



COLLEGE OF BUSINESS AND ECONOMICS DEPARTMENT OF MANAGEMENT

ASSESSMENT ON PRACTICES AND DETERMINANTS OF CORPORATE SOCIAL  
RESPONSIBILITY IN ETHIOPIAN LEATHER INDUSTRY:

A Comparative Study Conducted in Abyssinia Tannery PLC. and Blue Nile Tannery S.C.

By - Ephrem Haile

Advisor: Yohannes W. (PhD)

June/2018

Addis Ababa, Ethiopia



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**A Thesis Submitted to School of Graduate Studies in Partial Fulfillment of the Requirements for the Degree of Masters in Management (MSC).**

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## Statement of Declaration

I, Ephrem Haile have carried out independently a research work on “Assessment of Corporate Social Responsibility Practices and Determinants in Ethiopian leather industry in comparative study of Abyssinia and Blue Nile tanneries in partial fulfillment of the requirements degree of master of science in Management with the guidance and support of the research advisor.

This study is my own work that has not submitted for any degree or diploma program in this or other institution and that all source of materials used for this thesis properly have acknowledged.

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This is to certify that a thesis prepared by Ephrem Haile, entitled Assessment of Practices and determinants of corporate Social Responsibility in Ethiopian Leather Industries: A Comparative Study Conducted in Abyssinia Tannery PLC. and Blue Nile Tannery S.C. A thesis submitted in Partial Fulfillment for the Requirements of the Degree of Masters in Management (MSC) complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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## **ABSTRACT**

*The study aimed at studying the existence and practices of different dimensions of Corporate Social Responsibility (CSR) practices and determinants in Ethiopian Leather Industry by taking Abyssinia and Blue Nile tanneries. The study uses field survey as a methodology and Eighty-eight and thirty-five workers in Abyssinia and Blue Nile tanneries selected through Simple random sampling techniques from the total employees of six hundred and two hundred seventy five in each tannery. Data collected through mainly questionnaire, interview and Observation. Finally, the data collected through the questionnaires has coded, entered into computer, analyzed, and presented in the form of tables using SPSS version Software and integrated with interview and observation results. On the other hand, to identify direct relationship of determinants of CSR practices in both companies the researcher use logistic regression analysis's methodology.*

*Findings of the study has shown that , In determining types of CSR Practices in both tanneries operating in leather industry , Abyssinia Tannery is better than Blue Nile Tannery in the cases of labor handling, consumer protection, environmental protection and human rights. In contrast, Blue Nile Tannery is better in terms of community welfare, and transparency and anti-corruption. Regardless of the comparison, both companies are well in CSR practices.*

*Regarding the determinants of CSR practices it is through analysis of the direct relationships that insight is developed between the dependent and independent variables. CSR (dependent variable) has a strong positive relationship with labor pressure, consumer demands, community enforcement, sustainability and profitability. This thesis concludes with a discussion of the implications of these findings as well as recommendations for further research in the area.*

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## ACCRONYMS

AAU	Addis Ababa university
CSR	Corporate Social Responsibility
ELICO	Ethio-Leather Industry Private Limited Company
EU	European Union
FAO	Food and Agriculture Organization
FMCG	Fast Moving Consumer Goods
IBM	International Business Machines
ILO	International Labor Organization
ISO	International Organization for Standardization
KPI	Key Performance Indicators
NGO	Non-Governmental Organizations
OECD	Organization for Economic Co-operation & Development
PLC	Private Limited Company
SC	Share Company
SPSS	Statistical Packages for Social Sciences
UN	United Nations

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the Study

Corporate Social Responsibility is a concept that indicates the increasing role of businesses in the society. The promise for CSR is that business organizations behave in a way that is ethically acceptable and at the same time contributing to the economic development and improvement of living conditions. Recent growth in the number and size of multinational firms, coupled with their expanding global reach, has heightened awareness of CSR as an international topic (Damiano & Pompermayer, 2007; Eweje, 2006) in Robertson (2009).

Terminologically many terms exist to describe the responsibilities of business towards its stakeholders. The most interchangeably used terms to express corporate social responsibility (CSR) are corporate citizenship, corporate responsibility, corporate social responsiveness, corporate social performance, corporate stakeholder responsibility, corporate integrity, organizational responsibility, responsible business practice and social responsibility. Corporate social responsibility is currently the best known term (mathies, 2008; ISO2600, 2010 and viser,2011). Thus, the researcher use the dominate term of CSR though out of this research work.

Business for social responsibility (2003) defined the concept CSR as ‘operating a business in a manner that meet or exceeds the ethical, legal, commercial and public expectations that society has of business. It is viewed as a comprehensive set of policies, practices and programs that are integrated throughout the business operations, decision making process that are supported and rewarded by the top management’. Being socially responsible means not only meet legal obligations to which no doubt every company has to meet, but go beyond this performance by investing on human capital, environment and caring relationships with agents of interest (green paper of EU, as cited in Vazquez (2010) . While the government provide a regulatory frame work governing issues such as environmental protection/ law, employment right, fair operating

practices; however CSR goes beyond the compliance of these legislative issues and create a shared value in collaboration with all stakeholders. Now it is the concern of any business organization and the business issue of twenty- first century (Justice, N.D). Lorraine (2009)in his research work found and conclude that CSR concept is described and expressed through the dimensions of environment, community, workplace and marketplace practices. Hopkins (2007) expressed in his research' Business only survive if they can show, evaluated to show and a clear social responsibility in their continual treatment of their stakeholders'. Thus, social responsibility will just be part of normal business practice Similarly, Anderson (1989) also wrote in his book by saying, "Agree with it, disagree with it, like it, or dislike it, social responsibility and social responsiveness are here to stay and everyone must live with them...."

In Developing countries like Ethiopia, responsible operation of firms is basic for social and economic development. With this premise, firms in Ethiopia need to adopt a socially responsible business practice given they operate in a society that is challenged by social, economic and environmental problems, which directly or indirectly will affect their survival in the long time. Their social responsibility engagement is imperative for their profitability and success as it builds their reputation, customer attraction and compliance to international supply chain standards as well (Mathias, 2016). In addition, adoption of socially responsible practices in Ethiopia is essential for the country's green economy policy initiated in 2011.

Ethiopia is one of the developing countries striving to develop private sector role in its development. Being under the challenge of poverty, governance gaps, and access to social services etc., there is desperate need for role of private firms in society. Until 1991, the country was socialistic and private ownership of firms did not exist. A market-oriented economy has declared in 1991 that brought the emergence of private companies in various sectors. In this respect, the private sector has expected to be the dominant actor in the economy with the favorable investment environment created. However According to Mathias (2016), many people believe that companies are not shouldering their responsibility to their employees, environment and society. Among these, a sector of leading role in economy and employment is the leather industry. This industry knows for its significant contribution in employment & foreign currency earnings. This is because the country has one of the largest livestock in Africa and produces

high-quality semi-processed leather (Staveren & Knorringa, 2007). On the reverse side, it knows for environmental pollution because of hazardous chemicals in the tanning process.

With respect to CSR In a study carried out by Robertson (2009) revealed that the private sector in Ethiopia strives but not active in CSR and private-public partnership is very limited. Shiferaw (2007) in Robertson (2009) also added that when private sector grows stronger, CSR would experience parallel growth. Yet, the practice towards responsible business in Ethiopia is unexplored, which need further investigation so that the status of firm's CSR practices and determinants of CSR become clear.

Since the concept of CSR is new in business sector especially in the Ethiopian leather industry (Mathis, 2016); it is not considered as a large company and lacked an extensive research works But it has a good position to practice corporate social responsibility whatever the sizes it (Garay & Font, 2011). Especially by assessing CSR, practices and its determinants in the workplace/ employee, customers, environment, social welfare, human rights and transparency and anti corruption dimensions in any business organization problems needs to addressed. It is relevant to business owners, labors, customers, environment and industries, especially for leather industries to implement CSR concepts and to get benefit from implementing it.

This study has tried to assess the nature and types of CSR practices and its determinants in Ethiopian leather industry in the form of comparison between Abyssinia tannery and Blue Nile tannery. Blue Nile Tannery S.C. privatized in 1996, manufacturer, and exporter of leather products. Currently, the Company manages to create considerable employment opportunity to citizens of the nation, enables the country to earn foreign currency and paves a smooth way for the expansion of similar manufacturing industrial sectors that are indispensable for the developmental effort of the nation. Abyssinia tannery is one of three factories of Ethiopian leather industry (ELICO) namely the Abyssinia Tannery, Awash tannery and leather garment and goods unit established in August 1997 after acquisition of from the Ethiopian Privatization Agency. The Industry has three operating units, and ELICO is one of them.

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

Corporate Social Responsibility (CSR) as a concept has no consensus definition. Various writers defined it based on their background, interest, exposure, as well as values embodied in the writer's frame of reference. Corporate social responsibility is also called corporate conscience or corporate social performance are duties perform by organizations to the society in which they are operate, such as protection of the environment, provision of social amenities, health and safety, and so on (Odetayo, Adeyemi and Sajuyigbe, 2014).

Bryson (2012) explained that the management's social responsibility goes beyond making profit to include protecting and improving social's welfare of its stakeholders and the environment in which the firm carries out its operations. This statement relies on the belief that corporations are dependent entities which responsible not only for stockholders. However, they also have the responsibility to the society that allow their formation through various laws and regulations and support them through purchasing their products and services.

In line with literature (Agle and Mitchell 2008; Vaaland, 2008) and interview findings (Lorraine, 2009), CSR activities were categorized under the headings; Environment, Customers, Employees and Community. Firstly, in relation to the environment, the most common activities include waste reduction and recycling. Energy conservation is also quite common. To a lesser extent, firms carry out reduction in water consumption, air pollution and packaging. The most common activity toward customers is commitment to providing value to customers. Responding to customer complaints in a timely manner is also quite popular and to a lesser extent, supplying clear and accurate information to customers and considering customer accessibility. The most common activities in relation to employees are a commitment to the health and safety of employees and ensuring adequate steps take against discrimination. Slightly less popular activities include encouraging employees to develop skills and long-term career paths and work/life balance. Lastly, in relation to the community, the most common activity involved donating to charity. Having employees volunteer on behalf of the firm and having recruitment and purchasing policies in favor of the local community are also popular activities. Furthermore, William and Jose (2009) conversed that the CSR standards hinge on many aspects of life such as

human rights, treatment of labor, the environment, consumer protection, health, fighting corruption and transparency in reporting.

Regarding the determinants of CSR, one of the most pragmatic reasons for business to be socially responsible is to ward off future government intervention and regulation, which is costly to business and restricts its flexibility of decision-making. Arguably, if business voluntarily exceed their regulatory obligations then the need or will for government interference in business affairs is reduced (Tyrrell, 2006).

The other argument states that business (nature of the firm) has valuable resources such as a substantial pool of management talent, functional expertise and capital resources; therefore business should use these resources to solve social problems (Hillman and Kein, 2001, Schaper and Savery, 2004; Jenkins, 2006 as cited by Lorraine, 2009). Nick 45 (2010) stated forces driving CSR including community, shareholders, and employees, social -license, nature of the firm, and sustainability and profitability.

In Ethiopian case Bedada, Samson, Eshetu and Messay (2011) had conducted research under the title “Ethiopian Floriculture Industry from Corporate Social Responsibility (CSR) “explores the practice of corporate social responsibility and the related governance on Ethiopian flower industry. They clearly stated that since Ethiopia is one of the developing countries, the philosophy of corporate social responsibility is not well developed and the governance system takes the form of mere control and decision-making rather than well-developed ethical code of conduct. According to the study of Bedada et al. show that the findings of the industries on CSR practice with the three pillars of Corporate Social Responsibility economic, environmental and social sustainability presented in the research from the view of CSR in floriculture industry.

Tewelde (2012) in his PHD dissertation illustrated using Carroll’s model in the business context of Ethiopia and its interface with corporate social Responsibility. He asserted that ‘Although many models on CSR developed in the West Prescribe universal applications of the components and priorities, the contextual factors in developing countries in general and Ethiopia in particular may not allow the direct adoption of such models’. In Ethiopian context, the practice like many other African countries is on the economic aspect of the CSR and such emphasis may be at the

expense of other dimensions. In such a situation, how we can reconcile the different components is the major challenges that need to address. According to Tewelde(2012), as per the discussion of CSR in Ethiopia it is clear that the legal and ethical responsibilities are the least in terms of practice as it is the case in most of African countries context.

From the above literature we can understand, there is no 100% clear definitions and determinants of CSR. There is great need to create understanding about CSR practices and determinants to conduct the business in ethical manner and in sustainable way (Jamali & Mirshak, 2007). In addition, it is not common to find a specific form of corporate social responsibility practices and determinants in the developing world that could see only from few CSR dimensions such as business, philanthropic and legal perspectives (jamali et al, 2007). Since Ethiopia is one of the developing countries, the philosophy of corporate social responsibility is not well developed.

In Ethiopia, there are few research works in CSR concept and practices, particularly in CSR stakeholders' dimensions and determinants for this study purpose as selected. Some researchers studied issues that are related to CSR but most of them are restricted to large corporations or specific CSR dimensions. For example, Potluri and Temesgen (2008) studied the attitude of Ethiopian corporate towards CSR, The nature of CSR in Ethiopian business context by Tewelde(2012) and Abebe(2011) also studied the practices of CSR in sugar industry. Tilahun (2014) studied the effect of CSR on customer's loyalty: In case of Deshen brewery factory in Gondar city, Ethiopia. Yusuf (2013) studied practices of CSR incase of Addiss Ababa tannery. However, this research work is different from these because of, it investigate specific stakeholder's oriented CSR practice and determinants in the case of leather industry from the point of view of the employees themselves and the managers. More importantly, nowadays the raising of questions by the major stakeholders (for instance, employees, environment and community--etc) in the local industry calls for a research work into what are their socially responsible practices in Ethiopian industry.

With respect to this study particularly, despite the presence of research works on issues related to tanneries, these studies highly focused on the impacts of tanneries on the ecology, with less emphasis on the socio-economic impacts (Fitsum and Fikirte, 2014).

In addition to that, the available literature and empirical investigations reveal that there are few studies conducted at the National level regarding CSR practices and determinants in leather Industry. However, there are no studies found that conducted at Abyssinia and Blue Nile Tanneries.

### **1.3. Research Question**

Based on the objective of the research, this study has attempted to address the following research questions:

- i. What types of CSR activities are undertaking in both companies?
- ii. What does look like implementation of CSR practices in the both companies?
- iii. What are the internal and external determinants that force to implement CSR in both companies?

### **1.4. Objective of the Study**

#### **1.4.1. General Objective**

The major objective of this study is to assess practices and determinants of Corporate Social Responsibility Ethiopian leather industry in the form of comparison between Blue Nile Tannery and Abyssinia Tannery P.L.C.

#### **1.4.2. Specific Objective**

The specific objectives of the study are;

- i. Assess the types of CSR activities are undertakings in both tanneries.
- ii. Assess the factors behind undertaking CSR activities in both companies

### **1.5. Significance of the Study**

The results of this study will be significant in various respects: As it has indicated in different studies, the magnitude of research work in this area is few in developing countries and in

Ethiopia (Bilal, 2001; Huq, Moyeen, & Nayak, 2010; Visser, 2006.). Besides, the works in Africa are concerned more on business than ethical corporate social responsibility dimensions (Visser, 2006.) This research paper can enhance the level of awareness about corporate social responsibility practices and determinants in the stakeholders dimension in leather industry that are the focus of the study, and add value to the literature of corporate social responsibility in Ethiopia leather industry particularly in CSR practices & its determinants that selected for this study.

