



# CORPORATE SOCIAL RESPONSIBILITY PRACTICE OF DRY PORTS: THE CASE OF MODJO DRY PORT

BY  
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Advisor: Tariku Jebena (PHD)

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## LIST OF ABBRAVATIONS AND ACRONYMS

CEO	CHEIVE EXECUTIVE OFFICER
CFR	CORPORATE FINANCE RESPONSIBILITY
CSER	CORPORATE SOCIAL ENVIRONMENTAL RESPONSIBILITY
CSR	CORPORATE SOCIAL RESPONSIBILITY
ESLSE	ETHIOPIAN SHIPPING AND LOGISTICS SERVICES ENTERPRISE
HR	HUMAN RESOURCE MANAGEMENT
ISO	INTERNATIONALORGANIZATION OF STANDARDIZATION
MDP	MODJO DRY PORT
RORO	ROLL ON ROLL OFF
SPSS	STASTICAL PACKAGE FOR SOCIAL SCIENCE
TBL	TRIPLE BOTTOM LINE
UN	UNITED NATIONS
WBCSD	WORLD BUSINESS COUNCILFORSUSTAINABLE DEVELOPME

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## ABSTRACT

*The idea of corporate social responsibility (CSR) has become important one over the last few decades and it is practiced in different ways across countries and time in the world. The main objective of this study is to assess and describe the CSR practices and its challenges of Modjo dry port and forward any possible solution that contribute to the betterment of the dry port's corporate social responsibility practices. To achieve the objectives of this research, the study was use primary source of data, through structured questionnaire and interview survey and secondary data was collected from company's documentation. In relation to the methodology it was used mixed approach (both qualitative and quantitative) using simple random and purposive sampling techniques. The population of this study was Modjo dry port permanent and contract employment and management. From the population, 90 samples of employees were taken for structured questionnaire and interview was conducted gender and social affairs department and safety and standard division managers were taken for data triangulations. Finally the collected data was analyzed by using a descriptive statistics method and using statistical package for social science software version 20, was used to analyze and interpret the findings. The result findings of corporate social responsibility practice of Modjo dry port reveals from economic and social perspective MDP stand in good position but from environmental responsibility perspective weak result is found and a challenge with lack of strategic vision plan and unwillingness to spend in CSR. Thus, the enterprise have to work more on environmental responsibility collaborate with all stakeholders especial safety and wastage control management.*

**Key words:** *corporate social responsibility, dry port, challenges.*

# CHAPETER ONE

## INTRODUCTION

This chapter deals with the introduction to work of researcher title so called corporate social responsibility practices of Modjo dry port, which includes the background of the study, the background of the organization, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, and delimitations of the study, operational definitions of the study and organization of this paper will be discussed briefly.

### 1.1. Background of the study

The idea of corporate social responsibility (CSR) has become an important one over the last few decades, gradually evolving to reach today's understandings. However, recent research studies have suggested the understanding of CSR and the way in which it is implemented differ across countries and time. CSR has represented as an umbrella term covering a diverse range of issues which have grown steadily in importance for business performance at global level. As Porter and Kramer(2006) argue that under the inspection of the government bodies,and activist shareholders CSR is “an escapable priority for business leaders every country.” And Maron (2006) alsoted that CSR is applicable in a global context and a practicality to be absorbed by all businesswithin their available resources.

Organizations in general and business entities in particular cannot survive without society. Traditionally, business had been viewed as an economic institution with a sole objective of profit maximization. But in recent times, there has been increasing awareness and acceptance of social objective as one of business objectives.

In today's business world, business firms are giving attention to the business concepts corporate social responsibility. Because of it concerns of environmental issues, economic benefits, regulatory impacts and reputation of the business firm infront of the society at large. As result a number of business firms taking initiatives and implement practices of corporate social responsibility (CRS) activities EserK..et al. (2015).

According to Michael Porter (2005) there is no way to avoid paying serious attention to corporate citizen-ship: the costs of failing are simply too high. There are countless win-win opportunities waiting to be discovered: every activity in a firm's value chain overlaps in some way with social factors everything from how you buy or procure to how you do your research yet very few companies have thought about this. The goal is to leverage your company's unique capabilities in supporting social causes, and improve your competitive context at the same time.

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 integrated into modern business practices, there is a trend towards referring to it as "responsible competitiveness" or "corporate sustainability."

A key point to note is that CSR is an evolving concept that currently does not have a universally accepted definition. The World Business Council for Sustainable Development has described CSR as the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations, CSR typically includes "beyond law" commitments and activities pertaining to: Corporate governance and ethics; Health and safety; Environmental stewardship; Human rights (including core labor rights); Sustainable development; Conditions of work (including safety and health, hours of work, wages); Industrial relations; Community involvement, development and investment; Involvement of and respect for diverse cultures and disadvantaged peoples; Corporate philanthropy and employee volunteering; Customer satisfaction and adherence to principles of fair competition; Accountability, transparency and performance reporting; and Supplier relations, for both domestic and international supply chains.

Generally, CSR is understood to be the way firms integrate social, environmental and economic concerns into their values, culture, decision making, strategy and operations in a transparent and accountable manner, and thereby establish better practices within the

firm, create wealth and improve society PaulHohnen (2007). As issues of sustain-able development become more important, the question of how the business sector addresses them is also becoming an element.

## 1.2. Statement of the Problem

Originally, when CSR was introduced by Bowen (1953) the concept of CSR was just focused to practice good things in businesses for the community. Later in 1980s, businesses and communities started to share common interests, which is to be responsible for their stakeholders. Since 1990s, the popularity of the CSR concept has increased significantly and is now accepted worldwide as one of the most important concept in business strategy (Moura-Leite, 2011).

In today's business world, business firms are giving attention to the business concepts corporate social responsibility. Because of it concerns of environmental issues, economic benefits, regulatory impacts and reputation of the business firm in front of the society at large. As result a number of business firms taking initiatives and implement practices of corporate social responsibility (CRS) activities ( Eser K. *et al.*, 2015). They have developed a variety of strategies for dealing with this intersection of societal needs, the natural environment, and corresponding business imperatives with respect to how deeply and how well they are integrating social responsibility approaches into both strategy and daily operations worldwide.

In today's competitive business environment, the attention of every organization is to develop a good and lasting the relationship with both internal and external and society at large, which ensure long term business sustainability.(Nano and Doris, 2016). This is seen as concepts of CSR, which is essential for maintain the economic, social and natural environment.

A modern business organizations expectation is beyond making and maximizing profit towards being socially responsible. However, there are different opinions about the advantages and disadvantages of corporate social responsibility to apply it. Various views have been offered to explain the importance of corporate social responsibility (CSR) in business activity. For their part, they advance that the firms should devote their energies

to supplying goods and services to their customers, they should minimize costs and maximize profits; and all this should, of course, take place within the laws and rules/regulations of the land (Carroll, 1979). They also maintained that corporate social responsibility initiatives can lead to innovations through the use of social, environmental, or sustainability drivers to create new products and services.

However, as scholars studies showed that CSR were carried out in the past over stress the financial aspect of CSR and provided less attention to the environmental and social issues (Tsoutsoura, 2004). As surveys of CSR amongst businesses in African countries, mostly South Africa, Ghana, Namibia and Malawi have found that the most common approach to CSR issues is through philanthropic support, focusing on education, health and environment (Zarkada, 2004). Visser et al., (2008) argued that in Africa, CSR is confined to certain activities, mainly charity, community development programs and philanthropy.

Modjo Dry port is one of the largest ports of Ethiopian Shipping and Logistics Service Enterprises which is located at 76 km from Addis Ababa in East Oromia region at Modjo town. It has been established on an area of 64 hectors and expands to 158 hectors of land which enables to significant contribution in Ethiopian economy by saving in millions of foreign currencies, creating employment opportunity directly or indirectly and handling about 85% of the country's import and export cargo. The enterprise is now involved in CSR project which had impacted in the society wonderfully and profitably. According to World Bank survey (2017) Dry ports in Ethiopia unanimously have social, environmental, and economic benefits.

According to ESLSE Port facility and capital project department annual report (2017) indicted some of the negative impacts of Dry ports are environmental and societal during providing operation to its customer which includes; pollutions, social displacement of local community from their home, grazing and farm land during establishment and expansion of MDP, specific occupational safety and health risks and employment working condition issues in the dry ports primarily include biological, physical, and chemical hazards and these having to do with exposure to dust and noise.

Despite the practical interest in CSR and its impact on the competitiveness of MDP few contributions exist, moreover, research with respect to CSR in MDP is limited. Thus the objective of this study is intended to assess the practices of corporate social responsibility, focusing on limited stakeholders practice and challenges faced during implementation of MDP.

### 1.3. Research questions

This section is triggered by the general question of how does the MDP manage its corporate social responsibility? The study will attempt to answer the following sub-questions:

- ✚ How does the MDP perform in terms of its economic responsibility?
- ✚ How does the MDP discharge its environmental responsibility?
- ✚ How does MDP perform its social responsibility?
- ✚ What are the major challenges practicing CSR at MDP?

### 1.4. Background of the Organization

Modjo Dry Port is one of eighth Ethiopia's operational inland dry ports along with Kaliti, Gelan, Hawasa, Semera, Komolcha, Mekele, Dire Dawa and Woreta. These ports have an installed handling capacity of more than 25,000 containers at time and the eighth dry ports of ESLE is Woreta Dry port is expected to be operational at the end of 2019.

Among all ports of the Ethiopian Shipping and Logistics Service Enterprises MDP is one of largest ports located in Oromia region Modjo town which has been handling about 85% of the country's import and export cargo. MDP is a major foreign currency saver and an overland port where incoming and outgoing goods are stored for further processing in Ethiopia. These processes include those related to customs, the stuffing/unstuffing of containers or storing any cargo for further consolidation or collection. MDP handles all types of cargo like break-bulk, containerized cargo, Ro-Ro and reefers.

The MDP management is responsible to the Port and terminal sector Director of the Enterprise who is responsible to the CEO of the enterprise who is responsible to Board of the Enterprise.

Currently MDP operating with deployed 103 port machineries, 589 permanent employees

two laborers association which accompany 440 laborers who are responsible for loading and unloading of shipments and working with other stakeholders. Even though MDP has significant contribution to Ethiopian economy by saving in millions of the country foreign currencies, increased its efficiency in import and export operation and creating employment opportunity directly or indirectly, but from its establishment and expansion It would have been consequences of deforestation, pollution of environment (air, sound, storm water and soil) and dispose to wastage the environment residences.

## 1.5. Objective of the study

### 1.5.1. General Objective of the study

The general objective of this study is to assess the corporate social responsibility practices of Modjo Dry Port.

### 1.5.2. Specific Objectives of the study

The following points are the specific objectives of the study

- ✚ To assess the role of MDP in performing its economic responsibility.
- ✚ To assess the role of MDP in discharging its environmental responsibility.
- ✚ To describe social (Community) responsibility of MDP
- ✚ To identify the major challenges of CSR practices at MDP.

## 1.6. Significance of the Study

This study is helps to provide significant information for the enterprise to indicate how the enterprise implements and practices of CSR and recommend the findings of the research. The study will help to create awareness by outlining the right of the general public from the port. For instance the dry port has to adhere environmental and economic responsibility, while operating its business services to maintain safety, health, norms and values of the society. It also helps as input for policy makers by showing the gap between existing laws and regulation, and its practices in the dry port services. Finally it is important for academician and other researchers who would like to conduct further studies to fill the gap that may be seen in this research. Moreover it is the bases for further investigation in related to CSR and strategic management in general for dry ports.

### 1.7. Scope of the Study

Recently there are eight dry ports have been established and operate at different location and region of Ethiopia. Even if, assessing CSR of all the dry ports of the country would make the findings fruitful, but this study was limited to assess how corporate social responsibility (CRS) is implemented at MDP. Even if there are many stakeholders and dimensions of CSR, this study was focused on the MDP management and employees and the three dimension of CSR (economic, environmental and social responsibility).

### 1.8. Limitation of the Study

Beside the common limitations the study such as finance and time resources, the respondent were not voluntary to reply on time and fill to complete questionnaire. During data collection there was challenges because of COVID\_19, most of MDP employee were out organizations, hence questionnaire was not returned back and takes more time to collect.

### 1.9. Definition of Terms and concepts

**Corporate Social Responsibility:-** Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. (WBCSD, 1999).

**Economic Responsibility:-** The economic responsibility is the most fundamental responsibility of a firm, which reflects the essence of a firm as a profit-making business organization (Mohamed A, 2015).

**Social responsibility:** - social responsibilities refer to “the obligation of businessman to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of objectives and values of our society”. (Bowen, 1953).

**Environment responsibility:-** It is located in the second tier of the International Pyramid model of CSR, representing the obligation of corporate decision makers to engage in actions which protect and improve the environmental conditions of society as a whole. (Najeb M., 2017)

**Community** is a group of people with a common background, who live in the same area and with shared interests within society. (Microsoft Encarta Dictionary, 2009)

**Stakeholders:** It is a person, group, organization, member or system that affects or can be affected by an organization's actions. Or it is an entity that can be affected by the results of that in which they are said to be stakeholders, i.e., that in which they have a stake.(Vidhu G.,2013). Some examples of key stakeholders are creditors, directors, employees, government (and its agencies), owners (shareholders), suppliers, unions, and the community from which the business draws its resource.

**Dry port:**is an inland intermodal terminal directly connected to seaport(s) with high capacity transport mean(s), where customers can leave/pick up their standardized units as if directly to a seaport. Apart from the basic service, transshipment, that a conventional inland terminal provides; services like storage, consolidation, depot-storage of empty containers, maintenance and repair of containers and customs clearance should be available at full-service dry ports.(Leveque and Roso, 2001).

### 1.1. Organization of the Study

This study was organized in to five main chapters with important concepts. Chapter one deals with introduction, background of the study, background of the organization, statement of the problem, research questions, and objective of the study, significance of the study, scope of the study, limitation, operational definitions of the study and organization of the study. Chapter two of this study deals about a brief theoretical and empirical review of related literature. Whereas chapter three deals with research methodology which include research design and approach, population, sample size and sampling techniques, data collection method, and data analysis method. Chapter four deals about the data presentation, interpretation and analysis and summary of data presentation and discussion and the last Chapter five deals with a summary of findings, the conclusion, recommendations of the study, and suggestion for further study, references of the study and the appendixes of data collecting tools were included under this chapter.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. Theoretical Literature**

The concept of corporate social responsibility (CSR) has emerged since 1950s and was first introduced by Bowen (1953). Originally, the concept of CSR was just focused to practice good things in businesses for the community. Later in 1980s, businesses and communities started to share common interests, which is to be responsible for their stakeholders. Since 1990s, the popularity of the CSR concept has increased significantly and is now accepted worldwide as one of the most important concept in business strategy (Moura-Leite, 2011).

After it was introduced in the Anglo-Saxon world it is contributing with the idea societal welfare and environmental responsibility (Kostyuk *et al*, 2008). This implies generally, CSR is defined as the voluntary activities undertaken by a company to operate in an economically, socially and environmentally sustainable manner. However, the basic question here is that, how business could discharge CSRs while maximizing corporate financial performance in today's competitive market? The problem is very much rough to understand the concept of CSRs activities in developing economy, particularly in Ethiopia where majority of the society are poor and illiterate. As the living standard of society is low, the CSR expected from business firms are much higher than it is used to be in developed economy as long as the government in developing nation is unable to fulfill all the needs of the society.

CSR is a concept whereby companies integrate social and environmental concerns in their business operations and stakeholder relations on a voluntary basis; it is about managing companies in a socially responsible manner. (Holland, 2003).

Traditionally, CSR is based on the underlying perception that business organizations are one dimensional entity with the only responsibility to create economical profit (Friedman, 1970). Thus, the traditional view of CSR is mainly about profit, compliance and philanthropy. This is a limited perspective that does not highlight the benefits of CSR.

But after the 1970's, the focus among theories of CSR shifted to a broader and more stakeholder oriented concept.

