



**Addis Ababa University
College of Business and Economics
Department of Public Administration and Development
Management**

**Corporate Social Responsibility and the Role of Policy making
bodies in Ethiopia: Voluntary Versus Mandatory Preference of
Law**

Minilik Solomon

**A Thesis Submitted in Partial fulfillment of the Requirements for
the Degree of Masters of Arts in Public Management and Policy
(MPMP) in the Department of Public Administration and
Development Management**

October, 2018

Addis Ababa, Ethiopia

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Advisor: Frehiwot Gebrehiwot (PhD)

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Statement of Certification

This is to certify that Minilik Solomon has carried out his thesis work on the top ice titled Corporate Social Responsibility and the role of policy making bodies in Ethiopia: voluntary Vs mandatory preference of law. The work is original in nature and is suitable for submission for the award of Master's Degree in Public Management and policy specialization in Development Management.

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Approved by Board of Examiners:

Advisor _____ Signature _____ Date _____

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Examiner (external) _____ signature _____ Date _____

Statement of Declaration

I, the undersigned, declare that this thesis is my own original work and has not been presented in any other University. All sources of materials used for this thesis have been duly acknowledged.

Declared by:

Name: Minilik Solomon

Signature: _____

Date: May 2018

Acknowledgment

I am truly indebted to God for giving me the strength that keeps me standing and for the hope that keeps me believing that this affiliation would be possible and more interesting. I would like to express my sincere gratitude to my advisor Frehiwot Gebrehiwot (PhD) for the continuous support of my master study and research, for her patience, motivation, enthusiasm, and immense knowledge. Her guidance helped me in writing of this thesis. This small piece of appreciation cannot fully convey my gratitude towards her.

Finally, I would like to thank everybody who was important to the successful realization of this thesis, as well as expressing my apology that I could not mention personally one by one.

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Acronyms

AOE- Africa Oil Ethiopia

CSR- Corporate Social Responsibility

EAL- Ethiopian Airlines

EU- European Union

LMC- Low and Middle income countries

PPP- Public Private Partnership

UNGC- United Nations Global Compact

WBCSD- World Business Council for Sustainable Development

Abstract

This dynamic nature of CSR has a significant impact on how the roles of the public sector in particular and other stakeholders in general, need to align in order to fully realize the benefits of CSR, both to the society and towards these entities themselves. Recent literature and legislature dose also show, at least internationally, the concept CSR being incorporated both in relevant regulations and policy agendas regarding national and international development. However, the role of the public sector as the driver of the agenda for CSR has still persistent and the areas where the contemporary social responsibility agenda has itself given rise to new kinds of policy instrument, or new roles for government. This dominant role is needed especially in countries such as Ethiopia, where public support is essential for the development of the concept of CSR. Being one of the least developed countries internationally, the concept of CSR is at the initial stages in Ethiopia, specifically the application of CSR responsibility has not evolved from the confines of philanthropy to an issue encompassing social and economic implications. Hence, the research has formulated its question based on issues like what the policy making organ should do with regards formulation and overall understanding of CSR and what preference of laws should exist. This questions have assisted in gaining a firsthand insight about understanding CSR in Ethiopian context by the stakeholders. For this purpose, qualitative data was collected from both primary (interview and discussions) and secondary sources by employing purposive and area sampling method to later analyze the data using deductive reasoning. The method helped the researcher in categorizing respondents based on conceptual typologies. Hence, the findings showed that first, there is still a gap on by the policy making public sector organ on to what extent its role should be and second, there is a lack of consensus on what CSR constitutes and preference of CSR laws as mandatory or voluntary. However, even if many argue in favor of voluntarism and agreed that CSR initiatives by nature should be governed by soft laws, they have also agreed that policy making organ needs to pay an active role in developing regulations, guiding principles, minimum standards and impact measurement instrumentsso as to promote CSR initiatives meaningfully and to prevent free-rider and 'irresponsible' behavior which can have an adverse impact on social and environmental well-being.

Key Words: CSR, Policy, Public Sector, Voluntary and Mandatory laws

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

One of the most strategically vital concerns in the developing arena of corporate social responsibility (CSR) is the relationship between CSR and the public policy frameworks (Nelson 2008). Previously the assumption was that government's main objective resides in the domain of public policy, leaving CSR outside the scope of public policy boundaries to be assumed as entirely a voluntary activity (Sarna 2016;Carroll 1999). However, the crisis of the welfare state has made people look for new ways to develop collective action to deal with social demands that cannot be met solely by the state (Alberada *et al* 2008). Recent development has shown a shift from the traditional role of the public sector as a dominant actor (fox *et al* 2002; Lepoutre 2005; Nelson 2008) with necessary regulations to corporate independent role in the CSR arena (Crane and Matten 2004). In fact, this is one of the reasons that CSR has become a vital element in the national and global policy agendas with regards to national and international development. On account of this, the paper will highlight how the public sector could support the promotion and implementation of CSR through the public policy frameworks within the context of developing countries in general and Ethiopia in particular.

In principle, CSR refers to private sector engagement and responsiveness to social issues in its activities and to the performance of their responsibilities (Moon 2004) and promoting CSR has come to be a central theme of public policies for private sector development (Nidasio 2005;IOB 2013).Often, policies relying on the private sector's voluntary efforts to solve various social issues entail doubts with regards to 'efficiency, effectiveness, fairness, and achieving policy objectives is uncertain (Lepourte 2005).

The absence of a universal definition of CSR and its relationship with the public sector, regulation or policy indicates a lack of consensus which is often known to as the 'voluntary versus mandatory' debate (Gayo 2012). The decision to impose either a reliance on voluntary standards or mandatory approach should take into consideration local realities and the private sector maturity on CSR. On the one hand, representatives of the private sector argue that CSR should not be regulated by policy, while opponents argue to the contrary(Ascoli and Benzaken 2009; Sarna 2016).

The scholars in favor of voluntarism argue that voluntary CSR initiatives can help improve economic performance through increasing market value, creating value for individuals (Aupperle, et al., 2002; Simpson & Kohers 2002; Moore 2001). On the other hand, proponents of mandatory CSR argue that legislation should be used to measure the self-regulatory performance of the firms (De Bos 2011) and increase the interaction of stakeholders, which impacts the policymaking process (Mathis 2007).

The recent paradigm shift in the relationship between public policy and corporate citizenship has created a room for debate. This debate mainly centers on the public-private relationship, the role for government (Zappala 2003), and the voluntary and mandatory positioning of CSR engagements.

According to Deyassa (2016) the notion of CSR is still at an infant stage in Ethiopia and the application of CSR concept is viewed as corporate charity to solve socio-economic challenges temporarily rather than in a sustainable manner. Corporate Social Responsibility policy must cover the issue of charity and philanthropy issues more specific in order to aware the public concerning differences and meaning of the two (Gayo 2012).

Accordingly, the research will be structured around several inherently connected thematic parts. First, it will introduce main literature frameworks concerning the role of government in the promotion of CSR. Secondly, research analysis and evaluation of facts will be carried out based on the framed research questions. Thirdly, conclusions and recommendations will be drawn with regards to the theoretical and empirical evidences analyzed.

1.2 Statement of the Problem

The problem of lacking universal CSR definition and its relationship with regulation or policy has created the ‘voluntary versus mandatory’ debate (Sarna 2016). Effective public policy on CSR can impact on society positively (Nelson 2008). As part of the society, corporate should give back to promote designated public policies that keep the society intact (Moon 2004). The notion of CSR is merely a first step towards social effectiveness of business (Deyassa 2016).

In fact, CSR is an important way to bring the public sector, corporate and society together (Moon 2004). The recent trends suggest the three parties(i.e. public-private-society) must

create close attachment to be on the same page since they must work in tandem to achieve CSR at the desired level (Ascoli and Benzaken 2009; Moon 2002). As such the border between the CSR and policy is a growing phenomenon () since it can be argued that states are often seemingly weak to bargain due to developmental issues, leaving corporations comparatively stronger to evade or manipulate policy responsibilities (Fox et al., 2002; Nelson 2008). CSR is becoming growing subject to policy pressure and legal enforcement not necessarily in the form of conventional state regulation but rather through indirect state pressure and through highly innovative use of public policy and legal framework (Mc Barnett 2009).

The question is whether there are any interconnected reciprocal expectations between the public sector-corporate- society relationships. The public sector is also influenced by current trends guiding them to aspire towards higher standards of responsibility and ethical behavior when making business decisions. However, the primary outcome in the lack of visible policy frameworks, binding minimum standards, and regulations is the resounding effect it has on the past corporate ideology towards CSR. To this end, corporate entities are now finding it difficult to come up with sufficient justification for not contributing to society in the auspice of violating social and environmental rights (Fox et al. 2002). Often in these situations, society looks towards the public sector to provide regulatory mechanisms that force corporate entities to remedy their damages or behave in a more ‘responsible way’. Thus, studies in the role of public sector and its contribution to the relationship of public, corporate, and society in the context of preferential CSR laws are highly imperative.

The society as a stakeholder has the expectation that first; the public sector protects them from damages of ‘irresponsible behavior’ and second; corporate will provide compensation for the damages on their social rights and environment as well as benefits and value additions to their societal developments (ibid.). Additionally, the public sector has the authority to introduce regulations promote good ‘responsible behavior’ or to manage and regulate any features of business to support the greater good of a society. In fact, the common understanding should acknowledge the stakeholders’ legitimacy, urgency and power to have an influence so that all parties do understand their respective roles.

Hence, this study will try to examine the trends in public policy and promotion of CSR through the following central themes: show how the concept of clear Policy framework is critical to the current context of CSR in Ethiopia; build up on previous literature highlighting the role of the public sector and identify key areas in which the public sector can contribute to the promotion of policy for CSR; classify voluntary or mandatory policies that monitor or oblige corporations to implement socially responsible practices; and show the government efforts made available to the private sector for the implementation of CSR programs.

1.3 Research questions

For the purpose of the study, the following research questions have been administered to address.

1. What are role of policy making public sector roles in creating ‘enabling environment’ for CSR with regards to addressing social and environmental needs?
2. What are the respective roles of other stakeholders especially with regards to preparing a consensual policy framework?
3. What are the perceptions with regards Voluntary versus Mandatory CSR preference of laws in the Ethiopian context?

1.4 Objective of the Study

The purpose of the research is primarily gaining a firsthand insight about understanding of CSR in the Ethiopian context, by examining the role of public sector with regards to policy frameworks and initiatives taken in order to promote CSR for effective discharge of responsibility by business and to bring about sustainable development in every possible aspect. The concept of CSR can make a positive contribution to the development of society and businesses if the public sector succeeds on nurturing and promoting CSR through different policy frameworks, contextual initiatives, enabling environment, and selected universal CSR approaches. Furthermore, it is the objective of this study to clarify how Ethiopian public organizations and corporate understand and view their role in the promotion of CSR, and find out what the best practices that can be shared by fellow organizations either public or private.

General Objective: the major objective of this study is to identify type of organizations based on their understanding and experiences of CSR as well as to find out organization's Voluntary Vs Mandatory preference of laws.

Specific Objectives: this study has also the following specific objectives:

1. To assess the role of public sector to create enabling conditions for CSR in Ethiopia
2. To assess the role of other stakeholders in assisting the preparation or formulation of consensual CSR policy framework
3. To assess the overall conceptual understanding and preference of CSR laws in the Ethiopian context.

1.5 Significance of the study

Unless clear CSR policies are formulated, a lax and unclear conceptual understanding of the term can have an adverse impact on the development of business and the society. With this in mind, the following research will systematically explore and analyze the effectiveness of public policy support towards enhancing and supporting CSR practices by identifying a clear CSR model from an Ethiopian perspective. In doing so this research seeks to show how clear policies minimize negative impacts to social rights in areas where effective discharge of CSR is needed to foster economic, environmental, and social advantages. Thus, it is the goal of the researcher, that the outcomes of this research can assist relevant stakeholders, policy makers and legislators by providing them with valuable insights towards incorporating a CSR model in Ethiopia as a tool for better monitoring and regulating corporations while safeguarding the public interest.

1.6 Scope of the Research

The research will focus on the need for getting a clear picture as to where Ethiopian public sector lays; formulation of corporate social responsibility policy to understand organization's awareness about CSR; their experiences to comprehend the organizations' preference in terms of CSR laws; and their role in realizing responsibilities and social rights. The scope of the study will mainly focus on policy frameworks and initiatives taken by the policy making bodies towards promoting corporate social responsibility within organizations found in Addis Ababa and Dukem cities having a time span of one academic year. To be more specific, the

research will mainly deal with (a) role of the public sector in promoting CSR including provision of policy and enabling environment (b) participation of stakeholders and (c) preference of CSR laws. Data analysis will be used to assume only the Ethiopian perspective factual substances.

1.7 Organization of the research

The research will be structured around several inherently connected thematic parts. First, it will introduce main literature frameworks concerning the role of government in the promotion of CSR. Secondly, the research will analysis and evaluate facts based on the framed research questions. Thirdly, conclusions and recommendations will be drawn with regards to the theoretical and empirical evidences analyzed.

In order to effectively address the stated objectives of this research this research will be organized under five chapters. Chapter one deals with the introduction which would contain the background of the study, statement of the problem, basic research questions, and objectives of the study, scope, limitations and methodology of the research. Chapter two presents concepts and definition, review of both the theoretical and empirical literatures, and conceptual framework of the study. Chapter deals with research approach, research design, sample design, data sources and instruments, analytical method of the research, and, model variables. Chapter four provides findings and discussions of descriptive analyses corresponding to the research questions of the study. Finally, chapter five constitutes conclusions and recommendation so as to solve observed problems and to accelerate the development of CSR practices in Ethiopian corporate society.

