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COLLEGE OF BUSINESS AND ECONOMICS

EFFECT OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES ON ORGANIZATIONAL PERFORMANCE: REFERENCED FROM COFFEE EXPORTING COMPANIES IN ADDIS ABABA, ETHIOPIA

A Thesis Submitted to the School of Graduate Studies of Addis Ababa University in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration (MBA) in Management

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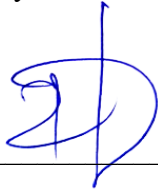
Addis Ababa, Ethiopia

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I, the undersigned declared that this thesis entitled "*Effect of Corporate Social Responsibility Practices on Organizational Performance: Referenced from Coffee Exporting Companies in Addis Ababa, Ethiopia*" is my own original work. This thesis has not been presented for any other university and is not at the same time submitted in compliance of any other degree. All sources of materials used for this thesis have been properly acknowledged.

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STATEMENT OF CERTIFICATE

This to certify that Bizuhan Abebe Kebede has completed his thesis work entitled "*Effect of Corporate Social Responsibility Practices on Organizational Performance: Referenced from Coffee Exporting Companies in Addis Ababa, Ethiopia*" is his original work and is submitted for examination with my approval as a thesis.

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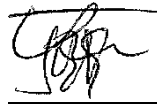
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ABSTRACT

Recently, in the dramatically developing digital world, the implementation of corporate social responsibility practices plays an essential role on the performance of coffee exporting firms. This study examines the relationship between corporate social responsibility practices and organizational performance and it emphasizes on the impact of corporate social responsibility on organizational performance of selected top fifty coffee exporting companies in Ethiopia. Pertinent data was gathered through structured questionnaire via five-point Likert scale and analysis was made using SPSS version 23, so that a cross-sectional data type was used in the study. A total of 110 populations were used through census survey. The study adopted both explanatory and descriptive research designs in integration with a commonly used quantitative research method. The findings shown that, there was positive and significant association between effective implementation of corporate social responsibility practices and organizational performance which was supported by evidence. This study revealed that, in order to achieve significant firm competitiveness and improved performance, priority should be given to the implementation of corporate social responsibility practices in the coffee exporting companies that is supported by regulatory terms and conditions. Recommendations were made for the focal firm to make the CSR practices to be effective and efficient for the accomplishment of organizational performance through improved strong customer, supplier, community and regulatory relationship. The results showed that there is a necessity of effective implementation of the CSR practices supported by policy so that the role and benefits of CSR practices should be examined and outlined for further investigation.

Key Words: *-Customer Oriented CSR, Supplier Oriented CSR, Community Oriented CSR, Regulatory Oriented CSR and Organizational Performance*

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Addis Ababa, Ethiopia

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ABBREVIATIONS

| | |
|-------|--|
| ANOVA | – Analysis of Variance |
| COM | - Community Oriented |
| CSR | - Corporate Social Responsibility |
| CU | - Customer Oriented |
| df | – Degree of Freedom |
| OP | - Organizational Performance |
| R&D | – Research and Development |
| RO | - Regulatory Oriented |
| SPSS | – Statistical Package for Social Science |
| SU | - Supplier Oriented |

CHAPTER ONE

INTRODUCTION

In this chapter, the writer introduced the chosen research topic that consists of background of the study, statement of the problem and objective of the study. The chapter also dealt with research questions, significance of the study and research hypothesis of the study. Furthermore, it provided scope and limitation of the study and how the author organized the whole thesis eventually.

1.1. Background of the Study

Several researchers argued that the world has changed dynamically due to the escalating phenomenon of globalization and the advancing growth in information and communication technology. Numerous organizations in today's business environment are forced to raise their market share both domestically and globally in order to survive and sustain their business growth.

Kanji (2010) argued that corporate social responsibility activities are viewed as a tool that creates a positive impact of business activities on society and the environment, which in turn leads to a better reputation and higher profitability rates in different markets. Gjoberk, (2009) also expressed that the concept of corporate social responsibility is a perfect tool for export companies to transfer a positive reputation to foreign markets. According to Beardsell, (2008), corporate social responsibility creates a more positive status with internal and external stakeholders, ensures higher profitability rates and attracts stylish and socially responsive investors.

Samet (2017) viewed that, the most difficult task of management is to determine the financially justified limit at which investing in corporate social responsibility achieves the highest financial returns because misjudging that limit will create additional costs which can direct the entity towards the gap both in reputational and financial. As per Marques-Mendes (2016), the greatest harm to export companies can occur if the concept of corporate social responsibility is approached philanthropically or spontaneously. He also viewed that only with strategic approach based on new digital technologies does the firm's management control the environmental, social and economic line of business, regardless of whether it is a domestic or foreign market.

Ethiopia is a predominantly agricultural economy, and its major products are coffee, meat, and animal hides. It is obviously known that the export of coffee takes the dominant and lion's share

of the total export of Ethiopia. The practice of exporting restricted commodities lead to limited economic growth of the country. Hence, in order to address this problem, it needs government encouragement to all existing and potential investors to diversify domestic investments to increase export items. After the 1991 declaration of market-oriented economy, the private business sectors responsibility is fastened to creating jobs, improving production, raising exports and reducing poverty which is the great challenge of the country.

The International Organization for Standardization's Guidance Standard on Social Responsibility ISO 26000 (2010) defines Corporate Social Responsibility as "the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including the welfare of the society takes into account the expectations of stakeholders, is in compliance with applicable law and consistent with international norms of behavior, and is integrated throughout the organization and practiced in its relationships."

Corporate social responsibility is a notion with many definitions and practices. European Commission (2001) argued corporate social responsibility as a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders voluntarily that include philanthropy action toward the environment, social causes, and their communities. As explained by Nijhof, Burchell, and Jeurissen (2010), even though its origins can be much older, the term corporate social responsibility has come well during the later years of 1990s. According to Srivastava, (2012), the concept of corporate social responsibility was first originated in the USA since 1950 but became more widespread in the 1970s. Its movement has assembled great thrust over a long period and today corporate social responsibility is surfacing gradually and gaining acceptance by businesses across the world.

Imam (2000) revealed that, corporate social responsibility practices differ from country to country and between developed and developing countries. Egels (2005) expressed that, in the African context, corporate social responsibility has received much attention from the academic sector. Corporate social responsibility is a particularly prominent issue among mining, oil, and gas companies in Southern Africa, due to their potentially significant negative social and environmental impacts (Meridian Group International, 2006). In Sub-Saharan Africa, corporate social responsibility activities were initially philanthropic and mainly focused on

donations/voluntary contributions to communities in the areas of identifying needs such as education, healthcare, poverty alleviation and community development. However, corporate social responsibility activities are now increasingly associated with core business focus on the one hand and societal primacies on the other (Rampersad & Skinner, 2014).

Based on this stand point, this study was mainly focused on this insight particularly on the effect of corporate social responsibility on the organizational performance of selected fifty top coffee exporting companies in Ethiopia. For instance, Tracon Trading PLC, Hadeed Trading PLC, Kerchanshe Trading PLC, BNT Industry and Trading PLC, Abbahawa Trading PLC, Arfasa General Trading PLC, Zelalem Eshetu G/Amanuel PLC, Cabey PLC, Daye Bensa Coffee Export PLC, S.A. Bagersh PLC, Adulina Coffee Exporter PLC, Ethio Gabana Trading PLC, Sara Yimer Ali PLC, Nardos Coffee, Abdulhakim Mohammed Geleto PLC, Mullege PLC, Tadese Desta Amane PLC, Sidama Coffee Farmers Association, Fahm General Trading PLC, Hailesilassie Ambaye Industrial PLC, Oromia Coffee Farmers Cooperative Union, SNAR Trading and Industry PLC, Romina PLC, Kebir Coffee Trading PLC, Kemal Abdela International Private, Limmuu Coffee Farm, Primrose Service Provider PLC, Testi Trading PLC, ALTA Computec PLC, Ethio Agri-Ceft PLC etc respectively are among the top thirty coffee exporting companies.

1.2 Statement of the Problem

The development of the agricultural sector basically determines the speed of the economic development of the nation. The performance of the other economic sectors depend upon the results attained in the agricultural sector, as agriculture provides food energy, foreign income and employment for the most of the rural and urban population. Coffee export is the most important activity in the achievement of foreign currency for the country.

Even if abundant studies were undertaken throughout the world, mainly in the context of advanced economy, to investigate the correlation between CSR and financial performance, the studies came up with conflicting results (Dakito, 2017). Some studies show a positive relationship between CSR practices and firm organizational performance (Waddock & Graves, 1997 and Cheruiyot, 2010) while some of the studies shows negative relationship (Cordeiro & Sarkis, 1997; Wagner, 2002) and still others showing that there is no relationship between the two variables (McWilliams & Siegel, 2000; Aragon & Lopez, 2007) as cited by Lidiya (2021).

In technologically advanced and globally competitive world, CSR has been recognized as a weapon to survive. But it has been little studied in Ethiopian coffee exporting companies and it was unclear how the coffee exporting firms engaged in social responsibility. So, undertaking this study is important to examine the real effect of CSR oriented practices such as community, customer, supplier and regulatory relation on organizational performance of selected coffee exporting companies to motivate coffee exporting firm's involvement in the activities and contribute to the shortage of available literature in the case of Ethiopian coffee export sector.

In Ethiopia, the concept of corporate social responsibility is not well developed (Yohannes, 2014; Ezana, 2014; Dakito, 2017; Fentaye, 2018; Bereket, 2020 and Lidiya, 2021). There might be a few companies that include CSR practices in their business operations. But either their practice or the impact it has on their financial performance is little researched specially in import and export firms. Moreover, the practice is limited to a particular industry that is regulated by the government. For instance, a manufacturing firm may be forced to recycle its waste by the government regulation that either encourages or enforces businesses to operate in a socially responsible manner. But most business organizations are committed to environmental protection and engage in social welfare.

Most studies in Ethiopia have shown that there is a close relationship between CSR practices and firm's organizational performance. However, these studies have failed to tell how a firm's organizational performance would improve on investing on CSR practices. The study intended to address the current gap in the understanding of issues related to social responsibility by the various stakeholders of coffee exporting firms. The findings of the research would fill up the knowledge gap regarding CSR from this part of the world. As revealed by Yohannes (2014), the researcher was not able to find many studies regarding CSR in this context of coffee exporting firms. Hence this study will be a contribution to the theory and practice of CSR.

1.3 Objective of the Study

1.3.1 General Objective

The main objective of the study is to determine the effect of corporate social responsibility practices on organizational performance of coffee exporting sector in Ethiopia.

1.3.2 Specific Objectives:

The specific objectives of the study are:

1. To examine the effect of corporate social responsibility measured by community-oriented practices on organizational performance of the coffee exporting firms
2. To assess the effect of corporate social responsibility measured by customer-oriented practices on organizational performance of the coffee exporting companies.
3. To analyze the effect of corporate social responsibility measured by supplier-oriented practices on organizational performance of the coffee exporting firms.
4. To examine the effect of corporate social responsibility measured by regulatory-oriented practices on organizational performance of the coffee exporting firms.

1.4 The Research Hypotheses

Among all others, stakeholders' theory of CSR is in line with the research topic of this research paper, and it has served as the basis to form the following research hypotheses. These hypotheses are:

H₁: There is a positive and significant relationship between corporate social responsibility practices and organizational performance.

H₂: There is a positive and significant relationship between customers oriented corporate social responsibility practices and organizational performance.

H₃: There is a positive and significant association between suppliers oriented corporate social responsibility practices and organizational performance.

H₄: There is a positive and significant relationship between community oriented corporate social responsibility practices and organizational performance.

H₅: There is a positive and significant association between regulatory oriented corporate social responsibility practices and organizational performance.

1.5 Significance of the Study

This study has shown the significance of corporate social responsibility impacts on the organizational performance of the firms basically through customers, suppliers, community and

regulatory oriented practices. The study helps policy makers to set rules and regulations and terms and conditions to enforce firms to consider CSR as one of their obligations.

This paper serves as an added contribution to the prevailing descriptions of different authors that has discussed troubles on company social obligation as it goes in addition to take a look at how various factors that surrounding corporate social responsibility, how it affect firms' performance and it's far going to be beneficial for managers in making competent economic decision, business stakeholder, governments', companies and a few different interested bodies to make bigger their information on the research topic. The most important intention of this paper is to study the effect of corporate social responsibility practices at the performance of coffee exporting firms in Ethiopia.

1.6 Scope of the Study

This study did not research deep insight by approaching every coffee exporting firm's customers, suppliers, the community and the regulatory bodies due to time, distance and the related costs. The focus of the study has also delimited to the data obtained from the top fifty selected coffee exporting companies in Addis Ababa, Ethiopia by using rated questionnaires.

The scope of the study has also covered the effects of corporate social responsibility practices in coffee exporting firms to their organizational performance. Many researchers show their effort to examine the relationship between corporate social responsibility practices and financial performance of financial institutions. This study was merely intended to investigate, how the framework of the four variables of corporate social responsibility such as customers, suppliers, community and regulatory oriented practices affect the organizational performance of coffee exporting companies.

1.7 Limitation of the Study

Limitation of the study are due to difficulty of CSR measurement and unavailability of many similar literatures for impact of corporate social responsibility practices on organizational performance in the Ethiopian, especially on the coffee exporting sector. This in effect forced most references to be from other studies undertaken outside of Ethiopia. In addition, sufficient data regarding CSR practices is not available as most coffee exporting companies don't involve widely in the area. It was a cross-sectional data used in the research. However, longitudinal data may give

more clearer picture of the relationship between CSR practices and performance of the organization.

The scope of the study is also limited to 50 coffee exporting companies based in Addis Ababa. The research is based on just four external variables (Customer, Supplier, Community and Regulatory Authority) among others to measure the effects of CSR Practices on the performance of the researched companies. It is however believed that using more variables including the internal ones would give a better understanding of the relationship between CSR and organizational performances.

1.8 Organization of the Study

The organization of this thesis paper was contained five main chapters.

The first chapter, which is the introductory section of the research paper, is where the researcher gives a brief introduction and an initial overview of the whole work on the research topic. This chapter has consisted of background of the study, statement of the problem, objective of the study, significance of the study, research hypothesis, scope and limitation of the study.

The second chapter dealt with review of related literature. It has provided theoretical foundation of the study through exploring the arguments of different theoretical perspectives and empirical evidences on corporate social responsibility practices (community, customers, suppliers and regulatory related practices) effect on the organizational performance of coffee exporting firms and at the end set conceptual framework of the study.

The third chapter involves the research methodology which discusses and describes the research design and the research activities that the researcher has undertaken. The research methodology included research design, population and sampling techniques, types and sources of data, data collection procedures, methods of data analysis, reliability and validity of the study.

The fourth chapter is about data analysis and research findings where the researcher presented and analyzed the results of the questionnaire using appropriate statistical tools for discussion and interpretation in order to get good understanding about the research issue.

The last chapter (chapter five) contains summary, conclusion and recommendations which summarizes the research findings, draws conclusion from the research study and explaining limitations and further recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter focuses on a review of relevant literature about the underlying concepts and theory to the study as well as the development of a conceptual framework for the study. In line with the objectives of the study, the chapter covers topics related to corporate social responsibility and the effect of corporate social responsibility practices associated with firm's organizational performance. The theoretical framework for corporate social responsibility is clearly set up discussing all the important factors related to corporate social responsibility practices. The purpose of this part of the research work is to set up a foundation for the theoretical frame of corporate social responsibility concepts. Moreover, it also presents the findings of previous researchers work and different author's ideas that puts ground particularly for the analysis and interpretation of the data to make recommendation based on the effect of corporate social responsibility practices on the organizational performance of coffee exporting companies.

Finally, it sets conceptual framework of the study that what the researcher wants to work on.

2.1 Theoretical Review of Related Literature

2.1.1 The Concept of Corporate Social Responsibility

Though the root of the concept that we know today as corporate social responsibility have a long and wide-ranging history which is mostly a product of the 20th century especially from the early 1950s up to the present time. In spite of its recent growth and popularity, the concept of corporate social responsibility was derived from the perspective of social responsibility which the community expects from the organizations and one can trace for centuries evidence of the business community's concern for the society (Odinka, 2019). According to Odinka et al., (2019), corporate social responsibility was emerged in the United States of America as a social and political reaction to the rapid growth of capitalism during the 30years following America civil war. The American government assumed responsibility for correcting the social behavior of big corporations as early as 1890s and passed laws on child labor, safety at industrial sites and on worker's rights to form trust.

Carroll (2008) revealed that, the period after World War II and the 1950's can be considered as a time of adaptation and changing attitudes towards the conversation of corporate social responsibility, but also a time where there were few corporate actions going beyond philanthropic

activities. Perhaps the most notable occasion of the changing attitude towards corporate behavior came from Bowen (1953), who believed that the large corporations of the time concentrated great power and that their actions had a tangible impact on society and as such there was a need for changing their decision making to include considerations of their impact. As a result of his belief, he set forth the idea of defining a specific set of principles for corporations to fulfill their social responsibilities. For him, the businessman's decisions and actions affect their stakeholders, employees, and customers having a direct impact on the quality of life of society as a whole (Bowen 1953) as cited by Mauricio et al (2019).

Carroll (2015) viewed that, the 1990's were no exception to the growing interest in corporate social responsibility and in fact, it was during this decade that the concept gained international appeal maybe as the result of the international approach to sustainable development of the time in combination to the globalization process taking place. For these global corporations' new opportunities that came along with a rising global competition for new markets, an increased reputational risk due to a growth in global visibility and conflicting pressures, demands and expectations from the home and the host countries. As mentioned by Carroll et al., (2015), the globalization process of the 1990's increased the global reach of multinational corporations and capitalism expanded rapidly, which meant that corporations began having concerns with regards to competitiveness, reputation, global visibility and an expanded network of stakeholders.

Mauricio, Lara and Davidsdottir, (2019) explained in their work the history and evolution of corporate social responsibility, the decade of the 2000's is classified into two sections due to the number of relevant events around corporate social responsibility. The first section is focused on the recognition and expansion of corporate social responsibility and its implementation, while the second section is focused on the strategic approach to corporate social responsibility provided by the academic publications of the time.

The global recognition of corporate social responsibility has also been influenced by international certifications designed to address social responsibility. Such exists the case of the ISO 26000 which history can be traced to 2002 when the Committee on Consumer Policy of the International Organization for Standardization (ISO) proposed the creation of corporate social responsibility guidelines to complement the quality and environmental management standards (ISO 9001 and ISO 14001) (Carroll, 2015). Recently, the development of the ISO 26000 is of relevance for the

corporate social responsibility movement because not only it serves as a guideline for the way in which businesses can operate in a socially responsible way but also they set corporate social responsibility as firm's strategic approach to the community locally and globally in order to attain competitive advantage (Mauricio et al., 2019).

The concept of corporate social responsibility has changed today to being more relevant in the decision making of corporations, due to factors such as information development that has made the stakeholders more aware of how the corporation behaves and takes responsibility. This in turn is what creates wealth for the corporation and therefore is a part of the corporate strategy, which does not totally contradict the fact of profit maximization. In fact corporate social responsibility is a significant part of profit maximization in the long run (Mohammad, 2009).

Today, more and more companies are realizing that in order to stay productive, competitive, and relevant in a rapidly changing business world, they have to become socially responsible. In the last decade, globalization has blurred national borders and technology has accelerated time and masked distance. Given this sea change in the corporate environment, companies want to increase their ability to manage their profits and risks, and to protect the reputation of their brands. Because of globalization, there is also aggressive competition for skilled employees, investors, and consumer loyalty. How a company relates with its workers, its host communities, and the marketplace can greatly contribute to the sustainability of its business success (Carroll, 2015).

2.1.2 Definition of Corporate Social Responsibility

While there is no universal definition of corporate social responsibility, it generally refers to transparent business activities that are based on ethical values, compliance with legal requirements and respect for people, communities and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on the local people and the world. "People" constitute the company's stakeholders, employees, customers, business partners, investors, suppliers and vendors, the government and the community. Increasingly, stakeholders expect that companies should be more environmentally and socially responsible in conducting their business.

According to Ezekiel (2013), corporate social responsibility is a business philosophy attaining popularity in 21st century. Corporate social responsibility policy is aimed at constructing selfregulatory mechanism that empowers the business to monitor and ensure efficient complains

with the essence of law, international norms and ethical values. Corporate social responsibility is the managerial obligation to take action that protects and improves both the welfare of the community as a whole and the interests of the organization.

The concept of corporate social responsibility was originated in 1953 after the publication of Bowen's book, "Social Responsibilities of Businessmen" who is considered to be the father of corporate social responsibility since his definition is considered to be the first definition of corporate social responsibility. According to Bowen, corporate social responsibility is the obligation of the businessman to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives and images of our society (Carroll, 1999) as cited by Kebede (2020).

