AN ASSESSMENT OF CORPORATE SOCIAL RESPONSIBILITY PRACTICE IN ADDIS MODJO EDIBLE OIL COMPANY

BY

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A thesis submitted to Addis Ababa University School of Commerce in partial fulfillment of the requirements for the Degree of Masters of Art in Logistics and Supply Chain Management.

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DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT

An assessment of corporate social responsibility practice in Addis Modjo edible oil company

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Declaration

I, Mahlet Amanuel hereby declare that this study entitled "An assessment of Addis Modjo edible oil company supply chain in relation with corporate social responsibility" is my own work. All information in this document has been obtained and presented in accordance with academic rules and ethical conduct.

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Date ---------------------------
Letter of Certification

This is to certify that Mahlet Amanuel has carried out her research work on the topic entitled as “An assessment of corporate social responsibility practice in Addis Modjo edible oil company” as a partial fulfilment of the requirement of Masters of Arts Degree in Logistics and Supply Chain Management. This study fulfils requirement to obtain academic degree from the university.

Advisor: Ayele Abebe(PhD)
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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration</td>
<td>iii</td>
</tr>
<tr>
<td>Letter of Certification</td>
<td>iv</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>v</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF ACRONYMS</td>
<td>ix</td>
</tr>
<tr>
<td>List of Table</td>
<td>x</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>xi</td>
</tr>
<tr>
<td>Chapter One: Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background of the Study</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Background of the Company</td>
<td>1</td>
</tr>
<tr>
<td>1.3 Statement of the Problem</td>
<td>2</td>
</tr>
<tr>
<td>1.4 Objective of the Study</td>
<td>4</td>
</tr>
<tr>
<td>1.4.1 General Objective</td>
<td>4</td>
</tr>
<tr>
<td>1.4.2 Specific Objective</td>
<td>4</td>
</tr>
<tr>
<td>1.5 Delimitation of the Study</td>
<td>4</td>
</tr>
<tr>
<td>1.6 Limitation of the study</td>
<td>5</td>
</tr>
<tr>
<td>1.7 Significance of the Study</td>
<td>5</td>
</tr>
<tr>
<td>1.8 Organization of the Study</td>
<td>5</td>
</tr>
<tr>
<td>1.9 Definitions of terms</td>
<td>5</td>
</tr>
<tr>
<td>1.10 Ethical considerations</td>
<td>6</td>
</tr>
<tr>
<td>Chapter Two: Review of Related Literature</td>
<td>7</td>
</tr>
<tr>
<td>2.1 Corporate social Responsibility (CSR)</td>
<td>7</td>
</tr>
<tr>
<td>2.3.1.1 Internal Dimensions/ Constituencies of Corporate Social Responsibility</td>
<td>10</td>
</tr>
<tr>
<td>2.3.1.1.1 Health and Safety at Work</td>
<td>11</td>
</tr>
<tr>
<td>2.3.1.1.2 Management of Environmental Impacts</td>
<td>12</td>
</tr>
<tr>
<td>2.4 External dimensions/ Constituencies of CSR</td>
<td>13</td>
</tr>
<tr>
<td>2.4.1 Business Partners</td>
<td>14</td>
</tr>
<tr>
<td>2.4.2 Local Community</td>
<td>14</td>
</tr>
<tr>
<td>2.4.3 Human Rights</td>
<td>15</td>
</tr>
<tr>
<td>2.5 Economic Aspects of CSR</td>
<td>17</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>2.6 Social Aspects of CSR</td>
<td>18</td>
</tr>
<tr>
<td>2.7 Environmental and Ecological aspects of CSR</td>
<td>19</td>
</tr>
<tr>
<td>2.8 Research Agenda on the Strategic Implications of CSR</td>
<td>21</td>
</tr>
<tr>
<td>2.8.1 Theoretical Issues to be Resolved</td>
<td>21</td>
</tr>
<tr>
<td>2.9 Corporate Social Responsibility and the Environment</td>
<td>24</td>
</tr>
<tr>
<td>2.9.1 Market Forces and Environmental CSR</td>
<td>24</td>
</tr>
<tr>
<td>2.9.1.1 Demand-Side Forces</td>
<td>24</td>
</tr>
<tr>
<td>2.9.1.2 Supply-Side Forces</td>
<td>26</td>
</tr>
<tr>
<td>2.9.2 Public Politics and Environmental CSR</td>
<td>27</td>
</tr>
<tr>
<td>2.9.2.1 Preempting Regulatory Threats</td>
<td>27</td>
</tr>
<tr>
<td>2.9.2.2 Voluntary Agreements</td>
<td>28</td>
</tr>
<tr>
<td>2.9.2.3 Public Voluntary Programs</td>
<td>29</td>
</tr>
<tr>
<td>2.9.2.4 CSR and Shaping Future Regulations</td>
<td>30</td>
</tr>
<tr>
<td>2.9.2.5 Deflecting Monitoring and Enforcement</td>
<td>30</td>
</tr>
<tr>
<td>Conceptual frame work</td>
<td>31</td>
</tr>
<tr>
<td>Chapter Three: Researcher Methodology</td>
<td>32</td>
</tr>
<tr>
<td>3.1. Research Design</td>
<td>32</td>
</tr>
<tr>
<td>3.2. Population, Sample Size and Sampling Techniques</td>
<td>32</td>
</tr>
<tr>
<td>3.3. Types of Data to be collected</td>
<td>33</td>
</tr>
<tr>
<td>3.4. Methods of Data Collection</td>
<td>33</td>
</tr>
<tr>
<td>3.5. Research Instrument</td>
<td>33</td>
</tr>
<tr>
<td>3.6. Administration of the Instrument</td>
<td>34</td>
</tr>
<tr>
<td>3.7. Data Analysis Technique</td>
<td>34</td>
</tr>
<tr>
<td>Chapter Four: Data Presentation, Analysis and Interpretation</td>
<td>35</td>
</tr>
<tr>
<td>4.1. Introduction</td>
<td>35</td>
</tr>
<tr>
<td>4.2. Response rate</td>
<td>35</td>
</tr>
<tr>
<td>4.3. Analysis of respondent’s major characteristics</td>
<td>36</td>
</tr>
<tr>
<td>4.4. Regarding Health</td>
<td>38</td>
</tr>
<tr>
<td>4.5. Table 4.3: Health and Safety</td>
<td>38</td>
</tr>
<tr>
<td>4.6. Fair trade</td>
<td>39</td>
</tr>
<tr>
<td>4.7 Ability to Produce Edible Oil</td>
<td>40</td>
</tr>
<tr>
<td>4.8 Safety for the Environment</td>
<td>41</td>
</tr>
<tr>
<td>4.9 Analysis of subjective questions</td>
<td>41</td>
</tr>
</tbody>
</table>
4.10 The data presentation and analysis of responses obtained from Addis Modjo edible oil Company logistics and supply chain manager ................................................................................................ 42
4.11 CSR activities and the company responsibility ......................................................................................................................... 43
4.12 Employees perception on CSR ............................................................................................................................................ 44

Chapter Five: Summary, Conclusion and Recommendations ........................................................................................................ 46
5.1 Summary of the Research Findings ........................................................................................................................................ 46
5.2 Conclusion .................................................................................................................................................................................. 47
5.3 Recommendations ...................................................................................................................................................................... 48

Reference ......................................................................................................................................................................................... 50
APPENDIX ...................................................................................................................................................................................... 52
ADDIS ABABA UNIVERSITY ....................................................................................................................................................... 52
LIST OF ACRONYMS

**ISO** - International Standardization Organization

**CSR** - corporate social responsibility

**VP** - voluntary program

**PVP** - public voluntary program
## List of Table

<table>
<thead>
<tr>
<th>Table No</th>
<th>Description</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 4.1</td>
<td>Response Rate</td>
<td>29</td>
</tr>
<tr>
<td>Table 4.2</td>
<td>General Characteristics of Respondents</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.3</td>
<td>Health and Safety</td>
<td>32</td>
</tr>
<tr>
<td>Table 4.4</td>
<td>Fair trade and loyalty</td>
<td>33</td>
</tr>
<tr>
<td>Table 4.5</td>
<td>Sufficient to produce</td>
<td>34</td>
</tr>
<tr>
<td>Table 4.6</td>
<td>Environment safety</td>
<td>34</td>
</tr>
<tr>
<td>Table 4.7</td>
<td>CSR activities and the company responsibility</td>
<td>36</td>
</tr>
<tr>
<td>Table 4.8</td>
<td>Employees perception on CSR</td>
<td>37</td>
</tr>
</tbody>
</table>
**ABSTRACT**

The main objective of the study is to assess the corporate social responsibility practice of addis modjo edible oil company and suggest possible solutions that contribute to the betterment of the company’s corporate social responsibility practice. To achieve this objective, the primary data was collected by questionnaire survey, interview and Secondary data was collected from the company’s documentation. The collected data were analyzed by descriptive statistics method (mean and standard deviation). The population of the study was defined as the company’s customers, the company’s logistics and supply chain department employees; the company’s logistics supply chain manager. From this population a total of 200 customers, 10 employees and were considered in the questionnaire and 1 manager for the interview.

The findings reveal that the corporate social responsibility practice of addis modjo is weak. The results indicate that if the company increase its corporate social responsibility practices it will increase its sustainability in the business.

**Key words:** corporate social responsibility, edible oil
Chapter One: Introduction

1.1 Background of the Study

For the research work the researcher choose a title called an assessment of corporate social responsibility practice in Addis Modjo edible oil company. As we all know we do business in this real world and business is practical not just ideal thing, it takes a resource from the environment and also dispose waste to the environment. Like where we live we do our businesses in our society; we take all resource to undergo our business from this environment. In order to make the companies dream come true and to stay in the business for longer times we must do our business in responsible way i.e. companies should aim to protect the environment from impairment due to their disposal. In every profit making business their primary goal is making profit. But we have to plan at what extents our business uses a philosophy of win loss we must change this to a philosophy of win-win. For the past decades companies just do whatever they want since they thought they just pay tax and government is responsible to protect the environment; it must be stopped here because profit making business benefit some parties but their disposals affect the society at large including the owner of the business. It is true when a firm do a socially responsible activity it costs or reduce profit but a firm owners or managers should aware this will increase the existence of their business for longer. Moreover this didn’t only benefited them self but also the society which consume there product. The researcher believes this paper file gap on how companies get value from their activities in relation to social responsibility and how they benefit the society; since it is the period that motives the researcher the environment is becoming horrible because of company waste, the society is tired of the unfair price, animal life is endanger, and when the researcher take the class corporate responsibility part was very impressive. Here the researcher selects Addis Mojo edible oil company for this research work.

