CSR From Ethiopian Perspective

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ABSTRACT: The goal of this thesis is to investigate and analyze the concept of CSR from Ethiopian perspective to form a baseline for further research. The goal is also to examine how companies and organizations in Ethiopia view their role and part in reaching sustainable growth and development, and to find out what the learning experiences are. The data for the study has been collected through a field study, including personal interviews and dialogues with a number of companies and organizations. The analysis of the effectiveness of international companies’, national Companies’ and organizations’, CSR strategies in the Ethiopia context and its potential contribution to development is based upon a qualitative study through interviews with employers of companies and organizations in Ethiopia. The interviews were conducted through a field study. The geographical concentrations of the interviews were set to Addis Ababa, Adama (Nazareth), and Modjo, with some interviews performed with companies in neighboring cities. These specific locations were selected due to their high representation of potential interviewees in terms of relevant corporations. Generally, the findings of field study show that CSR as idea is new in Ethiopia and started off as a retort by multinationals and NGOs to remedy the effects of their extraction activities on the local communities. Consequently, the result can be viewed as two-fold. Firstly, there is the recent development of formal CSR practices mainly driven by MNCs and NGOs. These initiatives are mainly philanthropic with practices and understanding to a large extent “imported” from the Western countries. Secondly almost all of national companies and government organizations have not developed a concept CSR. However, some of Ethiopian companies have a tradition of partnership and dialogue with their communities and stakeholders in the form informal CSR practices. Several people have contributed to this thesis in various ways first of all, I would like to give special thankfulness to e8 Scholarship and University of Twente Scholarship, who generously shared your knowledge and insight into corporate responsibility with me. This thesis could not have been accomplished without your assistance. Also a special thankfulness to Dr. Yoram Krozer and Dr. Laura Franco, who have not only supervised and supported my work, but who has also shown a deep and sincere insight and interest in the CSR topic. My special thanks also goes too Dr. Sharon Tokich and Rinske Koster. gave me the opportunity to study, opened my eyes to a new world and who made this journey of explorations possible. Next my sincerest gratitude goes to those of you who gave me your time during the interviews in Ethiopia and so

CHAPTER 1: INTRODUCTION

1.1 Background

Corporate Social Responsibility (CSR) is set of processes, customs, policies, laws and institutions affecting the way a corporation (company) is directed, administered and controlled (Wikipedia). CSR has the potential to make positive contributions to the development of society and businesses. More and more organizations are beginning to see the benefits from setting up CSR programme. The CSR progress is spreading over the world and in recent years a large number of methods and frameworks have been developed, the majority being developed in the West. There are many who have investigated the effects of globalization and global capitalism. In the commencement most people viewed the globalization as the best system with regard to contributing to wealth creation. But in the mid 1990’s, the breakdown of the system, like the huge income gaps between nations, was beginning to become obvious. The debate has been concerned with the need for a strong and moral ecology which reflects the wider social and cultural customs of society. For this ecology to be developed there is a need for support, not only from governments, but from all actors, not the least from the private business sector. (Dunning 2003) urges the development of what names a responsible global capitalism that should not be considered as an ending in itself, but as a means of social transformation of societies to create improved life for its citizens. According to Dunning no single religion or philosophy can force its unique values and standards upon others but each religion or philosophy can contribute to a sustainable moral ecology. Today there is a growing understanding, that Western institutional and management models exported to other regions of the world are not always very successful (Wohlgemuth, Carlsson & Kifle ed, 1998).According to the study, “African management in the 1990’s and beyond” (Dia, 2006), conducted by the World Bank, the institutional failure in Africa are primarily due to no or weak links between the western institutions and institutions with their roots in the history and culture of the country. Since the exported models have not reflected the values of society, they have not created engagement and ownership amongst the people. Africa needs institutions that are connected to local culture and tradition, but that are also open to new thinking and recent research supports this need for co-existence (Wohlgemuth, Carlsson & Kifle ed, 1998). McIntosh further claims that one problem for the Corporate Social Responsibility movement is about its efforts to develop instruments that can measure the results of Corporate Social Responsibility. He believes these systems are moving towards a universality that makes it difficult to measure unpredictability. McIntosh also proposes a practical methodology for managers, a framework that will be based on what South Africa social philosopher and activist, which has been called as “culture of humanity” by Mark Swilling.

1.2 Problem Statement

The social responsibility concept is based on the principle that business has greater impact on society that can be measured by profit or loss. Social responsibility can be difficult concept to grasp, because different people have different beliefs as to which actions improve society’s welfare (Sherwin, 1983). As a participant in a society, corporate sector should contribute to the human and constructive social policies that guide society. The concept of social responsibility is merely a first step towards social effectiveness of business. It is the philosophy which justifies business involvement in its social community, but philosophy by itself is incomplete. It must be followed by effective social action. In the words of Philosophy without program is a shadow without substance. Perhaps, one should take, therefore, less of corporate social responsibilities and more of corporate social responses. The former is too suggestive of legalism and the notion of fixed obligations; the latter, more open, permits voluntary and creative undertaking by business on behalf of society’s larger need (Sherwin, 1983).
1.3 Research Goal
The goal of this research project is to foster a first understanding of CSR from an Ethiopian perspective to form a baseline for further research. As mentioned in the background, the concept of CSR can make a positive contribution to the development of society and businesses if we can succeed focusing on universal CSR approaches. Some predictions suggest that in the next two decades global players are emerging, such as China and India, together with others. The report "Corporate Social Responsibility at a Crossroads" (Ward & Smith, 2006) informs of the growing economic and political significance of Brazil, Russia, India and China and its effect on the future of CSR. The report acknowledges the longer-term impacts of China's participation in the global economy and its implications for standards of social responsibility. This can bring change on additional economic, environmental or social advantages that can be used for competitive purposes, such as community support, better brand identity, reduced waste disposal costs or better employee working conditions. The aim of the research is also to understand how Ethiopian organizations and companies view their role and part in reaching growth and development in Ethiopia, and find out what the learning experiences are that can be used by multinational and local companies operating in Ethiopia.

1.4 Research Objective
The purpose of this study is primarily to gain a first understanding of CSR from Ethiopian perspective to form a baseline for further research. As mentioned in the background, the concept of CSR can make a positive contribution to the development of society and businesses if we can succeed focusing on universal CSR approaches. Some predictions suggest that in the next two decades global players are emerging, such as China and India, together with others. The report "Corporate Social Responsibility at a Crossroads" (Ward & Smith, 2006) informs of the growing economic and political significance of Brazil, Russia, India and China and its effect on the future of CSR. The report acknowledges the longer-term impacts of China's participation in the global economy and its implications for standards of social responsibility. This can bring change on additional economic, environmental or social advantages that can be used for competitive purposes, such as community support, better brand identity, reduced waste disposal costs or better employee working conditions. The aim of the research is also to understand how Ethiopian organizations and companies view their role and part in reaching growth and development in Ethiopia, and find out what the learning experiences are that can be used by multinational and local companies operating in Ethiopia.

1.5 Research Questions
1. What is the Understanding of CSR in Ethiopia?
2. What are your company's/organization's activities with stakeholders for CSR implementation in Ethiopia?
3. What is the role of media for CSR activities/implementation in Ethiopia?
4. What are the drivers and why companies/organizations implement CSR?
5. Do Ethiopian government organizations, companies and NGOs have CSR policy / strategy?

6. What are the experiences and solutions for the future with regard to business participation in creating a sustainable society?

CHAPTER 2: THEORETICAL REVIEW

2.1. Administrative and Cultural Influences on CSR
There are lots of factors influencing how nations and organizations tackle their Corporate Social Responsibility agendas. The motive for choosing cultural and administrative traits is the influence of these traits on administration and organizational processes, and consequently also on how CSR is managed and processed within organizations.

What is culture?
In order to be aware of administrative and cultural traits, it can be useful to deal with the idea of culture to gain an understanding of its meaning. Culture refers to patterns of human activity and culture includes codes of manners, language, dress, rituals, religions and standards of behavior such as law and morality and systems of beliefs. Diverse definitions of culture reflect different theoretical bases for sympathetic. (Ása Helg, 2007) in his research project presented that “…(House, Hanges, Javidan, Dorman & Gupta, 2004) defines culture as shared motives, values, beliefs, identities, and interpretations or meaning of significant events that result from common experiences of members of collectives that are transmitted across generations. With regard to organizational culture there is an enormous variation in definitions of the term. According to (Alvestam, 2002), the concept of organizational culture “is a tricky concept since it is easily used to cover everything and consequently nothing”. Basically, organizational culture can be called the personality of an organization. From an organizational viewpoint the concept of culture is complex with various definitions and understandings. What is apparent is that organizational culture reflects the societies in which organizations are embedded and that organizations reflect a variety of aspects of societies in which they exist and there is significant evidence for the direct influence of societal culture on organizations (House, Hanges, Javidan, Dorman & Gupta, 2004)…”

I. The Cultural Orientations of Trompenaars
"...According to the research of (Trompenaars, 1993), culture is not what can be seen on the surface but the shared ways people understand the world and how they interpret it. Culture can be viewed as the way in which people solve problems and can be labeled according to different levels, from culture of a nation or region to the culture of an organization or the different functions within an organization. (Trompenaars, 1993) presents five orientations covering the ways in which human beings interact with each other.

Universalism versus Particularism: The Universalist approach is that what is right to do can be defined and always applies. The particularistic approach instead has a focus on obligations and relationships as well as unique circumstances.
Individualism versus collectivism: In individualistic cultures people regard themselves as individuals while in collectivistic cultures people regard themselves primarily as part of a group.

Neutral or emotional: in neutral cultures interactions are more objective and detached while in emotional cultures interactions can express emotions, which are also accepted.

Specific versus diffuse: In a specific culture the transaction has more of a contract based approach while in diffuse cultures there is a personal contact approach. Achievement versus ascription: In a culture of achievement people are judged more on achievements but in a culture of ascription people are judged more on kinship and birth.

II. Hofstede’s Cultural Dimensions
(Hofstede, 1991) conducted perhaps the most comprehensive study of how values in the workplace are influenced by culture. From 1967 to 1973, while working at IBM as a psychologist, he collected and analyzed data from over 100,000 individuals from forty countries. From those results, Hofstede developed a model that identifies four primary dimensions to differentiate cultures.

Power distance: Power distance shows how much the less powerful members of organizations accept that power is distributed unequally.

Individualism/collectivism: Individualistic cultures are societies where everybody is expected to take care of him/her and the immediate family. In collectivistic cultures people are integrated from birth in groups, relationship prevails over tasks, and management of groups is more important than management of individuals.

Uncertainty avoidance: This dimension is defined as the extent to which the members of a society feel threatened by uncertain situations. There are no more rules than absolutely necessary in countries with weak uncertainty avoidance. People are more relaxed, and work is not a virtue in itself. In countries with strong uncertainty avoidance people create institutions to provide certainty.

Masculinity/feminists: This dimension describes the extent to which the values of earnings, recognition and advancement are emphasized over values of caring for others, security, good cooperation and concern for those in need.

III. The GLOBE Research
The GLOBE (House, Hanges, Javidan, Dorman & Gupta, 2004), the major purpose was to increase available knowledge that is relevant to cross-cultural interactions. Responses were taken from about 17,000 managers from 951 organizations functioning in 62 societies throughout the world. The core cultural dimensions in this project were:

Uncertainty avoidance: The extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices.

Power distance: The degree to which members of an organization or society expect and agree that power should be stratified and concentrated on higher levels of an organization.

IV. Collectivism
Institutional collectivism is the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action. In group collectivism is the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.

Gender Equality: in the degree to which an organization or a society minimizes gender role differences while promoting gender equality.

Assertiveness: The degree to which individual in organizations or societies is assertive, confrontational and aggressive in social relationships.

Future Orientation: The degree to which individual in organizations or societies engage in future oriented behaviors such as planning and investing in the future.

Performance Orientation: The degree to which an organization or society encourages and rewards group members for performance improvement and excellence.

Human Orientation: The degree to which individuals in organizations or societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring and kind to others…” (Åsa Helg, 2007)

2.2 Institutional Theory
Intutional study is one of the most ongoing learning within the social sciences (Scott, 1994). “...The research project spotlights on the sympathetic of the role of the organization towards its institutional field and the building of CSR practices which will be addressed based upon institutional theory. The literature on the mentioned theory focuses on how institutions constrain and enable behavior and state that institutions beyond the market are often necessary to ensure that corporations are responsible to the interests of social actors beside themselves…”, (Campbell, 2006). The latest institutional theory focuses on the key role of social and cultural difficulty imposed on organizations that influences their practices and structures. This approach focuses on how organizations are embedded and focus on the fact that organizations require social good reason and legality in order to survive (Windell, 2006). As stated by (Meyer and Rowan, 1977), the societal landscape provides the “building blocks for organizations” (p. 345). Institutional theory is built on the basis that environment is not outside to the organization but it enters the organization; they interrelate (Westney, p. 49). Therefore, the stage of analysis is not the organization itself but the organizational field, formed by “those organizations that, in the collective, constitute a recognized area of institutional life” (Di Maggio and Powell, 1983, p. 148). According to Di Maggio and
organizations are social as well as market and industry pressure may also. Institutional stakeholders has now (DiMaggio and Powel, 1983, p. 148). The concept used to capture this process of homogenization is isomorphism. There is additionally a forth mechanism called institutional automorphism, which was mentioned by (Schwartz, 2006) in her article Environmental Strategies as Auto morphic Patterns of Behavior. This isomorphism occurs when organizations imitate own past strategies. Auto morphism mechanism is explained as a process by which “companies imitate themselves, employing strategies similar to those they have previously used when tackling other changes in their organization fields” (Schwartz, 2006, p. 1). As the suggestion of (DiMaggio and Powel, 1983), organizations are likely to become more homogenous in both process and structure over the time in every field. (DiMaggio and Powel, 1983) also studied how homogenization of the organizational shaped and practices emerge with time. Their main disagreement is that “there is an inexorable push toward homogenization” (DiMaggio and Powel, 1983, p. 148). The concept used to capture this process of homogenization is isomorphism. Hawley also described isomorphism as “a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions” (Ibid., p. 149). Thus the demands from the external world are what reasons for the organization to respond and act. The organizational field pressures may lead to the acceptance of new CSR practices. Companies receive pressure from diverse agents such as the government and others. This stakeholder affects the companies through its political and regulary pressure, that is, through its coercive power. On top of this actor, companies may encounter customer and competitive pressures. In this sense, firms may smooth the progress of coercive and mimetic isomorphism, especially when multinational companies disperse its practices across national borders or when firms adopt successful practices that other leading firms had adopted. Also, companies respond to customer requirements. Community and Environmental Interest groups impose coercive pressure on companies which the organization responds to in order to improve or maintain their relations with their communities. Attentiveness of market and industry pressure may also affect the rate of diffusion of managerial practices. As discussed by (Delmas and Toffel, 2003), the visibility of leading firms may also affect the level of institutional pressure. It has been studied that the more visibility the company has, the more pressure it receives (Sharma and Starik, 2004). The main restraint during the analyses of the latest institutional theory is the complexity which rises when drawing the boundaries of the organizational field. Additional restraint that I found is that even if institutional isomorphic pressures are there, there is not a clear connection between the respond to such demands and an increase in homogenization as DiMaggio and Powell argued.