Laxmi (2020) revealed that, as a system of self-regulation, corporate social responsibility is an integral aspect of a business model. A socially accountable organization tracks and maintains its energetic promotion of legislation, ethical values and international standards. The coordination of corporate social responsibility confirms that an organization is responsible and that its environmental effects, consumers, employees, communities and other stakeholders are promoted and promoted

In the business community, corporate social responsibility is alternatively referred to as corporate citizenship, which essentially means that a company should be a good neighbor within its host community (USAID, 2002). Hence, there is no true definition of corporate social responsibility. The definition of the notion varies and different papers and textbooks define it differently, depending on the time the literatures were written and the ideological belief behind it (Mohammad et al., 2009). Hence, corporate social responsibility definitions, theories and models were investigated by many scholars differently.

The International Organization for Standardization's Guidance Standard on Social Responsibility ISO 26000 (2010) defines Corporate Social Responsibility as "the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including the welfare of the society takes into account the expectations of stakeholders, is in compliance with applicable law and consistent with international norms of behavior, and is integrated throughout the organization and practiced in its relationships."

European Commission (2001) argued corporate social responsibility as a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders voluntarily that include Philanthropy action toward the environment, social causes and their communities.

Safarzad (2017) defines corporate social responsibility concept as a legal requirement for a company which includes continued commitment toward the community. He added that the main goal of a company is to increase the efficiency and productivity of its operations and to maximize its shareholders' profit. But all this must be done by integrating the community ethical and environmental expectations into the company economic processes.

According to David and Guler (2008), the broadest definition of corporate social responsibility is concerned with what is or should be the relationship between global corporations, governments of countries and individual citizens. He also expressed that more locally the definition is concerned with the relationship between a corporation and the local society in which it resides or operates. Additionally, the definition is concerned with the relationship between a corporation and its stakeholders.

Jamali and Mirshak (2006) define corporate social responsibility as a set of management practices that ensures the company maximizes the positive impacts of its operations on society. McWilliams and Siegel (2001) define corporate social responsibility practice as operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business. They explained in detail in their study, corporate social responsibility practice affects firms in many positive ways because through the activities the firms undertake, they are able to be known more and may grow in future. Stakeholders can help make or bring down a firm and therefore the need for firms to consider stakeholder's interest as they make strategies to achieve the firm's goals. Hence, the firm should then come up with various corporate social responsibility practices (activities) that meet the expectations of the various stakeholders depending on their influence and capacity.

2.1.3 Theories of Corporate Social Responsibility

There are several theories advanced by different scholars to explain the relationship between corporate social responsibility and financial performance of firms. According to Lumen learning, there have also been various theoretical arguments that are for and against corporate social responsibility regarding why firms engage in them. There are two views in favor of and against

corporate social responsibility. Advocators of corporate social responsibility argue that socially responsible practices can have a positive impact since some evidence links corporate social responsibility to financial performance as well as non-financial rewards, while some critics see corporate social responsibility as unrelated to the primary aim of business making profit for its shareholders (Dakito, 2017; Lidiya, 2021; Robel, 2022).

2.1.3.1 Stakeholders Theory

Stakeholder theory is one of the most widely used theories by corporate social responsibility scholars. This theory was advocated by Freeman and Reed (1983). According to this theory, business must satisfy a number of constituents, including employees, customers, local community, organizations and governments, who can influence company outcomes (McWilliams, Siegel and Wright, 2006). As indicated by Ogden & Watson, (1999) the theory maintains that apart from trying to maximize returns for their shareholders, corporations need to take into account other non-financial groups because the returns from such behavior may be significant. Furthermore, the theory suggests that by applying a series of corporate social responsibility policies for satisfying non-financial constituencies the firm gains the acceptance and support of these constituencies and thus can continue its operations without facing any resistance.

According to Yang and Zhou (2001), stakeholder theory broadens people's understanding of corporate social responsibility. The most important thing is that the company should take multiple corporate social responsibilities. Recently, more and more companies take corporate social responsibility actively and consider the interest of stakeholders from the strategic perspective. These stakeholders may include shareholders, managers, employees, creditors, suppliers, retailers, consumers, government, and the community.

A study by Van der Laan (2008) argued that, stakeholders are concerned more about the interest of corporate, which reduces the cost of opportunism behaviors, incentives and supervision. Meanwhile, the stakeholder mode provides an invisible contract between company and employees, suppliers and community. Therefore, the interest of stakeholders is protected invisibly by the company, which encourages stakeholders to input more specialized asset without fearing of being extorted when they cooperate with the company.

Jacob, (2013) mentioned that, adopting the corporate social responsibility principles involves costs. These costs might be short term in nature or continuous outflows. Since being socially

responsible comprises costs, it should generate benefits as well in order to be a sustainable business practice. The shareholders invest their money in a corporation, expecting the highest possible risk adjusted return. Therefore, being socially responsible should have bottom-line benefits in order to be sustainable. A corporation could not continue a policy that constantly generates negative cash flows. These factors will help a company build stable collaboration with stakeholders, which will greatly reduce the transaction cost.

2.1.3.2 Shareholders Theory

Cheers (2011) argued that, Milton Friedman was a proponent of this theory and he revealed that involving on flexible social investments was improper for companies, the goal of an organization is to generate return to shareholders and when involving on external social responsibilities the corporation is diverted from its sole purpose. As stated by Smith (2003), Friedman wrote as there is one and just one social responsibility of business which is to use its resource and employ activities designed to increase its profits as long as it engages in open and free competition without cheating or fraud. (Aupperle et al., 1985; Reinhardt and Stavins, 2010) as cited by Lidiya (2021) said that corporate social responsibility engagement is seen as a competitive disadvantage, the reason the author mentioned is that incurring costs can negatively impact product prices, employee wages, corporate profits and dividends.

Harrison (2015) viewed that, shareholders theory is very criticized by the advocates of the stakeholder theory and they argue that it's morally imperative a business takes into account all of the people who are impacted by its decisions. Furthermore, Graves (2001) mentioned that, just like shareholders invest their money in enterprises, employees invest their time and intellectual capital, customers invest their trust and repeated business and communities provide infrastructure and education for future employees. So, considering the interests of both internal and external stakeholders is helpful to the company.

As indicated by Niresh and Silvia (2018), the business paradigm has changed from maximization of shareholders' wealth to maximization of stakeholders' wealth in the present period. Since, it is the responsibility of all the organizations, regardless of the character of their business to practice corporate social responsibility; it is the key to keep their business viable and sustainable for long.

Similarly, Lee & Thao (2019) explained that, the Economic Agency Theory perceives corporate social responsibility as a tool for wealth creation and social initiative are only methods to attain the desired economic outcomes.

2.1.3.3 Corporate Social Performance Theory

As explained by Bowen (1953), social responsibility of businessmen refers to the obligation of businessmen to pursue those policies, to make decision or to follow those lines of action which are desirable to society. Mele (2006) explained that, in the 1970s new directions appeared in the field of society and business relationship as a result of increased protests about capitalism and business growing social concerns that led to increased government regulations, procedures and formal requirements. He also described that, one of the requirements was the adaptation of corporate behavior to social needs and demands including being proactive.

Carroll (1979) introduced the concept of corporate social performance and later Wartick and Cochran in 1985 extended Carroll's approach suggesting corporate social involvement rests on the principles of social responsibility, proves of social responsiveness and policy issues of management. Wood in 1991 gave the basic model of corporate social performance which includes institutional, organizational and individual corporate social responsibility as the process of corporate social responsiveness and outcomes of corporate behavior.

Oyenje (2012) summarized that, when it applies to the institution it is known as the principle of legitimacy which states that society grants legitimacy and power to business and that those who don't use it well tend to lose it. Under the organization corporate social responsibility, a business should obey to the standards of performance, law and existing public policy. Individual corporate social responsibility has to do with the managers exercising freedom of choice in their decision making to ensure socially responsible outcomes. Firms hence need to be more preemptive in publishing reports on their economic, social and environmental performance for their corporate social responsibility activities to be known.

2.1.3.4 Integrative Theory

Garriga & Mele, (2004) revealed that for survival, stability and development or growth of a company, they are dependent on civilization, and the social demands are therefore incorporated in it. They also mentioned that, the theory looks at how businesses integrate social demands and arguing that businesses depend on society for their existence, continuity, and growth. Accordingly, the theory states that the main aim of organizations should be focused on the satisfaction of the

requirements of the society. This theory further delineates that firms should focus on the detection and scanning of and response to, the social demands that achieve social legitimacy, greater social acceptance and admiration.

2.1.4 Principles for Integrating CSR into Organizational Culture

Fundamentally, three principles of corporate social responsibility have been identified and these can be used to integrate corporate social responsibility into an organizational culture. These principles include sustainability, accountability and transparency, and many organizations consider these principles as part of their core values (Katamba, David, Christoph and Charles, 2012).

2.1.4.1 Sustainability

Sustainability refers to the ability of the corporation to continue sustaining its operations given the scarcity of resources. Some corporations use resources in their processes, especially the natural resources which can become depleted and make it difficult to sustain the operations. In such cases, corporations are urged to use resources sparingly and engage in practices which are designed to renew the source base, such as the planting of trees and forests. Where possible, such businesses should prioritize their renewable resources. Some corporations have to spend more money on research and development to finding methods of conserving and developing alternative sources. One example is organizations with a corporate social responsibility fund where employees are convinced and willing contribute to it, or where the organization recruits partners who contribute resources that the particular organization cannot raise independently. The endeavor must remain a lifetime policy if the organization is to survive over the long term (Katamba, et al., 2012).

2.1.4.2. Accountability

Accountability is concerned with the recognition that the company's actions affect the external environment. Thus it should act responsibly (i.e., that it should engage in activities which are environmentally friendly). It is supposed to report to stakeholders those actions which have a potential to affect the environment and the actions proposed to mitigate or to minimize such impacts. In many countries, national governments have legislated laws designed to ensure the wellbeing of the environment. In Ethiopia the government enacted an environment regulation through which the National Environment Protection Authority was created. This is a national body which regulates and approves projects after ensuring that they are either environmentally friendly or the mitigation measures are incorporated in the project designs (Christoph, et al., 2012).

2.1.4.3. Transparency

The Transparency principle, in the context of corporate social responsibility, means that the external impact of the actions of the organization can be ascertained from that organization's reporting and relevant facts are not disguised within that reporting. Business or management must be aware that all stakeholders, including those external to the organization, are entitled to know through reports all the effects of the organizations acts and transactions, especially as it affects them and the environment (Crowther and Aras, 2008). For instance, external stakeholders will want to know what the business has done to reduce adverse impacts from its operations. This requires the timely filing of impact reports, with any relevant shortcomings shown. This final principle naturally emanates from the other two. For instance, it clearly emanates from the accountability principle that management must realize accountability to the general population for their actions (Katamba, et al., 2012).

2.1.5 Stakeholders of Corporate Social Responsibility

According to Buchholtz and Carroll (2008), stake is an interest in or share in an undertaking in a small group of friends who have out for a dinner or launch each of them has an interest or stake in group's decision. No money would be spent yet until each of the group conveys their own stake or interest in terms of choosing and preferring what would be taken.

In lines, as indicated by Buchholtz and Carroll (2008) then stakeholder is an individual or a group that has one or more of various kinds of stakes in an organization. Just as stakeholders may be affected by the decision, action, policies or practices of the business firm, these stakeholders also may affect the decision, actions, policies or practices of the business firm. Consequently, there is two-way interaction or exchange of interaction between stakeholders and business organization.

Accordingly, in today's global business environment, there are many individuals and groups who can be considered as business stakeholders. On one hand there are individuals and groups who have legitimate direct claim or interest in the eyes of management and on the other hand there are also a significant number of individuals and groups who are indirectly have interest on the DuPont, stated. We have traditionally defined four stakeholder groups important to DuPont such as shareholders, customers, employees, and society.

As per Buchholtz and Carroll (2008), the most influential stakeholders are considered as primary stakeholders who have a direct stake in the organization and its success which includes shareholders and investors, employees and managers, customers and other partners (suppliers).

The next influential stakeholders are considered as secondary stakeholders, especially in affecting reputation and public standing, but their stake in the organization is more indirect which includes government and regulators, civic institutions, social pressure groups, media and academic commentators, trade bodies and competitors. Hence, the main point that should not be ignored here is that the secondary stakeholders can quickly become key ones. This often occurs by way of media or special interest group takes precedence over the other claims. Thus it is useful to comprehend both primary and secondary class of stakeholders while making a decision in the organization (Ezana, 2014).

2.1.5.1 Community Oriented Corporate Social Responsibility Practice

Issues related to economic development are often the primary area of interest for companies' surrounding community in which organizations are emerged inside it. They might have an impact on local, regional, national and global communities where the business is established. Companies might bring opportunities for the local communities. They may engage on the construction of infrastructures to change the lifestyle of the community. Besides to this, their involvement might be seen on different social affairs. They might be also a source of employment for the locals (Robel, 2022).

In the other context since companies established inside the community, they might have negative externalities for them. The local community may also have concerns about the impact of companies' operations on culture. Such impacts can result from the development of new products or services, or from generation of domestic migration. Good companies are expected to build good relationships with local communities. When making plans and activities, the organizations should take into account its impacts on communities. There is a program or projects and activities that are appropriate to the organization and the needs of the community. Therefore, companies practiced community related corporate social responsibility activities to compensate the damage which will help firms to create common values and earn societal acceptance (Gezahegn, 2020).

The stakeholder theory can be used as a base to analyze those groups of the community to whom the firm should be responsible which is the fundamental component of CSR practices. As mentioned by Yohannes, (2014), at the very least, there is growing view that business is part of the larger society and, therefore, it has responsibilities other than simply maximizing profits. Stakeholders include managers, suppliers, employees, financiers, stockholders, and local communities; and businesses shall be managed in consideration of the interests of its stakeholders.

As cited by Yohannes (2014), Wilmshurst and Frost (2000:11) mentioned that legitimacy theory implies that organizations continually seek to ensure that their activities are acceptable to the society. Since an organization relies on societal resources that can be put into alternative uses, society evaluates the usefulness and legitimacy of the organization's activities and hence the need to practice such activities with the sole purpose of enhancing its legitimacy. Therefore, if companies ignore societal problems, it might be self-destructive for the organizations in the long run. Therefore, organizations are committed to fulfilling their legal responsibilities and ethical responsibilities at the level of society is crucial for their performance.

Accordingly, integrative theory, the main aim of organizations should be focused on the satisfaction of the requirements of the society. This theory further delineates that firms should focus on the detection and scanning of and response to, the social demands that achieve social legitimacy, greater social acceptance and admiration.

2.1.5.2 Customers Oriented Corporate Social Responsibility Practice

Corporate social responsibility initiatives contribute much to strengthening a firms' competitive advantage through enhancing its relationships with its customers. Customers are one of the fundamental stakeholders of firms. Since they are the users of the firm's output, it needs great attention to attract and make loyal them to the company. Customer value can increase by corporate social responsibility activities, or it may develop new sources of customer value, as a result organizations can gain a competitive advantage. Therefore, companies give high attention on the provision of quality products to their customers (Robel, 2022 and Gezahegn, 2020).

Shareholders theory states that, there is one and just one social responsibility of business which is to use its resource and employ activities designed to increase its profits as long as it engages in open and free competition without cheating or fraud in fulfilling their customer requirements. The customer-oriented CSR practices can be supported by stakeholders and shareholders theory of corporate social responsibility.

2.1.5.3 Suppliers Oriented Corporate Social Responsibility Practice

Import and Export firms are highly concerned on the selection of vendors in their supply chain management. To gain competitive advantage and beat the market competition the supply side has significant role for firms. Hence, the social, economic, and environmental aspect would be seen in the entire supplier chain process. As a result, import-export companies should take into

consideration about sustainability of suppliers in favor of quality. When selecting suppliers, the other important concern is the protection of human rights by the suppliers. Therefore, since suppliers are an integral part of the business process and impacts the entire operations companies have to take suppliers in account (Robel, 2022).

The shareholders theory focuses not only on the society and customer relationship but also it emphasizes on supplier-oriented CSR practices. According to this theory, business must satisfy a number of constituents, including employees, customers, local community, organizations and governments, who can influence company outcomes. The stakeholder mode provides an invisible contract between company and employees, suppliers and community. Therefore, the interest of stakeholders is protected invisibly by the company, which encourages stakeholders to input more specialized asset without fearing of being extorted when they cooperate with the company.

2.1.5.4 Regulatory Oriented Corporate Social Responsibility Practice

In general terms, any government has a responsibility to protect its people, natural and overall resources of the country. Government is a body which makes the business constructive by establishing and enforcing laws and regulations. In the operation process business firms have to go in line with the established laws and regulations. Regulatory bodies are interested in the way in which enterprises assume responsibilities toward society in the voluntary initiatives of firms in this field and in the effect of firm's social engagement. These regulatory bodies need such information to help them formulate social and economic policies, as well as to help identify gaps in regulation and enforcement.

Responsibility to the regulatory body is also mainly in the dimension of social responsibilities. The company should be governed by laws and administrative rules and regulations and subject itself to the supervision of the government and must submit fiscal reports and statements as required and accept observation by finance and tax authority (Gezahegn, 2020). But, the major problems and challenges for governmental agencies in promoting a corporate social responsibility agenda is to identify priorities, increase awareness, create incentives and support, and mobilize resources from cross sectorial collaboration that are meaningful in the national context, as well as building on existing initiatives and capacities (Fantaye, 2018).

Even though there is no a strong legal framework for CSR in some countries, companies can implement CSR for reasons other than government requirements. In motivational theory of CSR,

Graafland & Mazereeuw (2012) identified three motives for CSR, the first one is financial motive as an extrinsic driver and the second one is ethical and the third is altruistic; the latter two are considered as intrinsic motives. Based on this basis, the regulatory oriented CSR practices can be supported by the motivational theory of CSR.

2.1.6 The Benefits of Corporate Social Responsibility

In today's business climate, it is not enough for companies to produce quality products at reasonable prices. The benefits of corporate social responsibility can be both internal and external with respect to the firm. Internal benefits advance the culture within the organization while external aspects improve how the community generally perceives the firm (Branco and Rodrigues, 2006) as explained by Ronald (2021) in his work. Customers and employees alike expect companies they do business with to use their resources and influence to bring positive change to the world. In fact a 2020 study by Porter Novell found that 88% of employees believe that it is no longer acceptable for a company to solely focus on making profit, it must also positively impact society.

As mentioned by Porter and Kramer (2002), proper implementation of social responsibility activities has multi-dimensional advantages for a business in ensuring its sustainability, profitability, gaining good reputation, developing its goodwill and beat competitions in the global market in which it is engaged in. Corporations can use their corporate social responsibility efforts to improve their competitive position. Corporate social responsibility influences the performance of organizations. Corporate social responsibility offers an opportunity to establish a good corporate image, better reputation for organizations which facilities in the long-term to increase returns and long term profitability.

According to Williams and Siegel (2000), in emphasizing the significance of corporate social responsibility activities for business performance, implementing corporate social responsibility practices effectively can help firms to create a reputation that a firm is reliable and honest, and some consumers may assume that the products of a reliable and honest firm will be of high quality. Advertising these activities provides information about corporate social responsibility attributes may be used to create a reputation for quality or reliability or honesty-all attributes that are important, but may be difficult for consumers to determine. Such advertising makes consumers aware of product quality and other features differentiation based on corporate social responsibility characteristics.

Nazari, Parvizi, & Emami (2012) clarify that corporate social responsibility has been one of the leading topics at recent World Economic Forum meetings. A report from the World Economic Forum (2011-2012) observed that the three key pressures of corporate competitiveness, corporate governance and corporate citizenship, and the linkages between them, will play an essential role in shaping the platform for business leaders in the coming decade.

Accordingly, at firm level, a business properly discharging its corporate social responsibility necessities will be stable in its business operations, increase its productivity, undertake secured business operations and minimize costs by being preemptive in implementation of corporate social responsibility activities (Worku, 2017). The study done by Bichta, (2003) describes that, activities conducted at the national and international level, suggest an extensive appropriate corporate social responsibility role played by government, industry, civil society and nongovernmental organizations (NGOs) with respect to the natural environment, social development and social inclusion have a significant contribution for overall society wellbeing, development and sustainability.

2.1.7 Corporate Social Responsibility and Organizational Performance

Maldonado, Pinzon and Lopez, (2016) revealed on their work that, as of the evolution of corporate social responsibility, various theoretical and empirical research works analyzed and discussed the existing relationship between corporate social responsibility and company performance which have been published. In sum, in the theoretical literature, there exist three main approaches regarding to the relationship between corporate social responsibility and business performance, which can be characterized as negative, neutral and positive approaches.

Rasheed (2022) on his work a theory of dual responsibility argued that some managers perceive corporate social responsibility as resources or capabilities that can contribute to a sustainability driven competitive advantage. A wide variety of mechanisms such as enhanced company reputation, increased innovation capabilities, customer loyalty and customer satisfaction could help improve financial performance. Company's corporate social responsibility activities have positive effect on firms' performance and the impact of corporate social responsibility on performance is stronger for companies with higher level of research and development (R&D) capability and operational competency.

