



School of Commerce

**ASSESSING THE PRACTICE OF CORPORATE SOCIAL
RESPONSIBILITY (CSR): THE CASE OF SELECTED
COMMERCIAL BANKS IN ETHIOPIA**

**The Thesis submitted in Partial Fulfillment of the Requirements
Master of Science in Corporate Finance: with Specialty in
Investment Management (MFIM)**

By; Ephrem Girma

Advisor; Mengistu B.(PhD)

June,2025

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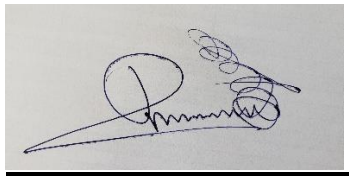
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Declaration

I, **Ephrem Girma**, hereby declare that the thesis entitled “**ASSESSING THE PRACTICE OF CORPORATE SOCIAL RESPONSIBILITY (CSR): THE CASE OF SELECTED COMMERCIAL BANKS IN ETHIOPIA**” is my original work. I conducted this study independently under the guidance and support of my research advisor, **Mengistu B. (PhD)**. All sources and contributions used during the research process have been properly cited and acknowledged. Furthermore, this thesis has not been submitted for the award of any degree or diploma in this or any other academic institution.

Ephrem Girma

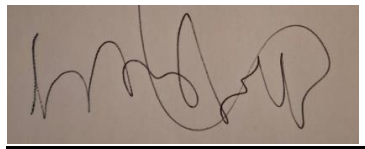


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Acronyms

AAU	Addis Ababa University
CSR	Corporate Social Responsibility
CBE	Commercial Bank of Ethiopia
NBE	National Bank of Ethiopia
GDP	Gross Domestic Product
NGO	Non-Governmental Organization
MNC	Multinational Corporation
ISO	International Organization for Standardization
SPSS	Statistical Package for the Social Sciences
FDRE	Federal Democratic Republic of Ethiopia
SME	Small and Medium Enterprises
PR	Public Relations
UN	United Nations
EU	European Union
WBCSD	World Business Council for Sustainable Development
GRI	Global Reporting Initiative
SDGs	Sustainable Development Goals

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Abstract

Corporate Social Responsibility (CSR) has emerged as a crucial strategic practice for businesses worldwide, particularly in sectors that directly interact with society, such as banking. In Ethiopia, although CSR awareness is growing, its application within the banking industry remains inconsistent and largely underdeveloped. This study assesses the practice, awareness, and intensity of CSR activities among selected commercial banks in Ethiopia. Utilizing a quantitative research approach, data were collected from 181 employees working in the marketing departments of 15 commercial banks with over 15 years of operational experience. The findings reveal that while most banks demonstrate awareness of CSR and have formal policies in place, the implementation tends to be reactive, focused on philanthropic initiatives rather than integrated, strategic programs. Key CSR activities are primarily centered around labor practices, customer relations, community development, and limited environmental engagement. The study identifies regulatory gaps, limited training, and lack of strategic alignment as major challenges hindering effective CSR implementation. Based on these insights, the research recommends strengthening institutional frameworks, enhancing employee training, and embedding CSR into banks' core business strategies to promote sustainable development and long-term stakeholder value.

Keywords: Corporate Social Responsibility, Commercial Banks, Ethiopia, CSR Practices, Stakeholder Engagement, Sustainability, Stakeholder Engagement, Regulatory gaps.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Corporate Social Responsibility (CSR) has emerged as a vital aspect of modern business operations, reflecting companies' commitment to ethical, social, and environmental concerns beyond profit maximization. Globally, CSR has evolved into a key business strategy, particularly in customer-oriented industries such as banking. Ethiopia has not been an exception to this trend, with CSR practices gradually gaining recognition among businesses. However, despite its growing importance, CSR in Ethiopia remains relatively underdeveloped compared to global standards, necessitating further exploration.

The concept of CSR in Ethiopia dates back to the 1950s when it was primarily an academic subject with little practical application in the business sector. Over time, as the economy expanded and businesses grew, CSR began to gain recognition, particularly in the banking industry. Today, Ethiopia's banking sector consists of 30 commercial banks that are expected to balance their profit-driven motives with social responsibility. This dual role involves contributing to sustainable development, enhancing their reputation, and fostering stakeholder trust. CSR practices in Ethiopian banks vary widely, with some institutions implementing structured programs while others engage in ad hoc philanthropic activities.