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

The scope and limitation of the study focus investigating the CSR practices and its determinants of Ethiopian leather industry. Particularly, For the sake of quality and specialization, this study is limited to the practices of CSR and its determinants in case of Abyssinia and Blue Nile Tanneries in Addis Ababa, Ethiopia. Moreover, the study may face difficulty of well-developed information on the area (respondents understanding on CSR).

In the case of practices and determinants of CSR, six types of CSR practices and six predictors selected despite other variables are available. So data analysis has only used to infer only the Ethiopian context factual matters of leather industry and it might not be use for the generalization of the rest of the industry including other tanneries.

### **1.8. STRUCTURE OF THE THESIS**

The thesis starts with the first chapter, which introduces the introduction of the study and defines the research problems and research questions including the objective of the study, scope and limitations of the study, significance of the study and this section. Chapter two is to related literature reviews, which have consisted of the theoretical framework corporate social responsibility, empirical study on corporate social responsibility, conceptual framework and literature gap. Chapter three is about research approach, research design, sample design, data sources and instruments, analytical method of the research, and, model variables. Chapter four provides findings and discussions of both descriptive and econometric analyses corresponding to the research questions of the study. Finally, chapter five constitutes conclusions and recommendation to solve observed problems and to accelerate the development of CSR practices in Ethiopian leather industry particularly.

## **CHAPTER TWO**

### **REVIEW OF THE RELATED LITERATURE**

#### **2.1. Introduction**

This chapter tries to deal with review of literature on ‘Corporate Social Responsibility (CSR)’ under the study background. Attempts were made to explain briefly begin with the definitions and concepts of CSR followed by the theoretical framework, empirical reviews and conceptual framework.

##### **2.1.1. Definitions and Concepts of CSR**

There is no commonly agreed definition now to CSR. It also defined by any organization and Many the scholars in the past based on the social, economical, political and environmental context of that period since 1950s (Mathias, 2008). The definitions and comments on them presented below.

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

Shafiqur (2011) supposed that various definitions of CSR cover various dimensions including economic development, ethical practices, environmental protection, stakeholders’ involvement, transparency, accountability, responsible behavior, moral obligation and corporate responsiveness. This definition focused only on the dimensions of CSR despite other dimensions such as health and human rights were existed. Thus, it generalizes the meaning of CSR on its standards or dimensions.

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

Hopkins (2011), in his concept of Corporate Social Responsibility, Corporate Social Responsibility is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. 'Ethically or responsible' means treating key stakeholders in a manner deemed acceptable according to international norms. This definition is too broad and focuses on stakeholders of a company. CSR can be considering beyond this, for instance, in terms of the community, the country, the continent as well as globally as a whole.

European Commission (2002) describes CSR a close relationships between companies and societies to tackle social and environmental concerns. They define CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. In its new Communication on CSR, the Commission puts forward a new definition of CSR: "the responsibility of enterprises for their impacts on society." The Communication then states that: "To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, and ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders" (New EU definition on CSR mirrors Enterprise 2020 aspirations –2012). These definitions more or less describe CSR as whole. However, the definitions tie CSR only with business operations and strategies. CSR practices should treat beyond business operations and strategies. For instance, assisting the national team is beyond companies activities. Although CSR sometimes is obligatory, the European Commission definitions limit it as a voluntary activity.

## **2.2. Literature Gap**

As it has studied by many scholars and agreed that, it is quite difficult to have an agreed definition that clearly reveals the concept of corporate social responsibility. Accordingly, Corporate Social Responsibility (CSR) as a concept has no consensus definition. As summary we can understand, there are Different meanings in a variety of contexts are raised about the definition of CSR by diverse academic scholars or/and researchers and organizations. However, the above definitions more or less included these varieties of concepts on CSR. Meanwhile, as a reference to this study, CSR should be define as a voluntary as well as obligatory activity of a business or an institution towards labor treatment, consumer protection, community welfare, environmental protection, human rights, transparency and anti-corruption, health and quality of life to enhance economical, social, political, ethical and environmental standards of the society as a whole.

## **2.3. Theoretical Framework of the Study**

### **2.3.1. Stakeholder theory in CSR concept**

There are varieties of theories in the concept of CSR which are design in different perspectives and which are contradicting each other. In practice, most CSR theory presents four dimensions related to profits (economic), political performance, social demands and ethical values. This theoretical framework of the Study in this thesis is dealt with in quite some depth Stakeholder theory , because CSR is conceptualized through the lens of stakeholder theory (Prado-Lorenzo, 2008; Wang, 2008; Vaaland, 2008; Agle and Mitchell, 2008; Agatiello, 2008). Note the references that are listed below are not references that referred primarily by Lorraine (2009).

Stakeholder theory has emerged as an alternative to shareholder theory (Spence, 2001). The term stakeholder explicitly and intensely represents a softening of (if not a fundamental challenge) to strict shareholder theory (Windsor, 2001). This theory recognizes the fact that most, if not all firms have a large and integrated set of stakeholders (Cochran, 1994) to which they have an obligation and responsibility (Spence, 2001).

According to Goodpaster (1991), the term stakeholder has been invented as a deliberate play on the word 'shareholder' to signify that there are other parties having a 'stake' in the decision making of the modern corporation in addition to those holding equity positions (Carson, 2003). Providing an interesting slant on shareholder theory, Deck (1994) acknowledges the purpose of the organization is to create wealth and distribute this among investors. However, he does not limit investors to mere shareholders and includes other groups such as employees and society who make investments in organizations in the form of knowledge, skills and infrastructure.

The instrumentals imply that it makes a connection between stakeholder approaches and commonly desired objectives such as profitability, stability or growth. Instrumental theory is a hypothesis of what will happen if certain courses of action followed. Donaldson and Preston (1995) identify instrumental uses as making "a connection between stakeholder approaches and commonly desired objectives such as profitability". One of the earlier arguments in favor of the instrumental power of stakeholder theory is seen in General Robert Wood's (1950 cited in Clarkson, 1995) assertion that the four parties to any business in order of importance are customers, employees, community and shareholders. He maintained that if the appropriate needs and interests of the first three groups were care for effectively, the company's shareholders would benefit as a result.

Finally, Post (2002) believes that effective stakeholder management is a critical requirement for sustaining and enhancing the wealth creating capacity of the organization. Jones (1995) suggests that stakeholder management is a source of competitive advantage, as contracts between organizations and stakeholders will be based on trust and cooperation and therefore less expense will be required in monitoring and enforcing such contracts. Clarkson (1995) argues that failure to retain the participation of a primary stakeholder group will result in the failure of that corporate system and its ability to continue as a going concern. Jarillo (1988) and Jones (1995) argue that collaborative working relations with stakeholders will deliver organizational success.

## **2.4. Empirical Reviews**

CSR practice of the study are described according to ISO 26000(2010) seven fundamental subjects of CSR which are supported by lots of research findings of CSR. These CSR standards

are environment, labor practice, human rights, organizational governance, fair operating practice, consumer issues and social development. Thus, based on these standards, empirical studies of the thesis summarized and presented below including CSR determinants.

#### **2.4.1. Labor Treatment**

Anupam and Ravi (2012), in their study called “Corporate Social Responsibility Initiatives of Major Companies of India” described CSR with focus on health, education and environment. The study based 12 large-scale organizations from the IT, FMCG and Auto sectors. The results indicate that the selected companies (such as IBM, Tata consultancy service and Nestle) are practicing CSR via the selected CSR standards including labor treatment. These firms are trying to provide different services such as education and training for their skills and long-term career, health care, work life balance and safety facilities.

Dirk and Jeremy (2004), in their study of CSR standards, described labor treatment seeing that fair wages, working time and conditions, healthcare, redundancy, protection against unfair dismissal, just to name a few examples, have been key issues to which CSR policies have been addressed.

#### **2.4.2. Consumer Protection**

Consumers are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. For instance, Carroll and Shabana (2011) in their business cases suggested that CSR initiatives could contribute to strengthening a firm’s competitive advantage, its brand loyalty, and its consumer patronage. Anupam and Ravi (2012) also stated that consumer protection could achieve through improved products.

#### **2.4.3. Community Welfare**

Nirmala (2008) studied about CSR as “the Social and Environmental Impacts of Leather Production”. The study indicates health problems that are relating to tanneries. People who work in or live near tanneries are dying from cancer caused by exposure to toxic chemicals that use to process and dye the leather. As a result, leather companies in different countries should spot the

incidence of disease among residents near to tannery. Companies have made public stands against the inhumane slaughter of animals and improper processing of hides. The remedies of the social and environmental injustices are as varied and in some cases as obscure as. In each country, governing agencies should supposedly regulate and watch over the processes involved.

#### **2.4.4 Environmental Protection**

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

#### **2.4.5. Human Rights**

With reference to William and Jose ( 2009) study of CSR standards, the CSR standards hinge on many aspects of life such as human rights, treatment of labor, the environment, consumer protection, health, fighting corruption and transparency in reporting. The findings of the study claim that companies are under obligation to respect and promote human rights in their operations. The Universal Declaration of Human Rights of 1948 recognizes the dignity and equality of all persons as members of the global community. This also forms the basis for freedom, justice and peace across the world. Corporations, as organs of society are under obligation to comply wherever they may be operating in the world.

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

According to Australian Government (2010) study, social responsibility is premise on fair operating practices, meaning ethical conduct in an organizations dealing with others, including government agencies, partners, suppliers, contractors, competitors and the associations in which they are members. A key issue in fair operating practices is anti-corruption. It can also distort

competition, distribution of wealth and economic growth. Socially responsible companies will consequently have in place robust anti-corruption policies and practices, backed up by senior management buy-in, staff training, and reporting, and accountability arrangements. Shafiqur (2011) raised similar explanation about transparency and anti-corruption.

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

In the last decade, in particular, empirical research has brought evidence of the measurable payoff of corporate social responsibility (CSR) initiatives to companies as well as their stakeholders. Companies have different reasons for being attentive to CSR. Varieties of studies about factors that determine CSR discussed below.

Different CSR determinants were stated by Matthias and Ludwig (2009), though their empirical findings in terms of Corporate Social Responsibility in Agribusiness of Germany. In the study a total 170 enterprises agribusiness sectors participated in the survey. Questionnaires and interviews used regarding data collection. The questionnaire focused on the perception of external pressure and the motives for implementing CSR by agribusiness firms. The results of the study show that agribusiness firms in general perceive high public pressure that might threaten their legitimacy. A majority of respondents agree that they are engage in the company's local environment (corporate citizenship) as well as in social initiatives and make suppliers commit to social and environmental standards.

Carroll and Shabana (2011), through their business cases, contributed certain concepts for Corporate Social Responsibility. They proposed, companies might also justify their CSR initiatives based on creating, defending, sustaining their legitimacy and strong reputations. The win-win perspective on CSR practices aims to satisfy stakeholders' demands while allowing the firm to pursue financial success. CSR activities also directed at managing community relations may also result in cost and risk reductions. For example, building positive community relationships may contribute to the firm is attaining tax advantages offered by city and county governments to further local investments. In addition, positive community relationships decrease the number of regulations imposed on the firm because the firm perceived as a sanctioned member of society.

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

Based on the above descriptions about determinants of CSR and other related studies mainly based on Nick (2010) “ Forces Driving Corporate Social Responsibility” the findings of CSR determinants summarizes as follows to the researcher purpose.

More than ever before, the public-at-large (community) is placing social, ethical and environmental expectations on organizations large and small. Many companies are now engaging in corporate social responsibility simply to catch up with these expectations.

Shareholder resolutions related to social and environmental issues have steadily increased year-on-year. Through these resolutions, activist investors attempt to sway management policies either by passing a binding resolution or simply by forcing the board and senior management to respond publicly to social concerns. Indeed, employees at all levels are suffering a lack of meaning at work. Therefore, grassroots employee activism is the other critical determinant of the practice of CSR.

CSR and ethics education is the other determinant of CSR practices. In response to the growing interest in corporate social responsibility, companies are sending staff to workshops focused on sustainability, ethical decision-making, and other dimensions of CSR. MBA programs worldwide are incorporating these aspects into their curriculum.

The other determinant, which rose, was level of social license. In order for buyers to verify the social and environmental record of their suppliers, many are turning to certification programs

that provide independent verification. ISO 14001 was one of the first and most popular of these programs, but many more have launched since.

The internet and social media is also affects the activity. Once, the internet enhanced the public's access to information - including information about social issues and the social & environmental performance of companies. On Face book, Twitter, MySpace, thousands of review sites and tens of thousands of discussion forums, people's compliments, complaints, and criticisms are readily share with the world.

Regulation on social and environmental reporting influences the company to be socially responsible. In a recent development, some jurisdictions and laws are now pursuing legislation or securities regulation that would force companies to report on social and environmental performance, similar to mandatory financial reporting to shareholders.

The other very important factor is sustainability and profitability. One common myth of corporate social responsibility is that it is costly to implement. On the contrary, many companies are drive to engage in responsible business practices out of a desire to save money. Firms that conserve energy & resources and create a more efficient value chain help the environment and their bottom line. Some companies are even earning revenue through their activities. For example, some are installing solar panels on roofs and selling energy back to the grid.

International organizations including NGOs also put pressure on CSR practices. A major role of these organizations is to raise public awareness of social issues and to pressure those with the power to fix those issues. This activism is responsible for much of the increase in public awareness of social issues and the questionable activities of some companies, as well as shifting attitudes toward the social role of the corporation.

In summary, the preceding description about the empirical studies of CSR presents a landscape of CSR standards and determinants although some of them provided a propagation of approaches, which are controversial and complex. These concepts have examined and classified by scholars since the mid-1970s. However, owing to the evolving meaning of CSR and the huge number of scholars who have begun to analyze the issue in recent years fresh efforts are need to

understand new developments. Subsequently, the above empirical findings faces an empirical gap, they are not all contented.

These empirical gaps summarize below as per the knowledge and understanding of the researcher:

The studies did not investigate CSR practices in accordance with their determinants. In addition to this, greater number of studies focused only on certain dimensions of CSR.

The methodologies were based on questionnaires and interviews as instrument for data collection, although, observation is the other instrument especially related to environmental matters.

The studies used descriptive statistics, liner regression or qualitative analysis to find out the results of their analysis. Logistic regression that is a best tool for respondents' attitudes, however, did not put into practice as an analysis tool (Lorrains, 2009).

## **2.5. Conceptual Framework**

There is no agreed measurement system for CSR, although companies such as Shell have tried measure CSR through their Key Performance Indicators (KPI). There is no single methodological framework in existence that has achieved widespread agreement (Hopkins, 2011). The nearest might well be the framework that can be developed based on CSR standards, which have been adapted and to be applied to the selected companies. As we can see Figure 2.1 below, the conceptual framework can be present in form of a cycle in which companies exist, i.e. with an external and a company internal environment that together define the CSR response and performance.

