empowering individuals to take responsibility as engaged citizens.

According to UNDP Report (2005), development arises from shifts in social structures and national institutions, leading to reduced discrimination and the eradication of poverty among citizens. This report identifies critical development components, including: Social Progress: Encompassing improved access to education, better nutrition, and healthcare services. Inclusive Growth and Equity: Focusing on empowerment, democratic governance, gender equality, civil and political rights, and social freedom. Sustainability: Ensuring the well-being of future generations in terms of environmental, economic, and social factors. Human Security: Safeguarding daily life against ongoing threats like hunger and unexpected disruptions such as unemployment and conflicts.

Kishe (2004) underscores that the principles outlined in the UNDP Report are fundamental to human development. Clearly, development is a process that spurs economic growth and transforms people's living conditions within a society. In this study, development denotes an elevation in living standards, with an eye toward sustainability for future generations.

Community development refers to a range of initiatives aimed at enhancing the overall well-being of a specific community and its inhabitants (Newell, 2005:555). These initiatives encompass projects designed to improve the living conditions of the most economically disadvantaged members of the community. Additionally, community development can involve any action undertaken with the goal of enhancing the community as a whole. According to McClenaghan (2000:565), community development entails the active participation of individual community members in endeavors that bring about social and economic progress.

IFC (2000:45) asserts that for business-initiated projects to be sustainable, local communities must be engaged and involved in the project's continuity. For sustainability to be achieved, local communities need to act as co-owners of the projects. Several principles are central to community development programs, as outlined below:

- Active Consultation:** Engaging in continuous consultation with the local community, particularly community leaders, is fundamental for appropriate community development. Establishing a robust relationship through constant consultation aids in identifying the community's best interests, enhances the organization's image, and fosters trust.
- Building Trust:** For the success of any projects, building trust between the organization and local community residents is pivotal. While trust creation can be challenging and sustaining it can be difficult, continuous consultation and active involvement are vital for establishing and maintaining trust.
- Managing Expectations:** Clearly defining roles and responsibilities is essential to manage expectations. Businesses must delineate their commitments to community development to meet the expectations of local community residents. Defining individual responsibilities and ensuring clear communication are crucial to preventing distrust.
- Creating Appropriate Boundaries:** Organizations should employ individuals with expertise in community development and a deep understanding of local traditions and needs. In addition to enhancing internal capacity, organizations may collaborate with local governments, community groups, or NGOs to develop their capacity as partner organizations in the community development process.
- Setting Measurable Goals:** Establishing goals and monitoring progress allows organizations and the communities they work in to evaluate program successes and shortcomings. Transparency in reporting progress is crucial for building trust and ultimately achieving program success.
- Planning for Sustainability:** Activities should be designed to ensure their impact endures beyond the organization's involvement. Projects focusing on building community skills and capacity or improving community income yield more sustainable benefits than those merely distributing goods and services. Organizations can promote sustainability by empowering communities to manage projects and fostering partnerships with other organizations. Companies should also prepare to hand over project responsibilities to the community once the program becomes self-sustaining.

Community development holds the potential for advancing society as a whole. Newell (2002:95) provides numerous instances of programs that exemplify community development. One example is the initiation of a literacy campaign aimed at enhancing the educational prospects of local residents. Another avenue involves health care clinics offering free screenings for specific diseases to raise awareness of medical concerns. McClenaghan (2000:12) underscores that business organizations supporting community development programs focused on enhancing local skills possess the capacity to elevate the standard of living for economically disadvantaged groups. It is imperative that all community development initiatives yield positive benefits for the community. These benefits may extend beyond financial impacts to encompass sociological enhancements.

Besser and Miller (2001:222) assert that well-executed community development projects leave the community and its residents in a better state than before their commencement. Muthuri (2008:178) contends that most community development programs aim to enhance the lives of residents in specific communities through various means. A common example involves programs that equip adults with the skills necessary for workforce entry.

Newell (2005:543) highlights that communities with a significant unemployment rate often witness increased employment following the initiation of such programs. This positive shift can contribute to enhanced economic development and attract employees to the community. Jacobs and Herselman (2006:2) argue that development contributes to an institution's improved functioning and elevates the standard of living for community members. They advocate for a development focus on enhancing individuals' lives, fostering independence, rather than merely providing physical amenities like water and electricity. Moreover, they posit that development begins by reducing and ultimately eradicating poverty within society.

Purcell (2012:267) puts forth that development should cater to less privileged communities, necessitating active participation from community residents to bring about progress. The author underscores that community improvement has consistently pursued diverse objectives, including addressing local issues, mitigating wealth and influence disparities, promoting democracy, and cultivating a sense of belonging.

As community development gains momentum, the notion of corporate community involvement (CCI) emerges as a powerful strategy for businesses to actively engage with their immediate environments through corporate social responsibility (CSR) initiatives (Moon and Muthuri, 2006:3). This involvement serves to build robust relationships between companies and the communities they impact. However, challenges arise when considering the extent of community participation in these initiatives. According to Godfrey (2005:782) research focused on how CCI

programs determine community involvement in developmental projects. It's emphasized that the sole decision-making power of businesses regarding CSR initiatives might not portray a positive image. Instead, active engagement with local communities in deciding on CSR initiatives that drive community development is crucial.

Blowfield and Frynas (2005:501) refer to community participation as a mechanism that empowers local communities as stakeholders in business to actively engage in programs tailored for them. As CCI gains prominence, local communities are increasingly recognized as essential stakeholders in the business landscape (Carroll and Buchholtz, 2003:73). This recognition is fueled by the evolving role that businesses play in society as responsible citizens (Matten and Crane, 2005:172). These businesses are now expected to actively participate in developmental projects that contribute to positive societal change.

An interesting shift in the landscape of corporate community involvement is the move toward corporate social investments rather than traditional philanthropic endeavors. Muthuri (2008:179) contends that businesses are now engaging in self-sacrificing acts, contributing to communities without expecting immediate returns. However, underlying this altruism are often strategic considerations. Craig (2013:25) asserts that businesses' contributions to communities are often driven by the profit they generate from conducting business in those communities. Grayson and Nelson (2013:48) similarly argue that corporate philanthropy is frequently influenced by the company's self-interest.

In a study by Moon and Sochacki (2008:64), it's concluded that businesses are motivated to participate in CCI due to social factors and personal interests in the community. Various reasons drive businesses to engage in CCI. Campbell et al. (2002:31) highlight how politics and management intentions can motivate business involvement. Hess et al. (2002:112) identify factors like competitive advantage, new market opportunities, and comparative advantage as drivers for businesses to become involved in projects that promote community development. Altman (2000) underscores how market factors can play a pivotal role in shifting the approach to CCI, while Brammer and Millington (2004) emphasize the significance of catering to stakeholder preferences.

It's worth noting that CCI practices vary across different industries and companies. Large organizations like banks and telecommunications often engage in corporate community involvement as part of their broader strategies (Muthuri, 2008:181). External regulatory demands, such as the Black Economic Empowerment Scorecards in South Africa, as mentioned by Moon (2004:13), can also drive companies to embrace CCI. However, it's essential to recognize that CCI

isn't solely pursued for the company's benefit; it's pursued to maximize profits while contributing to the societal development (Hillman and Keim, 2001).

Ultimately, corporate community involvement has the potential to significantly contribute to community development (Crane and Matten 2010:51). This interconnected relationship between corporate engagement and community growth underscores the evolving nature of businesses' roles in society.

2.4. CSR in the Banking Sector

Carroll's well-known and widely accepted definition of corporate social responsibility (CSR) highlights that it encompasses a range of societal expectations placed on organizations, including economic, legal, ethical, and discretionary (philanthropic) aspects. The CSR pyramid delineates these responsibilities into distinct layers. The foundational layer involves economic responsibility, while companies must also adhere to legal regulations. Ethical responsibility goes beyond mere compliance, emphasizing fair conduct and doing what is morally right. This dimension can also extend to discretionary or philanthropic acts (Carroll, 1991).

Within the realm of the business sector, CSR functions as a tool that not only enhances and legitimizes economic performance but also embodies the core tenets of business ethics (Scholtens, 2006). Given the unique nature of the banking sector compared to other industries, its approach to CSR exhibits distinct characteristics. Notably, there is a heightened emphasis on responsibilities related to banking activities such as lending, investment, and asset management. These areas carry significant weight in addressing pressing issues like bribery and money laundering, which are critical components of anti-corruption endeavors and consequently form a pivotal part of the CSR initiatives undertaken by banks (Viganò-Nicolai, 2009).

While the banking sector's direct impact on the environment is relatively modest, its indirect environmental and social responsibilities can amplify when extending credit to companies engaged in activities that harm the environment, produce unsafe goods, or violate human rights (Idowu-Filho, 2009). This dynamic transforms banks into intermediaries of sorts, capable of influencing substantial repercussions. Moreover, Thompson and Cowton (2004) underscore that bank, even with a smaller environmental footprint, can wield considerable influence by mediating between businesses and societal concerns.

Applying Carroll's CSR model to the financial sector, the levels of responsibility within the realm of banks can be categorized as follows (Carroll, 1991): Economic Responsibility: Traditionally, banks operate to enhance the welfare of their owners by ensuring profitability and growth. This pursuit is facilitated through financial innovation, wherein banks continually create opportunities

for effective resource mediation and risk management. In response to the evolving financial interests of individuals and corporations, banks develop new products, redefine existing ones, and establish new distribution channels. This product evolution is significantly influenced by interactions with stakeholders (Decker and Sale, 2009). **Legal Responsibility:** Regulatory compliance is dictated by statutes with the aim of minimizing risks and instilling confidence in the financial system. In practice, these statutes are supplemented by adherence to guidelines provided by supervisory bodies and trade associations. The compliance function serves as a significant indicator of this commitment (Decker and Sale, 2009). Such regulations include recommendations from financial authorities such as the Hungarian Financial Supervisory Authority, international guidelines like the Guidelines on Internal Governance (GL 44, September 2011) and aspects of the MiFID compliance function requirements in the European Union, as well as global legislation like the Foreign Account Tax Compliance Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act (2010), and the UK Bribery Act, 2010 (Wieland, 2013). **Ethical Responsibility:** Ethical norms are often shaped by individual conscience and the expectations of external stakeholders. The motto of the London Stock Exchange “My word is my bond” embodies fundamental ethical principles of honesty, sincerity, trust, integrity, fair conduct, respect, and transparency are deeply intertwined with the financial sector's ethos (Decker and Sale, 2009). Codes of ethics, embodying these values and voluntary constraints, manifest in stakeholder dialogues and are essential in fostering an ethical business culture. It is important to note that compliance-focused approaches might not inherently nurture ethical practices (Decker and Sale, 2009). **Discretionary (Philanthropic) Responsibility:** This aspect of responsibility is not dictated by external expectations but rather constitutes a voluntary endeavor. In the banking sector, discretionary responsibility has gained prominence as a practice contributing to the industry's improved reputation (Decker and Sale, 2009). Following the financial crisis, there has been a perceptible shift in social expectations, focusing on broader domains of CSR within the banking sector. These evolving preferences necessitate addressing societal expectations directly linked to a bank's operations and clientele (Lentner, 2011).

Meeting stakeholder expectations is crucial. Clients seek secure products and accurate information, employees desire a safe and non-discriminatory workplace, competitors expect fair competition, and the bank's environmental footprint must be considered, including the impact of lending activities (Thompson and Cowton, 2004). An emerging viewpoint asserts that businesses should extend their decision-making beyond profit maximization to encompass voluntary contributions towards addressing social issues, recognizing a moral responsibility alongside economic interest (Barclift, 2012). Effective CSR must be value-oriented, integrated into the fabric of daily banking operations, and ingrained within the organizational culture.

The study of Corporate Social Responsibility (CSR) within the banking sector has gained prominence relatively recently, representing a noteworthy domain of research (Kiliç, 2016; Wu and Shen, 2013). Banks have displayed a marked increase in their allocation of resources towards CSR initiatives and an elevated level of engagement in such activities. Raut et al. (2017, p. 551) highlight that, unlike other sectors which respond reactively to sustainability under external stakeholder pressure, banks have adopted a proactive stance in sustainable activities. This inclination towards proactive engagement is substantiated by research within the sector.

Recognizing the potential transformative impact, banks are justifiably investing resources and participating in CSR endeavors. Research underscores that CSR initiatives within the banking sector possess the capability to positively influence consumer attitudes, enhance public perception, and confer competitive advantages (McDonald and Lai, 2011). More broadly, in alignment with the perspective of various scholars, the essence of CSR is in creating shared value (Porter and Kramer, 2006), furthering goals such as fostering a positive corporate image, enhancing competitiveness, promoting brand awareness, and establishing legitimacy (Kiliç, 2016).

Given this backdrop, banks, as suggested by Thompson and Cowton (2004), are particularly attuned to the risks associated with reputation and are susceptible to unfavorable reactions from stakeholders. Consequently, banks perceive CSR as a strategic avenue to reconnect with communities and enhance their corporate image (Pomeroy and Dolnicar, 2009). The scope of CSR activities undertaken by banks largely encompasses education, balanced growth, healthcare, environmental stewardship, and enhancing customer satisfaction (Narwal and Singh, 2013). The initiatives can be broadly classified as relating to customer-centricity, philanthropy, environmental preservation, and employee support (Paluri and Mehra, 2018).