2.2.1 The Stakeholder Concept
It is a significant notion in recent business, economic and social texts (Freeman, 1984). As argued before, this theory may be seen as balancing to the institutional theory in the sense that stakeholders are an essential part of the organizational field affecting the organization. During the 1980s and 1990s, when the concept of social responsibility was redefined, alternative concepts and theories arose such as stakeholders’ theory, corporate social performance, business ethics, corporate citizenship (Carroll, 1999, p.284-288). Nevertheless, as stated by (Freeman, 1984), the stakeholder idea first appeared in 1963 in a domestic memorandum at the Stanford Researches Institute. In the mentioned document, the concept stakeholders’ was used to generalize the stockholders’ notion and was defined as “those groups without whose support the organization would cease to exist” (Freeman, 1984, pp.31-32). However, (Preston and Sapienza, 1990) traced the origin of stakeholders’ theory and concept back to the 1930s. The best input to the stakeholder literature was made by (Edward Freeman, 1984) in his book Strategic Management, “A Stakeholder Approach”. The author in detail explained the term, history and complexity of stakeholders’ management. As stated by (Egels, 2005) “Freeman’s seminar book built on the former works during the century and managed to present stakeholder theory in a way that attracted many researchers to continue to search the concept” (p. 7). Since the publication of Freeman’s book “the idea that corporations have stakeholders has now become commonplace in the managerial literature, both academic and professional” (Donaldson and Preston, 1995, p.65). As to Freeman (1984), stakeholder is “any group or individual who can influence or is affected by the attainment of the firm’s objectives” (p. 25). The author listed diverse categories of stakeholders: governments, local community organizations, owners, consumer advocates, customers, competitors, media, employees, Special Interest Groups,
environmentalists, suppliers (Ibid.). These stockholders should be taken into account by the companies as those who are affected or affect company's achievement. (Freeman, 1984) argued the significance of the building of proper strategies and processes towards each of the groups as the core for company's success. (Freeman, 1984) called this new approach the 'stakeholder approach' (p. 27). The first man to give an extensive definition of stakeholder groups was Freeman, however there were other authors also writing on this subject. Thomas M. Jones was interested on the corporate “obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract” (Carroll, 1999, p. 284). He expressed that the commitment is extended to “other societal groups such as customers, employees, suppliers, and neighboring communities” (Ibid.). An important input made to Freeman’s theory was done by (Julia Roloff, 2008). In the author’s article Learning from Multi-Stakeholder Networks: Issue-Focused Stakeholder managing, she identified three main stockholders in the multi-stakeholder network: actors from civil society, business and governmental or supranational institutions (Roloff, 2008). She argued with Freeman that it is not the companies/corporations that should be put in the center of attention but the multi-stakeholder network. (Roloff, 2008) proposed a new definition of stakeholders as “any group or individual who can affect or is affected by the approach to the issue addressed by the network” (p. 238). In contrast with the definition relying in organization-focus stakeholder management, (Roloff, 2008) argued that the mode of engagement in the multi stakeholder network is deliberation “which facilitates learning and collaboration and the participation is voluntary” (p. 243). The multi-stakeholder network has been interpreted by social scientists as a base for deliberative democracy (Roloff, 2008). Stakeholder theory was built as the helpful tool to study ethic and business, (Egels, 2005). (Phillips, 2003), with alike argument, stated that stakeholder theory is the most popular framework for discussing and sympathetic business ethic. However, the theory extends further than the primary hypothesis and is finding wider applications in the other fields. (Mitchell et. Al, 1997) stated that, to be identified as a stakeholder, one must have authority, legitimacy or urgency. Legitimate agents are those viewed as having the correct claims to organizational events and resources. Powerful agents are significant agents that have access to vital resources. Urgent agents are those who believe to have concerns of immediate nature. Each stakeholder varies according to these attributes and the attributes each agent has constitute a dynamic process because their claims could change over time in power, legitimacy and urgency. In this sense, companies should observe and be able to adapt to the stakeholders’ changes (Dentchev and Heene, 2004). Also, organizations deal with the dynamism regarding the issues they need to address which tend to change over time and they may be different among industries and geographical regions and cultures. Another issue that makes stakeholder management complex is that different parties may have conflicting interests or may diverge in the interpretations of the information. A set of particular stakeholders may generate different and conflicting expectations of corporate action (Freeman, 1984). Another complexity may arise if many members of one group of stakeholders are also members in another group. O’Riordan and Fairbrass stated that so as to build up an effective stakeholder discussion, understanding the element ‘stakeholder’ is necessary. Firms should prioritize them (according to the interplay between the three different attributes mentioned above) and be aware of their expectations which may be dependent on some company factors such as the size of the organization, the level of success of the firm (in terms of profit), the type of industry, the business culture (O’Riordan and Fairbrass, pp. 753-754). Companies/organizations work together in different ways with their stakeholders. Freeman identified four ways. Initially, companies may pay no attention to their stakeholders. This inaction may be a form of denial or may be a result of a failure in the organizational processes (such as environmental scanning). Another approach identified by the author is the Public Relations approach. Most large organizations have today a department whose task is to communicate with the ‘public’. The common thread of the Public Relations approach is that any communication is one-way. Public Relations people ‘tell the story’ usually through catchy campaigns. The focal point of such campaigns is image. Nevertheless, it does not automatically follow that a firm with ‘good image’ is better in meeting stakeholders’ needs. The third approach identified by the author is through implicit cooperation. This happens when the firm has tried to take actors into consideration before a strategy was implemented. Lastly, the explicit agreement may occur when organizations which have high stakeholder management capability use explicit agreement processes with their stakeholders. Successful explicit cooperation requires understanding. Communication processes with stakeholders must be two ways in order to achieve meaningful results (Freeman, pp.164-167). Actors are a vital element in the organization’s environment which can positively or negatively affect the firm (O’Riordan and Fairbrass, p. 747). These effects may be economic, technological, political social or managerial. The first one is related to the effectiveness of the company. The second effect may occur when a particular group or individual may enable or prevent a firm from using its core technologies or from developing new technology. The third effect may occur when a particular actor changes the position of the firm in society by changing the opinion of the public. The social effects usually translate into political effects because the stakeholder’s actions often involve the political process in order to achieve some social purpose. Finally, stakeholders may have managerial effects by forcing the organization to change its management system, practices or processes, even its style and values (Freeman, pp. 92-93).

2.3 What is Corporate Social Responsibility?

2.3.1 The development of CSR

According to (Asa Helg, 2007), "...H. R. Bowen is considered the man who introduced the modern debate about CSR. In 1953 Bowen initially proposed the term CSR, suggesting that business should take into accordance the objectives and values of the society (Wartick & Cochran, 1985). However, Mitchell (1989; in Windsor, 2001) has actually traced the emergence of the concept of CSR back to the 1920s as an ideological movement intended to legitimize the power of large companies. Carroll (1989)
goes even further back in time claiming that Adam Smith’s classic economic model “the invisible hand” from the 19th century was an example of business’ early social responsibility. Simply put, Smith argued that if business responded to market demands, society would get what it wanted (Carroll, 1989)."

From the introduction CSR in the 1950s and onwards, the concept has gained significant acceptance and broader sense (Carroll, 1989). Windsor (2001) argues that CSR gave business a role to play when confronting serious social problems. The problems however, were much bigger than the ability of business to solve them. This became considerably noticeable in the 1960s and 1970s when for example pollution control and equal employment opportunities were brought out. In the 1980s though, the proposal of business contributing to a more just and healthier society was criticized, due to the increasing popularity of the free-market system. CSR took a step back in favor of concepts like re-engineering, downsizing and outsourcing (Windsor, 2001). Nowadays the concept of CSR is acknowledged by academic scholars, business executives, international organizations and the public, and it is also much debated among these groups. Changes in the business context are pushing for further acknowledgment and implementation of CSR, as described in 1.1 (Andriof & McIntosh, 2001; Löhman & Steinholtz, 2003).

2.3.2 Definitions of CSR

"...The intensive debate among academics, consultants and business executives has resulted in many definitions of CSR (Marrewijk, 2003). There exist nearly as many definitions of CSR as there are articles written about the topic, and the concepts are sometimes supported, sometimes criticized (Marrewijk, 2003). In this section I will present some different viewpoints of CSR-related concepts to illustrate the abundance of existing definitions, and to show that the concepts are all closely related and do not exclude each other. I believe an overview of CSR-related concepts increases the understanding of CSR. This section ends with a description of the meaning of the concept of CSR.

Corporate Sustainability: Keijzers (2002: in Marrewijk, 2003), states the concepts of corporate sustainability and CSR recently have grown into convergence. In the past corporate sustainability related to the environment only and CSR referred to social aspects. According to Marrewijk (2003), nowadays many consider corporate sustainability and CSR as synonyms.

Sustainable Development: (Löhman & Steinholtz, 2003) stress sustainable development is one of the key components of CSR. The most acknowledged definition of sustainable development is given by WBCSD as “meeting the needs of the present without compromising the ability of the future generations to meet their own needs” (www.wbcsd.org). WBCSD emphasizes the mutual dependency of CSR and sustainable development, saying CSR is needed to achieve sustainable development.

Corporate Social Performance: Some authors underline the importance for companies to act according to the decisions made around CSR (e.g. Wartick & Cochran, 1985; Carroll, 1989). Corporate social performance therefore exists as a definition of business’s social responsibility when someone wants to emphasize the implementation and the actions of CSR. (Wartick & Cochran, 1985) state corporate social performance is used as a synonym for CSR. When studying the literature, I have noticed a significant concern among theorists for an exaggerated focus on CSR policies, thus underestimating the importance of CSR activities and results (e.g. Carroll, 1989; Marrewijk, 2003).

Corporate Citizenship: Some theorists argue for the use of corporate citizenship instead of CSR, for instance (Andriof & McIntosh, 2001) and (Drucker, 1993; in Andriof & McIntosh, 2001). (Andriof & McIntosh, 2001) define corporate citizenship as understanding and managing a company’s wider influences on society for the benefit of the company and society as a whole. (Andriof & McIntosh, 2001) believe the definition of corporate citizenship is becoming closely associated with the idea of corporate sustainability, and that it is also synonymous with the concept of CSR. (Wood & Logsdon, 2001) however, assert that the exact connection between CSR and corporate citizenship is not always clear. In some works, it appears as if CSR and corporate citizenship are simply synonyms, in other works corporate citizenship focuses almost exclusively on company-community relations, leaving out important CSR issues (Wood & Logsdon, 2001). (Löhman & Steinholtz, 2003) underline that corporate citizenship is mostly used in the USA, wherefrom it originates and where many social systems incorporated in the European, society are missing. In many European countries, the term CSR is more frequently used, probably due to the existing welfare society (Löhman & Steinholtz, 2003). (Löhman & Steinholtz, 2003) further stress that when corporate citizenship is being used it usually corresponds to the meaning of CSR...”, (Åsa Helg, 2007)

2.3.2.1 Corporate Social Responsibility

Figure 1: Corporate Social Responsibility own modification

CSR continues to be an important business concept and in a world of increased globalization is to be found among large companies in most countries around the world. In the past it has been argued that as a concept it has not been well defined. Moreover, there have been very few attempts
at tracking the areas of CSR that companies have developed the most and examining those that are rather less developed (Welford, R.J, 2004) According to (Löhman & Steinholts, 2003), CSR is the most frequently used term among scholars to describe business engagement in social activities. Furthermore, CSR is the term used by the UN and the European Union (EU). (Marrewijk; 2003) accentuates that CSR refers to company activities, often voluntary, involving economic, social and environmental concerns in business operations. These three elements are often referred to as the triple bottom line (Zadek, 2001), and are illustrated above in figure 2 considering that the economic, social and environmental elements constitute the components of CSR, below I present a description of the three elements.

**Economic:** (Zadek, 2001) defines the economic element as the creation of material wealth, including financial income and assets for the company. The (GRI Guidelines, 2002) add that organizations affect the use of resources and the creation of wealth, and these impacts are not fully captured by conventional financial accounting and reporting. Thus, additional measures are needed to capture the full range of an organization’s economic impact (GRI, 2002).

**Social:** (Zadek, 2001) refers to the social element as the quality of people’s lives, particularly about equity between people, communities and nations. The (GRI Guidelines, 2002) specify this element by talking about the organization’s impact on society, including employees, customers, community, supply chain and business partners.

**Environment:** (Zadek, 2001) defines the environmental element as the protection and conservation of our natural environment. The GRI (Guidelines, 2002) stress organizations create environmental impacts locally, nationally and internationally, and that these impacts occur in relation to air, water, and land and biodiversity resources. The economic, social and environmental elements show a nature of interdependence between them. Hence, Zadek (2001) emphasizes the importance of understanding the ways these dimensions affect each other. He gives as example; greater material wealth can enhance the social dimension, but does not necessarily do so. Zadek (2001) further underlines those improvements in the quality of life for some can undermine or enhance the quality of live for others. Moreover, he stresses that the creation of material wealth can deplete the natural environment within which we live. As seen above, the different dimensions can mutually reinforce each other, or cause trade-offs between or within the elements.