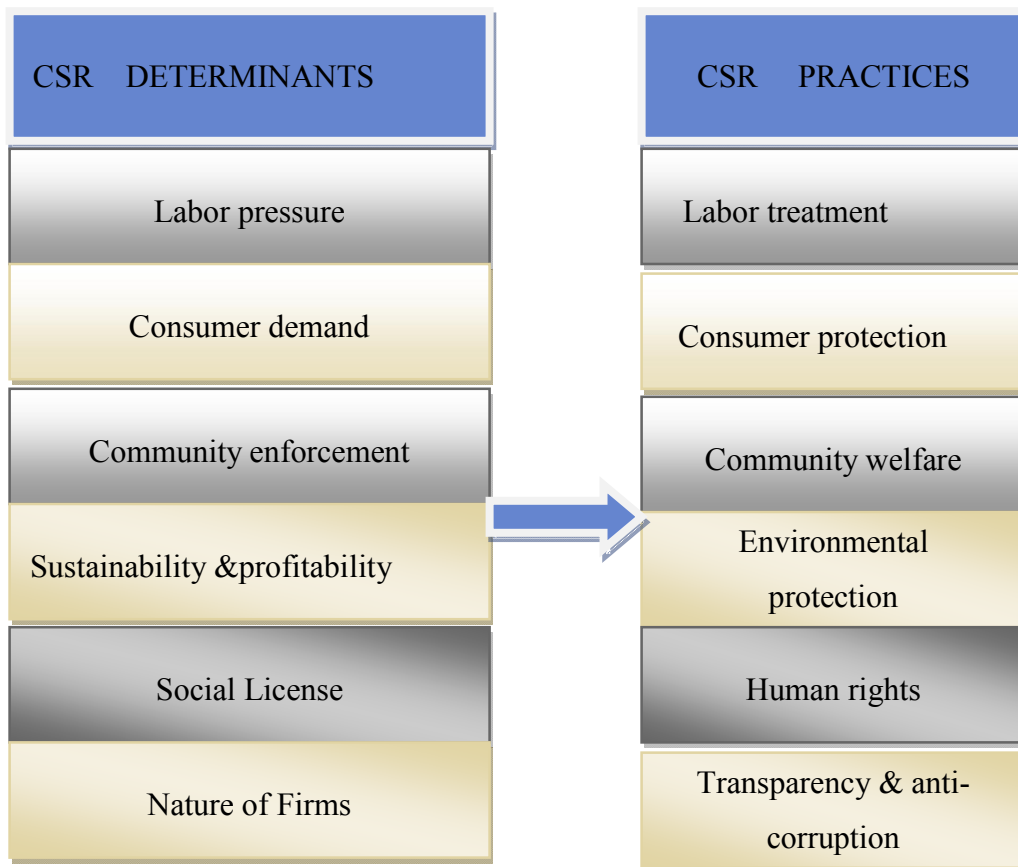


Figure 2.1 Conceptual Framework of the Study

The above figure shows that CSR Conceptual frameworks of the research that to assessed CSR practices can be via six issues or concepts such as labor treatment (L.T), consumer protection (C.P), community welfare (C.W), environmental protection (E.P), human rights (H.R), and transparency and ant-corruption (T.A). These CSR practices, however, depends on various factors also called independent variables such as labor pressure (LP), consumer demands (CD), community enforcement (CE), sustainability and profitability (SP), social license (SL) and nature of the firm (NF).

The cause and effect relation of these factors or predictors and the dependent variable (CSR practice) described and the explanations stated on the model specification part of the study. To make each of the dependent and independent variables selected for the study more clear, the

explanations and research finding reported by different periods presented in the previous part of this chapter. In relation to this study, the independent variables are discussed and presented in the following certain subtopics and paragraphs.

### **2.6.1. Labor Pressure**

Because business performances of a firm are more depends on the activities of its employees. Therefore, employees influences CSR activities of their organization through their labor unions or/and in the informal groups.

### **2.6.2. Consumers Demands**

Marketplace demand primarily focuses on consumers pressure towards the companies' policy of CSR corresponding to marketplace polices. Consequently, firms should keep their customer in mind at all times and make the quality of their products and services their highest priority.

### **2.6.3. Community Enforcement**

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

### **2.6.4. Sustainability and Profitability**

The objective of many firms is to sustain in the business and to achieve the objective of the firm. CSR activities concerning labor, customers, community and the environment are key elements to sustain and to achieve its objectives. Further, heightened demand for energy conservation and renewable energy has propelled a rapidly growing environmental industry focused on innovation to meet those needs.

### **2.6.5. Social License**

Social license includes recognition from various angles such as buyers, media, government, international organizations and self-certification. for instance ISO 14001, Social media and Many

prominent news outlets (Aljazeera, BBC and CNN perhaps being the most famous example) have impact on CSR activities especially in the transformation of information among stakeholders to create awareness. Regulation on social and environmental reporting is the other factor that influences CSR activities.

International organization such as UN, ILO, and other governmental and non-governmental organization (NGO) is to raise public awareness of social issues and to pressure those with the power to fix those issues.

Governments are also using positive and negative financial incentives to encourage more sustainable behavior by both individuals and corporations. Through financial incentives, governments attempt to correct this problem and encourage appropriate levels of CSR.

#### **2.6.5. Nature of the Firm**

The business case for CSR differs from firm to firm; these include the firm's size, products, activities, location, leadership and reputation (as well as the reputation of the sector within which the firm operates). Another factor is the approach a firm takes to CSR, which can vary from being strategic and incremental on certain issues to becoming a mission-oriented CSR leader.

# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **3.1. Introduction**

This chapter of the research paper describes the research methodology used to study the problem. Moreover, this chapter describes the methodology use in the research process as well as the validity and reliability of results (Amel, 2008).

Therefore, in this chapter attempt has been made to design and describe research approach, research design, unit of analysis, sampling design and sources of data, methods of data collection and instruments, method of data analysis, modeling, validity and reliability, and variables of the study used based on existing background theories including the motivation behind the application of the methods.

### **3.2. Research Approach**

The study have been conducted based on mixed research methodology with the development and perceived legitimacy of both qualitative and quantitative research approaches which employs the data collection associated with both forms of data to describe the practices of CSR in Abyssinia Tannery P.L.C and Blue Nile Tannery S.C. A mixed methods design is useful to capture the best of both quantitative and qualitative approaches.

Mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the purpose of breadth and depth of understanding and corroboration (Jackson, 2007). In this method, the researcher can generalize the findings to a population and develop a detailed view of the meaning of a phenomenon or concept for individuals (Creswell, 2003). Therefore, a mixed method design selected to support findings from different data sources is to enlarge an understanding from one method to another, and to confirm findings from different data sources. Both the quantitative and qualitative data collected in phases (sequentially). Thus, after the data

collected, the quantitative data will come first then the qualitative data. Consequently, the priority (domination) will skew towards quantitative data. Therefore, these two types of data integrate at the stage of data interpretation.

### **3.3. Research Design**

Depending how their goal is in scientific research, research designs are classified as positivist and interpretive. Positivist studies are those that used for theory (hypotheses) testing, while interpretive studies are those that are use for theory building. Popular examples of positivist designs include laboratory experiments, field experiments, field surveys, secondary data analysis, and case research (Bhattacharjee, 2012).

The study employs field survey method of positivist type of research design for the study as a method. Field surveys are non-experimental designs that do not involve controlling for or manipulating independent variables or treatments. Field surveys capture snapshots of practices, beliefs, or situations from a random sample of subjects in field settings through a survey questionnaire or less frequently, through a structured interview. Cross-sectional field surveys, independent and dependent variables are measured at the same point in time (e.g., using a single questionnaire), while in longitudinal field surveys, dependent variables are measured at a later point in time (Bhattacharjee, 2012). Therefore, the study employs field survey and cross-sectional field survey.

Sequential explanatory research strategy is preferable regarding to this type of research; because Explanatory research seeks explanations of observed phenomena, problems, or behaviors. While descriptive research examines the what, where, and when of a phenomenon, explanatory research seeks answers to why and how types of questions. It attempts to “connect the dots” in research, by identifying causal factors and outcomes of the target phenomenon (Bhattacharjee, 2012).

The sequential explanatory strategy is the most straightforward of the six major mixed methods approaches. It is characterize by the collection and analysis of quantitative data followed by the collection and analysis of qualitative data. As discussed above, the priority typically is give to the quantitative data, and the two methods integrated during the interpretation phase of the study.

The purpose of the sequential explanatory design typically is to use qualitative results to assist in explaining and interpreting the findings of a primarily quantitative study (Creswell, 2003).

Hence, the research employs a mixed research approach that involves quantitative and qualitative methods to gather data from primary and secondary data sources. The study benefited from both qualitative and quantitative data collection instruments employing multiple forms such as, questionnaires, interviews, and observation analyze and interpret by using SPSS version software and log likelihood sample test.

### **3.4. Sources of Data**

The study had begun with secondary data analysis through the detail review of related literature. In this regard, the researcher had begun to refer different books, published and unpublished documents, journals, articles and research papers to get information on theoretical and empirical framework of the study.

According to Ghauri and Grønhaug (2010), primary data are relevant when there is lack of secondary data or if the secondary data is not good enough to answer our research question. Primary data are also more consistent with the intended purpose; however, needs much more time and it is costly and depends on the respondents' willingness as well (Ghauri, et al., 2010). Thus Due to lack of sufficiently available secondary data and inefficiency of the existing one in leather industry, the primary data was collect through questionnaires, interview and Observation from employees, management and from physical environment of both companies respectively.

### **3.5. Unit of Analysis**

One of the first decisions in any social science research is the unit of analysis of study. The unit of analysis refers to the person, collective, or object which is the target of the investigation. Understanding the unit of analysis is important because it shapes what type of data we should collect for our study and who we select it from the population (Bhattacharjee, 2012). With respect to the study, the unit of analysis was Abyssinia and Blue Nile tanneries, which are among Ethiopian leather industry.

According to Ethiopian investment commission (2017/2018), 31 tannery and leather product factories are established in our country - Ethiopia. Nine of them are in Addis Ababa and others are in Modjo, Combolcha, and Bahir Dar and so on. Among the 31 tanneries, Blue Nile Tannery S.C. and Abyssinia tannery PLC selected. Both companies are existed around Addis Ababa (Akaki and Sebeta, oromia zone). The following backgrounds are motivated to select both companies

Firstly, there were also social, economic and environmental questions by public regarding their CSR activities of private companies, since 2015/2016 (fortune, April 2017). Secondly, as a comparative study, Blue Nile Tannery is old and experienced, and Abyssinia Tannery is modern and relatively recent. These could help to make the finding relatively to infer about CSR of all leather industries in Ethiopia.

### **3.6. Sample Design**

We cannot study entire populations because of time and cost constraints, and hence, we must select a representative sample from the population of interest for observation and analysis (Bhattacharjee, 2012). Therefore, these sections of the paper include the target population, the sampling method and the sample size.

#### **3.6.1. Target Population**

Related to the study the source population is the current management and non-management staff members of Abyssinia Tannery P.L.C and Blue Nile Tannery S.C (both tanneries are around Addis Ababa). The preliminary survey had undertaken by the researcher before the questionnaire were distributed indicated that there are 929 grand total population (total staff members) of both tanneries. 654 of the population were from Abyssinia Tannery P.L.C and 275 of them were from Blue Nile Tannery S.C. respectively.

#### **3.6.2. Sampling Method**

From the source, population of both companies' appropriate samples for questionnaire administration was determined by using simple random sampling technique to give equal weights for each company. Random sampling selected because it is the simplest of all probability

sampling techniques; however, the simplicity is also the strength of this technique. In addition to that, the sampling frame is not subdivided or partition in random sampling method, the sample is unbiased and the inferences are most generalizable among all probability sampling techniques (Bhattacharjee, 2012).

In qualitative data collection, certain individuals selected purposively because who have experienced on the central phenomenon (CSR). Consequently, the general manager of Abyssinia tannery Industry PLC and general manager of Blue Nile Tannery S.C. were communicating with the researcher.

### 3.6.3. Sample Size

As to the sample size determination, from among different methods, the one that has developed by Carvalho (1984) is used. The method is preferred because it is a well known for many papers and journals (e.g. International Journal of Food Microbiology and Oxford Journals).

**Table 1** Carvalho’s Sample Si Size Determination Table

Population Size	Sample Size		
	Low	Medium	High
51 – 90	5	13	20
91 – 150	8	20	32
151 – 280	13	32	50
281 – 500	20	50	80
501 – 1200	32	80	125
1201 – 3200	50	125	200
3201 – 10000	80	200	315
10001 – 35000	125	315	500
35001 – 50000	200	500	800

(Source: Zelalem, Issues and Challenges of Rural Water Scheme, 2005)

The population size of the study is 654 in Abyssinia tannery and 275 in Blue Nile tannery and leather PLC. According to Carvalho’s sample size determination, the first population that is 654

lies in the range between 501 and 1200, the second population lies between 151 and 280. Thus, taking in to account a small population size variance and the cost of taking samples and time consuming for large sample size, medium sample size is applied in accordance with the given population size. Therefore, the samples size that selected for the study under consideration is 80 and 32 in Abyssinia and in Blue Nile S.C. tanneries respectively. In order to keep the response rate relatively constant the sample size increase by 10% as allowance. Thus, the final sample sizes are 88 and 35 for Abyssinia tannery and in Blue Nile S.C. tannery respectively. Purposive sampling was also use to select top management level or department heads (responsible for CSR) based on convenience in order to get relevant information.

### **3.7. Methods of Data Collection and Instruments**

Data collection methods of the study are questionnaires, interview and observation in order to mixed method type of research. Mixed methods research, then, is more than simply collecting qualitative data from interviews, or collecting multiple forms of qualitative evidence (e.g. observations and interviews) or multiple types of quantitative evidence (e.g., surveys and diagnostic tests). It involves the intentional collection of both quantitative and qualitative data and the combination of the strengths of each to answer research questions (Jackson, 2007).

Questionnaire was the main instrument of the study. Questionnaire items come from many sources, however, there are not many studies directly related to CSR activities of Ethiopian industry. thus The methodology was adopt to study the problem mainly based on Lorraine's (2009) scientific point of view, which were studied in small and medium scale enterprises CSR practices and determinants and ISO26000 (2010) CSR standards and also other literatures . Thus Due to lack of studies directly related to CSR practices and its determinants of leather industry, the questionnaires adopted by researcher that assumed, appropriate for this study from his experience and academic knowledge.

Therefore, these questionnaires were composed of two sections. The first section, the second section and third section consist of questions with predetermined responses except interview part and observation guidelines. This enabled the researcher to extract numerical data. The first section is about practices of CSR (the dependent variable). In the dependent variable

questionnaire section, contain about 31 questions concerning six standards of CSR practices such as treatment of labor, consumer protection, welfare of the community, the environment, human rights, and fighting corruption and transparency in reporting was prepared by using five Likert scale method. Likert scale requires an Individual to respond to a series of statements by indicating whether are strongly agrees (5), agrees (4), is neutral (3), disagrees (2), or strongly disagrees (1). Among 31 questions, six of them were reversed questions and they did not considered in the analysis because they designed to identify the qualified responses.

Further, the second section is about the independent variables of the study. It included 18 questions regarding the six independent variables such as labor pressure, consumer demands, community enforcement, sustainability and profitability, social license and nature of the firm. Further, the questionnaires included only closed ended questions, the gap of open-ended questions tried to fill via interview and observation. Therefore, structured and unstructured interview have conducted with managers and administrators of the respected tanneries elicit their perception about the nature of CSR and determinants in their respected companies. The researcher has also tried to observe the condition of workers at work, methods of discharging wastes in both industries and other things, which related to the study.

Finally, 88 and 35 questionnaires distributed for all samples of Abyssinia and Blue Nile tanneries respectively.