Some researchers advocating the negative relationship that states the implementation costs of corporate social responsibility are too high compared with the results obtained (Lopez, Garcia and Rodriguez, 2007). Other group of authors argues that the relationship between corporate social responsibility and company performance is rather insignificant on the basis that it is not clear whether this relationship exists at all or not (Garcia, Arino and Canela, 2010). Still, the majority of the researchers define that the adoption of corporate social responsibility activities carried out by companies allows them to increase their level of performance (Callan and Thomas, 2009; Mishra and Suar, 2010; Howton, Doh and Siegel, 2010). They admit that there is a delicate interaction among different factors.

2.1.8 Organizational Performance Measurements

As Adamu (2020) revealed, organizational performance has been defined in a different way by different intellectuals but some of them are in agreement that organizational performance describes the achievement of established goals. Organizational performance is the organization's ability to attain its goals by using resources in an efficient and effective method. Performance relates to the ability to attain goals or a specific mission (Jacobs et al., 2009).

Organizational performance is measured by how an organization realizes its objectives, including increasing productivity and reduction of inventory in the short-run and increasing market share in the longer duration. Organizational performance is compared to performance of other organizations in the same industry. Organizational performance should be measured under various perspectives; these include quality, efficiency, productivity, profitability and sustainability (Thomas, 2017).

According to Fleisher (2003) performance measurement is virtually always important in management, especially in highly competitive, dynamic, complex and global environments where managers are expected to have a strong understanding on dozens of issues. Measurement is the process of assigning a specific quantitative or numerical indicator to an activity or process. Seang (2003) theoretically defines performance measurement as the process of determining how successful organizations or individuals have been in attaining their objectives. It is an appropriate description which most organizations could generally accept. Performance measurement is the process of developing measurable or quantitative indicators tracked systematically to assess progress made in achieving these goals. He also mentioned that company's performance

measurement system has a quantitative focus which is revisited periodically over a predetermined time.

Kotler and Lee (2005) viewed that the relationship between corporate sustainability and firm performance is not conclusive. Indeed, some scholars advocate a positive effect of corporate social responsibility on business performance, whereas other researchers stipulate that the relationship is rather negative or neutral. Advocates of the positive effects of corporate sustainability illustrate that corporate social responsibility enhances company value and image, which in turn improves financial performance in the long run. Indeed, social responsibility assists firms in improving their brand position, reputation, and image.

Many research studies have revealed a positive link between corporate social responsibility and organizational performance. According to Neely (2004), the organizational performance is the sum of all processes that will lead managers to taking appropriate actions in the present that will create a performing organization in the future (i.e., one that is effective and efficient). In other words, we define performance as doing today what will lead to measured value outcome tomorrow. As Niven (2006) despite the performance measures being used to determine whether organizations are complying with the objectives in accordance with the implementation of its strategy, there is no simple definition that can translate the power that performance measures even well-defined and well communicated, can have in an organization.

Organizational performance center on inputs (the effort put in) and outputs (the result of the effort put in). According to Stukhart (2007), performance is the sum of the effects of work, because they provide the strongest relationship with the organization's strategic objectives, the customer's satisfaction and the economic contributions. Florence (2018) asserted that performance refers to both behavior and results. Behaviors are therefore arising from the performer and turn the performance of an abstract concept into concrete action. Different measurements have been adopted by authors to determine organizational performance. Some of them are sales growth, export growth, revenue growth, market share and stock price (Jonathan, 2021).

Cross (2019) believed that the organizational performance consists in achieving the goals that were given in the joining together of enterprise orientations. Performance is seen as a state of the enterprise's competitiveness, reached by a level of effectiveness and efficiency that ensure sustainable market existence (Dagim, 2018). He also considered organizational performance as subjective and interpretative, not least, being related to the cost lines, which emphasizes the

ambiguous nature of the concept. Rolstadas (1998) also believed that the performance of an organizational system is a complex relationship involving seven performance criteria that must be followed: effectiveness, efficiency, quality, productivity, quality of work, innovation and profitability.

Organizational performance refers to ability of an organization to achieve planned objectives as high profit, quality products, large market shares, good financial results and existence at predetermined time using applicable strategy for implementation. Organizational performance can also be used to outlook how a company is doing in relations to level of profit, market share and product quality relative to other companies in the same industry. Consequently, it is a mirror image of productivity of members of an organization measured in terms of return/revenue, profit, growth, development and expansion of the organization. Traditionally, the measurement of a company's performance commonly employs the financial ratio method, since it provides a simple description about the organization's financial performance in comparison with prior periods and supports to improve its performance of management (Ronald, 2021).

2.1.9 Why Companies Engaged in Corporate Social Responsibility

Ezana (2014) indicates on his work that, there are a number of reasons why companies are engaging corporate social responsibility in their aspect of the modern business environment. The core contributor to the cause is that society's awareness on the subject and their demanding expectation enforces the business to integrate the corporate social responsibility into their daily practices. The following summary shows highpoints that weigh the reason of CSR in contemporary business entities. Companies are engaged in corporate social responsibility as a result of moral obligation, sustainability, license to operate and reputation.

Ezekiel, Edegoh and Anatsui (2013) demonstrate that, corporate social responsibility is one of the management strategies where organizations attempt to build a positive impact on the community while doing the business. Corporate social responsibility can be perceived as the economic, legal, ethical and discretionary expectations that the community has on the organizations at a given point in time. It is evident that organizations that value corporate social responsibility stand the chance of having the advantages of enhanced brand and reputation, reduced in operations costs, attracting new customers, balancing power with responsibility, promoting long run profitability, recognizing business moral obligations, improved relations with the investment society and healthier access to

capital, enhanced employee relations, productivity and innovation as well as having stronger relationships within the societies via stakeholder engagement.

Carlson and Akerstom (2008) has another view that they describe why companies participate in corporate social responsibility in order to achieve several benefits such as increased sales and market share, improved brand positioning, improved image and clout as well as increased ability to attract, motivate and retain employees.

2.2 Empirical Review

Previous studies done by different authors have common thoughts to make clear the relationship between the corporate social responsibility and the organizational performance of an organization even if there are differences and debates among them on the effect of corporate social responsibility practices association on firm's organizational performance. With regard to firm's corporate social responsibility practices, although corporate social responsibility has been argued to be good for businesses and society, there are contrary views from some interpreters and organizations. For instance, Broomhill (2007) perceives no positives in the argument and believes businesses only take corporate responsibility, especially philanthropy, in order to saturate public criticism, avoid calls for government regulation of their activities or reinforce their legitimacy.

Research conducted by Bhattacharya and Sen (2004) illustrates that, the high ranking of corporate social responsibility on research agenda as well as practitioner discussions is that, not only doing the right thing, but also leads to doing better. As a result, corporate social responsibility has moved from ideology to reality and many consider it as an absolute necessity that organizations define their roles in society and apply social, ethical, legal and responsible standards to their businesses.

The suggestion given by Carroll (2008) indicates the corporate social responsibility and community contributions reflect how a firm interacts with the physical environment and its ethical stance towards consumers and other external stakeholders. According to Post (2003), external corporate social responsibility relates to internal and external information sources including the media and personal experiences within the company which may be expected to base the opinion of their employees about these activities. Employees and managers have a greater stake in the success of the corporation than investors or owners because their jobs and economic livelihood are at stake. Branco and Rodrigues (2006) also suggest that corporate social responsibility disclosure

leads to important results in the creation or deletion of other basically intangible resources and may help to construct a positive image with employees and managers.

Moir (2001) shown that, the stakeholder theory of the firm can be used as a root to analyze the internal and external stakeholders to whom the firm should be responsible, and it is a fundamental element of corporate social responsibility. Gradually corporate boards of directors find themselves in a position to assess the impact of social issues on stakeholder value (Petersen and Vredenburg, 2009). Oketch (2004) also viewed that, at the very least, there is growing view in which a business is part of the broader society and hence, it has responsibilities other than simply maximizing profits.

Hassan and Ahmed (2011) conducted a study to find out the association between corporate social responsibility and financial performance in Bangladesh. They compared the financial performance of five socially responsible banks with the financial performance of twelve none socially responsible banks to illustrate the relationship between corporate social responsibility and corporate financial performance, in that the authors primarily ranked the level of corporate social responsibility of banks by measuring a corporate social performance in the long run.

Anyona (2005) conducted a study to determine the association that exists between corporate social responsibility and profitability of commercial banks in Kenya. He carried out a census survey of all the commercial banks and top managers at the various banks. The results displayed that the impact of social expenditure on profitability and financial position of banks is crucial in determining the amount to spend on these activities. Thus, the banks that spend more on social responsibility are those whose profitability is higher as compared to those who spend less and feel their profits are lower.

Imam (2000) revealed that, corporate social responsibility practices differ from country to country and between developed and developing countries. Egels (2005) expressed that, in the African context, corporate social responsibility has received much attention from the academic sector. Corporate social responsibility is a particularly observable issue among mining, oil and gas companies in Southern Africa, due to their potentially significant negative social and environmental impacts (Meridian Group International, 2006). In Sub-Saharan African countries, corporate social responsibility activities were initially philanthropic and mainly focused on

donations or voluntary contributions to communities in the areas of identifying needs such as education, healthcare, poverty alleviation, and community development. However, corporate social responsibility activities are now increasingly associated with core business focus on the one hand and societal superiorities on the other (Rampersad & Skinner, 2014).

In Ethiopia, the concept of corporate social responsibility is not well developed (Ezana, 2014; Dakito, 2017; Fentaye, 2018; Bereket, 2020 and Lidiya, 2021). There might be a few companies that include corporate social responsibility in their business operations. But either their practice or the impact it has on their financial performance is little researched specially in import and export firms. Moreover, the practice is limited to a particular industry that is regulated by the government. For instance, a manufacturing firm may be forced to recycle its waste by the government regulation that either encourages or enforces businesses to operate in a socially responsible manner. But most business organizations are committed to environmental protection and engage in social welfare.

Theoretically, corporate social responsibility is expected to improve a firm's organizational performance in the long run, implying a positive relationship between the corporate social responsibility participation of a company and its financial success Weber (2008) in Lidiya (2021). But, a study conducted by Dakito (2017) on the impact of corporate social responsibility on financial performance of commercial banks on the other hand indicated as there is no relationship between corporate social responsibility practices and firm's financial performance.

Mostly, various studies carried out on the impact of corporate social responsibility practices on the organizational and financial performance of manufacturing companies and financial sectors concluded that effective and efficient employment of corporate social responsibility is the key to sustainable growth of organizational performance and business success through effective implementation of community, customers, suppliers and regulatory body related corporate social responsibility practices in the long run rather than in the short run.

In general, studies undertaken by multiple researchers to determine the effect of corporate social responsibility on organizational performance resulted in different outcomes and this is mostly due to difference in measurement of variables. Other reason could be due to the difference in economic development that most studies done in developed countries have shown a positive impact where as in developing nations like Ethiopia which can be different due to lack of specific corporate social responsibility measurement or benchmark and the practice not being developed well enough

for it to have an impact on firm's organizational performance. Therefore, the study will focus on this knowledge gap noticed whether this relationship could occur positively or negatively on Ethiopian coffee export companies which is less studied comparatively.

Table 2.1: Other Summaries of Empirical Literatures

| Author/Year | Title | Method | Remarks/Findings |
|----------------------|---|--|--|
| Akeem T. O. (2022) | The Impact of Corporate social Responsibility on Organizational Performance: A Case of the Banking Sector in Nigeria | Descriptive statistics and correlational analysis | The study concluded that CSR was critical in banking organizational performance. |
| Sophia Ch. (2021) | The Impact of Corporate Social Responsibility on Organizational Performance | Regression, correlation, T-test and principal component analysis | The study revealed that a positive relationship between all CSR variables and the firm performance |
| Chebet R. G. (2018) | Effect of Corporate Social Responsibility on Organizational Performance: A case of Sony and Chemelil Sugar Factories, Kenya | Descriptive statistics, regression & correlation analysis | The study concluded that the implementation of CSR practices are very important & ensure companies' performance which in turn enhances service delivery to the organization, customers and its community. |
| Ezekiel O. A. (2022) | Corporate Social Responsibility and Organizational Performance | Descriptive statistics, regression & correlation analysis | The finding shows that CSR involvements is utilized as a strategic tool to improve a company's reputation, acceptance, goodwill, and stakeholders satisfaction; which all promote business financial and nonfinancial performance measures |
| Sammi I. (2017) | Analysis of the Impact of Corporate Social Responsibility on Organizational Performance | Descriptive & inferential analysis | The result revealed that the CSR practices have very crucial impact on the overall organizational performance |
| Laxmi K. P. (2020) | The Impact of Social Responsibility on Organizational Performance | Descriptive statistics and correlation | The study indicates that the financial performance of the business is the result of CSR |
| Ronald B. (2021) | Social Responsibility and Organizational Performance | Descriptive statistics and correlational analysis | The finding concludes that there is positive relationship between CSR practices and organizational performance that enhance organizational performance |

2.3 Conceptual Framework

After reviewing numerous empirical findings, the following conceptual framework is developed for this research. The conceptual framework of the research is developed by blending different factors from different writers. As it has been said above the stakeholder's theory, in which it is now described in the outer hemisphere of the below drawing, are customers, suppliers, community and regulator-oriented CSR practices were selected as independent variables to address the most target of the coffee exporting firms.

The responsibility of business through its owners or managers primarily is to produce and sell products that the global market wants and to sell them at fair prices. Prices that the market thinks represent the true value of the goods delivered and that provide business with profits adequate to ensure its survival and growth and to reward owners. While thinking economic responsibility, business employs many management concepts that are directed towards organizational effectiveness - attention to revenue, costs, investment, strategic decisions making, and focused on long term performance etc. of the organization. Therefore, owners should satisfy their own organizational interest as it is their primary reason for investment (Ezana, 2014)

Business is expected to comply with the laws and regulations promulgated by federal, state and local governments at the ground rules under which business must operate. Businesses are expected to pursue their economic missions with the framework of the law. Because laws are essential but not adequate, ethical responsibilities are needed to embrace those activities and practices that are expected or prohibited by society even though they are not codified into the law.

The conceptual framework on Fig below portrays the four components of CSR, beginning with the basic building block of the economic performance at the first. At the same time, business is expected to obey law, because law is society's codification of acceptable and unacceptable practices. In addition, there is business's responsibility to be ethical. At its most basic level, this is the obligation to do what is right, just and fair and to avoid or minimize harm to stakeholders (employee, suppliers, the community and others). Finally, business is expected to be good corporate citizen to fulfill its customer requirements responsibility. Hence, it sketches the link between corporate social responsibility practices and organizational performance of the selected coffee exporting companies. Hence, it provided a structured means for the study that identifies the significance between the independent and dependent variables (Ronald, 2021).

Fig. 2.1. Conceptual Framework of the Study (Own design)

| (Independent Variable) | (Dependent Variable) |
|--|--|
| <p style="text-align: center;">Corporate Social Responsibility Practices</p> <ul style="list-style-type: none"> ➤ Community Oriented CSR ➤ Customers Oriented CSR ➤ Suppliers Oriented CSR ➤ Regulatory Oriented CSR | <ul style="list-style-type: none"> ➤ Organizational Performance |

By choosing these four variables, the research paper will be focused on studying the external factors of CSR practices and their relationship with the organizational performance of the coffee exporting companies under the study. The original stakeholder’s theory comprises seven stakeholders (Freeman, 1984). These seven stakeholders are Customers, Suppliers, Government, Competitors, Shareholders, Civil Society and Employees. Since the focus of this research paper is to examine the effects of external CSR factors on the performance of the selected companies, four of these variables were used with slight modifications on their naming without affecting their meanings (government being regulatory authority and civil society being the community).

According to Donaldson T.& Preston L. E. (1995) as well, stakeholder theory emphasizes that managing relationships with stakeholders can significantly impact corporate performance. By considering the interests of diverse stakeholders, companies can enhance their long-term success and sustainability.

In summary, the stakeholder theory provides a holistic perspective on corporate governance, emphasizing the interconnectedness of various stakeholders and the ethical obligations of management.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter focused on a detailed discussion about the research design and methodology of the study on the effect of corporate social responsibility practices on organizational performance of coffee exporting firms. It explains the type of research strategy that the researcher adopted in the approach of data collection and the methodology used in conducting this research. Outlining a good research strategy will help the researcher to reach a fruitful conclusion. The chapter consisted of the description of the study area, research design, sources of data, population of the study, sample size and sampling techniques, data collection instruments, procedures of data collection methods, method of data analysis and presentation and at the end questionnaire validity and reliability test.

3.1. Description of the Study Area

This study covers fifty selected coffee exporting companies. According to the reports from Ethiopian Tea and Coffee Authority (2022), these fifty companies account 80% of the total coffee export of the country both in volume and revenue generated in USD during that period. Those fifty top selected coffee exporting companies in the country located in Addis Ababa, Ethiopia. For instance, Tracon Trading is the leading company in the area which is a family owned and managed business. The family has been in business for over 40 years with experience in export, import, retail and recent year in industrial farming. Tracon operates seven strategic main business units which interlocks and support each division ([https://: www.tracontrading.com](https://www.tracontrading.com)).

Hadeed Trading PLC is a company established in the year 2003 in Addis Ababa, Ethiopia which is involved in manufacturing, export, import and distribution of different types of products. Hadeed Trading PLC entered the manufacturing sector by opening a galvanizing plant in 2005 and also started supplying home appliances for the local market in 2007. In 2018 Hadeed Trading PLC entered the coffee export sector and quickly became one of the top exporters of top-quality coffee in Ethiopia ranking second in 12 months in 2021 coffee export performance by the amount exported in tones and earning dollar amounts in millions that includes both washed and unwashed coffees (<https://hadeedtrading.com>).

Kerchanshe Trading PLC has a proud history of providing quality coffees to the local and international markets as the largest producer and exporter of coffee in Ethiopia. Kerchanshe was

founded on the principles of bringing fairness and transparency to the coffee value chain while satisfying customer demand and ranks third in coffee exporting area as well as foreign currency generation (<https://www.kerchanshe.com>).

BNT Industry and Trading PLC was established from two business partners with Ranger Industry and Trading PLC established in May 2017 with a paid-up capital of Birr 5 million to engage in the export of Ethiopian Arabica Coffee particularly, Specialty types from the highlands of Ethiopia to the World Coffee market. And also engaged in other various business sectors like Coffee Farming, Dry-Cargo Transport, Industrial Chemical and construction materials importing etc. BNT Industry and Trading PLC became one of the top exporters of top-quality coffee in Ethiopia ranking fourth in 12 month in 2021 coffee export performance by the amount exported in tones and earning dollar amounts in millions that includes both washed and unwashed coffees(<https://bntcoffee.com>).

Abbahawa Trading PLC is one of the respected business entities established in 1959. In the early days Abbahawa was engaged in supplying coffee to domestic coffee trade. Later on, by the ambitious leadership of the third-generation shareholders, Abbahawa shifted its attention from local to international market and started exporting the coffee being one of the biggest coffees in the nation for many years now. Currently, Abbahawa has a diversified business activity among which is in the original endeavor of the coffee processing and export, with the export destination of Europe, USA, Middle East and Japan. The company has its own modern 8 T/H coffee processing and cleaning with Buhler color sorter for preparation of washed and sundried coffee. (<https://www.abbahawacoffee.com>)

3.2. Research Design

Several researchers believed that the selection of research design depends on the problem to be investigated by the researcher. According to Kothari (2004), research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted and it constitutes the blueprint for the collection, measurement, and analysis of data. As such the design included an outline of what the researcher did from writing the hypothesis and its operational implications to the final analysis of data in order to answering the research questions.

As believed by different authors, since a descriptive survey approach helps to get first-hand information and allows the researcher to assess and define the nature, situation and extent of the current circumstance of corporate social responsibility practices of the selected firms, a descriptive survey design was employed in this study. According to Ezeani (1998) in Molla (2017), the purpose of descriptive survey is to collect detailed and factual information that describes an existing phenomenon and helps to draw valid general conclusions. Therefore, in order to trace and analyze the existing conditions with the studied research findings of the past and to draw a general conclusion of the study and also it permitted the researcher to collect data through different tools such as questionnaires, interviews and observation as they are commonly used in research. Subsequently, since the focus of the research is to investigate the casual relationship between variables to address the research questions, the researcher used an explanatory research design. Furthermore, quantitative methods which is a commonly and widely used method in business and management research were employed in this study for data collection techniques and analysis procedures. Quantitative method is primarily used for any data collection technique like questionnaire and data analysis procedure as graphs or statistics that generates numerical data while qualitative method is mainly used for data collection technique like interview that cannot generates numerical values. Since relevant data was collected at one point in times that are important to consider the practices of corporate social responsibility in the selected coffee exporting firm's organizational performance, the researcher used a cross-sectional data.

3.3. Types and Sources of Data

This study used both primary and secondary sources of data in order to gather detailed information. The primary data for this research was collected from the managers and department heads of the selected coffee exporting companies as well as respective regulatory body. These participants were selected because they directly or indirectly participate in the company's operations and the utilization of resources in the firms and regulation authorities.