The theoretical underpinnings advocating for active CSR engagement and adept management of external social issues, such as stakeholder and legitimacy theories, have significant relevance for banking institutions. Notably, banks must tailor CSR efforts towards building legitimacy, considering their pivotal role within the economy and the established correlation between legitimacy (and trust) and the survival of banking establishments (Dowling and Pfeffer, 1975).

Furthermore, the perception and communication of a firm's CSR practices are integral factors. This holds true for all organizations but is especially significant within the banking context. Deposit holders and borrowers emerge as the principal stakeholder groups in the banking sector (Branco and Rodrigues, 2008; Khan, 2010), thereby underlining the need for careful alignment of CSR practices with stakeholder perceptions and effective communication strategies (Engle et al., 2019; Santamaria et al., 2021).

2.5. CSR in African Context

Despite the implementation of sustainable development strategies, economic liberalization, and efforts to promote private sector development in African countries, the practice of Corporate Social Responsibility (CSR) in sub-Saharan Africa remains in its infancy (Cheruiyot and Onasando, 2016; Idemudia, 2011). The limited CSR practices observed are primarily driven by the philanthropic activities of multinational corporations and a few large local companies (Vertigans et al., 2016; Kivuitu, Yambayamba, and Fox, 2005). However, there is a lack of systematic and coordinated approaches within the business sector and public authorities. Most countries in the region do not have a national CSR policy or a dedicated coordinating department. Furthermore, although there may be legislations and standards in place, institutions often lack the capacity and resources to effectively monitor the implementation of CSR by companies (Vertigans et al., 2016).

Initially, Corporate Social Responsibility (CSR) was often misconstrued as a form of philanthropy (Porter and Kramer, 2006). This misinterpretation is particularly prevalent in sub-Saharan Africa. Visser (2006) highlighted that the essence of CSR differs significantly between developed and developing countries. To address this disparity, Visser developed a CSR model specifically for developing countries, expanding on Carroll's CSR pyramid. According to Visser (2006), the dimensions of CSR proposed by Carroll need to be contextualized within the African environment. In his model, the economic role of companies takes precedence and is regarded as highly important within the CSR hierarchy due to factors such as high unemployment rates, poor economic conditions, and limited investment opportunities. Philanthropic activities are considered the second priority after the economic role, given the prevalent severe economic conditions. The significance of legal and ethical responsibilities follows thereafter.

Despite notable economic growth in Africa over the last decade, this progress has often bypassed marginalized communities. As a result, the key challenges facing African countries include sustaining growth, reducing income disparities, and fostering inclusive development (Gaye et al., 2015).

In certain countries like Ethiopia and Kenya, a meso-level CSR framework has emerged due to export market requirements within the floriculture industry. However, national-level codes and responsible bodies for promoting and ensuring CSR practices are generally absent. CSR activities in the Kenyan floriculture sector primarily focus on employee rights and human resources issues (Cheruiyot and Maru, 2014; Dolan et al., 2003; Opondo, 2006). Conversely, Ethiopia's CSR code of practice for the floriculture industry, along with guidelines for the commercial agriculture sector, encompasses a broader spectrum of standards, including employee rights and HR, anti-corruption measures, sustainability, and environmental benchmarks (MOA, 2010).

Notably, South Africa stands out as the only country with a robust legislative, policy, and institutional framework for CSR practices. The South African government has integrated pertinent international CSR standards into national laws and norms, alongside a broad-based black economic empowerment strategy aimed at addressing inequalities. The private sector has voluntarily incorporated CSR programs into their strategies, aligning with the country's sustainable development agenda. Consequently, corporate social investment in South Africa surpasses that of wealthier countries outside of Africa (Southern African - German Chamber of Commerce and Industry, 2010). Prominent companies have aligned their CSR strategies with the sustainable development of local communities, supporting projects related to education, skill training, environmental conservation, and socioeconomic enhancement (Kabir et al., 2015). The local government actively facilitates corporate social investment by businesses in community development. CSR implementation is evaluated using a corporate social responsibility index (CSI) called the broad-based black economic empowerment (B-BBEE) scorecard, measuring companies' compliance with BEE transformation initiatives (Rampersad and Skinner, 2014, p. 723).

Moreover, governmental departments provide support in implementing, monitoring, and evaluating CSR performance (Kioppers and Fure, 2014). Nonetheless, while CSR efforts in South Africa have gained traction among larger companies, small and medium-sized enterprises (SMEs) have been slower to embrace them. Criticisms have arisen, asserting that these efforts do not sufficiently encompass core business practices and fail to address the root causes of deepening inequalities (Vertigans et al., 2016; Seekings and Nattrass, 2011). Similarly, Zambia has adopted a broad-based citizens' economic empowerment (CEE) framework aimed at increasing local participation in the economy. The establishment of the Citizens' Economic Empowerment (CEE) was formalized under Act No. 6 of 1996, which also led to the creation of the CEE Commission. This initiative has the specific objective of expanding citizens' participation in business ownership, employment opportunities, skills training, and more. Its implementation is overseen through the utilization of a CEE index and reporting mechanisms (UN, 2007). However, criticisms persist, suggesting that CSR practices in Africa largely adhere to a free-market approach and lack integration of indigenous values and norms (Cronjé, Reyneke, and Chenga, 2017; Dartey-Baah and Amponsah-Tawiah, 2011). This criticism extends to the limited community development impact of even large mining corporations (Hilson, Hilson, and Dauda, 2019).

2.6. Empirical Review

2.6.1. CSR in Ethiopia

Within the Ethiopian context, Corporate Social Responsibility (CSR) is a relatively novel concept, primarily taking root in multinational companies and a limited number of NGOs formally, and to a lesser extent in national companies informally (Kassaye, 2016). These endeavors often lean toward philanthropy, reflecting practices and understandings largely imported from developed nations. This inclination finds its roots in the historical backdrop plays a role, until 1992, Ethiopia operated under full socialism, devoid of private firm ownership. Consequently, the notion of CSR wasn't prominent, with most companies primarily focused on their economic survival. Notably, the private sector's influence in CSR is modest, with private-public partnerships being rare. It's anticipated that CSR will experience parallel growth when the private sector strengthens its presence (Shiferaw, 2007).

In the Ethiopian landscape, corporate governance seems to be in a stage where discussions revolve around academic and governmental circles, rather than being deeply entrenched in practice. This observation suggests that as the informal sector grows and privatization gains momentum, attention towards corporate governance matters will likely intensify. However, the current scale of businesses remains relatively small, diverting attention away from intricate corporate governance considerations. Government priorities in Ethiopia are oriented towards fundamental needs such as healthcare, education, and job creation. Consequently, the current emphasis centers on capacity building, rather than an intricate refinement of corporate governance practices (Robertson, 2009).

In the realm of CSR practices in Ethiopia, where they do exist, they often manifest through partnerships between companies and NGOs aimed at delivering aid and education. This approach aligns with the considerable significance of foreign aid and the active involvement of NGOs within the Ethiopian context. It's plausible that these factors could wield substantial influence on shaping the form and direction of CSR in comparable developing economies. (Robertson, 2009).

However, a common theme emerges from these studies regarding the emphasis of CSR in Ethiopia. Tewelde (2012) study on CSR in Ethiopia unveiled that, like numerous African countries, CSR places a strong emphasis on the economic aspect, often at the expense of other dimensions. He further revealed that legal and ethical responsibilities in CSR receive the least focus, a pattern consistent with many African contexts.

Bedada et al. (2011) investigated corporate social responsibility and related governance in the Ethiopian flower industry. The findings indicated that due to Ethiopia's developing status, the philosophy of corporate social responsibility is underdeveloped. Governance systems primarily

prioritize control and decision-making rather than a well-defined ethical code of conduct. Tedla (2013) also studied "Corporate Social Responsibility Program in Ethiopian Floriculture Industry," concentrated on the floriculture sector's CSR nature and practice. Employing a qualitative approach, he observed 53 flower-exporting firms and employed inductive inference to bridge empirical evidence with theoretical literature. The thesis revealed that firms within the floriculture industry demonstrated a sound grasp of CSR principles. These companies prioritized stakeholders' overall welfare alongside shareholder value, incorporating socially, economically, and environmentally conscious practices into their business strategies. However, concerns were raised by environmental protection groups and communities about the industry's ecological impact, particularly regarding the use of inorganic fertilizers, chemicals, and pesticides. This tapestry of interconnected narratives underscores the evolutionary trajectory of CSR within Ethiopia's floriculture sector, charting its progression from a formative state to an intricately woven integration.

In a study conducted by Melese (2014), titled "Corporate Social Responsibility and Commercial Banks: The Case of Nib International Bank S.C.," delved into CSR practices of commercial banks. Using purposive sampling, 90 managers and employees were selected, and data was analyzed through questionnaires using descriptive analysis techniques. Melese's findings indicated a minimal involvement of banks in social activities, with the bank's decision-making process primarily centered on adherence to government laws and regulations rather than social responsibility.

Expanding on this theme, Yeneneh (2015) titled "The Role of Private Commercial Banks on Corporate Social Responsibility in Ethiopia," the significance of integrating social and environmental concerns into the operations of private commercial banks for sustainability was highlighted. Acknowledging the concept of corporate social responsibility within the banking sector and establishing strong connections between CSR concepts, frameworks, and the essential elements of banking policies and procedures emerged as a crucial strategy to mitigate risks arising from non-compliance. This comprehension not only safeguards against potential pitfalls but also underscores the mutual benefits that an understanding of banking CSR offers both financial institutions and society.

Complementing these findings, Dagmawit (2017) investigation aimed to assess the influence of CSR practices on brand equity within the context of CBE (Commercial Bank of Ethiopia). The study employed both quantitative and qualitative research methodologies, utilizing explanatory and descriptive research designs. A survey involving 371 participants was conducted, and data analysis encompassed descriptive statistics, correlation, and linear regression models. The outcomes highlighted a substantial awareness of the bank's CSR practices among respondents, and these practices were observed to significantly contribute to the bank's brand equity. Notably, the study

also unveiled that the bank's CSR initiatives were not well-structured, lacked visibility in media channels, and were not primarily aimed at customer attraction.

Furthermore, Sengeh (2021) conducted a study focusing on Dashen Bank in Ethiopia, assess its CSR practices, benefits, and challenges. The bank displayed well-implemented CSR initiatives encompassing philanthropic, legal, and ethical dimensions. Notably, the bank extended its CSR endeavors internally by effectively managing its workforce while fulfilling external CSR commitments to the community. However, macroeconomic and political factors presented obstacles to the bank's full engagement in CSR practices.

Examining the domain of Corporate Social Responsibility (CSR) in Ethiopia, Bimir's research (2016) focused on corporate social responsibility within Ethiopian leather and footwear firms, revealing a nascent stage of CSR implementation. Although firms engaged in social, environmental, and economic responsibilities on a compliance basis, the commitment levels varied across entities. This adherence-driven CSR approach, coupled with an absence of a structured CSR plan, unveiled a limited and superficial grasp of CSR principles. This superficial adherence often stems from external pressures or regulations and fails to yield substantial developmental impact. To harness the potential of social responsibility for effective development, collaborative efforts involving civil society organizations, communities, and governmental bodies become pivotal. A collective awareness of individual stakeholders' roles is instrumental in cascading the norm down to individual firms. Within this context, the government assumes a central role in shaping CSR norms and fostering their integration. In a related context, Takele (2018), study explored that Ethiopian enterprises in the leather industry were found to prioritize CSR efforts towards their employees and customers. However, concerns regarding salary levels, workplace safety, and environmental stewardship persisted among employees and local communities. Which indicates the nuanced challenges and multifaceted nature of effective CSR implementation within this sector.

Rama, Hailu, and Rao's (2016), investigation delved into the CSR strategies of brewery firms in Ethiopia. By utilizing convenience sampling, 429 participants were selected from five major brewery companies. The study aimed to assess employees' perceptions regarding the companies' environmental CSR initiatives. Employing descriptive and inferential statistical analyses, the study discovered a positive employee perception of their respective firms' environmental CSR initiatives. However, a notable finding was that these firms provided limited disclosure of regular environmental management information, both in general and specific to their initiatives, to external stakeholders.

Simultaneously, Elifneh's study (2017) underscored the diversified CSR activities undertaken by Ethiopian brewery firms, encompassing stakeholders such as shareholders, employees, local communities, customers, farmers, and the environment. Nevertheless, the research noted a prominent focus on the social dimension of CSR as opposed to its environmental aspect. In a parallel study, Alemayehu (2017) examined the CSR approach of a soft drink company, shedding light on its compliance with regulations and basic environmental protection endeavors. However, this CSR approach leaned towards a reactive stance rather than a proactive one, largely due to the absence of a well-structured CSR initiative. Moreover, Gereziher (2019) research emphasized the urgency of heightened environmental responsibility among multinational breweries in Ethiopia. While these companies exhibited socially responsive practices due to resident pressures, the study underlined the imperative for greater environmental focus. These studies within the beverage industry construct a multifaceted narrative of CSR intricacies in Ethiopia. They encompass both the social and environmental dimensions, presenting variations in approaches and degrees of proactive involvement that add nuance to the evolving landscape of CSR practices in the country.