### **3.8. Data Type**

The variables that we will generally encounter fall into four broad categories: ratio scale, interval scale, ordinal scale, and nominal scale. In relation to the study, nominal scale will be the measurement scale, which is preferable for data type of the study. Variables such as gender (male, female) and marital status (married, unmarried, divorced, separated) simply denote categories (Bhattacharjee, 2012). This data type determined the model type of the study.

As we can see in section 3.12 of this chapter, the model is established based on the concept of logistic regression.

### **3.9. Methods of Data Analysis**

Data analysis in mixed methods research relates to the type of research strategy chosen for the procedures. However, analysis occurs both within the quantitative (descriptive and inferential numeric analysis) approach and the qualitative (description) approach, and often between the two approaches (Creswell, 2003).

The data collected with questionnaires, interviews and personal observation has analyzed accordingly. Therefore, some descriptive statics (quantitative and qualitative) and quantitative (inferential numeric analysis) techniques used to analyze the data through SPSS version statistical data processer software. Thus, the response of the respondents regarding to CSR practices for the questionnaires, which has designed into 5 points rated scales have analyzed through descriptive statistics(quantitative & qualitative) and presented the data in tables. to make more comfortable for data analysis & interpretation three base scale is used, Agree (3.51 and above), Neutral (2.51 to 3.50), and Disagree (less than 2.50) (Dane B. 2007). Then, the results in the tables has discussed, along with the results from the interviews and observation. Thus, certain statistical tools such as Percentage, Mean and standard deviation as well as simple descriptions by using words has used to analyses and interpreted the results The data that gathered through the second part of the questionnaire in relation to the independent variable quantified and analyzed using econometric models (logistic regression) through SPSS.

### **3.10. Validity and Reliability**

Validity, often called construct validity, refers to the extent to which a measure adequately represents the underlying construct that supposed to measure and Reliability is the degree to which the measure of a construct is consistent or dependable (Bhattacharjee, 2012).

The validity of this study have been ascertained via different methods or techniques corresponding to whether the validity is internal, external, construct or statistical. Interval validity of the study tied to achieve by demonstrating that the independent variables are directly responsible for the effect of the dependent variable (CSR practices). These cause and effect relationship between the independent and dependent variables discusses in the model specification part of this chapter. Implementation of random sampling is the other method used

to achieve the required quality of the study. As it expresses in sampling design, simple random sampling is the sampling technique of the study. By avoiding the effects of extraneous variables, simple random sampling protected the internal validity of the study.

The quality of the study also depends on its external validity in some extent. As the sampling design of the study pointed out the sample selected using the well-known sampling technique, external validity of the study achieved. Additionally, qualities of the study have realized using data collection instruments such as questionnaires, interview and observation concurrently. Extract of primary data was another method to attain the validity of the study. Using primary data in the study could improve the validity (external) of the research paper.

Besides internal and external validity, construct validity plays important role in the quality of the study by creating similarity between the concept of the study and its findings. This attained through a clear operational definition of the independent variables of the study. Independent variables of the study briefly state in the subsequent two sections of this chapter besides the discussions of the empirical review. It attempted to attain by collecting data that demonstrates that the empirical representation of the independent variables produces the expected outcome. This also described in the literature review of the study in relation to empirical studies.

In order to make the validity of the study somehow all rounded statistical validity also aimed to attain. It has achieved through the control of statistical measures of the data analysis. Since the data have collected in nominal scale it analyzed via logistic regression model. Additionally, data analysis based on the sample size and distribution requirements. As a result, residual values and chi-square statistics calculated and measured accordingly.

The quality of the findings of the study accomplished when the reliability of the study achieved corresponding to its validity. The reliability of this study reached its highest level by determining whether the participants feel that they are accurate. This realized through brief, clear and concise preparation of questions in the questionnaire. Additionally, questionnaires translated to Amharic, which is an official language of Ethiopia, in order to make the respondents comfortable in understanding the essence of the questionnaire.

Reversed questions employs in the questionnaire so that the accuracy of the respondents enhanced. Peer debriefing was also another method that used to enhance the accuracy of the questionnaire as well as the results of this study.

**Table 2.** Cronbach’s Alpha Questionnaire Result

No.	Category of Questions	Cronbach's Alpha	Cronbach's Alpha based on BOS	No. of Items
1	Employees’ handling	0.76	0.79	5
2	Customer treatment	0.73	0.73	4
3	Community welfare	0.80	0.82	4
4	Environmental protection	0.69	0.72	4
5	Human rights	0.69	0.90	4
6	Transparency and anti corruption	0.70	0.72	3
	Entire items statements	0.89	0.90	24

**Source:** Author’s Computation from SPSS-20

Finally Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability. The above table shows the values of Cronbach’s Alpha for each category of the questionnaire and the entire questionnaire. For the fields/category of factors, values of Cronbach's Alpha ranged from 0.69 and 0.82. This range has considered acceptable as the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.89 for the entire questionnaire that indicates very good reliability of the entire questionnaire (Nunnally, 1998). Therefore, based on the test, the results for the items are reliable and acceptable. Hence, the validity, reliability and practicality of this study have ascertained.

### **3.11. Variables and Measurements of the Study**

The main purpose of this study is to examine the relationship of six CSR determinants (independent variables) with the dependent variable (CSR practice) and these variables are measurement of the dependent variable (CSR practice). To make each of the independent variables selected for this study more clear, one can see the explanations and research finding

reported by different periods of time and literature part of the study. With respect to the study, these six variables discussed as follows:

**Labor Pressure:** Grassroots employee activism is the other thing that influences CSR practices of a firm. Indeed, employees at all levels are suffering a lack of meaning at work. Even at the lowest Even at the lowest levels of many companies, entrepreneurial employees are launching their own initiatives targeting social and environmental issues within the context of their company.

**Consumer Demand:** consumers' Demand primarily focuses on consumers' Pressure towards the companies' policy of CSR generally, corresponding to marketplace polices particularly. Generally, consumers of a particular company have impact on the business activities of that company. Given the positive impact that CSR can have on a firm's reputation, and the usefulness of CSR to bond with stakeholders on an emotional level, firms are increasingly turning to it as an alternative to traditional marketing activities.

**Community Enforcement:** Many companies are engaging in various activities that enhance the welfare of the community. More than ever before, the public-at-large is placing social, ethical and environmental expectations on organizations large and small. Many companies are now engaging in corporate social responsibility simply to catch up with these expectations.

**Sustainability and Profitability:** The sustainability approach to CSR is base on the idea that the corporate entity should remain economically viable over the long run. The corporation must generate profits because survival requires it, but survival most emphatically does not require short-term profit maximization. In fact, a short-term time horizon may impede the corporation's long-run sustainability because it can result in policies that sacrifice future earnings for current net income.

**Social License:** Social license includes recognitions of the firm from various angles such as buyers, media, government, international organizations etc. Social media has impact on CSR activities especially in the transformation of information stakeholders to create awareness. It is not the only thing giving individuals a louder voice; the traditional media is complicit too. Many

prominent news outlets (Aljazeera, BBC and CNN perhaps being the most famous example) have turned to the public-at-large to provide news reports and opinion.

Regulation on social and environmental reporting is the other factor that influences CSR activities. In a recent development, some jurisdictions are now pursuing legislation or securities regulation that would force companies to report on social and environmental performance, similar to mandatory financial reporting to shareholders. These laws will have a similar effect as the CSR reporting norms already established for large companies, but more pronounced and more widespread.

International organization such as UN, ILO, and other governmental and non-governmental organizations influences CSR practices of a firm. The major role of the non-governmental organization (NGO) is to raise public awareness of social issues and to pressure those with the power to fix those issues.

Governments are also using positive and negative financial incentives to encourage more sustainable behavior by both individuals and corporations. Through financial incentives, governments attempt to correct this problem and encourage appropriate levels of CSR.

The emergence of independent certifiers of social and environmental performance, together with public interest in CSR performance, leads to demands for and expectations of the performance needed to meet those standards. Companies attempting to demonstrate their social responsibility to stakeholders will be motivated to improve performance in order to attain the recognition of certifying bodies.

**Nature of the Firm:** The business case for CSR differs from firm to firm, depending on a number of factors. These include the firm's size, products, activities, location, leadership and reputation (as well as the reputation of the sector within which the firm operates). Another factor is the approach a firm takes to CSR, which can vary from being strategic and incremental on certain issues to becoming a mission-oriented CSR leader.

CSR and ethics education has impact on the practice of the concept of CSR. In response to the growing interest in corporate social responsibility, companies are sending staff to work shops focused on sustainability, ethical decision-making, and other dimensions of CSR.

### **3.12. Research Model**

As we discussed in the previous section of this chapter, this study has six independent variables that affect the dependent variable. The relationships between the independent variables and the dependent variable as well as among the independent variables themselves discussed below.

**Labor pressure** is the first independent variable that affects CSR practices in the context of this study. Employees perceive environmentally friendly firms good for their works and for others. They influence companies individually and in collective so that the firm participates in good labor handling activities. In the labor market, employees express a preference for working for socially responsible companies. Consequently, firms are participating in socially responsible activities to resist this force. This can be the direct result of pride in the company's products and practices, or of introducing improved human resources practices, such as “family-friendly” policies. Thus, one can conclude that labor pressure is the most critical factor, which influences the practices of CSR.

**Consumer demand** is the second variable that affects CSR practices. Consumers are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. Research has found that product boycott announcements are associated with significant negative stock market reactions. Stock market reactions reflect investor beliefs about boycotts having an effect on sales both directly and indirectly, through harm to the firm and brand’s reputation. To keep and attract customers business organizations are undertaking different measures including CSR strategies and implementations. Since the practice of consumer protection is the practice of CSR with the consideration of other standards, consumer demand has direct effect on the practice of CSR. Therefore, they have cause and effect relationship.

**Community enforcement** is the third independent variable that causes for CSR practices. Business is one of the components to form a society, and it ought to take social responsibility first. There is a close relationship between business and society; the outcome from business benefits society while the resource of the society is also benefit. The relationship is the foundation of the social responsibility businesses should take, and is the precondition of business to grow and expand. Citizens in many countries are making it clear that corporations should meet standards of social and environmental care, no matter where they operate. Firms are under increasing pressure to give money to charities, protect environment, and help solve social problems in their communities – other words, to behave in socially responsible ways.

**Sustainability and profitability** is the fourth independent variable that affects the dependent variable of the study and has a cause and effect relation in which the latter affects the former in various dimensions such as labor handling, customers and community treatment. Because companies are facing increasing pressure to both, maintain profitability and behave in socially responsible ways. Social responsibility is also closely link to sustainable development. Because sustainable development is about the economic, social and environmental goals common to all people, it can be used as a way of summing up the broader expectations of society that need to be taken into account by organizations seeking to act responsibly.

The connection between sustainability and CSR is simply the realization that the corporation's long-run prosperity depends on the well-being of its various stakeholders, including workers, suppliers, and customers.

**Social license** is the fifth variable, which has impact on the practices of CSR activities. It indicates that a project is acceptable by a majority of its hosts, both local communities and the stakeholders of the host nation. In other words, companies should get recognition from its stakeholders such as media, government, community, international organization and so on. In order to get this social license, companies should practice CSR activities. Fear of losing the license to operate could drive an organization to exaggerate or even invent positive impact of its actions.

Governments and intergovernmental bodies, such as the United Nations, the organization for Economic Co-operation and Development and the International Labor Organization has

developed compacts, declarations, guidelines, principles and other instruments that outline social norms for acceptable conduct. There is a close relationship between CSR and the law. The main instrument governments use to address a firm's social, environmental and economic impacts is the law. In order to gain and maintain a social license to operate, projects will need to do more than just talk to community members. Working with local communities on projects of their own devising is far more effective. This also shows the cause and effect relation of community enforcement and CSR practices. These concepts show the cause and effect relationship between social license and CSR practices.

**Nature of the firm** is the final variable, which has cause and effect with CSR. Nature of the firm includes firm's size, products, activities, location, leadership, ethics, religion, and so on. It is obvious that these characteristics of the firm affect its CSR practices. For instance, the type product that the firm produces may influence labor handling, customer treatment, and environmental strategies of the firm. Large-scale businesses are usually more active in supporting public welfare than medium or small-scale businesses because of institutionalization and specialization. Thus, nature of the firm cause for CSR activities in other words they have cause and effect relationship.

Thus, the model of the study formulated based on the relation of the dependent variable (CSR practice) and six independent variables, which based on the above discussion. The fitness of the model tested in the study through log-likelihood statistic values by using SPSS.

In quantitative response models, the variable to be explained 'Y' is a random variable. The leading case occurs where y is a binary response, taking on the values zero and one, which indicates whether certain event has occur or not (Rune, 2012). In relation to this, in this study 'y' = '1', if a single factor affects CSR practices 'y' = '0' otherwise.

$$P(x) = P(y = 1 | x) = P(y = 1 | x_1; x_2; \dots; x_K)$$

Y indicates the dependent variable - CSR practice

X includes the independent variables of this study such as:

- Labor Pressure = LP

- Consumer Demands = CD
- Community Enforcement = CE
- Sustainability and Profitability = SP
- Social license = SL
- Nature of the Firm =NF

Thus, the binary response model (logistic model) of the study can state as:

$P(\text{CSR} = 1 / \text{LP, CD, CE, SP, SL and NF})$

To fix ideas, consider the following regression model:

$$Y_i = \beta_0 + \beta_i X_i + e_i$$

In this formulation,  $\beta_0$  is a constant representing the baseline value of the transformed cumulative probability and  $\beta_i$  represents the effect of the covariates on the transformed cumulative probabilities.

This model looks like a typical linear regression model but because the regress is binary or dichotomous, it is calling a linear probability model (LPM). This is because the conditional expectation of  $Y_i$  given  $X_i$ ,  $E(Y_i | X_i)$ , can be interpreted as the conditional probability that the event will occur given  $X_i$ , that is,  $\Pr(Y_i = 1 | X_i)$ . Thus, in this study,  $E(Y_i | X_i)$  gives the probability of the existence of CSR practices due a determinant  $X_i$ . (Gujarati, 2004).

The explanation of the above model can see as follows:

Assuming  $E(e_i) = 0$ , as usual (to obtain unbiased estimators), we obtain

$$E(Y_i | X_i) = \beta_0 + \beta_i X_i \quad \text{or}$$

$$P_i = E(Y_i = 1 | X_i) = \beta_0 + \beta_i X_i$$

Pi is the probability of existence of CSR practice, then (1 - Pi) is the probability of non-existence of CSR practice. Thus, Pi/ (1-Pi) is simply the odds ratio in favor of existence of CSR practice. It is the ratio of the probability that a firm practices CSR to the probability that a firm do not practice CSR. Now if we take the natural logarithm of this ratio we obtain the following model.

$$Li = \log (pi/1-pi)$$

$$P (CSR) = \beta_0 + \beta_1LP + \beta_2CD + \beta_3CE + \beta_4SP + \beta_5SL + \beta_6NF$$

L is the logit and the equation is the logit model of the study. This equation also could write as:

$$P(Y) = \left( \frac{1}{1 + e^{- (\beta_0 + \beta_1X_1 + \beta_2X_2 + \dots + \beta_nX_n)}} \right)$$

$$P(CSR) = \left( \frac{1}{1 + e^{- (\beta_0 + \beta_1LP + \beta_2CD + \beta_3CE + \beta_4SP + \beta_5SL + \beta_6NF)}} \right)$$

The  $\beta$  value is the same as the  $\beta$  value in linear regression: they are the values that we need to replace in model equation to establish the probability that a case falls into a certain category. The interpretation of this coefficient in logistic regression is very similar in that it represents the change in the logit of the outcome variable associated with a one-unit change in the predictor variable. In logistic regression, instead of predicting the value of a variable Y from a predictor variable X1 or several predictor variables (Xs), we predict the probability of Y occurring given known values of X1 (or Xs). The logit of the outcome is simply the natural logarithm of the odds of Y occurring (Field, 2009). The odds ratio is described as Exp (B) in the SPSS output. If the value is greater than 1, then it indicates that as the predictor increases, the odds of the outcome occurring increase. Conversely, a value less than 1 indicates that as the predictor increases, the odds of the outcome occurring decrease.