Even if, there is no universally accepted definition of corporate social responsibility, different scholars define in different ways. In respect to these definitions Dahlsrud (2008) provided that analysis of 37 different definition of CSR which have arisen in recent years. Acknowledging this study did not capture all those in existence. Some of the widely cited definitions are those provided by Carroll (1979, 1991), Visser (2011) and the European commission (2011). Carroll's four part definition of CSR was originally stated as follows. Corporate social responsibility encompasses the economic, legal, ethical and discretionary (philanthropic) expectation that society has of organizations at a given point in time Carroll (1979).

The European commission (2011) defines CSR as “concept where by companies integrate social and environmental concern in their business operations and in their interactions with their stakeholders on a voluntary basis”, although it has also proposed a simple definition, that being the responsibility of enterprise for their impact on society.

Corporate Responsibility (CR) is defined as a set of acceptable behaviors for different types of stakeholders, resulting from the company's sense of responsibility towards the impact of its operations on the society in which it operates (Hohnen, 2007).

## 2.2. Theories of corporate social responsibility

The basic idea of CSR thinking today is that business and society are interrelated and share similar interests. The modern theories of CSR, includes a more stakeholder oriented perspective. The foundation of CSR is based on the idea of a social contract between business and society where CSR is a general agreement between business and all kinds of stakeholder. In contrast to the traditional CSR concept, this perspective highlights that companies should take into account a broader set of stakeholders, not only economical shareholders. This theory goes beyond the old view of responsibility based on cost considerations, profit making and compliance (Dunfee *et al.*, 1999). Even though there are several CSR theories are discussed in different literature the researcher focuses

on;corporateaccountability theory ,stakeholder theory ,Legitimacy theory ,corporate sustainability theory, signaling theory and social contract theory.

### **Corporate accountability theory**

This theory focus on the company responsibility all the consequences arising either intentionally or UN intentionally to stakeholders. The theory stated CSR activities not only charity or the activity of mutual love ( stewardship) which are voluntary action which are understood by business so far but it involved fundamental obligation and becoming a “sprit of life “ in system and business practices.( Yati&Wahyunc2015).

The underlying reason implies that CSR is a logical consequence of the existence of human rights issued by the state to the company to live and thrive in certain environment. According to Dellaportas (2005), if there is no harmony between human rights and obligations of the company in that environment there will live two parties, the company as gainers and society as losers.

### **Stakeholder theory**

According to Jones, 1980 as cited in Mele (2006) stakeholder theory of CSR is related to the belief that business entities have an obligation to all constituent in society in addition to stakeholders and beyond the minimum legal requirements. These mean the business entities shall hold responsibility to all internal and external (including remote) constituent that have interest in the company and get affected by their operation or affects the operations of the companies.

Stakeholders theory states that the success and sustainability of a company depends on its ability to balance the several of a company depends on its ability to balance the various interests of the stakeholders. Stakeholder’s theory is a theory that describes to any parties who is responsible for the company. It assumes that the existence of the company requires the support of stakeholders therefore the activity of the company is also considering the approval of stakeholders (Freeman, 1984, Garriga, 2004).

The theory also advises that the company is not the only entity that operates for its own profit , but should provide benefits to its stakeholders for example, shareholders, creditors , customers suppliers, governments employees and public, analysts (Garriga, 2004).

### 2.3. Theoretical framework

A comprehensive definition of CSR was set forth by Carroll in 1979. In this view, a four-part conceptualization of CSR envisaged the idea that the corporation has not only economic and legal obligations, but ethical and discretionary (philanthropic) responsibilities as well. Carroll (1979) argues that the social responsibility of business encompasses economic, legal, ethical and discretionary expectations of that society have of organizations at a given point in time. This approach encompasses a whole range of responsibilities of a firm.

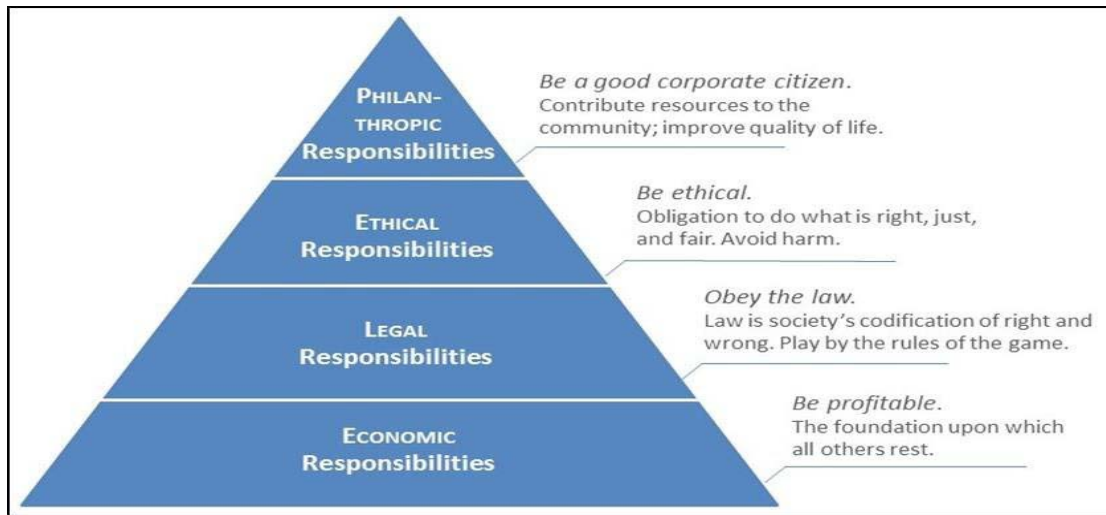
CSR is about how firms manage business operations to produce positive impact on society. Consequently, firms need to account for the quality of their management (both in terms of people and process) and the nature of and quantity of their impact on society in various. An organization needs to define its role within the society and implement the necessary ethical, responsible, legal, and social standards. Therefore, an organization has an obligation to consider the interests of customers, employees, shareholders, communities and ecological considerations in all aspects of their operations (Lind green *et al.*, 2008)

### 2.4. Corporate social responsibility models

#### 2.4.1. Carroll Corporate social responsibility model

Carroll (1991) makes a distinction between different kinds of organization responsibilities. It is referred as to a firm's Pyramid of corporate social responsibility. According to Carroll's, for CSR to be accepted by a conscientious business person, it should be framed in such a way that the entire ranges of business responsibilities are embraced. These four kinds of social responsibilities constitute total corporate social responsibility such as economic, legal, ethical and philanthropic. All of these kinds of responsibilities have always existed to some extent, but in recent years that ethical and philanthropic functions have taken a significant place these four categories of deserves closer consideration. The four components of CSR might be depicted as a pyramid and each of these are briefly discussed below.

Figure 2.1 Carroll's pyramid of CSR



(Source: adapted from Carroll, 1991)

### **Economic responsibilities**

The economic responsibility is the most fundamental responsibility of a firm, which reflects the essence of a firm as a profit-making business organization. Economic responsibility implies that society expects business to produce those goods and services demanded and make a profit as an incentive or reward for the business efficiency and effectiveness (Mohamed A, 2015). A corporation has to meet its economic responsibilities in terms of reasonable return to investors, fair compensation to employees, goods at fair prices to customers, etc.

Business enterprises were created as economic entities designed to provide goods and services to social members. The profit motive was established as the primary incentive for entrepreneurship before anything else, the business organization was the basic economic unit for society. As such, its principal role was to produce goods and services that consumers needed and wanted and to make an acceptable profit in the process. At some point the idea of the profit motive got transformed into a notion of maximum profits, and this has been an enduring value ever since. It is important to note that all other business responsibilities are predicated upon the economic responsibility of the firm, because without it the others become moot considerations. (Carroll. 1991)

Some of the key economic responsibility considerations of a corporation include: The Corporation performing in a manner consistent to maximizing earnings per share, maintaining a strong competitive position, maintaining a high level of operating efficiency and ensuring that the firm is consistently profitable (Carroll, 1991).

### **Legal responsibilities**

The legal responsibilities entail expectations of legal compliance and playing by the “rules of the games”. From this perspective, society expects business to fulfill its economic mission within the framework set forth by the society’s legal system (Jamali et al., 2008). Crane and Matten (2007) further add that all companies attempting to be socially responsible are required to follow the law. According to Carroll’s Society has not only sanctioned business to operate according to the profit motive; at the same time business is expected to comply with the laws and regulations promulgated by federal, state, and local governments as the ground rules under which business must operate.

As a partial fulfillment of the "social contract" between business and society, firms are expected to pursue their economic missions within the framework of the law. He further states that, Legal responsibilities reflect a view of "codified ethics" in the sense that they embody basic notions of fair operations as established by our lawmakers. They are depicted as the next layer on the pyramid to portray their historical development, but they are appropriately seen as coexisting with economic responsibilities as fundamental precepts of the free enterprise system. Archie B Carroll (1991).

The legal responsibility of business corporations demands that businesses abide by the law of land and play by the rule of the game. Laws are the codification of do’s and don’ts in the society. Abiding by laws is the prerequisite for any corporation to be socially responsible. Corporate history is replete with instances where violation of laws disallowed corporations to run any longer.

### **Ethical responsibilities**

According to Schwartz (2011), the ethical responsibilities embody those standards, norms or expectations that reflect a concern for what consumers, employees, shareholders and the community regards as fair, just or in keeping with the respect or

protection of stakeholders' moral rights. Therefore, society expects corporations to act ethically towards its stakeholders (Crane and Matten, 2007).

Economic and legal responsibilities embodied ethical norms about fairness and justice, ethical responsibilities embraces those activities and practices that expected or prohibited by social members even though they are not codified in to law. Ethical responsibility embody those standards, norms or expectations that reflects a concern for what consumers, employees, stakeholders and the community regard as fair just or in keeping with the respect or protection of stakeholders moral rights.

In one sense, changing ethics or values precede the establishment of law because they become the driving force behind the very creation of laws or regulations. For example, the environmental, civil rights, and consumer movements reflected basic alterations in societal values and thus may be seen as ethical bellwethers foreshadowing and resulting in the later legislation Archie B Carroll (1991)

Some of the ethical components of corporate social responsibility include: That corporations perform in a manner consistent with expectations of societal morals. That good corporate citizenship may be defined as doing what is expected morally and ethically. That corporation should recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations.(Archie B Carroll, 1991, P.41)

### **Philanthropic responsibility**

It is a Greek word 'philanthropy' means literally 'the love of the fellow human. The use of this idea in business context incorporates activities that are, of course, within the corporation's discretion to improve the quality of life of employees, local communities, and ultimately society at large.

Philanthropic responsibilities represent the smallest layer of the pyramid, involve the corporation's willingness to enhance the quality of living of their stakeholders through charitable donations and organizational support that are entirely voluntary and seen as desirable by society. The philanthropic responsibilities are sometimes on the same level as ethical. However, the difference is that it is not seen as unethical behavior if business does not contribute their money to humanitarian

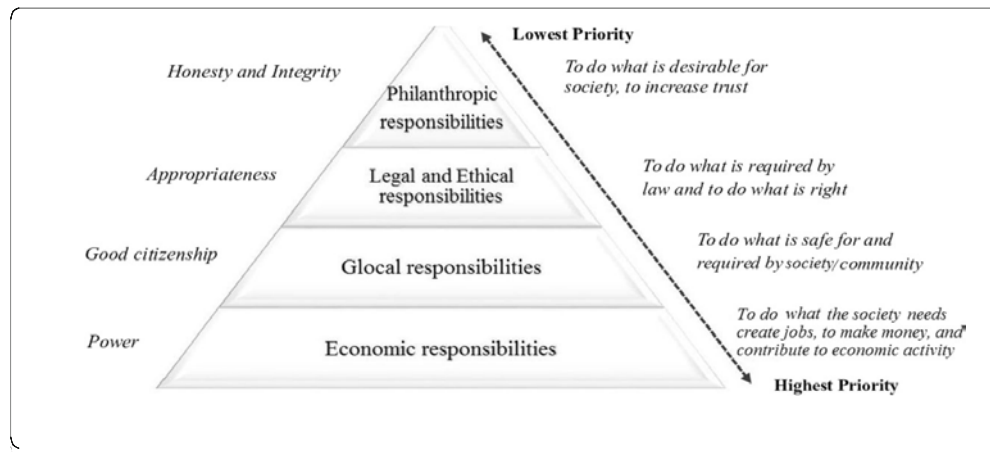
programs (Carroll,1991). Making donations to charitable institutions, building of recreational facilities for employees and their families, support for educational institutions, supporting art and support activities, etc. are the examples of philanthropic responsibilities discharged by the corporations. It is important to note that the philanthropic activities are desires of corporations, not expected by the society

One notable reason for making the distinction between philanthropic and ethical responsibilities is that some firms feel they are being socially responsible if they are just good citizens in the community. In fact, it would be argued here that philanthropy is highly desired and prized but actually less important than the other three categories of social responsibility, According to Carroll's, some of the philanthropic components in a corporation should include: performing in a manner consistent with the philanthropic and charitable expectations of the society, assisting managers and employees in participation of in voluntary and charitable activities within their communities. To provide assistance to private and public educational institutions and to assist voluntarily those projects that enhances a community's quality of life (Archie B Carroll 1991)

#### 2.4.2. International Pyramid Corporate social responsibility model

Carroll and Visser model emphasis on order priority, categories and scope of responsibilities. However the international pyramid model can be transferred to all environments issues In new international pyramid the four CSR responsibilities are economic, glocal, legaland ethical and philanthropic (Najeb,M., 2017).The glocal drivers of CSR, which represents a new addition include: environmental conditions, socio cultural matters, users of technology and political rights.These are conditions which do vary from society to society and change over time due to the active or passive behavior among managers, leaders and power structure of society. In this model the philanthropic responsibilities are located at the top of the international pyramid ofCSR but they could change b either tier two or three, depending upon the context.According to Najeb(2017), except the economic responsibility the rest of responsibilities can move up or down in the tier of CSR priority. The only type of responsibility not enjoying the flexibility is the economic responsibility because of the existence of the first place.

Figure 2.2 International Pyramid of CSR.



(Source: Adopted from Najeb, 2017)

### **Economic responsibility**

Economic responsibilities are the front and foremost concern of CSR since the company must receive income and make profit to survive. Without the power to make and maximize a profit, a business can hardly contribute in the area of social responsibility. For example many developing countries suffer from a shortage of foreign direct investment and short-term profitability that affect their business within their target markets, their total sales, unemployment rates, and interest rates. If a company does not make money, it will not survive, employees will lose their jobs, less money will be available for those individuals to spend in the local economy, and ultimately the company will not be empowered to discharge its overall social responsibilities (NajebM.2017).

### **Glocal responsibility**

The idea of glocal has been modeled by Japanese dockakuka which is derived from dockaku "living on one's own lawn" which was adopted in Japanese culture and business as way of outlook adapted to local conditions. In CSR in different contexts, the idea of "think globally, act locally" or "think global, act local" recognizes that most relevant CSR issues are presented as dilemmas rather than as easy choices to make, and that such dilemmas must be properly managed and averted if business is to be conducted in a responsible and sustainable way. Kemp (2001) has argued that this has implications for social and political rights and responsibilities, and that business ethics are integral to

political democracy and economic stability, both of which are promoted by good corporate governance (Rousseau et al. 2008).

The global responsibilities are located in the second tier of the International Pyramid model of CSR, representing the obligation of corporate decision makers to engage in actions which protect and improve the environmental conditions of society as a whole, whilst also acknowledging socio-cultural aspects, users of technology, and the nature of political rights. This imperative stresses that company decisions should not only be made with reference to financial factors such as profits or dividends, but also by considering social and environmental consequences, and the potential for long-term support technology transfer to help in building physical and institutional infrastructure

### **Legal and ethical responsibilities**

International Pyramid model of CSR suggests a merger of the legal and ethical responsibilities, and that these are accorded the third priority. These responsibility could, therefore, range from regulations relating to the environment, the employment of labour, the use of technology, to issues relating to countries which may not be considered suitable for trading with.