2.3.2.2 Carroll’s Pyramid of CSR

“One of the most used and quoted model is (Carrolls, 1991) Pyramid of Corporate Social Responsibility. In indicates that CSR constitutes of four kinds of social responsibilities; economic, legal, ethical and philanthropic. Carroll considers CSR to be framed in such a way that the entire range of business responsibilities is embraced. Carroll suggests that CSR consists of four social responsibilities; economic, legal, ethical and philanthropic. These four responsibilities can be illustrated as a pyramid. The economic component is about the responsibility to profit and this responsibility serves as the base for the other components of the pyramid. With regard to the legal aspect, society expects organizations to comply with the laws and regulations. Ethical responsibilities are about how society expects organizations to embrace values and norms even if the values and norms might constitute a higher standard of performance than required by law. Philanthropic responsibilities are those actions that society expect for a company to be a good corporate citizen…” (Åsa Helg, 2007)

**Figure 2:** The pyramid of Corporate Social Responsibility

Figure 1 shows the four part of CSR with economic performance as the fundamental block. Secondly it shows that as the responsibility to be ethical. At its most fundamental stage this is the responsibility to do what is right and to avoid harming actors. Finally, business is expected to be a good corporate citizen. This is embedded in the philanthropic responsibility, where in business is expected to contribute financial and human resources to the community and to improve the quality of life.

2.3.2.3. Implicit versus Explicit Corporate Social Responsibility

“... (Matten & Moon, 2004) presents a conceptual framework for understanding CSR, the ‘implicit’ versus the ‘explicit’ CSR. ‘Explicit’ CSR is about corporate policies with the objective of being responsible for what interest society. ‘Explicit’ CSR can for example be voluntary, self-interest driven CSR policies and strategies. ‘Implicit’ CSR is a country’s formal and informal institution that gives organizations an agreed share of responsibility for society’s interests and concerns. ‘Implicit’ CSR is values, norms and rules which result in requirements for corporations to address areas that stakeholders consider important. Business associations or individual organizations are often directly involved in the definition and legitimization of these social responsibility requirements…". (Åsa Helg, 2007)

2.3.2.4. The Triple Bottom Line

“Sustainable development is a development that meets the needs of the present generations without compromising the ability of future generation to meet their own needs”. (World Commission on Environment and Development, 1987) "...This is bearing in mind that companies do not only have one objective but they have to also have objectives of having environmental and social value to society (Crane & Matten, 2004). The idea of sustainability is normally regarded as having emerged from the environmental point of view. Sustainability in the environmental perspective is about how to run physical resources so that they are conserved for the future. Economic sustainability is about the economic performance of the organization itself. A broader idea of economic sustainability encompasses the company’s impact on the economic structure in which it is embedded. The development of the social perspective has not developed as fast as the environmental and economic perspectives. The main issue in the social perspective on sustainability is that of social justice...". (Åsa Helg, 2007)
2.3.2.5 The EU Definition

"...The EU’s Green paper on CSR defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Green Paper Promoting a European Framework for Corporate Social Responsibility, 2001)..."; (Asa Helg, 2007)

2.3.2.6 The EFQM Definition

"...The European Foundation for Quality Management (EFQM) is a membership based not for profit organization, created in 1988 by fourteen leading European businesses with a mission to be the driving force for sustainable excellence. EFQM defines CSR as follows, “CSR refers to a whole range of fundamentals that organizations are expected to acknowledge and to reflect in their actions. It includes – among other things- respecting human rights, fair treatment of the workforce, customers and suppliers, being good corporate citizens of the communities in which they operate and conservation of the natural environment. These fundamentals are seen as not only morally and ethically desirable ends in themselves and as part of the organization’s philosophy, but also as key drivers in ensuring that society will allow the organization to survive in the long term, as society benefits from the organization’s activities and behavior” (The EFQM Framework for Social Responsibility, 2004)..."; EFQM presents some common characteristics for CSR which are: meeting the need of current stakeholders without compromising the ability of future generations to meet their own demand, adopting CSR voluntarily, rather than as legal requirement, because it is seen to be in the long-term interests of the organization, integrating social, environmental and economic policies in day-to-day business and accepting CSR as a core activity that is embedded into an organization’s management strategy. The following figure illustrates the key dimensions of CSR according to EFQM – social, environmental and economic – and how they link and also overlap. These three dimensions are consistent with the three dimensions of the Triple Bottom Line: people, planet and profit.

![Image](image.png)

**Figure 3:** The three dimensions of Corporate Social Responsibility

For instance, the first area particular dimension is Economic Responsibility, which includes integrity, corporate governance, economic development of the community, transparency, prevention of bribery and corruption, payments to national and local authorities, use of local suppliers, hiring local labor and similar. The second particular dimension is Social Responsibility, which involves human rights, labor rights, training and developing local labor, contributing expertise to community programs and similar. The third one is Environmental Responsibility, which shows precautionary approaches to prevent or minimize adverse impacts support for initiatives promoting greater environmental responsibility, developing and diffusing environmentally friendly technologies and similar..."; (Asa Helg, 2007)

2.4 Relevance and Motives of CSR

2.4.1 Relevance of CSR

According to Banerjee (2001; in Marrewijk,) trust CSR is “too broad in its scope to be relevant to organizations”. (Henderson, 2002) verifies that the short of a solid and well developed agreement for CSR functions as an impediment for action. The variety and overlie in terminology more complicates for business executives when deciding and acting upon CSR. (Marrewijk, 2003) focuses that all embracing definition of CSR, which academics are striving to agree upon, has to be largely defined and so it would be too unclear to be useful both in the academic debate and in business achievement. (Marrewijk, 2003) proposes an alternative; a set of diverse approaches, corresponding to various contexts in which companies is operating. He takes this one step more when adding that each company should select which idea and definition to work with, and this way matching the definition with the company’s objectives and strategies. (Marrewijk, 2003:95) argues that the attempt to obtain a “one solution fits all” definition of CSR should be abandoned. One of the problems in obtaining a definition on which we might get consensus is the problem of determining operationally what the definition means for business executives (Carroll, 1989). Carroll (1989) continues stressing that organizations vary in size, in types of product, in profitability and resources, in their impact on society et cetera, thus the way companies will practice CSR will also vary. In its place of certain laws there exist nowadays a number of recommendations formulated by significant institutions, which make up a framework for CSR policies and actions. The existing global guidelines for business behavior and responsibility have a greater significance to large international companies with extensive production in developing countries, (Löhman & Steinholdt, 2003). According to (Henderson, 2002) though, opposes himself to the thought of implementing regular international standards, since the conditions for business activities in different countries, regions and industries can be very different. He goes as far as suggesting that such common international standards for CSR will hold back trade and flow of capital, thus impeding the development in poor countries. The most often used recommendations for Corporate Social Responsibility are developed by UN, OECD, WBCSD, GRI and EU. More about these recommendations are found in appendix 3.

2.4.2 Motives of CSR

According to (Cushman, 1989) gives a quote that I think captures the importance of the integration of both social and financial considerations in business activities. (Cushman, 1989) argues for society involvement with these words, “Business does not operate in a vacuum, but as a social institution interacting with other social institutions. What business does, affects its community; in turn the people’s goodwill and trust are essential for business to..."
fulfill its primary role, which is to provide goods and services. For this reason, business must – not only for a healthier society, but for its own well-being – be willing to give serious consideration to human needs as it does to the needs for production and profits.” He focuses on many reasons or motives for companies to involve in society activities. First, he indicates business people’s capacity as proficient problem solvers. (Forstater, MacDonald & Raynard, 2002), more emphasize that besides skills; business offers for example investment and technology that other sectors lack. (Cushman, 1989) continues, asserting that employees get satisfaction and improved moral when the company participates in societal issues. A further intention for engaging in CSR activities aimed at the society is that it generates a positive image of the company (Carroll, 1989). Furthermore, companies gain reputation and better acceptance when contributing to the society (Carroll, 1989). Finally, Cushman (1989) claims that business helps itself by supporting institutions that are essential to the continuation of business. (Hess, Rogovsky & Dunfee, 2002) have identified three driving forces, or motives, behind CSR activities aimed at the community: the competitive advantage factor, the new moral marketplace factor, and the comparative advantage factor:

**Competitive advantage:** According to (Hess, Rogovsky & Dunfee, 2002), the motives for CSR activities to be found in this category are the creation of a better corporate image and reputation, both on the long-term. Activities that demonstrate a real commitment to the community affect the perceptions of various stakeholders; customers, employees, suppliers, the community etcetera. The authors further stress that competing with soft issues, like CSR activities, are hard to imitate. CSR activities provide less tangible sources of competitive advantage. Moreover, (Hess, Rogovsky & Dunfee, 2002) assert that social programs based on a company’s core competences may imply that the company is one of only few companies capable of providing such aid. In some cases, community involvement is not an option but a requirement to operate effectively in the international market.

**New moral marketplace:** (Hess, Rogovsky & Dunfee, 2002) claim managers have a duty to undertake action to maximize shareholder value, but they also have an obligation to respond to and anticipate existing and changing marketplace morality relevant to the company. A failure to do so may have a significant negative impact on shareholder wealth, the authors assert.

**Comparative advantage:** (Hess, Rogovsky & Dunfee, 2002) further recognize motives for CSR activities based in comparative advantage. In their opinion, companies may have a potential comparative advantage over governments in providing assistance in solving certain social problems, especially in the developing countries. Companies have developed unique competences and can play critical complementary roles to governments and NGOs when the companies exercise their core competences in responding to a social need.

### 2.5 Levels of Engagement in Corporate Social Responsibility

In this part I will present many theories describing levels of company involvement in CSR activities. These theories will assist me in the analysis capturing the characteristics of companies’ CSR engagements aimed at the society.

#### 2.5.1 Corporate Social Responsibility’s Development Stages

According to (Rischard, 2002) argument, a pattern has evolved, regarding how companies deal with the increasing demands for CSR. According to (Rischard, 2002), a company goes through five stages of development: first Charity and sponsoring, secondly defensive CSR, main purpose for action is protection of brand, thirdly offensive CSR, the objective is to be recognized as a world leading company in the CSR field, then works for development and decrease of poverty, the objective is to make a contribution where governments have failed, and lastly global problem solver, the objective is to find out new solutions to serious global problems. (Rischard, 2002) claims most companies are found at one of the first stages. He continues declaring that some companies are operating at the same time at all stages. (Rischard, 2002) more stresses the need for developing new forms of cooperation concerning the last three stages.

#### 2.5.2 Levels of Corporate Social Responsibility

(Johnson, 2003) has come up with another proposal for how to study companies’ involvement in CSR. His analysis, CSR as a continuum ranging from companies engaged in illegal activities to those striving for social change. (Johnson’s, 2003) continuum has five different levels and is illustrated in figure 4.

![Figure 4: CSR Levels](image)

1. **Illegal**: at this level normally companies do not fulfill the standards established by society (Johnson, 2003).

2. **Compliant**: at this level companies comply in a least compliance with all local and national laws, for instance product safety, minimum salary, employee health. Beyond this legal compliance, they engage in few or no activities that might be labeled CSR (Johnson, 2003).

3. **Fragmented**: at this level company participated in a limited number of extra activities considered CSR, e.g., charity, community activity, environmental certification. The CSR activities of these companies are fragmented rather than strategic, and their social commitment is minimal and of mixed motives (e.g. profit-oriented or personal) (Johnson, 2003).
4. Strategic: Companies at this level specifically target those areas they believe will enhance financial performance. These companies generally have strong ethics policies and want to be environmentally friendly and support local communities, e.g. with roads, traffic, school assistance and health care (Johnson, 2003).

5. Social advocacy: At this level CSR is a ethical initiative based on the belief that a company should be good despite of the financial consequences, positive or negative. Companies think about profit making as an essential condition, but not the sole purpose of their existence. (Johnson, 2003) illustrates this with a quote: “We must breathe to stay alive, but few of us see breathing as our sole purpose in life” (Johnson, 2003:36). Likewise, business exists for a higher purpose than just to make money (Johnson, 2003). (Johnson, 2003) argues that at level 3 and 4, companies are socially responsible, but at level 5 companies go beyond that and become an instrument for improving the society. The distinguishing characteristic of companies at level 5 is their commitment to social change. Johnson (2003) admits a deficiency of his continuum model; a company may be at level 3 or 4 in its home country, but plants overseas may be at level 1.

2.5. CSR from Developed Countries Perspective

“...The CSR movement has since its emergence then had a rapid development and a number of international frameworks and guidelines have been developed in Western Countries. A number of stakeholders have been involved in the development of the CSR agenda including governments, NGOs, researchers and consultants resulting in a myriad of definitions of the concept, defined to fit the stakeholder in question. The majority of definitions integrate the three dimensions: economic, environmental and social aspects into the definition. A number of business drivers for implementing CSR strategies have emerged, including increased brand value, stronger risk management and corporate governance, enhanced public image and customer loyalty. Apart from realizing that there are different ways of framing the business benefits from working with CSR. It is also important to recognize that the different factors are often interrelated. There are many factors influencing how organizations address their CSR agendas. I have in the theoretical framework chosen two aspects, cultural and managerial traits, to get a deeper understanding of how companies in Ethiopia address CSR and why. With regard to organizational culture there is an enormous variation in definition of the term but basically we can address organizational culture as the personality of the organization...” (Åsa Helg, 2007)

2.5.1 Drivers for CSR in the Developed Countries

In (Åsa Helg, 2007) “...According to (Lühman & Steinhaltz 2004) the customer is the main CSR driver for the companies. The requirements from the customers today are strong and the increased competition has driven companies towards the creation of new values. The companies must now understand their roles in society and more and more consumers require that companies have responsible products and principles that are of value for the consumer. An American study, “the Cone Corporate Citizenship Study 2002” (http://www.coneinc.com) showed an immense increase in Americans’ expectations of companies’ social role. After September 11th, 2002 more Americans than ever said they were making investment-, purchasing- and employment decisions to reward companies that support community needs...” “...This trend seems to have been spurred by scandals in the business community as the Enron collapse and the WorldCom financial situation. According to the above study, 89 percent of Americans said it is more important than ever for companies to be socially responsible. According to a follow-up study, the “Cone Corporation Citizenship Study 2004...” (http://www.coneinc.com) a company’s negative corporate citizenship practices may have the following consequences: Consider switching to another company’s products or services (90 percent) ,Speak out against that company among my family and friends (81 percent) ,Consider selling my investment in that company’s stock (80 percent), Refuse to invest in that company’s stock (80 percent) , Refuse to work at that company (75 percent) Boycott that company’s products or services (73 percent) and Be less loyal to my job at that company (67 percent)...”, (Åsa Helg, 2007).