Deyassa (2016) delved into "CSR from Ethiopian Perspective," exploring how CSR is emerging in Ethiopia. Interviews with managers were conducted, and the research focused on companies in two cities. The study revealed that CSR is in its early stages in Ethiopia, influenced by multinational corporations and NGOs. Ethiopian CSR primarily leans towards philanthropy, and many companies lack a distinct CSR model or comprehensive concept.

Potluri and Temesgen (2008) examined how Ethiopian companies view CSR. They studied 50 firms using surveys and interviews, including input from employees, customers, and the public. The findings showed a positive attitude towards CSR, but this didn't always translate to actual actions. Only 40% of companies practiced satisfactory information disclosure. Dissatisfaction with CSR was expressed by 69% of employees and a significant 75% of the public. This indicates a gap between perception and reality in CSR efforts. Overall, CSR in Ethiopia is still developing, with a focus on philanthropy rather than sustainable development.

In the research conducted by Robertson (2009), titled "Corporate Social Responsibility and Different Stages of Economic Development: Singapore, Turkey, and Ethiopia," a thorough investigation into CSR in Ethiopia was conducted. Through the snowball sampling method, interviews were conducted with academics, business leaders, government officials, and NGOs across the three countries. The study illuminated the early stage of CSR practice in Ethiopia. It became evident that the private sector's contribution to advancing CSR was modest, highlighting a necessity for stronger involvement and commitment to the cause.

Notable disparities in CSR policies and implementations between developed and developing nations are clearly discernible within the scholarly literature. For instance, advanced economies such as the US, Australia, and regional bodies like the OECD and the EU have seamlessly integrated CSR into their business frameworks (Ayalew, 2018). However, the literature consistently emphasizes the considerable diversity in CSR models and approaches across countries and even within individual companies. Conversely, in developing countries, the adoption of Western and American-style CSR practices encounters challenges (Ayalew, 2018). Remarkably, scholars like Jamali (2017) and Kassaye (2016) have leveraged Carroll's seminal CSR model to analyze CSR practices in Lebanon and Ethiopia respectively (Ayalew, 2018). Their findings underline that, irrespective of the corporations' multinational or national status, philanthropic activities dominate CSR efforts in these nations. This underscores the absence of a universal CSR framework in such contexts. As a result, a distinct contrast persists between developed and developing countries in terms of CSR practices, showcasing an evident discrepancy.

2.6.2. Business Ethics in Ethiopia

Kefyalew (2016), conducted an analysis of workplace ethics at Dashen Bank. The study aimed to identify ethical requirements for current and future employees, assess the effectiveness of the existing "code of conduct," explore the role of ethics in achieving the bank's practical goals, understand the prevalence of fraud despite strict regulations, and examine the National Bank of Ethiopia's (NBE) potential in enhancing stability in the country's banking system. The findings suggested that Dashen Bank should integrate ethics into its core business operations, provide ongoing ethics training to its staff, and enhance the potency of its "code of conduct." Notably, the study identified a dearth of substantial research on workplace ethics in Ethiopian banks.

Silge (2015), study "Workplace Ethics in Oromia Credit and Saving Share Company (OCSSCO)," aimed to depict the prevailing ethical landscape at OCSSCO and suggest avenues for enhancing ethical treatment within the company. The research employed qualitative data analysis methods. The study unearthed that the company lacked an approved and executed code of conduct, and many employees were unaware of the company's ethical guidelines, revealing gaps in the ethical framework.

Teklay (2016) research, titled "An Exploration of Work Ethics in the Ethiopian Civil Service: The Case of Selected Federal Institutions," delved into work ethics within the Ethiopian civil service. The primary objective was to scrutinize and analyze the nature of work ethics and the ethical environment in the public sector of Ethiopia. Employing a mixed-methods approach, the study revealed the prevalence of diverse forms of ethical misconduct within the civil service.

In conclusion, these studies shed light on the status of workplace ethics in Ethiopian institutions, emphasizing the need for enhanced ethical awareness, training, and frameworks to foster a more ethical and responsible business environment.

2.7. Summary and literature gap

The realms of business ethics, professional ethics, and banking ethics emphasizes that ethical considerations in business extend beyond profit, addressing societal well-being and harmonizing strategies with moral benchmarks. While legal standards provide a foundation, they don't guarantee ethical behavior. Banking ethics principles, including honesty, trustworthiness, impartiality, compatibility, and transparency, guide ethical banking conduct by ensuring truthful interactions, accurate transactions, equity, compliance, and clear communication. They highlight the importance of equitable engagement and responsible lending practices. Critically, these principles underscore the need for a balanced approach to profit and ethical integrity, promoting transparency, diversity, and conflict resolution. This analysis reveals that ethical conduct requires a continuous commitment to learning and improvement, aligning values with actions for the benefit of society and stakeholders. Moreover, seven fundamental ethical principles underscore ethical conduct in banking: mutual benefit, good intentions, compromise, ethical improvement, demonopolization, conflict resolution, and conflict between interests. These principles guide ethical decision-making, ensuring equitable engagement and fostering an ethical business environment.

Exploring the sphere of Corporate Social Responsibility (CSR) strategies, this segment sheds light on the proactive and reactive approaches adopted by businesses. CSR involves a company's commitment to achieving specific values, whether tangible or intangible, which contribute to societal well-being. Proactive CSR strategies are grounded in the integration of CSR principles into a company's core business strategy, aiming to fulfill stakeholder expectations and build reputational capital. Such strategies require substantial investment and align with a company's identity, fostering trust and long-term benefits. On the other hand, reactive CSR strategies are often adopted opportunistically, responding to negative incidents or pressures. This approach, while helping manage reputational crises, may be perceived as insincere and lead to accusations of greenwashing. Studies emphasize that proactive CSR strategies yield more positive responses from stakeholders, as they are seen as value-driven, while reactive strategies might be construed as self-serving. Aligning with stakeholder demands, embracing discourse ethics, and effective integration of CSR principles into business operations are pivotal for generating value and societal impact. Overall, the proactive approach to CSR appears to foster long-term success by building trust and fostering positive stakeholder perceptions.

The stage theory of Corporate Social Responsibility (CSR) proposed by Zadek (2004) outlines a company's progression through distinct stages of maturity. These stages, namely defensive, compliance, managerial, strategic, and civil, represent a developmental path where companies initially respond to criticism, progress to meet legal requirements, and eventually integrate CSR into core practices, aligning them with societal needs and promoting social causes. This evolution involves moving from reactive responses to proactive initiatives, ultimately promoting social causes and influencing the industry.

Johnson's (2003) model complements this by categorizing CSR implementation levels. enhanced financial performance. The ultimate stage involves CSR practices driven by intrinsic morals, emphasizing societal benefits beyond profit maximization.

In contrast, Johnson's (2003) CSR model categorizes levels of CSR practices within a company. It spans from illegal or irresponsible actions to compliance, then fragmented engagement with social issues, followed by strategic integration of CSR practices for financial gain, and, finally, social advocacy driven by intrinsic morals.

While Zadek's stages highlight the evolution of CSR engagement, Johnson's model focuses on the depth of commitment and values guiding CSR practices. Together, they offer a comprehensive understanding of CSR's multi-dimensional development within organizations.

Since, the objective of this study is to explore the extent of a company's engagement in Corporate Social Responsibility (CSR) practices, the researcher prefers Johnson's (2003) model. Johnson's model provides a valuable framework to measure the depth of the company's commitment to CSR and determine the stage at which the organization currently operates. This approach offers a systematic way to evaluate the company's CSR initiatives and provides insights into their strategic positioning with respect to societal and ethical responsibilities.

The Legitimacy Theory highlights the need for organizations to align actions with social acceptability to enhance their legitimacy. This theory underscores that organizations must engage in activities enhancing their societal standing, with CSR reporting as a means to legitimize actions and gain societal approval. Stakeholder Theory, on the other hand, emphasizes addressing stakeholder interests, involvement of various stakeholders in decision-making processes to achieve socially desirable outcomes, promoting transparent communication, trust building and fostering mutually beneficial outcomes. These theories contribute to responsible business practices, recognizing the dynamic relationship between organizations and communities.

In the context of community development, Stakeholder Theory aligns well with the principles of involving local communities in decision-making and considering their interests for sustainable

progress. Businesses engage in Corporate Community Involvement (CCI) as a strategic approach to contribute to community development while considering societal needs and their own interests. This involvement can enhance relationships between companies and communities and lead to positive societal change. While CCI is often influenced by strategic considerations, it also holds the potential to drive long-term sustainable development through collaboration and empowerment.

CSR in the banking sector involves fulfilling economic, legal, ethical, and philanthropic responsibilities. Banks act as intermediaries, influencing societal issues through lending and investment decisions. They align with ethical norms and voluntary codes. Proactive engagement in CSR enhances public perception and competitiveness. Meeting stakeholder expectations is crucial, and banks use CSR to reconnect with communities. Effective communication of CSR practices is essential, especially given the role of stakeholders like deposit holders and borrowers.

The existing literature reveals a distinct research gap in the realm of business ethics and corporate social responsibility (CSR) within the Ethiopian banking sector. While prior studies provide insights into the formative stages of CSR practices and ethical frameworks, a comprehensive understanding is lacking. Specifically, the literature underscores the need for a more in-depth exploration of the ethical principles upheld by organizations and the nuanced nature of CSR practices. Moreover, there is limited examination of the extent of engagement by financial institutions, exemplified by the Development Bank of Ethiopia (DBE), in CSR activities, along with the proactive or reactive nature of their chosen CSR approach. This gap also extends to the alignment of their CSR approach with broader community development objectives. Furthermore, a comprehensive research gap also involves considering workplace ethics in Ethiopian institutions beyond the banking sector. Existing studies have identified disparities in the implementation of ethical guidelines, such as the absence of well-defined "codes of conduct" and a lack of awareness among employees. However, further research is essential to fully comprehend the underlying reasons for these gaps and to propose practical measures to effectively bridge them. Bridging these gaps through a comprehensive study would not only contribute substantially to the literature but also offer valuable insights for refining CSR strategies and ethical frameworks in the Ethiopian banking context.

2.8. Conceptual Framework

In this study, the focus is on the assessment of Business Ethics and Corporate Social Responsibility (CSR) within the Development Bank of Ethiopia (DBE). The research aims to explore the ethical principles embraced by the organization, identify the nature of CSR practices, evaluate the level of DBE's engagement in CSR activities, determine CSR strategies, and examine the implementation of CSR initiatives for community development. The study addresses a critical gap in the existing literature, particularly within the context of the banking sector in Ethiopia. As CSR practices are still in their early stages in the region, with a predominant focus on philanthropy rather than a comprehensive approach, this investigation seeks to shed light on the specific practices of DBE.

The conceptual framework depicted in the figure 2.2 serves as a visual guide to understanding the intricate relationships and key focus areas in the assessment of Business Ethics and Corporate Social Responsibility (CSR) within the Development Bank of Ethiopia (DBE). Positioned at the center, the theme "Assessment of Business Ethics and CSR in DBE" forms the core of the study. The listed objectives or variables (ethical principles, nature of CSR practices, level of DBE's engagement, CSR strategies, and implementation for community development) are strategically aligned in a hierarchical organizational chart. Each variable, listed horizontally and distinctly colored, contributes to the comprehensive evaluation of DBE's ethical and CSR practices. This conceptual framework visually guides the study, ensuring a holistic and nuanced assessment of DBE's commitment to ethical principles and CSR within its operational framework.

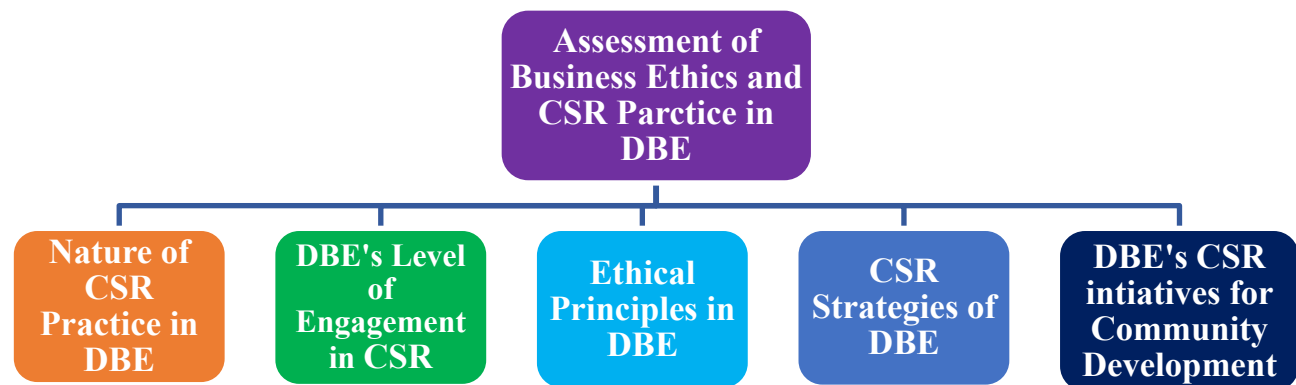


Figure 2. 2 Conceptual Framework (Source: Own Construction)

CHAPTER THREE

3. RESEARCH DESIGN AND METHDODOLOGY

3.1. Description of Study Area

Addis Ababa is the capital and largest city of Ethiopia. It is located in the central highlands of the country, at an elevation of 2,400 meters (7,900 feet). The city is a major economic and cultural center, and is home to many government offices, universities, and businesses. The capital is administratively subdivided into eleven sub cities and 126 woredas. The current metro area estimated population of Addis Ababa in 2023 is 5,271,000. (UNDESA, Population Division, 2023). Addis covers 527 square kilometers of area in Ethiopia. The population density is estimated to be near 5,165 individuals per square kilometers (Source: Addis Ababa City Administration, 2021).