### **Philanthropic responsibilities**

It can thus be seen that philanthropic responsibility is actually not an enforceable responsibility at all, but rather one that involves purely discretionary activities. The word 'philanthropy' comes from the Greek word philanthropia "philia, friendship or phileo, love + anthropos, human" and means benevolence, kind-heartedness, humane feeling, kindness, courtesy, or gods' love for humans (Liddell and Scott, 1940). When used in the context of corporate business, it refers to a company's tradition of charitable (or voluntary) behaviour, which embodies the idea of giving something back to society. This notion of giving back to society involves corporate business recognizing its responsibilities towards employees, suppliers, clients, stockholders, and the general internal environment, and in supporting humanitarian action to achieve social aims through investment in the protection of the internal and external community.

## 2.5. The GRI's three Dimensions perspective

The increasing interest for CSR dimension has had a significant impact on the very organization, on the community where they are established and on the world societies. CSR behavior should be reflected both in the socioeconomic field and also in the environmental one. It is assumed then, that CSR is oriented to three aspects (GRI, 2002).

- *The economic aspects, which includes the efficient and effective management of business activities*
- *The social aspects, since organizations are said to respect the letter and the spirit of law, social customs and cultural heritage and to get involved in the political and cultural life.*
- *The environmental aspect which means accepting and adopting those measures that allows environment friendly business activities whether the environment is the origin or the recipient of the necessary resources for those activities. (DelaCuesta , 2002).*

Modern companies are increasingly becoming involved in society and show a growing interest in corporate social responsibility. Social responsibility represents the obligation of management to undertake certain activities that contribute to improving the welfare of the company and whole society. In current definitions of CSR what most authors adopted are the three main dimensions of corporate social responsibility and those are: environmental, social and economic dimensions (Nikolau et al., 2013). However, in the recent literature appear there are two new dimensions are included: volunteering dimensions and stakeholders dimensions (Slack, 2013).

Even though there are five dimensions of corporate social responsibility, this study focuses only on the first three dimensions and discusses detail below.

### 2.5.1. Economic Dimension

The impact on the company's finances is achieved through the economic dimension of corporate social responsibility. Companies should be motivated by profit and put the company's business in hand of consumers, investors and other stakeholders. From the aforementioned, it follows that the only business world and the community can work together for the benefit of society and the environment from altruistic motives. Enterprises are aware that their survival in today's market depends on sacrifice short-

term profits due to the positive effects in the future, which satisfy the owners and managers, not just as they used to maximize profits (Slavic, 2015). A corporation has to meet its economic responsibilities referring to returning money to investors, achievement of leadership position in the market, obtaining maximum possible profits, guaranteeing the customer's satisfaction and loyalty, gives fair compensation to employees, gives goods at fair prices to customers, promotes their products/services through costly advertising campaigns (Gonzalez-Rodriguez, 2015). Economic value assumes responsibility of the company that it will strive for long-term sustainable business, to adequately respond to business risks and to create the necessary security, how to its shareholders, investors and workers, and thus society in general.

### 2.5.2. Social Dimension

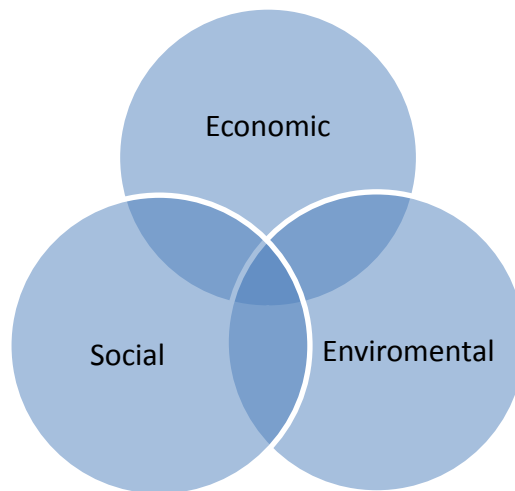
The social dimension of the CSR is the key factor in setting up the relationships between the business and society. Social responsibility means being accountable for the social effects the company has on people even indirectly. The basic objective of social dimension is that corporations should work for building up a better society as a whole and integrate social concerns in their business operations and consider the full scope of their impacts on communities (Nasrullah and Rahim, 2014). A company as a social actor, being itself a part of the human community, should pay its attention to serving the purpose of the internal and external human communities (Szczuka, 2015). It should realize and accordingly respond to their needs, expectations, rights, and demands for the wellbeing of their social life. When addressing the social dimension, you should aim to use your business to benefit society as a whole.

### 2.5.3. Environmental Dimension

In recent years companies have been viewed as major cause of social, environmental and economic problems so as a result of external pressures companies have started to consider their influence on surroundings and advantages and disadvantages of their actions. Aside from pollution prevention, companies must think about energy savings, labor improvements and efficiency in the use of raw materials as well as control and reduction of waste. Implementation of the environmental CSR depends on different formal, legal and administrative conditions set by governments. The company itself,

have own interests in implementation of environmental protection activities. They are trying to gain positive public opinion and support of society but achieving those goals will not be possible only by fulfilling legal requirements and avoiding incidents, yet companies should have more proactive approach.. Environmental CSR activities cause additional expenses for companies and financial benefits of them are not immediately visible and easy measurable. A large number of researches have a goal to investigate connections between environmental CSR activities and their economic performance and public opinion (Friedman, 1970). Other authors criticize these results because they find that companies do not sacrifice their profit for environment protection on voluntary basis, because there is no positive connection between present expenses and later gains (Wagner et al., 2002). Porter and Lined suggest that in a broader sense, CSR environmental activities can trigger innovation, reduce costs, save resources thus making competitive advantage and loyal consumers (Porter and van der Linder, 1995).

Figure 2.3 The three Dimension of CSR



(Source: adaptive from own compilation 2019)

## 2.6. The Internal and External Dimensions perspective of CSR

CSR agenda can be broadly divided into its internal and external dimensions. The internal dimension that relate the activities of internal environment to the business organization and an external dimension involve stakeholders which are external to the organization (EU, 2001).

### 2.6.1. Internal Dimensions of CSR

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

Human Resource Management is currently, a major challenge for business organizations is to attract and retain highly qualified and motivated employees. Relative measures that can help businesses attract and retain competent work force include employee learning and empowerment, better provision of information throughout the organization, improved workforce diversity, equal employment opportunities for all, job security, equivalent pay and career development of the employees (EU, 2001). A Job applicant and employee perception of an organizations corporate social responsibility decides their attractiveness for the business (Greening & Turban, 2000). Businesses can gain additional benefits by maintaining good relationships with employees including increasing employee morale, improved public image and community support. According to Nancy (2004) human capital is one of the most important factors for the success of today's organizations; HR leaders are becoming more critical in educating and leading the value of CSR and trying to find out the best ways to strategically implement it. In this view, human resource must be aware that good CSR policy shows respect for cultural and developmental differences, sensitiveness of ideas, values and beliefs when demonstrating global HR programs and policies. According to Rupp, Ganapathi, Aguilera, and Williams (2006) corporate social responsibility plays a vital role in furthering positive relationships between businesses and communities. They concluded that employees will call on to CSR to evaluate the extent to which their organization value appreciate relationships, so high levels of CSR will make employees to belong to the organization and society. Murray (2008) conducted a survey and came to the conclusion that more than one third of the respondents indicated that working for a responsible and caring employer is more important than the salary they receive; about half will turn down from the employer that missed good CSR policies.

Responsible recruitment practices can allow businesses to recruit from ethnic minorities, women, older workers and people with disabilities (EU, 2001). These standards indicate that a business that conduct CSR practices tries to promote a culture that is fair and attractive to perspective and existing employees. There is a wide range of research available that shows that corporate social responsibility has positive impact on the HR practices creating climate of trust, motivating employees, increased efficiency and promoting effectiveness of communication within an organization (Jenkins, 2001).

### **Health and Safety at Work**

Amongst all issues relating to the company's human resources, those dealing with health and safety deserve special mention. There is increasing pressure to recognize corporate responsibility towards workers' health and safety. This is of particular importance when workers are exposed to hazardous materials or when they have to work in potentially dangerous working conditions. The responsibility of the employer does not come to an end at the end of the employee's employment, but if it can be proved that any subsequent malady is related to conditions previously prevailing at the employee's former place of employment, then the erstwhile employer can be held responsible.

According to Segal, Sobczak and Triomphe, (2003) occupational health and safety is an important aspect of corporate social responsibility as it is used to measure the overall progress of an organization. Work safety and health measures have a direct impact on the efficiency and productivity of the workers. Health and safety are mainly enforced through legislation or law of the country. Despite the legal measures now a day's businesses are adopting a proactive approach to this issue. In markets where there are substantial cost advantages in labor, as a result of outsourcing organizations are not only trying to maintain a safety level within their premises but also ensure that external stakeholders comply to these standards. In emerging markets mechanisms are being planned for documenting, measuring and communicating these standards which as a result save time and cost (EU Green Paper, 2001). Evolution of corporate social responsibility starts from developing management systems in 1990s. According to Zwetsloot, (2003) these systems quite often include guidelines and standards such as ISO 9000 (Quality Management), ISO 14000 (Environmental Management), OHSAS (Occupational Safety and Health

Administration) and SA (8000) social accountability. There have been various attempts to measure the impacts of improved health and safety on financial and operational performance. of the business organizations. For example research study of European Agency for Health and Safety at Work which found out that improved occupational health and safety leads to improved productivity and reduction in cost of employment. Although many researchers today believe that the working conditions in majority of the organizations are much better than they were a few years ago, stil many fundamental problems remain unattended. (Majid, *et.al*, 2013)

### **Management of Environmental Impacts**

The triple bottom line model focuses on the areas of economic, environmental and social responsibility. Furthermore TBL considers value adding in the organization in a broader set of stakeholders, not only shareholders (Sawitz& Weber, 2006).

Environmental, economic and social aspects of the triple bottom line model are part of policies and other core documents regarding responsibility in Company X. According to internal policies, ensuring peoples' safety, protecting the environment and guaranteeing plant safety are seen as core values, and substantial to ensure the long term success of the business. Thus, the policies highlight the social responsibility where the company is responsible for the working conditions and social relations of the employees. This is well consistent with the theory by (Elkington, 1998 and Mitchell, *et al.* 2008) that the company do not only has responsibility for the financial performance of the business, but is responsible for how different stakeholders are affected by the corporate activities.

The company's key terms "Responsible, excellent, innovative" also show a clear guideline in which the responsibilities of various stakeholders are a key concept. It emphasizes that the combination of responsibility for environmental and health aspects of quality and innovation is a fundamental view within the company, which is consistent with Schaltegger et al. (2006), who argue that sustainability only can be achieved if one takes into account and combine responsibility for all aspects of the company's activities. Furthermore, according to Hart (1997) sustainable development depends on a framework that provides guidelines for business activities to minimize waste and pollution, thus these guidelines are a prerequisite for sustainable development and CSR practice.

Thus, according to the CSR guidelines such as the integrated management system and the EMS policy and the definitions of CSR (European commission, 2001), company is responsible for their actions towards the environment and the society.

#### 2.6.2. External dimensions CSR

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

#### **Local Community**

There is a very complex interrelationship between a corporate and the community around which its activities are centered. At the least, the company may be expected to be part of the local economy by providing jobs, consuming local products and services, and contributing to local taxes.

The purpose of CSR is to integrate business organizations with local communities. Businesses provide contribution to the local communities in the form of jobs, wages and other benefits. However the progress of business organizations depends on health and prosperity of the communities in which they operate. For instance businesses recruit bulk of their employees from the local communities, therefore they have direct stake in the availability of skills they required. In addition small and medium enterprises have most of their customers in the local communities (EU Green Paper, 2001).

Organizations can gain strategic advantage by having a sound understanding of local community and social customs. Business organizations also interact with the local communities (Sandeep&Rakesh, 2005) therefore; activities like provision of additional vocational training, recruitment of socially excluded persons, assisting environmental charities, partnership with communities, provision of childcare facilities for employees and sponsoring of cultural events and local sports could prove to be helpful in community development. Whereas business organizations are also responsible for the harmful

impacts of their operations such as air emissions, noise, water pollution, soil contamination and problems of waste and transport disposal. Many large organizations face the challenges of structural reforms along with poor market structure and property rights and uncertainty of institutions (Nee, 1992). Although privatization and decentralization in many sectors of the economies have taken place, however, the governments of these economies are still preventing market structure and industrial adjustments. In fact the expression of the invisible hand in the reform process is political, social and economic problems that go beyond the tolerance level of the society. Such situations allow fiscal, administrative and monetary treatments for rescue. The administrative process is faster and it will call for quick actions that will reflect its consequences in the market. By strengthening relationships with local communities business organizations can reap the benefits of cost effectiveness. (Majid et.al 2013)

### 2.6.3. Summary of Internal and External CSR Dimension

The internal, external and environmental dimensions aspects of corporate social responsibility is summarized and presented in the following table. The internal dimension is centered on the company's workers, especially concerning areas like working conditions, wages, health and hygiene, among others. The external dimension integrates the relations between the company and the external actors: customers, suppliers, public entities, local communities, among others. The environmental dimension is considered transversal to the internal and external (Maria and Teresa, 2014)

Table 2.1 The summary of Internal and external CSR Dimensions

Dimensions	Components	Indicators
Internal	Recruitment and integration	Sources and forms of recruitment
		Required skills
		Measures of equality in work
		Measures of non-discrimination
		Integration programs
	Investment in the workers	Professional training
		Reward system
		Career management
		Conciliation of work and family
	Health and safety at work	Health services
gives attention to health & safety of employees		
Safety		
External	Community	Search for solutions for the local community
		Partnerships for education/ training
		Cultural and sports sponsorship
		Philanthropy
		Community projects
Environment	Environment	Responsible environment practices
		Natural resources management
		Certification for environment standards
		wastage reduction program
		providing information of environmental awareness by to employees & customers at larger pollute

(Source: modified from Maria and Teresa, 2014)

## 2.7. Challenge of CSR to implement

The main reason of challenge in practical work was that CSR requires high cost and corporations' in adequate financial resources to train the staff. It is most commonly understood that the greatest main challenge for implementing and developing CSR were steady competitive tension, inadequate backing from the government and other nongovernment organizations beside the huge cost of implementation (Jonker& Witte 2006). Moreover, lack of support from customers and investors was an additional

challenge. Complimenting to these, the core challenge in implementation of CSR was difficulty in changing traditional business practices to CSR agenda that requires leaders' great commitment in managing and in changing their focus and behavior. Furthermore, the lack of managers' expertise and capability to successfully implement desired changes was also creating challenge in CSR implementation process. Edelman (2004) argues that a change is not an easy process and it requires commitment and hard work to make a desired change.

As study conduct in Tunisia, by Tarek (2015) the major difficulties in implementation of CSR, these barriers mainly relate to Tunisian manager, lack of conviction, but also cultural resistance to the very principle of accountability shortage of financial resources for the implementation of a CSR policy.

Different Studies showed that business firms face a lot of challenges in conducting their CSR activities. According to Nur A.,&Azman M. (2018) one of the biggest challenges for implementing CSR activities is that it requires highly cost. Actually implementing CSR activities would normally demand a fixed cost which would demands a necessary funding, lack of financial resources limit companies for developing social responsibility practices, complex and time consuming CSR activities Lacks of knowledge, to implement an effective CSR policy difficulty to obtain information about CSR practices to exploit the advantage regarding implementing CSR activities. On the other in competency of business firm staff because do not have proper training to conducting CSR activities.

Another challenge of implementing CSR is lack of management support by top or middle level management which difficult to carry out good CSR activities. Business need to maintain and create CSR throughout the supply chain length (Setthasako W. 2009). High cost incurred in conducting CSR activities is claiming to be main challenges of organization. Organizations are tended to be more concerned and focus on the cost involved and competitive advantage that they would gain rather than health, security and ecology development of society (Setthasako W. 2009) the other significant barriers of

CSR implementation is lack of strategic vision and unwillingness to spend in CSR activities.

## 2.8. Empirical Literature

As Tarek and Sara (2015) stated that economic responsibility refers to the traditional economic role of a company which is essentially the production of goods or services under profitable conditions first of all the company is expected to first ensure its continuity on the market, create jobs and pay taxes. By doing these economic dimension the role of company meet the requirements of its stakeholders.

