



Business Ethics Practices:

**The Case of MOHA Soft Drinks Industry S.C., Teklehaimanot
Plant**

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in Partial Fulfillment of the Requirements for the Degree of Master of
Business Administration (MBA)***

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Declaration

I, Bekele Gebisa declare that this project is my original work and has not been presented for award of degree in any other university and that all sources of materials used for the project have been duly acknowledged.

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Title: Business ethics practices: The case of MOHA Soft drinks
Industry S.C., Teklehaimanot plant

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Abstract

In an increasing domestic and international market competition, businesses cannot ignore ethics due to the risk to their reputation and increasing internal and external pressures (Manuel G. Velasquez, 1992). This realizes the significance of the study. The study was conducted at MOHA Soft Drinks Industry, Teklehaimanot plant with the general purpose of examining the business ethics practices of the company. Since business ethics determines the success of the business organizations, ethics has to be included in their corporate values. Hence, businesses should consider at least some major ethical issues. In this study, four business ethical issues were explained and explored, Viz; product safety, employee health and safety, social responsibility (social concern) and environmental protection. Ethics as related to product safety was dealt by determining the controlling mechanism of product's hazard to consumers by the factory. Employee health and safety program of the company was explored. Contributions of the company to local community development program were pointed out. Finally, the attitude of the company towards environmental protection and the mechanism they are using to reduce the pollution of the environment were highlighted. In the study, background of the organization was included. Concerning the above business ethical issues, related literatures were reviewed. Data were collected using questionnaire; interview and document review techniques and presented using tables and charts, and analyzed using percentage. Finally, after thorough analysis of business ethics practices of MOHA soft drinks industry S.C., Teklehaimanot plant, conclusions were made and recommendations were also forwarded based on the observed gaps and problems.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to McGee (1992), businesses are not only economic relation created by the exchange of goods and services, but also moral relationship. As a result, businesses around the world are designing and implementing business ethics program to address the legal, ethical, social responsibility, and environmental issues. By addressing these issues in a systematic way, enterprises can improve their own business performance, expand opportunities for growth, and contribute to the general social welfare. In addition to this, markets become free and remain free if their players are responsible and respect the basic values of honesty, reliability, fairness and self discipline. To nurture these free markets, businesses need to promote good business ethics and also as to comply with government policy with relating to market oriented legal framework.

By appreciating the importance of ethics in businesses, this study was designed to examine the practices of business ethics in MOHA Soft Drinks Industry S.C., Teklehaimanot plant. Currently the Industry has four plants, namely: Nefas silk Plant, Teklehaimanot plant, Gondar plant, and Dessie plant. The product mixes of the Industry are Pepsi Cola, Mirinda, 7UP, and Mirinda Tonic.

Great deal of interest in codes of ethics exists in both the business community and the academic community (Bruce R. Gaumnitz and John C. Lere, 2004, pp. 329-335). Mohamed M. Ahmed, Kung Young Chung, John W. Eichenseher (2003, pp. 89-102) also concluded that with the growing interest and debate surrounding "Globalization", no one can underestimate or push aside the cruciality of the perception of ethical behavior of business. The problem is not only the concern of business firms, but far more importantly, it draws into the picture politicians, government officials and various national and international pressure groups.

Since few researches including the above have focused on the business ethical practices of developing countries, the situation calls for other extended studies which explore the nature and

the practices of business ethics in developing countries (specifically in Ethiopia) with the newly emerging industries.

1.2 Statement of the Problem

“Business ethics studies the relationship of what is good and right for business” (Hoffman and Frederick, 1995). According to Josie Fisher (2004, pp. 391-400), it is the code of moral principles that sets standards of good or bad, or right or wrong, in one's conduct and thereby guides the behavior of a person or group. Particular business ethical issues in this study were product safety, employee health and safety, social responsibility and obligation of the company to the environment.

Product safety is an important issue that needs to be underlined in the relationship between business and consumers. Most consumers lack the expertise to assess the safety of today's technologically sophisticated products and must rely at least to some extent on the impression they are given by sellers. Therefore, the growing lack of confidence in the market system to protect consumer safety is demonstrated by the increase in consumer protection legislation (Hoffman and Frederick, 1995).

Concerning employee health and safety, all workers have a fundamental right to execute their job contract in safe and healthy conditions. Employees may be exposed to extreme heat, cold, excessive noise levels, dust, chemical agents, or radiation. According to Brain Harvey (1994), employees should be compensated sufficiently for risk they are asked to take both through appropriate insurance and social security provisions.

Businesses are expected to play social responsibility by contributing to the welfare of the society. Social responsibility focuses on the impact that business activity has on society (Josie Fisher, 2004, pp. 391-400). Lastly, they are also expected to protect communal ownership natural resources like water, forest, wildlife, air, and others from pollution (McGee, 1992).

Business ethics is not confined to the above variables only, but also ethical issues with relating to advertisement, share holders, partners, suppliers, competitors, government and the like which are not the focus area of this study are widely in practice. Since the variables are independent, they have no/less effect on the result of the study.

1.3 Objectives of the Study

The general objective of the study was to see the practices of business ethics at MOHA Soft Drinks Industry, Teklehaimanot plant.

The specific objectives of the study were:

- To assess the overall business ethics practices of the factory
- To examine the Factory's possible hazard control methods of products.
- To assess the practices of employee health and safety program of the Factory.
- To determine whether the factory is supporting the country's development program.
- To point out the techniques the factory is using to protect the environment from pollution.

1.4 Research Questions

The research questions were:

- What does the overall business ethics practices of the factory looks like?
- How is the factory promoting health and safety working conditions and compensates employees for the risk they are asked to take?
- What are types of quality control techniques does the factory use to reduce products' hazard?
- What type of contributions does the company make for the welfare of the society?
- What environmental protection mechanism does the company use

1.5 Significance of the Study

Business organizations cannot ignore ethics due the risk to their reputation, and increasing internal and external pressures. For instance, customers, governments and community are expecting private and public sector organizations to be more ethical in their trading policies and business dealings. Hence, it is important for businesses to consider and implement business ethics principles in their activities.

The top user of this research finding was MOHA soft drinks industry S.C., Teklehaimanot plant. Based on the finding, the company can find itself “where it is” in terms of exercising a good business ethics and take corrective action if necessary. In addition to MOHA, other businesses, whether it is private, public, profit or non-profit could get awareness that they should practice a good business ethics to stay in operation. Moreover, the findings contribute to business ethics and can be used as a reference for interested researchers in this area.

If the problem remains unsolved, the company cannot practice a good business ethics. According to Orme and Ashton (2003, pp.184-190), if businesses do not practice business ethics, they cannot:

- Enhance reputations and good will
- Reduce risk and costs
- Protect their employees
- Have stronger competitive position
- Expand access to capital, credit, and investment
- Increase profit
- Sustain long term growth

1.6 Scope of the Study

The study was limited to business ethics practices, the case of MOHA Soft Drinks Industry S.C., Teklehaimanot plant. The ethical dimensions of business studied are: product safety, employee health and safety, social responsibility, and environmental protection. Therefore, due to the broad nature of business ethics, the research did not include other areas other than the above variables.

1.7 Limitation of the Study

The study suffered from budget and time shortage. In addition to this, the findings were not generalizable for other businesses in Ethiopia. So that it requires future research which broaden the sample size to include other businesses.

1.8 Methodology of the Study

1.8.1 Population and Sampling Technique

MOHA Soft Drinks Industry got four plants in Ethiopia, among which Teklehaimanot plant is one. For this study, Teklehaimanot plant was selected through convenience sampling technique. The plant has currently 635 permanent employees. To collect the data related to employee health and safety, 70 workers i.e. 40 from machine operators, 15 from quality control laboratory workers, and 15 from garage workers were randomly selected purposefully. This is because, unlike other administrative workers, machine operators, laboratory workers and garage workers may face more health and safety problem since they have direct contact with different chemicals, equipments and machinery of the factory. The random selection was done using lottery system in such a way that 0 and 1 digits were distributed to the selected departments and those who picked 1 were selected for the study.

In addition, the types of data, subject and tools used in the study is presented in the following table.