“...According to a European study “European Survey on Consumers Attitudes towards Corporate Social Responsibility” (http://www.csreurope.org) 70 percent of European consumers say that a company’s commitment to social responsibility is important when buying a product or service and 44 % of the consumers are willing to pay more for environmentally and socially responsible products. The majority of European citizens believe that industry and commerce do not pay enough attention to their responsibilities. In the Master Thesis “Why and how Corporate Social Responsibility” (Loimi, 2002), the influencing drivers are divided between internal and external drivers. This study identifies a number of external drivers namely globalization, environmental problems facing the earth, the international initiatives taken by the business community to address sustainability, political actions in governments playing a significant role in complementary initiatives regarding sustainability management guidelines, and pressures from the investment community as well as from NGOs (non governmental organizations). The internal drivers identified in the study are risk management and brand value, revenues and costs, pressure from employees and customers, and finally competitive advantage...”, (Åsa Helg, 2007)

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<tr>
<th>External Pushers</th>
<th>Strategic Motivations</th>
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<td>Globalization</td>
<td>Risk Management</td>
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<td>Environment</td>
<td>Revenues and Costs</td>
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<td>Customers Competitive Advantage</td>
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<td>NGO’s and Media</td>
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<td>Investment Community</td>
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Table 1: Drivers of Corporate Social Responsibility (Loimi A-M, 2002 with modification) in (Åsa Helg, 2007)

In “Making globalization good, the moral challenges of global capitalism”, Davies explores how (2003) corporate responsibility has emerged in response to one or a combination of five forces.

- The push of top-down compliance such as reporting requirements or government regulations which
introduce a compulsory approach on top of which good companies will tend to innovate.

- The working of markets where customers, employees, or capital markets exert some form of preference or pressure.
- The “reputation pull” where companies are motivated to behave well to promote and safeguard their reputation, or ability to attract investment.
- Ethics, in the form of values of business founders or leaders, codes of practice, or individual judgments.
- The impact of shock and crisis as for example scandals

The membership organization, EFQM (The EFQM Framework for Corporate Social Responsibility, 2004) presents a number of direct benefits for the organizations: increased brand value, greater access to finance, a healthier and safer workforce, stronger risk management and corporate governance, motivated people, customer loyalty, enhanced confidence and trust of stakeholders and an enhanced public image. Different ac have been actors engaged in framing the CSR agenda in the West such as NGOs, consultants, researchers, governments and similar. Except realizing that there are different ways to frame the business benefits from working with CSR it is also important to recognize that the different factors are often interrelated.

2.6. CSR Concept in Low and Medium Income Countries

The idea of CSR aims both to study the role of business in society and to make the most of the positive societal outcomes of business activity. In practice, much of the business activity that has so far been labeled, CSR has been driven by the concerns of investors, companies, campaign groups and consumers based in the world’s richest countries CSR concept in developing countries have been less visible globally and have frequently not been labeled CSR. The effect has been CSR practices that are mainly framed in wealthy countries, then internationalized and transferred to other businesses and social settings through global trade, investment, and development backing. The strategic challenge for governments at national and local levels is how best to form a program that has been mostly market driven and responsive to concerns of developed country stakeholders (UN, 2007). In a relative survey of CSR in fifteen countries in Europe, North America, and Asia, Welford (2005) hypothesizes that the low response rates from countries like Hong Kong, Malaysia, Mexico, and Thailand may in itself be a sign of CSR being less widespread in developing countries. This seems to be borne out by the research findings, in which these countries quite consistently underperform when compared with developed countries across twenty features of CSR measured by the survey. CSR is even considered idea (Moon, 2002b). The challenge for CSR in developing countries is framed by an idea that was distilled in 2000 into the Millennium Development Goals, a world with less poverty, hunger and disease, greater survival prospects for mothers and their infants, better educated children, equal opportunities for women, and a healthier environment (UN, 2006: 3). According to a study of CSR reporting in Asia, (Chappell and Moon, 2005) found that almost three quarters of large companies in India present themselves as having CSR policies and practices versus only a quarter in Indonesia. Falling somewhere between these two extremes are Thailand, Malaysia, and the Philippines 42%, 32% and 30% respectively. Moreover, they gather from the research that the evolution of CSR in Asia tends to take place in three waves, with community participation being the most established form of CSR, following by successive second and third waves of socially responsible production processes and employee relations. A review of literature on CSR in Africa is mainly dominated by South Africa while other pockets of research exist for Kenya, Nigeria and very few papers are focused on industry sectors, with traditionally high impact sectors like agriculture. This is confirmed by a review of the CSR literature on Africa between 1995 and 2005 (Visser, 2006a), which found that that only twelve of Africa’s fifty-three countries have had any research published in core CSR journals, with 57% of all articles focused on South Africa and 16% on Nigeria. CSR in South America is the least covered of the developing country regions, with the center mainly on Argentina, Brazil and Mexico, even though Nicaragua and Venezuela also feature. One useful collection of papers is the Journal of Corporate Citizenship special issue on CSR in South America (Haslam, 2007). (De Oliveira, 2006) notes that the CSR agenda in South America has been mainly shaped by socioeconomic and political conditions, which have tended to make worse many environmental and social problems such as deforestation, unemployment, inequality, and crime. (Schmidheiny, 2006) frames this in a positive way, claiming that CSR is considered by a lot of South Americans as the hope for optimistic change in the face of persistent poverty, environmental degradation, corruption, and economic stagnation.

2.6.1. CSR Drivers in Low and Medium Income Countries

According to (Wayne Visser, 2005), the vital question of what makes CSR in low and medium countries unlike from its typical manifestation in the developed countries, as stated by America and Europe. An influential way he did this was by examining diverse drivers for CSR in developing countries. Even if they are not all unique to developing countries, jointly they build up a unique picture of how CSR is conceived, incentivized, and practiced in emerging economies. He have identified ten major drivers for CSR in developing countries, as illustrated in Figure 5 and discussed below. Internal drivers refer to pressures from within the country, while external drivers tend to have a global origin.

Figure 5: Drivers of CSR in Low and Medium Income countries
1. Political Reform- CSR in developing countries cannot be separated from the socio political development process, which frequently drives business behavior towards integrating social and moral issues. For instance, (De Oliveira, 2006) disagree that the political and associated social and economic changes in South America since the 1980s, including democratization, liberalization, and privatization, have changed the role of business towards taking more responsibility for social and environmental matters.

2. Socio economic Priorities- There is strong argument that CSR in developing countries is most straightforwardly formed by the socio economic environment in which firms function and the development priorities this creates. (Amaeshi et al., 2006), for instance, disagree that CSR in Nigeria is specially planed at addressing the socio economic improvement challenges of the country, including poverty mitigation, health care provision, infrastructure development, and education. This, they argue, stands in stark compare to many developed CSR priorities such as consumer protection, fair trade, green marketing, climate change concerns, or socially responsible investments. Likewise, (Schmidheiny, 2006) questions the correctness of imported CSR approaches, citing examples from South America, where the most pressing issues like poverty and tax avoidance are typically not included in the CSR conceptions, tools, and methodologies originating in developed countries. By contrast, locally developed CSR approaches are more expected to respond to many social and environmental problems in the region, such as deforestation, unemployment, income inequality, and crime (De Oliveira, 2006).

3. Cultural Tradition- several believe CSR is a developed countries’ invention (and this may be largely true in its modern conception), there are plenty proof that CSR in developing countries draws strongly on deep rooted native cultural traditions of philanthropy, business morals, and community embedded. Indeed, some of these traditions go back to ancient times. For instance, (Visser and Macintosh, 1998) recall that the ethical condemnation of usurious business practices in developing countries that practice Hinduism, Buddhism, Islam, and Christianity dates back thousands of years. Likewise, (Frynas, 2006) notes that ‘business practices based on moral principles were advocated by the Indian statesman and philosopher Kautilya in the 4th century BC’ (p. 17). Africa’s circumstance, (Aamaeshi et al.,2006) found that CSR in Nigeria is framed by socio cultural influences similar to communalism, ethnic religious beliefs, and charitable traditions, while (Visser, 2005b) suggests that the values based traditional philosophy of African humanism is what underpins much of the modern, inclusive approaches to CSR on the continent.In South American circumstance, (Sanborn, 2002), quoted in Logsdon et al. (2006) reminds us that ‘varied traditions of community self help and solidarity stretch back to the region’s pre-Hispanic cultures, and include the mutual aid societies, trade unions and professional associations that emerged in the 19th and early 20th centuries’. This is similar with (Logsdon et al.’s 2006) myths of CSR in Mexico that need debunking: ‘One myth is that CSR in Mexico is new, another is that US firms brought CSR to Mexico, and a third is that CSR as practiced by Mexican firms simply reflects the CSR patterns and activities of US firms’ (p. 51). In Asia, (Chapple and Moon, 2005) reach a parallel conclusion, namely that CSR does differ considerably among Asian countries but that this difference is not explained by development but by factors in the respective national business systems’ (p. 415), a finding similar with (Birch and Moon’s, 2004) review of CSR papers for the Journal of Corporate Citizenship special issue on CSR in Asia.

4. Governance Gaps- CSR as a structure of governance or a response to governance problems is discussed in another part in book (Levy and Kaplan). Though, of particular importance for developing countries is the fact that CSR is frequently seen as a way to plug the governance gaps left by weak, corrupt, or under resourced governments that fail to sufficiently provide different social services for instance housing, roads, electricity, health care, education, etc. Matten and Moon see this as part of a wider tendency in developing countries with weak institutions and poor governance, in which responsibility is frequently delegated to private actors, be they family, tribe religion, or increasingly, business. In addition, as a lot of developing country government initiatives to get better living conditions falter; proponents of strategies argue that companies can assume this role. Proponents of CSR like this, (Blowfield and Frynas, 2005) view it as an option to government which is often advocated as a way of filling gaps in governance that have arisen with the speeding up of liberal economic globalization. A study by the World Business Council for Sustainable Development (WBCSD, 2000) illustrates this point of view: when asked how CSR should be defined, Ghanaians stressed building local capacity and filling in when government falls short. (Moon, 2002a) argues that this is part of a broader political shift towards a new governance approaches, whereby governments are more and more seeking to share responsibilities and to expand new modes of operation, whether as a result of excess or of a view that they do not have a monopoly of solutions for society. This is frequently in the form of social partnerships with nonprofit and for profit organizations. (Moon et al., 2005) cite this as an instance of corporations acting in a civic republican mode.

5. Crisis Response- different kinds of crises related with low and medium income countries which frequently have the effect of catalyze CSR responses. These crises can be economic, social, environmental, health, or industrial. For instance, (Newell, 2005) notes that the economic crisis in Argentina in 2001 to 2002 marked an important turning point in CSR, prompting debates about the role of business in poverty reduction. Others see climate change (Hoffman, 2005) and HIV/AIDS (Dunfee, 2006) as crises that are galvanizing CSR in developing countries. Catastrophic events with immediate impact are frequently more likely to bring out CSR responses, particularly of the philanthropic kind. The corporate response to the Asian tsunami is a classic case in point (Fernando, 2007). Nevertheless, industrial accidents may as well create pressure for CSR. Examples include Union Carbide’s response to the 1984 Bhopal disaster in India (Shrivastava, 1995) and Shell’s

6. Market Access- A rear of the socio economic priorities driver is to observe these displeased human desires as an untapped market. This concept underlies the new burgeoning literature on bottom of the pyramid strategies, which refer to business models that focus on turning the four billion poor people in the world into consumers (Prahalad and Hammond, 2002; London and Hart, 2004; Rangan., 2007). As we have before noted, this straying of business into the development field is not without its critics or problems. Corporate Social Responsibility may as well be considered as an enabler for companies in developing countries trying to way in markets in the developed countries. For instance, (Baskin, 2006) recognizes competitive advantage in global markets as one of the main drivers for CSR in Central Europe and Eastern Europe and Asia. Likewise, (Araya’s, 2006) study of CSR reporting among the main 250 companies in South America found that businesses with an international sales orientation were almost five times more likely to report than companies that sell products regionally or locally. This is particularly important as increasingly companies from developing countries are globalizing and needing to obey the international stock market listing requirements, including different forms of sustainability performance reporting and CSR code compliance (Visser, 2005). This is also mentioned in (Chapple and Moon’s, 2005) study of seven countries in Asia, which found that there is a firm relationship between international exposure, either in terms of international sales or foreign ownership, and CSR reporting.

7. International Standardization- regardless of the argue about the developed countries’ imposition of CSR approaches on the global South, there is plenty of proof that CSR codes and standards are a main driver for CSR in developing countries. As already noted, (Baskin’s, 2006) study of CSR practices in up-and-coming markets shows growing adoption rates of ISO 14001 and the Global Reporting Initiative’s Sustainability Reporting Guidelines. Codes are also often used as a CSR response in sectors that are common in developing countries, such as horticulture (Dolan and Opondo, 2005), Coca-Cola (Schrage and Ewing, 2005), and textiles (Kaufman, 2004), in addition to deal with pressing social issues in developing countries, such as child labor (Kolk and Van Tulder, 2002) or the role of women in the workplace (Prieto-Carron, 2004). Frequently, CSR is driven by regulation imposed by multinationals striving to attain global consistency among its subsidiaries and operations in developing countries. For instance, the Asia survey by (Chapple and Moon, 2005) found that multinational companies are more likely to accept CSR than those operating exclusively in their home country, but that the profile of their CSR tends to reflect the profile of the country of operation rather than the country of origin.