According to Visser (2011,p1) state that CSR is the way in which business consistently creates shared value in society through economic development, good governance, stakeholder's responsiveness and environment improvement.

According to Tarek& Sara (2015) the legal responsibility which is refers to the obligation to company with the laws in society. According to Carroll (1979), the company should achieve its economic responsibilities whole respecting the legal and institutional framework.

Ethical responsibilities refers to obligation that members of society would expect companies to assume yet they are not codified by laws this sense the company should act honestly towards society even in the absence of legal constraints. Finally, at the peak of the pyramid, discretionary responsibility which the actions of individuals like philanthropic activities

According to Hopkins (2006), CR as a generic term for the responsibility field can be divided into two main responsibilities, namely: Corporate Financial Responsibility (CFR), and Corporate Social (and Environmental) Responsibility (CSER). As a part of these responsibilities; CSR refers to "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of the society (socially and environmentally) (Bowen, 1953).

The theoretical framework on which this thesis is based shows a posture of development that is people centered or bottom to top kind of development. Using CSR as one of the A tool to attain sustainable development is not enough if the formulation and Implementation of the policies does not involve the recipients of such developments. Although governments, especially in developing countries, continue to play a major role in addressing the development needs of their citizens, “the promotion of social development issues must also be one of partnership between government and private and non-governmental actors and, in particular, the corporate sector” (Hopkins, 2004: 4).

In developing countries where governments are usually unaccountable and inefficient, CSR would offer itself as an alternative tool to bring about sustainable development. According to a report by the St. James Ethic Centre, “Corporate responsibility is achieved when businesses adapts all of its practices to ensure that it operates in ways that meet, or exceed, the ethical, legal, commercial and public expectations that society has of business”. In other words, businesses must incorporate the policies of CSR in their daily operations and not leave it as something that the businesses choose to do at any time convenient. Unlike what was popularized by the World Commission on Environment and Development, the sustainable development concept does not comprise only the environment, but instead, it consist of activities that care for the needs of society and the people living in it thereof (WCED, 1987cited in Murphy and Bendell, 1999). The scope of definition goes beyond just the natural environment but more importantly, it encompasses the social environment.

## 2.9. Conceptual framework of the study

Conceptual framework helps to identify the research variables, and clarify the relationship among variables, which is linked to the gap of the study area. It also helps to develop the stage of variables considered in the study. Based on the related literature practices of CSR variables and researcher focuses economic, environmental and social responsibilities are represented as some of CSR variables. These are presented on the following figure.

Figure 2.4 Conceptual frame work of the study



(Source: Modified from Niskala et. al. 2013)

(Source: Own developed, 2020)

CSR can be divided into three different areas of responsibility, economic, social- and environmental responsibility (Chen & Paul, 2015).

- Economic responsibility means keeping long run profitability while considering a wide range of stakeholders.
- Social responsibility concerns how employees´ and community are affected by the company´s activities such as the health conditionandeducation.
- Environmental responsibility concerns the level of negativeenvironmental impact from the company´soperations.

## 2.10. Literature gap

Business has to create value for both stakeholders and society, manifesting itself as a win-win proposition. Since the success of corporate is highly based on continued good relations with a wide range of individuals, groups and institutions by this assumption the researcher has come across different literature findings that initiates and hinders the practices of corporate social responsibility in the sector. Thus the researcher tries to

identify the main problems researchers have identified and the researcher's intentions to fill the gap that hasn't been shown in the literature.

The literature has revealed that corporate leaders has low awareness about CSR by justifying it is more of the role of government rather than corporate roles, For instance they don't know how CSR be implemented in systematic way in harmony with firm's mission and sensitive to its business culture, environment, risk profile and operational condition by incorporating in their policies in organizational profile ( workers concern), the community social profile ( community concern), and ecosystem concern, the state of corporate social responsibility practices of developing countries is not adequately described by existing global models because of ineffective use of regulatory framework, a lack of government initiatives, view philanthropic engagement as their major CSR activity. business enterprises are not intervening as expected from them in area such as poor implementing a proper/standardized waste treatment and disposal system, poor workers protective equipment low labor price, poor working condition, poor medical treatment for those workers who are affected, poor environmental management, lack of professional advice on how & what to do in order to make its activities environmentally friendly, weaker legal infrastructure. In general poor managerial perception, ineffective use of regulatory framework, wrong government-business relationship, limited role of civil society and media, and organizational unwillingness. But the literature doesn't show in detail the role of stakeholders integration in practicing CSR, major challenges to implement CSR ,role of community participation in CSR practices and the importance of clear CSR guide line and its standardized metrics, and the reason why legal infrastructure has got weakened in the sector. Thus this study is expected to fill the gaps fore mentioned.

## **CHAPETER THREE**

### **RESEARCH METHODOLOGY**

Research methodology is a systematic way to solve the research problem and how research is done scientifically and process used to collect information and data for the purpose of making business decisions. This chapter deals with the description of the study area, research design, research approach, population and sample design, data sources and type, data collection and procedure, ethical considerations, methods of data analysis and presentation, validity and reliability have been tested and presented in this chapter.

#### **3.1. Description of the study area**

MDP is located at 76 km from Addis Ababa in East Oromia region at Modjo town and has been handling about 85% of the country's import cargo. MDP is a major foreign currency saver and an overland port where incoming and outgoing goods are stored for further processing in Ethiopia.

Currently MDP operating with deployed 103 port machineries, 475 permanent employees and 460 contract employees. The objective of this study was to describe the corporate social responsibility practices at MDP and its challenges during implementation.

#### **3.2. Research approach**

A research approach is a plan of action that gives direction to conduct research systematically and efficiently. There are three main research approaches as (Creswell 2009): i) quantitative approach, ii) qualitative approach, and iii) mixed methods research. Thus this study was used a mixed research method approach, which associate both qualitative and quantitative forms. The reason why this study was used a mixed methods research approach is the study was used both structured and unstructured questionnaire.

#### **3.3. Research design**

The research design is the conceptual structure which the research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. So the research design can be defined as a master plan for the determined methods, structure,

and strategy of a research to find out alternative tools to solve the problems and to minimize the variances (Kothari, 2004).

This study was used descriptive type of research design. The reason why descriptive research method was used is to describe the variables and how MDP practicing CSR from economic, social and environmental aspects.

### 3.4. Population of the study

The target population of this study consist MDP employee and different levels of management. According MDP HR division manager information, the total population of MDP is 935 employees from these 475 permanent and 460 employed on contractual bases from local communities. Beside interview was conducted for two managers of ESLSE head office, gender and social affairs department director and safety and standard division manager to get further information and triangulate data collected from MDP employees.

### 3.5. Sampling design

There are different types of sample designs based on two factors viz., the representation basis and the element selection technique. On the representation basis, the sample may be probability sampling or it may be non-probability sampling. This study was choose simple random from the probability sampling to give equal weights for all respondents and purposive sampling also deployed for interview, which used for data triangulation.

To determine the sample size of the population, the researcher was used Yamane's (1967) standard formula with a confidence level of 90% and the margin of error of 10% which is acceptable in social science research.

According to this formula the sample of the study was determined as follows.

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

n=is required sample size

N=the total population of the study

e<sup>2</sup> =the margin of error

Then, n=935/1+935(0.1\*0.1) =90

Accordingly from the total population of 935 MDP employees, 90 samples were selected and questionnaires were distributed among these employees.

However, out of 90 questionnaires distributed, 86 questionnaires were able to collect, but 2 of them were incomplete and 4 questionnaires were not replied. Interview was conducted with gender and social affairs department director and safety and standard division manager for triangulation of data. Finally observation was conducted regarding safety & health, MDP contribution to local society of the employee's environmental protection at Modjo terminal.

### 3.6. Data Collection

There are several ways of collecting the appropriate data which differ considerably in context of money costs, time and other resources at the disposal of the researcher (Kothari, 2004). In this study to get firsthand information, the researcher was relied on both the primary and secondary data.

**The primary** data was collected through structured questionnaire from MDP employee and different levels of management, and interview was conducted for data triangulation, personal observation by recording photograph. for two department for data triangulation and personal observation by recording photograph.

**Secondary data** was gathered from recent unpublished document and annual report of the company. By the using these two source of data, both qualitative and quantitative information was gathered and analyzed.

### 3.7. Scale Reliability and Validity

**Validity;** According to Bryman and Bell (2011); Validity is the criteria that are used to assess the quality of a study. Validity is about whether the study can be generalized and applied to other phenomena and refers to whether the research generates conclusion integrity or not. In order to provide validity to this proposal, scientific articles and credible books are used from publications of recent years as well as of several sources. The researcher has also tried to add critical support and insight from different perspectives, in terms of the empirical findings. The interviews were conducted with gender and social affairs director and safety and standard division manager reliable the

information related to corporate social responsibility of MDP interims of economic, social and environmental dimension perspectives.

**Reliability;** the concept of reliability concerns whether the study could be replicated with the same result or not. Reliability means that if the researcher or someone else were to conduct the same study again, they would come to the same results as the first one. This notion can be problematic when the social and practical reality in which the study is conducted is changing (Bryman& Bell, 2011).

In this study, the focus of the empirical study was collected and analyzed based on actual measurements and facts, rather than individually interpretable. Cronbrash's alpha is a coefficient of reliability it is commonly used to measure of the interval consistency or reliability of psychometric test score for sample of examiners. Cronbach's Alpha, (1990) is most commonly used to assess the internal consistency of questioner made up of multiple likert type of scales and items. Cronbach's Alpha ranges 0.00 up to 1.00, a negative alpha means you probably need to reverse some items.

The alpha value is range from a maximum of 1.0 for a perfect score to minimum of zero, good measure of the alpha should be 0.70 or higher (Indielas, H. 2010) (2007). Accordingly exhibiting a coefficient of alpha between 0.80 and 0.96 are considered to have good reliability and alpha value between 0.60 and 0.70 indicated fair reliability and when the coefficient of alpha is below 0.60, the scale has poor reliability. To ensure reliability, it is important to have an appropriately sized to achieve statically significant and reliable results.(Indielas, H. 2010). Hence, the average Cronbach's alpha valuethis study was tested is 0.741 which is fairly reliable

Table 3.1 The Reliability Statistics of Cronbach's Alpha Test

S.N	Variables	Number of Items	Cronbach's Alpha value
1	Economic responsibility	6	.647
2	Environmental responsibility	10	.761
3	Social responsibility	6	.726
4	Challenges for implementing CSR	11	.830
	Average alpha coefficient for total items	33	.754

(Source: survey result 2020)

### 3.8. Ethical Considerations

The researcher was making clearly state that the questions are solely for research purpose. Furthermore, the researcher was made the respondent feel free and confident that this only for research purposes, to make this operational.

### 3.9. Data Analysis

This study deployed a descriptive statistics to analysis the data was gathered. Furth more descriptive statistics was used to summarize the results by using statically analysis such as percentage, frequency, mean standard deviation by uploading to SPSS version 20 and excel for presenting graph (categorical method such as bar graph, pie chart, tables and pictures were used.

## **CHAPETER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

This chapter is the major points of the study, which deals with data presentation, interpretation, analysis of data collected, discussion of result findings and summary of the study were briefly presented. The data were collected through questionnaires, interviews and secondary data. To this end, the data analysis of quantitative data was presented in tables and figures whereas qualitative data was presented in through narrations and qualitative arguments .Finally the result of findings of the study were compared with the existing literature in relation to the practices of corporate social responsibility of MDP and summary of findings were briefly presented

As it is mentioned in the theoretical framework of this study were focused three aspects of CSR which is economic, social, environmental responsibility and the challenges of CSR during implementation. The study has took this dimensions as variables and questionnaires were distributed among selected sample of MDP employees’

To make analysis for likert scale questionnaire 5 points of measurements were used to indicate the extent to which respondent’s response, strongly agree (SA) =5 agree (A) =4 neutral (N) =3 disagree(D) =2 and strongly disagree (SD) =1, and using mean value (M) with standard deviation (STD). When mean score from 0-1.5 means the respondents strongly disagree, from 1.5-2.5 the respondents disagreed, from 2.5-3.5 means the respondents were neutral, from 3.5 to 4.5 means the responds were agreed and from mean value 4.5 and above the respondents response indicates strongly agreed for respective questionnaires(Dane B,2007)

#### **4.1 Response rate and demographic data**

As mentioned in chapter three from the total population of the study, 90samples are selected and questionnaires were distributed among Modjo employees and Managers. However, out of 90 questionnairesdistributed 86 were filled and returned. But only 84 are

completely filled, 2 questionnaires were discarded due to many missing data's. The remaining 4 questionnaires were not completely returned. As a result of these reasons the sample size is down to 84 which are representing the respondents with 93 % response rate. According to Mugenda(2003) the response rate should be at least 50%, hence it is statistically significant to analysis data.

Therefore, 84 questionnaires were considered for data analysis. The data collected from respondents were analyzed with help of statistical software program version 20 and excels were used. The detail data presentation and discussion of the study are depicted henceforth. The demographic data of respondent based on their: sex, age education and job position and work experience of the respondent were presented in below table 4.1.

Table 4.1 Demographic data of the respondent

Item	Category	Frequency	Percent
sex	Male	47	56.0
	Female	37	44.0
	Total	84	100.0
age	21-30	28	33.3
	31-40	42	50.0
	41-50	10	11.9
	51-60	4	4.8
	Total	84	100.0
Educational background	level_I-level_IV	2	2.4
	Diploma	2	2.4
	1st degree	66	78.6
	2nd degree	14	16.7
	Total	84	100.0
Experience in the organization	1-5	32	38.1
	6-10	44	52.4
	11-15	6	7.1
	above15	2	2.4
	Total	84	100.0
Job position	Junior	8	9.5
	Officer	38	45.2
	Senior	17	20.2
	Coordinator	15	17.9
	Manager	6	7.1
	Total	84	100.0

(Source: survey result, 2020)

As showed in table above out of 84 samplestaken 56% of respondents are male while the remaining 44% of the respondents are female. Regarding the age of the respondents even thoughthe highest and the lowest age of the respondents were 55 and 22 respectively, were as 83.3% which means the majority of the respondents age were failed between twenty-one to forty, from this data it can be said that the majority of employees are in productive category. On the other hand 11.9 % of the respondent'sages are foundfrom fortyone to fifty;whereas 4.8% of the respond which is the lowest coverage is found between fifty one to sixty.

Regarding educational background 78.6%of the respondent have first degree, while 16.7% of the respondents have second degree, on the other 4.4% of the respondents educational back ground is failed from level-I to Diploma .From these data it can be conclude that the majority of the employees are educated

With respect to the experience out of 84 respondents, the majority of therespondents 52.4% worked with the organization from six to ten years, while 38.1% of the respondents were below five years, on the other hand 9.5 % of the respondents were worked above 11years. It is possible to say that most of the workers are stayed with company, because MDP is the youngest enterprise since it is established.