Secondary data were gathered from documents such as annual reports of the firm, existing guidelines for corporate social responsibility and summaries. It is used to validate and compare the data get through questionnaire to existing literature and articles.

3.4. Population, Sample Size and Sampling Techniques of the Study

This study was limited to assessing the existing corporate social responsibility practices of the targeted fifty top coffee exporting firms. The total population of the study was about 636 registered coffee exporting companies. Since those selected top fifty coffee exporting firms covers about 80% of the coffee export industry as observed from the regulatory office documentations, the respondents were selected from the top fifty coffee exporting firms in the country comprising all the general managers (owners) and operations manager (Import-Export Managers) of the selected coffee exporting firms who are working together and 10 respondents from the relevant regulatory body namely ECX and Ethiopian Coffee Authority.

Selection of target respondents with the right knowledge about the research area is significant in order to achieve relevant objectives. Key respondents of the research were consisted of respondents involving the general managers (owners) and operations managers (Import-Export Managers) from the selected fifty top coffee exporting firms and relevant regulatory bodies of Ethiopian Commodity Exchange (ECX) and Ethiopian Coffee Authority. The study selects two managers (owners) and operations managers (Import-Export Managers) from each of the selected top exporting firms and 10 respondents from respective regulatory body purposively by using non-probability sampling techniques. Totally, the researcher selects a total of $100 + 10 = 110$ respondents purposively those who were considered to have clear awareness on corporate social responsibility practice issues and who gave response based on the questionnaires and open-ended questions that was distributed to them.

Homogeneity of the population was checked using clustering techniques. In clustering techniques certain groups or clusters within a population should show similarities in certain characteristics. The result confirms their homogeneity that the selected companies were engaged in the same coffee exporting activities, obtaining their competence certificate from the same authority (Ethiopian Tea and Coffee authority) and operate in the same coffee trading market during the research period. On top of that, they report to same regulatory authority and governed by the same rules and regulations of the country.

3.5. Data Collection Instruments

This research used both primary and secondary sources of data. The use of these two sources helps to get relevant data related to the study from these important sources. The researcher collected primary data using self-administered questionnaires to be distributed personally to the respondents

by the researcher to measure the perceived practice of corporate social responsibility practices in the case of the selected top fifty coffee exporting companies. The questionnaires were structured in terms of five point Likert scale measurements, which provided the respondents an opportunity to give their varied views on diverse aspects of corporate social responsibility practices and firm's organizational performance. The researcher also designed and used semi-structured open-ended questions to collect qualitative data from the managers (owners) and operations managers of the selected top exporting companies and the relevant regulatory body.

3.6. Method of Data Analysis and Presentation

After collecting all the essential data, the researcher gave code and edited, analyzed and rephrased the data to eliminate errors and ensure consistency. It comprised categorizing, discussing, classifying and summarizing of the responses to each question in coding frames, grounding on the various responses. The data that was collected using data collection instruments were classified into meaningful categories.

The gathered data were entered into a computer and analyzed with the use of Statistical Package for Social Sciences (SPSS) version 23 qualitatively and this had been an ongoing process, and unwavering commitment was put in place to constantly narrate what the researchers perceive to the objective of the study and interim conclusions were drawn. Since the questions in the questionnaire were quantitative the descriptive method of analysis was best suited for the analysis. Multiple linear regressions were also used to find the value of R Square, adjusted R Square, F-value, Pearson Correlation, the ANOVA and a significance test of the variables. Hence, the researcher employed the regression analysis to demonstrate the correlation between corporate social responsibility practices and firm's organizational performance of the selected top coffee exporting companies. Finally, the researcher was writing a report from the data which was analyzed in which conclusions and recommendations were made.

3.7. Measurement of Variables and Hypothesis Development

3.7.1. Measurement of Corporate Social Responsibility

Nizamuddin (2018) revealed that, corporate social responsibility implemented by firms can be measured through different mechanisms. These measurement mechanisms are questionnaire-based surveys, one dimensional measure, reputation indices and content analysis. One dimensional measure reflects one dimension of corporate social responsibility as proxy like environmental

practice or philanthropic performance. Reputation indices are applicable when there are grading agencies' data concerning the corporate social responsibility. Similarly, content analysis is practiced through the consideration of important words of corporate social responsibility disclosure. Since corporate social responsibility is multi-dimensional by its nature one dimensional measure fails to identify and measure it. Therefore, in this study questionnaire based survey was employed as a measurement for corporate social responsibility.

According to Shatha, Anas, Dalia and Bader (2016), survey method based on questionnaire is basically employed where a rating agency is not graded companies. It is also pertinent if organization's corporate social responsibility disclosure reports are not available for doing content analysis. As well as it gives great flexibility for investigator to collect data in terms of dimensional interest. As a result, in these contexts detectives can collect primary data regarding corporate social responsibility through questionnaires from top managers (owners) and import-export (operations) managers.

Aupperle, Carroll and Hatfield (1985) were the first scholars who employed questionnaire-based method of data collection for corporate social responsibility for the first time by using the four Carroll's dimensions of corporate social responsibility programs in their investigation; economic, legal, ethical, and philanthropic responsibilities. Shatha et al. (2016) measures using six proxies of corporate social responsibility practices using Carroll's model of customer, employee, government, NGO, natural environment and society dimensions. Robel (2022) measured corporate social responsibility using six Carroll's models of corporate social responsibility dimensions employees, customers, supplier, community, environment and government relations. Patricia (2019) also used environment, society relations and government relations to measure corporate social responsibility.

This study adopted four key stakeholders'-oriented practices to measure the corporate social responsibility implemented by the selected coffee exporting firms. These are customer, supplier, community and regulatory oriented corporate social responsibility practices those impacts directly or indirectly their performance. Questionnaire was adapted through five-point Likert scale for each dimension to measure these corporate social responsibility practices effect on organizational performance. The adapted instruments were shown in the following table.

Table 3.1 Corporate Social Responsibility Measurement Constructs

| Variables | Items | Source |
|---------------------------------|---|---|
| Organizational performance | <p>Organizations focus on CSR practices for the attainment of their targeted organizational performance</p> <p>Export companies have clear customer related CSR policy</p> <p>Most of the time export companies give attention on suppliers related CSR practices</p> <p>Mostly export companies are focusing on suppliers related CSR practices to attain their target</p> <p>Organization gives attention to fulfill the requirements as their CSR activity</p> | Shaista and Sara (2014) and Robel (2022) |
| Customer related CSR practices | <p>Organization gives clear and accurate product information and labeling</p> <p>Organization has guarantee quality products</p> <p>Organization has commitment to provide value to customers</p> <p>There is customer care and feedback</p> <p>Organization engage customer in product development</p> <p>Organization directly involved in providing products to the economically disadvantaged</p> <p>Organization advertises based on standards/codes</p> | Robel (2022) & Shatha, Anas, Dalia and Bader (2016) |
| Suppliers related CSR practices | <p>There are reliable anticipated purchasing requirements</p> <p>Organization utilizes local suppliers</p> <p>There is sourcing from minority-owned suppliers</p> <p>There is inclusion of an environmental and social element in the selection of suppliers</p> <p>Organization assists suppliers to improve their environmental and social performance</p> <p>Organization focuses on quality input than price</p> <p>Organization focuses on price of input than quality</p> <p>Organization receive input from legal suppliers</p> | Robel (2022) & Shatha, Anas, Dalia and Bader (2016) |
| Community related CSR practices | <p>Organization contributes to charitable activities Organization donates to NGOs activities.</p> <p>Organization sponsor sports tournaments</p> <p>Organization encourages volunteering of employees for community development activities</p> <p>Organization contributes to education initiatives</p> <p>Organization contributes to disaster relief Funds</p> <p>Organization contributes to community health initiatives</p> <p>Organization contributes towards promotion of art/culture</p> <p>Organization contributes to livelihood improvement of needy</p> <p>Organization recruits in favor of local Communities</p> | Patricia (2019) and Robel (2022) |

| | | |
|----------------------------------|--|--|
| Regulatory related CSR practices | <p>There is provision of products that meet legal requirements</p> <p>The organization fulfills the legal requirement for employee's safety in working environment</p> <p>The organization comply with the rule of employee's minimum payment rate</p> <p>The organization fulfills all the legal requirement for environmental protection</p> | Robel (2022) & Shatha, Anas, Dalia and Bader (2016), Patricia (2022) |
|----------------------------------|--|--|

Adopted from Robel, (2022)

The constructed questionnaire was enclosed in closed-ended questions to simply transform the qualitative data in to quantitative form by using five-point likert scale methods using SPSS version 23. After the data was gathered, indexes were computed for each of the dimensions through major regression analysis method. The regression analysis method helps to decompose the original data into the most controllable form. It is concerned on establishing linear relationships within the data and explore particular variable that might contribute to that practice (Patricia, 2019).

3.7.2. Measurement of Organizational Performance

Preceding researches has yielded mixed results regarding the relationships between corporate social responsibility practices and measures of organizational performance. Reviews by Nalini (2012), Muchiri (2019) and Robel (2022) have found mixed results concerning the simultaneous relationships between corporate social responsibility practices and firm's performance. This may be because of the differences in research methodologies and measures of financial performance. Muchiri (2019) specified that, the effectiveness of organizational performance measures has been studied widely by various scholars and the associated critical factors were established. Conceptual model by Patricia (2019) and Shatha et al. (2016) argued for an alternate description in which case performance will consist of two key proportions which are financial concept in terms of organizational profitability, market value and organizational growth and the operational domain concept which should be established by all aspects associating to non-financial competitive aspects such as customer's satisfaction, customer's retention, staff satisfaction, quality products, as well as improved organizational reputation. Several studies have focused on the financial performance, but few studies are on the non-financial performance perspective.

3.7.3. Hypothesis Development

Currently, in different companies' corporate social responsibility-oriented practices were implemented with varying degree. This social responsibility practices have their own effect on the organizational performance of firms. According to stakeholders' theory the life span of firms is greatly dependent on its stakes. To be effective managers have to take into consideration the interest of stakeholders on their decision making (Krishnan, 2012). The more the corporate social responsibility investment with respect to stakeholders benefits to earn high turnover for companies. According to Pedersen (2004), the value given to stakeholders has corresponded outcome on productivity of firms. Therefore, the corporate social responsibility practices have positive effect on the organizational performance of companies. Hypothesis of this research work was developed in the view of stakeholders' theory and other related relevant theories.

Organizational performance has been the most important concerns for every company be either form for profit or for non-profit one (Jonathan, 2021). Muchiri (2019) illustrated that, performance is measured in terms of the efficiency of a firm to transform its inputs into outputs, which is usually considered in terms of actual outcomes compared with prior estimated results. Stephen and Mary (2002) define performance as the overall outcomes that are normally accomplished at the end because of a firm engagement in a particular activity. Additional, organizational performance is considered by Jonathan (2021) as the firm's ability to attain its primary objective, hence, being capable to overcome against its competitors. On the other hand, Olayemi (2022) discloses that organizational performance consists of three key areas of proposed results which are stakeholders return, performance financially as well as being the leader in product market performance. Based on this information, the following hypothesis was proposed.

Ha₁: - There is a positive and significant association between corporate social responsibility practices and organizational performance.

One of the key stakeholders of companies was the customers of the firm. The corporate social responsibility given by firms has great value to create loyal customers. Having good customer care such as providing fair price, quality product, and genuine product information can escalate the linkage of customer and companies. Corporate social responsibilities of organizations can enhance the association of the two parties and it increases the magnitude of markets for companies. Therefore, implementing good customer oriented corporate social responsibility practice can

enhance the availability of suitable market environment for the firms (Shaista and Sara, 2014). Depending on this information, the following hypothesis was proposed.

Ha2: - There is a positive and significant relationship between customers oriented corporate social responsibility practices and organizational performance.

Organization's corporate social responsibility presentation on relation of suppliers has positive effect for companies' performance. To enhance the good relationships with suppliers, companies might get-up-and-go back to the suppliers and support on environmental, communal and economic aspects. In addition to this, companies are expected to afford fair purchase price for their vendors. This makes organizations to develop strong relationship with supplier and to own consistent sources. Thus, it benefits companies to beat competitions and boost efficiency of affordable products consistently (Olayemi, 2022). Based on the stated information, this was the proposed hypothesis for supplier's related corporate social responsibility practices.

Ha3: - There is a positive and significant association between suppliers oriented corporate social responsibility practices and organizational performance.

As companies are part of the community, they are involved on various community improvement programs. Companies might provide educational and health contributions. In addition to this, they might be involved on philanthropic activities such as donations to the needy or NGOs. Therefore, running on solving different aspects of societal difficulties benefit the companies to build the community belongingness. Building reputation of firms can help to widen the market share for companies (Daubry, 2020; Chebet, 2018) and Sophia, 2021). Having this information, the following is the suggested hypothesis concerning community related corporate social responsibility practices.

Ha4: - There is a positive and significant relationship between community oriented corporate social responsibility practices and organizational performance.

Government is a regulatory body that makes the business environment appropriate for companies by establishing and imposing laws and regulations. If organizations are not keeping laws and commands, they will incur unanticipated supplementary costs. This leads to inappropriate relation between firms and regulatory bodies. Hence, in the business operation process companies are expected to go consistent with the established laws and regulations. It assists companies to build

good relationship with the regulatory body and have recognition from the government. This has a direct impact on organizational performance of business firms (Reddy, Pansari and Jain, 2018; Sonia and Omri, 2021; Rusheed, 2022). Depending on the above information, the following hypothesis was proposed.

H_{a5}: - There is a positive and significant association between regulatory oriented corporate social responsibility practices and organizational performance.

3.8. Model Specification

To determine the impact of corporate social responsibility on organizational performance of coffee exporting firms in Addis Ababa, Ethiopia linear regression analysis was applied. According to Gujarati and Porter (2009), linear regression analysis implies more explanatory variables that affect dependent variable simultaneously. It assists to develop better model by incorporating many factors that affect the dependent variable. Therefore, it is more flexible and helpful to organize fairly general functional form associations of dependent and independent variables. The parameters were estimated using ordinary least square (OLS) method.

$$y = \beta_0 + \beta_i x_i + e_i$$

Where y , is the dependent variable,

X_i , the explanatory variables (or regressors), e , the stochastic disturbance term, i , the i^{th} observation, and β_0 and β_i are parameters.

Corporate social responsibility practices were determined by using alternative variables customer relations, supplier relations, community relations and regulatory body relations. As a result, the constructed model was the following to estimate the impact of corporate social responsibility on organizational performance.

$$OP = f(\text{Customer, Supplier, Community, Regulatory})$$

The mathematical form of the function was:

$$OP = \beta_0 + \beta_1 \text{Customer} + \beta_2 \text{Supplier} + \beta_3 \text{Community} + \beta_4 \text{Regulatory}$$

Following the above mathematical model econometric estimation equation was developed.

$$OP = \beta_0 + \beta_1 \text{Customer} + \beta_2 \text{Supplier} + \beta_3 \text{Community} + \beta_4 \text{Regulatory} + e$$

Where, OP = financial performance,

Customer = customer-oriented activities,

Supplier = supplier-oriented activities,

Community = community-oriented activities, Regulatory = Regulatory body-oriented activities, β_0 = intercept, $\beta_1 - \beta_4$ = the coefficients of explanatory variables which measures the relative impact of corporate social responsibility e = stochastic error term.

3.9. Validity and Reliability of the Instruments

According to Neuman, Beaman and Sponarski, (2014), reliability and validity are ideas that help to establish the truthfulness, credibility or believability of findings. All researchers want to test reliability and validity that are central concerns in all measurements which connect measures to constructs.

3.9.1. Validity of Questionnaires

Validity is as the most critical benchmark and indicates the degree to which an instrument measures what it is supposed to measure. Validity is the extent to which differences found with a measuring instrument reflect true differences among those being tested (Kothari (2004). Validity is the accuracy and meaningfulness of the inferences which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. He implies that the validity of the questionnaire data depends on a crucial way that the ability and willingness of the respondents to provide the information requested.

The validity of the items was tested using Pearson Correlation coefficients values between items using Statistical Package for Social Science (SPSS) version 23. Based on the output value computed using SPSS version 23 the validity of the instruments was tested by the Pearson correlation value between the items at sig. 2-tailed (0.000) at a significance level of 0.05 with a total survey respondents of 103 at a $df(4, 99)$. Based on the significant level value obtained by the sig. 2-tailed $0.000 < 0.05$, since all the Pearson Correlation Coefficient values of each items were greater than the Pearson Critical value at $df(4, 99)$ of 0.195, it can be concluded that all the items distributed to the respondents were valid.

3.9.2. Reliability Test

Kothari et al., (2004) specified that, the test of reliability is an important test of sound measurement. A measuring instrument is reliable if it provides consistent results. Reliable measuring instrument does contribute to validity, but a reliable instrument need not be a valid instrument.

Before administering the main phase of the study, a pilot test was conducted to test the data collecting instrument and to improve the methodology. A pilot study is a small-scale version of a planned study conducted with a small group of participants similar to those to be recruited later in the larger-scale study. Pilot studies are conducted to allow researchers to practice and to assess the effectiveness of their planned data collection and analysis techniques (Connelly, 2008). The primary benefit of conducting a pilot study is that it provides the researcher with a chance to make adjustments and revisions to the main study (Connelly, 2008). Questionnaires were tested using 10% of potential respondents or 10 to 30 individuals from the total sample size to make the data collecting instruments relevant and suitable to the problem and internally consistent as recommended by Connelly (2008 and 2010). Hence, a pilot test was conducted based on Connelly (2008 and 2010) by using 20 managers and import-export (operations) managers of selected coffee exporting firms.

As cited by Daniel Belay (2017) in his work, Mohsen Tavakol and RegDennick (2011) stated that, Cronbach's alpha of ≤ 0.5 is unacceptable, $0.5 < \alpha \leq 0.6$ is poor, $0.6 < \alpha \leq 0.7$ is questionable, $0.7 < \alpha \leq 0.8$ is acceptable, $0.8 < \alpha \leq 0.9$ is good and finally Cronbach's $\alpha > 0.9$ is excellent.

Table 3.2 Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .964 | 34 |

Source: Own Survey Results and Computation, 2022

To meet consistency of the instrument, the questionnaires was distributed to those selected 20 individuals who are managers and import-export (operations) managers of selected coffee exporting firms and as indicated in the table below, the sets of items of questionnaire have good internal consistency with Cronbach's alpha of 0.964 which is greater than 0.9, which indicated the questionnaire is a reliable and acceptable source of the whole items.

From Table 3.2 the Cronbach's alpha of 0.964 indicated that the sets of items of the questionnaires have highly good internal consistency which is best reliable and meet the acceptable level that implied the validity of the instrument. After a proper detection of the instrument, the upgraded version of the questionnaires was printed, duplicated, and distributed to the targeted respondents.

All of the respondents in the survey study for the pilot study are the coffee export managers and CSR managers of the selected top coffee exporting companies.

Table 3.3 Reliability of Item-Total Statistics

| | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted | No. of Items |
|----------------------------|----------------------------------|----------------------------------|--------------|
| Organizational Performance | .891 | .888 | 5 |
| Customer Oriented | .744 | .917 | 7 |
| Supplier Oriented | .732 | .921 | 8 |
| Community Oriented | .844 | .898 | 10 |
| Regulatory Oriented | .825 | .901 | 4 |

Source: Own Survey Results and Computation, 2022

As indicated in Table 3.3 the Cronbach's Alpha coefficients for each of the explanatory variables assessed by the instrument were computed using SPSS version 23. The result in the table above demonstrated that, the Cronbach's Alpha Coefficients for each of corporate social responsibility impact indicators were 0.888 for the overall organizational performance, 0.917 for customer oriented practice, 0.921 for supplier-oriented practice, 0.898 for community-oriented practice and 0.901 for regulatory oriented practice. As compared to the normal standards of reliability, each Cronbach's Alpha coefficients of the explanatory variables (corporate social responsibility practices) were statistically significant enough.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1. Introduction

This chapter comprises the data presentation, analysis and interpretation of the findings that was aimed at examining the impact of corporate social responsibility practices on organizational performance of selected top fifty coffee exporting companies. The researcher has collected the data in the form of self-administered five-point Likert scale questionnaires and semi-structured open-ended questions.

4.2. Response Rate

In order to collect the primary data, a total of 110 customized questionnaires were distributed to managers and operations managers of the selected fifty top coffee exporting companies those who were purposively used in the survey study. Even if there was a great challenge to distribute and collect the questionnaires face to face to and from the respondents due to their busyness on job, out of these distributed questionnaires, a total of 103 questionnaires were returned which was valid enough with a very good response rate of 93.6% while the unreturned questionnaires were 7 with unreturned rate of 6.4% as indicated in Table 4.1 below.