CHAPTER TWO

Review of Related Literature

2.1 Definition of CSR

In recent years, the notion of CSR has become more of a contemporary agenda (Nelson 2008) and the emergence of a new approach to CSR has pushed companies to recognize reducing adverse impacts and addressing wider social and environmental problems (UNIDO 2007). The prevailing CSR agenda mainly reflects upon the concerns of stakeholders based in high-income countries and yet, not been fully associated to “indigenous” CSR agendas of the rest of the world (Ward 2004). Corporate social responsibility is at heart, a process of managing the costs and benefits of business activity to both internal and external stakeholders’ (fox et al 2002). According to Aaronson and Reeves (2002) CSR is defined as “business decision-making linked to ethical values, compliance with legal requirements, and respect for people, communities and the environment.” Having these views in mind let us look two widely accepted definitions of CSR:

- The World Business Council for Sustainable Development (WBCSD): has defined corporate social responsibility as “the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.”
- The European Commission (EU 2011): defines Corporate Social Responsibility as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders”. Philanthropy, in contrast, is seen as a practice of charitable giving by private companies and corporations to charitable causes (UNIDO 2007).

For the purpose of this research the, the researcher has adopted WBCSD’s definition since it provides wider scope of application with regards to CSR practices and stakeholders participation. The WBCSD definition is uniquely positioned to look at areas of sustainable development where stakeholders’ voice can make a difference. It seeks to collaborate with

interested parties in order to create framework conditions that will allow business to remain competitive while contributing effectively to sustainable development. As recent trend shows numerous public agencies and corporate globally have adopted the definition so that it can promote embracing sustainable development and are developing innovative programs that are integrated with core business operations and practices.

2.2 The role of public sector in the promotion of CSR

Why should the public sector play a role in CSR activities at all? Public pressures to promote CSR also stem from inadequate governance at the global and national levels (Aaronson and reeves 2002), but also the public sector has a traditional mandate in defining minimum legal requirements on environmental or social issues (fox et al 2002). In fact, legislation, regulation and taxation have been the favorable tools employed by government to promote and protect social objectives (Bitcha 2003). Yet, one can point out a number of examples on public sector actions that support or promote CSR though different policy frameworks (Fox et al 2002; Lepoutre 2005). However, recent trend shows increased evidence of CSR practices being viewed as a matter of relevance for public policy (Nelson 2008). In other words, public policy is observing CSR practices to maintain sustainable development strategies and to improve poverty-focused delivery of public policy goals (Ward 2006).The intention is to provide a structure through which public bodies could be able to direct their way toward roles that better align CSR practices with public sector development strategies (Warner 2003).Basically, public sector activities to strengthen CSR mainly include public sector roles and could fittingly be divided into four categories: endorsing, partnering, facilitating and mandating (IOB study 2013; fox et al 2002; Ward 2004; Bitcha 2003; Pascale 2007, and UNGC 2010). To explain: -

4. **Endorsing:** Showing public political support for particular kinds of CSR efforts and practice (e.g. endorsement of CSR labels, publication of best practices, support to civil society transparency initiatives, etc.). Endorsement can take various forms including through policy documents, the ‘demonstration’ effect of public procurement or public sector management practices or direct recognition of the efforts of individual enterprises through awards schemes or “honorable mentions” in ministerial speeches.

5. **Partnering:** Combining public resources with the private sector to leverage complementary skills and resources to overcome CSR issues(e.g. public-private partnerships, stakeholder dialogues, sector-wide agreements and conventions, etc.). The concept of partnership is central to the CSR agenda. Strategic partnership can bring the complementary skills and inputs of the public sector and civil society in tackling complex social and environmental problems. In partnership role the role public sector bodies may act as participants, conveners or facilitators.
6. **Facilitating:** Setting clear overall policy frameworks and positions to guide CSR efforts and practices (e.g. awareness raising campaigns, incentives, subsidies, tax rebates, procurement policies, capacity building and dissemination, etc.). In this role public sector agencies enable or incentivize to engage with the CSR agenda or to drive social and environmental improvements. In many of the approaches encompassed under this conceptual role, the public sector plays a catalytic, secondary, or supporting role. Public sector bodies can stimulate the engagement of key actors in CSR agenda and support appropriate CSR management tools and mechanisms, including voluntary product labeling schemes, benchmarks, and guidelines for company management systems or reporting. And they can stimulate pro-CSR markets by creating fiscal incentives and by applying its public procurement and investment leverage.
7. **Mandating:** setting policy and other relevant frameworks to enforce and guide CSR efforts and practices (e.g. legislation, regulation and inspection, legal or fiscal penalties, fiscal and financial guidelines; safety standards, etc.). Governments mandating role empowers them to define minimum standards for business performance embedded within the legal framework at different levels. Examples include establishments of emission limit values for particular categories of industrial installations or requirements for company directors to take particular factors into account in their decision making. Mandating activity can drive industrial innovation and best practice.

2.3 Public policy and promotion of CSR

The past couple of decades have seen a paradigm shift in the concept of CSR issues as governments are getting increasingly proactive to promote CSR through public policies (Ascoli and Benzaken 2009). The public sector has repositioning itself to play a key role in promoting and creating enabling policy frameworks for CSR agendas (Ward 2006). According to Fox et al (2002), governments have the power and responsibility to create “enabling environment” for CSR, a policy framework which encourages corporate activities that reduces environmental and social costs and impacts while maintaining or creating economic gains (Fox et al 2002).

As governments are getting more interested in the principles of sustainable and inclusive development to increase competitiveness and foster investment (Alberada et al 2008), they have begun to consider public policy as a matter of relevance to promote CSR agendas (Zappala 2003). In fact, this can be accomplished by using public policy tools that encourage voluntary practices to complement the customary regulatory scheme (UNGC 2010).

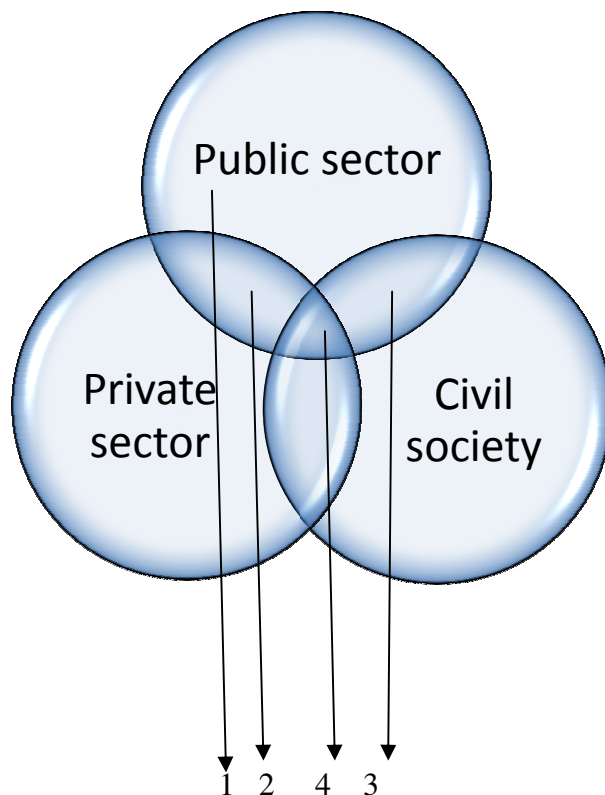
Moreover, policy approaches ‘publicly’ communicate the government’s stand regarding CSR thus having a potential to influence corporate’ behavior, which in turn can raise CSR awareness on the implications and challenges among the general public so as to demand proper discharge of responsibilities (Ascoli and Benzakan 2009). Public policy choices about to what extent and how individual business decision making should be framed by public policy intervention necessarily differ from country to country and are dependent on particular socioeconomic circumstances (fox et al 2002).

In addition, the following framework makes it possible to map out the three social agents of government, business and civil society stakeholders as agents collaborating in an interrelated area. Different areas of bilateral collaboration can be seen: the first between governments and companies; the second between governments and civil society and thirdly a framework of multilateral collaboration: governments; business; and civil society stakeholders. Alberada et al., (2007) have mapped out a pattern by previous compiled public policies while classifying public policy taking directionality into consideration regarding the actors to whom government policies are addressed:

According to Alberada et al (2007), government's public policies can be classified in terms of directionality or to whom they are addressed.

1. CSR in public sector: *CSR public policies developed by governments to improve their own social responsibility, leading by example;*
2. CSR in public sector-private sector relationships: *CSR public policies designed to improve business CSR practices;*
3. CSR in public sector-society relationships: *CSR public policies designed to improve civil society stakeholders' awareness, and finally;*
4. Relational CSR: *CSR public policies designed to improve collaboration between governments, businesses and civil society stakeholders.*

Figure 1: relational model of CSR public policy



1. CSR in public sector
2. CSR in public sector-private sector relationships
3. CSR in public sector-society relationships

4. CSR in public sector-private sector and society relationships

Alberada et al., (2007)

The abovementioned map of CSR public policies, programs and the action that governments have taken to promote and develop CSR provides us with a relational view of the actors who have been addressed by the policies and who governments have attempted to participate.

The following figure is adopted Laura Alberada et al., (2007)

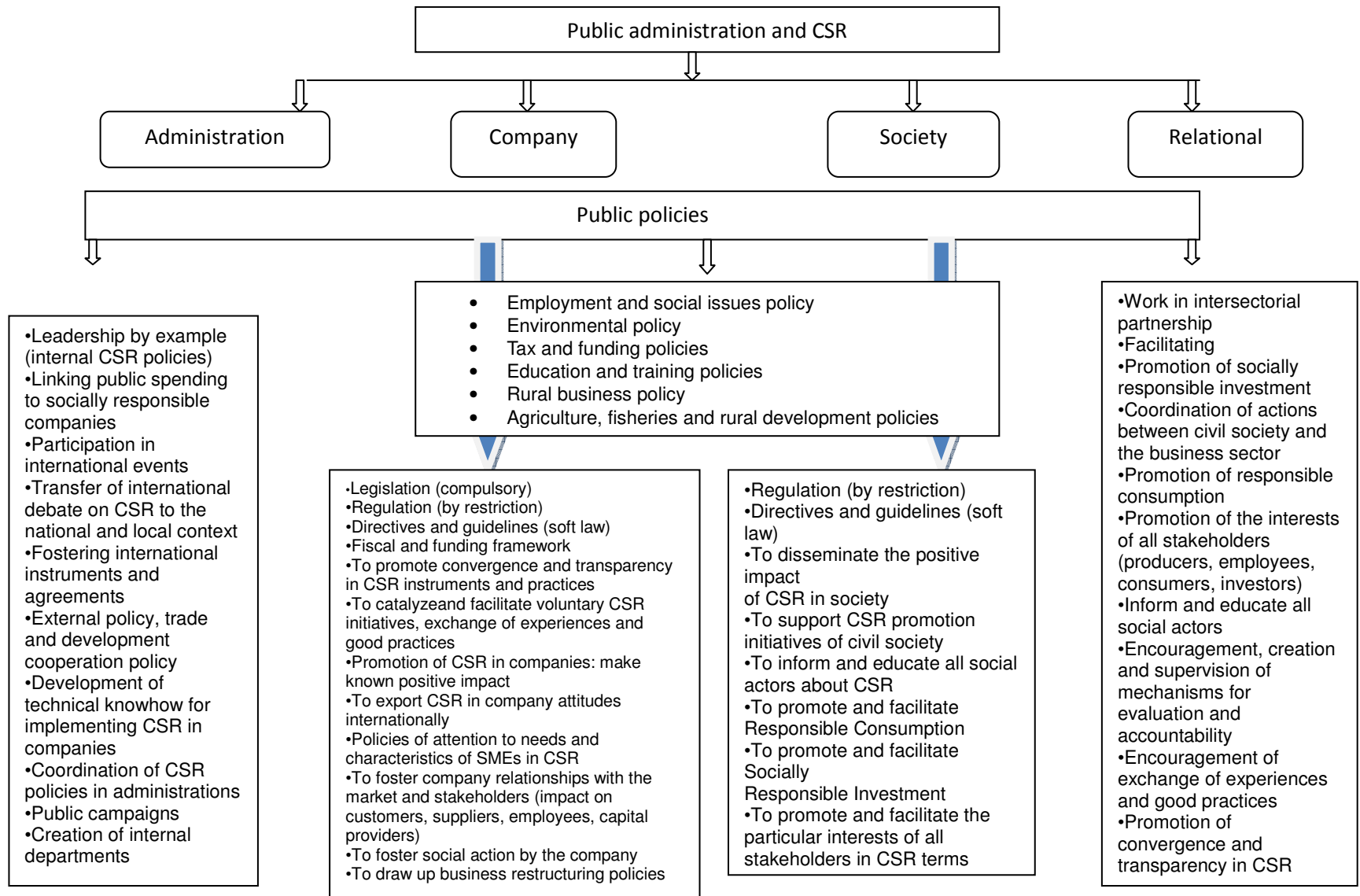


Figure 2: implemented public policies programs and actions to promote CSR (Alberada et al., (2007))

2.4 Factors influencing the promotion of CSR

These days, the public sector has redefined itself as a centrally actor with regards CSR issues (Moon 2002) and it is argued that public sector actors need to develop better understanding with the mainstream CSR issues to solidify CSR in developing countries (Ward 2006). In order to solidify the CSR practices in this context, factors influencing the promotion of CSR need to be identified. First, although any potential proposal for contextual CSR practice might seem most appropriate, effective, and legitimate; it can either positively or adversely be influenced by the type of governance and institutional framework of the country (Nelson 2008), since public governance has the ability to define the course of action and respective roles of stakeholders (Stuerer 2010).