8. Investment Incentives- An idea that international companies’ investment is inextricably connected to social interests of developing countries is not a new fact (Gabriel, 1972). Nevertheless, increasingly these investments are being screened for CSR performance. Hence, socially responsible investment is becoming one more driver for CSR in developing countries. As one indicator of this, (Baskin, 2006) notes that around 8% of rising market companies on the Dow Jones World Index are included in the Dow Jones Sustainability Index, compared with around 13% of high-income companies. Intimately linked to the literature on socially responsible investment in developing countries is an argument about the business case for CSR. Even though very few instrumental studies have been done, a survey by (Connelly and Limpaphayom, 2004) demonstrates that environmental reporting does not negatively impact on short-term profitability and has a positive relationship with firm valuation. More generally, a report by (Sustain Ability, 2002) uses case studies to illustrate different business profit associated with addressing sustainability in developing countries. On top of these, (Goyal, 2006) competes that CSR may provide as a signaling device for developing countries seeking to evaluate foreign direct investment proposals by unidentified foreign firms.

9. Stakeholder Activism- without very good governmental manage over the social, ethical, and environmental performance of companies in developing countries, activism by actors have become one more critical driver for CSR. (Lund-Thomsen, 2004) explains this as an outcome of micro-level struggles between companies and communities over the distribution of social and environmental problems which are created when global political and economic forces interrelate with local contexts all over the globe. In low and medium income countries, four actors come out as the mainly powerful activists for CSR, namely development agencies (Jenkins, 2005), trade unions (Kaufman et al., 2004), international NGOs (Christian Aid, 2005), and business associations (WBCSD, 2000). These four stakeholders provide a platform of support for local NGOs, which are not constantly well developed or sufficiently resourced to offer strong encouragement for CSR. The media is also emerging as a main stakeholder for promoting CSR in developing countries (Vivarta and Canela, 2006). Stakeholder activism in developing countries takes different forms, which (Newell, 2001) classifies as social regulation, litigation against companies, and international legal instruments. Of these, social regulation is maybe the most common and successful. (Bendell, 2000) explains this as the theory that businesses are being regulated by social society, through the mutual effect of negative impacts from conflict and advantages from teamwork which gives new way for people to hold companies are responsible, there by democratizing the economy directly.

10. Supply Chain- a further important driver for CSR in developing countries, particularly among small scale companies, is the requirements that are being imposed by international companies on their supply chains. This movement began with different ethical trading initiatives (Blowfield, 2003 and 2004), which led to the development of reasonable trade auditing and labeling schemes for agricultural products sourced in developing countries (Dolan and Opondo, 2005). Accusation of poor labor conditions and human rights abuses in several high profile multinational supply chains in the sporting and clothing
sectors were also an important catalyst for greater concentration to CSR requirements (Hussain-Khalilq, 2004; Kaufman, 2004; Nielsen, 2005). A response has been the development of certifiable standards like SA 8000, which is now broadly used as a selection mechanism for multinationals in selecting their suppliers in developing countries (Kolk and Van Tulder, 2002). Major change has also been achieved through sector based initiatives such as the Forest Stewardship Council for sustainable forestry and the Marine Stewardship Council for sustainable fishing. (Johnson, 2004), more lately, this driver has been scaled up due to the so called Wal-Mart effect whereby main international and national retailers are committing to advertizing sustainability and responsibility through their suppliers.

CHAPTER 3: METHODOLOGY

3.1. Choice of Methodology

For the collection and analysis of the empirical data I used an inductive and qualitative method. When we have the real world as a starting point and investigate the reality through observations we call it an inductive research, in which the researcher used an open mind and by challenging own assumptions both in interviews and analysis. For this purpose, I have chosen qualitative research methodology. As (Merriam, 1998) points out, qualitative research is appropriate if the aim is to produce a holistic description and understanding of a phenomenon, rather than to investigate individual variables and their correlation, which is a common aim in quantitative research. (Merriam 1998) also states that qualitative research is useful when “there is a lack of theory, or existing theory fails to adequately explain a phenomenon”, which fits the exploratory purpose of this study that is due to a lack of prior research in this field. My qualitative research can also be characterized as explorative. Since I personally had little information on CSR in Ethiopia and the CSR research field is relatively new, not so extensively examined by scholars, at least not from an African perspective. According to (Atkinson, 2002) open problem discussions are frequently used in explorative and qualitative studies with the purpose of not limiting the possibilities of discovering new dimensions of the research problem. As mentioned in earlier sections, the existence of literature and research on CSR from an Ethiopian perspective is limited and it challenges the objective of examining CSR from Ethiopian perspective. Being a Dutch researcher with a western perspective might limit understanding as well as analysis. This research will probably only be possible by using an open mind and by challenging own assumptions both in interviews and analysis. The choice of methodology therefore conducted by field study based on unstructured interviews and dialogues. This made possible by my contact persons in Ethiopia taking personal contacts with the companies prior to visit.

3.2 Field Study

In order to solve the research problem, I decided to go to Ethiopia to perform a field study from June 23 to July 14, 2010. As I mentioned above the selection of relevant organizations is based upon the need for direct information from persons working with CSR in Ethiopia. The selection of organizations to interview is made through the recommendation and assistance of the NGO, Organization for Social Science Research in East Africa (OSSREA) in Addis Ababa, which assisted me in identifying organizations to be interviewed. OSSREA is a NGO working on CSR, a regional membership-based and donor-supported research and capacity-building organization whose mission is to promote dialogue and interaction between researchers and policy-makers in Eastern Africa and has knowledge about organizations working on CSR in Addis Ababa. These companies have been approached by phone and e-mail then interviewed by face to face for 30 to 40 minutes. Ten multinational companies with formal CSR strategies and twenty national companies have taken part in this study. Furthermore, I have interview with three NGOs and three Government Organizations. Appendix shows the name of multinational companies, national companies, NGOs and government organizations have been interviewed. The interviewee from the companies with companies was not necessarily responsible for the CSR agenda in their respective organizations. The interviewee with NGOs and government organization was with persons who were working on CSR activities. None of the interviewees was named since some for confidentiality and since it is not of relevance for the thesis.

3.3 Interviews

When performing qualitative research some and occasionally all of the data are collected through interviews. Interviews are appropriate when the intention is to obtain in-depth information. There are different interview structures. In highly structured interviews, the order of questions is predetermined which gives the possibility of quantitative processing of answers. A non-structured interview has open-ended, flexible, explanatory questions, more like an open conversation. Non-structured interviews are appropriate when the researcher has little knowledge about the research area. I have chosen to use unstructured interviews, with an overall interview framework. I chose unstructured interviews since the research area was fairly new to me and because I realized that with too structured interviews important information might be lost. I used an overall interview framework framed around the six main research questions:

- What is the Understanding of CSR in Ethiopia?
- What are your company's/organization’s activities with stakeholders for CSR implementation in Ethiopia?
- What is the role of media for CSR activities/implementation in Ethiopia?
- Do Ethiopian companies, government organizations and NGOs have CSR policy / strategy?
- What are the drivers and why companies implement CSR?
- What are the experiences and solutions for the future with regard to business participation in creating a sustainable society?

An option had been to carefully formulate a number of questions but I did not use this alternative since I wanted an explorative dialogue with the interviewees. The overall questions were sent to the people taking part in the study in advance.
3.4 Data Collection
In this research I used both primary and secondary data. Primary data is information collected by the researcher especially for the purpose of the study, and the information which has not been documented before (Yin, 1994). The primary data for my thesis is collected through personal interviews with representatives and employers of companies and organizations in Ethiopia, as I considered this method is the most suitable to obtain the qualitative information that I needed to answer my research questions. Secondary data was collected from books, articles, reports and internet to gain an understanding of the area and what has already been done. The secondary data have contributed to a fundamental knowledge of the research subject. This data was obtained more mainly through written literature on CSR, academic publications on the topic, web pages, and various reports from companies and organizations. The information helped to increase the understanding of the specific research area as well as highlighted current trends within the CSR field of research.

3.5 Data Analysis
The most important aspect of research is the analysis of the data, which implies examining, categorizing or recommending the evidence (Yin, 1994). Yin categorizes ways to do so in two general strategies. The first strategy is to relay on theoretical preposition and analyze the data according to research questions and a frame of reference driven from the literature. The second strategy implies that a researcher develop a case description and descriptive framework in order to present the data. In this research the information gathered from the secondary sources (companies and organizations reports) as well as the data from the primary sources (representatives and employers' interviews) was first aggregated according to the research components, which was develop based on the theoretical framework. Then the interpretation and discussion of the findings conducted according to the theories and the literature review material. It presented according to major areas of discussion which organized according to the research questions. In order to gain a deeper understanding of the complex situations concerning experts and organizations, responses have been categorized and thereafter analyzed by identifying patterns and trends. All interviews recorded on tape and listen to numerous times. Interviews thereafter transcribed and read before any information separate. The data collections continuously have been analyzed for enhancing the study, but also for ensuring validity. In order to extract relevant data, several precautions will take to ensure both validity and reliability.

3.6 Validity (Reliability)
According to (Patel and Davidson, 2003), there is a variation between reliability in quantitative and qualitative research. In qualitative research reliability is improved in the light of the sole interview situation. If the dialogue can capture the uniqueness of that actual situation which results in a difference of answers, this is more important than having similar answers every time. I believe that similar results can be obtained, if the interviews repeat, but they may not be analyzing in the same way as in this study since the analysis is dependent on the researcher's background. Validity can be reached when the results of a research are in accordance with the reality. One reaches high validity when one measures the whole phenomena that is to be measured and nothing else. It is important to be aware of the fact that information is always interpreted and that a researcher cannot observe or measure a phenomenon without some degree of subjectivity. (Patel and Davidson, 2003) claim it is not possible to fix any procedures to guarantee the validity in a qualitative research since every qualitative research process is unique. Internal validity is how congruent the findings are with reality. Since there is always one interpreter one can argue that one can never reach 100 % internal validity. I have a feeling though that all of the interviewees answers was reliable, honest and well founded. Neither do I claim that the interviewees in this research represent the general opinion on Corporate Social Responsibility in Ethiopia. External validity is concerned with the extent to which the findings of a study can be applied to another situation. In this thesis I tried to give a description of my research providing the reader with enough information to determine if the results can be transferred to another study.

CHAPTER 4: EMPIRICAL FINDING – FIELD STUDY IN ETHIOPIA
This chapter presents the findings of the field study for each research questions. The results from the interviews with ten multinational companies, twenty national companies, six government organizations and NGOs are presented following each research questions below.

4.1 What is the Understanding of CSR in your company/organizations?
The findings regarding the CSR understanding for multinational company, national companies, government organizations and NGOs are presented as follow.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Multinational Companies</th>
<th>CSR Understanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MOENCO Ethiopia LTD</td>
<td>According to the respondent the company has adopted the CSR definition of the World Business Council for Sustainable Development. “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 community and society at large.”</td>
</tr>
<tr>
<td>2</td>
<td>Moha Soft Drink Industry (PEPSI)</td>
<td>The respondent stated that the company has defined CSR as a capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the</td>
</tr>
<tr>
<td>No.</td>
<td>Name of the Organizations</td>
<td>CSR Understanding</td>
</tr>
<tr>
<td>-----</td>
<td>------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Adis Ababa University</td>
<td>A respondent from Adis Ababa University (AAU) revealed that they teach about ethics, corporate governance and corporate social responsibility in their courses, but they have few examples in practice in Ethiopia. The respondent also added that AAU uses CSR definition of World Business Council for Sustainable Development “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 community and society at large.”</td>
</tr>
<tr>
<td>2</td>
<td>USAID</td>
<td>A respondent from USAID stated that they use the concept or CSR definition used by Business for Social Responsibility “Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business”.</td>
</tr>
<tr>
<td>3</td>
<td>Menschen für Menschen</td>
<td>A respondent from the Menschen für Menschen stated that the concept of CSR used for is about how companies manage the business processes to produce an overall positive impact on society.</td>
</tr>
<tr>
<td>4</td>
<td>USSREA</td>
<td>The concept of CSR used by USSREA is “a concept whereby companies decide voluntarily to contribute to a better society, a cleaner environment and a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”.</td>
</tr>
</tbody>
</table>