### 3.13. Ethical considerations

The researcher try to implement core universal ethical principles through respecting participants of the study, enhance their beneficence and ethical treatments of stakeholders of the study. Autonomy and dignity of research participants ensured to protect them from expatiation of their vulnerability. Their rights to privacy and confidentiality protected. In relation to beneficence of

people, the study tried to maximize benefits and minimize harms via recommendations on treatment of labor, consumers, communities and environments. With respect to justice, the study treated each person in accordance with what due to him or her. The study also considered prohibitions against fabricating, falsifying, or misrepresenting research data, and promotes the truth and avoids error.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4.1. Introduction

This chapter deals with results and analysis of findings. Qualitative and quantitative data analyses as well as descriptive and inferential statistical tools considered in this section. Thus, this section mainly includes two categories such as descriptive statistics and results of the estimation of the model. The first part which is descriptive statistics primarily provides CSR practices of both companies (Blue Nile and Abyssinia Tannery) corresponding to six dimensions namely treatment of labor, consumer protection, welfare of the community, protection of the environment, health, human rights, and fighting corruption and transparency in reporting . Therefore, descriptive statistics tools such as frequencies, percentage, mean, and standard deviation employed in this regard. The second part provides the results of the estimations of the model (econometric method). The relationship between the dependent variable (CSR) and independent variables (labor pressure, consumer demands, community enforcement, sustainability and profitability, social license, and nature of the firm) presented in this part of the study.

Qualitative analysis has developed using data, which have collected using interview and observation. This is used to assist or/and to seal the gap of the questionnaire as well as the quantitative analysis. With respect to this, the administrative head of Abyssinia Tannery P.L.C and general service head of Blue Nile Tannery S.C interviewed. Quantitative analysis, however, focused on the results of the questionnaire, which is the main instrument of the study. 88 and 33 questionnaires distributed to Abyssinia and Blue Nile tanneries employees respectively. Among these questionnaires, 73 and 26 questionnaires of Abyssinia and Blue Nile tanneries employees' responses qualified and analyzed in this chapter. 15 questionnaires form Abyssinia Tannery 7 questionnaires from Blue Nile Tannery excluded. Because some of them were not responded and the rest were disqualified during validity and reliability test (Cronbach's Alpha), as well as through residuals.

Thus, as mentioned above 73 and 26 questionnaires from Abyssinia and Blue Nile tanneries respectively, used in the analysis. Cronbach's Alpha result of the questionnaire is 0.89 and it fulfills the requirement of Nunnally (1998).

## **4.2. Descriptive Statistics Results**

In this section, CSR practices in terms of treatment of labor, consumer protection, welfare of the community, protection of the environment, human rights, and fighting corruption and transparency are describe using various statistical tools.

Regarding the descriptive interpretations for variables or dimensions were used on Likert scale; the measurement was used based on the survey; 5 = Strongly agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly disagree. The mean level of agreement between the group or of the group is categorized on the scale; SA = Strongly Agree (4.51 or greater); A = Agree (3.51 – 4.50);

N = Neutral (2.51 – 3.50); D = Disagree (1.51 – 2.50); and, SD = Strongly Disagree (1.49 or less). In addition, to make more comfortable for analysis three base scale is used, Agree (3.51 and above), Neutral (2.51 to 3.50), and Disagree (less than 2.50) (Dane, 2007).

The means and standard deviations of the responses has described in Appendix 1. The mean indicates that to what level of agreement the response of all respondents approached. Standard deviation, however, measures the mean difference between responses. In other words, it measures variation of responses with respect to the mean. It show us whether respondents are highly deviated one another in their responses. Thus, the means and standard deviations of variables are described as request as the analysis.

### **4.2.1. CSR in Terms of Labor Handling**

CSR practice can describe in terms of labor treatment in a specific dimension. In other words labor dimension of CSR can be describe in terms of development of skills and long-term careers, freedom of association of workers, health and safety of employees, good work life and corrective action for faults. According to the survey result on five- point likert scale, these variables and their numerical description are list in table 4.1.a and 4.1.b.

From table 4.1.a, it is possible to infer that about 65% respondents agreed while around 35% of them disagreed regarding the existence of skill and long-term career development of the company. In addition, no one is indifferent whether it is existed or not. The mean or average response is 3.23, which lie between ‘agree’ and ‘neutral’. Similarly, the standard deviation is 1.48 and indicates that there is almost one level of average difference between respondents.

**Table 4.1.a** CSR in terms of labor treatment at Blue Nile tannery

Degree of agreement	Skills and long-term careers		Freedom of association		Health and safety		Good work life		Corrective action	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
SD	6	23.1	8	30.8	10	30.8	4	15.4	8	30.8
D	3	11.5	4	15.4	2	7.7	6	23.1	4	15.4
N	0	0.0	2	7.7	2	7.7	7	26.9	2	7.7
A	13	50	8	30.8	8	30.8	1	3.8	8	30.8
SA	4	15.4	4	15.4	4	15.4	8	30.8	4	15.4
TOTAL	26	100.0	26	100.0	26	100.0	26	100.0	26	100.0

Data Source: questionnaire response May 2018

In cases of availability of workers freedom of association, health and safety, good work life and corrective action against faults, the same numbers of employees that cover 46% of respondents respond negatively in similar manner. However, around 8% of them are indifferent.

To sum up, the description shows, the Blue Nile Tannery practices labor treatment standard of CSR only in terms of skill and long-term career development. Whereas, in reference to other four variables of labor handling dimensions practices are negatively.

The interview conducted declared that the company is working to improve only safety of workers and to create good working environment though other three variables are the lowest

practiced. The observation also supports the responses of employees that only the company tries to improve health and safety of workers.

**Table 4.1.b.** CSR in terms of labor treatment at Abyssinia Tannery

Degree of agreement	Skills and long-term careers		Freedom of association		Health and safety		Good work life		Corrective action	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
SD	8	11.0	5	6.8	5	6.8	6	8.2	12	16.4
D	5	6.8	4	5.5	3	4.1	13	17.8	14	19.2
N	9	12.3	13	17.8	10	13.7	9	12.3	7	9.6
A	24	32.9	30	41.1	32	43.8	24	32.9	31	42.5
SA	27	37.0	21	28.8	23	31.5	21	28.8	9	12.3
TOTAL	73	100.0	73	100.0	73	100.0	73	100.0	73	100.0

Data source: questionnaire response May 2018

As we can observe from table 4.2.1.b, the majority of the respondents (69.9%) agree and 17.8% of them disagree with the statement ‘the firm tries to develop skills and long-term careers of employees’ and 12.3 is indifferent in this regard. With respect to freedom of association, about 70% of respondents agree, 12% of them disagree while 18% were neutral. In terms of health and safety of workers, most of the employees which is 75% agree, 15% disagree and 10% neutral. To seek further interpretation the mean of the responses is 3.79, which lie down under the shade of agreement.

In another dimension of labor treatment which is good work life, 62% of the respondents agree, about 26% disagree and the rest 31.5% indifferent. In this part of labor treatment relatively huge number of respondent are agree. Similarly, out of the total number of respondent approximately 55% are agree about the existence of corrective action against faults, about 36% of them disagree while 9.6% are neutral. Therefore, on the subject of labor handling, the descriptions show that Abyssinia Tannery is practicing labor treatment of CSR dimensions positively. However, labor-

handling treatment need further improvement, the company tries to make it better recently .The interview results also declared this. Similarly, the observation ensured the company CSR practices through cafeteria and clinic services are good.

Based on the above two descriptions about labor treatment of both tannery, Abyssinia Tannery is better than Blue Nile Tannery almost in all variables. More specifically the former is entirely better than the latter corresponding to freedom of association, health and safety, and taking corrective action. However, both companies are similar despite Abyssinia Tannery P.L.C a little well again. Furthermore, from appendix 1 we can see the average means levels of agreement of Abyssinia Tannery respondents are greater than the corresponding means of Blue Nile tannery in all five-labor treatment variables. For instance, the average level of agreement corresponding to freedom of association is 3.80 for Abyssinia Tannery and 2.85 for Blue Nile Tannery.

To sum up related to labor standard of CSR practice, Abyssinia Tannery performed well than Blue Nile Tannery. The interview also supported this conclusion and show that Abyssinia Tannery plc provides medical services for its workers with its own clinic, facilitate good working condition and flexible working hours. These activities checked during the observation of the firm.

#### **4.2.2. CSR in Terms of Consumer Protection**

A customer is not only a king for a firm, but also a boss for the firm. Because, survival of a firm is directly relates to customers. If this is the case, the firm should protect the needs, interests and health of customers. For the case of this discussion, customer protection described in four terms or variables such as quality product, fulfilling the required standard, customer feedback and product information. Table 4.2.2.a and b provides attitudes of respondents of both companies about this CSR standard.

**Table 4.2a** CSR in terms of Consumer protection at Blue Nile Tannery

Degree of agreement	Quality product		Required standard		Product information		Customer Feedback	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	0	0.0	0	0.0	0	0.0	2	7.7
D	4	15.4	5	19.2	2	7.7	2	7.7
N	2	7.7	4	15.4	5	19.2	6	23.1
A	8	30.8	15	57.7	13	50.0	15	57.7
SA	12	46.2	2	7.7	6	23.1	1	3.8
TOTAL	26	100.0	26	100.0	26	100.0	26	100.0

Data Source: questionnaire response May 2018

It is possible to understand from table 4.2.a, greater part (i.e. 77%) of respondents agreed that the tannery provides quality product for its customers, about 15% of respondents disagree whereas around 8% of them are indifferent. On the statement ‘the company tries to provide a product which fulfils the required standard’ approximately 65.4% of respondents agree, 19.2% of them disagree and no neutral respondent. On the subject of customer feedback, around 60.5% of the employees responded optimistically, 15.4% among them responded pessimistically, whereas, around 23.1% of them are neutral. Of the total number of employees, majority (73.1%) approved that the firm is well in relation to product information; only 7.7% of them were disapprove and 19.2% were neutral.

Moreover, as it is show in Appendix 1, the means of levels of agreement corresponding to variables of customer protection are between neutral and agree. For instance, the mean level of agreement regarding quality product is 4.07, which lie in the interval of ‘agree’ thus, with respect to these descriptions and the interview results the firm is practicing in this dimension.

Table 4.2.b CSR in terms of Consumer protection at Abyssinia Tannery

Degree of agreement	Quality product		Required standard		Customer Feedback		Product information	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	0	0.0	4	5.5	6	8.2	0	0.0
D	0	0.0	5	6.8	2	2.7	10	13.7
N	2	2.7	9	12.3	22	30.1	8	11.0
A	42	57.5	9	12.3	34	46.6	28	38.4
SA	29	39.7	46	63.0	9	12.3	27	37.0
TOTAL	73	100	73	100.0	73	100.0	73	100.0

Data Source: questionnaire response May 2018

With reference to table 4.2.b, 97% of Abyssinia Tannery respondents surprisingly agree on the quality of their product, only 3% of them are indifferent and no disagreement in this specific expression of consumer protection as well as CSR practice. As regards required standard of the product, majority (75%) of respondents agree though 12% of them disagree and 12% neutral. On the topic of customer feedback, about 62% of employees agree, only 11% of them disagree despite about 30% of them indifferent. Likewise, majority (75.4%) of the respondents agree, (14%) disagree while (11%) indifferent related to product information.

Furthermore, Appendix 1 shows that, all means under this customer protection between strongly and agree (4.37-3.5). For example, the highest the average level of agreement is 4.37 as regards product quality of the firm and 3.52 regards to fulfillment of required standards of the customers. Thus, one can decide that Abyssinia Tannery practices CSR in the standard of consumer protection in the highest level of agreement.

To decide based on the above two descriptions, Abyssinia Tannery is better in terms of all customer treatment CSR practices variables and scores the highest means level of agreement among respondents. Generally, both firms are undertaking CSR practices in customer treatment dimension in accordance to the responses of employees.

### 4.2.3. CSR in Terms of Community Welfare

Community welfare dimension of CSR described in four variables namely community service, local purchase, dialogue with the community and supplying beneficial products for the society. Based on the responses gathered from Blue Nile Tannery and Abyssinia Tannery employees, levels of agreement of respondents of both companies are described in Table 4.3.a and b.

As it is possible to observe from the table 4.3.a, approximately 62% of employees approved that the firm provides various services for the community, 31% do not where as about 8% of them are indifferent. In relation to local purchase, relatively majority (46%) of respondents disagree, 23% of the respondents agree while about 31% of them are indifferent.

**Table 4.3.a** CSR in terms of Community welfare at Blue Nile Tannery

Degree of agreement	Community Services		Local Purchase		Dialogue with the community		Beneficial products for the society	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	6	23.1	6	23.1	8	30.8	9	34.6
D	2	7.7	6	23.1	1	3.8	0	0.0
N	2	7.7	8	30.8	2	7.7	2	7.7
A	8	30.8	4	15.4	6	23.1	8	30.8
SA	8	30.8	2	7.7	9	34.6	7	26.9
Total	26	100.0	26	100.0	26	100.0	26	100.0

Data source: questionnaire response may 2018

The interview with head of general service proved that the firm does not purchase locally rather it purchases materials from associations or business companies that are in home country and abroad.

As per the statement 'your organization facilitates dialogues with the community on adverse issues 57.7% of responses show that respondents' agreement, 34.6% confirm their disagreement and 7.7% of the responses demonstrate neither agree nor disagree. Similar levels of agreement scored on the statement 'the firm provides beneficial products to the community'.

Generally, respondents agree on community services, dialogue with the community and supplying beneficial products for the society although they do not agree on local purchase of the firm. Thus, one can conclude that the firm practices CSR regarding community welfare in some extent. The results also reflect this.

**Table 4.3.b.** CSR in terms of Community welfare at Abyssinia Tannery

Degree of agreement	Community Services		Local Purchase		Dialogue with the community		Beneficial products for the society	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	7	9.6	1	1.4	2	2.7	5	6.8
D	28	38.4	14	19.2	23	31.5	5	6.8
N	9	12.3	30	41.1	10	13.7	24	32.9
A	20	27.4	20	27.4	29	39.7	21	28.8
SA	9	12.3	8	11.0	9	12.3	18	24.7
Total	26	100.0	26	100.0	26	100.0	26	100.0

Data source: questionnaire response may 2018

As we can see in the table 4.3.b, about 40% of employees accept that the firm provides services for the community even though 48% of them do not agree. While about 12% of them are indifferent regarding the services.

In relation to local purchase, however, relatively large numbers of the respondents (i.e. 41.1%) are indifferent, 38.4% and 20.6% among them agree and disagree respectively. Regarding to 'dialogue with community' 52% agree, 34.2% disagree and 13.7 neutral. The table also shows

that out of the total respondents 53.5% of employees agree, 13.6% disagree and 32.9% indifferent on the issue that the company provides beneficial products for the society.