Secondly, the assimilation of CSR into government structures either politically or context wise is essential to effectively govern CSR practices (Alberada et al 2007). As governments seek to address CSR from a political perspective, two primary variables play a dominant role in shaping public policy agendas (UNGC 2010): 1) the type of government intervention used to promote responsible business efforts; 2) The specific issue or action area to be addressed.

Thirdly, in the process of formulating appropriate policy frameworks, governments must thoroughly consider the local socioeconomic, political, and cultural contexts as well as other specifics (Ascoli and Benzaken 2009, Mezgebo n.d.). It is possible if governments decided to combine different kinds of policies to address social challenges effectively since precedents show various kinds of policies can coexist and be complementary (UNGC 2010). However, according to Nelson (2008) one should keep in mind that, “over-simplifying an extremely complex set of conditions and possible scenarios” of governance gaps would be highly devastating.

Hence, understanding the concept of CSR helps us to identify the public policy choices and the relationship between business and societies with all its stakeholders to get the best results out of the interaction which is favorable to all parties involved. Often, CSR is driven by the will of the private sectors, companies, campaign groups and consumers based in developed countries and it is less visible in (LMC) low and middle income countries (Deyassa 2016). According to Fox et al (2002, p.1), “*public policy choices about to what extent and how*

individual business decision making should be framed by public policy intervention necessarily differ from country to country and are dependent on particular socioeconomic circumstances”.

The strategic challenge for LMC governments is the lack of contextualized CSR practices (UNIDO 2007). CSR practices are usually developed in high economically performing countries and then implemented to different settings of socio-economic, political, legal, and cultural contexts through international trade and foreign direct investment. CSR has a high element of context in terms of *corporate environment* and most importantly in *national environment* (Moon 2004). Hence, the contextual element will have a positive effect and stimulate profit sharing of the private sector and value creation opportunity from local to global level.

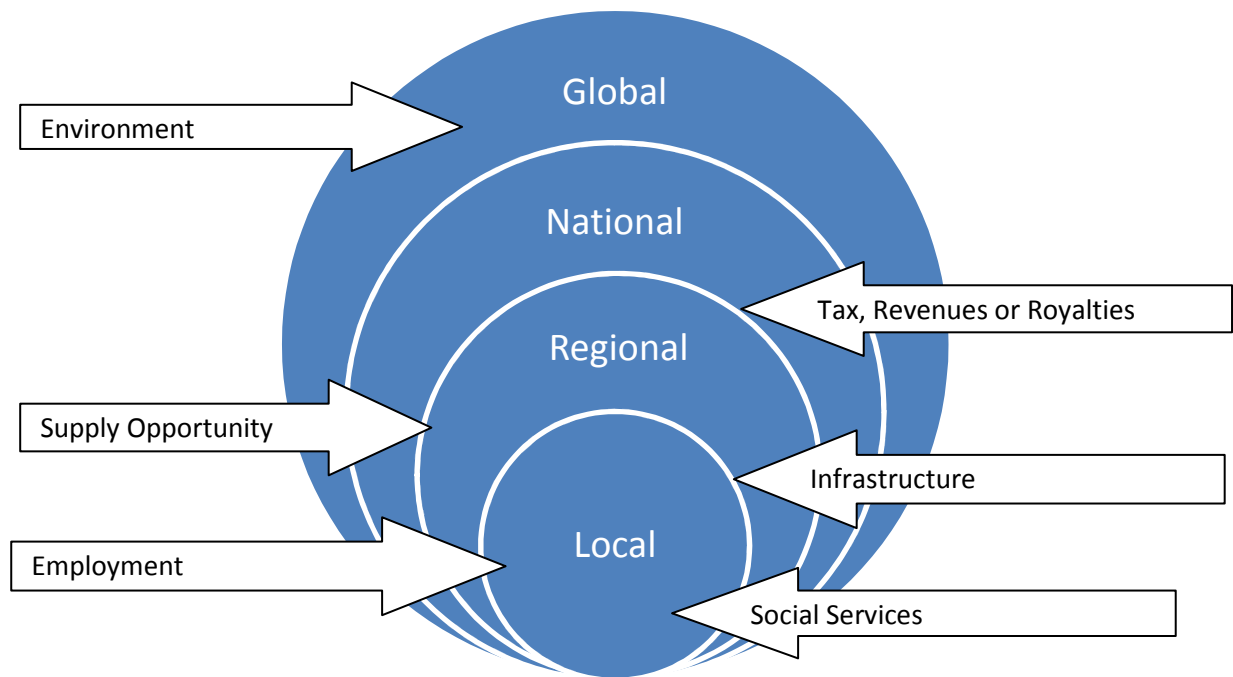


Figure 3: Value creation opportunity
Adopted from: Foreign Affairs, Trade and Development Canada (2014)

2.5 Public private partnership

Recent trends show that, the private sector must now consider the public sector as key stakeholders of their operational structures in the promotion of CSR (Ascoli and Benzaken 2009; Sarna 2016). Usually, partnership-based approaches in formulation and

implementation of CSR public policies are important in attaining sustainability of programs (Alberada et al 2008; fox et al 2002) and in fact, reciprocity is based upon the recognition and pursuit of shared interests and values (moon 2004). In principle, active private sector engagement in public policy will bring opportunities to become influential and to shape the future of how governments promote CSR (Ascoli and Benzaken 2002).

Clear and transparent policy frameworks as to public-private partnership in policy making and in has an immense role in sound and sustainable CSR practice (fox et al 2002) and joining efforts across sectors can lead to more efficient solutions for the common concern (Ascoli and Benzaken 2002). According to Moon (2002), participation of the private sector in formulation and enactment of public policy would have its own impact on private sector motivation as firm specific; collective business interest; and collective interest in society and influence three areas for governments to encourage CSR: it can substitute for government effort; it can complement government effort; and it can legitimize government policies.

2.6 Voluntary Vs Mandatory

The notion of CSR has been as entirely voluntary practice of corporate to make contribution to social and environmental needs without aiming strictly on economic gain (Sarna 2016). However, the recent developments in the field suggest that the involvement of the public sector is essential to promote and even control unsound CSR practices (Alberada, fox et al; Ascoli and Benzaken 2009; Nelson 2008; Ward 2006; Moon 2002). Often, policies relying on the private sector's voluntary efforts to solve various social issues entail doubts with regards to 'efficiency, effectiveness and fairness' and achieving policy objectives is uncertain (Lepourte 2005).

Voluntary guidelines by nature are prescriptions of action for only responsible behavior whereas mandatory guidelines are binding standards and predetermined or contractual by nature and usually encompass a command or an enforcement mechanism for implementation and sanction for non-compliance (Dwight (n,d.); Sarna 2016). Most of the time, both the voluntary guidelines and mandatory standards are the outcome of continuing dialogues among the government, the private sector, and civil society organizations (Ascoli and Benzakan 2009).

The proponents of voluntary CSR advocate that there is no need for government to involve in CSR activities as the market offers enough motivation for firms to get involved in CSR initiatives (González et al., 2004). Currently, the governments do not play a significant role in forming international labor rights or building a uniform code for multinational corporations and NGOs. Governments require more technical, economic and practical expertise to address environmental and social issues (Sarna 2016). For this reason, the advocates of voluntary CSR support the use of self-regulation codes and standards (González et al., 2004).

On the other hand, opponents of voluntary approach found that self-regulation standards and systems are also invariably not entirely capable of fulfilling all the need for CSR since a variety of players and a variety of agendas are involved (Sarna 2016). Also, different players may have their preferred solutions. These weaknesses of a voluntary global framework for self-regulation help to support the case for mandatory CSR (Leighton, et al 2002). Leighton, et al (2002) and Doane (2003) mentioned that there is a risk of using CSR as a PR tool or a corporate strategy tool instead of the purpose of sustainable development. As there are very limited occasions where researchers could make a real case for mandatory CSR, most of the literature on the topic is based on assumptions or speculations (Sarna 2016).

2.7 Analytical Framework

In principle governments have huge influence in the promotion of CSR (Alberada et al) and public sector bodies have a '*catalytic or supporting role*' to achieve the envisaged social and environmental improvements (fox et al 2002). Cognizant to that, the public sector is in a position to develop and aid the implementation of contextual CSR management tools and frameworks- including voluntary product labeling schemes, benchmarks and guidelines (Alberada et al 2007; fox et al 2002; Moon 2004).

The problem of reaching a consensus with regards to definition is partially due to its complex nature and wide range of sphere. Obviously the recent developments are showing us the role of governments in promotion and identification of areas of participation of the private sector in CSR practices is not just a matter of an agreement (Moon 2004). Government as a highest

administrative organ of a nation has a vested interest in the provision of public goods and also can set the scope on how to implement CSR practices in the current globalized world.

Obviously globalization has changed the economic relationships between firms and regulatory bodies, as the economic relationship is beyond the reaches of national boundaries (Albareda et al. 2008). In this framework of the globalized economy, the political challenge is to take care of state welfare and development of a public governance system that supports the globalization model (ibid.). In such crisis, CSR looks to be a decent model to develop a new collaborative governance framework between firms, governments and civil societies (Zadek 2001; Albareda et al. 2008,). CSR policies and the global framework for CSR provide assistance to governments to have better control of global firms when there are lacks of direct strict regulations.

Traditionally the provision of public goods and services including infrastructure has been left to be executed exclusively by the public sector due to huge cost of investment required and most importantly returns from such investments take considerably longer period of time to be realized (Asubonteng 2015). Public Private Partnerships have emerged to contribute as one source of solution by tapping the private sector finance and ingenuity, governments are able to finance critical infrastructure, improve project, preparation, execution and management and delivery of efficient service to the citizens (UNDP 2015). According to Moon governments do not have money and expertise as the private sector which needs the private sector for more engagement and a role to play than it does before (MOON 2004).

In the context of Ethiopia, Asubonteng (2011) has defined PPP as an

Engagement and a relationship between the public (including development partners) and private sectors as well as civil society (including community beneficiaries, the poor and vulnerable groups), where the private sector brings on board efficiency, local innovation and cutting edge technology to complement public sector regulatory authority, asset ownership, budget support, public education powers and capacity development support to achieve commonly identified objectives, outputs and activities.

At the same time, civil society's mobilization, monitoring and oversight role is harnessed and combined with PPP guiding principles and citizens'/ beneficiaries' responsibilities to ensure

positive synergy in the delivery of public goods and services (UNDP 2015; Asubonteng 2011).

Whereas the Draft PPP proclamation no _/2017 of Ethiopia has defined PPP as:

"Public Private Partnership" or "PPP" means a long-term agreement between a Contracting Authority and a Private Party under which a Private Party:

- a) undertakes to perform a Public Service Activity that would otherwise be carried out by the Contracting Authority;
- b) receives a benefit by way of
 - (1) compensation by or on behalf of the Contracting Authority;
 - (2) tariffs or fees collected by the Private Party from users or consumers of a service; and
 - (3) a combination of such compensation and such charges or fees.
- c) is generally liable for risks arising from the performance of the activity or use of the state property in accordance with the terms of the Project Agreements.

Although the proclamation has stated what activities constitute PPP in more general terms, it has also left an opportunity or a room for wider interpretation as to the potential CSR activities to be encompassed in it. In other words, it might seem one step closer but still not there in relation to what constitutes public private partnership in CSR arena.

Many governments around the world are now engaging in partnership with the private sector to enhance the provision of public goods and public service delivery. In fact, it is an ideal form of financing public developmental plans (UNDP 2015). But also it is another way of fulfilling social and moral responsibility of the private sector. Corporate social responsibility is not always about simple financial donations, philanthropic activities or environmental protection only. Different governments have different specific sectors where they want to be supported by the private sector.

According to Nidasio et al (2003) the ability of Government to act (in a defined geographical area) within governance frame requires:

- identification of specific objectives dealing with social responsibility (at the

- institutional and corporate levels)
- Identification of related intervention policies in the field of public-private partnership.

This represents a shift from control to trust; from conflict to co-operation; from guidelines to dialogue (Nidasio 2003). For instance, one of the most significant moments in the development and institutionalization of CSR in England was the wave of urban riots in the context of spiraling unemployment and inner-city decay of the early 1980s (Moon 2004). The two UK administrations, namely the Thatcher (Conservative) and the Blair (Labor) governments have tried to foster CSR through “*executive leadership; stimulating new and existing business associations; subsidizing CSR activities and organizations; and the deployment of ‘soft’ regulation*”.

Moreover, it has clarified the policy instruments that they use to this end; the changing balance of in public-private-societal relations which government initiatives for new CSR precipitation; the relationships between government and other drivers of CSR; the quality of the contributions of business to governance through CSR with reference to wider societal governance crisis which these governments chose to solve with CSR along with a variety of other measures (Bitcha 2003). In addition to a number of other policy and political responses that the government deployed made clear offer to business to share in responding to the problems (Moon 2004).