Table 4.1: Response Rate

| No. of Questionnaires Distributed | No. of Returned | Response Rate | No. of Unreturned | Unreturned Rate |
|-----------------------------------|-----------------|---------------|-------------------|-----------------|
| 110 | 103 | 93.6% | 7 | 6.4% |

Source: Own Survey Results and Computation, 2022

A quantitative cross-sectional (one time shot) data type were collected through self-administered questionnaire was analyzed using Statistical Package for Social Science (SPSS) version 23. The qualitative data collected using semi-structured open-ended questions were also analyzed and discussed in this chapter clearly. The analysis begins with statistical description of sociodemographic characteristics of the respondents. The discussion tries to realize the objective of the study to answer the research questions and to test the significance of the stated research hypotheses.

4.3. Descriptive Statistics

4.3.1. Respondent's Personal Background

The demographic characteristics and background information of the selected top fifty coffee exporting managers (owners) and import-export (operations) managers are necessary to be presented and analyzed. Analyzing the respondent's demographic characteristics and background information is significant to validate the reliability of the collected data. Hence, the respondents were requested to give response to their gender, age category, educational background, years of experience and work position in the firm's structure. Presenting and analyzing their educational background and experience level may give clue their awareness on the subject matter.

Table 4.2: Respondent's Background Information

| Respondent's Personal Background | | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------------|---------------|-----------|---------|---------------|--------------------|
| Gender | Male | 74 | 71.80 | 71.80 | 71.80 |
| | Female | 29 | 28.20 | 28.20 | 100 |
| | Total | 103 | 100.00 | 100.00 | |
| Age | 21-30Years | 9 | 8.70 | 8.70 | 8.70 |
| | 31-40Years | 26 | 25.20 | 25.20 | 34.00 |
| | 41-50Years | 54 | 52.40 | 52.40 | 86.40 |
| | Above 50Years | 14 | 13.60 | 13.60 | 100.00 |
| | Total | 103 | 100.00 | 100.00 | |
| Education Level | BA/BSC | 28 | 27.20 | 27.20 | 27.20 |
| | MA/MSC | 61 | 59.20 | 59.20 | 86.40 |
| | Above MA/MSC | 14 | 13.60 | 13.60 | 100.00 |
| | Total | 103 | 100.00 | 100.00 | |
| Work Experience | 6-10Years | 9 | 8.70 | 8.70 | 8.70 |
| | 11-15Years | 31 | 30.10 | 30.10 | 38.80 |
| | 16-20Years | 25 | 24.30 | 24.30 | 63.10 |
| | >20Years | 38 | 36.90 | 36.90 | 100.00 |
| | Total | 103 | 100.00 | 100.00 | |
| Work Position | Top Manager | 103 | 100.00 | 100.00 | 100.00 |
| | Total | 103 | 100.00 | 100.00 | |

Source: Own Survey Results and Computation, 2022

According to the result in Table 4.2, out of the whole respondents 74(71.8%) of the respondents are male while 29(28.2%) are female respondents.

Result from Table 4.2 provided the age distribution of the respondents those who were participated in the study. The age categories of the respondents were divided with a range of 10 years except

the age category above 50 years. Hence, the results showed that 8.7% (9) were aged between 20 and 30 years old, 25.2% (26) were between 31 and 40 years of age, 52.4% (54) were between 41 and 50 years old and 13.6% (14) were aged above 50 years. This indicates that most of the respondent's age is found in the age category from 41 to 50 and 31 to 40 with a percentage of 52.4% and 25.2% respectively followed by the age category above 50 years with a percentage of 13.6% those who are more experienced individuals and lastly the smaller proportion of the respondents were aged in the category of 21 to 30 years with a percentage of 8.7%.

As indicated in Table 4.2 with respect to educational level of the respondents, the education level attained by majority of the respondents was 59.2% out of the valid respondents was second degree (masters' degree) holders, followed by 27.2% those who possess first degree and the remaining 13.6% of the respondents were above second-degree holders. Accordingly, from the above fact, one can easily understand that most of the respondent of the companies owns second degree educational background which implies all those selected coffee exporting companies were led by educated managers. Thus, it can be expected that they are competent, knowledgeable and experienced to recognize and clearly identify the existing corporate social responsibility practices and its impacts on their firm's performance.

As indicated by Table 4.2 regarding to the respondent's work experience, 36.9% of the respondents in the selected firms have more than 20 years of experience which are more experienced. They were followed by 30.1% of the respondents have 11 to 15 years of work experience while 24.3% of the respondents have 16 to 20 years of work experience. From the table above 8.7% of the respondents have 6 to 10 years of work experience relatively less experienced. Based on the respondent's relative work experience in the firm's job position, most of the respondents about 91.3% have appropriate knowledge and experience in relation to the corporate social responsibility practices employed in the selected coffee exporting companies while 8.7% of the respondents were relatively less experienced.

The survey made to assess the respondent's current position in Table 4. 2 indicated that the whole respondents were 100% the top managers of the selected top fifty coffee exporting companies comprising of owners and import-export (operations) managers.

4.3.2. The Impact of CSR on Organizational Performance

This section discusses the result of the survey in order to answering the research questions in assessing the impact of corporate social responsibility on organization performance of the coffee exporting companies. The results were interpreted by using the frequency and percentage of corporate social responsibility and organizational performance measurements.

4.3.2.1. Organizational Performance

As Abdulaziz (2019) revealed in his study, organizational performance commonly encompasses three special areas of firm outcomes; monetary overall performance (profits, return on assets, return on investment, etc.), product market overall performance (sales, market share, etc.) and shareholder return (total shareholder return, economic cost added, etc.). Professionals in many fields are concerned with organizational performance along with strategic planners, operations, finance, legal and organizational improvement in that the perception of organizational performance is associated to the ideas of effectiveness and efficiency of the implementation of what the firms has planned to achieve in the future. Therefore, companies should give a serious of attention on corporate social responsibility practices implementation to attain their targeted organizational performance standards.

Table 4.3: Organizational Performance

| Items | Response | Response Rate | |
|--|----------------|---------------|---------|
| | | Frequency | Percent |
| Organizations focus on corporate social responsibility practices for the attainment of their targeted organizational performance | Neutral | 10 | 9.70 |
| | Agree | 47 | 45.60 |
| | Strongly Agree | 46 | 44.70 |
| | Total | 103 | 100.00 |
| Export companies have clear customer oriented corporate social responsibility policy | Neutral | 21 | 20.40 |
| | Agree | 42 | 40.80 |
| | Strongly Agree | 40 | 38.80 |
| | Total | 103 | 100.00 |
| Most of the time export companies give attention on suppliers oriented corporate social responsibility practices | Neutral | 27 | 26.20 |
| | Agree | 35 | 34.00 |
| | Strongly Agree | 41 | 39.80 |
| | Total | 103 | 100.00 |
| Mostly export companies are focusing on suppliers oriented corporate social responsibility practices to attain their target | Neutral | 42 | 40.80 |
| | Agree | 41 | 39.80 |
| | Strongly Agree | 20 | 19.40 |
| | Total | 103 | 100.00 |

| | | | |
|--|----------------|-----|--------|
| Organization gives attention to fulfill the legal requirements as their corporate social responsibility activity | Neutral | 27 | 26.20 |
| | Agree | 35 | 34.00 |
| | Strongly Agree | 41 | 39.80 |
| | Total | 103 | 100.00 |

Source: Own Survey Results and Computation, 2022

As indicated in Table 4.3, majority of the respondents 90.3% supported that focusing on corporate social responsibility practices for the attainment of their targeted organizational performance by the organizations have an impact on organizational performance and competitiveness of coffee exporting companies. From the respondent's, 9.7% of the respondents were neither agreed nor disagreed whether corporate social responsibility practices have an impact on organizational performance.

Regarding to Table 4.3, 79.6% of the respondents described that having clear customer related corporate social responsibility policy by coffee export companies sustains the performance of an organization while 20.4% of them were neither agreed nor disagreed whether having clear customer related corporate social responsibility policy coffee export companies sustains the performance of the firms or not.

According to Table 4.3, 73.8% of the respondents specify that most of the time giving attention on suppliers related corporate social responsibility practices by export companies have an impact on their performance mostly and 26.2% of the respondents have no suggestion whether firm's performance is affected by giving attention on suppliers related corporate social responsibility practices by export companies mostly or not.

Based on the result in Table 4.3, from the respondent's response 59.2% of the respondents described that the coffee exporting companies performance is enhanced by focusing on suppliers related corporate social responsibility practices to attain their target mostly while 40.8% of the respondents were neither agreed or disagreed whether the firms performance is enhanced by focusing on suppliers related corporate social responsibility practices to attain their target mostly or not.

As a final point for Table 4.3, more of the respondents 73.8% supported that the coffee exporting companies performance is impacted by the given attention to fulfill the organizational requirements given by the regulatory bodies as their corporate social responsibility activity and 26.2% of the respondents have no opinion whether the firm's performance is impacted by the given attention to fulfill the organizational requirements given by the regulatory bodies as their corporate social responsibility activity or not.

Hence, based on the survey result in Table 4.3, majority of the selected coffee exporting companies' top management (owners) and the import-export (operations) managers supported the impact that corporate social responsibility practices have on the organizational performance followed by those top management (owners) and the import-export (operational) managers who have no opinion on the given indicators.

4.3.2.2. Customer Oriented CSR

Customers are one of the strategic stakeholders of organizations. Since they are the consumers of the companies' output, it needs serious attention to attract and make loyal them to the enterprise.

Therefore, organizations are giving high emphasis on the provision of quality products.

Table 4.4: Customer Oriented CSR

| Items | Response | Response Rate | |
|--|-------------------|---------------|---------|
| | | Frequency | Percent |
| Organization gives clear and accurate product information and labeling | Disagree | 19 | 18.40 |
| | Neutral | 19 | 18.40 |
| | Agree | 39 | 37.90 |
| | Strongly Agree | 26 | 25.20 |
| | Total | 103 | 100.00 |
| Organization has guarantee quality products | Disagree | 11 | 10.70 |
| | Neutral | 13 | 12.60 |
| | Agree | 41 | 39.80 |
| | Strongly Agree | 38 | 36.90 |
| | Total | 103 | 100.00 |
| Organization has commitment to provide value to customers | Disagree | 17 | 16.50 |
| | Neutral | 20 | 19.40 |
| | Agree | 45 | 43.70 |
| | Strongly Agree | 21 | 20.40 |
| | Total | 103 | 100.00 |
| There is customer care and feedback | Strongly Disagree | 2 | 1.90 |

| | | | |
|--|----------------|-----|--------|
| | Disagree | 21 | 20.40 |
| | Neutral | 21 | 20.40 |
| | Agree | 33 | 32.00 |
| | Strongly Agree | 26 | 25.20 |
| | Total | 103 | 100.00 |
| Organization engage customer in product development | Disagree | 15 | 14.60 |
| | Neutral | 27 | 26.20 |
| | Agree | 40 | 38.80 |
| | Strongly Agree | 21 | 20.40 |
| | Total | 103 | 100.00 |
| Organization directly involved in providing products to the economically disadvantaged | Disagree | 5 | 4.90 |
| | Neutral | 10 | 9.70 |
| | Agree | 57 | 55.30 |
| | Strongly Agree | 31 | 30.10 |
| | Total | 103 | 100.00 |
| Organization advertises based on standards/codes | Disagree | 11 | 10.70 |
| | Neutral | 26 | 25.20 |
| | Agree | 35 | 34.00 |
| | Strongly Agree | 31 | 30.10 |
| | Total | 103 | 100.00 |

Source: Own Survey Results and Computation, 2022

As indicated from Table 4.4, 63.1% of the respondents replied that most of the time giving clear and accurate product information and labeling by coffee exporting organizations for their customers affects the overall organizational performance in profit generation procedures and 18.4% of the respondents denied most of the time giving clear and accurate product information and labeling by coffee exporting organizations for their customers affects the overall organizational performance in profit generation procedures while 18.4% of the respondents were neither agreed nor disagreed whether most of the time giving clear and accurate product information and labeling by coffee exporting organizations for their customers affects the overall organizational performance in profit generation procedures or not.

Based on Table 4.4, having a guarantee for their quality products by coffee exporting firms that affects their organizational performance was explained by 76.7% of the respondents and 10.7% of the respondents denied that having a guarantee for their quality products by coffee exporting firms affect their organizational performance. From the respondents 12.6% have no opinion on whether having a guarantee for their quality products by coffee exporting firms affect their organizational performance or not.

According to Table 4.4, 64.1% of the respondents described that, firms having commitment to provide value to customers have an impact on organizational performance clearly while 16.5% of the respondents were denied that firms having commitment to provide value to customers have an impact on organizational performance clearly. From the respondents 19.4% of them neither agreed nor disagreed on the item firms having commitment to provide value to customers have an impact on organizational performance clearly.

Regarding to the result from Table 4.4, there is customer care and feedback by export companies' was explained by 57.2% of the respondents to enhance customer-firm relationship and denied by 22.3% of the respondents while 20.4% of them have no suggestion whether there is customer care and feedback by exporting firms to enhance the customer-firm relationship to attain their targeted goal or not.

According to Table 4.4, the organization's customer engagement in their product development to attain their objectives was clarified by 59.2% of the respondents while 14.6% of them did not accept it. From the respondents 26.2% have no opinion whether the organization's customer engagement in their product development to attain their objectives or not.

Based on Table 4.4, the involvement of the coffee exporting firms directly in providing economically disadvantageous products affects their organizational performance was explained by 88.4.7% of the respondents and 4.9% of the respondents denied the involvement of the coffee exporting firms directly in providing economically disadvantageous products affects their organizational performance. From the respondents 9.7% have no opinion on whether the involvement of the coffee exporting firms directly in providing economically disadvantageous products affects their organizational performance or not.

Regarding to the result from Table 4.4, to get customer attraction to their products organization's advertisement was based on standards/codes was explained by 64.1% of the respondents and denied by 10.7% of the respondents while 25.2% of the respondents have no suggestion whether organization's advertisement was based on standards/codes to get customer attraction to their product or not.

Hence, depending up on the survey result in Table 4.4, majority of the top managers (owners) and import-export (operations) managers supported the impact that customer related corporate social responsibility practices have on the performance of the firm while smaller number of the top managers (owners) and import-export (operations) managers were indicated neither agreed nor

disagreed on the given indicators and relatively fewer number of them did not support the given items.

4.3.2.3 Supplier Oriented CSR

Coffee exporting companies are highly concerned on the assortment of vendors in their supply chain management. To achieve competitive advantage and beat the market competition the supply side has crucial role for organizations. Hence, the social, economic and environmental aspect would be seen in the entire supplier chain process. Accordingly, coffee exporting companies should take into consideration about sustainability of suppliers in favor of quality. When choosing suppliers, the other important issue is the protection of human rights by the suppliers. Hence, since suppliers are integral parts of the business process and affect the whole operations companies have to take them in appropriate consideration in order to achieve their planned goals.

Table 4.5: Suppliers Oriented CSR

| Items | Response | Response Rate | |
|---|----------------|---------------|---------|
| | | Frequency | Percent |
| There is reliable anticipated purchasing requirements | Disagree | 6 | 5.80 |
| | Neutral | 16 | 15.50 |
| | Agree | 55 | 53.40 |
| | Strongly Agree | 26 | 25.30 |
| | Total | 103 | 100.00 |
| Organization utilize local suppliers | Disagree | 5 | 4.80 |
| | Neutral | 10 | 9.70 |
| | Agree | 46 | 44.70 |
| | Strongly Agree | 42 | 40.80 |
| | Total | 103 | 100.00 |
| There is sourcing from minority-owned suppliers | Disagree | 6 | 5.80 |
| | Neutral | 37 | 35.90 |
| | Agree | 50 | 48.60 |
| | Strongly Agree | 10 | 9.70 |
| | Total | 103 | 100.00 |
| There is inclusion of an environmental and social element in the selection of suppliers | Disagree | 5 | 4.80 |
| | Neutral | 10 | 9.70 |
| | Agree | 42 | 40.80 |
| | Strongly Agree | 46 | 44.70 |

| | | | |
|---|-------------------|-----|--------|
| | Total | 103 | 100.00 |
| Organization assist suppliers to improve their environmental and social performance | Disagree | 6 | 5.80 |
| | Neutral | 20 | 19.40 |
| | Agree | 41 | 39.80 |
| | Strongly Agree | 36 | 35.00 |
| | Total | 103 | 100.00 |
| Organization focus on quality input than price | Strongly Disagree | 2 | 1.90 |
| | Disagree | 19 | 18.40 |
| | Neutral | 12 | 11.70 |
| | Agree | 35 | 34.00 |
| | Strongly Agree | 35 | 34.00 |
| | Total | 103 | 100.00 |
| Organization focus on price of input than quality | Strongly Disagree | 9 | 8.80 |
| | Disagree | 20 | 19.40 |
| | Neutral | 45 | 43.70 |
| | Agree | 26 | 25.20 |
| | Strongly Agree | 3 | 2.90 |
| | Total | 103 | 100.00 |
| Organization receive input from legal suppliers | Disagree | 12 | 11.70 |
| | Neutral | 17 | 16.50 |
| | Agree | 44 | 42.70 |
| | Strongly Agree | 30 | 29.10 |
| | Total | 103 | 100.00 |

Source: Own Survey Results and Computation, 2022

As indicated from Table 4.5, the presence of reliable anticipated purchasing requirements in the firms-supplier relationship activity affects the overall organizational performance in profit generation procedures was explained by 78.7% of the respondents and 5.8% of the respondents denied the presence of reliable anticipated purchasing requirements in the firms-supplier relationship activity affects the overall organizational performance in profit generation procedures while 15.5% of the respondents were neither agreed nor disagreed whether the presence of reliable anticipated purchasing requirements in the firms-supplier relationship activity affects the overall organizational performance in profit generation procedures or not.

Based on Table 4.5, 85.5% of the respondents revealed that organization's utilization of local suppliers affects their organizational performance and 4.8% of the respondents denied that organization's utilization of local suppliers affects their organizational performance. From the respondents 9.7% have no opinion on whether organization's utilization of local suppliers affects their organizational performance or not.

According to Table 4.5, 58.3% of the respondents described that, sourcing from minority-owned suppliers have an impact on organizational performance clearly while 5.8% of the respondents

were denied that sourcing from minority-owned suppliers have an impact on organizational performance clearly. From the respondents 35.9% of them neither agreed nor disagreed on the item sourcing from minority-owned suppliers have an impact on organizational performance clearly.

Regarding to the result from Table 4.5, inclusion of an environmental and social element in the selection of suppliers have impact on firms' performance was explained by 85.5% of the respondents to enhance supplier-firm relationship and denied by 4.8% of the respondents while 9.7% of them have no suggestion whether inclusion of an environmental and social element in the selection of suppliers have impact on firms' performance to enhance the supplier-firm relationship to attain their targeted goal or not.

As indicated in Table 4.5, the organizational assistance provided to suppliers to improve their environmental and social performance to attain their objectives was clarified by 74.8% of the respondents while 5.8% of them did not accept it. From the respondents 19.4% have no opinion whether the organizational assistance provided to suppliers to improve their environmental and social performance to attain their objectives or not.

Based on Table 4.5, the item organizations focus on quality input than price affects their organizational performance was explained by 68% of the respondents and 20.3% of the respondents denied the item organizations focus on quality input than price affects their organizational performance. And also from the respondents 11.7% have no outlook on whether the item organizations focus on quality input than price affects their organizational performance or not to attain their planned objectives.

Regarding to the result from Table 4.5, the item organization focus on price of input than quality in relation to suppliers interaction was impacted their performance was explained by 28.1% of the respondents and denied by 28.2% of the respondents while 43.7% of the respondents have no suggestion whether the item organization focus on price of input than quality in relation to suppliers interaction impacts their performance or not.

As indicated in Table 4.5, the item organizations receive input from legal suppliers to develop good relationship with suppliers impacts the organizational performance was explained by 71.8% of the respondents and denied by 11.7% of the respondents while 16.5% of the respondents have no suggestion the item organizations receive input from legal suppliers to develop good relationship with suppliers impacts the organizational performance or not.

Hence, depending up on the survey result in Table 4.5, majority of the top managers (owners) and import-export (operations) managers supported the impact that supplier related corporate social responsibility practices have on the performance of the firm while smaller number of the top managers (owners) and import-export (operations) managers were indicated neither agreed nor disagreed on the given indicators and also relatively smaller number of them did not support the given items.

4.3.2.4 Community Oriented CSR

Organizations are established inside the community. They might have an impact on local, regional, national and global communities where the business is settled. Companies might bring opportunities for the local communities. They may participate on the construction of infrastructures to change the life style of the community. In addition to this the firm's involvement in societal issues might be perceived on various social affairs. These firms might also be a source of employment for the locals. In the other context since companies emerged inside the community, they might have undesirable externalities for them. Therefore, companies practiced community related corporate social responsibility practices to compensate the destruction. These things will benefit firms to generate common values and produce societal acceptance.