1.8.2 Types of Data, Subject and Data Collection Techniques

Table 1.1 Types of Data, Subject and Data Collection Techniques

Types of data	Subject	Tools
General practices of business ethics	Factory general management	Interview and document review
Product safety	Quality control department head	Interview and document review
Employee health and safety	Machine operators, laboratory workers and garage workers	Questionnaire and document review
Social responsibility	Factory general management	Interview and document review
Environmental protection	Factory general management	Interview and document review

Source: Data, subject and tools used in the study

1.8.3 Sources of Data

Primary and secondary data were used for the study. Primary data were collected by using structured interview and questionnaire. On the other hand, secondary data were collected through document review.

1.8.4 Procedures

Structured questionnaire and interview were designed to collect the data (look at Appendix A and B). To make it understandable for the employees, the questionnaire was translated into Amharic language. To collect the data related to employee health and safety, 70 questionnaires were distributed to the selected machine operators, laboratory workers and garage workers. Among the distributed questionnaires, 65(93%) of them were filled and returned. To collect the data concerning product safety, social responsibility and environmental protection, interviews were held with the general management and quality control department head of the factory in their offices.

1.8.5 Data Analysis

Data collected through questionnaire were presented by using tables, bar charts, pie charts and analyzed using statistical tools like frequency and percentage. On the other hand, data collected through interview and short answers forwarded by respondents in the questionnaire were analyzed qualitatively.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1 Definition of Basic Terms Related to Ethics and Ethical Practices

2.1.1 Ethics, Morals and Values

“Ethics is a moral principle or set of moral values held by an individual” (Charles Holme, 2008, pp.248-252).

Similarly, J. M. Eligedo (1996) defined ethics as a moral principle that explores systematically the conditions conducive to a flourishing life.

The above two definitions require defining the terms morals and values, and (Charles Holme, 2008, pp.248-252) defined them as follows:

- Moral is a principle of behavior in accordance with standards of right or wrong.
- Value is moral principles or accepted standards of a person or a group.

2.1.2 Business Ethics

“Business Ethics comprises the principles and standards that guide behavior in the world of business” (Ferrell, Fraedrich and Ferrell, 2005).

Manuel G.Velasquez (1992) has defined business ethics in depth than the above definition as follows:

Business ethics is a specialized study of moral rights and wrong, which concentrates on how moral standards apply particularly to business policies, institutions, and behavior.

The above two definitions lack detail list of ethical issues and also could not specify the boundaries of business ethics. However, the following definition which incorporates particular business ethical issues is found to be more elaborative than others.

In their research on personal values, business ethics and strategic development, Mauro, Natale and Libertella (1999) used definition for business ethics that were developed by Walton (1977) as follows:

Business ethics is a range of criteria where by human actions are judged to include such things as social expectation; fair competition; the aesthetics of advertising and the use of public relations; the meaning of social responsibilities; reconciling corporate behavior at home with behavior abroad; the extent of consumer sovereignty; the relevance of corporate size, the handling of communication; and the like.

2.2 The Development of Business Ethics

According to Charles Home (2008, pp.248-252), the study of ethics started in ancient Greece which students of philosophy pursue this line with interest. In this country, the first legal reference to fair business practice is in the Magna Carta of 1215. In addition to this, Ferrell, Fraedrich and Ferrell (2005) stated in their book that the study of business ethics has evolved through five distinct stages.

Table 2.1 Stages of Business Ethics Development

Stages	Period	Major events
1	Before 1960	<ul style="list-style-type: none"> • Defined wage sufficient for education, recreation, health and retirements • Civil rights and environmental responsibility
2	1960s	<ul style="list-style-type: none"> • The rise of social issues in business
3	1970s	<ul style="list-style-type: none"> • Business ethics as an emerging field
4	1980s	<ul style="list-style-type: none"> • Business academics and practitioners acknowledged business ethics as a field of study.
5	1990s	<ul style="list-style-type: none"> • Institutionalization of business ethics.

Source: Adopted from Ferrell, Fraedrich and Ferrell (2005)

2.2.1 Factors contributing to the Development of Business Ethics

At a company level, there are a number of encouraging developments of business ethics (Brain J. Hurne, 2008, pp. 347-354). These are:

- Setting up specific ethical programs which clarify a company's business ethics.
- Setting up induction and ongoing awareness programs
- Development of ethical policy statements that are published internally and made known externally.

- Publication of codes of ethics.
- Setting up ethical committees with a company to advise an ethical standards and keep company practices under review.

2.3 Social Responsibility and Ethics

There are four views concerning the relationship between social responsibility and ethics (as cited in Josie Fisher, 2004, pp.391-400). First, social responsibility is ethics in organizational context (Davidson and Griffin, 2000). Second, social responsibility focuses on the impact that business activity has on society while ethics is concerned with the conduct of those within organization (Boatright, 2000, pp. 360-361 and Trevino and Nelson, 1990). Third, there is no connection between social responsibility and ethics (Shaw and Barry, 2001). Fourth, social responsibility has various dimensions one of which is ethics (Carol, 1991; Ferrell et al. 2000 and Samson and Daft, 2003). Similarly, Ferrell, Fraedrich, and Ferrell, (2005) argued that ethics is one dimension of social responsibility.

For this study, the first view i.e., ‘social responsibility is part of ethics in organizational context’ is adopted since it enables the researcher to deal with social contribution of the organizations as part of business ethics.

2.4 The Importance of Business Ethics

There are two schools of thought about why business should or ought to be ethical (cited in Josie Fisher, 2002, pp.96-101).

The first view links ethics with self-interest. It has been pointed out that businesses ignore ethics at their peril. In order to survive a business must make a profit; however, in doing so it must comply with the law and the society’s moral values (Kitson and Cambell, 1996).

The second view takes a different focus. According to this view, the reason why businesses should be ethical is not to promote self-interest; rather, there is an intrinsic motivation for doing the right thing. Business should be ethical because this is the right way for them to behave (Trevino and Nelson, 1999).

As per the second view, the intrinsic motivation is taken as the only leading factor towards acting ethically. This may not allow setting ethical standards and practice, except it comes from

internal. On the other hand, the first view gives a chance to set ethical guidelines and also links ethical practices with the organizational survival, which is what it should be.

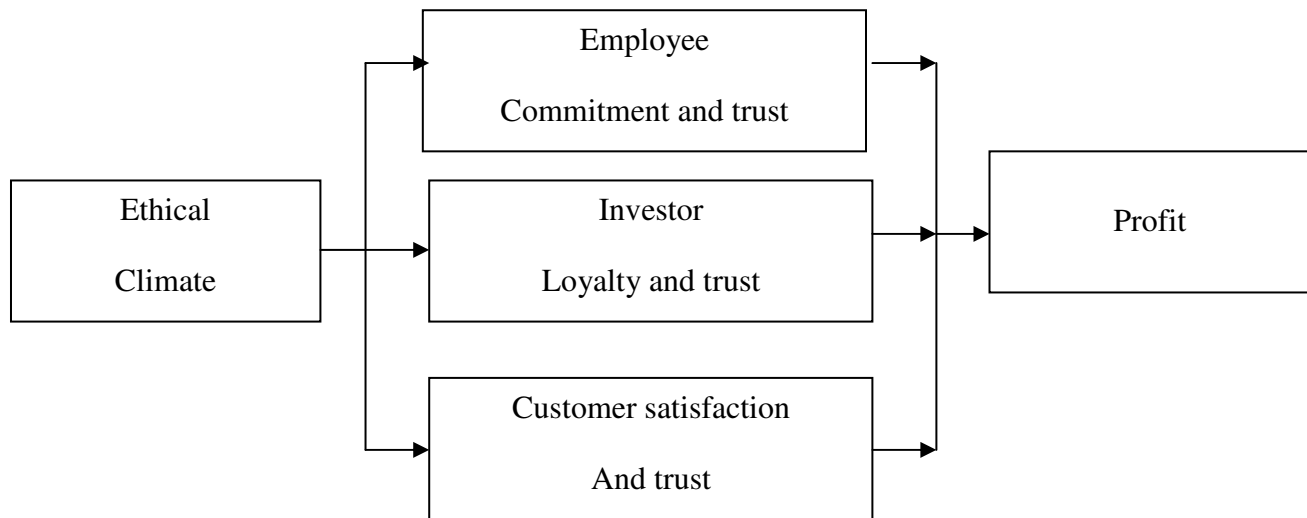
Charles Holme (2008, pp.248-252) states the importance of business ethics as follows:

- Improving employee satisfaction: Employee satisfaction arises from, among other things fair management decisions. The way managers ensure that staffs have all the information they need to do their work, the way managers assign attainable targets and work load, and the way conflicts are solved can make the difference between employee satisfaction and frustration.
- Executive facing ethical decisions where there is no easy right or wrong will be less stressed if they have more guidance from their organizations' ethical values than those who have to work it out for themselves each time.
- Trust: If you are commissioning services, purchasing raw materials, trust become an issue. The higher the level of trust you have with your supplier the better the relationship and the better the business.
- Gives Competitive advantage

Similarly, Ferrell, Fraedrich, and Ferrell (2005) state that many people who have limited business experience suddenly find themselves making decision about product quality, advertising, pricing, sales techniques, hiring practices, and pollution control. The values they learned from family, religion, and school may not provide specific guidelines for these complex business decisions. Many business ethics decision are close calls.