1.2. Background of the Company

Addis-Modjo Edible Oil Complex Share Company was through merger between Addis Ababa Edible Oil Factory and Modjo Edible Oil Factory in 1996 in an effort to integrate them in the
extraction and refining processes. However, since March 2008 the ownership is transferred to Amibara Agricultural Development PLC one of the largest cotton plantation in the country that put Addis-Modjo at competitive advantage in terms of establishing a backward link on raw material supply mainly cottonseed. In its first year operation (2008/2009) in private hand Addis-Modjo managed to generate annual sales revenue of ETB 75 million up by 79% a year before and yet is heading to expand its business through market development in the year 2009/2010 with the expectation to grow the revenue at the rate of 60% to ETB120 million. Addis-Modjo has an attainable capacity to produce 13,250 Metric tons of Refined Bleached and Deodorized edible oil, 5,800 Metric ton of vegetable ghee and 754 Metric tons of margarine per annum.

1.3. Statement of the Problem

From the study of “Corporate Social Responsibility in the Supply Chain: An Application in the Food Industry” (Maloni and Brown in 2006), the food industry faces many significant risks from public criticism of corporate social responsibility (CSR) issues in the supply chain. As breakdowns in corporate ethics are exposed, both consumers and governmental organizations are increasingly focusing their attention on corporate social responsibility (CSR) practices. As an example, financial misrepresentation at leading companies such as Enron (Prentice, 2003) and WorldCom (Hitzig, 2004) led to extensive loss of investor savings, prompting passage of the Sarbanes-Oxley Act to improve the accuracy of corporate financial reporting (Bernardi and LaCross, 2005). CSR continues to evolve in practice, and its reach now often extends to supply chain partners including suppliers, customers, and logistics providers. McWilliams and Siegel (2001) pointed out that, positive CSR, “creates a reputation that a firm is reliable and honest”. Similarly, Bhattacharya and Sen (2004) argue that CSR builds a reservoir of goodwill that firms can draw upon in times of crisis. Positive reputations have often been linked with positive financial returns, with their value tied to the inability of competitors to imitate the reputation. Roberts and Dowling (2002) found the value of a positive reputation is, “precisely because the development of a good reputation takes considerable time and depends on a firm making stable and consistent investments over time”. Therefore, reputation is arguably the most valuable asset of any firm and thus worth protecting.
Health is one of the critical issue also the environment, the community, fair trade and the employee and the researcher get a gap on the company’s input because the company is using cotton seed to make the oil and according to livestrong.com cotton seed oil frequently has high levels of pesticide residue says weil. that’s partly because cotton isn’t technically classified as a food crop ;thus, farmers can use numerous agrichemicals on cotton .in fact, more pesticides are used on cotton than on any other crop worldwide ,according for up to one-third of all pesticide use according to –waking the warrior goddess: Dr.chrisinehorner’s program to protect against breast cancer ” l.w.shemlit, in the book” chemistry and world food supplies ”advise that pesticides do have the potential to cause cancer .some commonly used pesticides are risk factors for breast cancer according to the memorial sloan-kettering cancer center. there are anecdotal source that the company produce it oil product and pack with plastic package and there is no any mechanism to collect back and reuse (recycle) so the environment is in danger, the third important issue is fair trade the company oil product is high in price even if it use cotton seed to produce the fair trade can be grouped under social dimension of CSR.

Of course many researches has been done in the area of CSR but not in the case of edible oil in Ethiopia so this paper tries to describe what it is look like the corporate social responsibility practice in addis modjo edible oil company. This research tries to bridge the gap in the body of knowledge in terms of how domestic food firms in general and the edible oil companies in particular link their CSR with their business. Furthermore, the findings of this research will contribute to the improvement of the practice of CSR within the context of company. This paper tries to see what look like the company CSR.

**Research Questions**

At the end of this study the researcher will give answer for following questions

1. What are the activities of addis modjo edible oil company and its relation to health?
2. How is the company responsible to the environment?
3. What are the company CSR practices?
4. What are the challenges of CSR of the firm?
1.4. **Objective of the Study**

1.4.1. **General Objective**

The general objective of the research paper is to assess Addis Modjo corporate social responsibility.

1.4.2. **Specific Objective**

The following are the specific objectives of the study:

- To describe the activities of Addis Modjo edible oil company and its relation to health.
- To identify how is the company responsible to the environment.
- To examine the company's CSR practices.
- To assess the challenge of CSR in the firm.

1.5. **Delimitation of the Study**

In the study of corporate social responsibility many thing could be include. However, for this study, the research paper focuses mainly on corporate social responsibility specifically on environment, fair-trade, procurement, labor and human right. The study addressed company employees (the logistics and supply chain personnel), manager (logistics and supply chain manager) and customers at large. Since the customers were many in number it was not possible to address all; as a result the researcher chose specific areas for the study, which includes customers found around Saris and Gotera. The two locations were selected for the reason that customers in this area are believed to have relatively much experience about the company. The research study time limit was from 2008 to 2014. The reason for this was because the company's policy has been modified since privatization which is the year 2008.
1.6. Limitation of the study

In addition to the common limitation such as time and resource constraints the study has the following limitation; the respondents were not interested, not willing and inpatient to give enough time to answer the questionnaires. Even the researcher is not experienced about doing a research.

1.7. Significance of the Study

At the completion of the study, this paper will provide information to the company as an input in further investigation in the subject matter, it gives an explanation on CSR, It is also important to other researchers who wish to replicate the study in other sectors or to those who want to fill the gaps that may be seen in this paper.

1.8. Organization of the Study

This research paper is organized in to five chapters. Chapter one was discussing about background of the study, background of the company, statement of the problems, research question, and objectives of the study, scope / delimitation of the study, limitation of the study and significance of the study. In the second chapter the researcher present related literatures. The third chapter presents the research methodology. The fourth chapter deals with the presentation of data, analysis of the study, and interpretations of results and the fifth chapter presents the summary of findings, the conclusion and recommendation of the study.

1.9. Definitions of terms

**CSR (Corporate Social Responsibility)**:-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.

Edible Oil: - Edible oils are defined by the Government of Ontario, Canada as "a food substance, other than a dairy product, of whatever origin, source or composition that is manufactured for human consumption wholly or in part from a fat or oil other than that of milk".
1.10. Ethical considerations

Permission to conduct the study obtained from Addis Modjo Edible Oil Company. All participants’ right to self-determination and autonomy was respected. They were gave any information they needed, verbally and in writing. Participation was voluntary based and they could withdraw from the study at any time without explanation and without penalty or loss of benefit. The anonymity of each participant was assured unless they needed assistance in filling out the questionnaire. In such cases, confidentiality was assured and no personal details were recorded or produced on any documentation related to the study.
Chapter Two: Review of Related Literature

2.1. Corporate social Responsibility (CSR)

CSR is a set of activities that should be practiced by organizations in order to cope with social and environmental problems. Corporate social responsibility is a practice that should be included as a part of the strategic preferences at the base of business organization and should be aligned with all aspects of organizations management including human resource, marketing, production, financial and more specifically the strategies of business. Historically the ultimate objective of business organization was to maximize wealth of its shareholders (Friedman, 1970), and thus business organizations were seen as means of creating economic value for those who invest their capital in the business (Greenwood, 2001). However, now a day, apart from economic value, social issues such as quality of life, conservation of environment etc. are becoming increasingly important (Shaw & Barry, 2001; Unerman, Bebbington & Dwyer, 2007). Various factors that play a critical role in determining the centrality of CSR in any organization are government initiatives, globalization, and stakeholder’s involvement and extremely volatile business environment. Usunier, Jean, Olivier and Amandine, (2011) defined corporate social responsibility as actions that focus on some social good beyond the interest of the business and that which is mandatory by law. Wikipedia (2007) defined the concept of corporate social responsibility as an idea whereby businesses consider the interests of society by taking responsibility for the impact of their operations and activities on stakeholders such as customers, shareholders, communities, employees, and the environment in all aspects of their business. This responsibility is seen to go beyond the legal responsibility to abide by legislation and sees organizations voluntarily taking steps for the betterment of employees, society and environment. According to this definition, CSR could be considered as a special strategy that an organization pursues in order to serve its stakeholders. According to Blowfield and Frynas (2005) corporate social responsibility is an umbrella concept that refers to the practices fulfilling the following: 1. The business organization has a responsibility of contributing positively to society and environment beyond its legal requirements; 2. Business organization has a responsibility regarding the parties with whom it do business for instance supply chains etc; and 3. Business
organization needs to develop long term relationships with the society whether for self-interest or providing value to the society.

According to “Corporate Social Responsibility and Corporate Reputation: A Case of Cement Industry in Pakistan” CSR have two dimensions. A number of options are available on how to split different activities of corporate social responsibility. There are two most agreeable dimensions of CSR, internal dimension that relate the activities of internal environment to the business organization and an external dimension involves stakeholders which are external to the organization (EU Green Paper, 2001). CSR is highly complex and contentious issue among academics and practitioners.