Scholars and organizations have defined CSR in various ways. Maignan & O'Ferrell (2001) describe CSR as a form of corporate citizenship, encompassing a company's moral, ethical, and social obligations to its stakeholders. Archie Carroll (2003) categorizes CSR into four dimensions:

Economic Responsibility – Businesses must be profitable to sustain operations and provide returns to shareholders.

Legal Responsibility – Companies must comply with laws and regulations governing their activities.

Ethical Responsibility – Firms should engage in fair and just business practices even when not legally mandated.

Discretionary (Philanthropic) Responsibility – Businesses voluntarily contribute to societal well-being, such as community support and environmental protection.

Similarly, the European Commission (2001) defines CSR as a voluntary business approach that integrates social and environmental concerns into operations and stakeholder interactions. Unlike traditional business models that focus solely on legal compliance, CSR involves going beyond regulations to ensure sustainable business practices.

The increasing adoption of CSR worldwide is attributed to globalization, social awareness, and the growing expectation that businesses should contribute positively to society (Das, 2012). In the banking sector, CSR initiatives typically involve educational support, healthcare programs, environmental sustainability projects, and charitable contributions (Polychronidou et al., 2013).

However, CSR implementation varies across industries and regions. In some countries, CSR is voluntary, while in others, it is mandated by law (Matten & Crane, 2005).

Ethiopia has experienced significant economic growth in recent decades, but CSR adoption remains limited. Unlike many countries where governments actively promote CSR through policies and incentives, Ethiopia lacks a strong regulatory framework encouraging businesses to engage in social responsibility initiatives (Tedla, 2013). The private sector, including banking, has been slow to integrate CSR into business models, with many companies viewing CSR as an additional cost rather than a strategic investment.

The banking sector plays a crucial role in Ethiopia's economic development. Ethiopia's first bank, the Bank of Abyssinia, was established in 1905. By 1931, the Bank of Ethiopia was formed, replacing the Bank of Abyssinia, and in 1964, the National Bank of Ethiopia (NBE) was established as the country's central bank (All-about-Ethiopia, 2019). The NBE oversees financial institutions, regulates money supply and credit, manages international reserves, and controls foreign exchange rates. Over the years, the number of commercial banks has increased, and branch outreach has expanded, making banking services more accessible to the public.

Despite this growth, Ethiopian banks have not fully embraced CSR as a core business strategy. Many banks engage in sporadic philanthropic activities, such as sponsoring local events or donating to charities, rather than implementing structured CSR programs. Additionally, CSR awareness among Ethiopian businesses remains relatively low, and companies often lack clear guidelines on how to integrate social responsibility into their operations.

Despite the growing importance of CSR globally, research on CSR in Ethiopia remains limited. Diana (2009) noted that CSR in Ethiopia is primarily understood within academic circles, with little awareness among businesses or the general public. Studies such as Bimir (2016) have explored CSR practices in the Commercial Bank of Ethiopia, while Kesto (2017) examined the impact of CSR on the financial performance of Ethiopian banks. However, few studies have focused on commercial banks, leaving a significant gap in understanding their CSR engagement.

Kassie (2015) and Atraga (2014) are among the few researchers who have studied CSR practices in Ethiopian commercial banks. Their findings indicate that while banks occasionally engage in CSR activities, these initiatives are often reactive rather than proactive. Most Ethiopian banks do not integrate CSR into their long-term strategic plans, limiting their effectiveness in addressing social and environmental challenges.

1.2 Statement of the Problem

A study conducted by Bimir (2016) revealed that though commercial bank of Ethiopia is making efforts in the CSR areas, still there are gaps in implementing well planned CSR and making disclosure. It also shows that existing altruistic practices in this bank are of reactive to meet the interests of social and community concerns and the bank lacks proactive involvement. A study conducted by Kassie (2015) on selected commercial banks in Ethiopia such as Wegagen Bank S.C, Bunna International Bank S.C, Awash International Bank, United Bank, Abay Bank S.C, Zemen Bank S.C and NIB International Bank S.C indicated that commercial banks of Ethiopian has looser attitude to support greener industries, lower lending options to low income individuals and small business, less engage in community development and less understanding on poor financial management in banking organizations which results to adverse effect to the environment and society, and less understanding on the idea that it is not fair holding more than three building collaterals which are offered by different mortgagors when a bank granting loan to single borrower. The study concluded that Ethiopian commercial banks must enhance their integration of social and environmental concerns. to pay special attention towards integration of social and environmental concerns in their business operations to achieve sustainability.