Brain Harvey (1994) depicted the role of organizational ethics in performance in the following figure:

Figure 2.1: Role of Organizational Ethics in Performance



Source: Brain Harvey (1994)

2.5 Business Ethics- A Function of Culture and Time

2.5.1 Business Ethics - a Function of Culture

Business ethics may be seen as a function of culture, since the cultural evolution in the business environment certainly will affect what are acceptable and unacceptable business activities and management principles in the market place and in society (Svensson and Wood, 2003). Similarly, Vinten (1998) as cited by Svensson and Wood, (2003), argues that business ethics has the potential to become a significant aspect of corporate strategy and culture. In addition to this, Ferrell, Fraedrich, and Ferrell (2005) emphasized the role of corporate culture in ethical decision making.

2.5.2 Business Ethics-a Function of Time

Business ethics may be seen as a function of time, since the time-dimension in the business environment certainly will affect what are acceptable and unacceptable business activities and management principles in the market place and in society (Svensson and wood, 2003).

Similarly, Kilcullen and Kooistra (1999) focus on the changing role of business ethics and corporate social responsibility in the business environment through time.

2.6 Ethics in International Business

Business organizations move from domestic to global and transnational competition, they are finding that cultural values vary significantly across national boundaries. As a result, cultural misunderstandings are likely to occur of which ethics is the one (Beekun, Stedham, and Yamamura, 2003, pp. 267-279). Similarly, Gary R. Weaver (2001, pp. 3-15) states that practices which are appropriate in one cultural setting may violate the established understanding of organizational and social life in another cultural context.

According to Ferrell, Fraedrich, and Ferrell (2005), the international businessperson must not only understand the values, culture, and ethical standards of his or her own country but also be sensitive to those of other countries.

Ferrell, Fraedrich, and Ferrell (2005) also identified ethical issues around the world such as:

- Human rights
- Product safety
- Pollution and natural environment, and
- Intellectual property protection

Charles A. Home (2005, pp.303-309) has listed the above ethical issues mentioned by Ferrell, Fraedrich, and Ferrell (2005) as they are common practices in less developed countries, which could be illegal and unethical in the developed countries. This shows that, multinational organizations face a biggest challenge from these conflicting cultures.

2.6.1 Multinational Corporation Moral Guidelines

Hoffman and Frederich (1995) suggest seven moral guidelines that apply in general to any multinational operating in third world countries and that can be used in morally evaluating the actions of multinational corporations (MNCs)

1. MNCs should produce more good than bad for the host country
2. MNCs should contribute by their activities to the host country's development
3. MNCs should respect the human rights of its employees

4. MNCs should pay their fair share of taxes
5. To the extent the local culture does not violate moral norms; MNCs should respect the local culture and work with it, not against it.
6. MNCs should cooperate with the local government in the development and enforcement of just background institutions.

2.7 Product Safety

The three attributes of product quality mostly discussed in various literatures and books are: effectiveness (how well the product does its job), durability (how long it does its job), and safety (whether the operation or use of the product involves risk of injuries). Among these attributes, as stated by Doughety and Reinganum, (1995, pp.1187-1206), product safety is not a choice for organization, but a must.

Epple and Raviv (1978, pp. 80-95) in their research state that, if consumer underestimates the probability of failure, then the true probability of failure will be higher than under consumer liability with perfect information. Their result indicates the crucial role of information in the determination of product characteristics and consumer welfare.

According to John W. Locke (1974, pp.1206-1223), solving the problem of product hazards is much more complex due to the vast increase in the number of products that can be considered, the new, and unique procedure requirements and the largest variety of solutions available.

Factors involved in setting priorities for establishing product safety standards as mentioned by (Manuel G.Velasquez, 1982) are:

- Frequency of injuries
- Severity of injury
- Exposure (degree to which consumer comes in contact with product)
- Citizen willingness to incur risk
- The likely success of a standard in reducing hazards
- The cost of reducing the hazards

- The cost of injuries

2.8 Employee Health and Safety

According to Stewart, Ledgerwood, and May (1996, pp. 919-926), ethics and health and safety are inextricably bound. It is clear that employee safety and health have ethical dimensions since relevant managerial decisions affect workers' lives and well-being. Clearly, managerial attention to employee safety and health is not only an ethical mandate; it is a prerequisite for sound business policies and practices.

2.8.1 Safety Policies, Supervisors Safety support, and Employee Safety Control

Huang, Chen, Krauss, and Rogers (2004, pp. 483-506) stated in their research findings that perceptions of organizational safety related policies, supervisor safety support and employee safety control tend to predict safety outcomes and even satisfactions with the company.

2.8.1.1 Safety Policies

Implementation of safety policies suggests that the companies are expected to invest a considerable amount of their resources to promote the safety and physical well-being of their employees. As a result, there must be quality execution of corporate safety policies to reduce injury incidence and injury risk. In addition to this, Watson, Scott, Bishop and Turnbeaugh (2005, pp. 303-318) illustrated the importance of management policies and practices that emphasize safety, and equally important, the degree to which management follows through on the implementation of such policies and practices.

2.8.1.2 Supervisor Safety Control

Supervisor support of safety represents the extent to which supervisors encourage safe working practices among their subordinates. Hoffman and Mergeson (1999), (as cited in Huang, Chen, Krauss, and Rogers, 2004, pp. 483-506) also demonstrated that, perceived organizational support was related to improved safety communication and safety commitment as well as lower frequencies of injuries. Generally, through providing information to subordinates or sharing their attitudes or opinions regarding safety, supervisors often act as a driving force affecting the safety of the work place.

2.8.1.3 Employee Safety Control

Watson, Scott, bishop, and Turnbeaugh (2005, pp.303-318) mentioned four major approaches to improve safety in the work place in their research.

The first approach is to focus on the work environment itself: making it physically safer. The major trust in this approach is to revise policies, redesign jobs, and ergonomically design tasks with the human factor in mind. In addition to designing a safe and health work place, Stewart, Ledgerwood, and May (1996, pp.919-926) forwarded that it is a managements responsibility to provide adequate personal protective equipment.

The second focus is to identify traits like neuroticism and introversion in employees that are more likely to lead to accident.

In contrast with the job design and trait models, a third approach attempts to convince employees to behave more safely. Behavioral modification models of safety emphasize that specific conduct can be encouraged by organizations that enhance safety related outcomes.

A fourth general framework for understanding safety improvement is from the interpersonal or social perspective. The control question in this approach is: what interpersonal factors (like having safety officer, safety committee, safety training, etc) enhance safety in the work place?

2.8.2 Industrial Accidents Controlling Techniques

The following techniques are used to avoid or minimize the accidents that may happen at work place (Tamiru Fida, 1990).

1. Identifying potential hazards at work place
2. Maintaining machines and equipments on time and remove risky parts
3. Informing workers about work area safety and health through training, employees hand book, notice board and others.
4. Train and follow- up the proper use of protective equipments by the worker
5. Having medical center and provide first aid or full treatment when accident happened

2.9 Social Responsibility

According to J. M. Eligido (1996), business organizations should have responsibilities which go beyond making profits. According to this argument it is proper for companies to support worth community initiatives like universities, museums, or hospitals; to reduce to a minimum pollution, going voluntarily beyond the standard set by the law; to employ the physically handicapped in order to faster desirable political objectives; and generally to use their resources or restrict their activities in way which are not calculated to maximize their profits but which will contribute to the common good of the communities in which they operate.

Similarly, the social permission theory (as indicated in Robert W. McGee 1992), states that society has entrusted to business large amounts of society's resources to accomplish its mission, and business is expected to manage these resources as a wise trustee for society.