2.2 The Concept of CSR

There is lack of consensus regarding definition and contents of CSR practices (Dahlsrud, 2008; Dobers, 2009; Carroll & Shabana, 2010; Taneja et al., 2011). The concept and terminology of CSR also varies as some firms refer to it as: corporate social performance, corporate social responsiveness, corporate citizenship, ethical business practices, stakeholder management, and corporate sustainable business practices (Basu & Palazzo, 2008; Carroll & Shabana, 2010; Sharma & Kiran, 2013). CSR advocates that businesses have responsibilities, which extend beyond making a profit, to society. Notwithstanding, a firm has social responsibilities, and is ethical responsible for its action because its strategic decisions often affect other stakeholders. For example, a firm decision to retrench employees affects not only the firm’s workforce but also affect other stakeholders, include: local communities; government; general public; and customers. Hence, Bernstein (2000) argues that business should be responsible to stakeholders even if it requires firms to sacrifice some profits. Firms should deal with these conflicting interests and claims in an ethical manner by formulating stakeholders’ friendly policies. This is consistent with the assertion of Carroll and Buchholz (2011) that CSR includes economic, legal, ethical, and philanthropic expectations placed on businesses by the society. CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources (Kotler & Lee, 2005). Zadek (2000) argues that firms engage CSR strategies to: protect/defend their reputations; justify benefits over costs; integrate stakeholders into their strategies; and understand, innovate and manage risk. There are several benefits firms derived for engaging in CSR activities. Kurucz et al. (2008) categorise benefits firms derive from engaging in CSR activities into four: cost and
risk reduction; gaining competitive advantage; developing reputation and legitimacy; and seeking win-win outcomes through synergistic value creation. CSR, therefore, promotes healthy relationship between business and the larger society, by redefining the role and obligations of private business within that society (Keinert, 2008). (Solomon Olajide, 2014)

2.3 Corporate Social Responsibility Pyramid

Corporate social responsibility is developing rapidly all round the world. Most of the business organizations have adopted this very concept in the old fashion of CSR that is “Doing Good to Do Well” (Vogel, 2005). Carroll (1979) provided some meaning to the debate that if the definition of CSR is fully addressed, the entire array of responsibilities that a business has to perform include: economic responsibilities, legal responsibilities, ethical responsibilities and philanthropic responsibilities. Carroll’s model has been adopted by several researchers and business executives like Wartick and Cochran, (1985) and Wood, (1991). Carroll (1991) afterwards depicted these components in the form of a pyramid. Some attributes of CSR are also available in the work of Hemphill (2004) and Windsor (2001). Economic responsibility is at the base of the pyramid on which the foundation for other levels of the pyramid is built (Carroll, 2004) that represents a business’s ultimate responsibility (Schiebel & Pochtrager, 2003). If economic responsibility is ignored other responsibilities cannot be accomplished (Windsor, 2001). Legal responsibilities demand a business organization to obey the law and social codification of the society. It is mandatory for business organization to follow the law that is promulgated by the government. These laws include environmental protection, payment of taxes etcetera. Ethical obligation requires the business organization to follow the moral principles that define adequate behavior in the society. These obligations include doing what is right, acting in a moral manner and avoiding any harm to the stakeholders. Ethical obligation includes those functions and practices which are required or forbidden by society even if they are not required by law (Carroll, 1991). Responsibilities include activities such as contributions to charity, employee volunteers on behalf of the business and improving quality of life. They are also called as discretionary responsibilities and reflect human side of a business organization. (Majid, Yasir & Arshad, 2013)

2.3.1. Dimensions/ Constituencies of CSR

A number of options are available on how to split different activities of corporate social responsibility. There are two most agreeable dimensions of CSR, internal dimension that relate
the activities of internal environment to the business organization and an external dimension involves stakeholders which are external to the organization (EU Green Paper, 2001).

2.3.1.1. Internal Dimensions/Constituencies of Corporate Social Responsibility

Internal dimensions of CSR refer to socially responsible practices within the business, primarily involving employees’ health and safety and managing change while environmental oriented responsibilities include management of natural resources used in production processes. According to Roberts, (2003) it is common for businesses to abide by ethical codes of conduct. These codes begin minimum demands related to health and safety, environmental protection, labor rights and human rights (Jorgensen & Knudsen, 2005).

Human Resource Management is currently, a major challenge for business organizations is to attract and retain highly qualified and motivated employees. Relative measures that can help businesses attract and retain competent workforce include employee learning and empowerment, better provision of information throughout the organization, improved workforce diversity, equal employment opportunities for all, job security, equivalent pay and career development of the employees (EU Green Paper, 2001). A job applicant and employee perception of an organization’s corporate social responsibility decides their attractiveness for the business (Greening & Turban, 2000). Similarly according to Cropanzano, Byrne, Bobocel and Rupp (2001) employee attitudes and behaviors are greatly determined by the fairness of organization’s actions towards them. Businesses can gain additional benefits by maintaining good relationships with employees including increasing employees’ morale, improved public image and community support. According to Nancy (2004) human capital is one of the most important factors for the success of today’s organizations; HR leaders are becoming more critical in educating and leading the value of CSR and trying to find out the best ways to strategically implement it. In this view, human resource must be aware that good CSR policy shows respect for cultural and developmental differences, sensitiveness of ideas, values and beliefs when demonstrating global HR programs and policies. According to Rupp, Ganapathi, Aguilera, and Williams (2006) corporate social responsibility plays a vital role in furthering positive relationships between businesses and communities. They concluded that employees will call on to CSR to evaluate the extent to which their organization value appreciate relationships, so high levels of CSR will
make employees to belong to the organization and society. Murray (2008) conducted a survey and came to the conclusion that more than one third of the respondents indicated that working for a responsible and caring employer is more important than the salary they receive; about half will turn down from the employer that missed good CSR policies. Responsible recruitment practices can allow businesses to recruit from ethnic minorities, women, older workers and people with disabilities (EU Green Paper, 2001). These standards indicate that a business that conduct CSR practices tries to promote a culture that is fair and attractive to perspective and existing employees. There is a wide range of research available that shows that corporate social responsibility has positive impact on the HR practices creating climate of trust, motivating employees, increased efficiency and promoting effectiveness of communication within an organization (Jenkins, 2001). Numerous surveys indicated that when businesses are socially responsive they attract loyal and motivated employees (Kramar, 2004). (Majid et.al 2013)

2.3.1.1.1 Health and Safety at Work

According to Segal, Sobczak and Triomphe, (2003) occupational health and safety is an important aspect of corporate social responsibility as it is used to measure the overall progress of an organization. Work safety and health measures have a direct impact on the efficiency and productivity of the workers. Health and safety are mainly enforced through legislation or law of the country. Despite the legal measures now a day’s businesses are adopting a proactive approach to this issue. In markets where there are substantial cost advantages in labor, as a result of outsourcing organizations are not only trying to maintain a safety level within their premises but also ensure that external stakeholders comply to these standards. In emerging markets mechanisms are being planned for documenting, measuring and communicating these standards which as a result save time and cost (EU Green Paper, 2001). Evolution of corporate social responsibility starts from developing management systems in 1990s. According to Zwetsloot, (2003) these systems quite often include guidelines and standards such as ISO 9000 (Quality Management), ISO 14000 (Environmental Management), OHSAS (Occupational Safety and Health Administration) and SA (8000) social accountability. There have been various attempts to measure the impacts of improved health and safety on financial and operational performance of the business organizations. For example research study of European Agency for Health and Safety at Work which found out that improved occupational health and safety leads to improved
productivity and reduction in cost of employment. Although many researchers today believe that the working conditions in majority of the organizations are much better than they were a few years ago, still many fundamental problems remain unattended. (Majid et.al 2013)

2.3.1.1.2 Management of Environmental Impacts

Generally reduction in polluting emissions or consumption materials and waste can consequently reduce environmental impacts. Business organizations can also benefit by reducing waste and energy. In ecological terms these investments are referred to as „win-win” opportunities good for environment and good for business. This principal was accomplished for a number of years and later in 2002 was recognized in the European Commission's 6th Environment Action Program. Therefore importance of this aspect of CSR cannot be overlooked. This will also enable business organization to affect cost savings in energy bills and pollution cost. There is an ethical debate regarding the use of voluntary measures taken by the organizations versus government imposed regulations. Business organizations are trying to look at growing environmental movement impacts on the bottom line. Government laws are ineffective inducement for developing strategic changes in environmental performance for various reasons. Harrison, (1998) describes these reasons as: firstly environmental issues are regulated and viewed in terms of byproducts produced during the production processes resulting in an „end of the pipe” reaction; Secondly prevention strategies have to be oriented in order to cope with particular business needs that vary from one country to another according to the legal structure; the final reason that Harrison pointed out is that environmental laws formulated without any input from affected business organizations further indirect relationships between regulators and those affected by them. According to Thornton, Gunningham and Kagan (2005) businesses are prompted by legal and social sanctions. They further proposed that businesses which are not complying with these laws will face negative publicity which may affect stakeholders of the business and result in reduced market share and closer monitoring by environmental groups of the business organizations. For example research study of European Agency for Health and Safety at Work which found out that improved occupational health and safety leads to improved productivity and reduction in cost of employment. Although many researchers today believe that the working conditions in majority of the organizations are much better than they were a few years ago, still many fundamental
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2.4 External dimensions/ Constituencies of CSR

External dimensions refer to the practices concerning the external stakeholders. The concept of CSR goes beyond the premises of the business into society and is concerned with a variety of stakeholders in addition shareholders and employees i.e. customers, suppliers, NGOs representing local community, and environment etc. Globalization has contributed to the development of global governance, the development of corporate social responsibility practices
are also contributing to it. The three dimensions are; Business Partners, Local Communities and Human Rights activists. (Majid et.al 2013)

2.4.1 Business Partners
Establishing long run relationships on strong ethical basis with customers, suppliers and even with competitors will allow business organizations to meet customers’’ needs in a better way (Sandeep & Rakesh, 2005). CSR will not only positively influence the business organization but business partners such as suppliers, competitors, joint ventures and alliances can benefit from it. Business can improve quality of their products and reduce cost by working closely with business partners. Relationships with these business partners are always important. Long term relationships result in fair prices, quality and reliable delivery. In complying with CSR however allows businesses to respect the rules and national competition laws (EU Green Paper, 2001). Business organizations should be aware of their social standards that could be affected by the practices of their business partners. The impact of CSR practices is not only limited to the business itself but it has its implications to the business partners as well. This is particularly the case with large businesses which outsourced part of their production or services and therefore are involved in more CSR practices with regard to their suppliers who depend primarily on the large organization. Now a day’s businesses are expected to provide products to customers in an efficient and environmentally secure manner in order to be considered as socially and environmentally responsive. (Majid et.al 2013)

2.4.2 Local Community
The purpose of CSR is to integrate business organizations with local communities. Businesses provide contribution to the local communities in the form of jobs, wages and other benefits. However the progress of business organizations depends on health and prosperity of the communities in which they operate. For instance businesses recruit bulk of their employees from the local communities, therefore they have direct stake in the availability of skills they required. In addition small and medium enterprises have most of their customers in the local communities (EU Green Paper, 2001). Organizations can gain strategic advantage by having a sound understanding of local community and social customs. Business organizations also interact with the local communities (Sandeep &
Rakesh, 2005) therefore, activities like provision of additional vocational training, recruitment of socially excluded persons, assisting environmental charities, partnership with communities, provision of childcare facilities for employees and sponsoring of cultural events and local sports could prove to be helpful in community development. Whereas business organizations are also responsible for the harmful impacts of their operations such as air emissions, noise, water pollution, soil contamination and problems of waste and transport disposal. Many large organizations face the challenges of structural reforms along with poor market structure and property rights and uncertainty of institutions (Nee, 1992). Although privatization and decentralization in many sectors of the economies have taken place, however, the governments of these economies are still preventing market structure and industrial adjustments. In fact the expression of the invisible hand in the reform process is political, social and economic problems that go beyond the tolerance level of the society. Such situations allow fiscal, administrative and monetary treatments for rescue. The administrative process is faster and it will call for quick actions that will reflect its consequences in the market. By strengthening relationships with local communities business organizations can reap the benefits of cost effectiveness. (Majid et.al 2013)

2.4.3 Human Rights

Most of the Business organizations are doing businesses in those countries where the violation of human rights may face a scenario of civil unbalance, corruption that makes relations uneasy with employees, government officials, shareholders and local community (Robbins, 2000). According to Amnesty International it is ultimate responsibility of the business to protect human rights in its operations. Moral, legal and political dilemmas are presented by human rights issues. Businesses face various challenges such as where the responsibility of business lies, and how to do business in countries where there is human rights violation? Under increasing pressures from consumers and non-government organizations, businesses are following rules and regulations such as environmental issues, working conditions and human rights. Businesses are doing so to improve their public image and to hinder from negative consumer reaction. Whereas, voluntary codes of conduct are used to promote international standards but their effectiveness depends on proper verification and implementation. They also can influence governments to mitigate the violation of human rights. According to the Caux Round table principle business organizations should
protect democratic institutions and human rights and must promote them whenever and wherever possible.