3.2. Research Design

Research design plays a crucial role in outlining the research, providing a framework for data collection and analysis, and guiding the selection of appropriate research methods. (William, 2006). Consequently, for this study, a descriptive design incorporating a mixed method, both qualitative and quantitative research approaches, was used to gather and analyze the necessary information.

The Descriptive research design was used for this study as it facilitated systematic collection and analysis of data which was essential for addressing the research objectives and gaining insight into the current state of business ethics and Corporate Social Responsibility (CSR) practices within the Development Bank of Ethiopia (DBE). According to Babbie and Mouton (2015), descriptive research designs are particularly effective when the research goal is to gather accurate, detailed information about existing conditions and practices. This structured approach allows for the capture of both quantitative and qualitative data, providing a holistic view of the subject matter. In this context, the primary aim of the research was to provide an in-depth analysis of DBE's business ethics and CSR practices, including ethical principles, the nature of CSR, the level of engagement in CSR, CSR strategies, and initiatives for community development. Therefore, a descriptive research design was well-suited to fulfill the purpose of this study by offering a systematic and comprehensive assessment of DBE's business ethics and CSR practices.

3.3. Research Approach

According to Neuman (2014), who emphasizes that descriptive research is particularly valuable when the primary objective is to provide a comprehensive and accurate portrayal of existing conditions and practices. By utilizing a descriptive study, the research effectively captured baseline information about DBE's practices, accommodating both quantitative and qualitative data collection methods to ensure a holistic assessment, aligning perfectly with the research objectives.

A mixed-methods approach, combining both quantitative and qualitative research methods, was used for this research, allowing for a comprehensive exploration of business ethics and Corporate Social Responsibility (CSR) practices within the Development Bank of Ethiopia (DBE). Tashakkori and Teddlie (2010) emphasize that mixed methods are beneficial when researchers aim to capture a broad spectrum of data, both quantitative and qualitative, to gain a deeper and more comprehensive understanding of the research subject. In this study, the research objectives included evaluating ethical principles, identifying the nature of CSR, exploring DBE's level of engagement in CSR, determining CSR strategies, and examining CSR initiatives for community development. A mixed-methods approach ensures that these objectives are effectively addressed, accommodating structured questionnaires for quantitative data and key informant interviews for qualitative insights. This comprehensive approach enhances the depth and breadth of the study, making it well-suited to fulfill its purpose.

According to the Frascati Manual (2015), the quantitative approach is utilized to obtain quantitative results through statistical summaries or analyses. This approach involves a systematic and empirical investigation of quantitative properties and phenomena, focusing on narrow research questions and collecting numerical data. The data was then analyzed using statistical methods to derive meaningful insights.

Conversely, as articulated by Denzin and Lincoln (2011), the qualitative approach, is characterized by its in-depth exploration of non-numerical data, emphasizing open-ended research inquiries and the collection of narrative and contextual information. In this study, the qualitative approach was embraced through key informant interviews. Key informant interviews are a valuable qualitative method permitting in-depth conversations with individuals possessing significant insights and expertise related to the research topic. (Bernard, 2018). The data was then analyzed using thematical methods.

3.4.Data Collection Instruments

The research was conducted using primary sources of data. The primary data were collected through the use of questionnaires and interview administered to selected bodies. The chosen data collection techniques are discussed below.

Gault (1907) defines a questionnaire as a research instrument that comprises a series of questions or prompts designed to gather specific information from respondents. In this research, a carefully designed structured questionnaire was used to extract information from the respondents. The questionnaires were distributed to the selected bodies, and the collected data were handled with utmost care and attention.

According to Bernard (2018), key informant interviews are described as a qualitative research method that allows for in-depth discussions with individuals who possess significant insights and expertise related to the research topic. In this study, key informant interviews were conducted to extract valuable insights and contextual information. The interviews were carefully planned and executed, with a focus on engaging knowledgeable participants and handling the collected data with the utmost care and attention.

The study relied on primary sources of data, and data collection was carried out using both a questionnaire and an interview. The questionnaire, primarily consists of closed-ended questions, facilitating easier analysis. Response options provided in the questionnaire included Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. The interviews primarily consisted of key informant interviews with individuals, particularly DBE managers at the head office, who possess significant insights and expertise related to the research topic.

3.5.Population and Sampling Method

3.5.1. Study population

The study targeted three key groups within its study population. First, it engaged managers who possess significant insights and expertise related to the research topic. Secondly, it encompassed the entire population of full-time employees working across all departments at the Head Office of the Development Bank of Ethiopia, amounting to a total of 1000 employees. Among these, 666 were regular employees, while the remainder consisted of management bodies. Thirdly, it included community representatives from 11 sub-cities in the study area.

3.5.2. Sampling Method

Simple random sampling is a widely utilized method in scientific research. This sampling technique is chosen for populations that exhibit high homogeneity, where individuals are selected randomly to participate in the study (Bhardwaj, 2019). Simple Random Sampling is characterized as the most straightforward and prevalent technique for sample selection. In this method, the sample is chosen unit by unit, ensuring that each unit has an equal probability of being selected during each draw. (Singh, 2003). According to Acharya (2013), in this approach, every individual in the population has an equal opportunity to be included in the sample. The essence of simple random sampling lies in ensuring that each person in a population has an equal chance of being selected as a respondent (Thomas, 2020).

To ensure a representative sample, simple random sampling method were employed. This method helped to ensure that the sample was representative of the entire population and provided more accurate insights into the perceptions and opinions of the employees at the Development Bank of Ethiopia. With simple random sampling, each employee in the population had an equal chance of being selected to participate in the survey. This helped reduce the potential for bias and allowed for the generalization of the findings to the larger employee population with more confidence.

Multistage sampling is employed when the creation of a sampling frame proves nearly impossible due to the expansive size of the population. In this approach, the population is first divided into clusters based on geographic locations. A comprehensive list of all clusters is then generated, and researchers randomly select a specified number of clusters for inclusion. Subsequently, they compile a list of all individuals within these chosen clusters and conduct another round of random selection, mirroring the principles of simple random sampling. Termed "multistage," this method involves two key stages: initially, the selection of eligible clusters, followed by the selection of a sample from the individuals within these clusters (Gravetter & Forzano, 2012).

Multi-stage sampling was used to reach the entire population of community members by dividing the population into sub cities. This process involved categorizing the community population into sub-cities, ensuring a systematic and comprehensive approach to data collection. This method not only allowed for geographical diversity but also ensured an adequate representation of the various demographic groups and socio-economic backgrounds within the community. Furthermore, it facilitated the inclusion of community members, contributing to a more holistic understanding of the research topic. Finally, the multi-stage sampling technique was cost-effective and time-efficient, making it a practical choice for gathering data from a large and diverse community population.

3.5.3. Sample Size Determination

In order to determine the appropriate sample size of the DBE employees for this study, the Taro Yamane (1967) formula for calculating sample size for a finite population of was adopted. This formula assumed that the population from which the sample was derived is finite rather than infinite. It also assumed that the acceptable error margin for any sample must be greater than zero and not equal to or less than zero. Yamane (1967) provided a simplified formula to calculate sample sizes of the as follows:

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

Where: n = Sample size

N = Population size of DBE's employees in HO which is 666

e = Maximum acceptable error margin which is 5%

We then have:
$$n = \frac{666}{1 + 666(0.05)^2}$$

$$n = 250 \text{ (plus allowance for a possible non response)}$$

In order to determine the appropriate sample size for community members in this study, a multi-stage sampling was used to reach the entire population of community members of Addis Ababa by dividing the population in sub cities, woredas, and community representatives in the woreda. This process involved dividing the community population into sub-cities, and woredas in stages, ensuring a systematic and comprehensive approach to data collection.

The first stage of the multi-sampling method involved categorizing sub-cities. All 11 sub-cities in Addis Ababa were selected, with each sub-city having its own unique characteristics and population. These sub-cities served as the primary sampling unit for this study. By selecting sub-cities as primary sampling unit, the researcher captured geographical heterogeneity and assessed the implementation of DBE's CSR initiatives for community development in different parts of the city.

The second stage of the multi-sampling method involved categorizing woredas. They were selected randomly from the 11 sub-cities, which collectively have 126 woredas in Addis Ababa, using simple random sampling. Each woreda was selected based on its unique characteristics and population. The woreda served as a secondary sampling unit for this study. By choosing woredas as the secondary sampling unit, the researcher captured geographical heterogeneity and examined the implementation of DBE's CSR initiatives for community development in different parts of the city.. Therefore, to determine the sample size for this stage, Yamane's simple random sampling formula was used:

$$n = N / (1 + N(e)^2)$$

Where: n = Sample size

N = Population size of woredas which is 126

e = Maximum acceptable error margin which is 5%

$$\text{We then have: } n = \frac{126}{1 + 126(0.05)^2}$$

$$n = 96$$

The third stage of the multi-sampling method involved categorizing community representatives in the selected 96 woredas. According to the Addis Ababa Trade Bureau, under the 11 sub cities, each woreda has one community representative. Each community representative was selected based on the number of woredas under one sub city. They were chosen randomly from the 11 sub-cities and 96 woredas in Addis Ababa using simple random sampling. By selecting community representatives as the third sampling unit, the researcher captured geographical heterogeneity and examined the implementation of DBE's CSR initiatives for community development in different parts of the city. It's important to note that these community representatives actively served in their respective woreda offices as a chief officer, acting as vital conduits for understanding the local community's perspectives and needs.

Table 3. 1 Summary of the Sample Population

No.	Survey Conducted	Research Tools	Sample Size
1	Employees	Questionnaire	250
2	Managers	Interview	2
Total			252

Table 3. 2 Computation of Sample Size of Community Representatives for Each Sub City

Sub Cities	Selected Woredas	Sample of Community Representatives	Percentage
Gulele	1,3,5,6,7,8,10	7	7.6%
Arada	1,3,5,6,8,9,10	7	7.6%
Addis Ketema	2,3,4,5,7,9,10	7	7.6%
Kirkos	1,2,4,5,6,8,10	7	7.6%
Lideta	1,2,4,5,6,9,10	7	7.6%
Kolfe	1,2,4,5,6,8,10,11	8	8.7%
Bole	1,3,4,5,6,8,9,11	8	8.7%
Yeka	1,2,4,5,6,8,10,11,12	9	9.8%
Akaki	1,2,3,4,5,7,9,11,12,13	9	10.9%

Lemi Kura	1,2,4,6,7,8,9,10,12,13,14	11	12.0%
Nefas Silek	1,3,4,5,7,8,9,11,12,13,15	11	12.0%
		92	100%

3.6. Method of Data Analysis

The collected data for this study were analyzed using descriptive statistics and thematic analysis. Descriptive statistics involved summarizing and interpreting the data through statistical measures. In this research, techniques such as calculating the mean and standard deviation, as well as creating frequency distributions, were used to analyze the data. The statistical analysis was conducted using software tools such as Statistical Product and Service Solutions (SPSS Version 25). These tools provided a comprehensive platform for data analysis, allowing for efficient and accurate interpretation of the collected data. Thematic analysis, on the other hand, was employed to analyze qualitative data obtained through methods like interviews. It aided in identifying recurring themes, patterns, or insights within the qualitative data, helping to provide a deeper understanding of the research topic. This approach involved a systematic process of coding and categorizing data, ultimately revealing significant themes that contributed to a richer interpretation of the research findings.

3.7. Ethical Considerations

The study carefully followed established research ethics, emphasizing the importance of researchers providing an unbiased report and accurately representing the truth. Participants were informed about the research's purpose, and their personal information was assured to remain anonymous. Written consent was obtained from each participant, with acknowledgment of their right to interrupt the interview at any time. Strict confidentiality was maintained throughout the study. In terms of ethical conduct, as highlighted earlier, all scientific practices were rigorously adhered to.

3.8. Reliability Analysis Result

The reliability of a measuring tool refers to its stability, consistency, or dependability over time or across different samples. To ensure the reliability of a questionnaire, Cronbach's Coefficient Alpha is commonly used. Ticehurst and Veal (2000) define reliability as the extent to which research findings would be consistent if the study were replicated at a later date or with a different set of subjects.

In this study, the Cronbach's coefficient alpha, a widely employed measure of inter-item consistency and reliability, was utilized to assess the validity of survey items. According to Sekaran (2000), reliabilities below 0.6 are considered poor, those falling within the range of 0.7 are deemed

acceptable, and those exceeding 0.8 are regarded as good. Consequently, a minimum coefficient alpha value of 0.700 is accepted to confirm the item validity in this study.