In due course the government encouraged community based initiatives by the private sector to set up community action programs which offered subsidies for job creation projects and other community improvements under the private sector sponsorship (Moon 2002). The government acknowledged the significant contribution made by the private sector in the provision of training opportunities through this scheme on which 350,000 unemployed young people participated in its first year alone (Moon 2002). In addition, the community based initiative has instigated a series of contextual studies sponsored by a network of the private sector intended to provide information to enable further public private partnership in urban re-generation (Moon 2004).

Similarly, Ohmae (2009) argued that social problems are better solved in the sphere of public administration and public-private partnership through relevant public policies and policymakers have to present proactive policies in a sense that governments lead the private sector to collaborate in providing solution to social issues. The government of Japan had an in-depth overview of CSR concept from various public policy perspective and has been working in partnership with the private sector to improve employment opportunity and implemented “Job-card policy” and “Safety-net policy” (Ohmae 2009).

Governments often use partnerships and soft legislation as an affirmative and subtle way to promote CSR and guide private sector behavior in line with changing expectations (Joseph 2003) than the option of more mandatory legislation which may be difficult and expensive to enforce and which may drive companies overseas (Alberada et al; Moon 2004). Yet, the advocacy of CSR standards is a further incentive for the private sector to institutionalize their socially responsible actions, values and reporting mechanisms (Ascoli and Benzaken 2009; UNGC 2010). Although governments have shown a greater willingness to use ‘soft’ regulation to encourage CSR, there are also different mechanisms to have an effective CSR practices.

Various researches have showed that for voluntary approach to be effective, the private sector has to strictly observe the agreement entered with the authorities (Delmas and Terlaak, 2002), which depends on two aspects. First, *credible regulatory commitment*: the private sector will only participate in voluntary approach if governments can assure that the rules will not change once the agreements are implemented (Delmas and Terlaak, 2001). Credible cooperation needs credible communication between firms and government (Potoski and Prakash, 2004). Second, governments should also include monitoring and sanctioning procedures in the agreements. This way, incentives for free-riding and not complying with voluntary agreements are reduced.

Another mechanism by which the public sector can stimulate pro-CSR markets is by creating fiscal incentives and applying its public procurement and investment leverage; Related to market-based instruments, but less ‘distorting’ public procurement policies (Joseph 2003). As governments are large consumers, they can create a CSR product market by linking criteria to their purchases, thereby stimulating companies to adopt CSR practices and giving a good

example at the same time (Lepoutre et al 2005). This policy would help the introduction of labeling of companies as pro-CSR and not in terms of active engagement. Labeling can promote CSR behavior by encouraging the private sector in activities that leads them to obtain the label and would serve as a considerable incentive. At the same time organizational reporting and labels also decrease the opportunities for free-riding and moral hazards (Ibid).

In principle obedience to the policy, efforts to be accountable, transparent and to ‘do no harm’ should lie at the core of the corporate founding framework (Nelson 2008) and the role of government is not deniable (Sarna 2016). Similarly, when the public problems pose greater challenges and prospects for all the stakeholders, the product and process innovation along with institutional and policy innovation on the parts of governments NGOs and the private sector will be highly needed (Dwight, Nelson 2008).

Having that in mind, the slight increment on implementation of public policies on CSR these days, corporate should consider governments as key stakeholders for their effective discharge of responsibilities and beware of the public sector’s efforts to stimulate CSR (Ascoli and Benzaken 2009; Nelson 2008; Moon 2004; Steurer 2010). The positive relationship with governments can increase the influence of corporate CSR strategy and advance programs sustainability (UNGC 2010; Ascoli and Benzaken 2009).

Although, the voluntary approach to CSR standards have been gaining momentum in the debate as a positive aspect (ward 2004), the adequacy and role of private sector regulations and whether the private sector should determine its responsibility, relationships with the society and accountability mechanisms (Dwight n.d.) remained controversial. Accordingly, the main theme of the debate focuses on whether CSR should be left to the private sector to adopt its own strategy for voluntary use or do they need policies and legally binding legislation (Alberada et al 2008; Lepoutre 2005; Moon 2004).

2.8 The Experience of Different Countries

The understanding of CSR varies from one country to another depending on the socio-economic political and other factors. The following experience of countries will give as an insight.

- **The EU position on CSR**

In 1993 European Union president publicly urged corporate to fight against social exclusion and stood in favor of CSR. The launch of 2001 European union green paper has opened a regional debate as to common stand on CSR policy framework. EU defined CSR as *‘a concept whereby companies integrate social and environmental concerns in their business and in their interaction with their stakeholders on a voluntary basis’* and *acknowledged CSR as business behavior that exceeds legal requirements’*. It promotes the CSR policy in terms of *‘business competitive advantage, increased sales and reputation, improved productivity by developing relationships and liaising with employees, local communities, customers, suppliers and business partners’*(CEC 2002). Thus, corporate have been in favor of a voluntary approach to CSR, and sees the EU with a role to promote best practices and transparency among member states.

The European Council Summit in Lisbon in March 2002, was a significant mark to set itself new strategic goals to pursue the most competitive and knowledge driven economy in the world. The council addressed business directly in *‘a special appeal to companies’ corporate sense of social responsibility regarding best practices on lifelong learning, work organization, equal opportunities, social inclusion and sustainable development’* (Bitcha 2003). Corporate, however, calling for a voluntary approach demonstrated the new CSR framework. It defines CSR as a *“business behavior that goes beyond legal requirements and links CSR to sustainable development in terms of requiring business to integrate economic, social and environmental issues into existing management practices and operations”*(CEC 2002). CSR is no more defined as an optional corporate practice rather as a means of conducting corporate behavior (CEC, 2002).

The issue we have to concenter is, the European CSR policy framework is built on international agreements, which needs to be applied in full respect of the state parties. Yet, the EU assigns itself to facilitate knowledge and best practice concerning the effect of policy on corporate and society and *‘most importantly, re-appraising transparency and reporting rules and developing common, clear and verifiable criteria or benchmarks’* (Bitcha 2003).

- **Finland**

The promotion of EU CSR policy agenda has stimulated the re-thinking of sustainable development, competitiveness, efficiency, innovation, and development via CSR initiatives and then led to public sectors to take over major social control with an aim of providing equal social services for the respected citizens (Gjolberg 2010). However, the recent trend shows that the government has been repositioning its stands on CSR as voluntary in nature (Midttun et al. 2012). While the public sector is trying to craft a policy framework to promote CSR, some argue that problems still exist as to information gap leading corporate to manage CSR 'unsystematically' (Panapanaan et al. 2003). Additionally, evidence show that Finnish the public policy framework seems to be "*constrained to the parts that overlap with the Finnish innovation and competitiveness policy model, and little attention is being paid to CSR issues in public enterprises, government procurement, or public capital investments*" (Finskas 2007). Nonetheless, arguments do exist as to Finnish welfare system is also overly getting exposed to the need for economic efficiency and reduction of budgets as the public sector remains to bear the responsibility to provide social security (Makinen&Kourula 2014).

- **The UK government**

The Labor government has defined CSR as '*behaviors that goes beyond basic legal requirements*'. According to this government the prevailing view of this government in relation to CSR considers that in real terms, CSR must have some mandatory foundations and still not compromise corporate performance. This would in turn promote the interests of their shareholders but also explore new means of enhancing economic performance that in many ways could go beyond and exceed legal requirements. A voluntary approach to CSR has been criticized by trade unions and civil society organizations who argue that such initiatives would be insufficient 'to protect workers and citizens' rights' (EC, 2001).

In terms of government role in relation to CSR, the Labor government sees itself as having to play a complementary role in fostering CSR knowledge across the business sector and encourage it to adopt best practice. The government believes that this can be done by setting minimum standards for industry to abide by, providing fiscal incentives, encouraging industry to take the initiative and adopt voluntary measures on CSR and co-operate with government to promote CSR at the national and international level (Bitcha 2003).

- **India**

The Companies Act 2013 obliges certain companies to subject their 'net worth or net profit has to make a mandatory spending of at least two per cent of their average net profits before tax (average of three years' profits)' towards CSR activities. Many argue that, the Act explicitly stipulates the details and classification concerning the kinds of contribution to be considered as CSR spending. This bold move has somehow created some restrictions on the corporate in defining their CSR strategy (Sarna 2016). As per the Act, every spending practice must go through prior approval of the board based on the references provided by the CSR committee. According to Sarna, every corporate body which fulfills the net profit criteria stated under Companies Act, 2013 shall establish a CSR Committee of board members consisting of three or more directors' and at least one of the CSR committee members shall be an independent director. The CSR policy shall recommend the activities to be carried out by the corporate that are listed in the public policy and then, the committee is bound to recommend the cost of expenditure sustained by activities. The committee assumes binding duty to evaluate and update the CSR policy on a timely basis. The act also grants the corporate to take preference as to operations areas (Sarna 2016).

- **Indonesia**

CSR has become a major issue in Indonesia since the Government of Indonesia enacted Company Liability Act. The Act contains a very crucial and critical provision to regulate CSR as mandatory for natural resources-based companies. The norm of mandatory CSR in the Act is based on the basis of the Indonesia economic principle which is known as the economy owned by the people. And it was one of the government's strategies to involve corporate participation on local economic empowerment programs.

The policy framework of CSR in Indonesia has been regarded as an important and wise pathway to keep corporate and society interest in tact. According to Gayo (2012), local communities and corporations must have very close engagement to reach a common understanding by observing policy frameworks.

However, there should be finalized one major distinct definition between mandatory and voluntary corporate social responsibility terms in Indonesia. Of course, It is just semantics disputes but it must be resolved properly and promptly to avoid any ignorant to implement CSR program. After all, the most essential is government should regulate corporations to behave in the interests

of society. Finally, the most appropriate way to make it real is by launching guiding principles on mandatory corporate social responsibility. And it is a good start (Gayo 2012).

- **Peru**

The Peruvian government has established voluntary policy on 2006 concerning “Mining Program of Solidarity with the People” aims to reduce poverty in Peru, mainly at the mining regions. The policy has brought 38 companies to agree and sign individual five-year agreements with the government to donate funds when the prices for metals are above the threshold determined by their agreement. In other words, when the prices exceed the threshold, corporate donate around 3 to 4 percent as pre-tax profit. ‘The funds are used for local and regional projects, and at least 30 percent is allocated to education, health, and nutrition programs’ (Ascoli and Benzakan 2009).

The Peruvian government experience shows, the policy does not oblige companies to donate fund; rather, the corporate step up to improve relations between the government and society. According to them, the corporate took the initiative to foster relationships and try to alleviate the existing tension with the government and local community. This type of policy is considered as advantageous since it has a huge potential to ‘diminish conflicts and disputes between companies that extract natural resources and neighboring communities, (Ascoli and Benzakan 2009)

- **Zambia**

An important new development in Zambia towards the promotion of CSR is the government’s promotion of a program called ‘Citizens’ Economic Empowerment’ (CEE). Inspired by South Africa’s Black Economic Empowerment legislation, CEE focuses on broad-based economic empowerment and is intended to broaden participation among Zambian citizens in the economy. The Zambian parliament has passed an Act which refers *inter alia* to business ownership, employment, procurement and training, as well as reporting by businesses using a CEE scorecard, which is to be developed at sectoral level.

The challenge for the government is to implement the mandatory Act without harming investor confidence or increasing undue administrative burdens for businesses in terms of implementation and reporting and for the government in terms of monitoring. Procurement

offers one such opportunity. Increasing local procurement is already on the agendas of some businesses operating in Zambia, primarily to improve access to supply and to reduce costs. The government has already created positive incentives in some areas, e.g. through tax breaks for certain products with high local content.

CHAPTER 3: METHODOLOGY

This chapter of the research paper outlines the methodology used to study the problems identified in the prior sections as well as validity and reliability of results.

3.1 Research Design

The overall objective of the research is to assess the role of Ethiopian public sector and particularly public policy in relation to the promotion of corporate social responsibility and corporate view on the voluntary and mandatory approach as well as the Ethiopian position. Hence, for the purpose of the research has used qualitative data, deductive reasoning and explorative approach. It is highly important to assess the reality of the relationship between the public and the private sector with regards to the concept and understanding of CSR in the Ethiopian context. The research has adopted a methodology to examine the statement of the problem based on Kothari's (2006) scientific point of view focusing on specific research objectives purposely to qualitatively explore the role of Ethiopian public sector particularly public policy in the promotion of CSR and the views on the voluntary and mandatory approach by the concerned bodies. The role of the selected bodies as interviewees has provided a primary source of data using open-ended questions that led to discussions and dialogues. The data has been analyzed to explore the perceptions, conceptual understanding and the reality of the context with regards to public sector-policy-private sector relationship concerning CSR.

3.2 Choice of Methodology

The author has used an inductive and qualitative method for the collection and analysis of the empirical data. The inductive reasoning approach is used after thorough selection of starting point to investigate the reality through observations using open ended questions to challenge own previous contextual assumptions both in interviews and analysis. In order to meet this objective, qualitative methodology has been selected as a choice of research. As Kothari (2006) explains, qualitative research would best fit when the aim is to produce a complete picture and understanding of a phenomenon instead of examining individual variables and their correlation which is common in quantitative research. The qualitative research design employed in this research paper can also be characterized as explorative since the author had

to dig up new information on the very limited and minimal literature concerning the relationship between Ethiopian public sector particularly public policy and CSR in Ethiopian context. The importance of using open-ended discussions in explorative and qualitative research is that, according to Atkinson (2002) and Kothari (2006), the possibilities of discovering new dimensions for the research questions will not be limited which the author practically tested and found it as highly essential throughout the process. As mentioned earlier, due to the literature gap and limited information the research might only be possible using open-ended questions which lead to discussions and dialogue to challenge own assumption during the interviews and analysis. Therefore, the choice of methodology conducted was based on unstructured interviews and dialogues.