And according to (Uddin et al. 2008) CSR have three dimensions: economic, social and environmental dimensions (Majid et al. 2013)

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Source: adapted from Carroll (1991)
Three Dimensional Aspects of CSR

The purpose of corporate social responsibility (CSR) is to make corporate business activity and corporate culture sustainable in three aspects:

- Economic aspects.
- Social aspects.
- Environmental and Ecological aspects.

2.5 Economic Aspects of CSR

The economic aspects of CSR consist of understanding the economic impacts of the company’s operations. Economic issues have long been overlooked in the discussion on corporate social responsibility. For many years, the aspect has been widely assumed to be well managed. However, it is actually the least understood by many of those shaping the corporate and public policy agendas, and underrepresented the corporate responsibility agenda. The economic aspects of CSR is often mistakenly considered to be synonymous with financial issues, which is why it has been assumed easier to implement than the other two pillars of the temple. However, the economic responsibility is not simply a matter of companies being financially accountable, recording employment figures and debts in their latest corporate responsibility report. The economic dimension of the sustainability agenda should rather consider the direct and indirect economic impacts that the organization’s operations have on the surrounding community and on the company’s stakeholders. That is what makes up corporate economic responsibility. (Uddin, Hassen & Tarique, 2008)

a) The Multiplier Effect

The economic performance of a company has direct and indirect impacts on all of its stakeholders – including its employees, local governments, non-profit organizations, customers, suppliers, and the communities in which the companies operates. For example: a good economic performance makes it possible to develop operations for the long term and to invest in development and the well-being of employees. The employees of the company get good salaries, from which they purchase goods and services as well as pay taxes. These activities fuel the local service industry, government programs and the community activities. This multiplier effect becomes all the more important if the company is one of the largest employers in the communities. (Uddin, et al, 2008)
b) Contribution through taxes

Companies are major contributors to the well-being of the area surrounding their operations, for example through the local tax base. Therefore, the question arises: is it responsible for a business to see corporate taxes purely as to cost be avoided, rather than part of their social contract with society? Taxes have a significant impact on the creation and distribution of wealth: tax avoidance, though perfectly legal, deprives the community in the area of the company's operation of well-being. (Uddin, Hassen & Tarique, 2008)

c) Avoiding Actions that Damage Trust

A company's license to operate depends upon the trust and support of the local communities where it operates. The shift in power from the public to the private sector emphasizes the importance of this trust—and the obligations and responsibilities that come with it. Some company activities are potentially very destructive to the trust earned from the community or otherwise cannot be regarded as economically responsible. These should be avoided or at least carefully considered. Example of such harmful company behavior include: bribery and corruption, tax avoidance: and concentration of rewards and incentives of the company's performance to few individuals only instead of fairer distribution among the personnel. The company should also stop to consider the economic effects of changes in locations and/or operations to the community. (Uddin, Hassen & Tarique, 2008)

2.6 Social Aspects of CSR

Social responsibility is the newest of the three dimensions of corporate social responsibility and it is getting more attention than it has previously had. Many organizations are becoming increasingly active in addressing social concerns social responsibility means being accountable for the social effects the company has on people—even indirectly. This includes the people within the company, in the supply chain of the company, in the community the company is in and as customers of the company which means the whole lot of stakeholder. It refers to the management's obligation to make choices and take actions that will contribute to the well being and interests of society as well as those of the organization. The following aspects have been found to be key the social aspects of CSR for an organization: (Uddi et al, 2008)
a) Responsibility towards Customers
The idea of treating customers with respect and attention is not new to business: often being responsible to customers has a direct positive effect on the company’s profits. There are, however, broader social responsibilities including providing good value for money. These responsibilities may include such issues as the safety and durability of products or services; standard or after sales service; prompt and courteous attention to queries and complaints; adequate supply of products or services; fair standards of advertising and trading; and full and unambiguous information to potential customers. (Uddin et al., 2008)

b) Responsibility towards Employees
Businesses are major contributors to the employment generation of the community. However, social responsibility to employees extends beyond terms and conditions of the formal contract of employment. Companies need to come up with wider expectations that today’s employees have for the quality of their working life. Such expectations include taking care of the personnel’s welfare and safety at work and upholding their skills and motivation for the work. Beyond these expectations, a socially responsible company secures a just treatment and equal opportunities for all its employees, regardless of gender, age, race, or religion. (Uddin et al., 2008)

c) Responsibility towards the Community
Companies depend on the health, stability, and prosperity of the communities in which they operate. Often majority of the company’s employees and customers come from the surroundings area – especially so for SME’s. The reputation of a company at its location, its image as an employer and producer, but also as an actor in the local scene, certainly influences its competitiveness. Many companies become involved in community causes, for example by providing additional vocational training places, recruiting socially excluded people, sponsoring local sports and cultural events, and through partnerships with communities or donations to charitable activities. (Uddin et al., 2008)

2.7 Environmental and Ecological aspects of CSR
Environmental concern and sustainable development is a key pillar of the corporate social responsibility. Environmental and ecological issues have been an important topic of discussion
for the past thirty years in the business world – the longest time of the three dimensions corporate social responsibility. The knowledge and issues within the dimensions have progressed across a landscape of changing business realities. Environmental aspects put in place in the 1970s with the first real understanding of the environmental impacts of business. Now, in the 21st century, we are faced with new challenges. (Uddin, Hassen & Tarique, 2008)

**a) Environmental Impact**

Corporate activity may have many types of effects on the environment. Usually environmental impact refers to the negative effects occurring in the surrounding natural environment due to business operations. Such impacts may include: overuse of natural, non-renewable resources of energy, pollution wastage, degeneration of biodiversity, climate change, deforestation etc. Since many business-related environmental problems transcend national boundaries, most companies are thus actors in global environment. To obey CSR in case of environmental aspects corporations can take the following steps: (Uddin, Hassen & Tarique, 2008)

- **Measuring Environmental Impact:** Environmental impacts can be measured in several ways through environmentally extended input-output tables, material input per service unit (MIPS) calculations, ecological footprint and life cycle assessment, to name a few. Ecological footprint measures the amount of nature’s resources consumed in a given year, and compares it to the resources available in the world. Life cycle assessment (LCA or eco-balance) is used to assess the environmental performance of a product from raw materials in the beginning of the production process all the way to disposal at the end of use. The MIPS value is calculated by dividing the amount of material the product or service causes to move – e.g. the amount of earth moved in mining, not just the metal used – during its entire life – span by the amount of benefits and value it brings. (Uddin, Hassen & Tarique, 2008)

- **Environmental Management:** To truly commit to its environmental responsibilities a company should change its traditional modes of operation towards a more environmentally oriented one. The environmentally more responsible perspective could include such issues as an emphasis on increased resource productivity, cleaner production and active dialogue with the company’s stakeholders. Many businesses have found that establishing an environmental management system is the best basis for good environmental
performance. Quality, health and safety issues can also be integrated into the same management system. (Uddin, et al, 2008)

b) The Win-Win of Environmental Responsibility
Several individual companies have found that improving environmental performance may also have beneficial effects on the company itself. Using less material and streamlining processes to create less waste may lower the costs of operation significantly. Moreover, the close review of operations, which is needed to improve the environmental performance, may reveal other improvement points, such as risk and material loss. A responsible public image may also attract more customers. These kinds of improvements as well as the investments behind them are often referred to as win-win – good for both the environment and profitability of the company. The principle of win-win situations has been established for a number of years and most recently recognized in the commission’s 6th Environmental Action program. The program explains, how the European Union and member State governments can fulfill their role in helping business to identify market opportunities and undertake win-win investments, the action program also set out a number of other measures aimed at business: establishment of a compliance assistance program to help business understand the environmental requirements of the European Community; development of national, but harmonized, company environmental performance reward schemes that identify and reward good performers and encourage voluntary commitments and agreements. (Uddin, Hassen & Tarique, 2008)

2.8 Research Agenda on the Strategic Implications of CSR
There are numerous unresolved theoretical and empirical issues relating to the strategic implications of CSR. These include defining CSR, identifying institutional differences in CSR across countries, determining the motivations for CSR, describing CSR strategies, modeling the effects of CSR on the firm and stakeholder groups, determining the effects of leadership and corporate culture on CSR activity, assessing the effect of CSR on the firm and stakeholder groups, measuring the demand for CSR, measuring the costs of CSR and assessing the current knowledge base. (Mc Williams etl 2005)

2.8.1 Theoretical Issues to be Resolved
There is a no strong consensus on a definition for CSR has been used as a synonym for business ethics, defined as tantamount to corporate philanthropy, and considered strictly as relating to
environmental policy. CSR has also been confused with corporate social performance and corporate citizenship. The lack of consistency in the use of the term CSR makes it difficult to compare results across studies, hampering our ability to understand the implications of CSR activity. As other issues are resolved, we hope that they lead to the emergence of an agreed-upon definition of CSR. Having a good definition of CSR, with a common terminology, would aid us in modeling the role organizational culture and leadership in determining the importance of CSR within an organization. Researchers could analyze how changes in corporate control, particularly through merger or acquisition, affect the type and level of CSR activity within firms. Alternatively, changes in top management (CEO or team) might be examined to determine whether leadership style and characteristics are more important than corporate control/culture for predicting CSR activity. Understanding the role of leadership could be extended to understanding the decision making process and how decisions about CSR activity are affected by demands from multiple stakeholders. (Mc Williams et al 2005)