In contrast to this, Professor Milton Friedman, the famous monetarist economist and winner of the Nobel Prize for economics argued in favor of the idea that a corporation has only one responsibility: maximizing profit for its share holders while operating within the limits set by the law (cited in J. M. Eligido, 1996).

In Friedman's view it is certainly a responsibility of corporations to respect all the laws which protect the public interest. But going beyond this would amount to have "socially responsible executives" functioning as redistributors which would take other people's money (i.e., Shareholders') and spend it on what these executives themselves defined as the "General Social interest"; as if they were some sort of self-appointed tax collectors.

Ferrell, Fraedrich, and Ferrell (2005) on the other hand argue that the proposition that one has no moral responsibilities which go beyond compliance with the law is clearly unsound. They have stated three reasons why legal duties often fall short of moral demands.

First, because of difficulties of environment, legal standards often do not cover all the relevant moral duties. Secondly, the law necessary reacts slowly and a long time can pass from the moment a problem is identified until a suitable law is passed. Thirdly, morally objectionable laws may be enforced. Supporting the above argument, Josie Fisher (2004, pp. 391-400) elaborates that "It is only organizations whose actions and decisions fall above social obligation on the continuum that do any more than comply with the law."

Because of the above reasons and arguments, one cannot assume that by keeping to the law one has discharged all of one's duties towards others. As a result, companies are expected to go beyond profit maximization and support worthy community initiatives.

2.10 Environmental Protection

Economic activities can have an effect on the environment in many different ways (J. M. Eligedo, 1996). The use of chlorofluoro carbons as a propellants in aerosol sprays can damage the ozone layer with potentially serious consequences for human well-being; factory and vehicle emissions can cause acid rain that in turn can harm forests; oil spills can destroy animal life and make farming impossible, dumping of industrial residues and garbage into the sea or rivers can make them useless for swimming and other recreational activities and destroy fish life; and so on.

Two different views are there concerning the responsibility of organizations in protecting environment (cited in Hoffman, and Frederick, 1995). These are:

Business does not have an obligation to protect the environment over and above what is required by law; however, it does have a moral obligation to avoid intervening in the political arena in order to defeat or weaken environment legislation (Norman Bowie, 1989).

On the other hand, Robert Frederick (1990) argued that the harm principle morally requires business to find ways to prevent certain harm it causes even if such harm violets no environmental law.

Supporting the view of Robert Frederick, many authorities (such as Robert W. McGee, 1992; Hoffman and Frederick, 1995; and Brain Harvey, 1994) give emphasis in their books that; corporation should not isolate themselves from participation in solving environmental problems. Therefore, businesses must creatively find ways to become part of solutions, rather than being part of a problem (Josie Fisher, 2004, pp.391-400) and business organizations should go for environmental protection to ensure sound stewardship of natural resources, for legal reason, and for corporate image (Robert w. McGee, 1992)

CHAPTER THREE

BACKGROUND OF THE ORGANIZATION

3.1 Start of Pepsi in Ethiopia

Nefas silk Pepsi Cola, in Ethiopia is the first Pepsi Cola plant in Ethiopia and was established in 1966 as a share company with an initial capital of 1 million Birr. The capacity of the bottling line at that time was 20,000 bottles per hour.

Teklehaimanot Pepsi Cola plant was established in 1961 as “Saba Tej” Share Company, but nationalized in 1975 replacing the old line and started producing Pepsi Cola, Mirinda and Team brands in January 1978.

3.2 Background of MOHA

Mohammed Hussein Al-Amoudi (MOHA) Soft Drinks industry S.C. was formed and registered under the commercial code of Ethiopia on the 15th of May 1996. This company was formed after the acquisition of four Pepsi cola plant located at Addis Ababa (Nefas Silk, and T/Haimanot), Gondar and Dessie which were purchased by sheik Mohammed H. Al-Moudi on the 18th of January 1996, through bid which was tendered by Ethiopian privatization Agency. The handover of the factories was finalized on the 4th of April 1996.

Currently, the product mixes of the company are: Pepsi cola (cola flavor), Mirinda (orange flavor), 7up (lemon flavor) and Tosa carbonated water.

3.3 Vision, Mission, Objectives and Value Statements

3.3.1 Vision:

The vision of the company is:

To ensure competitiveness of the company through sustained innovation of its infrastructure and work towards IT based, well managed and led organization for achieving best quality and high volume products and be recognized as a profitable and growth orientated company.

3.3.2 Mission Statement:

The mission of the company is:

To reach, maintain and expand our national market leadership through optimal customer service and exceed the expectation of our customers for our existing and new products both in quality and quantity.

3.3.3 Objectives:

The objectives of the company are:

- To manufacture, buy, sell, bottle, distribute and otherwise deal in non-alcoholic beverages, mineral and the ingredients there of in Ethiopia and elsewhere.
- To manufacture, sell and distribute bottles, corks, corkscrews and all type of crates
- To manufacture, sell and distribute carbon dioxide.
- To invest in other business enterprises, to establish and manage in Ethiopia or abroad, such subsidiaries, branches or agencies as may be deemed desirable.
- And generally, to carry on and engage in other activities which the company may deem necessary incidental or related to the attainment of any of the above purposes.

3.3.4 Value Statements

The company has the following values statements. These are:

- Customer satisfaction
- Enhancement of corporate identity and image
- Ensure encouragement of employees empowerment
- Sustainability of quality and excellence and
- Building strong teamwork

Organizational Structure (Look at Appendix E)

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter deals with data presentation, analysis and interpretation. It contains the responses obtained through questionnaire, interview and document review with relating to employee safety and health, social responsibility, product safety and environmental protection mechanism of MOHA Soft Drinks Industry S.C., Teklehaimanot plant.

4.2 Presentation, Analysis and Interpretation of Data Related to

General Business Ethics Practices of the Factory (plant General Manager's Interview Responses)

4.2.1. Is Business Ethics addressed formally or informally in your Factory?

The general manager of MOHA soft drinks industry S.C, Teklehaimanot plant stated that there is no such a formal business ethics practices in the factory. However, he mentioned that there is an informal practice of business ethics in the Factory. As evidences, factory's moral principles, value statements such as quality service, employee empowerment, customer satisfaction and others exist. This implies that, the factory do not have written ethical standards, Publication of codes of ethics, training program on business ethics and ethical committee or ethical officer, which are the indicators of formal business ethics.

4.2.2 Do you think business ethics is important for the success of your company? How?

The plant general manager answered that “we are in the competitive market”, at the same time customers need quality service at possible lowest price. To survive in such tough competition, it is not a choice but a must to deliver quality products, comply with government rules and regulations, satisfy customers, treat employees fairly and the like. Therefore, it is impossible to ignore business ethics, which is vital for the organizational success, said the manager. The result shows that, the factory has a good attitude towards business ethics and can make use of it, if facilitated.

4.2.3 Is it possible to consider business ethics in your corporate strategy? If yes, what arrangements it needs?

Regarding the above question, the plant general manager answered that, it is possible to consider business ethics in the factory's corporate strategy. The manager mentioned arrangements such as revising the organizational structure to incorporate business ethics department (officer) in the structure may be required. In addition to this, it also requires employees commitment since the application of business ethics concerns the entire population of a given organization. Therefore, the factory believes in the importance of business ethics even to the extent of incorporating it into its corporate strategy.

4.2.4 How can you explain the progress of business ethics in your factory?

According to the plant general manager, there is a good progress of business ethics practices in the factory even though it is informally addressed. The progress can be observed in the areas like customer satisfaction, quality services, participating in some of country's development programs, employee satisfaction and the like. The existence of the above progresses can simplify the implementation of business ethics if need arise.

4.2.5 How does your organization respond to changes in business ethics as it is a function of time and culture?

The manager responded that, MOHA Soft Drinks Industry S.C. strives to have sustained innovation and work towards IT based operation. By doing so, the company can move with change in culture and time. Therefore, the result indicates that the factory is proactively responding to changes in culture and time.

4.3 Presentation, Analysis and Interpretation of Employees'

Questionnaire Response Concerning Employee Safety and Health

In this section, the responses obtained through 70 distributed questionnaires out of which 65(93%) were filled and returned for the population of 635 employees were presented, analyzed and interpreted.