Table 3. 3 Cronbach’s Alpha for each of Dimensions

Dimensions	Item Cronbach's Alpha	Reliability	Result
Nature of CSR Practice in DBE	11	.844	Good
Level of Engagement in CSR	8	.820	Good
DBE’s CSR Strategies	7	.822	Good
Ethical Principles	4	.837	Good
Business Ethics and CSR in DBE	8	.730	Acceptable
CSR Implementation for Community Development	5	.955	Good
DBE’s CSR initiatives for Community Development	13	.853	Good
All	7	.949	Good

Source: Own survey result 2023

Cronbach's Alpha values are shown in Table 4.1 for each questionnaire field and for the entire questionnaire. Cronbach's Alpha values for the fields ranged from 0.730 to 0.949. This range is considered high; the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha for the entire questionnaire is 0.949, signifying high reliability. As a result, the researcher concluded that the questionnaire was valid, reliable, and ready for distribution to the research sample.

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

This chapter undertakes the analysis, discussion, and interpretation of data gathered in the course of this study. The primary data stem from diverse sources, including a questionnaire administered to 250 DBE employees and 92 community representatives. Additionally, interviews were conducted with concerned officials. The analysis is aligned with the study's objectives outlined in the first chapter. To facilitate comprehension, the data are presented in tables, incorporating mean and standard deviation for numerical variables and frequency and percentage for categorical variables.

4.1. Response Rate

To achieve the study's objectives, questionnaires were designed and distributed to a total of 267 respondents in the Head Office (HO) of DBE to account for possible non-responses. 17 questionnaires were not returned, but 250 were successfully collected, representing a 100% response rate. Additionally, surveys were distributed to a total of 96 respondents in 96 woredas in Addis Ababa. Four questionnaires were not returned, but 92 were successfully collected, resulting in a 96% response rate. The analysis relied on the responses of employee respondents and community representatives, as well as their performance evaluations. Consequently, the assessment of Business Ethics and CSR in DBE has been statistically examined in this chapter.

Table 4. 1 Response Rate

No.	Survey Conducted	Research Tools	Sample Size	No. of Questionnaires Distributed	No. of Questionnaires Returned	Response Rate in Percentage
1	Employees	Questionnaire	250	267	250	100%
2	Community Representatives	Questionnaire	96	96	92	96%

4.2. Descriptive Analysis

Descriptive statistics were used to measure participant responses using statistical tools such as mean, standard deviation, frequency, and percentage. Except for demographic information, all questionnaires were scored using the Likert scale, which included a scale of (1) strongly disagree, (2) disagree, (3) neutral, (4) agree, and (5) strongly agree.

4.2.1. Demographic Profile of Respondents

The demographic profile of respondents is outlined based on frequency, percent, and cumulative percentage. This study incorporates relevant demographic variables such as respondents' gender, and years of employment.

Table 4. 2 Background of Respondents

Variables		Frequency	Percent	Cumulative Percent
Sex of the Respondents	Male	109	43.6	43.6
	Female	141	56.4	100.0
Years of Employment at Development Bank of Ethiopia (DBE)	4 to 6 years	33	13.2	13.2
	7 to 10 years	143	57.2	70.4
	More than 10 years	74	29.6	100.0

Source: Own SPSS result 2023

An exploration of demographic and employment characteristics among respondents, as detailed in Table 4.2, provides a comprehensive overview of the surveyed population. The gender distribution stands out, with 56.4% identified as female and 43.6% as male, introducing a valuable gender perspective to the dataset. This diversity not only reflects the inclusivity of the study but also emphasizes the importance of gender-based analyses in understanding the nuances of responses. Regarding years of employment at the DBE, the majority, 57.2%, falls within the 7 to 10 years range, indicating a substantial cohort with a moderate level of experience, likely representing a critical segment of the workforce. Furthermore, 29.6% of respondents report more than 10 years of employment, highlighting a significant group of individuals with a high level of experience and long-serving individuals whose perspectives and experiences may provide unique insights. Additionally, 13.2% of respondents have 4 to 6 years of employment, underscoring the presence of an intermediate level of experienced segment offering insights from individuals in a transitional phase of their professional journey. further enriches the dataset by providing perspectives that bridge the spectrum between early career and more seasoned professionals, contributing valuable nuances to the assessment of business ethics and CSR within the DBE.

In summary, the surveyed population at the Development Bank of Ethiopia (DBE) reflects a diverse workforce, with 56.4% female and 43.6% male respondents. The majority (57.2%) falls within the 7 to 10 years range of employment, indicating a substantial cohort with moderate experience. Additionally, 29.6% have over 10 years of employment, highlighting a group with significant experience, while 13.2% represent an intermediate level of experience. These demographics

provide a nuanced foundation for understanding workforce dynamics, essential for interpreting subsequent findings on business ethics and corporate social responsibility at the DBE.

4.2.2. Descriptive Statistics of Variables

The descriptive analysis provides insights into how respondents expressed their opinions and agreement on each variable in the study. The researcher calculated the mean values and standard deviations to summarize the level of agreement in the responses. The results were then interpreted and compared to assign meaning to the statistical figures.

Respondents used a five-point Likert scale to express their opinions, ranging from “strongly disagree” to “strongly agree”. However, for simplicity and clarity in interpretation, the mean and standard deviation results were reassigned as follows: Agreement level= (max-min)/5= (5-1)/5=0.8. Therefore, the range of the score indicates: Strongly Disagree: 1.0 - 1.8, Disagree: 1.9 - 2.6, Neutral: 2.7 - 3.4, Agree: 3.5 - 4.2, Strongly Agree: 4.3 - 5.0

This categorization helps in understanding the level of agreement among respondents for each variable measured on the five-point scale.

Table 4. 3 Descriptive Statistics Findings on Nature of CSR practice

Nature of CSR Practice in DBE	N	Mean	SD
Development Bank of Ethiopia (DBE) actively engages in Corporate Social Responsibility (CSR) initiatives.	250	4.74	0.440
The bank Supports disadvantaged social groups and individuals.	250	4.78	0.415
Managers in DBE participate voluntarily in charitable activities in the local community.	250	4.39	0.732
Employees in DBE participate voluntarily in charitable activities in the local community.	250	4.30	0.714
DBE participates in the activities of public or private educational institutions.	250	4.61	0.657
DBE participates in the activities of healthcare.	250	4.66	0.608
DBE participates in the activities of social programs.	250	4.66	0.582
DBE Provides financial support to social enterprises.	250	4.69	0.564
DBE participates voluntarily in projects improving the quality of community life.	250	4.85	0.360
DBE's CSR activities align with the bank's core values, mission, and community development goals.	250	4.75	0.435

As an employee, you are encouraged to participate in local community activities, (i.e. providing time and expertise or offering other practical help for employees.)	250	1.81	0.590
DBE supports the protection of national heritage, art & culture, promotes the development of traditional arts and handicrafts.	250	1.92	0.606
DBE finances environmental protection investments.	250	4.71	0.592
DBE effectively communicates its CSR efforts to internal and external stakeholders.	250	4.73	0.444

Source: Own SPSS result 2023

According to Table 4.3, illustrating the 'Nature of CSR Practice in DBE,' the data presents compelling evidence of the bank's strong commitment to corporate social responsibility (CSR), as indicated by quantitative metrics. The mean score of 4.74 (SD = 0.440) for 'DBE actively engages in Corporate Social Responsibility (CSR) initiatives' underscores the bank's proactive involvement in socially responsible practices. Additionally, "The bank supports disadvantaged social groups and individuals" with a mean of 4.78 and a minimal standard deviation of 0.415. This underscores DBE's consistent robust support for disadvantaged social groups and individuals and authentic dedication to societal inclusivity. Furthermore, both "managers" (mean = 4.39, SD = 0.732) and "employees" (mean = 4.30, SD = 0.714) actively participate in voluntary charitable activities within the local community", exemplifying a collective ethos of social involvement. In addition to that "DBE's engagement in public or private educational institutions" (mean = 4.61, SD = 0.657), "healthcare" (mean = 4.66, SD = 0.608), and "social programs" (mean = 4.66, SD = 0.582) signals a comprehensive CSR approach that extends beyond mere financial contributions. Notably, "DBE provides financial support to social enterprises" with a mean score of 4.69 (SD = 0.564) highlights the bank's commitment to fostering social entrepreneurship and contributing to the broader societal development.

Particularly noteworthy is the voluntary participation in projects aimed at improving the quality of community life, evidenced by a remarkably high mean of 4.85 and a minimal standard deviation of 0.360, indicative of a focused and impactful initiative. This corresponds with "DBE's CSR activities align with the bank's core values, mission, and community development goals" which received a high mean score of 4.75 (SD = 0.435), emphasizing the strategic integration of CSR with the bank's foundational principles and community-oriented objectives.

However, a significant discrepancy emerges in responses to the statement "As an employee, you are encouraged to participate in local community activities i.e. providing time and expertise or offering other practical help for employee." with a lower mean of 1.81 and a standard deviation of

0.590. This contrast prompts further exploration into the factors influencing employee engagement in community activities and the effectiveness of encouragement initiatives.

Conversely, the responses to “DBE supports the protection of national heritage, art & culture, promotes the development of traditional arts and handicrafts.” (mean = 1.92, SD = 0.606) indicate a comparatively lower level of commitment to cultural preservation. In contrast, the strong response to “DBE finances environmental protection investments.” (mean = 4.71, SD = 0.592) underscores the bank's dedicated commitment to environmental sustainability. The effective communication of CSR efforts to internal and external stakeholders is evident, reflected in a high mean of 4.73 and a minimal standard deviation of 0.444. This emphasizes a transparent and well-established communication strategy.

In summary, the data highlights DBE's strong commitment to CSR initiatives, evidenced by high mean scores across various dimensions, including support for disadvantaged groups, voluntary community involvement by managers and employees, engaging in diverse societal and environmental initiatives, and comprehensive CSR approaches. Particularly notable is the bank's financial support for social enterprises and the impactful voluntary projects aimed at improving community life. However, discrepancies in employee engagement and cultural preservation were identified, suggesting areas for improvement. Overall, DBE's CSR practices positively contribute to societal well-being, emphasizing transparency and a community-focused approach.

Table 4. 4 Descriptive Statistics Findings on Level of Engagement in CSR

Level of Engagement in CSR	N	Mean	SD
DBE's CSR activities primarily focus on adhering to legal requirements and avoiding unethical practices.	250	1.72	0.594
DBE's CSR activities involve compliance with industry standards and regulations.	250	4.33	0.606
DBE's CSR activities reflect a commitment to ethical conduct beyond legal obligations.	250	4.72	0.450
DBE's CSR activities include initiatives aimed at addressing societal issues and concerns.	250	4.64	0.601
DBE's CSR activities involve proactive efforts to contribute positively to communities and society.	250	4.72	0.450
DBE's CSR activities demonstrate a focus on advocating for social causes and driving positive societal change.	250	4.66	0.476

The bank has a dedicated department or team responsible for CSR initiatives.	250	1.56	0.497
The bank has documented CSR policies that emphasize ethical values.	250	1.50	0.501

Source: Own SPSS result 2023

The examination of DBE's 'Level of Engagement in CSR,' as outlined in Table 4.4, underscores a comprehensive commitment to corporate social responsibility (CSR). 'DBE's CSR activities primarily focus on adhering to legal requirements and avoiding unethical practices.' Notably, the bank's CSR activities extend beyond mere legal compliance and ethical practices, with a mean score of 1.72 (SD = 0.594), indicating a conscientious effort to surpass legal requirements. Moreover, 'DBE demonstrates a strong emphasis on compliance with industry standards and regulations', reflected in a substantial mean score of 4.33 (SD = 0.606), aligning its practices with broader industry expectations.

'DBE's CSR activities reflect a commitment to ethical conduct beyond legal obligations' The commitment to ethical conduct is robust, surpassing legal obligations, with a mean score of 4.72 (SD = 0.450), reflecting a deliberate integration of ethical considerations into CSR practices. 'DBE's CSR activities include initiatives aimed at addressing societal issues and concerns' CSR initiatives further extend to addressing societal issues, as indicated by a mean score of 4.64 (SD = 0.601), showcasing a proactive stance in contributing positively to societal concerns. Actively contributing to communities and society is a focal point, evidenced by a high mean score of 4.72 (SD = 0.450), underscoring a commitment to positive societal impact. Advocacy for social causes and driving positive societal change is evident with a mean score of 4.66 (SD = 0.476).

However, organizationally, DBE exhibits a commitment to CSR through the establishment of a dedicated department or team, as indicated by a mean score of 1.56 (SD = 0.497). This underscores the strategic significance attributed to managing and coordinating CSR efforts within the organization. It implies a lower level of agreement among respondents regarding the presence of a dedicated department or team for CSR initiatives. Furthermore, "The bank has documented CSR policies that emphasize ethical values" with lower mean score of 1.50 (SD = 0.501) suggests that there is potential for improvement in the specificity and emphasis on ethical values within the documented policies.

In summary, the data illuminates DBE's multifaceted approach to CSR, integrating legal compliance, ethical considerations, and proactive community engagement into a cohesive framework that aligns with industry standards, underscoring the bank's commitment to socially responsible practices. The findings are notably consistent with Johnson's model, which posits

various levels of CSR engagement, from legal compliance to social advocacy, and DBE's practices align with the strategic levels, emphasizing ethical values and contributing positively to society beyond mere compliance.