3.3 Population /Sample size and Sampling techniques/

According to Kothari (2006) all items in any field of inquiry constitute a 'Universe' or 'Population.' When field studies are undertaken in practical life, considerations of time and cost almost invariably lead to a selection of respondents which should be representing the total population as possible in order to produce a miniature cross-section. The selected respondents constitute what is technically called a 'sample' and the selection process is called 'sampling technique.'. Accordingly, the author has prepared a purposive sampling design to meet the objective. Area sampling method has also been employed as the samples have been selected within a limited geographic subdivision. To explain, although there are lots of big corporate around the country, the author has chosen to select corporate or head offices based in Addis Ababa and Dukem city in order to perform within the financial and time limitations.

Table 2

No	List of corporate selected as sample
1	Africa Oil Ethiopia
2	Dashen Beer
3	East Africa Lion Brands
4	Ethiopian Airlines
5	Moha Soft Drink Industry
6	National Cement

Table 3

No	List of Public organizations
1	Addis Ababa university
2	Ethiopian Policy Studies and Research Institute
3	Ministry of Agriculture

3.4 Data Collection

For the purpose of the research, both primary and secondary data have been used. According to Yeung (2011) Primary data is information that has never been documented before and then later collected for the purpose of conducting a study. Accordingly, the primary data of this research was collected via personal interviews and discussions with employees and official representatives of the selected organizations geographically limited within and around the peripherals of Addis Ababa as well as Dukem city. The researcher opted to use this method as most appropriate to gather qualitative data to meet the purpose of the research.

Secondary data was collected from books, articles, reports and internet to expand an understanding on the subject matter and discover what has already been researched. The secondary data have contributed to a significant knowledge on the subject matter concerning principles, theories conceptual frameworks, existing practices of various policy frameworks and different experiences across the world. These data were acquired predominantly via written literature on CSR, academic publications on the topic, web pages, and various reports from companies and organizations. The information has assisted to raise conceptual understanding on most important and specific research areas as well as current trends within the CSR field of research.

3.4.1 Interviews

In order to be effective while collecting data for qualitative research, interviews usually with open-ended questions that promote discussions and dialogue are preferable (Kothari 2006) and usually considered suitable when the intention is exploration of new ideas and obtaining and in-depth information (USC 2016).

Interview structures may vary to one another depending on the data the researcher needs to gather (Atkinson 2002). To explain, in highly structured and close-ended questions, the order and type of questions are predetermined which are often to be used for quantitative processing of data. To the contrary, a non-structured interviews and open-ended, flexible and explanatory questions initiate discussions and dialogue would assist the researcher to obtain new data and information concerning the problem when there is a literature gap and knowledge is limited. Having that in mind, the researcher opted to use the unstructured interview method with an overall interview framework to meet the purpose of the research by obtaining all the relevant information while exploring for new ideas which are out of the researches previous and initial assumptions on the subject matter.

The overall interview structure has been framed with the following central themes:

- Conceptual overview on CSR
- Corporate policy and strategy of CSR
- The role of public sector and particularly policy on CSR
- Voluntary versus Mandatory approach
- Context and Challenges of CSR implementation in Ethiopia

The annexed questions are mere samples to be followed to initiate dialogue and discussions in an explorative manner during the interview process. It does not necessarily mean the author has followed it in a structured or in any chronological order.

3.5 Data Analysis

Data analysis which encompasses examining, categorizing or recommending based on evidences is the most important feature of any given research (Yeung 2011). The collected data has to be processed and analyzed in accordance with the outline laid down to meet the purpose and it is very essential for a scientific research and to ensure important data for

contemplated comparison and analysis are present (Kothari 2006). Various scholars the like of Kothari (2006), Merriam (1998) Yeung (2011) categorized ways to analyze data in two general strategies. The first strategy is to base upon a theoretical preposition and analyze the data according to research questions and frame of references arise out of the literature. The second strategy entails that developing a case description and framework in order to present the data.

In this research the information gathered from the primary sources (interviews) and the data from the secondary sources (organizational reports) was combined according to the research elements develop based on the theoretical framework. Then the analysis, interpretation and discussion of the findings conducted according to the theories and the literature review material. It is presented according to major areas of discussion, organized according to the research questions. In order to obtain a thorough understanding of the intricate situations concerning the subject matter, responses have been categorized and later analyzed by identifying patterns and trends.

3.6 Validity and Reliability

In principle, Validity and reliability is concerned with the uniformity (Bryman and Bell 2007) during data collection to produce a consistent results or findings using appropriate analysis procedure (Saunders et al 2009). Patel and Davidson(2003), has expressly stated that there is a distinction between reliability in qualitative and quantitative research types. Qualitative research reliability is strengthened depending on the quality of the collected primary data, which is the case in this research paper. In the process of data collection, the author has tried to create discussions and dialogues during the interview to capture the uniqueness of answers and contextualize situation to get differences in answers instead of getting narrow and identical answers redundantly. This method has helped the author to come up with an insight of the problem in an explorative manner through analyzing the data in relation to the research problems and literature review.

According to Bryman and Bell (2007) validity is attained when results of the analysis are in accordance with reality and uniform. However, a slight degree of subjectivity is expected since primary data collection particularly interviews in qualitative research could be

influenced by prior understanding and exposures of parties to the interview. According to Patel and Davidson (2003) fixing procedures to guarantee the validity is impossible due to uniqueness of every qualitative research process. Both internal and external validity are highly dependent on how findings are compatible with reality, therefore 100% internal validity should not be expected due to the reasons mentioned earlier. The author acknowledges all the interviewees responded honestly, reliably and professionally. But also, it does not mean they represent all the views of other corporate and persons with vested interest. In relation to external validity, the research has tried to provide an overview on to what extent the findings of the research can be applied to other situations with sufficient information to determine if the results can be applied in other scenarios.

3.7 Ethical Considerations

During the process of carrying out qualitative interviews strict observation of the ethical issues is important, Kajornboon (2005) and Kothari (2006) have identified ethical issues to be acknowledged as a most important concern of any interview process. Gray (2013) has suggested the importance of making an interviewee comfortable, otherwise upsetting her/him may result in undesired outcome of the interview, or even may be forced to cancel or postpone the interview. Another crucial element is confidentiality which is to be considered at the highest level during the interview process (Gray 2013). When carrying out the interview process for this research, all the respondents were thoroughly briefed the about intention of the research and they were clued-up about freedom of denying or answering any question. In order to avoid confusions, interviewees were made to be aware of the scope and context of the research. In addition, the author has tried to keep the interviewees comfortable, by sharing confidentiality clause with them, which was highly appreciated. The copy of the confidentiality clause is presented in Appendix. Due to the confidentiality clause, the author has refrained from revealing real identities at corporate level or any interviewee in some specific issues which they feel sensitive in any part of this document. All the respondents were addressed in general names as “respondents” to make it simple for the readers of this research.

CHAPTER 4: FINDINGS, INTERPRETATION AND ANALYSIS OF FIELD REPORTS

The following chapter provides findings of the field study based on data collected from six large corporate performing CSR on different basis (i.e. formal or informal) and three public organizations who have the capacity to influence the promotion of CSR through their policy influence sphere. The following central themes are the basis of this chapter:

- The role of public sector particularly policy making organs on CSR
- Policy environment and initiatives in the Ethiopian context
- Role of other stakeholders, organizational policy and strategy of CSR
- Voluntary versus Mandatory preference of CSR Laws

4.1 Policy environment and initiatives in the Ethiopian context

The state has the responsibility to promote public policy with regards to CSR agenda. Especially, for an emerging economy like Ethiopia, the public policy and the process managed by the public sector has a vital role in the promotion of CSR. The policies are a vehicle to take us to the desired goal as a main development instruments and facilitators. It can control and maneuver corporate to effectively discharge obligations as it is expected to have statutory bodies that have the power to command and sanction for general public policy, particularly for CSR.

According to Deyassa (2016)“philanthropic responsibility” has remained to be a concern in Ethiopia as evidence shows the need for corporate to discharge social responsibility is still significant, since ‘the government is far from succeeding to provide the socioeconomic needs of the Ethiopia society’.

A significant number of studies shows the understanding and practice of CSR should mostly be attributed to the socio-cultural reality of the country. A study by the World Business Council for Sustainability Development indicates that, different countries and have various view points and considerations to make in relation to what CSR means. But why is it always a matter of just either philanthropy or simply environmental protection (i.e. although it has a lot of contention on its practicability) when discussing about CSR in Ethiopian context?

Deyassa(2016, p 320) argues that, “*most of multinational companies and NGOs in Ethiopia accepted definitions already established and developed by organizations from the Western countries. MOENCO Ethiopia LTD and Addis Ababa University have for example adopted the CSR definition of the World Business Council for Sustainable Development (WBCSD)*”. Here, the problem is due to the narrow interpretation of sustainable development only in relation to environmental protection.

The issue is not the fact that these companies are using the WBCSD’s definition, rather it tends to show policies concerning CSR in Ethiopia are unclear, often found disseminated manner or in to different policy instruments which are usually hard to find. As an example, an instrument that can found readily available, is the Ethiopian Environmental policy enacted by the Ethiopian Environmental protection agency (EPA). The policy has made some reforms on the legal and regulatory issues to soundly manage its environment and natural resources, with an aim to improve and enhance the health and quality of life of all Ethiopians and to promote sustainable social and economic development through the sound management and use of natural, human-made and cultural resources and the environment as a whole so as to meet the needs of the present generation without compromising the ability of future generations to meet their own needs (EPA, 2010:7).The policy instrument has outlined some specific duties of the EPA in as:

- To prepare environmental protection policy and laws, and upon approval, follow up their implementation
- To prepare directives and systems necessary for evaluating the impact of social and economic development projects on the environment; monitor and follow up their implementation;

One can infer from this, the agency ‘s overall objective to indicate compliance and regulatory requirements have to be observed and the policy objectives of the EPA seek to communicate the environmental policy priorities listed therein. On the one hand, different scholars in favor of voluntarism argue the private sector should take a logical approach to develop their own definition and understanding based on the unique features of the corporation. In fact, these days more corporate are initiating own CSR strategies in Ethiopia. However, the different conceptual understandings of CSR by various corporate, each valuable in their own right,

might be inconsistent and lead to ineffective discharge of obligation. One can also argue that most of the definitions are a mere transplantation from the western countries as we do not yet have our own comprehensive and general policy framework and definitions in particular. On the other hand, the EPA policy seems to encompass attributes of mandatory policy approach. The approach has a positive impact on the overall corporate behavior since it can enact policies and laws to follow up implementation.

4.2 Conceptual understanding of CSR by the organizations

The findings concerning on the overall understanding of the concept CSR by both the corporate and the public organizations.

Table 4. Corporate

No	List of Corporate	Conceptual understanding of the CSR
1	Africa Oil Ethiopia	The foundation of effective CSR activities is strong management systems, which allow the company to identify early on, potential risks arising from operations and respond strategically to minimize or manage negative impacts, and optimize potential positive benefits. A key factor for success is to have a clear, predictable, and transparent process that is understood by all stakeholders to address issues that may arise – from community grievances to hiring of local labor, and sourcing products from local communities.
2	Dashen Beer	Although Dashen Beer has not yet developed or adopted any definition or conceptual model, CSR has been implemented on a very large scale and formal basis integrated in business strategies.
3	East Africa lion Brands	No definition adopted as of yet. No policy document as of yet but it is intended to be formalized into company policy soon. For the time being CSR is recognized in company mission and objectives.
4	Ethiopian Airlines (EAL)	EAL has not yet developed and used any definition of CSR since CSR is not operated on a formal basis but integrated in business strategies, idea and operation.
5	Moha Soft Drink Industry	CSR as a capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government.
6	National Cement	No definition adopted as of yet. No policy document as of yet but it is intended to be formalized into company policy soon. For the time being CSR is recognized in company mission and objectives.

Source: Data from corporate documents interview and discussions made with respondents

The following public organizations have been selected based on the researcher’s perception on their policy making influence sphere and their practical experience in relation to the matter. Addis Ababa University is at the forefront in producing well educated scholars who would contribute to policy making process in the country. Secondly, the wide operations of the institute are a good opportunity to show others what a good practical CSR look should like aside from the theoretical teachings given by it. It presents an opportunity for the institution to lead by example. Ministry of Agriculture has also been chosen as a good sample since it has a bold experience worth to be shared with. The ministry has developed well-prepared CSR document that gives a good insight on inspiring practices in CSR along with guidelines for commercial agriculture in Ethiopia.

Table5. Public organizations

No	List of Organizations	Conceptual understanding of CSR
1	Addis Ababa University	AAU has adopted CSR definition of World Business Council for Sustainable Development "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." In addition, according to the respondent teachings on business ethics, corporate governance and corporate social responsibility intertwined with some practical examples do show a good understanding of the concept.
2	Ethiopian policy studies and research institute	Not available
3	Ministry of Agriculture	Corporate Social Responsibility (CSR) is an approach that will make a company more sustainable. Working on sustainability by entrepreneurs is generally considered as CSR. It will ensure that a company works in a balanced manner on economic, social and environmental aspects within the company and in interaction with interested parties outside the company. CSR will strengthen company’s market and societal position by constantly working on improving the “three P’s” (people, planet and profit) in a balanced manner.