Based on the above results, Abyssinia Tannery P.L.C is better practicing CSR Regarding to ‘dialogue with community ‘and the issue that the company provides’ beneficial products for the society’ among in the area of community welfare. However, it shows that majority of the respondents approved that the firm do not provide social services to the community and whether or not exist regarding to purchase inputs from local community. In relation to provide social services to the community, the interview notes show that the firm itself does not provide social services to the community directly Instead its mother company (i.e. MEDIROC ETHIOPIA) assisting the society in various sectors. Regarding to local purchase inputs from community the interview conducted proved that, most business as Abyssinia Tannery purchases materials from business sector not local community.

In comparison, Blue Nile Tannery is better than Abyssinia Tannery in community welfare almost in all variables. In addition to this the means level of agreement proved the responses of employees of both tanneries shows that these companies are not as such active in social service activities or in general community welfare.

#### **4.2.4. CSR in Terms of Environmental Protection**

The most critical dimension of CSR, especially for leather and similarly industries, is protection of the environment. Because, it relates to the community, workers, animals as well as the physical environment such as water bodies, soil, plants and so on. On the subject of CSR in leather industry, environmental protection has described in terms of Comply with environmental laws, rules and regulation, Waste reduction and pollution minimization, Protection of natural environment, creating environmental awareness.

Numerical descriptions of this standard presented in Table 4.4.a and b. Besides, to this the interpretations of the numerical figures state under the corresponding tables or descriptions.

**Table 4.4.a** CSR in terms of Environmental protection at Blue Nile Tannery

Degree of agreement	Comply with env'tal laws, rules and regulations		Waste minimization and pollution prevention		Protection of natural environment		Environmental awareness	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	0	0.0	3	11.5	6	3.8	4	38.5
D	4	15.4	1	3.8	7	7.7	4	7.7
N	5	19.2	3	11.5	8	30.8	5	7.7
A	9	34.6	8	30.8	5	50.9	11	30.8
SA	8	30.8	11	42.3	-	19.2	2	15.4
TOTAL	26	100.0	26	100.0	26	100.0	26	100.0

Data Source: questionnaire response May 2018

As it is possible to observe from table 4.4.a, majority (65.4%) of the respondents agree, (15.4%) disagree, while 19.2% of them indifferent on the subject of comply with environmental laws, rules and regulations. As regards waste reduction and pollution minimization, about 73% of employees argue positively, around 15.3% of them argue negatively and approximately 11.5% of respondents are neutral. In the case of natural resource protection, majorities (81.7%) of the respondents agree; 11.5% of them however, disagree and 30.8 of them are indifferent. The table also shows that 46.2% of the responses of employees accepted that the firm tries to build environmental awareness. In contrast, the same numbers of response do not agree about it. However, two individuals (i.e. 7.7%) are indifferent concerning the level of environmental awareness of their company.

To sum up, the description reflects that Blue Nile tannery is practicing CSR environmental protection in terms of Protection of natural environment, waste reduction and pollution minimization; comply with environmental laws, rules and regulations positively . Despite levels of agreement and disagreements responded equally corresponding to environmental awareness

observation show that the company tries to create awareness for its workers through notice board.

Concerning Protection of natural environment, waste reduction and pollution minimization, observation proved that the firm is trying to make the local environment green and avoid wastes well.

**Table 4.4.b** CSR in terms of Environmental protection at Abyssinia Tannery

Degree of agreement	Comply with env'tal laws, rules and regulations		Waste reduction and pollution minimization		Protection of natural environment		Environmental awareness	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	4	5.5	5	6.8	5	6.8	3	4.1
D	14	19.2	2	2.7	4	5.5	6	8.2
N	5	6.8	11	15.1	18	24.7	17	23.3
A	26	35.6	24	32.9	37	50.7	36	49.3
SA	22	32.9	31	42.5	9	12.3	11	15.1
TOTAL		100.0	73	100.0	73	100.0	73	100.0

Data Source: questionnaire response May 2018

Table 4.4.b show that about 68.5% of the respondents agree on the statement ‘your organization complies with environmental laws, rules and regulations’, only 24.7% of them disagree and approximately 6.8% are indifferent. Regarding waste reduction and pollution minimization, again majority (i.e. 75.4%) of the respondents responded positively, 9.5% among them reflected their negative attitude, and 15.1% of them were indifferent. Related to protection of the natural environment, 63% of respondents agree, 12.3% disagree and 24.7 of the neutral. Similarly, as regards environmental awareness, most (64.4%) of employees agree, 12.3% disagree while 23.3% out of the respondents were indifferent.

Generally, the descriptions declare that Abyssinia Tannery practices environmental protection activities via waste reduction and pollution minimization, complies with environmental laws, rules and regulations, environmental awareness and protection of the natural environment consequently. However, the observation held around the firm claims that waste avoiding pumps are unlock and it have very badly odder or sniff.

The comparisons between two tanneries announce that Abyssinia Tannery overlooks Blue Nile Tannery in environmental protection variables except in protection of natural environment variable. Means of variables of the dimension that are in Table 1 of annex also approve that Abyssinia Tannery is in better condition of environmental protection except protection of natural environment which average level of agreement among respondents in range of agree for Abyssinia tannery (3.53) .

#### **4.2.5. CSR in Terms of Human Rights**

CSR practice of a company also can be express in terms of whether the firm carries out human rights or not. For this section of the paper human rights articulated through promotion of human rights, investigation of how business activities affect it, comply of code of conduct with human rights and fighting discrimination.

As it is shown in table 4.5.a, 76.9% of respondents disagree that the organization promotes human rights, where as 3.8% agree and the rest 19.2% indifferent. On the statement ‘the organization investigates how working activities affect human rights most (38.5%) of employees responded that the firm do nothing in this regard, while 42.3% agree and 19.2% neutral. A similar pattern of agreement and disagreement could be observed from Table 4.5.a about comply of the firm’s code of conduct with human rights. In contrast, 57.7% agree and the other 26.9% disagree. Whereas, about 15.4% indifferent about the statement. The table also indicates that 34.6% of employees do not agree on the firm struggles against discrimination. While 38.5% of the respondents agree and 26.9% number of employees were indifferent.

**Table 4.5.a** CSR in terms of Human rights at Blue Nile tannery

Degree of agreement	Promotion of human rights		Investigation of how work affect human rights		Comply with code of conduct and human rights		Against discrimination	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	6	23.1	4	15.4	4	15.4	5	19.2
D	14	53.8	6	23.1	3	11.5	4	15.4
N	5	19.2	5	19.2	4	15.4	7	26.9
A	0	0	9	34.6	9	34.6	6	23.1
SA	1	3.8	2	7.7	6	23.1	4	15.4
TOTAL	26	100.0	26	100.0	26	100	26	100

Data Source: questionnaire response May 2018

To decide at these levels of agreement, Blue Nile Tannery does not practice CSR along the dimension of human rights. In all variables of the dimension employees argued unenthusiastically except they were agree in relation to the code of conduct however which is less practical. The interview results also claims.

**Table 4.5.b** CSR in terms of Human rights at Abyssinia Tannery

Degree of agreement	Promotion of human rights		Investigation of how work affect human rights		Comply with code of conduct and human rights		Against discrimination	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	2	2.7	6	8.2	10	13.7	6	8.2
D	27	37.0	17	23.3	5	6.8	13	17.8
N	25	34.2	15	20.5	10	13.7	22	30.1
A	13	17.8	29	39.7	26	35.6	20	27.4
SA	6	8.2	6	8.2	22	30.1	12	16.4
TOTAL	73	100.0	73	100.0	73	100.0	73	100.0

Data sources: questionnaire response may 2018

From table 4.5.b, we can deduce the following facts. Of the total number of respondents, majority 40% disagree (26%) agree and 34.2% neutral concerning promotion and supporting of human rights. On the statement ‘the organization investigates how working activities affect human rights’, 47.9% workers responded positively, 31.5% opposed it while 20.5% undecided. In the subject of code of conduct conform to human rights, most (65.7%) of the respondents agree, 20.5% disagree and 13.7% undecided. On struggling against discrimination, approximately 43.8% responded optimistically, 26% pessimistically and about 30% neutral.

To sum up Abyssinia Tannery participates in human rights although the levels of agreement are not that much satisfactory though the interview also conducted indicates nothing. That is why, as we can see from Table 1 in the annex, means levels of agreement are between neutral and agree.

As per the comparison between CSR practices of both companies in this dimension, Abyssinia Tannery P.L.C is better than Blue Nile Tannery S.C even though its practice is poor.

#### 4.2.6. CSR in Terms of Transparency and Anti-corruption

In response to the growing interest in corporate social responsibility, companies are trying to create ethical work force, ethical decision-making, and other dimensions of CSR. Transparency and anti-corruption activities also included in this regard. Transparency, sense of accountability and preventing corruption are variables, which designed to describe transparency and anti-corruption in this section. These variables numerically described below in Table 4.6.a and b. The explanations and the comparison between two companies stated corresponding to the descriptions.

**Table 4.6.a** CSR in terms of anti-corruption and transparency at BLUENILE Tannery

Degree of agreement	Transparency in activities		Sense of accountability		Preventing corruption	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	6	23.1	6	23.1	4	15.4
D	0	0.0	2	7.7	0	0.0
N	2	15.4	8	30.8	2	23.1
A	12	46.2	10	38.5	12	46.2
SA	6	23.1	0	0.0	8	30.8
TOTAL	26	100.0	26	100.0	26	100.0

Data Source: questionnaire response May 2018

According to the data collected from employees of Blue Nile Tannery, most (69.3%) of respondents' witnesses that the company is transparent in its activities, 23.1% of them said it is not transparent while 7.7% of them were indifferent about it. In another variable of transparency and anti-corruption, that is sense of accountability, 38.5% of respondents agree, 30.8% disagree and again 30.8% of the neutral. The table also shows that majority (77%) of employees accept that the firm fights against corruption, 15.4% do not accept while 7.7% of them unsympathetic.

Based on these descriptions we can conclude that the firm is practicing CSR in terms of transparency and anti-corruption despite the level of agreement is weedy regarding sense of accountability. In relation to this, the observation notes show that, the firm is doing to minimize

corruption as the same time to achieve transparency. For instance, the company posted different materials, which enhance workers attitude about accountability and transparency.

As table 4.6.b depicts, approximately 48% of respondents agree that the firm is transparency in its activity, about 24% of them, however, object it and around 27% out of the total respondents neither support nor object the idea. With reference to sense of accountability, about 48% of employees responded positively, only 8% responded negatively even though about 44% of them were indifferent. The table also shows, 41% of the respondents agree that the organization tries to prevent corruption, about 21% of the do not agree with this while approximately 40% of them indifferent.

Based on the above percentile descriptions we can conclude that the firm is practicing CSR in terms of transparency and anti-corruption despite the level of agreement is weedy regarding sense of accountability. In relation to this, the observation notes show that, the firm is doing to minimize corruption as the same time to achieve transparency. For instance, the company posted different materials, which enhance workers attitude about accountability and transparency.

Table 4.6.b CSR in terms of anti-corruption and transparency at ABYSSINIA Tannery

Degree of agreement	Transparency in activities		Sense of accountability		Preventing corruption	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	9	12.3	13	17.8	9	12.3
D	12	16.4	10	13.7	5	6.8
N	20	27.4	21	28.8	29	39.7
A	20	27.4	18	24.7	25	34.2
SA	12	16.4	11	15.1	5	6.8
TOTAL	73	100.0	73	100.0	73	100.0

Data source: questionnaire response may 2018

As table 4.6.b depicts, approximately 43.8% of respondents agree that the firm is transparency in its activity, about 28.7% of them, however, object it and around 27.4% out of the total

respondents neither support nor object the idea. With reference to sense of accountability, about 39.8% of employees responded positively, only 31.5% responded negatively even though about 28.8% of them were indifferent. The table also shows, 41% of the respondents agree that the organization tries to prevent corruption; about 19.1% of them do not agree with this while approximately 39.7% of them indifferent.

In conclusion, Abyssinia Tannery is nearly practicing CSR corresponding transparency and anti-corruption. However, the levels of agreement do not indicate that the tannery is practicing CSR in this dimension entirely or satisfactorily. For instance, on the subject of anti-corruption numbers of respondents who agree and indifferent are almost equal. This shows that the activity is lean or weak. The observation results also show that the firm is practicing CSR in some extent in terms ethical matters.

As per the comparison of tanneries regarding transparency and anti-corruption, Blue Nile Tannery is better than Abyssinia Tannery. Specifically, the former is well as compare to the latter on the subjects of transparency and anti-corruption. Regarding accountability, however, Abyssinia Tannery looks as if superior in spite of weak levels of agreement of both companies.

The previous descriptions on six standards of CSR tired to explain CSR practices in Ethiopian leather industry specifically in Blue Nile and Abyssinia Tannery. The descriptions confirm that in certain standards Blue Nile Tannery is better than Abyssinia Tannery, while in other standards Abyssinia Tannery is well. The following table summarizes CSR practices of these companies with the comparison exist among them.

**Table 4.7** Summary of Comparative CSR practices of Blue Nile and Abyssinia Tanneries

CSR Standards	Blue Nile Tannery		Abyssinia Tannery	
	CSR practice	Better in comparison	CSR practice	Better in comparison
Labor handling	Yes	No	Yes	Yes
Consumer protection	Yes	No	Yes	Yes
Community welfare	Yes	Yes	Yes	No
Protection of the environment	Yes	No	Yes	Yes
Human rights	No	No	Yes	Yes
Transparency and anticorruption	Yes	Yes	Yes	No

Data Source: questionnaire response May 2018

It is possible to understand from table 4.7 that Blue Nile Tannery practices CSR in terms of five standards namely labor handling, consumer protection, community treatment, environmental protection, and transparency and anti-corruption. However, in the case of human rights, the organization does nothing despite the human right growth or development of the country. Likewise, Abyssinia Tannery carries out CSR practices corresponding to all standards that are describe.

Therefore, Abyssinia Tannery, which practice CSR in terms of all its standards, is better than Blue Nile Tannery, which carries out CSR activities in relation to all standards except human rights. Specifically, Abyssinia Tannery is well than Blue Nile Tannery in the cases of labor handling, consumer protection, environmental protection and human rights. In contrast, Blue Nile Tannery is better in terms of community welfare, and transparency and ant-corruption. Regards less of the comparison both companies are well in CSR practices.

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

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

Therefore, CSR practice (dependent variable) explained in this study based on six predictors such as Consumer Demands (CD), Labor Pressure (LP), Community Enforcement (CE), Sustainability and Profitability (SP), Social License (SL) and Nature of the Firm (NF). The first three variables described as individual variable. Consequently, main effect specified to determine their respective effects on the outcome variable. However, the last three variables described in terms of two or more items. Therefore, the outcome (dependent) variable predicted based on the interaction effect of elements. The dependent and explanatory variables used in the regression described and annexed Appendix 2.

In relation to the method of logistic regression, forced entry method was select. All predictors forced into the model simultaneously in a method. This method selected because stepwise techniques (forwarded and backward) are influence by random variation in the data and so seldom give replicable results if the model is retest. In addition to this, forward method runs a higher risk of making a Type II error (i.e. missing a predictor that does in fact predict the outcome). Generally, in this section of the analysis, residual values, log-likelihood statistics of the constant, Chi-square statistics of the constant, log-likelihood and chi-square statistics of the model, and coefficients and statistics of predicators are discuss and present.