Out of 84 respondent, 45.2 % of the respondent were working as officer, 9.5% of the respondents were junior officers,20.2% were senior officers were as 17.9% of the respondent were coordinators were, 7.1 %were managers, from these we can say that questionnaires are distributed all levels of employees

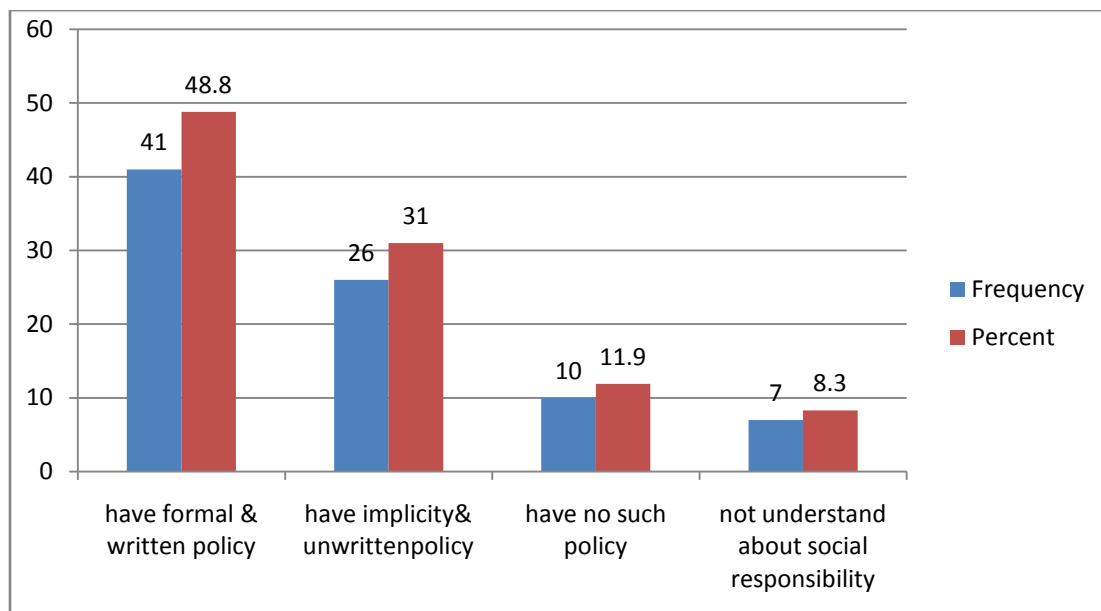
## 4.2 Descriptive analysis and result findings

### 4.2.1. Analysis on CSR practices of MDP

Regarding corporate social responsibility policy and practiced of MDP the result of respondent indicate in Figure 4.1, 41(48.8%)of the respondent replied that MDP has formal and written policy of CSR, 26(31%) has implicitly and unwritten policy, 10(11.9% of the respondent MDP has no such policy and 7(8.3%) of the respondents were not understand.

The above result has argued from interview conducted with gender and social affairs department director (2020) said that the ‘CSR policy were included in employee and management manual and collective labor agreement. From this we can conclude that MDP has policy and practices CSR in the premises’. According to gender and social affairs department, the enterprise (ESLSE) is handling its CSR as per Privatization Agency.

Figure 4.1 CSR of practices MDP regarding policy



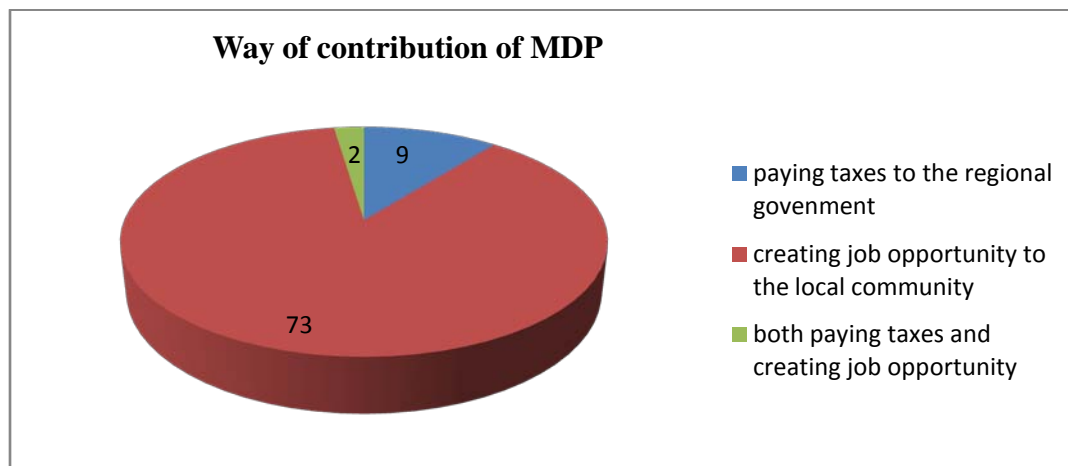
(Source: field survey result, 2020)

With respect to MDP contribute to the local community, as the result of respondent showed below in figure 4.1, 73 (86.9%) of the respondent replied that MDP create job opportunity to local community while 9 (10.7%) of the respondents replied that MDP contribute for local community by paying taxes to the regional government and 2(2.4%) of the respondent replied both MDP create job and paying taxes to regional government.

Regarding the above idea, data obtained from MDP Human resources division manager, indicates, MDP is the federal enterprise, taxes has been paying for the federal government but regarding job creation , in addition to the permanent and contract employee, MDP creates employment opportunity for three daily laborers loading and unloading association whose total 600 member, Vehicle parking one association with 24 members, daily laborer working terminal cleaner and others one association 170

members, lashing unlash one association 60 member and working on construction one association 5 members and total for 859 labors are working with MDP on bases of agreement. From this result it is possible to say that MDP create job opportunity in different ways for local community.

Figure 4.2 MDP Contribution for local community



(Source: field survey result, 2020)

Table 4.2 Corporate social responsibility practices of MDP

S.N	Variables	Measur ement	Measurement		
			Yes	No	Total
3	Does MDP have a manager in charge of social responsibility?	Frequency	39	45	84
		%	46.4	53.6	100
4	Does MDP have social impact audit practices?	Frequency	35	49	84
		%	41.7	58.3	100
5	Is there any association of employees in your organization?	Frequency	75	9	84
		%	89.3	10.7	100
6	Does MDP offer training opportunities to people from the local community?	Frequency	42	42	84
		%	50.0	50.0	100
7	Does MDP encourage employees to participate in local community activities	Frequency	37	47	84
		%	44.0	56.0	100
8	Does MDP open dialogue with the local community on adverse effects of the enterprise?	Frequency	41	43	84
		%	48.8	51.2	100

(Source: survey result, 2020)

As depicted in table 4.2 the respondent rate on MDP has manager in charge of social responsibility for this statement 45(53.6%) of the respondent were reply MDP has no manager in charge of social responsible, 39(46.4%) of the respondents replied yes MDP has a manager in charge of social. As interview conducted gender and social affairs department director argue that for resource management social responsibility management is central, hence there is no manager at branch office for social responsibility.

Regarding social impact audit practices, out of 84 respondents 49(58.3%) of the respondent were replied there is no social impact audit, 35(41.7%) of them were replied yes there is social impact audit. As a result indicates, gender and social department argued this result that MMDP has is no social impact audit.

On the idea of MDP exercise employment association, almost the majority of the respondent 75(89.3%) of the respondent replied yes there is employment association whereas 9(10.7%) of the respondent replied there is no employment association. Therefore, it possible to say MDP practices employment association but MDP has to create awareness for those replied no employment association.

MDP provide training opportunity for local community on this issue half, 42(50%) of the respondent replied yes and 42 (50%) of them were replied no training opportunities provided for local communities. On this statement to triangulate issues interview were conducted gender and social department director and argued that even if regular training is not provided, seldom different trainings were provided for local community on different issues. From this information provided, it is possible to conclude that MDP provide different trainings for local community, hence strongly continued to provide.

Regarding MDP encourage employee to participate in local community activities as respondent result depicted in table 4.2, 47(56%) of the respondents replied no participation in local community activities but 37(44%) of the respondent replied yes there is participation even the majority of the respondent replies no participation of employee in local community activities. As interview conducted the gender and social affairs department director argued that ‘employees are encouraged to participate in volunteer programs ‘like in contribution of red cross, new year support local community

and individuals allocate part of their income directly to a charity or group of charity, to encourage and facilitates regular donation by employee'. Therefore, it is possible to say that there is employee participation in local community but since it is based on volunteer their involvement is limited.

Regarding MDP open dialogue with the local community on adverse effects of the enterprise the respondent result showed in table 4.2 indicates 43(51.2%) of the respondent replied no communication with local community, whereas 41(48.8%) MDP has made dialogue with local community. From the result of the respondent, it is possible to say MDP were not dialogue on sensitive issues with local community like displacement during the expansion of port terminal.

#### 4.2.2. Analysis on economic responsibility of MDP

One of the existences of a business firms are to generate economic responsibility. According to Kuisma (2015), the company's activities must be economically responsible from the customer ,partners and social community's perspective and the economic success of the company lays on the foundation for companies CSR(Kuisma,2015).

Table 4.3 Respondent results on economic responsibility of MDP

S.N	Variables	Measurement	Measurement					Total	M	STD
			SD	D	N	A	SA			
1	MDP collect reasonable return from its investment	Frequency	0	4	12	45	23	84	4.04	.783
		%tage	0	4.8	14.3	53.6	27.4	100		
2	MDP paid fair compensation to employee	Frequency	0	7	19	49	9	84	3.71	.769
		%tage	0	8.3	22.6	58.3	10.7	100.0		
3	MDP deliver services at fair prices	Frequency	0	6	12	48	18	84	3.93	.803
		%tage	0	7.1	14.3	57.1	21.4	100.0		
4	MDP granting the customer satisfaction loyalty	Frequency	0	12	23	42	7	84	3.52	.843
		%tage	0	14.3	27.4	50.0	8.3	100.0		
5	MDP promote its services intensively	Frequency	0	11	24	41	8	84	3.55	.842
		%tage	0	13.1	28.6	48.8	9.5	100		
6	MDP create job opportunity	Frequency	0	4	10	32	38	84	4.24	.845
		%tage	0	4.8	11.9	38.1	45.2	100.0		
Mean of mean & Mean of standard deviation (STD)								3.83	.810	

(Source: survey result 2020)

Regarding MDP collect reasonable return from investment the respondent result showed the respondent mean (M= 4.04 with standard deviation STD= 0.783)of the respondents were replied agreed with MDP collect reasonable return from investment. From this we can say that MDP has collected reasonable return from investment.

MDP paid fair compensation to employee on this statement 8.3% of the respondent replied disagree while 22.6% of the respondents were replied neutral regarding the statement, whereas 10.7% of the respondent replied with strongly agreed. Almost 58.3 % mean (M=3.71 with standard deviation STD=0.769) of the respondents were agreed that the enterprise paid fair compensation to employee , from this it is possible to say that MDP has paid fair compensation for employees working with MDP as well as for displaced community.

Regarding MDP deliver services at fair price, 7.1% of the respondent were answered disagrees MDP provide services at fair prices, 14.3% of the respondents were replied neutral, and 21.4 % of the respondents were replied strongly agreed that deliver services at fair prices. Whereas 57.1% of the respondents were agree MDP deliver services at fair prices. From this we it is possible to say that MDP provide services at fair prices.

MDP granting the customer satisfaction loyalty, with this statement 14.3 % of the respondent replied that disagree, 27.4 % the respondents replied neutral, whereas 8.3 % of the respondents replied strongly agree and almost 50% of the respondents replied agreed with MDP granting the customer satisfaction loyalty.

Regarding MDP promote its services intensively the result of respondent showed in table 4.3 indicates 13.1 % of the respondents disagree, 28.6 % of the respondents were neutral, 9.5 % of the respondents were strongly agree with MDP promote its services intensively. The majority of the respondents 48.8 % were replied that agree with MDP promote its services intensively.

With respect to MDP creates job opportunity, 4.8 % of the respondents replied disagree, 11.9% of the respondents were neutral, 38.1% of the respondents were replied

agreed with statement and 45% of the respondents were replied strongly agree. While the mean value of the respondent (M=4.24% with STD=0845) indicate that the respondents were agree with MDP create employment opportunity. Here it is possible to say that MDP has role in creating job opportunity for local community as well as a country.

#### 4.2.3. Analysis on social responsibility MDP

Table 4.4 Assessment of social responsibility MDP

S.N	Variables	Measure ment	Frequency					Total	M	STD
			SD	D	N	A	SA			
1	MDP support communities in education	Frequency		15	18	39	12	84	3.57	0.948
		%		17.9	21.4	46.4	14.3	100		
2	MDP support infrastructure to the social community	Frequency		2	11	49	22	84	4.08	0.698
		%		2.4	13.1	58.3	26.2	100		
3	MDP support for disability	Frequency	2	27	25	25	5	84	3.05	0.981
		%	2.4	32.1	29.8	29.8	6	100		
4	MDP support poverty alleviation	Frequency		13	20	42	9	84	3.56	0.883
		%		15.5	23.8	50	10.7	100		
5	MDP work on conservation of nature.	Frequency		9	13	53	9	84	3.74	0.793
		%		10.7	15.5	63.1	10.7	100		
6	MDP works on youth development	Frequency	2	24	17	35	6	84	3.23	1.022
		%	2.4	28.6	20.2	41.7	7.1	100		
		%		64.3	0	35.7	0.5	100		
Mean of mean & mean of standard deviation(STD)								3.54	0.893	

(Source: survey result computation, 2020)

As it is depicted in table4.4above, the respondent's feedback is analyzed by using mean of the respondent standard deviation (M and STD respectively).

MDP support community or employee in education as showed in table4.4, out of 84 respondent 46.4% of the responds were replied agreed the MDP works to support the employees in education. On other way the mean value for this statement is M =3.57 with STD = 0.948 of the respondent agreed that MDP support employee in education. From this result it is possible to say that the respondent wasagreed that the MDP is support employee in education.

With respect to MDP support infrastructure to social community, as it is depicted in table 4.4 the mean value (M=4.08 with STD=0.698)which indicates the respondents were agreed that MDP support infrastructure to the large social community. As interview conducted gender and social affairs department director MDP support the social

community more than 35 million in birr which is provided in kind. During the field survey the researcher observed the community supported as shown in photograph below and other photos are attached on appendix-III

Photograph 4.1 MDP support local community on infrastructure



(Source: field observation, 2020)

As it described in table 4.4, regarding MDP support for disability the mean value of respondent (M=3.05 with STD=0.981) which indicates the respondent were neutral, hence the MDP has to work on support of disability.

MDP support poverty alleviation, regarding this statement out of 84 of respondent 50% of the respondent were replied agree with MDP works on poverty alleviation on the other the mean value of the respondent (M=3.56 with STD=0.883) indicate that the respondent were agreed that MDP works on poverty alleviation.

Regarding conservation of natural resources as it is depicted in table 4.4 the mean value of respondent (M=3.74 with STD=0.793) indicates the respondent were agreed with MDP work on conservation of nature.

MDP invest in youth development and contribute to the local community on this issue as it is showed in the table 4.4 the mean value of the respondent (M=3.25 with STD = 1.022) indicates the respondents were neutral.

#### 4.2.4. Analysis on environmental responsibility of MDP

To analysis data collected regarding the environmental responsibility practices of MDP, below table has showed the detail analysis of data were collected from the MDP employees.

Note that strongly agree=SD, Disagree=D, neutral=N, Agree=A, strongly agree=SA, mean =M and standard deviation =STD symbols are used for simplification.

Table 4.5 Respondents feedback on environmental responsibility of MDP

S.N	Variables	Measure ment	Measurement					M	STD	
			SD	D	N	A	SA			Total
1	MDP adopt policies with respect to environmental protection	Frequency		13	25	31	15	84	3.57	0.96
		% tage		15.5	29.8	36.9	17.9	100		
2	MDP works on environment pollution control	Frequency		20	30	22	12	84	3.31	0.994
		% tage		23.8	35.7	26.2	14.3	100		
3	MDP works on conservation of natural resources	Frequency		14	20	35	15	84	3.61	0.97
		% tage		16.7	23.8	41.7	17.9	100		
4	MDP control not discharge hazards wastage to enviroment	Frequency		15	32	33	4	84	3.31	0.821
		% tage		17.9	38.1	39.3	4.8	100		
5	MDP gives attention to health & safety of employees	Frequency		9	21	43	11	84	3.67	0.841
		% tage		10.7	25.0	51.2	13.1	100		
6	MDP has wastage reduction program	Frequency	1	17	39	22	5	84	3.15	0.857
		% tage	1.2	20.2	46.4	26.2	6	100		
7	MDP has trying to reduce the environmental impact in terms of wastage minimization and pollution prevention	Frequency	1	15	33	32	3	84	3.25	0.834
		% tage	1.2	17.9	39.3	38.1	3.6	100		
8	MDP promote environmental awareness by providing information to employees & customers at larger pollute	Frequency		23	31	24	6	84	3.15	0.912
		% tage		27.4	36.9	28.6	7.1	100		
9	MDP pollutes air or water, by emitting hazards and other wastage to environment.	Frequency	1	26	31	20	6	84	3.05	0.943
		% tage	1.2	31.0	36.9	23.8	7.1	100		
10	MDP has a program to compensate vulnerable community as employee due to its environmental impacts.	Frequency		21	35	22	6	84	3.15	0.885
		% tage		25.0	41.7	26.2	7.1	100		
Mean of mean & mean of standard deviation(STD)								3.32	0.9016	

(Source: survey result computation, 2020)

Regarding policies adoption of environmental protection, 15.5% of the respondent replied disagree, 29.8 % of the respondents were replied neutral, 17.9% of them were strongly agree there is policies with respect to environmental protection. Out of 84 respondents

31(36.9%) of the respondents were agreed that MDP adopt policies with respect to environmental protection. On the other hand mean of the respondent (M= 3.57 with STD=0.96.)indicated that the respondents were agreed with MDP adopt policies with respect environmental protection.