Table 4. 5 Descriptive Statistics Findings on DBE’s CSR Strategies

DBE’s CSR Strategies	N	Mean	SD
DBE's CSR initiatives are primarily focused on addressing societal needs and contributing positively to communities.	250	4.74	0.491
DBE implements CSR initiatives opportunistically in response to external pressures or incidents.	250	1.60	0.491
DBE's CSR activities are driven by a genuine commitment to ethical and social responsibility.	250	4.76	0.428
DBE's CSR strategies are well-integrated into its business model and contribute to long-term sustainability.	250	4.48	0.501
DBE's CSR efforts are guided by a proactive approach, anticipating and addressing societal needs proactively.	250	4.75	0.435
DBE balances both proactive and reactive CSR strategies to achieve a comprehensive approach.	250	4.69	0.463
The organization actively collaborates with external partners, including NGOs and governmental bodies, to enhance the effectiveness of its CSR strategies.	250	4.74	0.440

Source: Own SPSS result 2023

The analysis of ‘DBE's CSR strategies’, as presented in Table 4.5, provides valuable insights into the bank's approach to corporate social responsibility. "DBE's CSR initiatives are primarily focused on addressing societal needs and contributing positively to communities," as indicated by a high mean score of 4.74 (SD = 0.491). This suggests a strong commitment to proactive efforts aimed at making a positive impact on society. Furthermore, the mean score of 4.76 (SD = 0.428) for "DBE's CSR activities are driven by a genuine commitment to ethical and social responsibility" emphasizes the authentic and principled nature of the bank's CSR endeavors.

In contrast, the lower mean score of 1.60 (SD = 0.491) for "DBE implements CSR initiatives opportunistically in response to external pressures or incidents" suggests a perceptible discrepancy in opinions among respondents regarding the bank's approach. The low mean, coupled with a low standard deviation, implies lower agreement among respondents about the opportunistic nature of certain CSR initiatives, indicating that DBE doesn’t respond opportunistically to external pressures using the external incident as an opportunity for recognition or gain advantage.

On the strategic integration of CSR into the business model, "DBE's CSR strategies are well-integrated into its business model and contribute to long-term sustainability," as reflected by a mean score of 4.48 (SD = 0.501). This signifies a holistic approach where CSR is not merely a standalone initiative but an integral part of the bank's long-term sustainability efforts. Additionally, the mean score of 4.75 (SD = 0.435) for "DBE's CSR efforts are guided by a proactive approach, anticipating and addressing societal needs proactively" reinforces the bank's commitment to proactive engagement in addressing societal challenges. Moreover, the balanced approach is evident in the mean score of 4.69 (SD = 0.463) for "DBE balances both proactive and reactive CSR strategies to achieve a comprehensive approach." This indicates that the bank recognizes the importance of both proactive initiatives and reactive responses in creating a comprehensive CSR framework.

Lastly, the collaborative aspect is highlighted by the mean score of 4.74 (SD = 0.440) for "The organization actively collaborates with external partners, including NGOs and governmental bodies, to enhance the effectiveness of its CSR strategies." This emphasizes DBE's recognition of the synergies that collaboration with external entities brings to enhance the effectiveness of its CSR efforts.

In summary, DBE demonstrates a strong commitment to proactive CSR strategies, integrating them seamlessly into its business model for long-term sustainability. The analysis indicates a balanced approach, incorporating both proactive and reactive strategies to adapt to varying societal needs. Collaborative efforts with external partners underscore DBE's commitment to enhancing the effectiveness of its CSR impact.

Table 4. 6 Descriptive Statistics Findings on Ethical Principles

Ethical Principles	N	Mean	SD
DBE's business operations consistently uphold ethical principles that align with societal norms and expectations.	250	4.72	0.450
The organization's decision-making process considers both financial gain and ethical considerations.	250	4.46	0.659
DBE's ethical principles encompass transparency, honesty, and integrity in its interactions with stakeholders.	250	4.72	0.452
The organization actively fosters a culture of ethical awareness and accountability among its employees.	250	4.78	0.418

DBE encourages employees to develop real skills and long-term careers (i.e., through a performance appraisal process and a training plan).	250	4.71	0.456
There is a process in DBE to ensure adequate steps are taken against all forms of discrimination, both in the workplace and during the recruitment process (e.g., discrimination against women, ethnic groups, disabled people, etc.).	250	4.80	0.401
DBE has suitable arrangements for health, safety, and welfare that provide sufficient protection for employees.	250	4.76	0.425
DBE strives to help disabled clients use bank loans by providing services for clients with special needs.	250	1.71	0.674

Source: Own SPSS result 2023

The evaluation of DBE's 'Ethical Principles,' outlined in Table 4.6, underscores the bank's steadfast commitment to upholding ethical standards in its business operations. The mean score of 4.72 (SD = 0.450) for "DBE's business operations consistently uphold ethical principles that align with societal norms and expectations" highlights the organization's dedication to maintaining ethical standards in line with broader societal expectations. Moreover, the organization's decision-making process reflects a balance between financial gain and ethical considerations, as indicated by a mean score of 4.46 (SD = 0.659) for "The organization's decision-making process considers both financial gain and ethical considerations." This suggests a thoughtful approach where ethical values are weighed against financial objectives in the decision-making framework. DBE's ethical principles extend to encompass transparency, honesty, and integrity in its interactions with stakeholders, as reflected in a mean score of 4.72 (SD = 0.452). This emphasizes the comprehensive nature of the bank's ethical framework, incorporating key principles that contribute to positive stakeholder relationships. Furthermore, the commitment to ethical awareness is evident in the mean score of 4.78 (SD = 0.418) for "The organization actively fosters a culture of ethical awareness and accountability among its employees." This signifies proactive efforts within the organization to instill a culture that values ethical conduct and holds employees accountable for their actions.

Additionally, "DBE encourages employees to develop real skills and long-term careers" reflects a positive organizational approach, supported by a mean score of 4.71 (SD = 0.456), signaling the bank's investment in employee skill development and long-term career growth through performance appraisal processes and training plans.

Furthermore, "There is a process in DBE to ensure adequate steps are taken against all forms of discrimination" receives a high mean score of 4.80 (SD = 0.401), illustrating DBE's commitment to a fair and inclusive workplace by actively addressing discrimination across various dimensions. The bank's commitment to employee well-being is evident in the mean score of 4.76 (SD = 0.425) for "DBE has suitable arrangements for health, safety, and welfare," emphasizing the provision of adequate protection for its employees. However, the lower mean score of 1.71 (SD = 0.674) for "DBE strives to help disabled clients use bank loans by providing services for clients with special needs" indicates a perceptible discrepancy in opinions among respondents regarding the bank's efforts in assisting disabled clients. This suggests potential areas for improvement in providing specialized services to this particular segment.

In summary, the evaluation of DBE's 'Ethical Principles' reveals a robust commitment to upholding ethical standards, aligning with societal expectations. The bank's decision-making process demonstrates a balanced consideration of financial gain and ethical values. Notably, transparency, honesty, and integrity characterize DBE's interactions with stakeholders, fostering positive relationships and the bank also invests in employee well-being, safety, and long-term career development, as reflected in high mean scores. The data indicates a proactive approach to instilling ethical awareness and accountability among employees. While the bank has commendable achievements, areas for improvement such as help disabled clients use bank loans providing services for clients with special needs underscore DBE's commitment to continuous enhancement in responsible business practices.

Table 4. 7 Descriptive Statistics Findings on CSR Implementation for Community Development

CSR Implementation for Community Development	N	Mean	SD
DBE actively seeks community input when planning CSR initiatives.	250	4.54	0.646
DBE actively involves community when implementing CSR initiatives.	250	4.56	0.639
The bank's CSR initiatives contribute to the sustainable development and improvement of local communities.	250	4.64	0.480
The bank's CSR initiatives are aimed at addressing key community development needs.	250	4.52	0.622
DBE actively seeks feedback from the community to assess the effectiveness of its CSR initiatives.	250	4.42	0.719

Source: Own SPSS result 2023

The analysis of 'CSR Implementation for Community Development' at DBE, as presented in Table 4.8, offers valuable insights into the bank's approach to engaging with and contributing to local communities. With a mean score of 4.54 (SD = 0.646) for "DBE actively seeks community input when planning CSR initiatives," the bank demonstrates a proactive stance in involving the community in the initial stages of CSR planning. Similarly, a mean score of 4.56 (SD = 0.639) for "DBE actively involves the community when implementing CSR initiatives" highlights the bank's commitment to collaborative implementation, emphasizing the importance of community participation throughout the CSR process. Moreover, the mean score of 4.64 (SD = 0.480) for "The bank's CSR initiatives contribute to the sustainable development and improvement of local communities" underscores the bank's dedication to fostering sustainable development. This indicates that DBE's CSR endeavors aim not only for immediate impact but also for long-term benefits, aligning with the goal of creating lasting positive changes within local communities.

Additionally, "The bank's CSR initiatives are aimed at addressing key community development needs," with a mean score of 4.52 (SD = 0.622), emphasizes the targeted nature of DBE's efforts. This suggests that the bank tailors its CSR initiatives to address specific needs identified within the communities it serves, ensuring a focused and impactful approach to community development. Furthermore, the mean score of 4.42 (SD = 0.719) for "DBE actively seeks feedback from the community to assess the effectiveness of its CSR initiatives" indicates the bank's commitment to continuous improvement. Actively seeking feedback reflects a responsive approach, allowing DBE to evaluate the impact of its initiatives and make adjustments based on community input.

In summary, DBE's CSR Implementation for Community Development reflects a comprehensive strategy that includes community input in planning and implementation, contributes to sustainable development, addresses specific community needs, and incorporates a feedback loop for continuous improvement. The bank's approach aligns with best practices in community engagement and development within the context of corporate social responsibility.

4.2.3. Demographic Profile of Respondents

The demographic profile of respondents is outlined based on frequency, percent, and cumulative percentage. This study incorporates relevant demographic variables, such as respondents' gender, sub-city where respondents serve as a community representative, and years of service in the woreda.

Table 4. 8 Background of Respondents of Community Representatives

Variables		Frequency	Percent	Cumulative Percent
Sex of the Respondents	Male	51	55.4	55.4
	Female	41	44.6	100.0
Sub City where you serve as a community representative.	Gulele	7	7.6	7.6
	Arada	7	7.6	15.2
	Addis Ketema	7	7.6	22.8
	Kirkos	7	7.6	30.4
	Lideta	7	7.6	38.0
	Kolfe	8	8.7	46.7
	Bole	8	8.7	55.4
	Yeka	9	9.8	65.2
	Akaki	10	10.9	76.1
	Lemi Kura	11	12.0	88.0
	Nefas Silek	11	12.0	100.0
Years of service as a community representative in the woreda	1 to 3 years	19	20.7	20.7
	4 to 6 years	73	79.3	100.0

Source: Own SPSS result 2023

According to Table 4.9, the demographic distribution of respondents based on gender reveals a slight male majority at 55.4%, compared to 44.6% female community representatives. This indicates a generally balanced gender distribution. Examining the sub-city distribution among community representatives, varying percentages are observed for each area: Gulele (7.6%), Arada (7.6%), Addis Ketema (7.6%), Kirkos (7.6%), Lideta (7.6%), Kolfe (8.7%), Bole (8.7%), Yeka (9.8%), Akaki (10.9%), Lemi Kura (12.0%), and Nefas Silek (12.0%). These percentages underscore the diverse geographic representation of community representatives across different sub-cities. Finally, in terms of the years of service as community representatives in the woreda, 20.7% have served for 1 to 3 years, while a significant majority (79.3%) have a service duration of 4 to 6 years. This suggests a considerable level of experience among the surveyed community representatives.

4.2.4. Descriptive Statistics of Variables

The descriptive analysis provides insights into how respondents expressed their opinions and agreement on each variable in the study. The researcher calculated the mean values and standard deviations to summarize the level of agreement in the responses. The results were then interpreted and compared to assign meaning to the statistical figures.

Respondents used a five-point Likert scale to express their opinions, ranging from “strongly disagree” to “strongly agree”. However, for simplicity and clarity in interpretation, the mean and standard deviation results were reassigned as follows: Agreement level= $\frac{max-min}{5} = \frac{5-1}{5} = 0.8$.

Therefore, the range of the score indicates: Strongly Disagree: 1.0 - 1.8, Disagree: 1.9 - 2.6, Neutral: 2.7 - 3.4, Agree: 3.5 - 4.2, Strongly Agree: 4.3 - 5.0

This categorization helps in understanding the level of agreement among respondents for each variable measured on the five-point scale.

Table 4. 9 Descriptive Statistics Findings on DBE’s CSR initiatives for Community Development

DBE’s CSR initiatives for Community Development	N	Mean	SD
I am aware that Development Bank of Ethiopia (DBE) engages in Corporate Social Responsibility (CSR) initiatives within the community.	92	4.38	0.796
CSR activities of DBE positively impacted the local community through the support of infrastructure improvement.	92	4.43	0.561
CSR activities of DBE contributes to the Economic development, Sustainable development, and improvement of local community by supporting community-based projects.	92	4.34	0.519
CSR activities of DBE positively impacted the local community by supporting private or public educational institutions to enhance the access to education.	92	4.38	0.531
CSR activities of DBE positively impacted the local community by supporting healthcare services providers.	92	4.46	0.501
CSR activities of DBE positively impacted the local community by contributing to Environmental protection.	92	4.64	0.482
DBE supports the Protection of national heritage, art & culture, Promotes the development of traditional arts and handicrafts.	92	2.23	0.713
DBE Supports disadvantaged social groups and individuals.	92	4.73	0.447

DBE actively seeks community input when planning CSR initiatives.	92	4.35	0.543
DBE actively involves community when implementing CSR initiatives.	92	4.38	0.552
DBE actively seeks feedback from the community to assess the effectiveness of its CSR initiatives.	92	4.46	0.501
DBE effectively communicates its CSR initiatives to our community.	92	4.43	0.498
DBE's CSR initiatives align with the specific needs and values of our community.	92	4.45	0.500

Source: Own SPSS result 2023

The feedback from the community regarding Development Bank of Ethiopia's (DBE) CSR initiatives, as outlined in Table 4.10, provides valuable insights into various dimensions of the bank's community engagement. Community awareness is notably high, with a mean score of 4.38 (SD = 0.796), indicating that the community is well-informed about DBE's active involvement in Corporate Social Responsibility (CSR) initiatives. The positive impact on local infrastructure is recognized, evidenced by a mean score of 4.43 (SD = 0.561), reflecting the perceived efficacy of DBE's support in this regard.