### 4.2 What are your company’s/organization’s activities with stakeholders for CSR implementation in Ethiopia?

#### 4.2.1 Multinational Companies

According to a respondent from MOENCO Ethiopia LTD, the company has a number of focus areas for its CSR agenda and constantly tried to focus on the basic needs of society, reaching as many people as possible through its CSR initiatives. Its objective is to target all parts of the country with its CSR activities but MOENCO Ethiopia LTD is presently using Addis Ababa as a test area for its projects and initiatives. Regarding the internal CSR work the focus of the foundation is at present to gain commitment and understanding for the CSR initiatives. For instance the company runs a scholarship programme. The objective is for 180 pupils to be examined each year through scholarships. The company found it important that the pupils don’t feel like “second hand” students because of the scholarships. MOENCO Ethiopia LTD has also introduced a grant that is being offered to the school in combination with the scholarship that makes the scholarship beneficial not...
only for the student but also for the schools. A respondent from Moha Soft Drink Industry (PEPSI) has revealed that the company has initiated micro credits to its customers especially for whole sellers. The Ethiopian government has also introduced a micro credit finance programme but the interest rates are still very high. The objective for this company is therefore to give the opportunity for people to take a loan (PEPSI products) without interest rates and after their customer sells their product they will pay back within the given time. According to a respondent from Ethiopian Airlines, in 2008 Ethiopian Airline unveiled plans to plant trees throughout Ethiopia, during the Ethiopian Millennium year, and launched a long-term environmental campaign known as FLY GREENER. The respondent revealed that over 60% of the land mass of Ethiopia was once covered with forest but sadly, that has now been reduced to less than 3%, with undesired consequences on the health and wealth of its people. As part of its corporate social responsibility, Ethiopian Airlines has dedicated resources to bringing trees back to Ethiopia and thus has been actively pursuing the initiatives of Greener Ethiopia, a community based association dedicated to the improvement of the local environment by planting trees. The respondent added that, 7.5 million seedlings of multipurpose and indigenous trees have been distributed to various communities in the Southern part of Ethiopia. TOTAL Ethiopia, as the respondent stated, works intensively on waste management and environmental issues with the cooperation of Addis Ababa City Administration. For example, a project has been run with the purpose of installing refuse collection centers as well as offering training for people to become refuse collectors. According to the respondent their vision is to create an environmental movement where all companies, large and small, contribute with something in the work of improving the environment. The company is also working closely with Ministry of Transportation by giving training and financial aid for traffic safety to reduce the number of car accident in Ethiopia. Respondent from MIDROC Construction stated that their CSR activities cover both Community development and Environmental development. With regard to the environmental issues environmental impact assessments are being done at all sites when new construction installations are set up. In each site, there are meetings with stakeholders to gain understanding for needs and requirements. According to the respondent an example can be a water project that affects both health and the community development. The company has for example provided communities with 500 boreholes across the three regional state of the country. A respondent from East Africa Bottling Share Company stated that, the company supports the National Action Committee against Aids/HIV, through the sponsorship of its HIV/AIDS awareness campaign. The company has also developed TV plasmas on billboards junctions on HIV/Aids. Further there is a co-operation with UNICEF with the purpose of educating teachers on HIV/AIDS education. The company is also involved in a breast cancer project through the whole process from how to examine if a person has cancer to support after having had the actual operation. In the same activities, according to respondents from Pathfinder Group Int. and Hilton Addis, with regard to their internal CSR work, the companies are actively involved in the prevention of and the development of awareness around the HIV/AIDS health issue. These companies have engaged a third-party non-profit organization to manage the groups HIV/AIDS programmes and to provide HIV/AIDS testing treatment and counseling for their infected employees and their dependents on a confidential basis. For example, in 2006 Hilton Addis extended its HIV/AIDS programmes to all its employees and Pathfinder Group Int.’s staffs were encouraged to take part in community projects, particularly within the area of education. Respondent from Holland Car Company has stated that the company runs a pilot project in Oromiya Regional State, “the School Furniture Project”. The representatives who make the installations at new sites identified the lack of and need for furniture in many of the schools of the communities. The project has so far funded 13 schools with furniture. With regard to its customers the company is constantly trying to live its brand promise for its customers and the society at large. According to respondent from Flora Eco-power, the company is also has sought the support of corporate organizations in donating their services, expertise and equipment for schools. This initiative is changing the rural face of Ethiopia for the better.

4.2.2 National Companies

A respondent from Ethiopian Tele communication Corp. stated that even though the company has no CSR concept and policy they initiated an involving partnership with the National Poverty Eradications Programme, to help unemployed youths establish call centers. The pilot scheme has involved the distribution of handsets, tables, chairs and parasols for 650 call centers and this has been extended to more beneficiaries. Ethiopian Tele communication Corp also supports the annual Ethiopian Institute of Management competition for young managers in Ethiopia. According to a respondent from Ethiopian Electric Power Corporation, they have initiated the football club which is run according to the principle the corporation pay annual fees to the club that enable the employees of the corporation to come to the facility and play soccer after work as recreations. Ethiopian Electric Power Corporation also arranges different tournaments. The corporation also uses the facility for marketing events. Part of the income from the events, the company fees and marketing is donated to the schools. Ten schools in Addis Ababa have so far been totally renovated. The children in the area are also allowed to play at the facility free of charge. The corporation has also interviewed the children of the schools and pupils with skills have been given the opportunity to work at the facility as hosts and referees. Some of the children are given the opportunity to apply for referee licenses. The principle is that the old students will be mentors for the young student to give them hope and possibilities for the future. The respondent stated that Ethiopian Electric Power Corporation also runs a programme “Computers through football” with the objective “to bridge the digital divide” – the economic gap that prohibits access to information technology. “Computers through football” is a non-profit making scheme dedicated to providing an alternative for achieving technology education in the classroom. It is geared towards providing IT infrastructure for state schools as a way of broadening the educational accomplishments of the Ethiopian youth. The corporation seeks the support of corporate organizations in donating their services, expertise and...
4.2.3 Government Organizations and NGOs

According to the respondent from USAID they still face an uncertain future i.e., in Ethiopia, HIV/AIDS and health issues are having a dramatic impact on social cohesiveness and economic strength, blocking the very development goals they seek. Virtually all the new democracies in Ethiopia today are fragile and nearly more than half of the people living in Ethiopia live in absolute poverty. Therefore, the respondent revealed that USAID is working in agriculture, democracy & governance, economic growth, the environment, education, health, global partnerships, and humanitarian assistance in all regions to provide a better future for all Ethiopians. According to a respondent the Organization for Social Science Research in Eastern and Southern Africa (OSSREA) is a regional membership-based and donor-supported research and capacity-building organization. Its head quarters is based in Addis Ababa, Ethiopia. The respondent stated that the activities of OSSREA are: Creating a data bank that provide useful information to universities and research centers in the region Collecting, preserving, and making accessible to researchers African archives, Collecting and making available to members, researchers and other users scientific and up-to-date literature and other relevant materials in the social sciences, especially those related to the region, Providing users with reference materials Documenting and facilitating OSSREA’s workshop and training activities and Providing a reading room to all eligible users A respondent from Menschen für Menschen (NGO) revealed that their organization have set up several integrated rural development projects and developed the idea of “integrated rural projects” to initiate lasting and sustainable change in four Ethiopian regions. In cooperation with the local population, they have integrated and interlocked approach to development activities in the various project categories. Their additional project activities are implemented in the regions of Ethiopia with the construction of wells and spring tapings close to villages, and provided hygienic living conditions. According the respondent, their achievements are: 1,412 watering places, 50 irrigation plants and 65 water reservoirs. The preservation and regeneration of soil is one of their basic tasks. According to a respondent from Faculty of Business and Economics of Addis Ababa University, the course they are giving is intended to introduce students to the subject area of CSR. In doing so the course invites students to consider the various social and environmental impacts of business activity and how companies are seeking to manage these issues. The respondent also stated that their course will locate business within a social and environmental context and encourage consideration of the role of business within the wider public policy goal of Sustainable Development.

4.3 What is the role of media for CSR activities / implementation in Ethiopia?

4.3.1 Multinational Companies

According to the all respondents, multinational companies agreed that the role of the media is undoubtedly crucial and that its participation has to be active and educative; promoting the best practices but also condemning the meager ones. However, opinions regarding the consistency of the information received by the media are divided. Because three of the companies responded that information regarding strictly to CSR is only should published in specialized media, like journals, magazines and websites and news regarding support of companies to social causes or philanthropy are very well covered by the mass media like TV and newspapers. The respondents stated that, in Ethiopia the delivering of news, with a fear and favor, had a negative impact for CSR development and for companies not to survive and perform well. The respondents also stated that, all different forms of media in Ethiopia have rules and regulations unfortunately, not all regulations are always properly exercised. This became quite a hot topic that was debated for many years due to the closure of the many private newspapers, as well as other accusations that were addressed to other newspapers over their coverage on political and human right issues.

4.3.2 National Companies

The researcher asked the national companies about their points of view about the role of the Ethiopian media within the implementation of CSR; if they believed that the media receives enough and consistent information about the enterprises that have engaged in CSR activities and how did they think that the media could contribute to increase the interest on the CSR implementation. According to all respondents from the National Companies media sector possess an incredible power, even comparable to religion, for suggesting and convincing people what to do, how to behave, what to buy, where to go and even better, what to believe in. According to the respondents in the emerging global economy, where the internet, the news media and the information revolution didn’t shine light on social, environmental and business practices in Ethiopia, companies are not judged on the basis of their CSR activities. Actors in business, societies and consumers have to know what are inside the companies. The respondents also revealed that, the picture on the role the media play in portraying CSR and Sustainable Development initiatives. The good and bad news report should be told, because progress with sustainable development requires the involvement of all media. The media’s understanding and sustained intelligent coverage of the CSR and SD agendas is a necessary precondition for real progress.

4.3.3 Government Organizations and NGOs

According to all respondents from government organizations they believe that the communications media should hold an extra load in terms of CSR due to their high social impact, contact with people and potential capacity to inform the world about the scale of any problem as well as to convince them that each of them has a solution. The respondents also added that the media they think, with appropriate alliances, could develop analysis and
evaluations about the programs implemented while identifying also causes or needs to be attended. All respondents from NGOs agreed that considering the philanthropic aspect of CSR, companies and organizations should know that the mass media could contribute to increase the interest on the CSR implementation by raising the awareness about the importance of coordinating government, society and businesses and embrace the CSR process with commitment, enthusiasm and positive attitude.

4.4 Do Ethiopian companies, government organizations and NGOs have CSR policy/strategy?

4.4.1 Multinational Companies

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Multinational Companies</th>
<th>CSR Policies and Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>East Africa Bottling Share Company</td>
<td>The company has vision and commitment of “Making Life Better” for their customers, employees, shareholders and the communities in which they do business. The company has linked this vision and commitment to its CSR agenda. The CSR agenda is also linked to the company brand values; Cultural Diversity: They are proud of our culture. Our brand embraces the whole of Ethiopia. It extends across the multicultural richness and celebrates diversity and the warmth of individual expression. Modern and progressive: They are a pioneering company. They talk to their customers on both a local and pan-African scale. Human: They are warm, open and genuine in all their communications. Their message appeals to everyone.</td>
</tr>
<tr>
<td>2</td>
<td>MOENCO Ethiopia LTD</td>
<td>The company has expressed their policy and strategies to show that Ethiopia is a country where one can conduct business successfully and in an ethical manner in line with the company's mission. The company has produced guidelines for Ethical Business Conducts, which addresses the following areas; • Relationships with the local authorities • Relationship with local communities • The relationship with suppliers and competitors • Bribery, corruption and extortion • Guidelines on gifts and entertainment • A quick help to resolve conflicts of interest</td>
</tr>
<tr>
<td>3</td>
<td>TOTAL Ethiopia</td>
<td>The company has developed an “Ethics and compliance code” and provides training for suppliers in ethical behavior. The company has guidelines for Ethical Business Conduct “Respect All” that apart from general principles also guide employees and leaders about relationships and business conducts with the local authorities, local communities, contractors, suppliers and competitors. Apart from its overall CSR policy, the company also has a number of sectorial policies and strategies.</td>
</tr>
<tr>
<td>4</td>
<td>Ethiopian Airline</td>
<td>The company has business strategy and policy to disseminate seedlings of multipurpose trees that are certain to bring sustainable livelihood values to farming communities. While the effort to distribute seedlings will continue for the foreseeable future, the airline is looking to cover selected areas with trees. Ethiopian, the country's flag-bearer and symbol of excellence in management and operation, is the first green airline in Africa.</td>
</tr>
<tr>
<td>5</td>
<td>Pathfinder Group Int. and Hilton Addis</td>
<td>Both companies have business policies to promote preventative measures and to offer training to their employees. The policy is, wherever possible, to offer counseling, testing and treatment. These companies have also engaged a third-party non-profit organization to manage the groups HIV/AIDS programmes and to provide HIV/AIDS testing treatment and counseling for their infected employees and their dependents on a confidential basis.</td>
</tr>
<tr>
<td>6</td>
<td>Moha Soft Drink (PEPSI), Holland Car MIDROC Construction, Flora Eco Power</td>
<td>These companies have not yet CSR policy but the CSR agenda is run on a strategic level based on their business strategic plan of the companies. Their aim is to integrate CSR in their companies' strategic documents, code of conduct or similar.</td>
</tr>
</tbody>
</table>

4.4.2 National Companies

All of the respondents from National Companies have not developed a CSR policy and strategies since they don’t have good CSR concept and CSR is not operated on a formal basis but integrated in three companies’ (Ethiopian Electric Power Corporation, Muger Cement Factory and Ethiopian Telecommunication Corp. business idea and operation.

4.4.3 Government Organizations and NGOs

All respondents from government organizations stated that they have not developed a CSR policy and strategies since CSR is not operated on a formal basis. But respondents from NGOs have revealed they have developed their CSR policy and strategy which presented below:
4.5 What are the drivers for CSR implementation?

4.5.1 Multinational Companies
The finding regarding the CSR drivers of multinational companies is presented in the table below.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Multi-National Companies</th>
<th>CSR Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>MOENCO Ethiopia LTD</td>
<td>- brand building and the desire to give back to society</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- new business opportunities, social and environmental innovation</td>
</tr>
<tr>
<td>2</td>
<td>Moha Soft Drink Industry (PEPSI)</td>
<td>- enhanced brand value, reputation and the desire to give back to society</td>
</tr>
<tr>
<td>3</td>
<td>TOTAL Ethiopia</td>
<td>- brand building and the desire to give back to society</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- improve the investment climate</td>
</tr>
<tr>
<td>4</td>
<td>East Africa Bottling Share Company</td>
<td>- brand building and the desire to give back to society</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- comply with International Standards</td>
</tr>
<tr>
<td>5</td>
<td>Flora Eco Power</td>
<td>- comply with International Standards, enhanced brand value and reputation</td>
</tr>
<tr>
<td>6</td>
<td>Pathfinder Group Int.</td>
<td>- good relations with government and communities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- improved financial Performance</td>
</tr>
<tr>
<td>7</td>
<td>Ethiopian Airline</td>
<td>- brand building and the desire to give back to society</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- comply with International Standards</td>
</tr>
<tr>
<td>8</td>
<td>Holland Car</td>
<td>- brand building and the desire to give back to society</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- good relations with government and communities</td>
</tr>
<tr>
<td>9</td>
<td>Hilton Addis</td>
<td>- better risk and crisis Management</td>
</tr>
<tr>
<td>10</td>
<td>MIDROC Construction</td>
<td>- brand building and the desire to give back to society</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- increased international and local competition due to liberalization – concerns for efficiency and productivity</td>
</tr>
</tbody>
</table>

4.5.2 National Companies
According to the respondents since all national companies have not developed a CSR concept, CSR policy and strategies, all of the companies have not also developed CSR drivers.