As it is showed in table 4.3, regarding MDP works on environmental pollution control the respondent result indicate that,23.8% of the respondent were replied disagree,26.2 % of the respondent were replied agree, 35.7% of the respondent were replied neutral about environment pollution control, where as 14.3% of the respondent were strongly agree.

MDP works on conservation of natural resources, regarding this statement, 16.7% of the respondent were replied disagree, 17.9% of the respondent were replied strongly agree and 41.7% of the respondent were agreed that MDP works on conservation of natural resource, where as 23.8% of the respondents were replied neutral, as the mean of respondent (M=3.61 and STD= 0.97) indicate the respondents were agree that MDP works on conservation of natural resources. During field survey the researcher observed that MDP is working on rehabilitation of environment by planting around ports.even if MDP is under construction they well started to greening the environment as it is depicted below photograph 4.2.

Photograph 4.2 The contribution of MDP on rehabilitation of naturalresources



(Source: field observation)

MDP control not discharge hazards wastage to environment on this issue, 38.1 % of the respondent replied that neutral, 17.9 % of them were disagree, 4.8 % of them were replied strongly agreed. Whereas 39.3% of the respondents were agreed that MDP has work on control not discharges hazards wastage to environmental. The mean value of the respondent (M=3.31 with 0.85) indicate the respondents were replied neutral.

MDP gives attention to health and safety of employees regarding this statement, out of 84 respondents 51.2% of the respondents were agreed MDP gives attention to health and safety of employees. Furthermore, 13.1% of the respondents were replied strongly agreed, 10.7% the respondents were disagree and 25% of the respondents were replied neutral , more than half (51.2%) of respondent were agreed that MDP gives more attention to employee health and safety. Even if MDP works on employee's safety and health the enterprise has to create awareness regarding the issues for employees

MDP has wastage reduction program, regarding this statement 46.4% of the respondent were replied neutral, 26.2% were agreed, 20.2% disagree and 1.2% were strongly disagree and 6% were strongly agree with wastage reduction program. Here, even if MDP works on wastage reduction program, the majority of employees were not clear or neutral with this program.

MDP has trying to reduce the environmental impacting interms of wastage minimization and pollution prevention, out of 84 respondents 39.3% of them were replied neutral and 38.1% were agreed, 1.2% strongly disagrees, 17.9% were replied strongly disagreed and 3.6% of them were replied strongly agree.

Regarding MDP promote environmental awareness by providing information to employees & customers at larger pollute.

Regarding this statement 36.9% of the respondent were replied neutral, 28.6% of the respondent were replied agree, on the other side 27.4% of them were replied disagree where as 7.1% of the respondent were replied strongly agree.

MDP pollutes air & water by emitting hazards and other wastage to environment regarding this statement, 36.9% the respondent were replied neutral, 1.2% were replied

strongly agreed, 31% were disagree, 23.8% were agreed and 7.1% were strongly agreed with MDP pollute of air & water. Even if, the majority of the respondent were not clear with this statement, as the researcher observed during field survey viewed and presented below in picture there is oil and grease land around work shop which is unsafe employee working around. Therefore, MDP pollute air and water by emitting wastage material to environment.

Photograph 4.3MDPdischargeswastage to the environmental



(Source field survey observation 2020)

MDP has a program to compensate vulnerable community as employee, with respect to this statement 41.7% of the respondent has replied neutral, 25% were replied disagree, 26.2% of the respondents were agreed and 7.1% were replied strongly agreed. From this result it is possible to say that MDP were not clear employees the way of compensate vulnerable employees.

Table 4. 5 Respondents feedback on health and safety related to ER of MDP

S.N	Variables	Measurement	Measurement		Total
			Yes	No	
11	Does MDP has a formal health and safety committees that help monitor and advise occupational safety programs	Frequency	55	29	84
		%	65.5	34.5	100
12	Does MDP has focal person in charge of health and safety in your organization	Frequency	67	17	84
		%	79.8	20.2	100
13	Does MDP provide regular safety training at work	Frequency	51	33	84
		%	60.7	39.3	100
15	Does MDP regularly report on environmental performance	Frequency	37	47	84
		%	44	56	100
16	Does MDP has any initiative or taken part in any government or NGO initiatives related to biodiversity	Frequency	25	59	84
		%	29.8	70.2	100
17	Does MDP has a unit who responsible for environmental protection?	Frequency	36	48	84
		%	42.9	57.1	100

(Source: survey result computation, 2020)

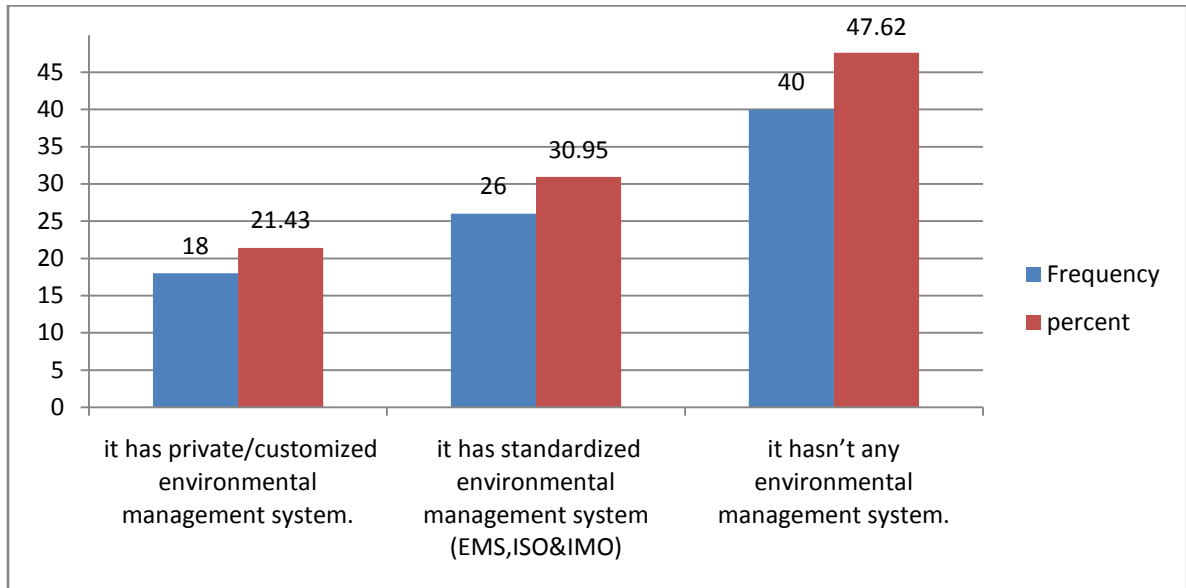
Regarding MDP has formal health and safety committees that help to monitor and advise occupational safety, as showed in table 4.6 out of 84 respondents 55 (65.5%) of the respondent were replied yes there are formal safety and health committee but 29 (34%) of them were replied no formal safety and committed from this result it is possible to say there is formal of safety and health committee but need to create awareness for all employees

MDP has focal person in charge of health and safety regarding this statement as it is depicted in table 4.6, 67 (79.8%) of the respondent replied yes there is focal person for safety & health at work but 17 (20.2%) of them were replied there is no focal person. As From respondent result it is possible to say that there is focal person but not aware for all employees

Regarding MDP provides regular safety training at work out of 84 respondents as showed in table 4.6 51 (60.7%) of the respondents replied that yes it provide regular safety training at work and 33 (39.3%) of the respondent have replied no regular safety training as such.

With respect to MDP has environmental protection management policy.

Figure 4. 3MDP respondent on environmental protection policy



(Source: survey result, 2020)

As survey result of respondents depicted in figure 4.4 above, 47.6% of the respondent replied MDP has no environmental management system, 30.95 % of the respondent replied MDP use a standardized environmental management system; whereas 21.4% of the respondent replied that MDP use customized environmental management system. To triangulate this data interview was conducted safety and standard division manager ‘the health and safety environmental manual of the organization is prepared according to the IMO standard but the implementation is not fully applied in the dry ports, because currently dry ports are found under construction and poor structural condition as a result weak enforcement mechanism’.

Even though the majority result of the respondent showed that MDP has no standardized environmental management system, according to safety and standard division manager and field observation MDP have a customized standard environmental managementsystem which is based on internationalmaritime organization (IMO)and worked on progress.

As indicated in table 4.6, regarding MDP regularly report on environmental performance, out of 84 respondents 47(56%) of them replied MDP does not make regular

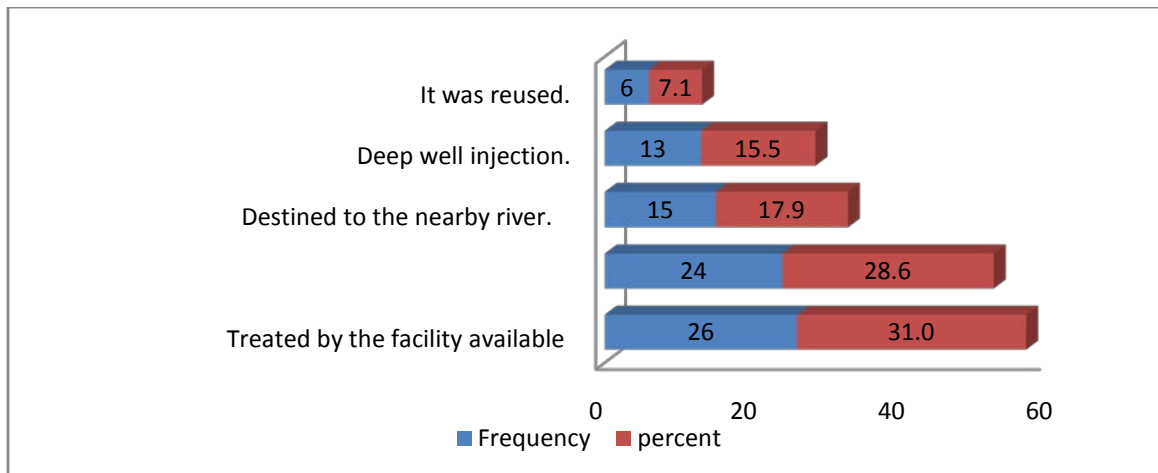
report on environmental performance ,37(44%) of the respondent were replied yes MDP were regularly report on environmental performance .From the result indicated that MDP does not regularly report on performance. There is also clarity problem among employee who replied yes MDP made regularly report on environmental performance.

MDP hasan initiative related to biodiversity taken from government or NGO, as depicted in table 4.6 the result of respondent indicate that 59 (70.2%)of the respondent were replied MDP does not take initiatives either from government or NGO. Whereas 25(29.8) of the respondent were replied yes MDP take initiatives from government as well as NGOs. From this it is possible to say that MDP does not take initiatives from other parties.

Regarding the statement MDP has a unit who responsible for environmental protection as showed in table 4.6, about 48(57.1%) of the respondent replied yes MDP has a unit who is responsible for environmental protection. On the other hand 36(42.9%) of the respondent were replied no MDP has no unit who is responsible to environmental protection. To triangulate the result of the respondents' interview was conducted safety and standard division manager has argued that DP has a unit who is responsible for safety and environmental protection. Hence it is possible to conclude that MDP responsible person for environmental protection.

Regarding how MDP discharge disposal waterfrom organizationand handled

Figure 4. 4Respondents' feedback on wastage discharges to the environmental

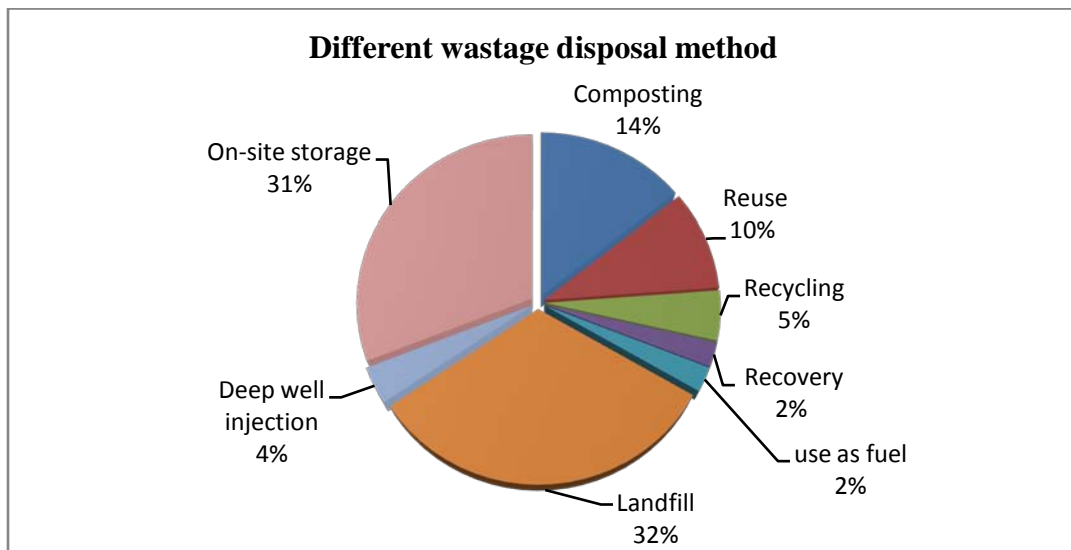


(Source: survey result, 2020)

Regarding the above statement as respondent survey result showed in figure 4.4, 31% of the respondent replied MDP treated the disposal water from the organization, while 28.6 % of the respondent argued that MDP discharge out the disposable water to open field, 17.9% of the respondent replied that MDP destined to nearby river, 15.5% of the respondent were replied deep well injection and 7.1% of them were replied MDP reused the disposal water. As the respondent result indicate that MDP use all methods to discharge disposal water, but MDP has to continue use treated by facility available rather than destined to nearby river and discharged to open field.

Which type of waste disposal method / waste management techniques is used by MDP used other than water discharge

Figure 4. 5 MDP use different wastage disposal method



(Source: survey result, 2020)

As mention in figure 4.5 above MDP use different type of wastage disposal method. 27(32 %) of the respondent replied MDP use landfill method, 26(31%) were replied that on-site deep well injection (14%) of the respondent replied that MDP use composting, 10% of the respondent replied MDP reuse some of the wastage, 5% of the respondent result showed that MDP use recycling and 2% of the respondent were replied MDP use both recovery and use as fuel. From the respondent result it is possible to conclude that MDP use both land fill and onsite which was observed during field survey conducted.

#### 4.2.5. Analysis on challenges of CSR of MDP

In today's globalized world corporate social responsibility is an inescapable priority for corporate business enterprises. However, the global faces different challenges in implementing CSR. Since business enterprises are in the global they are also facing challenges during implementation of CSR.