#### **4.2.7. Residual Values**

To be sure that the model is a good one, it is important to examine the residuals. The differences between the values of the outcome predicted by the model and the values of the outcome observed in the sample know as residuals (Field, 2009). In relation to this, standardized residuals are selected, which are the residuals divided by an estimate of their standard deviation. By

converting residuals into z-scores (standardized residuals), we can compare residuals from different models and use what we know about the properties of z-scores to devise universal guidelines for what constitutes an acceptable (or unacceptable) value (Field, 2009). The other statistical tool, which measures residuals, is Cook’s distance. One statistic that does consider the effect of a single case on the model as a whole is Cook’s distance. It is a measure of the overall influence of a case on the model and Cook and Weisberg (1982) have suggested that values greater than 1 may be cause for concern. The other thing that should discuss related to residuals is predicted probabilities.

The predicted probabilities are the probabilities of Y occurring given the values of each predictor for a given participant.

**Table 4.8** SPSS results of residuals

Company	Predicted Probabilities		Cook’s Distance		Standardize Residuals	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Blue Nile tannery	0.19	0.97	0.003	0.99	-1.11	1.62
Abyssinia	0.31	0.99	0.0003	0.87	-1.92	1.48

Data Source: May 2018

As we can see from Table 4.8, the maximum probabilities of CSR practice existing in Blue Nile Tannery and Abyssinia Tannery are 0.97 and 0.99 respectively. In contrast, the minimum probability of existence of CSR is 0.19 in Blue Nile Tannery and 0.31 for Abyssinia Tannery. The maximum and the minimum probabilities indicates the ranges or intervals at which the probability of existence of CSR for a single case. In general, these probabilities of both companies lie between 0 and 1.

On the subject of Cook’s Distance, the maximum values are 0.99 and 0.87 for the data that collected from Blue Nile Tannery S.C. and Abyssinia Tannery P.L.C. respectively. Since both values are less than 1, the data collected do not concern in case of fitting the model. Initial SPSS

outputs, however, show that Cook's values for few cases or individuals were greater than 1. Consequently, the cases deleted from the list.

The table also describes that standardize residual values of both companies lies between -1.96 and +1.96. It is obvious that in a normally distributed sample, 95% of z-scores should lie between -1.96 and +1.96, 99% should lie between -2.58 and +2.58, and 99.9% (i.e. nearly all of them) should lie between -3.29 and +3.29. Therefore, standardized residuals with an absolute value greater than 3.29 (3 approx.) are cause for concern because in an average sample case a value this high is unlikely to happen by chance. However, in reference to the initial SPSS outputs of both data, the Standardize residuals of few cases were above absolute value of 3.29. These cases deleted because they might cause concern for the model.

#### 4.2.8. Log-likelihood Statistics of the Constant

In logistic regression, we can use the observed and predicted values to assess the fit of the model. The measure we use is the log-likelihood (-2LL). The log-likelihood bases on summing the probabilities associated with the predicted and actual outcomes (Tabachnick & Fidel, 2007, as cited by Field, 2009). The log-likelihood statistic is analogous to the residual sum of squares in multiple regressions in the sense that it is an indicator of how much unexplained information there is after the model has fitted. It, therefore, follows that large values of the log-likelihood statistic indicate poorly fitting statistical models, because the larger the value of the log-likelihood, the more unexplained observations there are. According to Field (2009) -2LL that is less than 145 is significant. The following table ties to describe these concepts.

**Table 4.9 SPSS results of Iteration History**

Iteration		-2 Log likelihood	
		Blue Nile tannery	Abyssinia tannery
Step 0	1	32.10	50.23
	2	32.10	50.23
	3	32.10	50.23

Data Source: May 2018

The above SPSS output tells us about the model when only the constant included [i.e. all predictor (explanatory) variables omitted]. The Iteration History describes that the log-likelihood values of this baseline model are 32.10 and 50.23 for Blue Nile and Abyssinia tanneries respectively. These values represent the fit of the most basic model to the data, because these log-likelihoods values are not that much large relative to Field (2009) -2LL standard.

#### 4.2.9. Chi-Square Statistics for the Constant

Initial SPSS outputs of the data indicate that chi-square statistic values calculated by excluding the predictors or independent variables. If the chi-square statistic is significantly different from zero, we can conclude that the addition of one or more independent variables to the model will significantly affect the predictive power. If the value is not significant, the opposite is true. Table 4.10 describes the value of the constant ( $\beta_0$ ) and chi-square statistics of the data that have collected from Blue Nile Tannery and Abyssinia Tannery.

**Table 4.10** Chi-square values when all predictors excluded from the model Variables in the Equation

	Tannery	B	S.E.	Wald	Df	Sig.	Exp(B)
Step 0	Blue Nile	0.81	0.425	3.64	1	0.01	2.25
Constant	Abyssinia	2.08	0.38	30.75	1	0.00	8.00

#### Variables not in the Equation

Variables	Blue Nile tannery			Abyssinia tannery		
	Score	Df	Sig.	Score	Df	Sig
CD	5.06	1	0.02	1.87	1	0.05
LP	1.35	1	0.02	5.14	1	0.02
CE	1.21	1	0.02	0.45	1	0.03
SP	0.35	1	0.03	1.96	1	0.01
SL	0.25	1	0.03	0.89	1	0.04
NF	0.34	1	0.02	0.28	1	0.04
Overall Statistics	7.18	6	0.04	9.75	6	0.04

Data source: May 2018

Table 4.10 summarizes the model (Variables in the Equation), and at this stage the output requires quoting the value of the constant ( $\beta_0$ ). In this regard,  $\beta_0$  is equal to 0.81 for Blue Nile Tannery and it is equal to 2.08 Abyssinia tanneries. The table labeled Variables not in the Equation tells us that the residual chi-square statistics are 7.18 and 9.75 for Blue Nile and Abyssinia tanneries respectively. These values are significant at  $p < .05$  (as we can see from the Overall Statistics). This statistic tells us that the coefficients for the variables not in the model are significantly different from zero – in other words, that the addition of one or more of these variables to the model will significantly affect its predictive power. If the probability for the residual chi-square had been greater than 0.05, it would have meant that forcing all of the variables excluded from the model would not have made a significant contribution to its predictive power (Field, 2009).

#### **4.2.10. Log-likelihood and Chi-square of the Model**

Section 4.3.2 and 4.3.3 of the analysis tried to explain log-likelihood and chi-square values of the constant i.e. exclusive of the predictors. This section, however, explains log-likelihood and chi-square statistics by inserting predictors in to the model. At this stage of the analysis, the value of log-likelihood should be less than the value when only the constant was included in the model. Because lower values of log-likelihood indicate that, the model is predicting the outcome variable more accurately. The log-likelihood and the related statistic, chi-square values of the SPSS outputs of the model presented on the following table. The table also tells us the values of Cox and Snell and Nagelkerke's  $R^2$ , but we discuss these in 4.12.a and b. sections.

**Table 4.11** Chi-square and log-likelihood values of the model

		Blue Nile tannery			Abyssinia tannery		
		Chi-square	df	Sig.	Chi-square	Df	Sig.
Step 1	step	8.00	6	0.03	8.87	6	0.04
	Block	8.00	6	0.03	8.87	6	0.04
	Model	8.00	6	0.03	8.87	6	0.04

**Model Summary**

Step 1	Tannery	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
	Blue Nile	24.10	0.27	0.37
	Abyssinia	41.36	0.12	0.23

With reference to Table 4.9, when only the constant was included, log-likelihood is equals to 32.10 (for Blue Nile Tannery) and 50.23 (Abyssinia Tannery) But now regarding table 4.11, the predicators has been included the values has been reduced to 24.10 and 41.36 respectively. This reduction tells us that the model is better at predicting whether CSR practices existed than it was before predicators were add. The question of how much better the model predicts the outcome variable can assessed using the model chi-square statistic, which measures the difference between the model as it currently stands and the model when only the constant was included. The value of the model chi-square statistic works on this principle and is, therefore, equal to log-likelihood with predicators included minus the value of log-likelihood when only the constant is in the model. The calculations can stated as follow:

□ Blue Nile tannery:  $32.10 - 24.10 = 8.00$

□ Abyssinia Tannery:  $50.23 - 41.36 = 8.87$

#### **4.3.5. Coefficients and Statistics of Predictors**

This part of the analysis is crucial because it tells us the estimates for the coefficients for the predictors included in the model. This sections of the SPSS output gives us the coefficients and statistics for the variables that have been included in the model at this point (namely CD, LP, CE, SP, SL, NF and the constant). The  $\beta$  value is the same as the  $\beta$  value in linear regression: they are the values that we need to replace in model equation to establish the probability that a case falls into a certain category. The interpretation of this coefficient in logistic regression is very similar in that it represents the change in the logit of the outcome variable associated with a one-unit change in the predictor variable. In logistic regression, instead of predicting the value of a variable Y from a predictor variable X1 or several predictor variables (Xs), we predict the probability of Y occurring given known values of X1 (or Xs). The logit of the outcome is simply the natural logarithm of the Odds of occurring (Field, 2009). The odds ratio is described as Exp (B) in the SPSS output. If the value is greater than 1, then it indicates that as the predictor increases, the odds of the outcome occurring increase. Conversely, a value less than 1 indicates that as the predictor increases, the odds of the outcome occurring decrease.

**Table 4.12.a** Coefficients and statistics of the model regarding Blue Nile Tannery

Variables	B	S.E.	Wald	Df	Sig	Exp( $\beta$ )
CD	2.01	1.11	3.30	1	0.03	7.48
LP	1.89	1.32	2.03	1	0.03	6.59
CE	0.90	1.20	0.56	1	0.04	2.46
SP	0.56	1.07	0.27	1	0.04	1.75
SL	-1.49	1.42	1.09	1	0.03	0.23
NF	-0.72	1.66	0.19	1	0.03	0.49
Constant	-1.86	1.41	1.76	1	0.03	0.16

Note: R2 = 0.25 (Hosmer & Lemeshow), 0.27 (Cox & Snell), 0.37 (Nagelkerke), Model  $\chi^2 = 8.00$

**Table 4.12.b** Coefficients and statistics of the model regarding Abyssinia Tannery

Variables	B	S.E.	Wald	Df	Sig	Exp( $\beta$ )
CD	1.34	0.95	2.01	1	0.03	3.83
LP	1.86	1.00	3.47	1	0.04	6.44
CE	0.27	1.04	0.07	1	0.03	1.30
SP	-1.46	1.15	1.61	1	0.02	0.23

SL	0.74	1.21	0.38	1	0.04	2.10
NF	-0.11	0.27 0.97	0.01	1	0.01	0.90
Constant	0.42	1.71	0.06	1	0.01	1.51

Note: R2 = 0.18 (Hosmer & Lemeshow), 0.12 (Cox & Snell), 0.23 (Nagelkerke), Model  $\chi^2 = 8.87$

In reference to table 4.12.a and b, we can say that the odds of a CSR practice is existed due to consumers demand is 7.48 (Blue Nile Tannery) and 3.83 (Abyssinia Tannery) times higher than consumer demand is not existed. Similarly, the odds ratios (Exp. B) are greater than 1 corresponding to labor pressure and community enforcement in both companies. Regarding sustainability and Profitability, the odds ratio is 1.75 in Blue Nile Tannery and 0.23 in Abyssinia Tannery. Thus, corresponding to Blue Nile Tannery, the probability of existence of CSR practice is increases as sustainability and profitability increase and the opposite is true regarding Abyssinia Tannery. In the context of social license, however, Exp. (B) is less than 1 (i.e. 0.23) in relation to Blue Nile Tannery, while it is greater than 1 (i.e. 2.10) related to Abyssinia Tannery.

With reference to nature of the firm, the odds ratios are less than 1 in both companies. Therefore, the likelihood of existence of CSR practice is decrease as the value of nature of the firm increases.

The other thing that described in table 4.12.a and b is R-statistic. In linear regression, the multiple correlation coefficients R and the corresponding R2-value were useful measures of how well the model fits the data. However, we can calculate a more literal version of the multiple correlations in logistic regression known as the R-statistic. This R-statistic is the partial correlation between the outcome variable and each of the predictor variables and it can vary

between -1 and 1. A positive value indicates, that as the predictor variable increases, so does the likelihood of the event occurring. A negative value implies that as the predictor variable increases, the likelihood of the outcome occurring decreases. If a variable has a small value of R then it contributes only a small amount to the model (Field, 2009).

R – Statistic can be calculated using -2log-likelihood, Wald Statistic and the degree of freedom. However, the Wald statistic values are sometimes inaccurate. Thus, we use the Hosmer and Lemeshow's measure (RL2), which is calculated by dividing the model chi-square by the original -2log-likelihood. In Table 4.11, the model chi-squares after the predictors entered into the model are 8.00 and 8.87 for Blue Nile Tannery and Abyssinia Tannery respectively. With the reference of Table 4.9, the original -2log-likelihoods (before any variables enter) are 32.10 and 50.23 for Blue Nile Tannery and Abyssinia Tannery respectively. So,  $RL2 = 8.00/32.10 = 0.25$  regarding the data collected from Blue Nile Tannery. Similarly,  $RL2 = 8.87/50.23 = 0.18$  corresponding to the data collected from Abyssinia Tannery. These two R2 values indicate that predictors and the existence of CSR practices are positively related. The above two tables also gave us two other measures of R2 statistics such as Cox and Snell's measure and Nagelkerke's adjusted value. As you can see, all of these values in both companies are positive.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS AND RECOMMENDATIONS**

After careful examination of CSR practices and determinants throughout the selected companies, analysis and interpretation of the study has based on the data obtained through questionnaire distributed to, an interview conducted and the observation held in Blue Nile Tannery and Abyssinia Tannery. Based on the analysis, interpretation, conclusion and recommendations of the study present in this chapter.

#### **5.1. SUMMARY OF FINDINGS**

The result of the descriptive as well as logistic regression analysis on CSR practices and determinants of the selected tanneries summarized. Based on the findings the following conclusions forwarded.

Abyssinia Tannery practices labor standard of CSR practice in terms of skill and long-term career development, freedom of association, health and safety, and taking corrective action. While, Blue Nile Tannery practices labor standard of CSR only in terms of skill and long-term career development. In line with the fact that employees are deeming a very important stakeholder, firms undertake CSR activities for the benefit of employees. In reflecting CSR activities for employees with the selected industry, Abyssinia Tannery participates in these activities with the consideration of optimality of the company as well as the benefit of workers. Blue Nile Tannery; however, seems as if it practices CSR for the success of the firm regardless of other interests of workers, because it practices only in skill and long-term career development significantly.

Regarding consumer protection, both companies are practicing corporate social responsibility (CSR) practices well. This happened due to the product of firms based on the quality standard of customers. In other words, firms produce customer-oriented products to optimize their profit and this is fortunately the most important CSR practice regarding customers, because the most critical CSR activity toward customers is commitment to providing value to customers. Other similar activities such as responding to customer complaints in a timely manner is also quite

popular and to a lesser extent, supplying clear and accurate information to customers and considering customer accessibility also sustains the exited customers and creates new customers.

With respect to community welfare, the employees' response indicates that Blue Nile Tannery practices in terms of various community services, dialogue with the community and supplying beneficial products for the society. However, the firm does not participating in local purchase. On similar basis, Abyssinia Tannery P.L.C is better practicing CSR Regarding to 'dialogue with community 'and the issue that the company provides beneficial products for the society' among in the dimension of community welfare. However, it shows that majority of the respondents approved that the firm do not provide social services to the community and purchase inputs from local community. In relation to provide social services to the community, the interview notes proved that the firm itself does not provide social services to the community directly Instead its mother company (i.e. MEDIROC ETHIOPIA) assisting the society in various social sectors. Regarding to local purchase inputs from community the interview conducted proved that, most business as Abyssinia Tannery purchases materials from business sector not local community.