4.3 Organizational Policy and Strategy on CSR

Table 6. Corporate

No	List of Corporate	CSR policies and Strategies
1	Africa Oil Ethiopia (AOE)	AOE has developed clear policy and strategies that offer guidance on key activities, which ensure that AOE's CSR activities are in line with best practices and to ensure operational activities are consistent and coherent with corporate CSR policies. It has been developed using international best practice guidelines such as IFC Stakeholder Engagement – Good Practice Handbook for Companies doing Business in Emerging Markets, and IFC guidance principles (2007), IFC Good Practice note Grievance Mechanisms (2009), as guidance and adapted to current and local context.
2	Dashen Beer	Policies and strategies found in scattered manner
3	East Africa Lion Brands	No policy document as of yet but it is intended to be formalized into company policy soon. For the time being CSR is recognized in company mission and objectives.
4	Ethiopian Airlines	The company has business strategy and policy to disseminate seedlings of multipurpose trees that are certain to bring sustainable livelihood values to farming communities. While the effort to distribute seedlings will continue for the foreseeable future, the airline is looking to cover selected areas with trees. Ethiopian, the nation flag-bearer and symbol of excellence in management and operation, is the first green airline in Africa.
5	Moha Soft Drink Industry	CSR agenda is run on a strategic level based on their business strategic plan of the companies. Their aim is to integrate CSR in their company strategic documents, code of conduct or similar.
6	National Cement	No policy document as of yet but it is intended to be formalized into company policy soon. For the time being CSR is recognized in company mission and objectives.

Table 7. Public organizations

No	List of Organizations	Views on CSR Policy and Strategy
1	Addis Ababa University	It has not developed a CSR policy and strategy since CSR is hardly implemented on a formal basis.
2	Ethiopian Policy Studies and Research Institute	Not available
3	Ministry of Agriculture (MoA)	The state through public bodies and policies, influence groups and the media should press companies to become more socially and environmentally responsible- not only because of moral values and responsibility regarding a mere sustainability, but also because of the need responsiveness towards stakeholders. MoA promotes companies to develop strategies for integrated sustainability that includes people, planet and profit while complying with voluntary standards combined with independent auditing and having market labels.

4.4 Role of the public sector particularly policy on the promotion of CSR

In principle, the role of the public sector in the promotion of CSR is very critical especially in the current changing CSR arena. On account of that, the following section will provide views of public organizations and corporate on the roles of government and policy with regards to how it can promote or at least recognize to assist corporate efforts in future engagements. Accordingly, the following study will examine two models of promotion of CSR through influence and participation.

4.4.1 Promotion through Partnership

According to all respondents the role of public sector and particularly policy in the promotion of CSR is seen as a potential vital element, if adopted through a profound study and implemented effectively. For instance, respondents from five corporates have suggested that it would foster a good partnership between the two in many aspects. According to them, it is a very critical opportunity if managed properly since the assistance and promotion of CSR through different mechanisms by the public sector will create a sense of partnership in the private sector on areas where government needs assistance. This partnership will create a three way understanding and benefit to the public-private-society relationship. In other

words, the public sector provides sound policy and infrastructure, business has the capital and expertise, and the society provides the human resource. Here one should note that, it is when all these are together they can succeed or if one fails all fail.

Another important point raised by some of the respondents is when the public sector is engaged in the promotion of CSR through different approaches and especially through policy, it provides a chance for the public sector to point out areas where the corporate directly impacts and to influence how the corporate can socially be responsible along with the direct and indirect benefits it will have for all the stakeholders. According to respondent from different sectors, the public sector has an influence factor since it can press companies to become more socially responsible and environmentally aware as actions which makes them more susceptible to reputation of damage (for instance, rumors of child labor in manufacturing sector or the careless use of pesticides in agricultural sector can seriously damage their image) and thus their market position and incentives given by any respected authority would directly be affected.

An experience from Ministry of Agriculture guidelines for commercial agriculture in Ethiopia has introduced a bold concept of “Business Licenses” to inspire good behaviors in CSR despite concerns on its applicability and actual implementation on the ground. Business license is a term consisting “license to sell, license to operate and license to exist” which are used quite often in current discussions about CSR. According to the guideline, “business license” is an informal license (like the acceptance or approval of corporate products) can be regarded as precondition for their business: without them, the corporate is liable to be in a difficult and risky position.

The term “license to sell” is about corporate relationship with buyers and consumers of the corporate products. For a sustainable business, not only should the quality of the product be perfect: it is also important for it to be produced in a responsible manner. “License to operate” is about the acceptance and appreciation by the ‘social environment’ of operation area: government officials, community, workers and other stakeholders in their environment have to approve and support the corporate. It can be considered as a precondition for the corporate to build up a business. “License to exist” (or ‘license to be supported and exist’) is related to public pressure: there is an increasing need for accountability to civil society.

Moreover, all the respondents from the public sector and corporate who participated in the interview have put their view concerning the direct relationship between CSR and addressing issues of responsible business practice through policy. For a responsible corporate, the business case extends well beyond the customary concept of ‘enabling environment’ for investment to recognition of the value of strong relationships with all stakeholders, of investment in the public goods necessary for sustainable development and respect for human as well as social rights. According to most of the respondents the challenge lays in linking all those issues. Here, the main role players are the public sector, in partnership with the private sector agencies as well as other concerned stakeholders at all levels.

All of the respondent do believe that, effective policy by the policy making organ and good relations with the active involvement of stakeholders are vital in making corporate responsible and sustainable. The stakeholders have a direct or indirect ‘stake’ in the relationship sphere since they can affect or be affected by the actions, objectives and policies. The issue of ‘what can the public sector do?’ means looking at the specific competencies and preferences within the relationship sphere and individual level as well as policy level.

For instance, a good example could be the Ethiopian Environment Protection agency policy on a responsible business behavior. The environmental and Social Impact Assessment (ESIA) is an important step in understanding how operational activities may affect the environment (including ‘social environment’ by Ethiopian law) and ensuring appropriate management measures are put in place to minimize negative impacts. ESIA provide a detailed understanding of socioeconomic context and a prioritized list of risks and potential impacts that may arise, alongside recommendations for appropriate strategies for mitigating, minimizing or, in the case where negative impacts are unavoidable, compensating those affected.

An experience worth looking for such issues could be one of the respondents, which is Africa Oil Ethiopia. Under the Environmental Impact Assessment (EIA) Proclamation (No. 299/2002) of the Federal Democratic Republic of Ethiopia (FDRE) oil and gas exploration activities require an EIA to be undertaken and authorization given by the Environmental Protection Authority (EPA). Ministries have now been delegated by EPA to review and approve their respective EIA studies. Approval of oil and gas operations EIA studies are now

approved by the Ministry of Mines. Guidance on EIA's is also provided by the Environmental Protection Authority (EPA, 2003). In addition to Ethiopian legislative requirements, Africa Oil Petroleum Production Sharing Agreement with the Government of Ethiopia requires the production of an EIA as well as internal procedures to facilitate effective environmental and social management of its operations.

Additional importance of promotion of CSR through public sector and particularly policy is that it has an influential effect with regards of participation of parties with vested interest or 'Stakeholders'. During the data collection, all respondents unanimously have agreed that CSR activities highly require consultations and dialogue in order to move on from intention to practice. According to them, it is important, especially at the beginning, not to overload agenda on other parties, but to concentrate on the most relevant concerns. To focus, questions such as 'what?', 'why?' and for 'who?' are very critical in defining own CSR ambitions, concerns and why it is necessary to do something as well as for whom is it intended.

4.4.2 Promotion through Participation

Good relations and active involvement of stakeholders (public-private-society) are crucial in making business responsible and sustainable. Stakeholder dialogue is a very crucial tool for effective communication and interaction with interested parties, since it enables constructive addressing of specific issues related to competing interests and competing views. The issue of 'what can the public sector and business do?' means looking at the specific problems, competencies and preferences of the stakeholders. In this way, the stakeholders will have an opportunity to contribute contextualized inputs. For instance, as a respondent from East Africa Lions Brands put it, if a certain community has water problem it would be very wise to consult with them the specific concerns to identify opportunities for contextualized and sustainable solutions. It is also critical to have a clear picture concerning how to interact, with whom and for what purpose in order to enable us to manage expectations.

As respondents from both the public and private sector expressed their opinion about the role of public sector and particularly policy on implementation of CSR; they said that the public sector needs to promote and follow-up about corporate and their CSR engagements in order to increase contribution and partnership concerning CSR implementation. For them, the public sector is empowered with immense influential power compared to any other

stakeholder within the relationship sphere to guide via policy or recommend based on voluntarism to convince on what to do, how to be responsible and sustainable, where to engage, and what are pressing needs. According to the respondents, who are in favor of ‘mandatory approach’, in a developing nation like Ethiopia where the role of media and the information communication technology is still at infancy, a bigger power such as the public sector in our case is a matter of necessity. On the other hand, opponents of mandatory approach have argued CSR to be entirely left to the corporate. The public sector needs to act as a major overseeing actor to promote and then attain responsible business behavior and sustainability as it is necessary requirement for real all-inclusive progress.

The relationship between CSR and active public sector particularly policy could have positive effect on responsible behavior, sustainability, accountability and good governance in general. First, efforts to redefine the positive role of public sector particularly a good policy, role of business and society can have a massive impact on achieving responsibility, sustainability and other societal desires. Second, reviewing the relationship between public sector and the private sector would help to develop effective partnership and governance structure in bringing a lasting positive aspired impact at high level. Because, from a CSR perspective the central theme in our case is who do have the overview and support responsibility for actions taken by corporate.

Understood from the explorative discussions and data collected, CSR seems to work best where public sector competence is well-built and developed. According to a respondent from Dashen beer, in regions where public sector is weak, stakeholder demands for corporate social responsibility create challenges for businesses. The respondent has expressed a challenge about transferring responsibility of the public sector to the company in an extent to which CSR has led to demands that they are being expected to deliver public goods to communities where they work (such as healthcare, education or infrastructure) in areas well beyond their core competences.

Obviously, there is a direct business case for addressing issues of society and environment through the partnership of a well-functioning public sector and business. For *responsible* business, the business case extends well beyond the traditional ‘enabling environment’ for

investment, to recognition of the value of the society where it operates, of investment in the public goods necessary for human development, and respect for human rights. The challenge is to link these agendas through harmony and partnership with parties who have responsibilities one way or another.

As we can learn from the above statement, Dashen Beer has recognized that how multi-partite partnerships are often able to create advantages that regulation alone cannot, and the public sector can take a lead in creating a more participatory society in that context. According to a respondent from MoA, if the public sector is to play an active role in the promotion of good CSR practices then there has to be significant capacity building amongst their own officials in different capacity. In the short-run it is probably best to target those officials in direct contact with CSR issues such as those responsible for the implementation of labor laws, occupational health and safety inspectors and environmental protection officers. Moreover, a respondent from corporate suggested the importance of a policy that incentivizes CSR rather than punishments which are often less effective and distort partnership. Good CSR performance linked, for example to reporting, might be incentivized using tax breaks and other fiscal measures. The respondent also added that award schemes and using the media to highlight companies that are leaders on social or environmental issues also encourages more similar behavior. A respondent from Addis Ababa University revealed that there is need for research into organizational aspects of CSR in Ethiopia and also added that there should be better research on how to empower workers and local communities to take responsibility for their own rights and in ways to tackle irresponsible behavior such as bad employment and other practices in a way that involves conflict situations.

In general, corporate understanding of public sectors' role in the promotion of CSR is very critical in identifying concerns and for provision of sustainable solutions. During the analysis of the data observation was made concerning both common and different understandings towards role of the public sector. All of the respondents have agreed that the public sector has the option to decide between the voluntary (soft) and mandatory (hard) CSR laws, while most of them still preferring soft laws with minimum standards and regulations. In addition, they have agreed that corporate should assist the public sector to achieve goals in social and environmental well-being. Furthermore, there was lack of consensus concerning what and

how the role of the public sector involvement in the CSR arena should be implemented by the respondents. Most of the respondents has agreed that the public sector is totally responsible when it comes to societal and environmental protection. However, they also believe that corporate and other stakeholders do have responsibilities too since CSR is very important and the public sector has to promote it through various initiatives. Moreover, some respondents have agreed the public sector should develop CSR guidelines stipulating activities which constitutes CSR and which are not in order to guide CSR interpretation and implementation in a more meaningful manner. Similarly, over most of them have agreed the public sector should list out prioritized social and environmental concern areas in order to assist corporate contributing for addressing the issues.

Throughout the research process the author has come across that there is still a great lack of accessible research relating to CSR in Ethiopia. This applies to all companies and organizations and there is a need to develop some good case studies on positive CSR practices by companies and organizations. The respondent also stated that is a need to undertake more research on the particular drivers of CSR that promote good practice, the incentives that seem to be able to stimulate CSR activity and the innovative use of voluntary agreements that can promote good practice. This essentially requires more research around the business case for CSR.

4.5 Voluntary Versus Mandatory preference of laws

When there is a strong case for addressing issues of CSR with respect to responsibility and accountability, failure to acknowledge and integrate them along with one another in a global perspective has created a major dividing line in the contemporary CSR debate. During the data collection the researcher has tried to explore the views of stakeholder respondents concerning the issue. In doing so, the researcher has tried to explore the overall conceptual understanding of the respondent concerning the issue first and later presented the following definition adopted from Howard and Bigg(2010) and a theme of few questions to initiate discussion, explorative dialogue and later to be used for data analysis.