Asymmetric information makes it difficult to study the antecedents and consequences of CSR. Managers may perceive that many external stakeholders view CSR activity more favorably if it is divorced from any discussion of the bottom line. With this in mind, managers may not reveal the more practical motivations (such as product promotion, labor cost control and reputation building) behind their CSR activities, especially in corporate publications such as annual reports. This lack of candid information has made it difficult to distinguish and discuss the different motivations for CSR, which may be private or social. The use of CSR to capture value is referred to as strategic CSR by Baron (2001) who points out that “it is the motivation for the action that identifies socially, as opposed to privately, responsible action.” That is, if the motivation is to serve society, at the cost of profits, the action is socially responsible, but if the motivation is to serve the bottom line, then the action is privately responsible. For privately responsible actions, there may well be social benefits that exceed the cost of the action to the firm. However, this does not change the motivation, unless these social benefits are of value to managers. For example, providing day care may lower the number of juvenile crimes in a community, but the firm might provide the day care only because it increases the availability of workers and lowers the cost of absenteeism. (Mc Williams et al 2005)

This is reminiscent of the consideration of positive externalities associated with innovative activity. An externality is defined as the impact of an economic agent’s actions on the well-being
of a bystander. Pollution is a classic example of a negative externality, while innovation (whose benefits cannot be entirely appropriated by its creator) is a classic example of a positive externality. While the private returns to innovation (or those that accrue to the company) may be high, the social returns to innovation (through the creation of new or improved products and processes) may be even greater. Researchers need to use more direct methods, such as interviews and surveys, to "tease out" less self-serving information about the motivations for CSR activity and improve the precision of measurement of the private and social returns to CSR. In addition to understanding the motivation for the provision of social benefits, we need to understand how the provision of these goods, through strategic CSR, affects society. An example of strategic CSR is when a firm links the provision of a public good to the sale of their (private) products (e.g., eco-labeling). Bagnoli and Watts (2003) model this behavior and find that propensity of firms to engage in strategic CSR depends on two factors: the intensity of competition in the market and the extent to which consumers are willing to pay a premium for social responsibility. The authors conclude that there is an inverse relation between intensity of competition and provision of CSR. That is, in more competitive markets, less of the public good will be provided through strategic CSR. Conversely, the less competitive the market, the more of the public good will be provided. This is easy to understand, since more competition results in lower margins and, therefore, less ability to provide additional (social) attributes or activity. Conversely, less competition leads to the potential for higher margins and more ability to provide additional attributes or activity.

An analysis of the provision of public goods by private firms is a welcome addition to the Management literature on CSR, which has been primarily concerned with answering the following question: do firms "do well by doing well"? Showing that a firm does well by doing good is often referred to as making the business case for CSR. While understanding the relation between firm performance and social performance is of primary importance in the management literature, a more thorough understanding of the CSR phenomenon requires that we take account of other stakeholders as well. These stakeholders include: customers, employees, governments, suppliers, taxpayers, community groups, and underrepresented groups. (Williams et al. 2005)

Our understanding of CSR should be extended to an examination of the strategic use of CSR activities. Fombrun and Shanley (1990) established that investing in CSR attributes and activities may be important elements of product differentiation and reputation building. McWilliams and
Siegel (2001) suggest that CSR activities be included in strategy formulation and that the level of resources devoted to CSR be determined through cost/benefit analysis. Analysis of the strategic implications of CSR is hampered by cross-country/cultural differences in the institutions that regulate market activity, including business, labor and social agencies. Institutional differences lead to different expectations and different returns to activity. For firms operating in multiple countries/cultures this complicates the process of determining which activities to engage in and how much to invest. As the knowledge base of CSR develops world-wide, we will be better able to analyze and advise on CSR.

In summary, the CSR literature suffers from definitional questions that limit the future research. Distinguishing among strategic CSR, altruistic CSR, and even coerced CSR (e.g., Husted & De Jesus Salazar, this issue) constitutes a significant theoretical breakthrough. (mc williams et el 2005)

However, until theory and research can adequately agree upon what, specifically, constitutes CSR, research will continue to provide a lack of consistent results. It is to this empirical research that we next turn our attention.

### 2.9 Corporate Social Responsibility and the Environment

#### 2.9.1 Market Forces and Environmental CSR

The growing attention to corporate environmental initiatives in the business press strongly suggests that market forces—in the markets for products, capital, and labor—are increasingly powerful drivers of corporate environmental improvement. This section discusses how demand- and supply-side forces affect the level of environmental CSR. (P. Lyon and W. Maxwell 2008)

##### 2.9.1.1 Demand-Side Forces

Production and sale of environmentally friendly products is a growth business, from organic food to organic cotton shirts to hybrid cars and ethanol fuel. Arora and Gangopadhyay (1995) were the first to provide a rigorous economic explanation of this growth in green consumption, applying a standard model of vertical product differentiation to capture consumer heterogeneity in willingness to pay for environmental attributes. In this setting, one firm has incentives to increase its quality in order to reduce price competition with a rival.
The notion that green products command a price premium has since been incorporated into numerous other models that study additional aspects of environmental CSR. As one might expect, the level of competition in a market affects the amount of environmental CSR firms undertake. As shown by Bagnoli and Watts (2003), if the market for “brown” (less environmentally friendly) products is highly competitive, then its prices will be low, and fewer consumers will wish to buy “green” products. However, if the brown market exhibits market power, then prices will be high and consumers will switch to the green goods.

There has been much popular discussion of the role of green investors in driving companies to adopt greener practices, but theoretical work is only beginning to explore this issue (Graff Zivin and Small, 2005; Baron, 2006b, 2007). In this research, investors allocate their wealth between savings, charitable donations, or shares of a socially responsible firm. If some investors prefer to make their social donations through investing in socially responsible companies (perhaps in order to avoid taxation of corporate profits), then CSR can increase the value of the firm by attracting these investors. Baron (2006b) shows that the value of the firm is less than it would be without CSR, but because its investors derive value from CSR, its shares trade at a price above what they would fetch if no investors cared about CSR.

Baron (2007) goes on to show that when CSR expenditures are fully anticipated by investors, the initial public offering of stock is offered at a price discount, with the cost borne by the entrepreneur who creates the firm, not by shareholders.

The labor market also provides incentives for CSR. Most employees want to feel good about the company where they work, and want to be able to tell their children they are working to make the world a better place. One way companies try to attract and retain the best employees is by making environmental commitments that are aligned with these employees’ environmental values. Frank (2003) surveyed Cornell University graduates and found that many are willing to accept substantially lower salaries from firms engaged in socially responsible activities. If such morally motivated employees are also less likely to shirk their job responsibilities, then companies can profitably screen for them by adopting socially responsible practices. Brekke and Nyborg (2004) find that if pollution abatement is inexpensive, the gains from labor-market screening outweigh the costs of abatement. This may drive brown firms from the market, even when there is a substantial share of workers who have no moral motivation.
In developing countries with weak regulatory systems, international markets may be the strongest force for environmental CSR. For example, Colombia is a major exporter of cut flowers to the United States and Europe. Customers in the European Union (EU) have begun to choose suppliers based in part on their practices concerning the use of pesticides. As a result, the flower industry in Colombia has created the Florverde program, which encourages members to adopt a set of environmentally friendly practices. By the end of 2006, Florverde had 137 member companies, exporting some 700 million flower stems per year. Hence, the shift in market demand may well be playing a stronger role than the nation's incomplete and imperfectly enforced pesticide regulations. Similarly, when downstream retailers selling in developed countries require their suppliers in developing countries to achieve ISO 14001 certification, this can have a positive impact on environmental performance upstream. Uncertainty about standards weakens green consumer-motivated CSR activities. Consumers often rely on product labels to determine the environmental quality of the products they purchase, but they do not necessarily know exactly what a label means. When there is uncertainty about the standard that lies behind a label, then consumers tend to give firms less credit for having a label, and may also give the benefit of the doubt to firms that do not have the label. Harbaugh, Maxwell, and Roussillon (2006), show that both of these factors reduce firms' incentives to label their products. (P. Lyonand W. Maxwell, 2008)

### 2.9.1.2 Supply-Side Forces

In addition to the demand-side market forces discussed above, there are also supply-side forces encouraging firms to adopt greener production. Porter and van der Linde (1995) provide numerous examples of firms that have increased their resource use efficiency, reducing pollution and costs at the same time. The presence of waste does not mean that pollution abatement has been transformed into a strictly negative-cost enterprise, however. There is likely nothing unique about environmental efficiency improvements as a way to cut costs. Indeed, it is tempting to postulate an "Equal Slope Hypothesis"—businesses can reduce costs just as effectively by rooting out waste in human resources, outbound logistics, or any other business function as by improving environmental efficiency. Nevertheless, the presence of X-inefficiency means that environmental regulations may often cost firms less than they initially expect.
Even when there are no cost-reduction opportunities, firms that produce both brown and green products that are imperfect substitutes can profit by colluding to reduce their production of the “brown” products, as shown by Ahmed and Segerson (2006). Such collusion raises the price of brown products and consumer demand for green products, which increases prices and profits for both products.

If market participants had complete information about waste-reduction opportunities and transaction costs were zero, then markets would bring about all socially beneficial pollution abatement without any government intervention. In practice, however, these conditions are unlikely to hold and market-driven emission reductions are unlikely to be sufficient to achieve the social optimum. As a result, politics and government regulation will remain key forces driving environmental improvement. It is to this subject that we now turn. (P. Lyon and W. Maxwell, 2008)

2.9.2 Public Politics and Environmental CSR

Collective action is often required to solve environmental problems, and public politics remains the key venue for most collective action to protect the environment. In this section, we present insights from the theoretical literature about the role of public politics in environmental CSR. (P. Lyon and W. Maxwell, 2008)

2.9.2.1 Preempting Regulatory Threats

One important reason that industry invests in CSR is to preempt advocacy groups from organizing to enter the political arena and press for regulation (i.e., the politicization stage in the policy life cycle). Because organizing and lobbying are costly for advocacy groups, investing in CSR may enable industry to preempt regulation with a lower level of abatement than would be required through the political process. Maxwell, Lyon, and Hackett (2000) formalize this notion and identify conditions under which firms can profitably preempt regulatory threats. When organizing and lobbying costs are low, preemption may be excessively costly. This is because advocacy groups may still enter the political process even after industry has made voluntary reductions in emissions. However, there is a point at which an advocacy group’s organizing costs are high enough to make preemption profitable. Beyond this point voluntary abatement declines with organizing costs (P. Lyon and W. Maxwell, 2008)
2.9.2.2 Voluntary Agreements

It is easy to see why industry and advocacy groups prefer to avoid the high costs of working within the regulatory system. Interestingly, regulators may share the desire to reduce the costs of regulation, and may negotiate “voluntary agreements” (VAs) with industry to circumvent the traditional regulatory process. Since industry is not required by law to participate in such programs, they are also considered to be a part of environmental CSR.