With respect to environmental protection Blue Nile tannery is practicing CSR in terms of Protection of natural environment, waste reduction and pollution minimization; comply with environmental laws, rules and regulations modestly. Observation also shows that the company tries to create awareness for its workers through notice board despite low level of agreement among respondents. On the other hand Abyssinia Tannery also practices environmental protection activities better than Blue Nile tannery, However, the observation held around the firm claims that waste avoiding pumps are open for short distance and it have very badly odder or sniff which could have negative impact on health of the society. To reveal these results, both tanneries perform CSR practices corresponding to the environment with the consideration for workers and laws of the country. In relation the community and the physical environment namely rivers and soil, unfortunately, do not perform such activities sufficiently because waste material are mixing in the rivers.

Based on the analyses of respondents' levels of agreement, Blue Nile Tannery does not practice CSR along the dimension of human rights. However, Abyssinia Tannery participates human rights although the levels of agreement are not that much satisfactory.

With respect to transparency and anti-corruption, both tanneries are practicing CSR despite; the levels of agreement do not indicate that the both tanneries are practicing CSR in this dimension satisfactorily. Because firms handle CSR practices of this dimension only in their organization to save their resource only though it is inadequate.

In general, Abyssinia Tannery is well than Blue Nile Tannery in the cases of labor handling, consumer protection, environmental protection and human rights. In contrast, Blue Nile Tannery is better in terms of community welfare, and transparency and ant-corruption. Thus, the former one is better than the latter in many CSR standards due to it has modern system and adequate resource. Regardless of the comparison, both companies are well in CSR practices.

With reference to the determinants of CSR practices of Blue Nile Tannery, the odds ratios are greater than 1 regarding Labor Pressure, Consumer Demand, Community Enforcement, and Sustainability and Profitability. Likewise, the odds ratios corresponding to these predictors (except Sustainability and Profitability) are greater than 1 for the data collected from Abyssinia Tannery. Thus, the probability of existence of CSR practice increases as the extent of the above variables increase. In other words, the existence of the above determinants around the leather industry affects CSR practice positively. These factors are also critical in the determination of the optimality of the firm directly or indirectly. The growing interest among workers, customers, community, and governmental and non-governmental organizations in the performance and significance of CSR determines CSR practices. Consequently, managers and leaders are attentive to the fact that business norms and standards, regulatory frameworks, and stakeholders' demands for CSR can vary considerably across nations, regions, and lines of business.

## **5.2. Recommendation**

Based on analysis and its findings, the following recommendations have given:

In relation to labor treatment, Blue Nile Tannery, Abyssinia Tannery and other related companies, especially tanneries should continue their activities in more advance manner to achieve high level of performance in CSR practices. So to protect workers' health, trainings and awareness creative workshops should facilitate. In relation to this labor standard of CSR

practices firms should consider which activities should come first and which are next. The most familiar activities in relation to employees should be a commitment to the health and safety of employees and ensuring adequate steps should take against discrimination. In addition to this, employees should be encouraged to develop skills, long-term career paths, and work-life balance.

Since the extent of CSR practices of these companies, corresponding to customer satisfaction and community welfare are appreciative, the activities or performances of these and other tanneries should continue in more progressive mode. For instance, policies related to new product development or innovation, trainings for pastoralists and other related sectors, and community capacity-building activities should designed and implemented.

Hence, Blue Nile Tannery, Abyssinia Tannery and other leather factories need to design better CSR strategies and practices in the area of environmental protection such as purchasing and using cost oriented high quality chemicals, good waste pumping materials, better natural resource protection procedures, transparent dialogue with responsible parties especially Ethiopian Environmental Protection Agency and so on.

With reference to the analyses and the results, both tanneries should work hard to change and progress the development of human rights in the country. Companies are under obligation to respect and promote human rights in their operations. This can be achieved though trainings and motivation of employees as well as the community as completely targeting equitable and effective engagement of companies. In general, these and other companies necessitate placing issues of democracy both in the economy and in the political arena - locally, nationally and globally.

Therefore, Ethiopia is poor in terms of transparency and anti-corruption, Blue Nile Tannery, Abyssinia Tannery and other organizations of the sector need to evolve intensively in ethical matters namely responsibility, accountability, transparency and anti-corruption. Specifically, the companies' code of conduct should design and implemented in such a way that it is compatible with laws and rules of the constitution and anti-corruption rules.

Generally, both tanneries should design CSR strategies and implementations in harmony with the determinants especially on the focuses of labor pressure, consumer demand, community enforcement, and sustainability and profitability. Particularly, Blue Nile Tannery should work hard relative to Abyssinia Tannery corresponding to the stated standards.

For future research, longitudinal studies adopt recommend. This may provide deeper insight into CSR practices and determinants. Longitudinal study would allow assessment of the directionality of the relationships between CSR and the determinants, both that have stated in study and that did not.

It is also propose that a case study approach may provide a clearer understanding of the nature, type and extent of CSR practices within the particular organization(s). It may also provide insight into the motivation for undertaking CSR and the impact of such activities.

Lastly, it noted earlier that the limitation of this research is that it focused on tanneries of Addis Ababa city. Future research may include other Ethiopian leather factories, or other countries' companies that would allow for comparison between countries and other industries (for instance soap factories).

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# Appendices

## Appendix 1: Descriptive

### Statistics Value

descriptions	Blue Nile Tannery			Abyssinia Tannery		
	N	Mean	Std. deviation	N	Mean	Std. deviation
Skillsand long-term careers	26	3.2308	1.47804	73	3.3562	1.12262
Freedom of association	26	2.8462	1.54123	73	3.7945	1.12988
Health and safety	26	2.7692	1.60767	73	3.5205	1.13173
Good work life balance	26	3.0000	1.69706	73	3.3151	.89562
Corrective action	26	2.8462	1.54123	73	3.2877	1.21883
Quality product	26	4.0769	1.09263	73	4.3699	.54024
Required standard product	26	3.1538	1.78196	73	4.2055	1.22428
Customer	26	3.3077	1.51708	73	3.5205	1.02888

Feedback						
Product information	26	3.8462	1.48842	73	3.9863	1.02053
Social Services	26	3.3846	1.57675	73	2.9452	1.24600
Local Purchase	26	2.6154	1.23538	73	3.2740	.94664
Dialogue with community	26	3.2692	1.71015	73	3.2740	1.12126
Socially Beneficial products	26	3.1538	1.68979	73	3.5753	1.14161
Comply with environmental laws, rules and regulations	26	3.1538	1.82630	73	.9863	.93531
Waste reduction and pollution minimization	26	3.5385	1.52920	73	4.1096	.99389
Protection of natural environment	26	3.3846	1.57675	73	3.5342	1.02851
Environmental awareness	26	2.7692	1.60767	73	3.6438	1.03239
Promotion of human rights	26	2.6923	1.56893	73	3.5068	1.01548
Investigation of how work	26	2.1538	1.43366	73	3.2603	1.01417

affect human rights

Comply code of conduct and human rights	26	3.0000	1.64924	73	3.5616	1.15454
Against discrimination	26	2.8462	1.54123	73	3.3425	.97495
Transparency in activities	26	3.4615	1.47596	73	3.2740	1.13358
Sense of accountability	26	3.0000	1.38564	73	3.4658	.74689
Preventing corruption	26	3.7692	.33589	73	3.1644	1.08030

## Appendix 2

### Variables

Description of dependent and explanatory variables			
	Description		Type
CSR	Corporate Responsibility	Social	Dummy (1 if practiced, otherwise 0)
CD	Consumers Demand		Dummy (1 if influences, otherwise 0)
SPI	Sustainability		Dummy (1 if influences, otherwise 0)
SPII	Profitability		Dummy (1 if influences, otherwise 0)
SLI	Government		Dummy (1 if influences, otherwise 0)
SLII	Media		Dummy (1 if influences, otherwise 0)
SLIII	International Organizations		Dummy (1 if influences, otherwise 0)

SLIV	Self certification	Dummy (1 if influences, otherwise 0)
NFI	The size of the firm	Dummy (1 if influences, otherwise 0)
NFII	Products of the firm	Dummy (1 if influences, otherwise 0)
NFIII	Production activities	Dummy (1 if influences, otherwise 0)
NFIV	Location of the firm	Dummy (1 if influences, otherwise 0)
NFV	Leadership	Dummy (1 if influences, otherwise 0)
NFVI	Reputation	Dummy (1 if influences, otherwise 0)
NFVII	Ethics	Dummy (1 if influences, otherwise 0)
NFVIII	Awareness	Dummy (1 if influences, otherwise 0)
NFIX	Shareholder activism	Dummy (1 if influences, otherwise 0)
LP	Employee activism	Dummy (1 if influences, otherwise 0)
CE	Community Enforcement	Dummy (1 if influences, otherwise 0)

### **Appendix 3: Questionnaires, interview guides and observation checklists**

ADDIS ABABA UNIVERSITY

College OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT (MSC PROGRAM)

A Questionnaire to Be Filled by Abyssinia and Blue Nile tanneries' Employees

Dear respondents, the purpose of this questionnaire is to collect data for a research work on the title of “Practices and of Corporate Social Responsibility in Leather Industry” in partial fulfillment of Master of Science in management in Addis Ababa University. It has four parts, the first part of questionnaire is about general background information of participants, the second part the practices of corporate responsibility in your company and the third part includes its Determinants in your respective companies. In addition to that, the rest part of questionnaires is about interviewee and observation guidelines.

Corporate social responsibility can defined as a process of making business activities towards employees, customers, the community and the environment responsibly. It is inherent that the availability of good corporate social responsibility could bring a profound impact on the company’s success in business undertakings. Hence, the objective of this study is to assess the corporate social responsibility practices and identifies its determinants. Thus, I kindly request you to spend some minutes of your time in filling the questionnaire. Any information, which you provide will keep confidential, and use for only academic purpose. Your genuine response is highly appreciated for the outcome of the study.

**Thank you in advance for your kind cooperation** With Regards

Ephrem Haile

April 2018

**General Instruction:**

- ✓ Your participation is voluntary
- ✓ Do not write your name on the questionnaire
- ✓ Please complete each part of the questionnaire by putting a “✓” sign against your response.

**Direction:** Please put a check mark (✓) on the appropriate

**PART one: Questions related to corporate social responsibility practices**

**Direction:** This part of the questionnaire intends to find your company’s practices of corporate social responsibility. **Please put a check mark (✓) on the appropriate box to** indicate your level of agreement or disagreement.

No.	CSR Standards /Dimensions	strongly disagree	Disagree	Neutral	Agree	Strongly agree
	<b>CSR practices In terms of Labor Handling</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	Your company encourages its employees to develop job skills and long-term careers via opportunity for capacity building and training programs.					

2	The company encourages freedom of association and the effective recognition of the right to collective bargaining					
3	The company has suitable arrangements and procedures for health and safety for its employee's wellbeing at work					
4	Your company actively offers a good work life balance for its workers, for example, by considering flexible working hours.					
5	The company creates a clear and understandable management decision (corporate culture) that ensures prompt corrective action is taken against undesirable behavior including.					
6	Your company does not encourage its workers to develop job skills and long-term careers via opportunity for capacity building and training programs.					
	<b>CSR Practices In terms of Consumer Protection</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
7	The company strives to deliver high value, quality products that meet and/or exceed the					

	expectations of their customers.					
8	I think your company ensures that all products meet the required safety and environmental standards.					
9	I think Your company has a procedure to ensure effective feedback and consultation with customers or resolve customer complaints in a timely manner.					
10	I think your company supply clear and accurate information and labeling about products and services.					
11	I feel that Your company did not have a procedure to ensure effective feedback and consultation with customers.					
	<b>CSR practices In terms of Community Welfare</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
12	Your company offers services for local community (e.g. financial aid and training).					
13	Your company has a recruitment policy that favors the local communities in which it operates (e.g. raw materials).					
	I think The company has an open dialogue with the local community on adverse issues (e.g.					

14	accumulation of waste outside the factory).					
15	The company provides goods that can used for socially beneficial purposes					
16	Your company did not offer any service for local community. For instance staff members involved in charity volunteer work on behalf of the firm					
	<b>CSR practices in terms of Environmental Protection</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
17	Your company complies with the environmental laws, rules and regulations to promote environmental protection.					
18	The company tried to reduce the company's environmental impact in terms of waste minimization and pollution prevention.					
19	The company tried to reduce the company's environmental impact in terms of protection and keeping of the natural environment.					
20	I think the company promotes environmental awareness by providing information to their employees to enhance their understanding of environmental issues.					

21	The company did not try to reduce the company's environmental impact such as waste of the production process and pollution.					
	<b>CSR practices in Terms of Human Rights</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
22	Your company promotes supports and respects the protection of locally and internationally proclaimed human rights.					
23	I think the company tries to investigate to Make sure that businesses are not complicit in human rights abuses					
24	I think the company includes the aspect of respecting human rights in its code of conduct.					
25	I think Your company has adequate procedures to eliminate discrimination in respect of employment and occupation (e.g. women, ethnic group)					
26	I think Your company nothing contributes to promoting, supporting and respecting the protection of internationally proclaimed human rights.					
	<b>CSR practices in Terms of Transparency and Anti-corruption</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

27	I think, the company is transparent in the procedures and decisions of human resource management. (e.g.,in hiring and promotion of employees).					
28	The company is also develops a sense of being accountable for the results of its business activities.					
29	I think the company works to avoid or reduce corruption in all its forms, including extortion and bribery.					
30	I think the company is not transparent in the procedures and decisions of human resource management. (E.g.in hiring and promotion of employees).					
31	I think the company's performance reports are clear and understandable (for example, audit reports).					

**Thank You for Taking Your Time to Fill This Questionnaire!**

**Part two: Questions related to factors/determinants affecting the practice of corporate social responsibility**

The table below contains probable factors that influence the company to practice corporate social responsibility. If you perceive that, a single factor affects the corporate social responsibility Practices of your company tick “Yes” otherwise “No”.

No.	Factors/Determinants	Yes	No
1	Employee activism		
2	Consumers		
3	Community Enforcement		
4	Sustainability		
5	Profitability		
6	Government		
7	Media		
8	International organizations		
9	Self certification		
10	The size of the firm		
11	Products of the firm		
12	Production activities		
13	Location of the firm		
14	Leadership		
15	Reputation		
16	Ethics		
17	Awareness		
18	Shareholder activism		

**Thank you once again for your kind cooperation!**

**Addis Ababa University**  
**College of business and Economics**  
**Department of Management (MSC)**

**Interview Guide Questions for both companies top Managers (heads of the company)**

The purpose of this interview is to gather information about practices and determinants of corporate social responsibility in tannery industry.

**Part 4: Interview Guides**

- 1) Is there CSR practice in your organization? What are those CSR practices?
- 2) Would you explain challenges that forced your organization to practice these CSR dimensions?
- 3) From customer's perspective, to what extent does your organization responsible to its products and services?
- 4) What efforts are make in the company to offer good community welfare?
- 5) What types of human rights you are handling?

**Observation Checklists**

- What does the practices of labor handling in Abyssinia and Blue Nile Tanneries look like to support socially and economically?
- In what ways could explain both companies' efforts to protect and keep the environment from pollution and damage?