4.3.1 Demographic Background of the Respondents

4.3.1.1. Sex of respondents

Table 4.1 Sex of respondents

Sex	Responses	
	F	%
Male	50	77
Female	15	23
Total	65	100

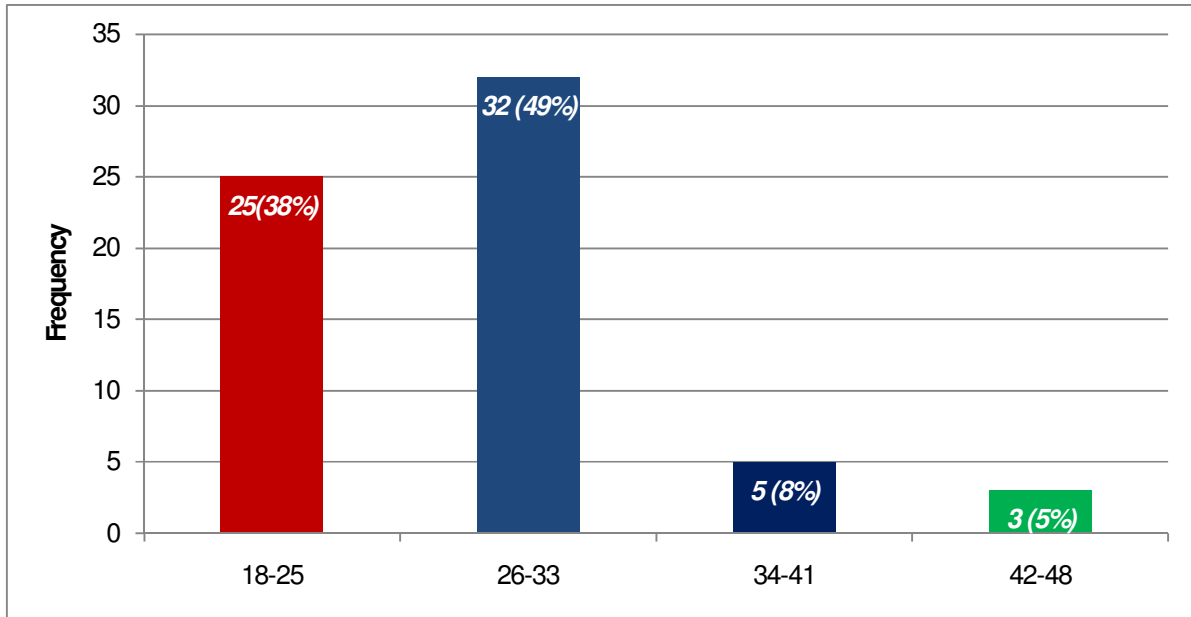
Source: Respondents' response

Table 4.1 shows sex categories of the sample respondents. Among the respondents, 50(77%) are males and 15(23%) are females. The number of male respondents is more than three times that of female respondents.

The result indicates that, the participation of females in operating machines, garage, and laboratory activities of the company is low. These activities by their nature demand exhaustive movement between machinery, and lifting heavy materials, which as a result may reduce the involvement of females. This in turn may have a positive effect on employee safety and health.

4.3.1.2 Age of respondents

Figure 4.1 Age of respondents



Source: Respondents' response

The above figure shows age distribution of the respondents. From the chart, the most frequent age interval is 26-33 years. On the other hand, the age interval with the least frequency is 42-48 years. In addition to this, there is no under aged (below 18 years) worker in the factory.

This implies that, the respondents are matured enough to implement the safety and health policy of the company.

4.3.1.3 Educational Level of Respondents

Among the sample respondents, 13(20%) employees are 10th or 12th complete, 4(6%) employees are certificate holders, 37(57%) employees are diploma holders, and the rest 11 (17%) employees are degree holders.

The educational levels of respondents show that, the majority of the respondents are diploma holders and less. This lower qualification may aggravate the occurrence of safety and health problems in the factory.

4.3.1.4 Job Position of Respondents

Among the sample respondents, 38 workers are operator mechanics, 14 workers are chemists and 13 workers are technicians in the production, laboratory, and garage sections of the factory respectively. The majority of the respondents are machine operators since the major activity of

the factory is manufacturing. The result implies that, there is an assignment of right person to right place, which in turn reduces the probability of accidents in the factory.

4.3.1.5 Work experience of Respondents, at the Factory

Table 4.2 work experience of respondents

Years of experience	Responses	
	F	%
0-2	35	54
3-5	21	32
6-8	5	8
9-11	4	6
Above 12	-	-
Total	65	100

Source: Respondents' response

Table 4.2 indicates the work experience of the respondents, since employed in the factory. More than half i.e. 35(54%) of the respondents have 0-2 years of experience in the factory. This implies that, the factory is expected to give safety training for these less experienced individuals to prevent the occurrence of safety and health related problems, especially for those who don't have prior experiences in other factory.

4.3.2 Responses related to Employee Safety and Health

Table 4.3 Accident Occurrence, first aid service and safety and health policy

Responses	Question items					
	4.3.2.1 Have you ever faced accidents at MOHA soft drinks industry work station?		4.3.2.2 Are arrangements made for first aid in the events of accidents, if happened?		4.3.2.3 Does your organization have a written health and safety policy?	
	F	%	F	%	F	%
Yes	29	45	44	68	37	57
No	36	55	21	32	28	43
Total	65	100	65	100	65	100

Source: Respondents' response

Table 4.3 shows that, the incidence of accidents, the availability of first aid and written health and safety policy.

According to the response given to question item 4.3.2.1 in the table, the employees who ever faced accidents at their work station are 29(45%).

Among the sample respondents concerning question item 4.3.2.2, 44(68%) of the respondents know the existence of first aid services in the factory and the rest i.e., 21(32%) do not have information about the first aid.

Regarding the response of question item 4.3.2.3 in the table, 28(43%) of the respondents have no awareness about the existence of written health and safety policy in the organization, while 37(57%) have information about health and safety policy of the factory. Those who have information about health and safety policy of the factory mentioned handbook, training and notice boards as a means to get an access to such policy.

From the response, it can be observed that, those who faced accident know the existence of first aid than others. On the other hand, those who did not face accident got an access to safety and health policy than others. This implies that safety policy and other information are not equally accessible for all employees. The types of accidents faced by respondents are injury on hands, injury on legs and falling down accidents. The following table shows occupational accident report of the factory for the months July 2009- April 2010.

Table 4.4 Occupational accident report of the Factory for the months July 2009-April 2010.

S.No	Agent of Accident	Injured body parts																						Grand total				
		Head		Eyes		Ears		Teeth		Chest		Back		Shoulder		Arm		Hands		Knees		Feet			Legs		Muscle	
		M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F		M	F	M	F
1	Machine																											
2	Electric																											
3	Broken bottles				1												7	3									11	
4	Fire and explosion																											
5	Acid and hot fluids				2																							
6	Falling down accident		1														7	1					9	2			20	
7	Flying fragment																											
8	Falling down object																											
10	Hand tools																2										2	
11	Transport vehicles								1								5	2					3				11	
12	Crushes and bumps																											
13	Human error																	3					1				4	
14	Others																											
	Total																											

Source: Occupational accident report of the Factory

The above table indicates that, falling down accident is more frequently occurred than other accidents in the factory. This implies that the factory floor may be unnecessary covered by water and other liquids which may expose employees to falling down accidents.