4.5.3 Government and NGOs
All respondents from government organizations stated that they have not developed CSR drivers since they don’t have CSR concept, policy and strategy. But respondents from NGOs have revealed they have CSR drivers that run as follow:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of NGOs</th>
<th>CSR Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USAID</td>
<td>- The need to improve the development climate – better governance, voluntary disclosure, transparency, accepting the rule of law</td>
</tr>
<tr>
<td>2</td>
<td>Menschen für Menschen</td>
<td>- To addresses community development</td>
</tr>
<tr>
<td>3</td>
<td>OSSREA</td>
<td>- New research opportunities, Social and environmental innovation</td>
</tr>
</tbody>
</table>

4.6 What are the experiences and solutions for the future with regard to business participation in creating a sustainable society?

4.6.1 Multinational Companies
According to respondents from East Africa Bottling Share Company and MOENCO Ethiopia LTD Companies, they suggest that training is the key to improving CSR and there is a need to both raise the awareness of managers about CSR issues and develop the capacity to begin to implement CSR practices within companies and this must involve managers in identifying priorities for their company and sectors as well as developing effective skills in putting ideas into practice. One starting point they recommend is to develop training programmes that are accessible to companies’ and organizations’ managers. This probably means making them short and intensive since managers perceive themselves to have little time to spend outside of the factory setting. Respondents from Moha Soft Drink Industry (PEPSI) and TOTAL Ethiopia also suggested that CSR training programmes need to be developed in areas where there is already little capacity and therefore need to have the support of organizations and companies that are able to bring expertise to table. The respondent have also
added that local government officials with particular responsibilities for companies issues, the NGO, community, academics, consultants and experienced CSR managers need to be brought together in a programme of information sharing and skills development. Respondents from MIDROC Construction, Holland Car and Ethiopian Airline also have revealed that at the root of many of the obstacles facing national companies in the supply chain are the lack of expertise amongst their staff and the lack of expertise from the consultancy sector in many areas. According to the respondents, the major priority for pushing CSR further down supply chains is therefore to train more people with the skills to deal with CSR issues and practices. They have also recommended that working closely with universities, the large brand name companies themselves, business associations and NGOs, governments and other international agencies, could establish a number of training institutes both at the country level as well as more local levels. According to Hilton Addis and Flora Eco Power, CSR in Ethiopia has so far tended to be the preserve of multinational companies and NGOs. It has not generally become an issue with which civil society in general has dealt with in a coherent form. Therefore, the respondents stated that, many groups should engage with the issue that constitute. The respondents also revealed that there is a real need for all stakeholders to act in tandem to make a concerted effort at assisting CSR to become a central plank of mainstream civil society discourse and it might be useful to unite various elements of CSR (such as labor, the environment, occupational health and safety, etc.) so as to forward a more strategic engagement on a cluster of interlinked issue rather than see them in isolation from each other. A respondent from Pathfinder Group Int. stated that for many experts in the CSR community, getting businesses simply to obey the law would be a major step forward for companies. Governments must also tackle the reasons why laws are not adopted and improve the skills and knowledge of local government and other regulators and inspectors. Governments need to recognize their role in implementing regulations but where appropriate also encouraging negotiated and voluntary agreements.

4.6.2 National Companies

Respondents from Almeda Textile Factory, Muger Cement Factory and Wonji Showa Sugar Factory stated that, training programmes should be extended beyond just companies’ managers and employers. According to the respondent there is also a need to build capacity within workforces and within national and local government, NGOs and local communities because training programmes can be targeted at particular issues (e.g. health and safety, employment law, environmental protection, wages, etc.) or at particular groups (e.g. women workers, migrant workers, NGOs, the media, etc.). According to the respondents from Awash Bank and National Oil Company (NOC), the starting point for a CSR programme would normally involve some sort of stakeholder engagement in order to collect the views of various stakeholder groups and to use that information to help set priorities and the boundaries of any CSR initiatives. But national companies in the supply chain lack the resources, knowledge and expertise to engage in a process, which can be quite complex and time consuming. Therefore, the respondents suggested that good stakeholder dialogue requires a particular set of human resource skills if it is going to be conducted in a way that will produce meaningful results. According to respondents from Awash Melkassa Aluminum Sulphahte & Sulpheric Acid S.C., ELFORA and ETHIO-AGRI CEFT, there is a need in many parts of Ethiopia for civil society to be more fully involved in the CSR practices of companies. They need to develop their own knowledge and skills in this area in order to be capable of playing a full role as business stakeholders and promote good practice along supply chains. In addition, local communities can also be helped to voice their views about aspects if industrial development, related pollution and social issues. Respondents from Ethiopian Telecommunication Corp., Mesebo Cement Factory and ET Highland Flora revealed that it is taken for granted in many countries that national companies require training assistance, but there is no fund as yet in Ethiopia that caters to business requiring information on the implementation of CSR. The funds could be used by companies to attend seminars, by organizers bring in experts from outside Ethiopia, and provide expertise on local issue relevant to business. According to the respondents of Commercial Bank of Ethiopia, Ethiopia Electric Power Corporation and Ezana Mining Development, the government of Ethiopia has to encourage reporting as a voluntary means of disclosure. Local government, in particular could link such disclosure to league tables, rewards and other incentives. Government can also encourage other agencies such as securities exchanges and their related regulators to ask for more information related to economic, environmental and social risks. Respondents from Sunshine Construction and St. George Beer Factory stated that the Ethiopian government has to develop business to business and NGOs to business partnerships; however, it can be involved in tri-partite partnerships itself. According to the respondents they have seen how tri-partite partnerships are often able to create advantages that regulation alone cannot and the government can take a lead in creating a more participatory society in that context.

4.6.3 Government Organizations and NGOs

According to a respondent from Menschen für Menschen there is the lack of CSR skills amongst companies and organization managers and the lack of specific skills within consultancy companies that prevents the further development of CSR in companies. The respondent added that this skills shortage is likely to continue to exist into the future unless there are concerted efforts to increase the level of specific skills and general capacity in the area. A respondent from USAID stated that the government of Ethiopia can help to develop business to business and NGOs to business partnerships. In addition, however, it can be involved in tri-partite partnerships itself. They have seen that how tri-partite partnerships are often able to create advantages that regulation alone cannot and the government can take a lead in creating a more participatory society in that context. According to a respondent from Ministry of Capacity Building, if government of Ethiopia is to play and active role in encouraging good CSR practices then there is a need for some significant capacity building amongst their own official, regulator and inspectorate staff. In the short-run it is probably best to target those officials in...
CHAPTER 5: FINDING ANALYSIS

The mainly referenced theoretical CSR model is Carroll’s “Pyramid of Corporate Social Responsibility” (1991), in which CSR is considered as a multifaceted concept that can be differentiated into four interrelated aspects: Economic, Legal, Ethical and Philanthropic Responsibilities. According to the theoretical findings philanthropic responsibility has a high main concern in Ethiopia. The empirical findings support this statement since all the people interviewed in Ethiopia evidenced the need for companies and organizations to engage in philanthropy since the government and institutions not succeed to support the socioeconomic needs of the Ethiopia society. The empirical findings are as well in accordance with the study “Revisiting Carroll’s Corporate Social Responsibility pyramid from an African perspective” (Pedersen & Huniche, 2006). According to this study, an economic responsibility has the most importance in Africa and philanthropy is given second highest priority. Ethics seems to have the least influence on the CSR agenda in Africa. However, is this mean that African companies are less ethical than developed countries or can it be that variations in ethical practices are due to differing circumstances, not differing ethical principles? And how do people understand the different dimensions of Carroll’s model in different cultures? What is meant by philanthropy? Something that might be viewed as philanthropy in the developed countries, like giving funding for HIV or Aids prevention might in Ethiopia be a business need for survival where a large number of the workers might be affected. The advantage of using Carroll’s model is that the model is simple to be aware of and that it shows that CSR has more than one aspect and that the different dimensions sometimes are in contrast with one another. The difficulty with using Carroll’s model in an African circumstance is that the model has not been correctly tested outside USA. On top of these, the model appears too static to be able to capture the complication of CSR in practice. In African context for example, conflict and contradictions usually tend to be the norm, rather than the exception. Different researches also indicates that the understanding and practice of CSR is socio culturally enclosed and an important effect of the World Business Council for Sustainability Development study (http://www.cecodes.org.co) was that different countries and regions in the world have diverse perspectives and understanding with regard to what CSR means. Most of multinational companies and NGOs in Ethiopia accepted definitions already established and developed by organizations from the Western countries. MOENCO Ethiopia LTD and Addis Ababa University have for example adopted the CSR definition of the World Business Council for Sustainable Development. But many people argue that companies and organizations should use an analytical approach to develop own definition and understanding based on the uniqueness of the companies/organization. As evidenced in finding sections, CSR in Ethiopia is a new concept that started off as a response by multinationals and NGOs to remedy the effects of their extraction activities on the local communities. Today, more companies initiate CSR strategies in Ethiopia. Apart from multinational companies we can also observe an increased number of NGOs and few national companies. According to the theoretical findings there are a myriad of definitions of CSR, each valuable in their own right, defined to fit the organization in question. According to the empirical findings this seems to apply for Ethiopia as well with varying definitions in different organizations. It also appears that the majority of the organizations have adopted CSR definitions from the Western countries. The findings also show that philanthropy gets a high priority in Ethiopia which is due to the huge socio economic needs which has resulted in philanthropy becoming an expected norm in the Ethiopia society. Also CSR is still at a new stage in Ethiopia, sometimes even equating philanthropy. Almost all respondents stated that the philanthropic intention has the highest and main concern in Ethiopia. This is confirmed by the empirical findings that show that the Ethiopian companies and organizations in the field study perceive and practice CSR as corporate philanthropy mainly aimed at addressing socio-economic development problems. According to the theoretical findings CSR is socio culturally implanted. With regard to Ethiopia and the empirical findings in the field study there is a obvious relation between CSR activities and cultural or societal circumstances. Philanthropic activities are main activities since social needs in Ethiopia are so endemic. It is important to observe though that what are regarded as philanthropic motives in the Western countries might be business motives in Ethiopia. CSR program in Ethiopia has a constructive impact on the society but what can also be observed in the theoretical findings is that many of the CSR initiatives are not always
sustainable, sometimes even generating negative impacts on society. What the empirical findings demonstrate is that the organizations and companies involved in the in CSR activities all have similar programmatic areas, as for example community development and health. These areas are of course of great significance if Ethiopia is going to reach sustainable development. The question is if proper analyses have been made with regard to alternative CSR areas that can be addressed in society. There are very few national companies in Ethiopia with CSR definition and with formal CSR practices but with leaders with a personal commitment to improve the Ethiopian society and to integrate this personal engagement with business opportunities. Ethiopian Electric Power Corporation, Muger Cement Factory and Ethiopian Telecommunication Corp which were part of the field study are examples of these kinds of organizations. In these companies the CSR concept is practiced on an informal basis. The national companies reflect an implicit more dynamic culture of concern and respect for stakeholders which operates informally and might not be labeled CSR but is a reflection of an evolving society in which basic amenities are often not provided by government. As to the empirical findings it appears that the CSR practices in Ethiopia to a large amount have a supporter receiver approach and do not appear to be regarded as practices that have the possibility of evolving all involved stakeholders. The CSR approach is primarily driven as a mean for solving existing societal problems while at the same time making life easier for companies and organizations operating within the Ethiopia context. Ethiopia may need to transform its CSR journey to a next phase where the CSR agenda is driven by a variety of stakeholders, including all companies and organizations from both the formal and informal sector, to foster innovation and creativity in Ethiopia in a sustainable manner. Excellent stakeholder dialogues do not exist between companies with CSR strategies and the local communities and NGOs in Ethiopia. Despite this, it seems to be a lack of cooperation among organizations and companies in the formal and informal sector of Ethiopia. Other difficulty areas discovered in the empirical findings was there are no CSR practices being integrated into management systems and daily business operations within many companies and organizations. But there is an enhancement of philanthropic initiatives in Ethiopia to a great amount has been institutionalized. A question to rise is if the organizations have analyzed the impact of their CSR practices to find out if they reinforce this CSR institutionalization or if their CSR practices truly allow communities and people to take charge of their lives and destinies. The CSR practices of the multinational companies, NGOs and few national companies in Ethiopia generated constructive impacts on the society in Ethiopia but at the same time many view about the initiatives without sustainability for concerned communities. A solution to this could be that the multinational and NGOs with formal CSR strategies motivate cooperation with the national companies in both the formal and informal sector of Ethiopia to gain knowledge from each other and to expand a joint CSR agenda for Ethiopia. It will probably be necessary to demonstrate to national companies in Ethiopia that the principles of CSR are not just something that calls for compliance; but to demonstrate that CSR can make business sense and can open up to access to growing markets. National companies’ clusters can for example be an effective platform to launch broader CSR initiatives. If CSR is going to develop as a mean for creating sustainable businesses in Ethiopia, as well as amending the conditions of its nation we might need to consider how a CSR concept can be developed that not only multinational companies and NGOs can embrace but also national companies too. The question is how to develop a local/regional agenda that to a great extent has been market-driven as well as a response to concerns of the rich country stakeholders of Ethiopia. There are examples of countries developing local CSR applications though. The researcher would recommend an approach, not excluding western countries approaches but using a selective approach and not exclusively imitate Western CSR approaches. Many of the Western countries approaches have been tested and improved accordingly and should of course not are neglected. But at the same time I would like to see an integrated approach, using what I call a “hybrid approach” which means using “the best from Western countries” namely selectively use Western approaches that can be useful but at the same time develop own practices that are linked to cultural roots and which can be understood and engage national companies in the formal and informal sector of Ethiopia. The new African management models that link management systems to cultural context could be used in this integrated approach when developing the CSR agenda in Ethiopia.