To conduct the data analysis, the transcribed data was presented to get an extensive description of the research data. Based on this observation the author started summarizing

each transcribed interview in three broad categories to comprehend the views of each individual interviewee. The summaries also included the original extracts from the transcripts to support the inferences made from each transcript. The three broad categories are:

1. Conceptual understanding of CSR at organizational level
2. Awareness / understanding / importance of CSR of an individual interviewee.
3. Understanding of the individual interviewee about the government’s role in CSR.
4. The explanation behind the preference of CSR law (voluntary CSR law or mandatory CSR law).

All the data was tabulated into simpler themes and codes for each participant. The identified themes and the identified codes are indicated in Table 8. Summarizing each interview and identifying codes for each theme helped me exclude all kinds of distractions and helped me to focus on experiences and awareness of about CSR.

A ‘voluntary versus regulatory’ tension - between voluntary commitments by businesses, adopted in response to a variety of market-based drivers on the one hand, and governmental regulation requiring companies to conform with legally binding norms on the other. Often, this dividing line is expressed as a distinction between ‘corporate social responsibility’ (voluntary) and ‘corporate accountability’ (mandatory). ‘Voluntary’ and ‘regulatory’ activities have too often been treated as either/or options instead of within an appropriate, and balanced, mix of approaches to eradicating bad behavior whilst encouraging innovation, joint learning and best practice.

All of the respondents unanimously agreed with the provided definition in principle and also believed it can be a good working definition if adopted at corporate or organizational level.

Table 8. Themes identified codes for data analysis

Theme	Identified codes for analysis
Understanding about CSR	<ol style="list-style-type: none"> 1. As a strategic function 2. As an extra responsibility 3. Not aware
Is responsible behavior important for business	<ol style="list-style-type: none"> 1. Yes 2. No 3. Not that much important
Is social and environmental responsibility is left only for the public sector?	<ol style="list-style-type: none"> 1. Yes 2. No

Can the public sector influence CSR behavior of corporate?	1. Yes 2. No
Should the public sector provide detailed CSR guidelines?	1. Yes 2. No
Does the public sector have all the resources to engage independently in social and environmental responsibilities?	1. Yes 2. No
By considering all of your previous answers, what are your preferences for CSR laws?	1. Voluntary 2. Mandatory 3. Combination of both

The interpretation from the above themes of data analysis has showed that each public organizations and corporate had different experiences of different kind about CSR, while having similar aspirations. Based on the experience the author has tried to formulate a typology of respondents. Also the study noticed that the understanding of CSR for each respondent was different and based on their understanding and they had very different explanations for their preference for CSR laws. This motivated the researcher to group the respondents in typologies based on their awareness of CSR to answer the questions. In the analysis three different typologies were created based on the respondents' experience and understanding of CSR and then the typologies were compared to derive the necessary knowledge to answer the research questions.

The study identified how the respondents' perception has impacted their experience concerning their understanding of CSR as well as how it has been reflected in their business objectives to arrive the 'preference of CSR laws' at corporate level. The research has revealed that most all of the corporate do engage in CSR activities either formally or informally. The awareness level of corporate about CSR and how they define CSR varies based on conceptual understanding of it. It is also revealed that the public sector particularly policy influence sphere has an impact on whether to implement it formally or informally and 'preference of CSR laws'.

This section is an epistemological study which is about an understanding and explaining of the typology based on awareness of CSR and preference of CSR laws. This typology considers how corporate understand CSR. The variable considered how corporate perceive CSR and their choices regarding voluntary CSR laws and mandatory CSR laws. Due to the

literature gap of role of public sector in the promotion of CSR in Ethiopian context, the author has asked to define in their own words. In doing so, two different categories were identified: CSR as a responsibility and CSR as a strategy. The former considers CSR to be an extra responsibility of corporate towards a society where it operates whereas the latter considered CSR to be a business strategy and helping the business becoming more responsible and reduce damaging impacts on society and environment.

The detailed analysis presents three different typologies, namely philanthropists, moralist and tactful. The philanthropists are type of corporate who perceive CSR to be an extra responsibility of corporate and their 'preference of CSR laws' should be the voluntary approach. The moralists' types of corporate on the other hand, do understand CSR to be an additional responsibility of business and mandatory approach is their 'preference of CSR law'. The tactfultypes of corporate consider CSR to be as part of business strategy. Yet, they still believe there should be an explicit fixed policy and government regulations for environmental concerns such as any kind of pollution and unregulated carbon emissions to control climate change and preserve the environment. In addition, there should be a regulation to protect and avoid any social exploitation. However, the tactful types of corporate prefer CSR laws to be voluntary approach.

4.5.1 Philanthropist

Philanthropists are type of corporate who deem CSR to be an extra responsibility of a business. Here, the general perception is corporate should be left free to choose their CSR activities, time they spent and resources to allocate to engage in the activity.

These corporate types assume corporate and the public sector in their traditional position. The assumption is responsibility concerning development of a society should be left to in the traditional domain of the public sphere since corporate are mainly responsible for generating profits. Despite saying that, they also believe that corporate should contribute to the welfare of the society. A respondent from one corporate expressed his thoughts as the public sector has probably the lion's share duty for making sure that environment is protected, yet CSR engagements of the corporate should arise voluntarily.

Such preference of CSR laws and belief are emanated from prior perception as to traditional role of the public sector to hold the ultimate responsibility of the society which led to a somehow conclusion that corporate do not share responsibility with regards to development of the society. For them, mandatory approach is not favorable since they think that they are already been taxed and it would be considered as another profit reducing factor even if it is for a good cause.

4.5.2 Moralist

These types of corporate deem business has more responsibility towards the society. The general perception of these groups is that all stakeholders are interconnected with one another and each should share obligations towards the other.

According to a respondent, a corporate need to have a responsibility towards the society and environment where it operates. A CSR team should be in place to identify problems in the community to support in avoiding the causes and addressing the issues at the end. For instance, as one respondent has put it in his own words:

“First we need to see the business impact. If impact is on environment more work on environment. Second, if impact is none, then look for need. For instance, if society has no access to water then build water wells and hire local people. Third, if no impact and no need then policy to shift more on general country problems.”

Respondents under this typology assume the role of public sector as vital to promote CSR meaningfully. This group believes the public sector needs to provide various benefits for corporate who engage in a formal manner. The benefits can encompass tax holidays, tax incentives, public procurement, business license and preferential allocation of resources to best CSR performers. Moreover, such measures would increase awareness about how to make companies to become more responsible. According to one respondent, it makes corporate more susceptible to reputation damage: rumors of child labor or the careless use of pesticides can seriously damage their image- and thus their market position. The customers who are also part of the public have an expectation from authorities and their representatives to introduce more stringent regulations about CSR. The reason behind for the above expectations is that, the respondents think that the public sector alone does not have

sufficient resources or expertise to solve all issues concerning social development and environmental protection. Furthermore, it is believed that corporate have better management and expertise to share obligations of the public sector if there is an effective partnership.

Another important issue explored is respondents in this typology do not agree to some CSR initiatives as real CSR activities. For instance, corporate sponsoring a local event at somewhere in a few hours or even-days would not create any long-term positive effect on the society. For this reason, government should provide basic guidelines on areas and activities count CSR engagement in order to clarify and promote responsible behavior and sustainability. Secondly clear policy frameworks and guidelines concerning CSR activities through mandatory approach helps to avoid free-riding and pure business public relation activities to focus on real concerns of the society. The guidelines foster effective piped mandatory spending in a significant manner to solve the real issues of the society. The policy assists the public sector to point out areas where it needs assistance and contribution. Moreover, this approach avoids misallocation of scarce resources and helps the society and environment to utilize it wisely. Thirdly, mandatory approach is a good way of partnering with the public sector to generate and utilize resource purposefully for development in a contextualized manner. In addition, corporate in same area can bring resources together and strategically invest collectively to address complex environmental and social issues.

4.5.3 Tactful

Respondents under this typology find themselves somewhere between the philanthropists and moralists. According to them, CSR is to be defined as a business strategy on a larger scale. They believe CSR, in principle, has to be voluntary by nature with explicit fixed policy and government regulations for environmental concerns such as any kind of pollution and unregulated carbon emissions to control climate change and preserve the environment.

The 'Tactful' promote approach towards CSR strategies have to be highly contextualized to the local or regional or national level. For them, needs are different in every context and thus CSR strategy of corporate for different contexts should not be the same. On account of this, they think specific laws for specific problems should exist when problems are created by

business. For instance, a respondent explicitly stated that legislators or policy makers need to enact specific laws and regulations for specific industries or sectors.

This group believes the public sector can play a motivational role to promote more actual CSR initiatives by making policy, imposing laws, providing tax incentives or subsidies. They agree on the public sector possess resources to maintain social structure and environmental concerns with regards to CSR. Tactful typology members promote the voluntary approach since the public sector has many opportunities and associations to motivate corporate to be more responsible to initiate real and meaningful CSR activities. Although it is believed that corporate already help society significantly when opportunity presents itself, there should also be explicit policy and laws for greater concerns such as taxation, pollution, carbon emission as well as particular sector and industrial specific regulations for social and environment problems. The tactful in general believes in combination of voluntary preference of CSR laws with specific mandatory laws for specific objectives.

4.5.4 Comparison of Typologies

The analysis has identified how public sector and corporate perceive CSR and their preference of CSR law according to their knowledge, sector they are involved in and experiences. The perception and understanding of CSR by the respondents vary based on differences in sector and own interest. Based on the findings from the data a new group of corporate has emerged based on 'preference of CSR law' and the author called them "Tactful" for differentiation purpose. These corporate are somewhere in the middle between the other two which is neither pure voluntarism nor mandatory alone. It can be put as they want to observe specific mandatory laws which are sector specific and directly related with environmental concerns (such as pollution and degradation) and social issues (child labor and bad working condition). This group thinks having mandatory preference of CSR law may take away creativity and in taking CSR initiatives and also deviate companies' concentration from main objective. By this reason the 'tactful' advocates for a combination of both voluntary and mandatory approach.

The above findings show the typology based on experience and own interest has fluidity in respondents' perception of how the role of the public sector particularly policy should be,

their own experience and corporate reputation in CSR engagements. According to Zerubavel (2011) demarcation are highly essential to study groups in a differentiated manner in a social context, yet even if demarcations are thought to be fixed for convenience, usually theoretical demarcations are hard to pin down in real practice. Thus, the typology demarcations based on experience and own interests are not definitive.

CHAPTER FIVE: DISCUSSIONS ON FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Discussions on Findings

What are the roles of policy making bodies in creating enabling environment for CSR with regards to addressing social and environmental needs? What are the respective roles of other stakeholders in the process of formulation a consensual policy? What should their relationship look like and on what base need it to be built in order to determine their preference of CSR laws? According to the theoretical findings integrating public sector roles with corporate social responsibility has undeniably lots of benefits to Ethiopia. It is also affirmed by empirical findings in a sense that all respondents have agreed the need for corporate to engage in CSR in a meaningful manner and behave responsibly since the public sector and its institutions will not succeed to in alleviating social and environmental issues by themselves alone.

Pro-active public-policies concerning CSR help to promote responsible behavior and sustainability as well as to facilitate co-regulation that renovates the public-private-social relations in general. The public sector is interested in CSR because responsible business behavior and positive efforts can assist to achieve policy objectives. The public sector interest is not only about economic issues alone rather, social and environmental too. In this contemporary world, CSR is now seen as a very critical element of business to have an immense impact in achieving the shared objectives of public policy in addressing social and environmental concerns. According to many respondents, CSR is seen as attractive complement for hard-law regulations in cases where new regulations are politically not desirable or too risky to enact at some point since business at this time have significant influence due to finance and expertise. However, the respondents have also revealed concerns that if mandatory CSR laws are highly advocated the public sector may be forced to define CSR negatively with unadventurous social and environmental regulations since voluntarism starts where the legal framework ends. But also they have revealed prospect that the public sector seek to play more active role in defining CSR and also promote the respective activities with softer initiatives.

These days, corporate have already implicitly agreed on mutual role towards CSR initiatives in collaboration with the public sector and other stakeholders. But, the practical question is, do they value profit maximization alone or they strongly value taking responsibility concerning social and environmental impact. According to the findings, significant number of the respondents has agreed on the need of some guiding mandatory principles even if they highly advocate for voluntarism. Moreover, expectations of a slight mandatory approach are somehow essential since we can observe major social and environmental impacts of corporate activities. It is also understood that there is a strong correlation between social and environmental impacts and expectations for limited mandatory approach.

Most of the respondents affirmed this and stated that due to the lack of clear policy on ‘what constitutes CSR?’ other business competitors are using the opportunity negatively and free-riding by others engagement. But they believe that even if the other business competitors are not contributing, they should at least refrain from their negative impact. They also believe that some of the problems in their working area should be taken as a good opportunity to build a good reputation and connect with the local community. In the theoretical findings, Alberada et al. (2008) confirmed that the lack of state resource to provide social benefits gives opportunities for corporate in addressing social demands and get connected with the local community.