4.3.2.4 Is the work place maintained in adequate clean condition?

Table 4.5 Work environment cleanliness

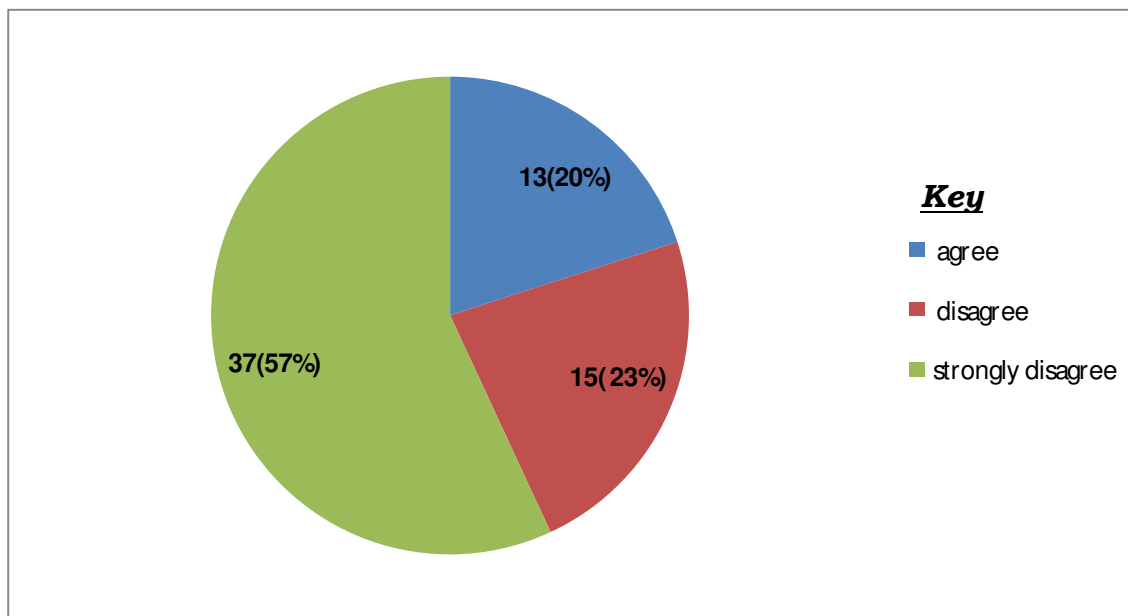
Responses	F	%
Yes	60	92
No	5	8
Total	65	100

Source: Respondents' response

Table 4.5 shows the sanitation of physical environment of the factory. It indicates that 60(92%) of the sample respondents responded that the work place is always kept clean. On the other hand, 5(8%) of the respondent did not agree with the work environment neatness. The result implies that, the factory has a clean work environment which in turn has a positive contribution to employee safety and health conditions.

4.3.2.5 The temperature in the work place is comfortable

Figure 4.2 work place temperatures



Source: Respondents' response

Figure 4.2 shows the condition of the temperature in the work place of the factory. Among the sample respondents, 37(57%) are strongly disagree with the conformability of the temperature in the work room (area). Similarly, 15(23%) disagree with the temperature level of the work area. This implies that, the work place temperature (ventilation system) of the factory is not comfortable. As a result, this can bring a serious health problem to the employees.

4.3.2.6 Do you have an access to all protective equipments which are necessary to do your job safely?

Regarding the above question, among the sample respondents, 50(77%) of them have an access to protective equipments. The available protective equipments are glove, shoes, chemical and dust mask, coat, eye glass, sound protector and the like. On the other hand, 15(23%) of the respondents do not have an access to protective equipments. This indicates that, all employees do not have the same access to protective equipments.

Table 4.6 Risk assessment and employees training in the safe use of equipments and machineries

Responses	Question items			
	4.3.2.7 Has a risk assessment been carried out formally to identify and control all hazards which could arise from your undertaking?		4.3.2.8 Are you trained in a safe use of equipments and machinery to which you are exposed?	
	F	%	F	%
Yes	22	34	45	69
No	43	66	20	31
Total	65	100	65	100

Source: Respondents' response

Table 4.6 shows risk assessment and employees training in the safe use of equipments and machinery. According to the response for question item 4.1.2.7 in the table, the majority of the respondents i.e., 43(66%) answered that the factory does not make risk assessment to identify potential hazards in the work place. This can reduce risk controlling ability of the factory.

Question item 4.3.2.8 assesses whether the employees are trained in safe use of equipments and machinery or not. Among the sample respondents, the majority 45(69%) got training on how to

operate machinery. This enables the factory to reduce the occurrence of safety and health problems.

4.3.2.9 Heating and lighting of working rooms or areas are adequate

Table 4.7 Heating and lighting of the working rooms

Responses	F	%
Strongly agree	20	31
Agree	30	46
Neutral	2	3
Disagree	7	11
Strongly disagree	6	9
Total	65	100

Source: Respondents' response

Table 4.7 shows the lighting and heating conditions of the work place of the factory. Majority of the respondents i.e., 30(46%) agreed with the adequacy of heat and light of work environment. Similarly, 20(31%) of the respondents are strongly agreed with the adequacy of heating and lighting conditions of the working environment. This condition in general has a positive contribution for employees' health and safety.

Table 4.8 Fire extinguishers, emergency exits and smoking area

Responses	Question items			
	4.3.2.10 Are fire extinguishers and emergency exits available without any obstacle?		4.3.2.11 Are 'no smoking' area clearly marked in the factory?	
	F	%	F	%
Yes	20	31	60	92
No	45	69	5	8
Total	65	100	65	100

Source: Respondents' response

The above table shows the availability of fire extinguishers, emergency exits and whether 'no smoking' areas are clearly marked or not.

Responses of question item 4.3.2.10 shows that, among the sample respondents, the majority of the respondents i.e., 45(69%) answered that the fire extinguishers and emergency exits are available but with obstacles. This implies that, the availability of fire extinguishers and emergency exits with obstacle may increase the magnitude of risk if happened.

Regarding question item 4.3.2.11, 60(92%) of the respondents answered that, ‘no smoking’ areas are clearly marked in the factory. This enables the factory to control risks like fire explosion, which in turn helps the factory to prevent employee safety and health problems.

4.3.2.12 How often supervisors make a supervision concerning the proper functioning of machinery, proper usage of protective equipments, by workers and other activities?

Table 4.9 Supervision on proper functioning of machinery and protective equipments

Responses	F	%
Always	30	46
Sometimes	24	37
Rarely	8	12
Never	3	5
Total	65	100

Source: Respondents’ response

Table 4.9 shows how often supervision is made concerning the status of machinery and proper usage of protective equipments, by workers. Majority of the respondents i.e. 30(46%) answered that, supervision always exist. Similarly, 24(37%) responded that supervision exists sometimes. Therefore, supervisors often act as a driving force affecting the safety of the work place (Hoffman and Mergeson, 1999). This implies that the factory is making a regular supervision on proper functioning of machinery and protective equipments, which can reduce the probability of accident occurrence at the work place.

4.3.2.13 Are the washing and toilet facilities are adequate, and kept clean?

Table 4.10 Adequacy and neatness of washing and toilet rooms

Responses	F	%
Yes	45	69
No	20	31
Total	65	100

Source: Respondents’ response

Table 4.10 shows the adequacy and neatness of washing and toilet rooms in the factory. From the sample respondents, 45(69%) answered that the washing and toilet facilities are adequate and neat. This enables the factory to maintain the health condition of the employees.

4.3.2.14 Do you have a compensation insurance which covers work related accidents?

Table 4.11 Compensation insurance of employees

Responses	F	%
Yes	65	100
No	-	-
Total	65	100

Source: Respondents' response

Table 4.11 indicates that, whether compensation insurance is available or not to cover work related accidents, in the factory. From the table one can observe that all sample respondents answered that compensation insurance is available. This implies that, the employees can get a full treatment in case accident happened.

4.3.2.15 Other comments/suggestions of respondents concerning safety of their work station.

Majority of the respondents gave their suggestions on the following issues with relating to safety of their work station. These are: shortages of protective equipments and the existing equipments are too old, ventilation problem of the factory, some machine operators lack training, and other similar problems were raised.

4.4 Presentation, Analysis and Interpretation of Data Related to Social Responsibility of the Factory (Plant General Manager's Interview Responses)

4.4.1 There are two views concerning organizational social responsibility: Only maximizing profit for its shareholders while operating within the law and responsibility which goes beyond the standard set by the law. Which view does your organization support? Why?

Regarding the above question, the plant general manager stated that the factory supports the view which goes beyond the standard set by the law. This is because; such types of commitment to the society contribute much to the development of the factory. This implies that the factory has a good views concerning organizational social responsibility.

4.4.2 Does MOHA involve in any of country's development programs?

The plant general manager answered that the company participates in country's development programs such as education program, health program and environment development program - making Addis Ababa clean and green. All the participations are in the form of giving sponsorship.

In addition to this, MOHA Soft Drinks Industry S.C., Teklehaimanot plant is participating in building different facilities like city bus waiting areas, kiosk where there is a good market for selling the company's products, and shoe polishing seats/areas. All these facilities are constructed and given for free to those who need support (like orphans) after proposed by Addis Ababa city administration except the bus waiting area. The follow-up of all these facilities is left to Addis Ababa city administration.