When regulators bargain with industry, one might argue that the regulator could commit to blocking passage of threatened legislation if a VA is reached. Segerson and Miceli (1998) present a model based on this notion, and find that assuming the VA has lower transaction costs than government regulation, both industry and government benefit from signing the agreement. Blackman, Lyon, and Sisto (2006) find that a VA is socially desirable only when the probability of enforcing mandatory regulations is low. In the developing world, there may be considerable uncertainty regarding when regulators will have the capacity to enforce environmental laws that are on the books. In cases where firms take this uncertainty into account, government may use a VA to accelerate environmental improvement. However, Segerson and Miceli (1998) find that a VA is always socially desirable, regardless of the probability of enforcing mandatory regulation. When industry groups negotiate VAs with government, firms may disagree about how to allocate the burdens of the agreement. There is no consensus in the theoretical literature about how groups of firms resolve such disagreements. Nevertheless, in the area of CSR, Dawson and Segerson (forthcoming) and Manzini and Mariotti (2003) develop models of industry negotiation of VAs. Dawson and Segerson (forthcoming) apply the approach of d’Aspremont et al. (1983) to argue that we should expect only a subset of the total population of the industry to enter into negotiated agreements, as is indeed often observed in practice. In contrast, Manzini and Mariotti (2003) show that, if the negotiation process for some reason requires consensus among all firms in the industry, the outcome of the negotiations is controlled by the firm with the highest cost of abatement, which tends to produce low levels of CSR. (P. Lyon and W. Maxwell, 2008)
2.9.2.3 Public Voluntary Programs

Most of the business-government partnerships offered by the US Environmental Protection Agency do not fit the foregoing analysis. These “public voluntary programs” (PVPs) are typically initiated by government when political conditions preclude any credible regulatory threat. Most of US climate policy to date has been conducted through these programs, which include the Energy Star program, Natural Gas Star, Climate Challenge, etc. These programs typically offer firms technical assistance and favorable publicity if they adopt environmentally friendly practices. Hence, PVPs offer industry small “carrots” (subsidies) when big “sticks” (Regulatory threats) are unavailable.

PVPs are inherently weaker instruments than mandatory regulations such as environmental taxes, standards, or cap-and-trade programs (Lyon and Maxwell, 2003). Since PVPs are voluntary and involve only carrots, unlike a mandatory program, they cannot force inefficient, dirty firms out of business. Additionally, unlike an environmental tax, PVPs deplete public coffers, rather than contributing to them. Furthermore, if industry believes a subsidy program is possible, it has greater incentives than usual to lobby against mandatory regulation. For these reasons, we should have only modest expectations for PVPs. Nevertheless, PVPs may be useful programs when stronger measures are politically infeasible.

As PVPs have grown in popularity over the past decade, they have attracted increasing attention from researchers. Ironically, despite the growing use of PVPs, most empirical research has concluded that they are ineffective. Morgenstern and Pizer (2007) review many of the best-known PVPs, finding little evidence that participants in the programs achieved substantially more environmental improvement than nonparticipants. However, Lyon and Maxwell (forthcoming) argues that most PVPs should be viewed as information diffusion programs, whose goal is to change overall industry behavior, not just the behavior of participants.

Thus, a successful PVP would diffuse information about pollution reduction opportunities throughout an entire industry. This implies that empirical work that simply compares the performance of participants and nonparticipants is unlikely to uncover the true value of the program. (P. Lyon and W. Maxwell, 2008)
2.9.2.4. CSR and Shaping Future Regulations

Despite industry’s best efforts, not all environmental regulations can be preempted. Even so, environmental CSR can pay dividends by helping industry shape the regulations that are ultimately implemented. In particular, CSR investments can constrain the regulator’s options, or send a signal about the costs of meeting new regulations. Industrial organization teaches that a firm’s sunk investments constrain its subsequent actions, and hence the actions of its competitors. This insight applies to the regulatory arena as well. Lutz, Lyon, and Maxwell (2000) show that corporate leaders may strategically commit to modest environmental improvements that constrain regulators’ ability to set tough standards. For example, a firm’s sunk investments make it very costly to retool and achieve more substantial environmental gains. This means that if the regulator cares about industry profits as well as environmental performance, he may set a weak standard so as not to dissipate profits too much. The disquieting implication is that environmental CSR leadership does not necessarily have beneficial results for society.

When the regulator lacks information about the costs of alternative policies, CSR can play an important informational role. For example, as shown by Denicolò (2003), a firm’s voluntary adoption of a clean technology can signal to the regulator that the cost of adoption is low. Consequently, the regulator, in balancing profits, consumer welfare, and environmental externalities, may find it socially desirable to mandate the adoption of the clean technology. Of course, firms also use the familiar tools of campaign contributions and lobbying to influence future regulations. To date, the relationship between CSR and these tools of corporate public affairs management has not received much attention, but this may be changing.

Beloe, Harrison, and Greenfield (2007) argue that because companies have not been sufficiently transparent about their public affairs activities, other stakeholders—namely the mainstream investment community—are showing more involvement in assessing the public affairs activities of companies . . . and in some cases are now driving measurement of business activity in this area.” (P. Lyon and W. Maxwell, 2008)

2.9.2.5 Deflecting Monitoring and Enforcement

Even after regulations are promulgated, they are unlikely to have much impact on corporate behavior unless government undertakes costly monitoring and enforcement activity. Enforcement agencies are chronically underfunded, which means that officials must carefully
allocate their enforcement resources. As a result, companies (or plants) viewed by regulators as socially responsible are likely to be monitored less frequently. Harrington (1988) argues that regulators can leverage their enforcement resources by targeting firms with poor environmental performance records. If we assume that CSR activities are correlated with other aspects of a firm’s environmental performance, then it is a small step to argue that regulators should target firms that are less active in CSR. Indeed, Maxwell and Decker (2006) show that if a firm voluntarily makes an observable investment in pollution control that lowers its marginal cost of abatement, then it is optimal for the regulator to monitor the firm less frequently. (P. Lyon and W. Maxwell, 2008)

**Conceptual framework**

Source: *Journal of Business Ethics* (Maloni and Brown, 2006)
Chapter Three: Researcher Methodology

3.1. Research Design

To accomplish the research objectives and to seek answer to those research questions the researcher uses descriptive types of research design in order to describe and determine the company's CSR. Descriptive type of research method is used in determining the frequency with which an event could occur or the relationships between two variables. The researcher also uses both the quantitative and qualitative measurement methods. The qualitative measurement helped to interpret ideas which will gathered through interview and open ended questions while the quantitative measurement method helped to interpret ideas which was gathered through close ended questions.

3.2. Population, Sample Size and Sampling Techniques

In this study customers, employees of the logistics department and logistics and supply chain manager of Addis Modjo edible oil company were considered as participants of this research study; Since the researcher believes those personnel's were ideal candidates to respond the research questionnaire and researcher interview questions. In this research, the researcher doesn't get the exact number and list of the customer; therefore the researcher use a non-probabilistic sampling approach. Based on the recommendation of Malhotra(2006;339) a total number 200 customers were taken as a reliable sampling size. For this research study the researcher were used convenience sampling techniques because it will help to choose samples based on the researchers convenience in terms of time and space. The researcher uses census to collect a data from the employees.
Content Validity
The developed questionnaire was pilot-tested through conducting interviews with ten costumes of addis modjo and with one logistics and supply chain employee of Addis modjo. The pilot-testing of the questionnaire helped to clarify the identified factor statements, pointing out locations of ambiguities, incorporating additional possible factors, by doing this content validity was checked.

Reliability
Utilizing both quantitative and qualitative research methods (Methodological triangulation) the conclusion from each of the methods were the same, then reliability was established.

3.3. Types of Data to be collected
In this Study the researcher uses both primary and secondary data. The primary data were collected from customers, addis modjo edible oil company logistics and supply chain department employees and logistics and supply chain manager of Addis Modjo Oil Company. The secondary data were obtained from the company proceedings, data collected for other similar researches.

3.4. Methods of Data Collection
To get first hand information, important to the study, questionnaires was prepared and distributed among the company's customers and the company's employees from logistics department and interviews is conducted with the company's logistics manager, since it's easy to get answer using close ended questions.

3.5. Research Instrument
The instrument for data collection was a self-designed questionnaire. It was used to elicit information from company's customers and employees. The items in the instrument were structured questionnaires composed of open-ended and close-ended question items to address the objectives raised. The questionnaire consisted of three sections. The first section asked for demographic information including sex, age, educational status and other related information. The second section asked questions related with health and safety and fair trade and others. The final section was designed to find out the perception of CSR in the study area.
3.6. Administration of the Instrument

The researcher personally visited the company to administer the research instrument. The questionnaire took approximately 15-20 minutes to complete. The questionnaire contained a statement that filling out the questionnaire constituted voluntary participants in the study. No identifying information was collected on participants in the study as they were asked not to write their names. The instrument was administered within two weeks. The completed copies of the questionnaire were collected on the spot. A total of 200 self-administer questionnaire forms were distributed. Of these 200, 50 questionnaires were not collected due to incomplete response and refusal to give response for the questionnaires. This resulted in 150 eligible participants that were included in the study and another instrument also administered to 10 employees and the entire questionnaires were returned.

3.7. Data Analysis Technique

The data that were obtained from close ended questions were analyzed using descriptive statistics. Responses that were obtained from open ended questions and interview were narrated and are used to support the analysis.
Chapter Four: Data Presentation, Analysis and Interpretation

4.1. Introduction
This chapter presents the data analysis, the research findings (results), and based on the results the researcher gives discussion on the findings and also gives some interpretation of the result. In order to presents findings and the discussion about “An assessment of corporate social responsibility practice in Addis Modjo edible oil company” the researcher uses different form of tables and figures and qualitative analysis done in prose.