The community perceives DBE's CSR activities as contributors to economic and sustainable development, with a mean score of 4.34 (SD = 0.519), emphasizing the bank's role in fostering community-based projects. Additionally, the positive impact on education (mean score of 4.38, SD = 0.531) and healthcare services (mean score of 4.46, SD = 0.501) underscores the multifaceted nature of DBE's contributions to the community. Environmental protection efforts receive high praise, as indicated by a mean score of 4.64 (SD = 0.482). While there is room for improvement in perceptions of DBE's support for national heritage and traditional arts (mean score of 2.23, SD = 0.713), the bank excels in supporting disadvantaged social groups and individuals, earning a high mean score of 4.73 (SD = 0.447). The community recognizes DBE's active involvement in seeking input (mean score of 4.35, SD = 0.543) and feedback (mean score of 4.46, SD = 0.501) during CSR planning and implementation, highlighting a collaborative approach.

Furthermore, the effective communication of DBE's CSR initiatives to the community is acknowledged, with a mean score of 4.43 (SD = 0.498). The community perceives alignment between DBE's CSR initiatives and the community specific needs and values, reflected in a mean score of 4.45 (SD = 0.500). Overall, the feedback underscores DBE's positive impact on the community across various dimensions, while also indicating areas for potential enhancement and continued collaboration.

4.4. Thematic Analysis of DBE's CSR Initiatives and Ethical Practices

According to Bernard (2018), key informant interviews are described as a qualitative research method that allows for in-depth discussions with individuals who possess significant insights and expertise related to the research topic. In this study, key informant interviews were conducted to extract valuable insights and contextual information. The interviews were carefully planned and executed, with a focus on engaging knowledgeable participants which are the managers of DBE.

This thematic analysis is derived from key informant interviews conducted with 2 managers at the Development Bank of Ethiopia (DBE). The research aimed to gain insights into DBE's Corporate Social Responsibility (CSR) initiatives and ethical practices. Key informants, which are managers provided valuable perspectives on various aspects of Business Ethics and CSR.

Findings

Nature of Corporate Social Responsibility (CSR) Practices in DBE:

DBE actively engages in CSR initiatives across various sectors, supporting public and private educational institutions with essential learning materials. The bank contributes significantly to healthcare services, providing consistent support for organizations such as The Children's Heart Fund of Ethiopia, Dibora Foundation (dedicated to autism), and Mekedonia which provides care for elder people, disadvantaged and disabled individuals. Furthermore, DBE plays a pivotal role in environmental protection by financing construction and preservation of national parks one of them is Gulele Botanic Garden and promoting tree planting initiatives.

DBE extends its support to disadvantaged social groups and individuals by financing the renewal of old houses and supporting foundations and social programs aimed at aiding these marginalized populations. Despite not actively encouraging employees to participate in local community activities by offering employee time, expertise, or other practical assistance. But individual employees voluntarily engage in CSR activities with their own motive during their free time. The bank effectively communicates its CSR efforts both internally, through its own systems i.e. Intranet, and externally, utilizing TV, radio, and its broadcast programs. The CSR initiatives are strategically aligned with specific community needs, reflecting a proactive and ethical stance.

Level of engagement in CSR and CSR Strategies in DBE:

DBE's CSR activities, while lacking well-documented policies and a dedicated department, are strategically led by top management. DBE's multifaceted approach to CSR, integrating legal compliance, ethical considerations, and proactive community engagement into a cohesive framework that aligns with industry standards, underscoring the bank's commitment to socially responsible practices. The bank collaborates with external partners, including NGOs and

government bodies, enhancing the effectiveness of its CSR strategies. The approach is characterized by a balance between proactive and reactive measures, addressing both strategic societal needs and immediate incidents.

Ethical Principles in DBE:

DBE demonstrates a strong commitment to ethical considerations in its decision-making processes, striving to balance financial gains with positive societal impacts. The bank adheres to key ethical principles such as honesty, trustworthiness, transparency, integrity, punctuality, impartiality, and compatibility. It has its own Ethics and Compliance Directorate Department, which is dedicated to ensuring its business operations align with ethical principles and societal expectations also it has a follow-up method, generating quarterly, monthly, and annual report based on ethics and how the business is operating, how ethics and ethical principles are exercised. Additionally, it gathers feedback from the society through a broadcasting, social media, suggestion box, and the department conducts research on how the business are operated and their alignment with the society ethical principles and expectation. Ethical awareness is promoted among employees through training, internal audits, and continuous evaluation.

DBE invests significantly in employee development, providing training, sponsoring educational pursuits, and ensuring non-discrimination in recruitment and promotion processes. The bank prioritizes employee health and safety with robust arrangements, including safety materials and 24/7 health insurance. Regular assessments gauge employee satisfaction with CSR and ethical principles, fostering a continuous improvement process. While the bank does not have specific services tailored for disabled clients seeking bank loans, it remains open to proposals from individuals who seeks to get a bank loan, ensuring an inclusive approach.

DBE's CSR Initiatives for Community Development:

DBE actively interacts with the local community, gathering feedback through broadcasting, social media, suggestion boxes, and comprehensive assessments. The bank incorporates this community feedback into the planning of CSR initiatives, reflecting an effective and inclusive approach to community development.

In summary, the Development Bank of Ethiopia (DBE) demonstrates a robust commitment to Corporate Social Responsibility (CSR), evidenced by its active engagement across various sectors. The bank supports educational institutions, healthcare services, environmental protection, and disadvantaged social groups. Despite lacking well-documented policies and a dedicated department, DBE strategically leads CSR activities, emphasizing legal compliance, ethical considerations, and proactive community engagement. Collaboration with external partners

enhances the effectiveness of CSR strategies. The bank also upholds strong ethical principles, supported by its dedicated Ethics and Compliance Directorate Department, ensuring alignment with societal expectations. Employee development, health, and safety are prioritized, and the bank actively seeks feedback from society through various channels. DBE's CSR initiatives for community development reflect an effective and inclusive approach. Overall, DBE's commitment to CSR, ethical practices, and employee well-being positions it as a socially responsible institution contributing to sustainable and inclusive development.

CHAPTER FIVE

5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter presents the summary of core findings of the study, conclusions based on the presentations, discussions, and analysis made in the previous chapters, and possible recommendations that are considered to be relevant and significant for concerned bodies. Recommendations are given based on the major findings.

5.1. Summary of Findings

The study conducted a comprehensive analysis of the Development Bank of Ethiopia's (DBE) corporate social responsibility (CSR) initiatives, ethical practices, and their impact on various stakeholders. The key findings are as follows:

Demographic Profile of Respondents:

A diverse workforce was reflected in the gender distribution, with 56.4% female and 43.6% male respondents. The majority (57.2%) had 7 to 10 years of employment at DBE, indicating a critical segment with moderate experience. DBE's workforce exhibited a balance between early career and seasoned professionals, contributing nuanced perspectives to the study. Additionally, the community representative distribution illustrates gender balance (55.4% male, 44.6% female) and diverse geographic representation across sub-cities, with 79.3% of representatives having 4 to 6 years of service, signifying substantial experience in the surveyed community. Furthermore, Key informant interviews were conducted with 2 managers at the Development Bank of Ethiopia (DBE).

Descriptive Statistics of Variables

Nature of CSR Practice in DBE:

DBE actively engages in diverse CSR initiatives, supporting educational institutions, healthcare organizations, and social programs. Notably, the bank supports public and private educational institutions with essential learning materials. And contributes to The Children's Heart Fund, Dibora Foundation, and Mekedonia. DBE plays a pivotal role in environmental protection, financing national parks like Gulele Botanic Garden and promoting tree planting. The bank extends support to disadvantaged groups by financing housing renewal and supporting foundations.

This multifaceted CSR, coupled with high voluntary participation in community projects, reflects DBE's commitment. It emphasizes a comprehensive approach addressing societal, educational, healthcare, and environmental needs. Alignment with core values underscores a strategic

integration for positive societal impact. However, a notable discrepancy in employee encouragement for community activities and a lower commitment to cultural preservation highlight areas for potential improvement. Overall, DBE's CSR practices demonstrate a commitment to holistic community development, transparency, and strategic alignment.

DBE's Level of Engagement in CSR:

DBE's CSR activities surpassed legal requirements and demonstrated a strong emphasis on compliance with industry standards. The bank exhibited a commitment to ethical conduct beyond legal obligations and actively contributed to societal issues and concerns. The bank actively contributes to communities and advocates for positive societal change showcasing a proactive stance. The absence of a dedicated CSR department and the need for enhanced specificity of CSR in well-organized documented policies were identified as areas for improvement in DBE's organizational framework for CSR.

In summary, DBE's CSR approach integrates legal compliance, ethical considerations, and proactive community engagement. According to Johnson's model, DBE's Practices align with strategic levels, emphasizing ethical values and positive societal contributions beyond mere compliance.

DBE's CSR Strategies:

DBE exhibits a robust commitment to CSR, emphasizing a proactive approach focused on addressing societal needs authentically. The bank's CSR strategies are well-integrated into its business model for long-term sustainability. The balanced approach includes both proactive and reactive strategies to comprehensively address societal challenges. Collaboration with external partners, including NGOs and governmental bodies, enhances the effectiveness of DBE's CSR efforts. Overall, the findings reflect DBE's strategic and genuine commitment to CSR, aligning with long-term sustainability goals and CSR strategies of DBE balanced approach both proactive and reactive.

Ethical Principles in DBE:

DBE is dedicated to upholding ethical standards in its operations, scoring high mean values across various dimensions. The bank's decision-making process strikes a balance between financial gain and ethical considerations, reflecting a thoughtful approach. Transparency, honesty, trustworthiness, transparency, integrity, punctuality, impartiality, and compatibility are integral to DBE's interactions with stakeholders, fostering positive relationships. The bank actively promotes a culture of ethical awareness and accountability among employees. Employee well-being is prioritized, with a focus on skill development and long-term career growth. Measures against

discrimination are in place, emphasizing a commitment to a fair and inclusive workplace. However, there's a perceived need for improvement in providing specialized services to disabled clients, suggesting an area for enhancement in DBE's responsible business practices. In summary, DBE exhibits a robust commitment to ethical principles, with notable achievements and a proactive stance toward continuous improvement.

DBE's CSR Implementation for Community Development:

DBE actively prioritizes community engagement in its CSR initiatives, utilizing diverse channels such as broadcasting, social media, suggestion boxes, and comprehensive assessments to gather feedback. This inclusive approach ensures that community input is integral to the planning and implementation stages of CSR initiatives. The bank's commitment to sustainable development is further underscored by its tailored efforts to address specific community needs. A notable feature is the incorporation of feedback mechanisms, reflecting a responsive approach and demonstrating a dedication to continuous improvement. DBE's comprehensive and effective strategy aligns with best practices in community engagement, emphasizing the bank's commitment to inclusive community development.

5.2. Conclusions

This study conducted a comprehensive analysis of the Development Bank of Ethiopia's (DBE) corporate social responsibility (CSR) initiatives and ethical practices, shedding light on various dimensions of its organizational framework. The primary objective was to explore nature of CSR practices, level of engagement, CSR strategies, ethical principles, CSR implementation for community development, and the community's perspective on DBE's initiatives.

The demographic analysis revealed a diverse workforce with a balanced gender distribution and varying levels of experience, enriching the dataset with nuanced perspectives. The descriptive statistics of nature of CSR practices at DBE showcased a multifaceted engagement encompassing education, healthcare, environmental protection, and support for disadvantaged groups. While the bank demonstrated a commitment to holistic community development, there were identified areas for potential improvement, particularly in employee encouragement for community activities and cultural preservation.

The level of engagement in CSR demonstrated DBE's commitment to surpassing legal requirements, emphasizing compliance with industry standards and active contribution to societal issues. The absence of a dedicated CSR department and the need for enhanced specificity in documented policies were acknowledged as areas for improvement in the organizational framework.

DBE's CSR strategies reflected a robust commitment to ethical and social responsibility, integrating proactive approaches, and balanced strategies for long-term sustainability. Collaboration with external partners enhanced the effectiveness of CSR efforts, aligning with the bank's strategic goals.

Ethical principles were integral to DBE's operations, with a balanced decision-making process, transparent stakeholder interactions, and a proactive culture of ethical awareness. The bank prioritized employee well-being and development, though there was a perceived need for improvement in providing specialized services to disabled clients.