Table 4.6 Assessment on challenges of CSR of MDP

S.N	Variables	Measurement	Measurement						M	STD
			SD	D	N	A	SA	Total		
1	Implementing CSR requires high cost	Frequency		18	22	32	12	84	3.45	0.987
		%		21.4	26.2	38.1	14.3	100		
2	lack of knowledge to implement	Frequency	1	28	23	25	7	84	3.11	1.006
		%	1.2	33.3	27.4	29.8	8.3	100		
3	lack of commitment of top managers to implement	Frequency	2	19	18	31	14	84	3.43	1.09
		%	2.4	22.6	21.4	36.9	16.7	100		
4	lack of financial resources	Frequency		36	24	18	6	84	2.93	0.967
		%		42.9	28.6	21.4	7.1	100		
5	Lack strategic vision and unwillingness to spend in CSR activities	Frequency		18	12	41	13	84	3.58	0.996
		%		21.4	14.3	48.8	15.5	100		
6	lack of specific legislation	Frequency		26	22	26	10	84	3.24	1.025
		%		31	26.2	31	11.9	100		
7	lack of institutions assist or low government intervention	Frequency		24	22	27	11	84	3.3	1.027
		%		28.6	26.2	32.1	13.1	100		
8	poor stake holders integration,	Frequency		20	15	36	13	84	3.5	1.024
		%		23.8	17.9	42.9	15.5	100		
9	lack of clear guidelines & standardized metrics	Frequency		24	10	38	12	84	3.45	1.057
		%		28.6	11.9	45.2	14.3	100		
10	lack of corporate skill	Frequency		26	13	37	8	84	3.32	1.02
		%		31	15.5	44	9.5	100		
11	lack of awareness about the concept of Corporate Social Responsibility	Frequency	1	21	15	31	16	84	3.48	1.103
		%	1.2	25	17.9	36.9	19	100		
Mean of mean & mean of standard deviation (MSTD)									3.34	1.027

(Source: survey result, 2020)

Regarding implementing CSR requires high cost. As it is depicted in table 4.6 the mean value of respondent (M=3.45) with STD=0.987, which means the respondent were replied neutral with this statement.

Regarding the lack of knowledge to implement CSR the mean value of respondent (M=3.11 with STD=1.006 this means the respondent were replied neutral with respect to lack of knowledge in implementing CSR.

Regarding lack of commitment of top management in implements CSR, the mean value of respondent were (M=3.43 with STD=1.090) which mean the respondent were replied neutral about with lack of top management commitment in implementing CSR.

With respect to lack of financial resources, the respondent result showed that the mean value of respondent (M=2.23) with (STD= 0.967) which means the respondents were neutral about the lack of financial resources.

Regarding lack of strategic vision and unwillingness to spend in CSR activities, the mean value of respondents (M=3.58 with STD=0.996) indicated in above table 4.6 it the respondents were agreed that there is lack of strategic vision with implementing CSR as MDP as well as the enterprise level to practices CSR.

With respect to lack of legislation the result of the respondent showed that the mean value score (M=3.24 with STD= 1.027) which indicates that the respondents were replied neutral with the challenges of lack of legislation. Regarding lack of institutions assist or low government intervention, the mean value of respondent (M=3.3 with STD=1.027) which means the respondents were replied neutral with lack of government intervention regarding CSR.

Regarding poor stakeholders' intervention, the mean of respondent is (M=3.50 with STD=1.024). which indicates the respondents were replied neutral with challenge of poor stakeholders intervention in practice corporate social responsibility and with respect to lack of clear guide line and standardized matrices the mean value of the respondent (M=3.45 with STD=1.057) which indicates respondent were replied neutral.

In the case of lack of corporate skills, the mean value of the respondent (M=3.32 and STD=1.020) the respondent were replied neutral with lack of skills were not the challenges of implementing CSR for MDP and regarding lack of awareness about the concepts of CSR, the mean of the respondent value is (M=3.48 with

STD=1.103) which indicates the respondents were replied in neutral with respect to lack of awareness about the concepts of CSR.

### 4.3 Summary of discussion and interpretation on result findings

#### **Background of the respondents**

Out of 84 respondents, 56% and 44% of the respondent were male and female respectively, as far as the respondents' educational background, 78.6% of the respondents have first degree and 16.7 of the respondent have 2<sup>nd</sup> degree where as 4.8% of them have diploma and level III.

Regarding the age of the respondent the majority of the respondent (83.3%) found between twenty\_ one and forty years and 52.4 % of respondent work experience indicate between 6 to 10 years within the organization. Therefore, these result survey indicate how ever MDP support for education improvement still there are employee need to support improvement, the gender proportion well but need to work more to minimize gender proportion, as it seen in the analysis almost the age of respondent were young hence to stay employee in the organization MDP has to work on corporate social responsibility.

#### **Corporate social responsibility**

Regarding corporate social responsibility policies and practices of MDP, 41% of the respondent result and interview conducted showed that MDP have written and formal policy which is already included in labor agreement and management's manual, 86.9% of the respondents result indicated MDP create job opportunity for local community. As far as data obtained from MDP HR department showed around 895 different laborers were work in different job categories. With the organization, which is contributes in poverty alleviation.

As survey result of respondent indicate that out of 84 respondents 53.6% and 58.3% of respondent has been replied MDP has no manager and social impact audit practices respectively. Regarding employment association almost the majority (89.3%) of the respond result indicated that MDP employees' exercises employment association. Which is one of the indicators of CSR? As interview conducted gender and social affairs

department director argue that for resource management social responsibility management is central managed, hence there is no manager need to assign at branch office for social responsibility

Regarding the training opportunity for local commit almost 50% of the respondents argued that MDP provide training opportunity for local community this also argued by gender and social affairs department director different trainings were provided different times for local communities .With respect to the employee participation in local community activities a result indicate that (56%) of the respondents replied that there is no employees participation. Regarding employment participation in local community activities as gender and social affairs department director argued that employee participation explained indifferent ways: was like contribution of blood for red cross, contribution(support local community in new year, charity of individuals or charity group as well management contribution of covid-19 cause for community.According to the survey result of respondent indicates MDP does not continuously communicate the local commit in regarding sensitive issues. There MDP has to communicate as challenge faced with local community.

Table 4. 7 Average mean of respondents on corporate social responsibility of MDP

S.N	Variables	Grand mean of objectives (GM)	Mean of standard deviation (MSTD)
1	Economic responsibility	3.832	0.814
2	Environmental responsibility	3.323	0.9016
3	Social responsibility	3.54	0.887
4	Challenges for implementing CSR	3.34	1.027

(Source survey result, 2020)

### **Economic responsibility MDP**

As the survey result of the respondent showed (M=4.04 with STD=0.783) MDP has collecting reasonable return from investment and with mean of the respondent (M =3.71 with STD=0.769) paid fair compensation to employees and with mean of (M=3.93 with STD=0.803) of the respondents MDP provide services at fair prices which were most of the respondent were agreed. Regarding granting the customer satisfaction loyalty the mean (M =3.52 with STD=0.843) of the respondents indicated that MDP works in granting customer satisfaction loyalty, whereas the mean (M=3.55 with STD=0.842) of the respondents indicated MDP promote its services intensively. In creating job opportunity MDP has great role as it stated in part one. Almost the mean value score (M=4.24 with STD=0.845) of the respondent were agreed that MDP create job opportunity for communities.

As far as the grand mean (GM=3.832 with MSTD=0.814) of the respondents were agreed that MDP is well conducting in economic responsibility.

### **Social responsibility of MDP.**

Out of 84 respondent 46.4% of the responds were replied agreed the MDP works to support the employees in education with the mean value score (M =3.57 with STD = 0.948) of the respondent agreed that MDP support employee in education. From this result it is possible to say that the respondent agreed that the MDP is working in support employee in education as well local community.

With respect to MDP support infrastructure to social community the respondent were agreed with mean value (M=4.08 with STD=0.698). Regarding this statement interview was conducted the gender and social affairs department director MDP support the social community more than 35 million in birr which is provided in kind. During the field survey the researcher observed the community was supported in different road light, garbage for wastage, scavator and vehicle or wastage disposal as shown in photograph

4.1 And other attached on appendix-III

Regarding MDP support for disability the mean of the respondent were replied neutral the mean value of (M=3.05 with STD=0.981) which indicates the respondent were neutral, MDP has to work on support of disability.

MDP support poverty alleviation, regarding this statement out of 84 of respondent 50% of the respondent were replied that they were agreed with MDP works on poverty alleviation on the other the mean value ( $M=3.56$  with  $STD=0.883$ ) the respondent were agreed that MDP works on poverty alleviation. MDP works on conservation of natural resources as the respondents were agreed that the mean value ( $M=3.74$  with  $STD=0.793$ ) which means almost more than half of the respondent were agreed with conservation of nature. MDP invest in youth development and contribute to the local community mean value of the respondent ( $M=3.25$  with  $STD = 1.022$ ) which means the respondents were neutral with respect to MDP invest to youth development. Therefore MDP has to work intensive on youth development since youth is part of society. However as grand mean ( $GM= 3.54$  with  $MSTD=0.887$ ) indicate that the respondent were agreed that MDP have conducting its social responsibility. From this result it is possible to say that MDP is performing its social responsibility.

### **Environmental responsibility of MDP**

MDP adopts policies with respect to environmental protection.

Based on data collected from MDP employees showed that regarding the adoption of policies with respect to environmental protection, 15.5% of the respondent replied disagree, 29.8 % of the respondents were replied neutral, 17.9% of them were strongly agree there is policies with respect to environmental protection. Out of 84 respondents 31(36.9%) of the respondents were agreed that MDP adopt policies with respect to environmental protection. Therefore, as the mean of the respondent ( $M= 3.57$  with  $STD=0.96.$ ) indicated that the respondents were agreed with MDP adopt policies with respect environmental protection.

MDP works on environmental pollution control, the respondent were replied disagree, 26.2 % of the respondent were replied agree. 35.7% of the respondent were replied neutral about environment pollution control, where as 14.3% of the respondent were strongly agree, therefore it is possible to say that MDP has to create the awareness of environmental pollution control for employment.

MDP works on conservation of natural resources out of 16.7% of the respondent were replied disagree, 17.9% of the respondent were replied strongly agree and 41.7% of the respondent were agreed that MDP works on conservation of natural resource, where as 23.8% of the respondents were replied neutral, as the mean of respondent (M=3.61 and STD= 0.97) indicate that the majority were agreed MDP works on conservation of natural resources. MDP control not discharge hazards wastage to environment out of 84 respondents 38.1 % of the respondent replied that neutral, 17.9 % of them were disagree, 4.8 % of them were replied strongly agreed

Whereas 39.3% of the respondents were agreed that MDP has work on control not discharges hazards wastage to environmental. The mean value of the respondent (M=3.31 with 0.85) indicate the respondents were replied neutral.

Regarding formal health and safety committed 65.5%, health and safety person at organization 79.8% and regular safety training 60.7% of the respondents were replied yes MDP have formal health and safety committee, have safety and health person at Dry port and regular safety training were provided. With respect to regular environment performance report 56% of the respondents and responsible person to environmental protection 57.1% the respondent were replied MDP has no regular environment performance report and responsible person to environmental protection.

Whereas regarding environmental protection management policy (EMS), the majority 47.6% the respondent replied MDP has no environmental management 30.95% has replied MDP use standard environmental management system, 21.43% the respondents replied MDP has customized environmental management system To triangulate this data interview was conducted safety and standard division manager 'the health and safety environmental manual of the organization is prepared according to the IMO standard but the implementation is not fully applied in the dry ports, because currently dry ports are found under construction and poor structural condition as a result implementation is limited

As survey result showed that MDP uses different wastage disposal method according to the respondent result 32% of the respondent replied landfill, 31% of them replied on site storage on the other way to discharge disposal water from organization 31% of the

respondent MDP treated by facility available 28.6% of them replied simply discharge to open field

With respect to environmental responsibility ,even though some positive result has shown in general as the grand mean of the respondents depicted in table 4.8 (GM=3.323 with MSTD=0.902) which indicate that the majority of the respondents were neutral about the environmental responsibility of MDP.

### **Challenges of CSR of MDP**

Implementing CSR requires high cost mean value of respondent (M=3.45with STD=0.987) which means the respondent were neutralwith this statement. Regarding lack of knowledge to implement CSR the mean value of the respondents were neutral (M=3.11 with STD=1.006) With respect to lack of commitment of top management in implements CSR the mean value of respondent were (M=3.43 with STD=1.090) which mean the responding were in neutral weather with lack of top management commitment in implementing CSR.Lack of financial resources, as the respondent result showed that the mean (M=2.23 with STD= 0.967) which means the respondents were neutral about the lack of financial resource

lack of strategic vision and unwillingness to spend in CSR activities the mean value of respondents (M=3.58 with STD=0.996) indicated which significant that respondents were agreed that there is lack of strategic vision with implementing CSR as MDP as well as the enterprise level to practices CSR. Regarding lack of legislation the respondent showed that the mean value score (M=3.24 with STD= 1.027) which indicates that the respondents were neutral with the challenges of lack of legislation. lack of institutions assist or low government intervention the survey result of the respondent showed the mean score (M=3.3 with STD=1.027) which means the respondents were neutral, with lack of government intervention regarding CSR., poor stakeholders' intervention regarding this statement is (M=3.50 with STD=1.024).which indicates the respondents were neutral with challenge of poor stakeholders intervention in practice corporate social responsibility.Lack of clear guide line and standardized matrices, the mean value score (M=3.45 with STD=1.057). Which indicates respondent was replied that neutral as a result, the MDP has to work set clear guide line and standard mercies. lack of corporate

skills The mean value of the respondent (M=3.32 and STD=1.020) which mean the survey result showed that the respondent were neutral which mean lack of skills were not the challenges of implementing CSR of MDP .lack of awareness about the concepts of CSR the mean of the respondent value scores (M=3.48 with STD=1.103) this showed .showed that the respondents were in neutral with respect to lack of awareness about the concepts of CSR.

From the above findings with regard lack strategic vision and unwillingness to spend in CSR activities significant mean result of the respondent (M=3.58 with STD= 0.996)were agreed that MDP faced the challenges of lack strategic vision and unwillingness to spend in CSR activities

In general as the grand mean of the respondents depicted in table 4.8 (GM=3.34with MSTD=1.027) which indicate that the majority of the respondents were neutral weather the listed challenges are faced by MDP or not

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

As the objective of this study was to describe the corporate social responsibility practice of Mojo dry port from dimensions of economic, social, and environmental, and its challenges which hinder the implementation of corporate social responsibility of Mojo dry port. After questionnaire was distributed among MDP employees and management, field observation carried out, interview was conducted for selected managers, collecting secondary data analysis and interpretation of the study was made. Based on the data obtained analysis, and interpretation is done Summary findings of the study, conclusion, recommendations, suggestion for future study was presented as follows.

#### 5.1. Summary of findings

This section is presents the major summary result findings of the study

- Regarding the background of the respondent out of 84 respondents 56% of them were male ,the educational background of the respondent indicate that 78.6% of them have first degree, regarding the age 83.3% of the respondents age is between twenty\_ one and forty years and 52.4 % of respondent work experience indicates between 6 to 10 years within the organization.
- Regarding corporate social responsibility policies and practices of MDP, out of 84 respondents 41% of the respondent result showed that MDP have written and formal policy, out of 84 respondents 86.9% of the respondents result indicated MDP create job opportunity for local community in which MDP plays role in poverty alleviation. Out of 84 respondents 53.6% respondent has been replied MDP has no manager, and 58.3% of respondent has been replied MDP has no social impact audit practices.
- Regarding employment association almost the majority 89.3% of the respond result indicated that MDP employees' exercises employment association, Regarding the training opportunity for local commit almost 50% of the respondents argued that MDP provide training opportunity for local community, with respect to the employee

- participation in local community activities respondent result indicate that (56%) of the respondents replied that there is no employees participation.
- Regarding MDP has collecting reasonable return from investment, as the respondent mean value is (M=4.04 with STD=0.783) which indicate that respondent were replied agree onMDP has collecting reasonable return from investment and regarding the creating job opportunity almost the mean value of the respondent score (M=4.24 with STD=0.845) which indicates the respondent were agreed that MDP create job opportunity for communities. MDP paid fair compensation to employees with mean of the respondent were agreed (M =3.71 with STD=0.769), MDP provide services at fair prices with mean of (M=3.93 with STD=0.803) of the respondents most of the respondent were agreed. Regarding granting the customer satisfaction loyalty the mean (M =3.52 with STD=0.843) of the respondents replied that MDP works in granting customer satisfaction loyalty, whereas the mean (M=3.55 with STD=0.842) of the respondents indicated MDP promote its services intensively..
  - Regarding the economic responsibility as far as the grand mean of the respondent (GM=3.832 with MSTD=0.814) which indicates the respondents were agree that MDP is performing the economic responsibility.
  - As respondent mean value (M =3.57 with STD = 0.948) indicate that the responds were replied agreethat MDP works to support the employees in education. Regarding MDP support infrastructure to social community the mean value of respondent (M=4.08 with STD=0.698) indicate the respondent were agreed with support infrastructure to the large social community.
  - Withrespect to MDP works on conservation of natural resources the respondent mean value (M=3.74 with STD=0.793) indicate the respondents were replied agree MDP works on conservation of natural resources.
  - Regarding the social responsibility as far as the grand mean of the respondent (GM=3.54 with MSTD=0.887which indicates the respondents were agree that MDP is performing well social responsibility
  - Regarding the on adopt policies with respect environmental protection the mean of the respondent (M= 3.57 with STD=0.96.) were replied agree with adoption of policy respect environmental protection.As the mean of respondent (M=3.61 and STD=

0.97) indicate that the majority of respondent were replied agree with MDP works on conservation of natural resources and as the mean value respondents ( $M=3.67$  with  $STD=0.84$ ) indicates the respondents were replied agree that MDP gives attention to employee safety and health.