4.2. Response rate
A total of 200 questionnaires were administered to customers of Addis Modjo edible oil company, out of which 150 were completely filled and returned. The remaining 50 questionnaires were not collected due to incomplete response and refusal to give response for the questionnaires. This gave a response rate of 75%. According to Mugenda the statistically significant response rate for analysis should be at least 50%. (Mugenda, 2003)

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th></th>
<th>No of Questionnaire</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed</td>
<td>150</td>
<td>75%</td>
</tr>
<tr>
<td>Not Completed</td>
<td>50</td>
<td>25%</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Research data (2015)

In addition to the questionnaires; Interview was conducted with the company's logistics and supply chain manager.
### 4.3. Analysis of respondent’s major characteristics

Table 4.2: General Characteristics of Respondents

<table>
<thead>
<tr>
<th>Item NO.</th>
<th>Item</th>
<th>Description</th>
<th>NO of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Gender</td>
<td>Male</td>
<td>28</td>
<td>18.66</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female</td>
<td>122</td>
<td>81.33</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>2.</td>
<td>Age</td>
<td>&lt;18</td>
<td>2</td>
<td>1.33</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18-25</td>
<td>13</td>
<td>8.66</td>
</tr>
<tr>
<td></td>
<td></td>
<td>26-29</td>
<td>18</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30-35</td>
<td>48</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&gt;36</td>
<td>69</td>
<td>46</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>3.</td>
<td>Education</td>
<td>&lt;12 grade</td>
<td>76</td>
<td>50.67</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Certificate</td>
<td>37</td>
<td>24.67</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Diploma</td>
<td>17</td>
<td>11.33</td>
</tr>
<tr>
<td></td>
<td></td>
<td>First degree and above</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>other</td>
<td>11</td>
<td>7.33</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>
Source- Researcher questionnaire survey, 2015

In the above Table 4.2; Item number 1: from a total of 150 keen respondents 18.66% or 28 of them are male respondents and 81.33 % or 122 of them are female respondents. This indicates the majority of Addis Mdojo edible oil company customers are ladies.

In Item number 2: we found the age distribution of our respondents and here from the total of 150 respondents 2 or 1.33% were in the age group less than 18 Years, 13 or 8.67% of respondents are in the age group 18 to 25 Years, 18 or 12% of respondents were in the age group 26 to 29 Years, 48 or 32% of our respondents are in the age group 30 to 35 Years and here the remaining or the majority of respondents are found in the age group 36 and above years; from this we can say that the majority of Addis Modjo edible oil company customers are at the mid or old ages.

Item No 3: show as education level of our respondents. From a total of 150 respondents 50.67% or 76 of them are under 12th grade level, 37 or 24.67% of respondents have Certificate, 17 or 11.33% of them have Diploma, 9 or 6% of them have 1st Degree or above and the remaining 7.33% or 11 respondents are found in other level. Therefore from this we can say that most of the company's product buys education level is under grade 12.
4.4. Regarding Health

4.5. Table 4.3: Health and Safety

<table>
<thead>
<tr>
<th></th>
<th>Healthy product</th>
<th>Healthy material as an input</th>
<th>Social Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>Missing</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mean</td>
<td>3.65</td>
<td>3.72</td>
<td>3.63</td>
</tr>
<tr>
<td>Std. deviation</td>
<td>1.04</td>
<td>0.92</td>
<td>0.93</td>
</tr>
</tbody>
</table>

In this section of the study; the researcher sought to see the health, the product Safety, the material used as an input and the Society health. Here in order to assess these respondents were instructed to respond to the statements on a 5 point Likert scale and indicate the extent they agree with the statements that is: 5-Strongly agree, 4-Agree, 3-Nutral, 2-Disagree, 1-Strongly disagree. A mean (M) score of 0-1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed, and a mean above 4.50 means the respondents strongly agreed. From table 4.3 Above; Most of respondents are agreed on the products which are produced by Addis Modjo edible oil company are healthy with (M=3.65, SD=1.04), the respondents agree on the input used by Addis Modjo edible oil company are healthy materials with (M=3.72, SD=0.92) and the respondents are also agree on the company is working on the society health with (M=3.63, SD=0.93).most of the respondents agreed the product is healthy but this response comes from knowledge gap because according to L. W. Shemlit, in the book "Chemistry and World Food Supplies," advises that pesticides do have the potential to cause cancer. Some commonly used pesticides are
suspected risk factors for breast cancer according to the Memorial Sloan-Kettering Cancer Center. The author of "Eight Weeks to Optimum Health," Dr. Andrew Weil, advises that since cottonseed oil is high in saturated fat and low in monounsaturated fat, it raises the level of cholesterol in your blood. Your risk of stroke and heart disease rise when you have high blood cholesterol levels advise the experts at the American Heart Association.

4.6. Fair trade

Table 4.4: Fair trade

<table>
<thead>
<tr>
<th>N</th>
<th>Fair price</th>
<th>The reason why they are a customer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Valid</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>missing</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Mean</td>
<td>1.68</td>
</tr>
</tbody>
</table>
|    | Std. deviation | 0.99                  

5. Source- Researcher questionnaire, 2016

Like previous section the respondents are instructed to respond to the statements on a 5 point likert scale indicate from "strongly agree" (5) to "strongly disagree" (1)" and a mean (M) score of 0-1.5 means that the respondents strongly disagreed, between 1.50 to 2.50 means they disagreed, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they agreed, and a mean above 4.50 means the respondents strongly agreed. In the Table 4.4; above most of the respondents are disagree on the price of edible oil in Addis Modjo edible oil company is fair with (M= 1.68, S= 0.99) and also disagree on customers loyalty of this company with (M=2.43, S=0.88).

In this part most of the respondents are against the fair practice of the company that means the company is not responsible if we take the fair trade as an element, according to (kumon, 2014).
Fair trade includes social and economic measures that ensure both market mechanisms, such as channeling products to importers, and non-market mechanisms, such as paying an additional social premium to be used in a community project.

4.7 Ability to Produce Edible Oil

Table 4.5: ability to produce

<table>
<thead>
<tr>
<th>Item</th>
<th>Scale</th>
<th>No. respondent</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sufficient to produce</td>
<td>yes</td>
<td>98</td>
<td>65.33</td>
</tr>
<tr>
<td></td>
<td>no</td>
<td>52</td>
<td>34.67</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

In the above table 4.5; we found that among a total 150 respondents 98 or 65.33% of them Agree or they say YES for the question “Addis Modjo edible oil company is sufficient to produce edible oil?” and the remaining 52 or 34.67% of respondents disagree or said NO. since respondents saying NO is not a small number so the company should take this under consideration and work on convening them.
4.8 Safety for the Environment

Table 4.6: Environment safety

<table>
<thead>
<tr>
<th>Item</th>
<th>Scale</th>
<th>No. respondent</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment safety</td>
<td>yes</td>
<td>47</td>
<td>31.33</td>
</tr>
<tr>
<td></td>
<td>no</td>
<td>103</td>
<td>68.67</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

From the above table 4.6; we found 103 or 68.67% of respondents say NO or disagree for the question “Addis Modjo edible oil company is concerned to the society and to the environment?” i.e. the majority of customers of this company believes the company is does not have a concern for both the society and the environment and the remaining 47 or 31.33% of respondents were say YES. According to (uddin et el 2008) Several individual companies have found that improving environmental performance may also have beneficial effects on the company itself. Using less material and streamlining processes to create less waste may lower the costs of operation significantly. Moreover, the close review of operations, which is needed to improve the environmental performance, may reveal other improvement points, such as risk and material loss. A responsible public image may also attract more customers.

4.9 Analysis of subjective questions

Most of the respondent gave yes answer says that since the company stay in the business for a long time the company is sufficient to produce when they compare it with other edible oil producing companies, but us we see from table 4.6 respondents above most of the customers believes and say they haven't see the company social responsibility and response toward the environmental changes.
4.10 The data presentation and analysis of responses obtained from Addis Modjo edible oil Company logistics and supply chain manager

According to the company’s logistic and supply chain head; this company produces edible oil with the concern with the environment i.e. the company uses a waste treatment system in order to protect the environment from contaminations. Here as we all know in production of edible oil the input or the row materials we use are oilseeds which are organic in their natural and there is no chemicals we use in the production of edible oil. Currently the company uses advanced production systems to produce a healthy product and we don’t have any waste since the residual from production of the edible oil also used for cattle food. The company is ISO certified since the certifying organization conceders both quality of product we produce and how much we are concerned to the environment. In the entire company move they try to make their production social responsible even if it is costly. And company management believes producing quality product by protecting the environment and making the products healthy attract a lot of customer

For issues related with labor and human right: the company is more concerned on the wellbeing of its employees since they are the focal point for production of quality product. As a manager we believe employees must be motivated and we have a motivation plans which includes monetary incentives and promotion.
### 4.11 CSR activities and the company responsibility

Table 4.7: CSR activities and the company responsibility

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your company do any CSR activity</td>
<td>1.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>Does your Company make an assessment of impact of its business on the stake holders</td>
<td>3.1000</td>
<td>1.28668</td>
</tr>
<tr>
<td>Does your enterprise give regular financial support to local community activities and projects (e.g. Charitable donations or sponsorships?)</td>
<td>2.3000</td>
<td>1.41814</td>
</tr>
<tr>
<td>Does your Company study the impact of its CSR activities on the stakeholders</td>
<td>3.1000</td>
<td>1.10050</td>
</tr>
</tbody>
</table>

Source: Research data (2016)

Here the respondents are instructed to respond to the statements in a 5 point scale indicate from” yes” (1) to “Not Applicable” (5)” and a mean (M) score of 0-1.5 means that the respondents respond yes, between 1.5 to 2.50 means they respond No, 2.50 to 3.50 means the respondents were In part, 3.50-4.50 means they Don’t know, and a mean above 4.50 means the respondents believe it is Not Applicable. Therefore from the table below 4.7; the respondents are a strongly agree on their company do some CSR activates with (M=1, S=0) and their company is not regularly finance the local community activates and projects through donation or sponsorship with (M=2.3, S=1.41814) but in both cases of making assessment of their business impact on their stake holders” and “impact of its CSR activities by their company on the stakeholders” they are in-part with (M=3.1, S=1.28668) and (M= 3.1, S=1.10050) respectively. According to (Uddin et el ,2008) Many companies become involved in community causes, for example by providing additional vocational training places, recruiting socially excluded people, sponsoring local sports and cultural events, and through partnerships with communities or donations to charitable activities ,so the company most consider this kind of activities to get more recognition
4.12 Employees perception on CSR