CHAPTER 6: EPRICAL FINDING COMPARED WITH CSR IN AFRICA: INTERNET RESEARCh

According to a study” CSR in Africa: Internet Research”, although the definition of CSR is gaining some prominence within policy debates in Africa, it is not carried out widely and is usually associated with philanthropy. But there are many large companies related initiatives and business activities in Africa that might be described as expressions of CSR, and there are also emerging specialist CSR organisations. The study also shows that specially the sub-Saharan Region, suffers from the lack of CSR concept. With regard to the researcher’s finding, the understanding of CSR concept is new in Ethiopia. All of national companies and government organizations in Ethiopia have not created their own or used others’ definition of the concept CSR. Whereas most of multinational companies and NGOs have already adopted, accepted and agreed on mostly the definitions of three dimensions of CSR. Also the study CSR in Africa: Internet Research states, success is closely linked to passion and enthusiasm, which is directly connected to the outcomes that the organisation desire. The study also shows that it is important to know what the desired outcomes look like. Since most organisations focus on what is measurable many organisations focus on outputs. In fact, the outcomes are what allow the organisation a holistic and integral view of possibilities. This requires that the organisation reviews the impact of its CSR practices, internally and externally. With regard to the the researcher’s finding, CSR in Ethiopia is closely linked to philanthropy and sometimes the subjects are not even separated from each other. According to many of the respondents the philanthropic initiatives have to a great extent been institutionalized in Ethiopia. A question to raise
is if the organisations have analyzed the impact of their CSR practices to find out if they reinforce this CSR institutionalization or if their CSR practices truly enable communities and people to take charge of their lives and destinies. Many of the respondents claim that the review processes of most CSR practices could be improved.

CSR Divers
CSR driver explores how people internalize the CSR concept. What are the true drivers for the CSR journey of the organisation? Our dynamics are often well ingrained in our fears and dreams and most times we are the last people to be aware of why as well as how they work. To evolve we need to understand the reasons for our choice of meanings. According to "CSR in Africa: Internet Research" study, people are co-creator of the reality they seek to change and until they know the conscious as well as unconscious drivers of these choices they will be prisoners of their habitual meaning making. With regard to the the reseachers’s finding all interviewees manifest the philanthropic motive as being the most urgent motive in Ethiopia. CSR is primarily regarded as a mean to reduce poverty and to improve societal conditions. The "CSR in Africa: Internet Research" study urges organisations to explore what the true drivers are. Can there be other reasons such as pressure from for example foreign governments and NGOs that drive the CSR initiatives?

Stakeholders Activities
According to "CSR in Africa: Internet Research" in Africa there is no dialogue among government companies, organizations and communities. To gain an understanding of the needs in the community and how to develop creative CSR approaches and initiatives there is no constant dialogue among stakeholders. The study also stated that, most of companies and organizations did not understand the important of working on CSR in Africa, that all ethnic and religious groups are being represented, so that the company is not perceived as having prejudices against any specific groups. As to the researcher’s finding, in Ethiopia many of the organisations/companies witnessed that there is no close co-operation with local communities, different stakeholder groups and NGOs. According to many of the respondents there is a need for increase co-operation among Ethiopian companies/organizations working on CSR as well as a need to involve national companies in the CSR agenda. Many also witnessed about the competition between different NGOs in raising funding and that there is a need for increased co-operation even within the NGO sector.

Policy and Strategy
According to "CSR in Africa: Internet Research" study corporations concerned with CSR are generally multinational. Small and medium-sized companies in Africa do not appear to give much importance to CSR, perhaps because these companies typically do not have adequate economic or human means to implement a CSR policy and strategy. With regard to the CSR policy and strategy it appears to be a lack of strategies in how to transform the CSR policies into daily operations in Africa. Although many witnessed about the necessity of linking CSR practices to strategic business plans it appears that the CSR agenda in Africa is often driven by the foundations without the CSR practices being integrated into management systems and daily business operations. With regard to the CSR policy and strategy, in Ethiopia it appears that many organisations with formal CSR strategies (multinational companies) have developed CSR policies and values that are closely linked to their business principles and values. The researcher’s also found that all national companies and government organizations have not developed CSR policy and strategies since CSR is not operated on a formal basis. According to the respondents, multinational companies and NGOs in Ethiopia usually organise their CSR policy and strategies.

CHAPTER 7: CONCLUSION AND RECOMMENDATIONS
In this research project it is found that poverty eradication and sustainable development through CSR will not be attained in Ethiopia by certain actors alone. All actors should have the CSR concept and enhance their concentration to the potential contribution of the international and national sector and have their CSR policy and strategies. Because currently the concept of CSR is used as shorthand for businesses’ contribution to sustainable development and a number of core development issues are already central to the international CSR agenda in different countries. In regard to Ethiopia and the empirical findings in the field study there is no understandable connection between CSR activities and cultural situations. This is evidenced in the study by the fact that companies and organizations in Ethiopia understand CSR practices mainly as corporate charity primarily aimed at addressing socio-economic development challenges. In addition what can be learnt from Ethiopia is that, it is important to be aware of differences in sympathetic and usage of CSR definitions and concepts among stakeholders. What is regarded as a philanthropic motive in Ethiopian companies and organizations is typically a business motive. Businesses in Ethiopia can not function if employees are affected by different problems or if infrastructure is unavailable and therefore philanthropic motives and business motives are closely interconnected in Ethiopia. As mentioned in earlier sections, CSR from Ethiopian perspective can be viewed as two fold. Firstly, there is the current development of certain formal CSR activities made by international companies and NGOs. These initiatives are mainly philanthropic with practices and understanding to a large extent imported from the developed countries. The proper CSR agenda is very much in accordance with the CSR practices in the Western countries even if adapted to the socio economic desires in the Ethiopian society. Secondly, some of the respondents in the field study make clear the existence of some informal CSR activities that are closely linked to cultural Ethiopian traits found in national companies and organizations of Ethiopia. Despite the fact that the concept of CSR is new in Ethiopia its functioning has already started in multinational companies and NGOs formally and a very few in national companies informally. According to the respondents from companies and organizations in Ethiopia, they have no good tradition of corporation and dialogue with their stakeholders. But some of the respondents acknowledged the fact that leaders in Ethiopia traditionally not only
represent the company but also the family and that the people in the company are viewed as a kind of extended family. More managers in Ethiopian larger companies who studied and are studying abroad with the increased modernized in management CSR traditions will be changed. Despite some changes, traditional values such as people and employees being treated as equals in them, as well as values like sharing and consensus are still strongly manifested in business life, primarily in the larger national companies of Ethiopia. Concerning actors, it is found that the concept is still uncertain and the parties are not yet planned as possible strategic partners to overcome difficult situations or to show retribution to the community. As a result, it became foreseeable not to find or identify companies or organizations, except multinational companies and NGOs, adopting CSR practices or dual development between companies and government for the formation of effective and appropriate political instruments. Therefore, all actors in Ethiopia should include labour standards, human rights, education, and health; labour right, poverty reduction, conflict and environmental impacts in their CSR agenda. Thus, companies’ and organizations’ inputs to sustainable development in Ethiopia could be strengthened by tackling capacity constraints working with multinational companies, international and local NGOs, and civil society institutions/organizations, building the drivers for responsible business, development socially oriented companies, and encouraging local business linkages through creating space for national dialogue among all stakeholders on the role of the national companies and government organizations in growth that can assist to localise the CSR agenda and to create trust and mutual understanding of the potential and the limits of businesses’ contribution to development. Medias are not considered as major stakeholder for CSR implementation in Ethiopia, which is common group included within the range of main stakeholders in the developed countries. The researcher didn’t find Medias in Ethiopia that show how different entities can join up together and cooperate for benefiting a cause with non-philanthropic principles. In general, the role of the media in Ethiopia is not good and not in plain sight. It is important to keep in mind that the researcher looked after those multinational companies with more international relations and that the picture of their CSR practices could change national companies and organizations considerably if the sample universe where more local. Having said this, through the questionnaire, the interviews and the theoretical framework used, it was found that national companies and organizations haven’t understood the significance of CSR mainly as a management strategy with a strong component of social and sustainable development program. Empirical research on management and CSR in Ethiopia appears insufficient. In Ethiopia various research studies should be conducted and it is mostly with the purpose of increasing the range of country’s cultures involved in the study than to inform effective management which means that Ethiopia is included mainly as a comparison with African countries. Many of the management research during the past half century have been conducted in the developed countries (House, Hanges, Javidan, Dorman & Gupta, 2004). Maybe, as a result from this, current theories of leadership and management and most empirical evidence is mostly Western in character, individualistic rather than collectivistic as well as emphasising Western assumptions of for instance rationality rather than ascetics, religion or superstition. While many pre-colonial systems of organising have ethics and values embedded and which are loosely in usage today they have not been consciously evolved in Ethiopia so that the capacity to benchmark them is still at very early stages. Therefore, I recommend further research exploring the formal and informal CSR practices within the national companies and sectors in Ethiopia. The results can be used to promote a dialogue between multinational/large companies and national companies to share experiences and learning with the purpose of creating a CSR framework that can be embraced by all stakeholders. In a nut shell according to the study, there is no an increased concept of CSR in Ethiopia, of the need for new management systems, which are more in tune with cultural contexts and traditions. Maybe in the developed countries we should also ask ourselves if there is a need for more pluralistic CSR approaches, adapted to cultural and regional contexts. The real paradigm shift within the CSR agenda will probably be to reject the notion that there is only one CSR solution that will solve all social and environmental problems in our world. Instead we might need to reframe the CSR concept into a flexible and dynamic concept that can be adapted and specifically framed in different regions of the world.

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Appendix I
List of Companies, Government Organizations, and NGOs to be interviewed

<table>
<thead>
<tr>
<th>No.</th>
<th>Multinational Companies</th>
<th>National Companies</th>
<th>Governmental &amp; Non-Governmental Organizations</th>
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<tbody>
<tr>
<td>1</td>
<td>East Africa Bottling Share Company (Coca-Cola)</td>
<td>Almeda Textile Factory</td>
<td>Faculty of Business and Economics, Addis Ababa University</td>
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<td>2</td>
<td>Ethiopian Airline</td>
<td>Awash Bank</td>
<td>Ministry of Finance and Economic Development</td>
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<td>3</td>
<td>Flora Ecopower</td>
<td>Awash Melkassa Aluminum Sulphate &amp; Sulpheric Acid S.C.</td>
<td>Ministry of Capacity Building</td>
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<td>4</td>
<td>Holland Car</td>
<td>Commercial Bank of Ethiopia</td>
<td>Menschun fur Munschen (NGO)</td>
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<td>5</td>
<td>MIDROC Construction</td>
<td>Ethiopia Electric Power Corporation</td>
<td>OSSREA (NGO)</td>
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<td>6</td>
<td>MOENCO Ethiopia LTD</td>
<td>Muger Cement Factory</td>
<td>USAID (NGO)</td>
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<td>7</td>
<td>Moha Soft Drink Industry (PEPSI)</td>
<td>National Oil Company (NOC)</td>
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<td>8</td>
<td>Pathfinder Group Int.</td>
<td>St. George Beer Factory</td>
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<td>9</td>
<td>TOTAL Ethiopia</td>
<td>Sunshine Construction</td>
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<td>10</td>
<td>Hilton Addis</td>
<td>Wonji Showa Sugar Factory</td>
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<td>Mesebo Cement Factory</td>
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<td>Harar Brewery</td>
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<td>20</td>
<td></td>
<td>Ethiopian Telecommunication Corp.</td>
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Appendix II: International Recommendations for CSR

The UN Global Compact
The UN Global Compact initiative was launched at the UN Millennium Summit in 2000. It encourages the world’s companies to contribute to sustainable development by following the nine principles of the UN Global Compact in the areas of human rights, labor and environment. The nine principles originate from the Universal Declaration of Human Rights (UDHR), the International Labor Organization’s (ILO’s) Declaration on Fundamental Principles and Rights at Work, and the Declaration of Principles and an International Action Plan (Agenda 21) (www.unglobalcompact.org).

The OECD Guidelines for MNEs
The Organization for Economic Cooperation and Development (OECD) has developed Guidelines for Multinational Enterprises (MNEs). The guidelines originate from 1976 and have been revised to adapt to the changing global economy. The OECD Guidelines for MNEs consist of recommendations addressed by governments to MNEs operating in or from the 33 adhering countries, i.e. the OECD members including Sweden and four non-members including Argentina. The recommendations are voluntary principles and standards for responsible business conduct consistent with laws and generally encourage good business practice. The guidelines cover various areas; employment, industry relations, environment, bribery, consumer interests, science and technology, competition and taxation (www.oecd.org). The general policies of the OECD Guidelines for MNEs include, for instance:
- Contribution to economic, social and environmental progress with a view to achieving sustainable development
- Encouraging local capacity building through close cooperation with the local community, including business interests, as well as developing the enterprise’s activities in domestic and foreign markets, consistent with the need for sound commercial practice.
- Encouraging human capital formation, in particular by creating employment opportunities and facilitating training opportunities for employees (www.oecd.org).

The WBCSD
The World Business Council for Sustainable Development was initiated in 1991 and today consists of a coalition of 170 international companies in over 30 countries and across several industrial sectors. The WBCSD promotes commitment to sustainable development via the three pillars of economic growth, ecological balance and social progress. The WBCSD’s belief is that pursuing sustainable development is good for business and business is good for sustainable development. (www.wbcsd.org)

The GRI
The Global Reporting Initiative (GRI) was launched in 1997 with the objective to enhance the quality and utility of sustainability reporting. In 1999 the first GRI Guidelines were released and the current revised guidelines are from 2002. The GRI Guidelines are a framework for reporting on an organization’s economic, environmental, and social performance, also known as the “triple bottom line”. The GRI Guidelines provide a structure and recommendations for organizing sustainability reporting in so-called Sustainability Reports. With the help of sustainability reporting the business performance can be measured against the goal of sustainable development. The GRI Guidelines and Sustainability Reports are subject to continuous improvements through stakeholder dialogue (GRI, 2002).
The EU Green Paper

In 2001 the European Union (EU) launched the Green Paper, which aims to encourage a wide debate and seek views on how the European Union can promote CSR at both national, European and international level. The idea of the Green Paper surged at the European Council in Lisbon, 2000, where the EU appealed to companies to practice social responsibility regarding lifelong learning, work organization, equal opportunities, social inclusion and sustainable development. In the Green Paper 2001, the EU presents its definition of CSR which refers to companies that voluntarily integrate social and environmental concern in their business operations and their relations with stakeholders, beyond what the laws are implying. (European Commission, 2001).