The respondents affirm statement of Visser (2006) that corporate are one of the most financially and expertise equipped institutions (i.e. relational to Ethiopian economy) to make a significant positive change towards society which are direct opposite with statements of Carroll (1999) which says the public sector’s domain restricted to public policy and welfare and CSR to be left entirely voluntary in nature. Corporate like contribute towards societal and environmental concerns more meaningfully and the public sector initiatives to promote and maintain CSR with stronger policy approach and regulations can provide more opportunities for corporate to contribute largely. The public sector efforts can motivate CSR and can have outstanding outcome in fulfilling stakeholder expectations (Williams et al., 2008). The result from the finding revealed all of the respondents have expressed their wish to engage and contribute to social and environmental demands.

The findings revealed that respondents believe in the overlapping area between public sector domain and CSR activities. It is also affirmed by Steurer (2010) as public sector domain and CSR activities are overlapping with each other. The findings show that corporate do believe that the public sector should provide policy guidelines and recommendations about CSR activities to improve the efficiency and limit unfair PR activities for projects that do not constitute CSR. Such policy guiding principles from the public sector can assist in exploiting the overlapping space between the public sector domain and the CSR initiatives efficiently. Some of the corporate respondents believe that the public sector needs to provide wide-ranging guidelines and recommendations concerning CSR initiatives. The findings support statement Moon (2007) that the public sector should show more interest and be proactive in CSR via regulatory approach. The regulatory approach assists the public sector to increasingly the exploit shared area through thorough approach of regulations based on consent and partnership.

Another point is, most corporate in Ethiopia do not have their own contextualized definitions and few of them are using definitions already established and developed by organizations from the Western countries. Out of the total nine respondents only Africa oil Ethiopia (own definition) and Addis Ababa University have adopted CSR definition (of the World Business Council for Sustainable Development). Yet still many respondents believe that corporate and public organizations should use an analytical approach to develop own definition and understanding based on the uniqueness of the corporate and the sector it is involved in. As evidenced in finding sections, CSR in Ethiopia is relatively a new concept that started off as a response by corporate to remedy the effects of their extraction activities on social and environmental concerns. Currently, more corporate are taking initiations on CSR strategies in Ethiopia. Apart from the corporate public organizations such as Ministry of Agriculture are also seen in taking initiatives to prepare guidelines for corporate activities within their respective sector. According to the theoretical findings there are a numerous of definitions of CSR, each could be valuable in their own right, defined to fit the corporate in question.

According to the empirical findings this seems to apply for Ethiopia as well with varying definitions in different organizations. The findings also show that CSR especially in terms philanthropy is believed to high value Ethiopia due to the huge socio economic needs and

according to Dashen Beerand other respondents the trend is becoming a challenge since it is growing to be an expected norm in the Ethiopian society. According some respondents, the other challenge is CSR is being equated with just philanthropy responsibility by leaving 'ethical', 'legal' and 'economic' responsibilities. The findings show that, the current trend of corporate is mostly in pointed at addressing temporary socio-economic issues rather than striving for sustainable social and environmental impact.

Furthermore, the theoretical finding has shown contextualized CSR has an immense socio-cultural importance for an effective implementation. The rationale behind this is societal and environmental demands vary from place to place. It is essential to define 'what constitutes CSR' and 'what does not' since what are regarded as CSR activities in the developed countries might be business motives in developing countries. Obviously, CSR initiatives in Ethiopia has a beneficial effect in addressing socio-economic demands, but the problem is they are having hard times in transforming from temporary aids to provision of sustainable solutions within own capacity and even sometimes many negative impacts are being observed. During the explorative discussion with the respondents, the author has come across that many corporates engaged in CSR projects have common (if not totally similar) contribution areas, most commonly in sponsorship deals (artistic events and football clubs) and limited engagement in community development and health program areas. But the question here is, if the corporate has made proper study in relation to 'what constitutes CSR' and different CSR initiatives to positively impact societal and environmental needs.

The CSR approach in Ethiopia is mainly voluntary by nature and primarily motivated ontemporary societal problems. For this reason, the public sector may need to transform its CSR context to different phase where the CSR agenda is led by the public sector and driven by all concerned stakeholders to foster innovation and creativity as well as address social and environmental concerns in a sustainable manner. Currently the challenge is proper stakeholder dialogues do not exist between public sector-corporate-society about corporate CSR strategies and possible engagements. Here, the question is whether corporate (who entirely do their 'CSR' activities voluntarily) have properly examined the impact of their CSR activities if it really changes the lives of the society or positively impacted the

environment. Although the issue of sustainability is far from being addressed, few corporate have produced constructive impacts through their engagements.

5.2 Conclusion

The paper has presented that the public sector has different policy enforcement options to shape and promote CSR in different contexts. The policy approaches have a common purpose of promoting CSR to be implemented in a more meaningful way and achieving sustainable development. Concerning the debate over the soft- and hard-law preference of CSR laws, the findings showed that even if many argue in favor of voluntarism and agreed that CSR initiatives by nature should be governed by soft-laws, this does not mean the public sector cannot develop regulations with guiding principles, minimum standards and impact measurement instruments. There are two benefits for this: first, it will promote CSR initiatives to be implemented meaningfully for those who are actively engaging and wishes to engage voluntarily and secondly, it will prevent irresponsible corporate behavior from free-riding and adversely affect social right and environmental well-being. According to Barth et al (2007, 34) cited by Howard and Bigg (2010) the significance of social and environmental regulations is not only limited to scope of voluntarism but also crucial point of orientation: *“companies proved more active with regards to corporate sustainability activities when ambitious policies provided clear point of orientation”*.

Voluntary approaches through negotiated instruments which have been applied for a long period of time to the existing times are still questioned for their effectiveness. For instance, according to Howard and Bigg (2010) the non-functionality of environmental business self-regulation before the 1970 is the reason for shifting to introducing “command-and-control” environmental policies by various public sectors. But also, CSR could serve as a well-built bridge if it is contextualized to integrate the different interests from the public sector (which is to obey by the law and avoid negative social and environmental impacts), corporate (interest which is profit maximization) and the society (which is to do no harm). In order to increase effectiveness and avoid tensions scaling-up between the stakeholders a good and comprehensive CSR policy is highly relevant to prevent social right violations and environmental damages.

The significance of wide-ranging, clear-cut and brief CSR policy to Ethiopia is very high and necessary. Although significant numbers of scholars argue in favor of voluntary CSR approach, corporate (within their capacity) are unable to utilize the opportunity and satisfy societal aspirations on CSR implementation strategy. Accordingly, many Ethiopian corporate implementations of CSR initiatives mostly are taken as either just a “make-up” to reputation or philanthropic addressing of temporary socio-economic demands which are usually used for public relation consumption. The contemporary CSR trend demands more than just simple philanthropy of addressing temporary concerns rather there should be a linkage with sustainable impacts with regards to human rights, social demands and environmental concerns. Engaging in CSR initiatives can help corporate attract more reputation and acceptance when they behave responsibly in reducing negative impacts and can contribute to achieving social and environmental goals without a significant financial sacrifice.

The typology of policy approach on the preference of CSR laws which were deeply discussed in the previous chapter has served as a spring board for exploring the policy field more systematically across disciplinary boundaries in order to study preference of CSR laws and the overlapping role of the public and private sectors. The finding has revealed that there are three preferences by the respondents, which are: the “Moralists” who are in favor of mandatory approaches; the “philanthropists” who are in favor of voluntarism; and the “tactful” who are also in favor of voluntarism but also it should be combined with some mandatory guidelines concerning sensitive social demands and environmental concerns in order to contribute to the overlapping role of the public sector in addressing those concerns as well as to prevent free-riding by business competitors. More than half of the respondents do fall under this category.

The research has also revealed that addressing social demands and environmental concerns in a sustainable manner through CSR will not be achieved in Ethiopia by certain actors alone. All stakeholders should need to have contextual CSR understanding and increase their potential contribution through clear CSR policy and strategies. The reason for this is that the current understanding of CSR is transformed to corporate contribution to sustainable development and many central development issues are already perceived as a CSR agenda in

different countries. Moreover, the empirical findings show that there is still a lack of understandable connection between contextualized public policies and CSR activities. In addition, according to the respondents except in few, there is almost no tradition stakeholder dialogue which led to arbitrary definition of CSR that collude philanthropic motive with business motive.

In general, according to the current conceptual development in recognizing the shifting role of the public sector; the overlapping area between public and corporate; and CSR contribution to sustainable development in their own long run interest realized the importance of CSR have transformed corporate view from traditional just profit maximization and self-centered thought to socio economic approaches to societal and environmental inclusive approach. These days, many have accepted that business is not just for making money and this is evident through their involvement in various community developmental activities, even if there is still a lot to do. Many corporate are realizing the significance of using business ethics as a tool for building good reputation and gaining acceptance to increase its market share by taking up the initiatives of CSR. Also few corporate have started developing and using the CSR as a strategy, which aims at mutual benefit of concerned stakeholders simultaneously, for a more reliable and long term sustainable development through public-private partnership.

5.3 Recommendations

If the public sector in Ethiopia isto effectively exploit the CSR agenda to national, regional, or local policy objectives, then much effort will be needed to overcome the current lack of private sector participation in key policy making processes. This comprises largely strategic frameworks such as national sustainable development and poverty eradication strategies. The process also should extend to utilizing possible relevant resources that include regional or sector specific toolkits on private sector engagement in public policy processes; establishment of forums to bring together public spending agencies with companies considering and undertaking societal developmental activities; and efforts to build frameworks for understanding the respective strengths and core competences of public sector and private sector funding, spending, and society development activities.

The public sector should establish forums for an experience and lesson sharing between corporate with formal CSR strategies and corporate who do not have in order to motivate cooperation and knowledge sharing from each other and to develop a joint contextual CSR agenda. It will most likely be essential to demonstrate to corporate that the principles of CSR are beyond 'just' compliance; rather to act responsibly and contribute more to societal development and environmental protection.

In order to utilize CSR is as a means of contribution for sustainable development, it is very wise for the public sector to initiate the formation of stakeholder clusters that can be an effective platform to launch broader CSR initiatives. This platform can serve as an idea and financial deposit bank that brings stakeholders together to share resources and expertise in order to avoid the fragmented and impact-less spending. The cluster will be a good platform in bringing the resources to mobilize it in a more meaningful way which can have a sustainable impact on national development agenda in general and societal and environmental demands in particular.

The researcher would recommend an approach, to thoroughly examine experience and approaches of other countries which have socio-economic and cultural similarities as well as western countries through selective method. This will bring us a good opportunity in integrating different experience to contextualize the concept of CSR in a tailor-made approach which could be referred as 'hybrid approach'. The 'hybrid approach' from different experiences can have a massive impact in developing own understandings of CSR to link contextualized engagement of CSR by Ethiopian public sector and stakeholders

Lastly to be more specific, as discussed above, a combination of mandating, facilitating, partnering and endorsing activities need to be included in a more encompassing policy framework for the for the Ethiopian public sector to have a well-developed, multifaceted and holistic CSR promotion. Implementation measures are also embedded in the kind of the role that government chooses and hence is inherent to CSR promotion

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Appendix

Sample Questionnaire

Sample Questions for corporate officials on their CSR perspectives and the role of public sector to foster CSR in Ethiopia?

1. What is your company's corporate social responsibility policy?
 - General concept
 - Perspective
 - Definition adopted by company (if any)
2. How does your company CSR policy identify the key stakeholders in general and for particular CSR activities?
 - Who are the stakeholders
 - What is their impact on your business?
 - What do they expect from you?
 - Which of them are your key actors
3. How does your company engage stakeholders in your CSR activities?
 - Procedures of cooperation
 - Understanding their needs and expectations
 - Process of establishing a dialogue and cooperation
 - Initiation of dialogue
 - Maintain dialogue cooperation and use a tool of feedback
4. How often does your company implement CSR policy and strategies?
5. What do you think about the need to communicate about your CSR activities?
 - What will you gain
 - Competitiveness
 - Transparency
6. What tools are being used to communicate your CSR activities? And are they mandatory or entirely voluntary?
 - For internal and external
 - Corporate website

- Annual CSR reports
 - Media
7. How do you measure the benefits of your companies CSR activities?
 - Intangible assets
 - Evaluation using indicators
 - Long-term measurable manifestations
 8. What activities do constitute CSR in your company's perspective and how can further develop CSR in relation to
 - Stakeholders
 - Community support
 - Environment
 9. How likely is that your company takes voluntary actions based on ethical values? And your view on:-
 - Voluntary and
 - Mandatory approach
 - The position of Ethiopia
 10. How does your company integrate economic development concerns into their business strategies and have relative actions?
 11. How your company does concern the relationship between the business-government and society?
 - Relation
 - Public private partnership
 12. Does your company link activities to international standards?
 13. How does your company participate in actions to promote CSR and relative policies for societal and environmental concerns?
 14. What do you think is the role of the public sector (government) is? And are there any initiatives being taken on the following concepts (by the public sector to your CSR activities)
 - Endorsing: showing public political support
 - Facilitating: setting clear overall policy frameworks to guide CSR efforts

- Partnering: combining public resource with your company
- Mandating: setting policy and other relevant frameworks to enforce CSR efforts

15. How public sector can help?

16. Is there any clear policy to follow concerning activities aside from the Ethiopian Environmental protection Agency?

17. What do you think are the main challenges faced in the current phase of corporate social responsibility field?

18. How do you see the evolution and future of CSR in the Ethiopian context?

19. What are the main challenges you face when trying to convince companies about the importance of CSR and it's reporting?

20. From your experience, can you give us some examples of how business can become more sustainable?