Table 4.6: Community Oriented CSR

| Items | Response | Response Rate | |
|--|----------------|---------------|---------|
| | | Frequency | Percent |
| Organization contributes to charitable activities | Disagree | 5 | 4.80 |
| | Neutral | 41 | 39.80 |
| | Agree | 46 | 44.70 |
| | Strongly Agree | 11 | 10.70 |
| | Total | 103 | 100.00 |
| Organization donates to NGOs activities. | Disagree | 26 | 25.20 |
| | Neutral | 31 | 30.10 |
| | Agree | 41 | 39.80 |
| | Strongly Agree | 5 | 4.90 |
| | Total | 103 | 100.00 |
| Organization sponsor sports tournaments | Disagree | 6 | 5.80 |
| | Neutral | 20 | 19.40 |
| | Agree | 41 | 39.80 |
| | Strongly Agree | 36 | 35.00 |
| | Total | 103 | 100.00 |
| Organization encourages volunteering of employees for community development activities | Disagree | 5 | 4.90 |
| | Neutral | 41 | 39.80 |

| | | | |
|---|----------------|-----|--------|
| | Agree | 41 | 39.80 |
| | Strongly Agree | 16 | 15.50 |
| | Total | 103 | 100.00 |
| Organization contributes to education initiatives | Disagree | 16 | 15.50 |
| | Neutral | 31 | 30.20 |
| | Agree | 40 | 38.80 |
| | Strongly Agree | 16 | 15.50 |
| | Total | 103 | 100.00 |
| Organization contributes to disaster relief funds | Disagree | 5 | 4.80 |
| | Neutral | 11 | 10.70 |
| | Agree | 46 | 44.70 |
| | Strongly Agree | 41 | 39.80 |
| | Total | 103 | 100.00 |
| Organization contributes to community health initiatives | Disagree | 5 | 4.90 |
| | Neutral | 26 | 25.20 |
| | Agree | 31 | 30.10 |
| | Strongly Agree | 41 | 39.80 |
| | Total | 103 | 100.00 |
| Organization contributes towards promotion of art/culture | Disagree | 6 | 5.80 |
| | Neutral | 36 | 35.00 |
| | Agree | 41 | 39.80 |
| | Strongly Agree | 20 | 19.40 |
| | Total | 103 | 100.00 |
| Organization contributes to livelihood improvement of needy | Disagree | 5 | 4.90 |
| | Neutral | 16 | 15.50 |
| | Agree | 41 | 39.80 |
| | Strongly Agree | 41 | 39.80 |
| | Total | 103 | 100.00 |
| Organization recruits in favor of local Communities | Disagree | 16 | 15.50 |
| | Neutral | 16 | 15.50 |
| | Agree | 31 | 30.10 |
| | Strongly Agree | 40 | 38.80 |
| | Total | 103 | 100.00 |

Source: Own Survey Results and Computation, 2022

As indicated from Table 4.6, the contribution made by the organizations to charitable activities affects the overall organizational performance of the exporting companies was explained by 55.5% of the respondents and 4.8% of the respondents denied the contribution made by the organizations to charitable activities affects the overall organizational performance of the exporting companies while 39.8% of the respondents were neither agreed nor disagreed whether the contribution made

by the organizations to charitable activities affects the overall organizational performance of the exporting companies or not.

Based on Table 4.6, 44.7% of the respondents revealed that organizations donation to NGOs activities affects their organizational performance and 25.2% of the respondents denied that organizations donation to NGOs activities affects their organizational performance. From the respondents 30.1% have no opinion on whether organizations donation to NGOs activities affects their organizational performance or not.

According to Table 4.6, 74.8% of the respondents described that the providing of sponsorship by the organizations to sports tournaments have an impact on organizational performance clearly while 5.8% of the respondents were denied that the providing of sponsorship by the organizations to sports tournaments have an impact on organizational performance clearly. From the respondents 19.4% of them neither agreed nor disagreed on the providing of sponsorship by coffee exporting organizations to sports tournaments have an impact on organizational performance clearly.

Regarding to the result from Table 4.6, the item organization encourages volunteering of employees for community development activities impacts their organizational performance was explained by 55.3% of the respondents and denied by 4.9% of the respondents while 39.8% of the respondents have no suggestion whether the item organization encourages volunteering of employees for community development activities impacts their performance or not.

As indicated in Table 4.6, the contributions made by exporting organizations to educational initiatives to develop good relationship with the community impacts the organizational performance was explained by 54.3% of the respondents and denied by 15.5% of the respondents while 16.5% of the respondents have no suggestion that the contributions made by exporting organizations to educational initiatives to develop good relationship with the community impacts the organizational performance or not.

As indicated in Table 4.6, the contributions made by the exporting organizations to disaster relief funds to develop good relationship with the community impacts the organizational performance was explained by 84.5% of the respondents and denied by 4.8% of the respondents while 10.7% of the respondents have no suggestion on the contributions made by the exporting organizations to disaster relief funds to develop good relationship with the community impacts the organizational performance or not.

According to Table 4.6, 69.9% of the respondents described that the contributions made by coffee exporting organizations to community health initiatives have an impact on organizational performance highly while 4.9% of the respondents were denied that the contributions made by coffee exporting organizations to community health initiatives have an impact on organizational performance highly. From the respondents 30.1% of them neither agreed nor disagreed on the contributions made by coffee exporting organizations to community health initiatives have an impact on organizational performance or not.

Based on Table 4.6, 59.2% of the respondents revealed that contributions made by the coffee exporting organizations towards the promotion of art and/or culture affects their organizational performance significantly and 5.8% of the respondents denied that contributions made by the coffee exporting organizations towards the promotion of art and/or culture affects their organizational performance significantly. From the respondents 35% have no opinion on whether contributions made by the coffee exporting organizations towards the promotion of art and/or culture affects their organizational performance significantly or not.

Regarding to the result from Table 4.6, 79.6% of the respondents explained that the contributions made by coffee exporting organizations to livelihood improvement of needy to advance environmental protection system impacts their organizational performance and denied by 4.9% of the respondents while 15.5% of the respondents have no suggestion whether the contributions made by coffee exporting organizations to livelihood improvement of needy to advance environmental protection system impacts their organizational performance or not.

According to Table 4.6, 68.9% of the respondents described that the organizations recruitment in favor of local communities to attract the communities' attention positively have an impact on organizational performance while 15.5% of the respondents were denied that the organizations recruitment in favor of local communities to attract the communities' attention positively have an impact on organizational performance. From the respondents 15.5% of them neither agreed nor disagreed on the organization's recruitment in favor of local communities to attract the communities' attention positively have an impact on organizational performance or not. Therefore, depending up on the survey result in Table 4.6, majority of the top managers (owners) and import-export (operations) managers supported the impact that community related corporate social responsibility practices have on the organizational performance of the coffee exporting firms while smaller number of the top managers (owners) and import-export (operations) managers were

indicated neither agreed nor disagreed on the given indicators and also relatively smaller number of them did not support the given items.

4.3.2.5 Regulatory Oriented CSR

Government is a body which makes the business favorable by establishing and enforcing laws and regulations. In the operation process business organizations have to go in line with the established laws and regulations. Concerning these laws and regulations, to measure regulatory related corporate social responsibility practices, four questions were constructed and forwarded to the purposively selected respondents. For most of the items the standard deviation less than 1 indicates that the degree of variation from the mean was low across the firms. This is for the reason that these types of corporate social responsibility practices are originated from the identical higher structure to the companies.

Table 4.7: Regulatory Oriented CSR

| Items | Response | Response Rate | |
|---|----------------|---------------|---------|
| | | Frequency | Percent |
| There is provision of products that meet legal requirements | Neutral | 21 | 20.40 |
| | Agree | 32 | 31.10 |
| | Strongly Agree | 50 | 48.50 |
| | Total | 103 | 100.00 |
| The organization fulfills the legal requirement for employees safety in working environment | Neutral | 23 | 22.30 |
| | Agree | 50 | 48.50 |
| | Strongly Agree | 30 | 29.10 |
| | Total | 103 | 100.00 |
| The organization comply with the rule of employees minimum payment rate | Neutral | 25 | 24.30 |
| | Agree | 26 | 25.20 |
| | Strongly Agree | 52 | 50.50 |
| | Total | 103 | 100.00 |
| The organization fulfills all the legal requirement for environmental protection | Neutral | 16 | 15.50 |
| | Agree | 41 | 39.80 |
| | Strongly Agree | 46 | 44.70 |
| | Total | 103 | 100.00 |

Source: Own Survey Results and Computation, 2022

As indicated in Table 4.7, majority of the respondents 79.6% supported that the presence of the provision of products that meet legal requirements for the attainment of their targeted organizational performance by the organizations have an impact on organizational performance and competitiveness of coffee exporting companies. From the respondent's, 20.4% of the respondents were neither agreed nor disagreed whether that the presence of the provision of products that meet legal requirements for the attainment of their targeted organizational performance by the organizations have an impact on organizational performance and competitiveness of coffee exporting companies or not.

Regarding to Table 4.7, 77.6% of the respondents described that the organizations fulfill the legal requirement for employees safety in working environment to sustain the organizational performance of the coffee exporting firms while 22.3% of them have no opinion whether the organizations fulfill the legal requirement for employees safety in working environment to sustain the organizational performance of the coffee exporting firms or not.

According to Table 4.7, 75.7% of the respondents specify that the item coffee exporting organizations comply with the rule of employees minimum payment rate have an impact on their performance mostly and 24.3% of the respondents have no suggestion whether the item coffee exporting organizations comply with the rule of employees minimum payment rate have an impact on their performance mostly or not.

As an ending point for Table 4.7, more of the respondents 84.5% supported that the coffee exporting organizations fulfill all the legal requirements for environmental protection to sustain their competitiveness locally and globally and 15.5% of the respondents have no opinion whether the coffee exporting organizations fulfill all the legal requirements for environmental protection to sustain their competitiveness locally and globally or not.

Thus, based on the survey result in Table 4.7, on the average almost majority of the selected coffee exporting companies' top management (owners) and the import-export (operations) managers (79.35%) supporting the impact that regulatory related corporate social responsibility practices have on the organizational performance followed by those top management (owners) and the import-export (operational) managers (20.65%) who have no suggestion on the given indicators.

4.4. Inferential Analysis

4.4.1. Diagnostic Tests

Linear regression is an analysis that assesses whether one or more predictor variables describe the dependent (criterion) variable. Linearity, multicollinearity, homoscedasticity, autocorrelation and normality are among the five key assumptions of classical linear regression model or GaussMarkov Assumptions that needs to be tested and analyzed in this survey study. These assumptions of classical linear regression analysis are needed for statistical influences (for estimation and hypothesis testing) purposes.

4.4.1.1. Test of Linearity Assumption

Linear regression needs the relationship between the independent variables (customer related CSR, supplier related CSR, community related CSR and regulatory related CSR practices) and dependent variable (organizational performance) to be linear. Linearity assumption means that the predictor (independent) variables in the regression have a straight-line relationship with the outcome (dependent) variable. The linearity assumption can best be tested by using scatter plots. If the residuals are normally distributed and homoscedastic, there is no need of worrying about linearity issue (<https://www.statisticssolutions.com>). Hence, since the observations for all explanatory variables versus the dependent variable can be drawn approximately in a straight line and the variance between the lower and upper cases of the observations were rationally similar, linearity is not a series issue to the study

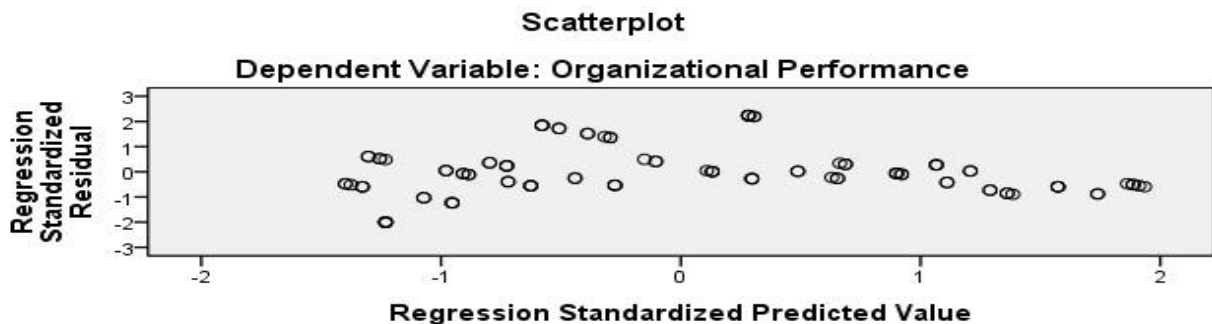


Fig. 4.1 Linearity Test

4.4.1.2. Test of Normality Assumption

Assumption of normality means that the composed data fits a bell-curve shape before organizing certain statistical tests or regression. A test of normality assumption could be tested by graphical (histogram and dot plot) method of tests. The popular histogram can provide a good idea about

whether the data meets the assumption. If the data seems like a bell-curve, then it is probably normal or if the fitted line in the Normal P-P plot of regression is approximately a straight line, an individual who can observe conclude that the variables of concern are normally distributed (<https://www.statisticshowto.com>). Therefore, since the fitted line on the P-P plot of the result approximately straight line, the residuals of the model were approximately normally distributed.

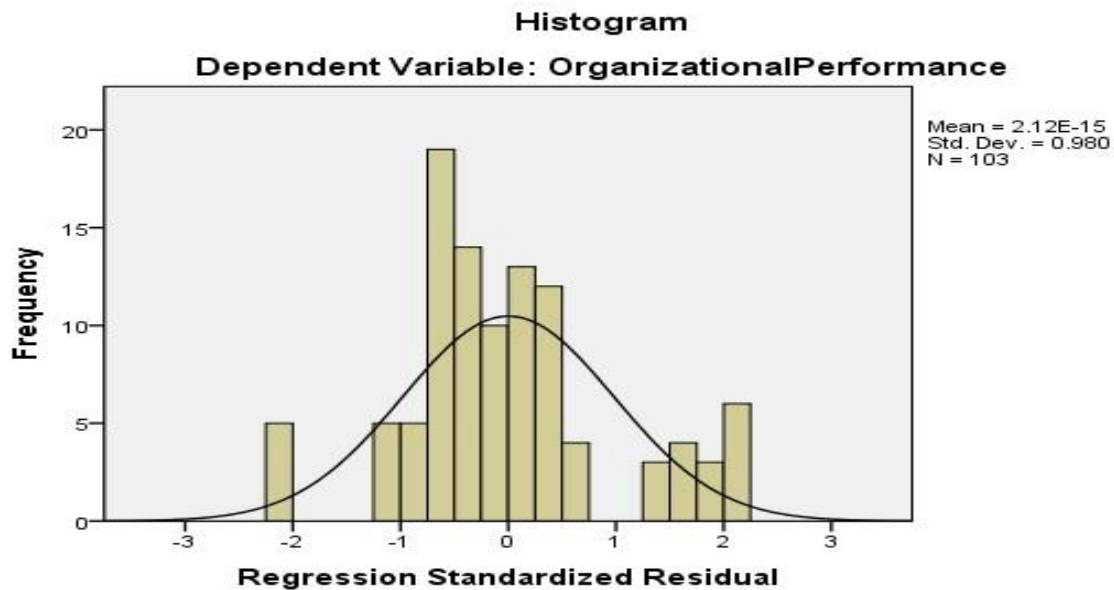


Fig. 4.2 (a) Histogram

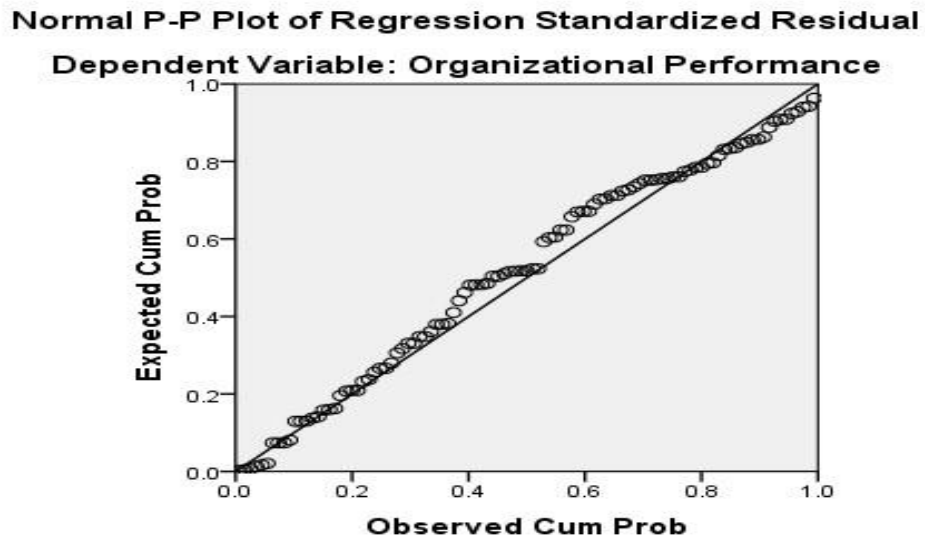


Fig 4.2 (b) Normal P-P Plot

4.4.1.3. Test of Multicollinearity Assumption

After the normality of the data in the regression model met, the next step is to determine whether there is similarity between the independent variables in a model. Similarities between the independent variables will result in a very strong correlation. Hence, multicollinearity occurs when the independent variables (customer related CSR, supplier related CSR, community related CSR and regulatory related CSR) are too highly correlated with each other.

The Variance-Inflation Factor (VIF) of a linear regression is an indicator of the presence of multicollinearity. If the VIF value lies between 1 and 10, then there is no multicollinearity. If the value of VIF is < 1 or > 10 , then there is certainly multicollinearity between the variables.

The other multicollinearity indicator is the tolerance which measures the influence of one independent variable on all other independent variables. If the tolerance value is < 0.1 , there might be multicollinearity in the data and if the tolerance value is < 0.01 there is certainly multicollinearity between the variables (<https://www.statisticssolutions.com>).

Table 4.8: Multicollinearity Diagnosis

| Model | Collinearity Statistics | |
|---------------------|-------------------------|-------|
| | Tolerance | VIF |
| Customer Oriented | 0.326 | 3.070 |
| Supplier Oriented | 0.315 | 3.178 |
| Community Oriented | 0.272 | 3.679 |
| Regulatory Oriented | 0.285 | 3.509 |

a. Dependent Variable: Organizational Performance
Source: Own Survey Results and Computation, 2022

Based on this assumption test in Table 4.8, the VIF and tolerance values in the survey study for all independent variables became < 10 and > 0.1 respectively. Therefore, the model used did not violate the assumption which means the model is free from multicollinearity issues. So from the result in Table 4.8, there is no multicollinearity issue between the independent variables in the model used.

4.4.1.4. Test of Homoscedasticity Assumption

As specified by Gujarati et al., (2009), homoscedasticity or homogeneity of variances is an assumption of equal or similar variances in different groups being compared whereas heteroscedasticity is a systematic change in the spread of residuals over the range of measured values. Heteroscedasticity is a problem since ordinary least squares (OLS) regression assumes that all residuals are drawn from a population that has constant variance (homoscedasticity) (<https://www.campusguides.lib.utah.edu>). Homoscedasticity assumptions can be tested by scatter plot diagram. The result of the study suggests the values of the model would forecast against the residuals attained. As the expected values rise, the deviation in the residuals should be approximately similar. The graph looks like a casual group of dots. Therefore, the model of this survey study is homoscedastic.

4.4.1.5. Test of Autocorrelation Assumption

According to Gujarati et al., (2009), autocorrelation is a characteristic of data which demonstrates the degree of similarity between the values of the same variables over successive time intervals. When autocorrelation is detected in the residuals from a model, it suggests that the model may be unreliable. The cause of the existence of autocorrelation is that some key variable or variables are missing from the model.

The standard method of testing for autocorrelation is the Durbin-Watson test. The Durbin-Watson test produces a statistic that ranges from 0 to 4. Durbin-Watson test values close to 2 (the middle of the range) suggest less autocorrelation and values closer to 0 or 4 indicate greater positive or negative autocorrelation respectively. An acceptable range of Durbin-Watson statistic value is 1.50 - 2.50 (<https://www.statisticssolutions.com>).

Table 4.9: Durbin-Watson

| Model | Durbin-Watson |
|--------------|----------------------|
| 1 | 1.926 |

- a. Predictors: (Constant), Customer Oriented, Supplier Oriented, Community Oriented, Regulatory Oriented
 - b. Dependent Variable: Organizational Performance
- Source: Own Survey Results and Computation, 2022

According to the result in Table 4.9 above, the Durbin-Watson statistic value is 1.926 which is found in an acceptable range of 1.50 – 2.50. Based on the indicated result the assumption of

independence of residuals was satisfied. Therefore, there is no existence of autocorrelation problem in the survey study model.

4.4.2. Correlations

According to Saunders, Lewis, and Thornhill (2009) and Akeem (2022), correlation is a bivariate analysis that measures the strength of association between two or more variables and the direction of the relationship. In terms of the strength of relationship, the value of the correlation coefficient varies between -1 and +1. A perfect degree of association between two variables was indicated by a value of ± 1 . As the correlation coefficient value goes towards 0, the relationship between the variables will be weaker. The direction of the relationship is indicated by the sign of the coefficient; a +sign indicates a positive relationship while a –sign indicates a negative relationship.