The CSR implementation for community development highlighted DBE's inclusive approach, actively involving the community in planning and implementation. Tailored efforts addressing specific community needs and the incorporation of feedback mechanisms underscored the bank's commitment to sustainable development and continuous improvement. The community's positive perception of DBE's CSR initiatives highlighted the bank's impact on various dimensions, with room for improvement identified in supporting national heritage and traditional arts.

Overall, the findings indicate that DBE demonstrates a multifaceted commitment to responsible business practices, with notable achievements and areas for enhancement. The identified areas for improvement present valuable opportunities for DBE to further strengthen its CSR initiatives and ethical practices, contributing to positive societal impact and long-term sustainability.

In essence, the conclusion drawn from this study is that DBE stands as an exemplar institution in the realm of responsible banking, showcasing a harmonious integration of CSR practices and ethical principles. As the banking sector continues to evolve, DBE's commitment to sustainable and inclusive development sets a commendable standard for other financial institutions, encouraging the adoption of responsible practices for the betterment of both the business and the communities they serve.

5.3. Recommendations

As this study concludes its comprehensive analysis of the Development Bank of Ethiopia's (DBE) corporate social responsibility (CSR) initiatives and ethical practices, it is imperative to outline actionable recommendations aimed at enhancing the bank's impact and sustainability. The following recommendations stem directly from the findings and are thoughtfully crafted to address specific areas of improvement identified throughout the study. By implementing these suggestions, DBE can further solidify its position as a responsible financial institution committed to positive societal change and inclusive development.

- DBE should consider formalizing its CSR policies by documenting them in a comprehensive and well-organized manner. Having dedicated policies can provide a clear framework for CSR initiatives, guide decision-making, and enhance transparency and accountability both internally and externally. A well-organized documentation system will facilitate easy accessibility and understanding of the CSR policies by all stakeholders.

- While individual employees engage voluntarily in CSR activities, DBE could explore ways to enhance and formalize employee engagement programs. This could involve providing incentives, recognizing and rewarding employees to encourage their contributions to CSR, and fostering a culture of community involvement. Implementing a structured program will ensure consistency and allow for better tracking of employee participation and impact.

- Consider establishing a dedicated CSR department within the bank to oversee and coordinate CSR activities. A centralized department can streamline efforts, ensure consistency, and strengthen collaboration with external partners, including NGOs and government bodies. Having a dedicated department will also signify the importance and commitment of DBE to its CSR initiatives.

- To further enhance inclusivity, DBE should explore the development of specific services tailored for disabled clients seeking bank loans. This could involve working closely with advocacy groups and disabled individuals to understand their unique financial needs and challenges. By incorporating accessible services, DBE can contribute to financial inclusion and demonstrate a commitment to serving diverse customer needs.

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Appendix

St. Mary's University

Questionnaire I

General Introduction

Dear Respondent,

My name is Eleni Shitaye, I am a postgraduate student at St. Mary's University School of Graduate Studies. Currently, I am conducting my thesis entitled "Assessment of Business Ethics and Corporate Social Responsibility in Development Bank of Ethiopia." in partial fulfillment of the requirement for the degree of Master of Arts in Business Administration.

The primary focus of my study is to assess the Business Ethics of Development Bank of Ethiopia and its engagement in fulfilling its Corporate Social Responsibilities. By participating in this research, you will be contributing to addressing a gap in knowledge within this area. Your viewpoint holds significance, and you have been specifically selected as one of the respondents for this study. Your participation in completing the questionnaire, which should take around ten minutes, would be of immense value.

It is important to emphasize that this research is solely for academic purposes and all responses provided will remain strictly confidential and anonymous. Your time, cooperation, and contribution to this study are greatly appreciated. Following the conclusion of the research, I would be delighted to share the findings with you.

Thank you for your time and support.

Sincerely,

Eleni Shitaye

Part I: Background of Respondents

1. Sex: Male

Female

2. How many years have you been employed at the Development Bank of Ethiopia (DBE)?

Less than 1 year 1 to 3 years 4 to 6 years

7 to 10 years More than 10 years

Part II: Questionnaire for Employees to assess the Business Ethics and CSR of DBE

➤ Please indicate your agreement by circling the appropriate boxes below

Nature of CSR Practice in DBE					
1	Development Bank of Ethiopia (DBE) actively engages in Corporate Social Responsibility (CSR) initiatives.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
2	The bank Supports disadvantaged social groups and individuals.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
3	Managers in DBE participate voluntarily in charitable activities in the local community.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
4	Employees in DBE participate voluntarily in charitable activities in the local community.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
5	DBE participates in the activities of public or private educational institutions.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
6	DBE participates in the activities of healthcare.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
7	DBE participates in the activities of social programs.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
8	DBE Provides financial support to social enterprises.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
9	DBE participates voluntarily in projects improving the quality of community life.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
10	DBE's CSR activities align with the bank's core values, mission, and community development goals.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
11	As an employee, you are encouraged to participate in local community activities, (i.e. providing time and expertise or offering other practical help for employee.)				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
12	DBE supports the protection of national heritage, art & culture, promotes the development of traditional arts and handicrafts.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree

13	DBE finances environmental protection investments.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
14	DBE effectively communicates its CSR efforts to internal and external stakeholders.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
DBE's Level of Engagement in CSR					
1	DBE's CSR activities primarily focus on adhering to legal requirements and avoiding unethical practices.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
2	DBE's CSR activities involve compliance with industry standards and regulations.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
3	DBE's CSR activities reflect a commitment to ethical conduct beyond legal obligations.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
4	DBE's CSR activities include initiatives aimed at addressing societal issues and concerns.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
5	DBE's CSR activities involve proactive efforts to contribute positively to communities and society.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
6	DBE's CSR activities demonstrate a focus on advocating for social causes and driving positive societal change.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
7	The bank has a dedicated department or team responsible for CSR initiatives.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
8	The bank has documented CSR policies that emphasize ethical values.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
DBE's CSR Strategies					
1	DBE's CSR initiatives are primarily focused on addressing societal needs and contributing positively to communities.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
2	DBE implements CSR initiatives opportunistically in response to external pressures or incidents.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
3	DBE's CSR activities are driven by a genuine commitment to ethical and social responsibility.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
4	DBE's CSR strategies are well-integrated into its business model and contribute to long-term				

	sustainability.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
5	DBE's CSR efforts are guided by a proactive approach, anticipating and addressing societal needs proactively.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
6	DBE balances both proactive and reactive CSR strategies to achieve a comprehensive approach.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
7	The organization actively collaborates with external partners, including NGOs and governmental bodies, to enhance the effectiveness of its CSR strategies.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
DBE's Ethical Principles					
1	DBE's business operations consistently uphold ethical principles that align with societal norms and expectations.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
2	The organization's decision-making process considers both financial gain and ethical considerations.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
3	DBE's ethical principles encompass transparency, honesty, and integrity in its interactions with stakeholders.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
4	The organization actively fosters a culture of ethical awareness and accountability among its employees.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
5	DBE encourages employees to develop real skills and long-term careers (i.e., through a performance appraisal process and a training plan).				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
6	There is a process in DBE to ensure adequate steps are taken against all forms of discrimination, both in the workplace and during the recruitment process (e.g., discrimination against women, ethnic groups, disabled people, etc.).				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
7	DBE has suitable arrangements for health, safety, and welfare that provide sufficient protection for employees.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
8	DBE strives to help disabled clients use bank loans by providing services for clients with special needs.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree

DBE's CSR Implementation for Community Development					
1	DBE actively seeks community input when planning CSR initiatives.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
2	DBE actively involves community when implementing CSR initiatives.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
3	The bank's CSR initiatives contribute to the sustainable development and improvement of local communities.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
4	The bank's CSR initiatives are aimed at addressing key community development needs.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
5	DBE actively seeks feedback from the community to assess the effectiveness of its CSR initiatives.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree

Questionnaire II

General Introduction

Dear Respondent,

My name is Eleni Shitaye, I am a postgraduate student at St. Mary's University School of Graduate Studies. Currently, I am conducting my thesis entitled "Assessment of Business Ethics and Corporate Social Responsibility in Development Bank of Ethiopia." in partial fulfillment of the requirement for the degree of Master of Arts in Business Administration.

The primary focus of my study is to assess the Business Ethics of Development Bank of Ethiopia and its engagement in fulfilling its Corporate Social Responsibilities. By participating in this research, you will be contributing to addressing a gap in knowledge within this area. Your viewpoint holds significance, and you have been specifically selected as one of the respondents for this study. Your participation in completing the questionnaire, which should take around ten minutes, would be of immense value.

It is important to emphasize that this research is solely for academic purposes and all responses provided will remain strictly confidential and anonymous. Your time, cooperation, and contribution to this study are greatly appreciated. Following the conclusion of the research, I would be delighted to share the findings with you.

Thank you for your time and support.

Sincerely,

Eleni Shitaye

Part I: Background of Respondents

1. Sex: Male

Female

2.Subcity:

Woreda:

3.How many years have you served as a community representative in the woreda?

Less than 1 year 1 to 3 years 4 to 6 years

7 to 10 years More than 10 years

Part II: Questionnaire for Community Members Representative to assess the CSR initiatives of DBE for Community Development

➤ **Please indicate your agreement by circling the appropriate boxes below**

DBE’s CSR initiatives for Community Development					
1	I am aware that Development Bank of Ethiopia (DBE) engages in Corporate Social Responsibility (CSR) initiatives within the community.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
2	CSR activities of DBE positively impacted the local community through the support of infrastructure improvement.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
3	CSR activities of DBE contributes to the Economic development, Sustainable development, and improvement of local community by supporting community-based projects.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
4	CSR activities of DBE positively impacted the local community by supporting private or public educational institutions to enhance the access to education.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
5	CSR activities of DBE positively impacted the local community by supporting healthcare services providers.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
6	CSR activities of DBE positively impacted the local community by contributing to Environmental protection.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
7	DBE supports the Protection of national heritage, art & culture, Promotes the development of traditional arts and handicrafts.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
8	DBE Supports disadvantaged social groups and individuals.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
9	DBE actively seeks community input when planning CSR initiatives.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
10	DBE actively involves community when implementing CSR initiatives.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
11	DBE actively seeks feedback from the community to assess the effectiveness of its CSR initiatives.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
12	DBE effectively communicates its CSR initiatives to our community.				

	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
13	DBE's CSR initiatives align with the specific needs and values of our community.				
	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree

Interview Guide

General Information

My name is Eleni Shitaye, I am a postgraduate student at St. Mary's University School of Graduate Studies. Currently, I am conducting my thesis entitled "Assessment of Business Ethics and Corporate Social Responsibility in Development Bank of Ethiopia." in partial fulfillment of the requirement for the degree of Master of Arts in Business Administration.

The primary focus of my study is to assess the Business Ethics of Development Bank of Ethiopia and its engagement in fulfilling its Corporate Social Responsibilities. By participating in this research, you will be contributing to addressing a gap in knowledge within this area. Your viewpoint holds significance, and you have been specifically selected as one of the respondents for this study. Therefore, I am respectfully requesting that you provide your genuine answer.

Remember: This research is solely for academic purposes and all responses provided will remain strictly confidential and anonymous. Following the conclusion of the research, I would be delighted to share the findings with you.

Thank you for your time, cooperation, and contribution to this study.

Sincerely,

Eleni Shitaye

Part I: Interviewee Guiding Questions for DBE official from the head office.

Name of the organization: _____

Name of the respondent: _____

Sex: _____

Educational status: _____

Position in the organization/company: _____

Year in service: _____

Time the interview started: _____

Time the interview ended: _____

Total: _____

Part II: Interview Questions

1. Does DBE involve in CSR activities?"
2. What are the CSR initiatives taken by DBE? Does it actively engage in the activities of public or private educational institutions, healthcare-related activities, environmental protection, and support protection of national cultural heritage?
3. How does DBE support disadvantaged social groups and individuals?
4. Does DBE strive to help disabled clients use bank loans by providing services for clients with special needs?
5. Does DBE encourage its employees to participate in local community activities, and if so, in what ways does it do so, such as by offering employee time, expertise, or other practical assistance?
6. Does DBE communicate its CSR efforts to internal and external stakeholders? How effectively?
7. How would you describe DBE's CSR initiatives in terms of their approach to addressing societal issues and concerns? Do they strictly adhere to legal requirements, or do they go beyond compliance in a proactive and ethical manner?
8. Are there documented CSR policies within DBE that emphasize ethical values in the organization?
9. Is there active collaboration between DBE and external partners, including NGOs and governmental bodies, to enhance the effectiveness of CSR strategies?
10. Do DBE's CSR strategies involve anticipation and proactive addressing of societal needs?
11. Can you describe DBE's approach to CSR initiatives? Is it driven by a dedicated strategy or implemented in response to external pressures or incidents?"
12. How does DBE ensure its business operations align with ethical principles and societal expectations?"
13. How does DBE consider both financial gain and ethical consideration in its decision-making process?
14. Can you describe the key ethical principles that DBE follows in stakeholder interactions?
15. How does DBE promote ethical awareness and accountability among its employees?
16. As a manager at DBE, how do you perceive the company's efforts in encouraging employee development, ensuring non-discrimination, providing suitable arrangements for health and safety, and employee satisfaction with CSR and ethical principles?
17. As a manager at DBE, can you share your perspective on how the bank interacts with the local community and its approach to community development through CSR initiatives?"