- Regarding the environmental responsibility as far as the grand mean of the respondent ( $GM=3.323$  with  $MSTD=0.9016$  which indicates the respondents were replied neutral.
- Regarding challenges of corporate social responsibility out of 84 respondent the mean result of the respondent ( $M=3.58$  with  $STD= 0.996$ ) were replied agree with MDP faced the challenges of lack strategic vision and unwillingness to spend in CSR

## 5.2. Conclusion

The aim of this study was to assess the corporate social responsibility practices Modjodry port and challenges faced during its implementation.

As the objectives of the study was stated in chapter one is to assess how Modjo dry port is performing its corporate social responsibility and challenges that might hinder its performance. MDP is expected to contribute more in corporate social responsibility from economic, social and environmental perspectives for employees as well as local society at large.

Economic responsibility is found at first level in CSR hence business firms has to meet its economic responsibility and it is measured by retuning money from investment to, obtaining maximum possible profits, guaranteeing the customer's satisfaction and loyalty, gives fair compensation to employees, gives goods at fair prices to customers, promotions it services and creating job opportunities. From this perspectives MDP is performing its corporate social responsibility with some limitations As the grand mean of the respondents indicate the respondents were replied agree with the economic contribution of MDP found in good position, from social responsibility perspectives even the respondents were replied agree MDP perform well its social responsibility but regarding support for disability and work on youth development the respondents were replied neutral

From environmental responsibility perspectives the respondents were replied agree that MDP adopt customized standardize environmental protection policies which is basic

ground rule for environmental protection performance and also the respondents were replied agree that MDP give high attention to employee health and safety. But in respective to wastage discharge to environmental, pollution control, creation of awareness of environmental protection, compensate vulnerable employee as well as local community the respondents were replied neutral which MDP need to work for the better environmental responsibility. As survey result of respondent indicates that one of the study findings is that the challenges faced by MDP during implementing CSR is lack of strategic plan or vision and unwillingness to spend for CSR.

To wind up this study lack of clarity has been seen in all levels of corporate social responsibility which fill the gap of corporate social responsibility. As result recommendation is forwarded below

### 5.3. Recommendations

Based on the result findings of the study and review of related literature the researcher forward the following recommendations.

- As CSR is the new idea and contribute competitiveness of the business firm, hence MDP is better to incorporate CSR in strategic as well as annual plan which helps them to implement its CSR.
- Regarding environmental protection, working Managers should work closely with stakeholders and local community so as to create sense of ownership among local community and employees.
- Setting proper wastage disposal mechanisms make minimize environmental pollution and helps not to disposal on site and any other.
- Create awareness and involving stake holder with respect to environmental protection make better to protect environmental pollution, easy to control not to discharge wastage to environment.
- As corporate social responsibility is not one party duty, all stake holders should actively involve in CSR activities

#### 5.4. Suggestion for further study

As study conducted for the first time the practices of corporate social responsibility of MDP the future researcher has incorporate all variables of CSR check the role of CSR with organizational performance.

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## Appendix-I

Data collecting tools

**ADDIS ABABA UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS SCHOOL OF COMMERCE**

**DEPARTMENT OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT**

**This questionnaire is to be filled by Modjo Dry Port Employment and management.**

This questionnaire is developed by the student of Addis Ababa University College of Business and Economics School of Commerce Logistics and Supply Chain Management Department for the Partial Fulfillment of the Requirements for the Degree of Master of Arts in Logistics and Supply Chain Management

**Corporate social responsibility** (CSR) is the commitment of businesses enterprises to contribute the sustainable economic development working with employees, their families, the local community, sustainable environment and the society at large to improve their quality of life in ways that are both for business and good for international development. 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, this questionnaire is prepared to assess how does Modjo Dry Port manage its corporate social responsibility and it is purely only for academic purpose.

Dear respondent, the trustworthiness of the study is based up on the accuracy of the information you provide, please note that all the information you provide will be kept strictly confidential and used only for this research purpose. Therefor the validity of your response has high contribution for success of the research study, due to this reason I would like to ask you with respect provide the right response.

For any enquiry about this survey: please feel free to contact me via email [dejhik@gmail.com](mailto:dejhik@gmail.com)

**Thank you in advance for taking time to complete the questionnaire!**

**Part I General question self-administered for personal information give your response by placing  $\surd$  or X sign in the provided space**

- A. What is your sex : Male [ ] Female [ ]
- B. Please state your age\_\_\_\_\_
- C. Please state your occupation in the organization\_\_\_\_\_.
- D. Your level of educationqualifications\_\_\_\_\_
- E. Year of work experience in organization\_\_\_\_\_

**Part II Please carefully respond the following question as per the instruction  
Question related to corporate social responsibility (CSR)**

1. Does Modjo Dry Port has corporate social responsibility policy and practiced.  
(please circle your answer)
  - F. Yes, it does have a formal and written policy.
  - G. Yes, it does have an implicit and unwritten policy.
  - C. No, it does not have such policy.
  - D. It do not have any understanding about Social Responsibility
2. How Does Modjo Dry Port contribute to the local community / society
  - A). Paying taxes to the regional Government
  - B). Creating job opportunity to the local community
  - C). Both Paying taxes to the regional Government & Creating job opportunity
3. Does Modjo Dry Port have a manager in charge of social responsibility? A) Yes  
B) No
4. Does Modjo Dry Port have social impact audit practices? A) Yes B) No
5. Is there any association of employees in your organization? A) Yes B) No.
6. Does Modjo Dry Port offer training opportunities to people from the local community?A) Yes B) No
7. Does Modjo Dry Port encourage employees to participate in local community activities? A) Yes B) No
8. Does Modjo Dry Port have an open dialogue with the local community on adverse, controversial or sensitive issues that involve your enterprise (e.g. accumulation of waste outside your premises)? A) Yes B) No

Part\_III, Likert scale question related to **economic, social and environmental** perspectives, of corporate social responsibility, please follow the instruction and give your response

9. Based on your opinion, please rate about the following items related to **economic responsibilities** of Modjo Dry Port ( Please put this "√" sign in which you belief)

S. N	Item	strongly agree	agree	neutral	Disagree	strongly disagree
1	Modjo Dry Port collect reasonable return from its investment					
2	Modjo Dry Port paid fair compensation to employee					
3	Modjo Dry Port deliver services at fair prices					
4	Modjo Dry Port granting the customer satisfaction loyalty					
5	Modjo Dry port promote its services intensively					
6	Modjo Dry Port create job opportunity					

**10.** How does Modjo Dry port execute its environmental responsibility? Please rate your opinion related to Modjo Dry Port environmental responsibility (please tick)

S.N	Items	strongly agree	agree	neutral	Disagree	strongly disagree
1	Modjo Dry Port adopt policies with respect to environmental protection					
2	Modjo Dry Por works on environment pollution control					
3	Modjo Dry Por works on conservation of natural resources					
4	Modjo Dry Port control not discharge hazards wastage to environment					
5	Modjo Dry Por gives attention to health & safety of employees					
6	Modjo Dry Port has wastage reduction program					
7	Modjo Dry Port has trying to reduce the environmental impact in terms of wastage minimization and pollution prevention					
8	Modjo Dry Port promote environmental awareness by providing information to employees & customers at larger pollute					
9	Modjo Dry Port pollutes air or water, by emitting hazards and other wastage to environment.					
10	Modjo Dry Port has a program to compensate vulnerable community as employee due to its environmental impacts.					

**11.** Is there a formal health and safety committees that help monitor and advise occupational safety programs in your organization? A. Yes B. No.

**12.** Is there a manager or an officer in charge of health and safety in your organization? A. Yes B. No

**13.** Is there regular safety training at your company? A, Yes B, No

**14.** Does Modjo Dry port has environmental protection management policy/environmental management system.

A). Yes, it has standardized environmental management system.

B). Yes, it has private/customized environmental management system.

C). No, it hasn't any environmental management system.

If your answer to question 15 above is choice "A", please specify the applied standardized Environmental Management System

A). Environmental Management Audit System (EMAS)

B). ISO 14001

C). Any other, please specify\_\_\_\_\_

**15.** Does Modjo Dry Port regularly report on environmental performance? A) Yes  
B) No

**16.** Does Modjo Dry Port have any initiative or taken part in any government or NGO initiatives related to biodiversity? A) Yes B) No

**17.** Does Modjo Dry Port have any unit/department/section responsible for environmental protection? A. Yes B. No

If your answer to question number 20 above is yes, please state the total number of employees working in the unit/section/department\_\_\_\_\_ -

**18.** Please indicate how the water discharge from your organization is handled ( more than one alternative may apply)

A). Treated by the facility available at the firm.

B). It was reused.

C). Destined to the nearby river.

D). Discharged simply to the open field.

E).Deep well injection.

F)If any other, please specify\_\_\_\_\_

**19.** Which type of waste disposal method is used in your organization waste management techniques other than water discharge? (More than one alternative may apply.)

A). Composting

B). Reuse

- C). Recycling
- D) Recovery
- E). use as fuel
- F) Landfill
- G) Deep well injection
- H) On-site storage
- D) if any other, please specify\_\_\_\_\_

**20.** How does Modjo Dry port execute its **social responsibility perspectives**?Please rate your opinion with the following items that related to **social responsibility** and local community initiatives of Modjo Dry Port (Please put this "√" sign in which you belief)

S. N	Items	strongly agree	agree	Neutral	Disagree	strongly disagree
1	MDP support communities in education					
2	MDP support infrastructure to the social community					
3	MDP support for Disability					
4	MDP supportPovertyalleviation					
5	MDP work on conservation of nature.					
6	MDP works on youth development					

21. Do you agree that the following items are the **challenges faced** during implementation of corporate social responsibility for Modjo dry port? please rate your opinion and put this "√" sign in whichever applicable

S.N	Item	Strongly Agree	Agree	Neutral	Dis agree	Strongly Disagree
1	Implementing corporate social responsibility requires high cost					
2	lack of knowledge to implement					
3	lack of commitment of top managers to implement					
4	lack of financial resources					
5	Lack strategic vision and unwillingness to spend in corporate social responsibility activities					
6	lack of specific legislation					
7	lack of institutions assist or low government intervention					
8	poor stake holders integration,					
9	lack of clear guidelines & standardized metrics					
10	lack of corporate skill					
11	lack of awareness about the concept of Corporate Social Responsibility					

22. You can add any more related to corporate social responsibility of Modjo Dry Port \_\_\_\_\_.

Part II Please carefully respond the following question as per the instruction

### III. Interview to Gender and Social affairs Department

This interview is prepared for the Ethiopian shipping and logistics services enterprise Gender and Social affairs department to obtain information related to corporate social responsibility practices of Modjo Dry Port and challenges to implement corporate social responsibility (CSR).

Therefore, the researcher would like to thank you in advance for your time taking and cooperation.

Name of interviewed \_\_\_\_\_

Gender \_\_\_\_\_

Educational background \_\_\_\_\_

Number of years of services in the enterprise \_\_\_\_\_

Number of years served in the position \_\_\_\_\_

1. Have the Enterprise Corporate social responsibility policy/ strategy? A) Yes  
B) No

If your answer is no, how does the company execute corporate social responsibility (CSR) throughout the enterprise? \_\_\_\_\_.

2. How does the mission of the company integrate with its CSR? \_\_\_\_\_.

3. Does Modjo Dry Port have a manager in charge of social responsibility? A) Yes  
B) No

4. Does the enterprise practices corporate social responsibility? A) Yes B) No

5. Do you think that there is a relationship between profitability and CSR A) Yes  
B) No

6. What is the connection between CSR activities and Organizational cultural /is corporate social responsibility considered as charity?

7. Are employees interested and actively participated in the CSR activities?

8. What are major challenges/ problems to practice corporate social responsibility in the company?

9. Would you describe the main categories of CSR activities which the company pursues?

10. Could you mention that the main activities of CSR, which the company perform in the last two years.

11. Would you approximate the total amount of money spent for CSR activities for the last two years?

12. What measures are usually taken to ensure that the employees work in a conducive environment?
13. What problems are experienced in implementing Corporate Social Responsibility? And what solutions would you suggest for the presence of the problem?
14. Does the enterprise allocate separate resources for the implementation of CSR along with the enterprises extended to branch?  
A) Yes      B) No  
If your answer is yes for the above question, how much resources are allocated per year for the implementation
15. In general how do you express that the status of CSR implementation of the enterprises?\_\_\_\_\_

#### **IV. Interview to Safety and Standard Division management**

This interview is prepared for the Ethiopian shipping and logistics services enterprise Safety and Standard Division to obtain information related to Environmental responsibility practices of Modjo Dry Port and challenges to implement CSR.

Therefore, the researcher would like to thank you in advance for your time taking and cooperation.

Name of interviewed \_\_\_\_\_

Gender\_\_\_\_\_

Educational background\_\_\_\_\_

Number of years of services in the enterprise\_\_\_\_\_

Number of years served in the position\_\_\_\_\_

1. Do you think that the Enterprise implement and follow safety standard of international Maritime organization (IMO) A) Yes      B) No  
If your answer is no for the above question, how does the company execute safety issueenterprise?\_\_\_\_\_.
2. Does Company have safety manuals that the employee's as well all the stake holders follow at the work place to protect themselves and the environment?  
A)Yes      B)No
3. Do have the company environmental management system and how evaluate its

effectiveness\_\_\_\_\_.

4. Does the enterprise allocate separate resources for the environmental responsibility and safety issues in the enterprise?A) Yes      B) No

If your answer is yes for the above question, how much resources are allocated per year for environmental responsibility implementation.

5. What kind of activity are performed related to safety ,environmental protection and health working condition at Dry ports to protect all stake holders of the dry port.
6. How do you evaluate safety and healthy, environmental protection of CSR of the company in general?

Appendix \_II  
 Statistical tables spss out put

**Statistics**

		reasonable return from investme nt	paid fair compensatio n t	sdeliver services at fair prices	granting customer satisfaction	promote services intensevely	create job opportunity
N	Valid	84	84	84	84	84	84
	Missing	0	0	0	0	0	0
Mean		4.04	3.71	3.93	3.52	3.55	4.24
Std. Deviation		.783	.769	.803	.843	.842	.845

**Statistics**

		manager in charge of social responsibil ity	has social impact audit practices	employeeme nt association in organiztion	training opportunity for local community	employees participate in local community activities	open dialogue with local community accumulation of waste out side
N	Valid	84	84	84	84	84	84
	Missing	0	0	0	0	0	0
Mean		1.54	1.58	1.11	1.50	1.56	1.51
Std. Deviation		.502	.496	.311	.503	.499	.503

Appendix \_III

Investment of MDP for Modjo town