Table 4.7: Employees perception on CSR

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you agree with the nature of CSR activities undertaken by Your Company</td>
<td>2.7000</td>
<td>0.94868</td>
</tr>
<tr>
<td>There should be more public recognition given to companies doing well in the area of CSR</td>
<td>1.3000</td>
<td>0.67495</td>
</tr>
<tr>
<td>Do you agree: implementing CSR should be the responsibility of every company</td>
<td>1.7000</td>
<td>0.94868</td>
</tr>
<tr>
<td>Do you agree: CSR is an unconditionally acceptance obligation of Business</td>
<td>1.9000</td>
<td>0.87560</td>
</tr>
</tbody>
</table>

Source: Research data (2016)

The respondents are instructed to respond to the statements in a 5 point Likert scale indicate from “strongly agree” (1) to “strongly disagree” (5) and a mean (M) score of 0-1.5 means that the respondents strongly agree, between 1.50 to 2.50 means they agree, 2.50 to 3.50 means the respondents were neutral, 3.50-4.50 means they disagree, and a mean above 4.50 means the respondents strongly disagree. Therefore from the above table 4.8; the respondents are neutral on the nature of CSR activities undertaken by their company with (M= 2.7, SD= 0.94868), those employees strongly agree on the statement “There should be more public recognition given to companies doing well in the area of CSR” with (M= 1.30, S= 0.67) and also they agreed on CSR implementation should be the responsibility of every company and CSR is an unconditionally acceptance obligation of Business with (M=1.7, S=0.94868) and (M=1.9, S=0.87560) respectively. According to Roberts, (2003) it is common for businesses to abide by ethical codes of conduct. These codes begin minimum demands related to health and safety, environmental protection, labor rights and human rights, from the above result most of the respondent have a positive perception about CSR even if the company is not that much doing its CSR.
Table 4.7: Employees perception on CSR

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you agree with the nature of CSR activities undertaken by Your Company</td>
<td>2.7000</td>
<td>.94868</td>
</tr>
<tr>
<td>There should be more public recognition given to companies doing well in the area of CSR</td>
<td>1.3000</td>
<td>.67495</td>
</tr>
<tr>
<td>Do you agree: implementing CSR should be the responsibility of every company</td>
<td>1.7000</td>
<td>.94868</td>
</tr>
<tr>
<td>Do you agree : CSR is an unconditionally acceptance obligation of Business</td>
<td>1.9000</td>
<td>.87560</td>
</tr>
</tbody>
</table>

Source: Research data (2016)
Chapter Five: Summary, Conclusion and Recommendations

In this part of the research paper the researcher present summary, conclusion and recommendations of what has been studied so far.

5.1 Summary of the Research Findings

- From 150 respondents; 50.67% are below grade12, 24.67% are certificate holders, 11.33% have diploma, 6% are first degree holders and above and 7.33% are grouped in the other category. This indicates the majority of our respondent's education level is less than 12\textsuperscript{th} grade.

- Most of respondents are agreed on the products which are produced by Addis Modjo edible oil company are healthy with (M=3.65, SD=1.04), the respondents agree on the input used by Addis Modjo edible oil company are healthy materials with (M=3.72, SD=0.92) and the respondents are also agree on the company is working on the society health with (M=3.63, SD=0.93).

- Most of the respondents are disagree on the price of edible oil in Addis Modjo edible oil company is fair with (M=1.68, S=0.99) and also disagree on customers loyalty of this company with (M=2.43, S=0.88).

- 98 or 65.33\% of respondents Agree or they say YES for the question –Addis Modjo edible oil company is sufficient to produce edible oil?” and the remaining 52 or 34.67\% of respondents disagree or said NO.

- 103 or 68.67\% of respondents say NO or disagree for the question –Addis Modjo edible oil company is concerned to the society and to the environment?” and the remaining 47 or 31.33\% of respondents were saying YES.

- The respondents are a strongly agree on their company do some CSR activates with (M=1, S=0) and their company is not regularly finance the local community activates and projects through donation or sponsorship with (M=2.3, S=1.41814) but in both cases
of “making assessment of their business impact on their stake holders” and “impact of its CSR activities by their company on the stakeholders” they are in-part with (M=3.1, S=1.28668) and (M= 3.1, S=1.10050) respectively.

- The respondents are neutral on the nature of CSR activates undertaken by their company with (M= 2.7, SD= 0.94868), those employees strongly agree on the statement “There should be more public recognition given to companies doing well in the area of CSR” with (M= 1.30, S= 0.67) and also they agreed on CSR implementation should be the responsibility of every company and CSR is an unconditionally acceptance obligation of Business with (M=1.7, S=0.94868) and (M=1.9, S=0.87560) respectively.

5.2 Conclusion

Depending on the findings discussed above the following conclusion are drawn.

Customers of Addis-Modjo edible oil company agreed that the oil product and the raw material used as an input by this company is healthy and organic but this comes from knowledge gap where by clear information is not given to them. The company uses cotton seed oil as an input. Moreover, this input material has cancer causing effect because to produce the cotton plant the producers use a lot of pesticide .So we can’t say it is healthy and organic.

The products are not fair in price even if they are using cotton to produce oil. This oil is lower in price throughout the world but not true in Ethiopia although it gets the raw material from its sister company Amibara.

The company doesn’t have any mechanism to collect back the plastic packs after disposal, so the environment is in danger.

Findings indicate that the customers are not aware of the company’s activity with social responsibility However, Addis Modjo edible Oil Company does some CSR but it does not support the local community activities and projects through donation or sponsorship schema regularly. Its employees believe that CSR activities made by any
organization including this company should be recognized and also they reflected that the implementation of CSR should be a responsibility of every organization that helps its productivity.

5.3 Recommendations

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

- The company use cotton seed as an input, cotton seed oil have cancer causing effect because to produce the cotton plant the producers use a lot of pesticide and the pesticides do have the potential to cause cancer. so it's is better to use other oilseeds which are originally design to eat because cotton is not consider as food crop so it is not treated as such.

- Even the media should have to give coverage to deliver information's to the public because this kind of gap can cause a long term health risk.

- The company logistics and supply chain manager responds the company is responsible to the environment but they use plastics packs to pack their products and they don’t have the reverse logistics so it’s must be considered the reverse logistics part.

- The company says my production is socially responsible but the customers are not aware of that so the company must do some community activities so that the society will aware of that then its sustainability will be insured.

- The company’s product is not fair in price but the fair price issue must be considered when social responsibility is concerned.

- This company should engaged in local community activities and projects through donation or other kinds of assistance; since in order to have sustainable engagement in this business this company must do some CSR activities that will deepen the belief
of their customer when they purchase the product of this company they also contribute to the wellbeing of the society.

- The company's employees are not fully aware of CSR issues so the company must give information about CSR (training).
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APPENDIX

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT

This Questionnaire is prepared by the student of logistics and supply chain management at Addis Ababa university school of commerce for the partial fulfillment of a thesis. This questionnaire is prepared to assess of the overall supply chain in relation with corporate social responsibility practices in the case of Addis Modjo edible oil Company and its purpose is purely academic.

The validity of your response has high contribution for success of my senior essay due to this reason I would like to ask with due respect to give the right response. All information you provide to this study will be kept strictly confidential.

Thank You for your sincerely cooperation!

Instruction

✓ This questionnaire mainly focuses on the supply chain in relation with corporate social responsibility in Addis mojo edible oil factory.

✓ Give your response by placing ✓ or X sign in the box.

✓ No need to write your name.

I. General questions: Personal information

1. Gender

    Male  [ ]    Female  [ ]
2. Age

Below 18  □  18-25  □

24-29  □  30-35  □

36 and above  □

3. Educational background

Below grade twelve  □  Certificate  □

Diploma  □  BA degree or above  □

Other please specify  ________________

II. Questions related with health and safety, air trade and others

(a) Strongly agree (b) Agree (c) Neutral (d) Disagree (e) strongly disagree

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<td>4. Do you agree the company product is healthy</td>
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<td>5. Do you agree the company use a healthy materials as an input</td>
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<td>6. To what extent you agree the company work for sociality healthy</td>
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<td>7. Does the company oil product is fair in price when its related with others</td>
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8. What makes you to be the customer of this company?

A) The price  c) qualitye) any other reason__________

b) Availability  d) healthiness
9. Do you think this company is sufficient to produce oil products?
   a) Yes   b) no

10. If your answer for question number 9 is no, please describe it

11. Addis Modjo edible company is concerned to the society and to the environment?
   a) Yes   b) no

12. If your answer for question number 11 is yes, please give me your ideas

____________________________________________________________
Interview question for Addis Modjo edible oil company logistics and supply chain department head.

1. Does your company works to protect the environment?
2. What kind of activity your companies do to make the products healthy?
3. Does your company do any effort in procurement in order to make the inputs environmentally friendly?
4. What kind of activity done in your company related with labor and human right?
5. Do think making the supply chain socially responsible is cost intensive?
6. Do you think the corporate social responsibility activity that done by the company attracts consumers?
7. What kinds of activity you company do to relate CSR and supply chain?
8. CRS help the company to stay in the business?
ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT

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The validity of your response has high contribution for success of my senior essay due to this reason I would like to ask with due respect to give the right response. All information you provide to this study will be kept strictly confidential.

Thank You for your sincerely cooperation!

**Instruction**

- This questionnaire mainly focuses on the supply chain in relation with corporate social responsibility in Addis modjo edible oil factory.
- Give your response by placing ✓ or X sign in the box.
- No need to write your name.

**General questions**

**Personal information**

1. Gender
   - A) Male  
   - B) Female  

3. Educational background
   - A) Below grade twelve  
   - B) Certificate  
   - C) Diploma  
   - D) BA degree or above  

56
E) Other please specify ________________

3. Age

A) Below 18  
B) 18-25  
C) 24-29  
D) 30-35  
E) 36 and above  

1) Questions related with the study

(a) Yes (b) No (c) In part (d) Don't know (e) Not Applicable

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<tr>
<td>4</td>
<td>Does your company do any CSR activity</td>
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<td>5</td>
<td>Does your Company make an assessment of impact of its business on the stakeholders</td>
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<td>Does your enterprise give regular financial support to local community activities and projects (e.g. Charitable donations or sponsorships?)</td>
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<td>7</td>
<td>Does your Company study the impact of its CSR activities on the stakeholders</td>
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Questions related with the perception of CSR

(a) Strongly agree (b) Agree (c) Neutral (d) Disagree (e) strongly disagree

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<td>8</td>
<td>Do you agree with the nature of CSR activities undertaken by Your Company</td>
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<td>There should be more public recognition given to companies doing well in the area of CSR</td>
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<td>Do you agree: implementing CSR should be the</td>
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<td>Do you agree: CSR is an unconditionally acceptance obligation of Business</td>
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<td>voluntary responsibility of every company</td>
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