Hence, correlation analysis is a statistical method used to evaluate the strength and direction of relationship between two or more quantitative variables. Any score from +0.5 to +1 indicates a very strong positive correlation, which means that they both increase at the same time. Any score from -0.5 to -1 indicates a strong negative correlation, which means that as one variable increases, the other decreases proportionally. A score of 0 indicates that there is no correlation or relationship between the variables (Saunders et al., 2009).

Table 4.10: Correlations Between CSR and Organizational Performance

| | | Customer Oriented | Supplier Oriented | Community Oriented | Regulatory Oriented | Organizational Performance |
|---------------------|---------------------|-------------------|-------------------|--------------------|---------------------|----------------------------|
| Customer Oriented | Pearson Correlation | 1 | | | | |
| | Sig. (2-tailed) | | | | | |
| Supplier Oriented | Pearson Correlation | .457** | 1 | | | |
| | Sig. (2-tailed) | .000 | | | | |
| Community Oriented | Pearson Correlation | .675** | .772** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | | | |
| Regulatory Oriented | Pearson Correlation | .761** | .675** | .698** | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | |

| | | | | | | |
|----------------------------|---------------------|--------|--------|--------|--------|---|
| Organizational Performance | Pearson Correlation | .744** | .728** | .840** | .781** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |

** . Correlation is significant at the 0.01 level (2-tailed). b.

Listwise N=103

Source: Own Survey Results and Computation, 2022

Table 4.10 revealed the correlation matrix between corporate social responsibility practices (customer oriented, supplier oriented, community oriented and regulatory oriented) and organizational performance of top fifty selected coffee exporting companies. Among these corporate social responsibility practices that have impact on performance of the coffee exporting companies, there is a positive and very strong relationship between community-related corporate social responsibility practices and organizational performance with a correlation coefficient of 0.840 controlling for other impacting variables. The next indicator that had a positive and very strong correlation with the performance of the firm is the regulatory related corporate social responsibility practices with a correlation coefficient of 0.781. The third explanatory variable that had a positive and very strong relationship with the performance of a firm is the customer related corporate social responsibility practices with a 0.744 correlation coefficient. Relative to the other independent variables the explanatory variable that has the least but positive and strong relationship with the organizational performance of coffee exporting companies is the supplier related corporate social responsibility practices with a 0.728 coefficient of correlation.

Table 4.11: Correlations between Overall CSR Practices and OP

| | | Corporate Social Responsibility | Organizational Performance |
|---------------------------------|---------------------|---------------------------------|----------------------------|
| Corporate Social Responsibility | Pearson Correlation | 1 | |
| | Sig. (2-tailed) | | |
| Organizational Performance | Pearson Correlation | .894** | 1 |
| | Sig. (2-tailed) | .000 | |

** . Correlation is significant at the 0.01 level (2-tailed). b.

Listwise N=103

Source: Own Survey Results and Computation, 2022

Table 4.10 illustrated the relationship between effective implementation of corporate social responsibility practices and the organizational performance of the top fifty selected coffee

exporting companies in Ethiopia. Effective implementation of corporate social responsibility practices was correlated very strongly with organizational performance of the top fifty selected coffee exporting companies in Ethiopia with a higher value of correlation coefficient of 0.894. This demonstrated that the effective implementation of corporate social responsibility practices (customer oriented, supplier oriented, community oriented and regulatory oriented) of the companies had a positive and highly significant role on the overall performance of top fifty selected coffee exporting companies. Therefore, effective implementation of corporate social responsibility practices and organizational performance of the top fifty selected coffee exporting companies in Ethiopia had a positive, highly significant and very strong correlation.

4.4.3. Regression Result Analysis

As discussed by Gujarati et al. (2009), regression analysis is concerned with describing and assessing the relationship between a given dependent variable and one or more independent variable(s). Regression analysis is used to realize the relationship between dependent and independent variables and to forecast the value of explained variable based on one or more explanatory variables. This is stated in the model summary where the statistical relationship of the dependent and independent variables was displayed. The model summary table presented the relationship between the independent variables: customer oriented, supplier oriented, community oriented and regulatory oriented on one hand and the dependent variable (organizational performance) on the other.

Table 4.12: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | .894 ^a | .800 | .792 | .29057 | 1.926 |

a. Predictors: (Constant), Regulatory Oriented, Supplier Oriented, Customer

Oriented, Community Oriented

b. Dependent Variable: Organizational Performance Source: Own Survey Results and Computation, 2022

The result in Table 4.12 indicates that, the independent variables (the corporate social responsibility practices) statistically predicted the overall performance of the selected top fifty coffee exporting companies. The model summary demonstrated that the degree of association between the corporate social responsibility practices (customer oriented, supplier oriented, community oriented and

regulatory oriented) and their impacts on organizational performance of the exporting firms was shown by R with a value of 0.894 that illustrating a very strong positive correlation between the independent variables (customer, supplier, community and regulatory oriented corporate social responsibility practices) and the dependent variable (organizational performance).

Table 4.12 illustrates that the corporate social responsibility practices (customer oriented, supplier oriented, community oriented and regulatory oriented) jointly contribute 80% to the performance of the firm with R-Square (R^2) which is the coefficient of determination value of 0.800. This suggests that on average, 80% of the variation on organizational performance was jointly explained by the variation in explanatory variables (corporate social responsibility practices) while 20% could be due to the impact of unexplained factors. This result is in line with Mentor (2016), Rob (2017), Tabook (2021), Gezahegn (2020) and Robel (2022) that impacts of corporate social responsibility practices have a positive and significant association with performance and competitiveness of an organization.

According to the model in Table 4.12, the independent variables (corporate social responsibility practices) have high impact on the organizational performance of the selected top fifty coffee exporting firms was indicated by the Adjusted R-Square value of 0.792 that makes an attempt to correct the R square. This shows all independent variables customer related, supplier related, community related and regulatory related CSR practices have 79.2% impact on organizational performance. This result coincides with the findings of Daubry (2020) and Sameer (2021) that indicates there is a significant and positive relationship between corporate social responsibility and organizational performance both in terms of direct relationship between the independent and dependent variables and between their dimensions and measures and also the result is in line with Okolo (2019), Sonia and Omri (2021), Akeem (2022) that there is a positive and significant relationship between efficient corporate social responsibility implementation and firm's performance.

Table 4.13: ANOVA of Variables

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|------|
| 1 | Regression | 33.041 | 4 | 8.260 | 97.835 | .000 |
| | Residual | 8.274 | 99 | .084 | | |
| | Total | 41.315 | 103 | | | |

- a. Dependent Variable: Organizational Performance
- b. Predictors: (Constant), Regulatory Oriented, Supplier Oriented, Customer Oriented, Community Oriented

Source: Own Survey Results and Computation, 2022

Table 4.14: Regression Coefficients of the Variables

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | .611 | .221 | | 2.762 | .007 |
| Customer Oriented | .221 | .074 | .238 | 3.007 | .003 |
| Supplier Oriented | .209 | .090 | .168 | 2.081 | .001 |
| Community Oriented | .352 | .071 | .410 | 4.733 | .000 |
| Regulatory Oriented | .189 | .080 | .200 | 2.356 | .002 |

- a. Dependent Variable: Organizational Performance

Source: Own Survey Results and Computation, 2022

The regression model was significantly tested. In Table 4.13, the ANOVA model displaying the p-value is 0.000 which means the model is significant for the use of regression analysis. The result in Table 4.13 showed that the variance of the variables that was developed in the study with F statistic value of $F(2, 101) = 97.835$ and a probability value of $p = 0.000$ was statistically significant at $p < 0.05$ level of significance. The result revealed that the customer oriented, supplier oriented, community oriented and regulatory oriented corporate social responsibility practices have statistically significant impact on organizational performance of the selected top fifty coffee exporting companies. This result is in line with the findings of Kipruto (2014) that there is a positive and significant relationship between corporate social responsibility practices and organizational performance. The result of this finding is also in line with Reddy, Pansari and Jain (2018) that corporate social responsibility practices impacts and organizational performance had a positive and significant association. Similarly, the finding is fit with Mauricio, Lara and Davids (2019) that there is a significant relationship between corporate social responsibility practices and organizational performance of firms.

The result in Table 4.14 presents the impact that corporate social responsibility practices have on selected top fifty coffee exporting companies' performance in association with the level of regression coefficients of the explanatory variables. According to the result, all the corporate social responsibility practices have high impact on the selected top fifty coffee exporting companies' performance. The computed result in the table illustrated that, all the four independent variables customer oriented, supplier oriented, community oriented and regulatory oriented corporate social responsibility practices have positive and significant impact on the organizational performance of the selected top coffee exporting companies.

The unstandardized regression coefficients between the independent variables (corporate social responsibility practices: Customer, Supplier, Community, Regulatory) and the dependent variable (organizational performance) are described in the form of regression equation.

The established regression function is:

$$\text{Organizational Performance} = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e_i$$

$$\text{Organizational Performance} = \beta_0 + \beta_1\text{Customer} + \beta_2\text{Supplier} + \beta_3\text{Community} + \beta_4\text{Regulatory}$$

$$\text{OP} = 0.611 + 0.221\text{Customer} + 0.209\text{Supplier} + 0.352\text{Community} + 0.189\text{Regulatory}$$

from this regression coefficient results, we can analyze the following points:

4.4.3.1. Customer Oriented CSR Practices

The result in Table 4.14 revealed that, the beta (β) value for customer oriented corporate social responsibility practice is 0.221 and the p-value is ($p < 0.05$). This suggests that on average a 1% improvement in customer relation will increase the performance of the selected coffee exporting companies by 22.1%, other things remain constant and $p < 0.05$ implies that customer relation impact is significant at 5% level of significance. Thus, we conclude that the impact of customer oriented CSR practice has statistically significant relationship with the selected top fifty coffee exporting firm's performance. This shows that there is good communication between the selected top fifty coffee exporting firms and their customers.

4.4.3.2. Supplier Oriented CSR Practices

As presented in Table 4.14, the beta (β) coefficient of supplier oriented corporate social responsibility practice 0.209 indicates that, on average a 1% increase in supplier relation will increase the selected top coffee exporting companies' performance by 20.9% setting other things remain constant. This verifies that there is a positive and statistically significant association between suppliers-oriented CSR practice and organizational performance. The p-value is ($p <$

0.05) indicates the suppliers' related CSR impact is significant at 5% level of significance. Therefore, the impact of supplier oriented corporate social responsibility practice has a positive and statistically significant effect on the selected top fifty coffee exporting firm's performance. This displays that there is a positive and healthy relationship between the suppliers and the selected top fifty coffee exporting companies even though it requires more improvement.

4.4.3.3. Community Oriented CSR Practices

The regression result in Table 4.14 revealed that, the community oriented corporate social responsibility practice has a positive and statistically significant relationship with the performance of the selected top fifty coffee exporting companies. The beta (β) value of community oriented corporate social responsibility practice 0.352 demonstrates on average a 1% improvement in community relationship will improve the selected top fifty coffee exporting companies' performance by 35.2% remaining other things constant. The p-value is ($p < 0.05$) implies that the community oriented corporate social responsibility practice impact is significant at 5% level of significance. This displays that the selected top fifty coffee exporting companies have developed good relationship and communicate positively with the community in order to achieve their targeted objectives.

4.4.3.4. Regulatory Oriented CSR Practices

As shown in Table 4.14, the beta (β) coefficient of regulatory oriented corporate social responsibility practice 0.189 indicates that, on average a 1% improvement in regulatory relation will increase the selected top fifty coffee exporting companies performance by 18.9% putting other things remains constant. This implies that there is a positive and statistically significant association between regulatory oriented corporate social responsibility practice and organizational performance. The p-value is ($p < 0.05$) indicates the regulatory oriented corporate social responsibility practice impact is significant at 5% level of significance. Therefore, the impact of regulatory oriented corporate social responsibility practice has a positive and statistically significant impact on the selected top fifty coffee exporting companies' performance. This displays that there is a positive and healthy communication channel between the regulatory bodies and the selected top fifty coffee exporting companies even if it needs improvement. As of the computed regression model, all the independent variables; customer oriented, supplier oriented, community oriented and regulatory oriented corporate social responsibility practices have positive and statistically significant impact on organizational performance of the selected top fifty coffee

exporting companies. The impact of explanatory variables on organizational performance has been presented in their order of significance along with their beta value.

Community oriented corporate social responsibility practice with a beta (β) value of 0.352 that has a significance level of (0.000) is the best predictor of organizational performance of the selected top fifty coffee exporting companies which is followed by customer oriented corporate social responsibility practice with beta (β) value of 0.221 with a significance level of (0.003) relatively. The third predictor of organizational performance is the supplier oriented corporate social responsibility practice with a beta (β) value of 0.209 that has a significance level of (0.001). The least predictor of organizational performance with a beta (β) value of 0.189 with a significance level of (0.002) is the regulatory oriented corporate social responsibility practice as compared with other explanatory variables beneath the study.

Hypothesis testing is a significant procedure in an inferential statistic. This part of the research work is used to test the research hypotheses in order to answer the research questions raised in this study as follows.

Ha₁: - There is a positive and significant association between corporate social responsibility practices and organizational performance.

Table 4.12 illustrates that the corporate social responsibility practices (customer oriented, supplier oriented, community oriented and regulatory oriented) jointly contribute 80% to the performance of the company with the coefficient of determination R-Square (R^2) value of 0.800. This suggests that on average, 80% of the variation on organizational performance was jointly explained by the variation in explanatory variables (corporate social responsibility practices) while 20% could be due to the impact of unexplained factors. The implication of these outcome attained in the hypotheses tests is that, there is a positive and statistically significant association between effective implementation of corporate social responsibility and performance of the selected top fifty coffee exporting companies in the study.

Ha₂: -There is a positive and significant relationship between customers oriented corporate social responsibility practices and organizational performance.

This was the first projected hypothesis in the research. Based on the result computed in Table 4.14, the coefficient of determination value for customer oriented corporate social responsibility practice is positive (0.221) and is highly significant ($0.003 < 0.01$) which makes sure organizational performance of the selected top fifty coffee exporting companies. The p-value of 0.003 is less than the t-statistic value of 3.007 with a standard error value of 0.074. Hence, the null hypothesis is rejected, and the alternative hypothesis is accepted which means that there is a positive and significant association between customer oriented corporate social responsibility practice and firm's performance of the selected top fifty coffee exporting firms. According to stakeholders' theory, giving concerns to the interested parties and providing great attention for stakeholders will have an opportunity for getting the targeted performance. Essentially, corporate social responsibility activities in relation of customers have much significant effect for coffee exporting firms' organizational performance.

Ha3: - There is a positive and significant association between suppliers oriented corporate social responsibility practices and organizational performance.

Suppliers are from the principal stakeholders of the companies. In order to develop strong relationship with suppliers, firms implement different corporate social responsibility activities. According to the result calculated in Table 4.14, the coefficient of determination value for supplier oriented corporate social responsibility practice is positive (0.209) and is highly significant ($0.001 < 0.01$) which ensures organizational performance. The p-value of 0.001 is less than the t-statistic value of 2.081 with a standard error value of 0.090. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted which means that there is a positive and significant relationship between supplier oriented corporate social responsibility practice and organizational performance of the selected top fifty coffee exporting firms. This regression result is supported by institutional theory. According to the theory, companies might combine corporate social responsibility activities even without an observable economic return. This is to produce reasonable practices in the eye of other stakeholders (Glover, 2013).

Ha4: - There is a positive and significant relationship between community's oriented corporate social responsibility practices and organizational performance.

Regarding to the result in Table 4.14, the coefficient of determination value for community oriented corporate social responsibility practice is positive (0.352) and is highly significant ($0.000 < 0.01$)

which verifies organizational performance. The p-value of 0.000 is less than the t-statistic value of 4.733 with a standard error value of 0.071. Accordingly, the null hypothesis is rejected, and the alternative hypothesis is accepted which means that there is a positive and significant association between community oriented corporate social responsibility practice and organizational performance of the selected top fifty coffee exporting firms.

Corporate social responsibility giving, involving in different social work initiatives, realization of quality products to the community, practicing benefit plan for the undesirable externalities of the firms, and altering the life standards of the local communities would be not only the job of manufacturing firms but also it is the task of exporting companies. This type of community based initiatives helps the exporting companies to construct good image and increase the social acceptance of the firms. Muñoz, Sánchez, and Peña (2015), Dakito (2017), Lidiya (2021), Robel (2022) supported the result of regression analysis organizational performance was affected by the community related corporate social responsibility activities. As a result, when the companies show responsibility for their activities, the communities can build trust on the firms.

Therefore, this result is in line with stakeholder theory, triple-bottom-line theory and legitimacy theory. These theories agreed on the consideration of social dimension with in the operation of the business. Involving in the social affairs of the community will help to create common values between the community and the exporting companies.

Has: - There is a positive and significant association between regulatory oriented corporate social responsibility practices and organizational performance.

Concerning to the results figured in Table 4.14, the coefficient of determination value for regulatory oriented corporate social responsibility practice is positive (0.189) and is highly significant (0.002) which make certain the organizational performance. The p-value of 0.002 is less than the t-statistic value of 2.356 with a standard error value of 0.080. Hence, the null hypothesis is rejected, while the alternative hypothesis is accepted which means that there is a positive and significant relationship between regulatory oriented corporate social responsibility practice and company's performance of the selected top fifty coffee exporting firms.

The companies should be involved on respecting of the laws which are enacted by the regulatory body. At this time, they can free themselves from additional expenses, such as penalty due to the breaking of law. When they are operating in line with the established rules and regulations, they

can avoid those unnecessary costs and receives recognition from the regulatory body. Respecting regulatory laws supports the exporting firms to build good image by the eye of the governmental body and strengthen the relationships between them.

The outcomes advocated above are coherent with stakeholders' theory and legitimacy theory. Among the essential components of firms, improving the societal problems is considered as firm's legal responsibility and ethical and moral obligation. In addition to this, forgetting the party who affect or be affected by the company, leads for the failure of the firm. Hence, doing tasks with governmental bodies has a reward (Zu, 2009, Lidiya, 2021 and Robel, 20220).

The implication of these results attained in the hypotheses tests is that, there is a positive and statistically significant association between effective implementation of corporate social responsibility practices and performance of the selected top fifty coffee exporting companies in the study. This finding is in line with Oyenje (2012) that the relationship between corporate social responsibility practices and financial performance of firms in the manufacturing, construction and allied sector of the Nairobi securities exchange. This result coincides with the study of Yohannes (2014) on the corporate social responsibility practices and concerns of Addis Ababa University on the implication for higher learning institutions in Ethiopia. And also, this result is matched with the work of Marly (2016) on the impact of corporate social responsibility on financial performance in US of America. This finding also complemented with the study of Robel (2022) on the effect of corporate social responsibility on financial performance that was referenced from large manufacturing firms in Addis Ababa, Ethiopia. This implies that there is a requirement of taking improving actions on corporate social responsibility practices implementation of the selected top fifty coffee exporting companies to make sure their organizational performance.

Table 4.15: Summary of Expected and Actual of Independent Variables on Dependent Variable

| Independent Variable | Dependent Variable | Expected Sign | Actual Sign | Significance Level |
|------------------------|----------------------------|---------------|-------------|--------------------|
| Customer Oriented CSR | Organizational Performance | Positive | Positive | 0.003** |
| Supplier Oriented CSR | Organizational Performance | Positive | Positive | 0.001** |
| Community Oriented CSR | Organizational Performance | Positive | Positive | 0.000** |

| | | | | |
|-------------------------|----------------------------|----------|----------|---------|
| Regulatory Oriented CSR | Organizational Performance | Positive | Positive | 0.002** |
|-------------------------|----------------------------|----------|----------|---------|

Source: Own Survey Results and Computation, 2022

Note: the sign (**) shows the variables are statistically significant at **1% and 5%** significance level. For this study, the variables that have **1% (**)** and **5% (**)** significant level implies that the variables are statistically and significantly affect the dependent variable (organizational performance), since the ground for significant level is at 5% for this study.

From Table 4.15 the variables are statistically significant at 5% significance level was considered as the independent variables (corporate social responsibility practices: customer-oriented relation, supplier-oriented relation, community-oriented relation and regulatory oriented relations) have statistically significant impact on the dependent variable (organizational performance) of the selected top fifty coffee exporting companies.

CHAPTE FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter provides the summary of the research work, conclusions that have been derived from the study findings and at the last it suggests recommendations for enhancement and for further studies on focus area.

1.1. Summary

The purpose of this research work was to study the impact of corporate social responsibility practices on organizational performance of coffee exporting companies in Ethiopia with a particular emphasis on selected top fifty coffee exporting companies through a specific focus to the four Carroll corporate social responsibility dimensions: customer, supplier, community and regulatory oriented practices of the focal companies. To get first-hand, detailed and factual information descriptive research approach and to investigate causal relationship between the

independent and dependent variables explanatory research design were used in the study. The study was conducted using both quantitative and qualitative research methods which are referred as mixed research method. The study could be determined by the understanding of the selected top managers (owners) and operations (import-export) managers (respondents) of the target top fifty selected coffee exporting companies. The study also used a cross-sectional (one time shot) data model. Hence, the findings of the study found from the analysis of the data were summarized clearly and briefly.