In general, such worthy community initiatives and other social affairs should be handled by the public relation department. However, the plant do not have public relation department and as a result other department handles the program according to the manager.

The result shows that, the factory participates in some of the country's development program even though it is not well planned and documented.

4.4.3 How do you consider playing social responsibility as organizational competitive advantages?

Regarding the above question, the manager responded that, playing social responsibility can create competitive advantages. If organizations fit social expectations in its activities, it can:

1. Use society's resource with minimum effort and cost
2. Increase market share for its product
3. Attract qualified employees
4. Get good reputation, etc.

According to the manager, currently the company has developed a slogan "serving society is our main target", which can serve as a means of promoting its products. As a result, the company can get a good will from government and society.

4.5 Presentation, Analysis and Interpretation of Data Related to Product Safety (Quality Control Department head's Interview Response)

4.5.1 Did your company face product safety problem?

The quality control department head answered that, the factory did not face product safety problem specially injury to customers. However, sometimes the factory faces minor product quality problems like fallen objects in the bottled soft drinks. To handle this type of problem, the factory follows a 'product recall' guideline which is developed by the company and adjusts the future production if needed.

4.5.2 How do you consider product safety in relation to other attributes of product quality like effectiveness and durability?

Concerning the above question, the quality control department head responded that the factory gives considerable value to product safety than other attributes. This is because once a batch of defective products produced; the adverse effect on consumers will be high and the factory can simply lost its good image. This indicates that, the factory gives more attention to product safety to keep its product image.

4.5.3 Are you in a position to identify and inform potential products' hazards to users if any? If yes, how?

According to the quality control department head, no product hazards are identified and informed to customers. It indicates that the factory is not giving due attention to such issues because it may think that the soft drinks have no such serious health problem.

4.5.4 What type of inspection do you make at input, process and output level to assure product safety?

The response from interview and document review result regarding the above question will be as follows:

4.5.4.1 Input inspection

The company uses the following inputs to make its different products:

- A. Water
- B. Carbon dioxide (produced at MOHA soft drinks Industry, Nefas Silk Plant in the form of gas and liquid)
- D. Sugar (local sugar from Metahara sugar Factory)
- D. Flavor or concentrates (imported from Pepsi Company).

A. Water inspection

The factory uses microbiological test to kill germs in the water. In addition to this, the factory also measures hardness and softness of the water. (Look at Appendix F: Water treatment test record form).

B. Carbon dioxide Inspection

The following inspections made to carbon dioxide based on the standard set by Pepsi Company.

- Purity
- Color
- Odor
- Appearance and other tests

Look at Appendix G: Incoming carbon dioxide test report form

C. Sugar

MOHA Soft Drinks Industry S.C., Teklehaimanot plant uses locally produced sugar. However, the quality of local sugar is below the standard set internationally. As a result, the factory makes different treatments to the sugar to bring it to the international standard. In addition to this, tests like color, ash (%) and turbidity (Absorbance units) takes place. Look at Appendix H: Sugar receiving report form.

D. Flavor (concentrate) inspection

The company imports concentrates from Pepsi Company. The company tests: quantity of ingredients, expiry date, formula code match, breakage and other damages.

In addition to the above inspection, the factory also make bottle (package) washing with different additive chemicals. Look at Appendix I: Package washing test record form.

4.5.4.2 Process inspection

During production process, the factory tests odor, taste, appearance, pressure, volume and weight of the products every 20 minutes of production. Production will be blocked if quality problems found during process inspection. Look at Appendix J: Process quality control form.

4.5.4.3 Product safety follow up in the market (Output inspection)

Product recall guidelines (Procedures)

MOHA Soft drinks Industry S.C. makes, sell and deliver the beverage to the consumer as it was designed in order to drive brand preferences. It will assure that the product will not affect the health or safety of the consumers. In case there is product problem, consumers compliant will be received and processed (look at Appendix K: Consumer compliant receiving report form).

The company has a system in place where by non-conforming products are removed from the market and warehouses following the product recall guidelines after defective products analysis take place. Look at Appendix L: Defective products analysis report form. There are specific responsibilities and guidelines on product recall activities. These are:

1. **Containment and evaluation of the suspected problem.** In evaluating the suspected problem, the following factors should be taken into account:

- Document product type, codes and packages involved, date and time of discovery.
- Determine if additional complaints have been received
- Place product on hold in production plants and warehouses
- Collect sample and analyze
- Review original production and quality control logs for indication of problem at time of production and assess significance of the problem

2. **Determination of the need for a recall**

In determining whether the product recall should be initiated, the following analysis should be taken into account.

- Whether the defect or problem is product health or safety
- Whether illness or injury has already occurred from the use of product.
- The degree of hazards presented to various segments of the population, for example children, elderly, and others.

- The seriousness of any health or safety hazards
- An assessment of long range or immediate consequence of the hazard.
- Implementation of the recall actions
- Implementation of the recall actions considers the following factors:
 - Notify company staff and clarify operating instructors
 - Notify warehouses to centrally locate predicts and maintain shipment halt.
 - Instruct sales force to: inspect product on shelves, remove suspected products and replace with acceptable products.

Generally, to assure the safety and health of product in the market, MOHA Soft Drinks S.C uses a system called product recall guidelines. In summary, the guideline comprises:

- Collecting sample and analyze
- Review original production and quality control logs for indication of problem at a time of production (i.e., Traceability)
- Stop further distribution, locate and remove distributed product and dispose retrieved product and adjust the process to prevent future occurrences.

4.5.5 Do you have insurance for possible product failure (hazards to the users)?

The quality control department head answered that there is no insurance purchased for possible product failure. This is because the factory did not face such major product safety problem and as a result, there is no awareness and movement to such program. From this, one can conclude that the factory may not get a potential to cover product failure's cost if happened.

4.6 Presentation, Analysis and Interpretation of Data Related to Environmental Protection (Plant top Manager's Interview Response)

4.6.1 There are two views concerning practices in environmental protection: Firstly, business does not have an obligation to protect an environment over and above what is required by the law. Secondly, business should find ways to prevent certain harm it causes even if such harm violets no environmental law. Which argument does your organization support? Why?

The factory management responded that, business should find ways to prevent certain harm it causes even if such harm violates no environmental law. According to the manager, the factory is not only protecting the environment to comply only with government rules and regulation. The factory is socially and environmentally responsible organization. So that it is expected to control the environment from pollution, be it regulated or not. This infers that the factory strives to be environmentally friendly regardless of the factory's location, which is not in the industry zone.

4.6.2 Do you have any policy concerning environmental protection? If yes, what type?

Concerning the above issue, the plant manager stated that, the factory has no policy or comprehensive plan about how to protect the environment. However, the factory identifies all waste materials of the factory, exhausting all potential sources from the production area, the office, warehouses, clinics, garages, toilets and workshops and removes them to save the environment from pollution. This implies that the absence of policy concerning environmental protection may hamper the factory from developing a good mechanism of environmental protection.

4.6.3 What possible environmental pollution could arise from your factory? What mechanism do you have to control this pollution?

According to the plant manager, the possible environmental pollutions that could arise from the factory are: boiler noise, factory liquid waste, and other solid and liquid wastes from different sources in the factory.

4.6.3.1 Waste materials and techniques to remove them (from document analysis)

A. Factory liquid waste

The major component in the liquid waste from the factory is water from cleaning activity and sanitation. Currently, the factory is utilizing about 25m³ of water per hour. 8m³/hr is used as a direct input for the product and the other is used for cleaning and sanitation purpose. Cleaning and sanitation are applicable for the bottle, machinery and the whole facility.

In the liquid waste, caustic soda and calcium hypochlorite are the main components since they are largely utilized in the cleaning and sanitation activity. Currently the factory is letting the factory's liquid waste to the main sewerage system of the city.

B. Solid waste

For the production of 3,116,768 cases of product, there were a total of 5,679 cases of glass bottle breakage. The broken bottles are collected and taken to common location together with the broken glasses so that it will be taken to glass factory for recycling.

C. Other wastes

Wastes like crown corks, stationary waste remains, and dirt from the factory are taken to the collection site and removed by the Addis Abba City administration waste removal tracks.

4.6.3.2 Did you come across any complain from community living around your factory about noise, gas emission, smell, or others? If yes, how did you entertain their questions and compensate them?

Regarding the above question, the plant manager answered that, there is a complaint from the community living around the factory concerning the sound of the boiler. As far as the location of the MOHA Soft Drinks Industry S.C., Teklehaimanot plant is concerned; it is not in the industry zone/area. Therefore, such complain may be expected and the factory does not make any arrangement to entertain and compensate the community according to the manager. This indicates that the factory is not putting any effort either to reduce the disturbing sound, changing the factory's location or to compensate the community living around the factory.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Finding

MOHA Soft Drinks Industry S.C., Teklehaimanot plant is one of the large soft drink industries in Ethiopia with different departments, sections and subsections. Currently the company has 635 permanent employees. Concerning the practices of business ethics, the factory does not have formal business ethics. However, there is an informal practice of business ethics in the factory. Even though the practice of business ethics is informal in the company, the company believes in the importance of business ethics for its success. Therefore, the company has an intention to include business ethics formally in its strategic plan in the future.

5.1.1 Employee Safety and Health

Regarding employee safety and health, as one major issue of business ethics, data is collected through questionnaire from machine operators, garage workers and quality control workers. The following points show the nature and practices of employee safety and health conditions in the factory.

- Among the sample respondents, the employees who ever faced accidents at their work station are 29(45%). The types of accidents are: Injury on hands, on legs, falling down accidents and others.
- Those who faced accidents at the work area had poor access to employee safety and health policy, poor access to protective equipments and poor training on how to operate machines.
- Falling down accident is more frequently occurred than other accidents in the factory.
- Concerning the sanitation of the work environment, 60(92%) of the sample respondents responded that the work place is always kept clean.
- Among the sample respondents, 80% of the respondents did not agree with the conformability of the temperature in the work room (area)

- The available protective equipments in the factory are: glove, shoes, chemical and dust mask, coat, eye glass, sound protector and the like. However, all employees do not have the same access to these equipments.
- Concerning the risk assessment at the work place, majority of the respondents i.e., 43(66%) answered that the factory does not make risk assessment to identify potential hazards in the factory.
- Among the sample respondents, the majority of the respondents i.e., 45(69%) answered that the fire extinguishers and emergency exits are not available without obstacle.
- The factory's supervisors often act as a driving force affecting the safety of the work place because majority of the respondents answered that, supervision with relating to different activities is frequently made.
- The employees can get a full treatment in case accident happened, because they have compensation insurance.

5.1.2 Social Responsibility of the Factory

MOHA Soft Drinks Industry S.C., Teklehaimanot plant participates in country's development programs such as education program, health program and environment development program - making Addis Ababa clean and green in the form of giving sponsorship. In addition to this, the company is participating in building different facilities like city bus waiting areas, kiosk where there is a good market for selling the company's products, and shoe polishing seats/areas. All these facilities are constructed and given for free to those who need support (like orphans) after proposed by Addis Ababa city administration except the bus waiting area.

5.1.3 Product Safety

Concerning product safety, the factory did not face product safety problem specially injury to customers. However, sometimes the factory faces minor product quality problems like fallen objects in the bottled soft drinks.

To assure product safety, the company makes inspection at input, process and output level. At the input level, the company's inputs: water, carbon dioxide, sugar and flavor (concentrates) will be tested before inter into production. At the process stage, the factory tests odor, taste,

appearance, pressure, volume and weight of the products every 20 minutes of production. At the output level, in case there is product problem, there is a system in place where by non-conforming products are removed from the market and warehouses. This is called 'product recall'. In short, the product recall guideline comprises:

- Collecting sample and analyze
- Review original production and quality control logs for indication of problem at a time of production (i.e., Traceability)
- Stop further distribution, locate and remove distributed product and dispose retrieved product.
- Adjust the process to prevent future occurrences.

5.1.4 Environmental Protection

Concerning the environmental protection, the factory has no policy on how to protect the environment. However, the factory identify all waste materials of the factory, exhausting all potential sources from the production area, the office, warehouses, clinics, garages, toilets and workshops and remove them to save the environment from pollution.

The possible environmental pollutions that could arise from the factory are: boiler's noise, factory liquid waste, and other solid and liquid wastes from different sources in the factory. The factory uses different techniques to remove these pollutions except the noise of the boiler.

5.2 Conclusions

After careful analysis of business ethics practices of MOHA Soft Drinks Industry S.C., Teklehaimanot plant, the following conclusions were attained.

- The absence of formal business ethics practices may make the company unaware to extract the possible opportunities from business ethics.
- Safety policy, protective equipments and training on how to operate machinery are not equally accessible to all employees in the factory. This resulted in the occurrence of different accidents.

- According to the occupational accident report of the factory for the month July 2009-April 2010 in the table 4.4, among the type of accidents faced by employees at the work place, falling down accident is the most frequently occurred one. This is because; the floor at the work place is unnecessarily covered by water and other liquids as the researcher observed during the data collection.
- The temperature at the work place is found to be very hot. Therefore, the ventilation system of the factory's work environment is not comfortable.
- The company is not undertaking a risk assessment to identify and control hazards which could arise. In addition to this, fire extinguishers and emergency exits are not free from different obstacles, which can hinder the immediate usage of these facilities if accidents occurred. Hence, the company seems more reactive than proactive in the work area risk management.
- MOHA Soft Drinks Industry S.C., Teklehaimanot plant is participating in country's development programs such as education program, health program and environment development program. However, the factory does not have public relation department, as a result there is no document concerning the above programs, and the programs lack coordination. In addition to this, the absence of public relation department may not help the company to develop public image.
- MOHA Soft Drinks Industry S.C., Teklehaimanot plant assures that the product will not affect the health or safety of the consumers. In case there is a product problem, there is a system (product recall) in place where by non-conforming products are removed from the market and warehouses. However, there is no system in place to compensate customers if they faced safety or health problem from using the product, as well there is no insurance purchased to cover such failure.
- Product recall procedure of the company emphasized on how to remove non-conforming products from the market and warehouses. However, the company does not have a system to inform customers not to use the defected products once the batch of these products is identified.

- MOHA Soft Drinks Industry S.C., Teklehaimanot plant has no policy or comprehensive plan about how to protect the environment from pollution. Besides, the location of the factory is not in the industry zone/area, as a result community around the factory is complaining about the noise of the boiler.

5.3 Recommendations

After detail analysis of business ethics practices of MOHA Soft Drinks Industry S.C., Teklehaimanot plant, the following recommendations are forwarded based on the observed gaps and problems.

- MOHA Soft Drinks Industry S.C., Teklehaimanot plant believes in the importance of business ethics. On the other hand, the company does not practice business ethics formally. Hence, to practice business ethics formally, the company had better make use of the following indicators of formal business ethics. These are:
 - Written ethical standards
 - Publication of codes of ethics
 - Training program on business ethics
 - Ethical committee or ethical officer
- Safety and health policy, protective equipments and training on how to operate machinery should be equally accessible to all employees in the factory to avoid work related accidents. The safety and health policy of the company should be accessible to all employees in the form of hand books, induction, on the notice board and the like. The factory needs to also avail the necessary protective equipments for all concerned employees and replace the old one on time. Concerning the training, the company had better make employees' need analysis and give training to those who have less training and less experience.
- Among the type of accidents faced by employees at the work place, falling down accident is found to be the most frequent according to the occupational accident report of the factory for the month July 2009-April 2010 in the table 4.4. This is because the floor at the work place is unnecessarily covered by water and other liquids as the researcher observed during the data

collection. Therefore, the company needs to develop a system to keep the floor free from liquids or other factors which expose employees to falling down accidents.

- Regarding the temperature at the work place, 80% of the sample respondents were not comfortable with the work environment temperature. To solve this problem, the factory had better adjust its ventilation system by increasing the number of ventilators in the work room.
- The company should undertake a risk assessment to identify and control hazards which could arise at the work place. In addition to this, fire extinguishers and emergency exits should be available without any obstacle to facilitate the immediate exit of employees during emergency.
- The company had better form public relation department, through which it can influence public attitudes towards the company.
- The company had better develop a system to compensate customers if they faced safety or health problem from using the product, as well it is better if the company purchases insurance to cover such failure.
- The company needs to have a system to inform customers not to use the defected products once it is assured that defective products were produced and distributed to the market. For instance, informing through different media may be a good mechanism.
- The company needs to have its own environmental protection policy and therefore it should develop the policy in line with the government policy concerning environmental protection.

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