According to the outcomes found in the study, majority of the respondent's response mentioned that corporate social responsibility practices are the essential factors that impact the organizational performance of the coffee exporting companies. For instance, 90.3% of the respondents made it clear that corporate social responsibility practices significantly impact the overall performance of the targeted top fifty selected coffee exporting companies while only 9.7% of them have no awareness about the impact and none of them are denied. Hence, the findings show that effective implementation of corporate social responsibility practices can significantly enhances the organizational performance of the coffee exporting companies.

Depending on the findings attained in the study, most respondents clarified that the community-oriented relation employed by the focal companies is one of the important predictors of the firm's performance while 79.6% of the respondents demonstrated that customer-oriented relation is the second predictor which plays a crucial role on company's performance positively. Accordingly, 74.2% of the respondents revealed that the third predictor of the impact of corporate social responsibility is the regulatory oriented implementation of the corporate social responsibility which impacts the targeted organizations performance. From the achieved result, 73.8% of the respondents mentioned that relatively the least predictor of the focal companies' performance is the supplier oriented corporate social responsibility practice employed. This implies that there is a positive and significant relationship between the implemented corporate social responsibility practices and organizational performance.

Based on their coefficient of correlation, the independent variables; the community-oriented CSR practice, the regulatory oriented CSR practice, the customer-oriented CSR practice and the suppliers'-oriented CSR practice had a positive, highly and strongly significant correlation with the dependent variable organizational performance of the targeted fifty top selected coffee exporting companies with a coefficient of correlation 0.840, 0.781, 0.744 and 0.728 respectively.

Regarding to the outcomes of the findings of regression analysis coefficients, the community oriented corporate social responsibility practice is the best predictor of the organizational performance of the selected top fifty coffee exporting companies with a coefficient of determination value of 0.352 followed by customer oriented corporate social responsibility practice and then by supplier oriented corporate social responsibility practice with a coefficient of determination value of 0.221 and 0.209 respectively while in comparison with the other explanatory variables the least indicator of the organizational performance of selected top fifty coffee exporting companies is the regulatory oriented corporate social responsibility practice with a coefficient of determination value of 0.189.

Therefore, this study examines the impact of effective implementation of corporate social responsibility practices on organizational performance of coffee exporting companies with a specific orientation of selected top fifty coffee exporting companies. This study demonstrates that corporate social responsibility impact indicators (practices) cooperatively contribute positively and significantly to organizational performance. The study summarizes that the corporate social responsibility practices; customer oriented, supplier oriented, community oriented and regulatory oriented, have a positive and significant impact on company's performance.

1.2. Conclusions

This study proposed to find out the impacts of corporate social responsibility practices on the organizational performance selected top fifty coffee exporting companies. Therefore, it can be concluded that focusing on the implementation of corporate social responsibility practices is very essential to ensures continuous organizational performance of companies which in turn improves service delivery of the organization, customers, and its community via respecting the imposed rules and regulations.

The results of the study conclude that, for companies to achieve their long term goal and grow sustainably, they should adhere to the practices of CSR activities and they should include it in their corporate strategies. The study uses four corporate social responsibility practices (customer, supplier, community, and regulatory oriented ones) as independent (explanatory) variables that positively and significantly impact the organizational performance, which is a dependent variable. This study hypothesized the overall impacts of corporate social responsibility and the impacts of corporate social responsibility practices (customer-oriented CSR, supplier-oriented CSR, community-oriented CSR and regulatory oriented CSR) on organizational performance of coffee

exporting companies. In particular, the study was committed on testing the hypotheses and answering the research questions of the study given that the observed findings of the study suggested some substantial conclusions that all the null hypotheses were rejected while all the alternative hypotheses were accepted.

Furthermore, the study model illustrated that there exists a positive and statistically significant relationship between corporate social responsibility practices; customer, supplier, community and regulatory oriented CSR and the organizational performance of the selected top fifty coffee exporting companies. From those corporate social responsibility dimensions community-oriented relation is the main predictor of the company's performance relatively followed by customer-oriented relation having a positive and significant influence on the selected top fifty coffee exporting companies' performance. The third predictor of the firm's performance is regulatory oriented relation that has a positive and significant impact on the firm's performance while relatively supplier-oriented relation is the least predictor of the company's performance with positive and significant association.

Hence, the study concludes that effective and efficient implementation of corporate social responsibility practices by firms is a genuine instrument through which an organization can accomplish a significant customer satisfaction, improved product delivery and enhanced organizational performance. Finally, to formulate new strategies, organizations should evaluate the existing structures to find out whether they are sustainable, transparent, and accountable or require reviews to ensure substantial and effective corporate social responsibility implementation which is significant in enhancing their organizational performance.

1.3. Recommendations

The study established that in order to enhance the implementation of corporate social responsibility practices, companies should include sustainable corporate social responsibility policies in their strategies as a competitive advantage tool. Based on the findings of the study, it is necessary to forward the following recommendations:

1) Customers

- ✓ Implement fair pricing policies and transparent communication practices to ensure customers are treated ethically and receive value for their purchases.
- ✓ Provide excellent customer service, by prioritizing product safety and quality. Address customer concerns or complaints promptly and effectively.

2) Suppliers

- ✓ Establish ethical sourcing and procurement practices to ensure suppliers adhere to fair labor practices and environmental standards.
- ✓ Provide support and capacity-building initiatives to help suppliers improve their performance and social impacts. Foster long term partnership with suppliers based on mutual respect, transparency, and collaboration.

3) Community

- ✓ Invest in community development initiatives that address local needs and contribute to the well-being of communities where the company operates.
- ✓ Engage in philanthropic activities and partnerships with local nonprofit organizations to address social and environmental challenges. Collaborate with local stakeholders, government agencies, and NGOs, to identify opportunities for meaningful community engagement and impacts.

4) Regulatory Authority

- ✓ Ensure compliance with applicable laws and regulations, and industry standards governing business operations including environmental, labor and consumer protection regulations.
- ✓ Advocate for responsible and sustainable business practices through industry associations and engaging with policy makers. Establish internal mechanism for monitoring, reporting, and addressing regulatory compliance issues, including training programs.

1.4. Suggestions for Further Study

While that the outcome of this research adds significant value to our understandings of corporate social responsibility practices, and their impact on organization performance, it has also some limitations. The study focused on only one year data than focusing on two or more years was critical limitation. Thus, further study should be conducted using longitudinal data as that will give more complete picture of the result of corporate social responsibility programs in the coffee exporting companies of the country.

In addition to that, this study might be a good standpoint for future works on corporate social responsibility's contribution to the organizational performance of coffee exporting companies in the country. Therefore, the researcher recommends that further studies shall be carried out in the

area of effective implementation of corporate social responsibility practices on several firms incorporating more variables than included in this research paper, so as to depict clear and more comprehensive picture of CSR practices and its positive outcomes.

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Appendix A

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS DEPARTMENT OF BUSINESS ADMINISTRATION

Questionnaires

Dear Respondents:

This questionnaire is designed to gather relevant information on "**Effect of Corporate Social Responsibility Practices on Organizational Performance: Referenced from Coffee Exporting Companies in Addis Ababa, Ethiopia**" as a partial fulfillment of the requirements for the Degree of Master of Business Administration (MBA) in Management.

The purpose of this questionnaire is to gather pertinent data for the proposed study, and hence you are kindly requested to assist the successful completion of the study by providing the necessary information. Your voluntary participation is very important for the study and the information you share will stay confidential and only used for the aforementioned academic purpose only, thus not affects you in any way rather it may possibly help you in improving the corporate social responsibility practices of your company. So, your genuine, frank and timely response is vital for the success of the study. I want to thank you in advance for your kind cooperation and dedication of your precious time to fill this questionnaire.

Instructions: -

The researcher uses this questionnaire for the genuine information is highly decisive to the success of this study. Therefore,

- ✓ No need of writing your name.
- ✓ Indicate your answer with a check mark (X) on the appropriate cell ✓ With great excuse, possibly return back timely.
- ✓ For any challenges, explanation and suggestion please do not hesitate contact the researcher through the following addresses:

Email: _____

Phone: _____

Thank You Again!

Part I:- Respondent's Profile

1. Gender: 1. Male 2. Female
2. Age: 1. 21-30 2. 31-40 3. 41-50 4. Above 50
3. Respondent's Educational level:
 1. Up to Diploma 2. B.A/BSC 3. MA 4. Above MA
4. Respondent's Work Experience
 1. ≤5years 2. 6-10 years 3. 11-15 years 4. 16-20years 5. >20years
5. Respondent's Current Position
 1. Top Manager 2. Department Manager (Head) 3. Employee

Part II:- Effects of Corporate Social Responsibility Practices on the Company's Organizational Performance

The following questions are about how your organization is implementing corporate social responsibility practices in order to achieve its targeted performance objectives. The main purpose of the instrument is to assess the influences of customers, suppliers, community and regulatory related corporate social responsibility practices on organizational performance. To what extent do you agree with the following statements about corporate social responsibility practices in your company ranging from strongly disagree to strongly agree? And put "X" mark for each rating.

1: Strongly Disagree, 2: Disagree, 3: Neutral, 4: Agree and 5: Strongly Agree

| No | Items | 1 | 2 | 3 | 4 | 5 |
|----------|--|---|---|---|---|---|
| A | Organizational Performance (OP) | | | | | |
| 1 | Organizations focus on CSR practices for the attainment of their targeted organizational performance | | | | | |
| 2 | Export companies have clear customer oriented CSR policy | | | | | |
| 3 | Most of the time export companies give attention on suppliers oriented CSR practices | | | | | |
| 4 | Mostly export companies are focusing on community-oriented CSR practices to attain their target | | | | | |
| 5 | Organization gives attention to fulfill regulatory authorities oriented CSR activities | | | | | |

| | | | | | | |
|----------|---|----------|----------|----------|----------|----------|
| B | Customer Oriented CSR Practices | | | | | |
| 1. | Organization gives clear and accurate product information and labeling | | | | | |
| 2. | Organization has guarantee quality products | | | | | |
| 3. | Organization has commitment to provide value to customers | | | | | |
| 4. | There is customer care and feedback | | | | | |
| 5. | Organization engage customer in product development | | | | | |
| 6. | Organization directly involved in providing products to the economically disadvantaged | | | | | |
| 7. | Organization advertise based on standards/codes | | | | | |
| C | Suppliers Oriented CSR Practices | 1 | 2 | 3 | 4 | 5 |
| 1. | There is reliable anticipated purchasing requirements | | | | | |
| 2. | Organization utilize local suppliers | | | | | |
| 3. | There is sourcing from minority-owned suppliers | | | | | |
| 4. | There is inclusion of an environmental and social element in the selection of suppliers | | | | | |
| 5. | Organization assist suppliers to improve their environmental and social performance | | | | | |
| 6. | Organization focus on quality input than price | | | | | |
| 7. | Organization focus on price of input than quality | | | | | |
| 8. | Organization receive input from legal suppliers | | | | | |
| D | Community Oriented CSR Practices | 1 | 2 | 3 | 4 | 5 |
| 1. | Organization contribute to charitable activities | | | | | |
| 2. | Organization donates to NGOs activities. | | | | | |
| 3. | Organization sponsor sports tournaments | | | | | |
| 4. | Organization encourage volunteering of employees' for community development activities | | | | | |
| 5. | Organization contribute to education initiatives | | | | | |
| 6. | Organization contribute to disaster relief Funds | | | | | |

| | | | | | | |
|----------|---|----------|----------|----------|----------|----------|
| 7. | Organization contribute to community health initiatives | | | | | |
| 8. | Organization contribute towards promotion of art/culture | | | | | |
| 9. | Organization contribute to livelihood improvement of needy | | | | | |
| 10. | Organization recruits in favor of local Communities | | | | | |
| E | Regulatory Oriented CSR Practices | 1 | 2 | 3 | 4 | 5 |
| 1. | There is provision of products that meet legal requirements | | | | | |
| 2. | The organization fulfills the legal requirement for employees safety in working environment | | | | | |
| 3. | The organization comply with the rule of employees minimum payment rate | | | | | |
| 4. | The organization fulfills all the legal requirement for environmental protection | | | | | |

Appendix B

2014, 12 Month Coffee Export Performance Ranked By Value

Value in '000' USD

| No | Exporters | Washed | | Unwashed | | Total | |
|----|----------------------------------|----------|-----------|-----------|-----------|-----------|-----------|
| | | Vol | Val | Vol | Val | Vol | Val |
| 1 | Tracon Trading PLC | 4,789.44 | 29,246.26 | 10,921.04 | 55,418.68 | 15,710.48 | 84,664.94 |
| 2 | Hadeed Trading PLC | 1,831.08 | 9,486.91 | 17,701.75 | 65,544.64 | 19,532.83 | 75,031.55 |
| 3 | Kerchanshe Trading P.L.C | 4,943.45 | 26,674.18 | 10,557.58 | 40,664.23 | 15,501.03 | 67,338.41 |
| 4 | Bnt Industry & Trading P.L.C | 3,934.11 | 29,169.97 | 1,690.96 | 9,386.03 | 5,625.06 | 38,556.00 |
| 5 | Daye Bensa Coffee Export Plc | 3,493.88 | 22,280.80 | 2,927.06 | 14,183.12 | 6,420.94 | 36,463.93 |
| 6 | S.A BagershPlc | 1,954.28 | 11,846.88 | 4,379.96 | 22,739.01 | 6,334.24 | 34,585.89 |
| 7 | Adulina Coffee Exporter Plc | 3,665.94 | 22,683.49 | 2,828.09 | 10,814.29 | 6,494.03 | 33,497.78 |
| 8 | Arfasa General Trading Plc | 2,676.22 | 13,657.10 | 4,616.36 | 15,581.58 | 7,292.58 | 29,238.69 |
| 9 | Snap Trading & Industry Plc | 2,784.66 | 17,666.17 | 2,294.87 | 10,807.57 | 5,079.53 | 28,473.74 |
| 10 | Zelalem Eshetu G/Amanueil | 1,018.50 | 5,145.51 | 5,664.50 | 21,504.65 | 6,682.99 | 26,650.17 |
| 11 | Testi Trading Plc | 1,394.03 | 9,971.06 | 2,070.37 | 14,483.54 | 3,464.40 | 24,454.60 |
| 12 | Oromia Coffee Farmers Coop/Union | 2,043.99 | 12,607.37 | 2,132.72 | 10,894.29 | 4,176.70 | 23,501.65 |
| 13 | Abdulahakim Mohamed Gelato | 1,401.12 | 7,927.98 | 4,288.56 | 15,120.32 | 5,689.68 | 23,048.30 |
| 14 | Sidama Coffee Farmers Coop/Union | 2,531.10 | 17,893.05 | 684.22 | 4,371.15 | 3,215.32 | 22,264.20 |
| 15 | Abbahawa Trading Plc | - | - | 6,199.56 | 22,041.89 | 6,199.56 | 22,041.89 |

| | | | | | | | |
|----|--------------------------------------|----------|-----------|----------|-----------|----------|-----------|
| 16 | Primrose Service Provider P.L.C | 2,181.16 | 15,314.79 | 998.44 | 5,258.85 | 3,179.59 | 20,573.64 |
| 17 | Fahm General Trading P.L.C | 2,366.88 | 13,256.48 | 1,851.36 | 6,853.04 | 4,218.24 | 20,109.52 |
| 18 | Cabey Private Limited Company | 198.56 | 1,081.66 | 5,948.96 | 18,296.14 | 6,147.52 | 19,377.80 |
| 19 | Adem Kedir Hajihassen | 38.40 | 193.70 | 5,195.00 | 19,116.84 | 5,233.40 | 19,310.54 |
| 20 | Haillesslassie Ambaye Industrial Plc | 1,828.05 | 13,868.21 | 666.13 | 4,862.43 | 2,494.18 | 18,730.64 |
| 21 | Mullegeta Private Limited Company | 1,752.06 | 11,265.83 | 1,902.80 | 7,148.22 | 3,654.86 | 18,414.05 |
| 22 | Romina Private Limited Company | 2,684.12 | 18,345.91 | - | - | 2,684.12 | 18,345.91 |
| 23 | Ethio Gabana Trading Plc | 1,937.00 | 10,653.97 | 1,893.68 | 7,293.67 | 3,830.68 | 17,947.63 |
| 24 | Kemal AbdelaInternationalplc | 364.80 | 1,709.65 | 4,377.01 | 14,653.38 | 4,741.81 | 16,363.03 |
| 25 | Sara Yimer Ali | 1,595.11 | 7,107.20 | 2,360.48 | 7,256.86 | 3,955.59 | 14,364.06 |

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|----|-------------------------------------|----------|-----------|----------|-----------|----------|-----------|
| 26 | Limmu Coffee Farm | 2,039.28 | 11,891.56 | 364.80 | 1,488.67 | 2,404.08 | 13,380.23 |
| 27 | TadesseDestaAmene | 722.08 | 4,878.56 | 1,500.90 | 7,668.19 | 2,222.98 | 12,546.75 |
| 28 | Kebir Coffee Trading Plc | 245.10 | 1,472.60 | 2,704.13 | 10,988.60 | 2,949.23 | 12,461.20 |
| 29 | AkliluKasaChirisa (Nardos Coffee | 1,109.04 | 7,256.61 | 1,098.50 | 4,153.16 | 2,207.54 | 11,409.77 |
| 30 | LegesseSherefaPlc | 958.62 | 6,387.96 | 1,304.85 | 4,772.23 | 2,263.47 | 11,160.20 |
| 31 | Birra Coffee General Trading PLC | 90.00 | 504.77 | 2,037.54 | 10,044.58 | 2,127.54 | 10,549.35 |
| 32 | Bebeka Coffee Estate SC | 1,843.20 | 10,047.85 | 38.46 | 171.12 | 1,881.66 | 10,218.97 |
| 33 | Kata Muduga Multipurpose Cooperativ | 1,263.09 | 9,426.80 | 79.80 | 522.71 | 1,342.89 | 9,949.50 |
| 34 | YirgaCheffe Coffee Farmers Coopera | 1,076.15 | 7,462.00 | 260.55 | 1,772.06 | 1,336.70 | 9,234.06 |
| 35 | Enock PLC | 1,126.79 | 6,122.55 | 850.24 | 2,955.67 | 1,977.03 | 9,078.22 |
| 36 | AlmazSeyoumBeyene | 278.66 | 1,631.42 | 2,200.37 | 7,311.56 | 2,479.03 | 8,942.98 |
| 37 | Romel General Trading PLC | | | | | | |

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|----|-------------------------------------|----------|----------|----------|----------|----------|----------|
| | | 550.20 | 3,256.94 | 1,280.57 | 4,513.19 | 1,830.77 | 7,770.13 |
| 38 | Warka Trading House PLC | 115.20 | 566.24 | 2,532.00 | 6,958.06 | 2,647.20 | 7,524.30 |
| 39 | EthioAgri-Ceft PLC | 1,041.24 | 6,196.49 | 249.60 | 1,135.47 | 1,290.84 | 7,331.95 |
| 40 | Metad Agricultural Development Plc | 430.27 | 3,390.40 | 474.37 | 3,895.14 | 904.64 | 7,285.54 |
| 41 | Leli Trading Plc | 218.25 | 1,384.02 | 1,220.68 | 5,490.54 | 1,438.93 | 6,874.56 |
| 42 | TadeGg High Land Forest Coffee Pro | 422.03 | 3,106.36 | 560.57 | 3,690.19 | 982.61 | 6,796.55 |
| 43 | Walia Steel Industry Plc | 516.72 | 2,534.85 | 1,699.60 | 4,045.55 | 2,216.32 | 6,580.40 |
| 44 | KidanemariamGebreyesusWoldekidan | 424.80 | 2,020.76 | 1,317.57 | 4,518.31 | 1,742.37 | 6,539.07 |
| 45 | Kuru Ethiopia Coffee Development Pl | 915.18 | 5,431.44 | 230.40 | 848.17 | 1,145.58 | 6,279.61 |
| 46 | Alta Computec PLC | 578.30 | 3,654.93 | 719.55 | 2,613.92 | 1,297.86 | 6,268.85 |
| 47 | AbebeMulegetaKassa | 465.92 | 2,866.63 | 784.86 | 3,039.92 | 1,250.78 | 5,906.56 |
| 48 | G And F Coffe Export Plc | | | | | | |
| | | 330.20 | 1,892.72 | 870.76 | 4,013.03 | 1,200.96 | 5,905.74 |
| 49 | Bolodu Industrial Plc | 489.00 | 3,500.98 | 339.32 | 2,398.13 | 828.31 | 5,899.10 |
| 50 | Guji Highland Coffee Plantation Plc | 209.87 | 1,466.17 | 613.14 | 4,317.15 | 823.01 | 5,783.32 |