Atraga (2014) in his study on NIB International Bank S.C revealed that the least existence of socially responsible actions rather than fulfilling the minimum requirements by the law, the non-existence of credit access by the bank to poor and disadvantaged social groups, the bank's good commitment in full and timely payment of tax obligations and the bank's goodwill in fulfilling some of the components of economic responsibility are the major practices of CRS in the bank. He concluded that there is minimum involvement of the bank in community activities and the need

for the existence of access to financial products and services by the bank in helping the poor and disadvantaged group of the society.

CSR reporting can be a significant part in the financial reporting while it provides information to different stakeholders (Weygant et al., 2011) and as an additional part social report would provide information relating to whole environmental concern to society. The system of providing information may vary from company to company, country to country (Azim et al., 2011) but the common media of providing information is financial statement. However, there does not exist a universally accepted theoretical framework for corporate social and environmental reporting (Choi J.,1999).

The National Bank of Ethiopia (NBE) has mainly play role of regulation on performance of commercial banks as pertain to the rules and regulations set by the country so as to protect the public and develop confidence on the services provided by banks. NBE enforces all banks to issue annual reports once in a year and to show their status on discharging CSR. The Kesto (2017) in research stated that the accounting reports and disclosures issued by firms are uniform, just copy and paste, across the year. This shows that, reports produced by firms in Ethiopia are just for formality and as a means of pretending the regulators that is why reports are not available on some firms' website timely (Kesto, 2017). The study of Kesto also revealed that the accounting reports of Banks in Ethiopia disclose in their report only the customers and employee's aspect by ignoring the community at large as well as the environmental issues. In addition to Kesto, Atraga (2014) in his study revealed that the adoption, practice and reporting of CSR in commercial banks in Ethiopia is very low. This was the first reason for the researcher to decide to conduct the study on this area. On the other hand, a study by Tilahun (2011) indicated that some business firms including banking sector in Ethiopia are discharging their social responsibility although the approach used while

implementing CSR seems unsystematic and which may adversely affect financial performance. This is the second reason for the researcher to decide to conduct this study and indicate the problems existing in the system.

Tadesse (2015) in his study revealed that commercial banks of Ethiopian have looser attitude to support greener industries, lower lending options to low income individuals and small business, less engage in community development and less understanding on poor financial management in banking organizations which results to adverse effect to the environment and society. Beside this, different studies revealed that majority of the business firms in Ethiopia are more concerned on making profit. For instance, Kesto (2017) in his study concluded that majority of the business firms in Ethiopia were in the lower layer of Carroll's 1991, CSR pyramid, which is profit maximization, ignoring the other three pillars even though top-management has an understanding/awareness. This implies that, firms in the Banking sector are much more concerned about the competition and totally ignoring their role in the community and environmental concern. As a third reason, this problem has also triggered the researcher to assess practice & intensity of CSR in commercial banks in Ethiopia.

1.3 Objectives of the Study

1.3.1 General Objective

To assess the role and practices of Corporate Social Responsibility in commercial banks in Ethiopian.

Specific Objectives

Despite the aforementioned general objective of the study, the study specifically seeks to:

- To analyze the perception of CSR practices among Ethiopian commercial banks at the head office level.

- To identify the key challenges hindering the effective implementation of CSR in the Ethiopian banking sector.
- To explore opportunities for enhancing CSR practices and maximizing their positive impact.
- To explore the challenges faced by Ethiopian commercial banks in implementing effective CSR strategies.

1.4 Research Question

The central tent of the study was to assess the practice of CSR performed by commercial banks in Ethiopia. In specific terms, the study addressed the following basic research questions:

- What is the perception of CSR practices among Ethiopian commercial banks at the head office level?
- What are the key challenges hindering the effective implementation of CSR in the Ethiopian banking sector?
- What opportunities exist for enhancing CSR practices and maximizing their positive impact?
- What challenges do Ethiopian commercial banks face in implementing effective CSR strategies?

1.5 Significance of the Study

The significance of this study on Corporate Social Responsibility (CSR) practices among commercial banks in Ethiopia is multifaceted, impacting various stakeholders, including the banking sector, local communities, policymakers, and the broader economy. The following points outline the key areas of significance:

This study aims to fill a notable gap in the existing literature on CSR in Ethiopia, particularly within the banking sector. While there have been some studies focusing on CSR practices, comprehensive analyses that encompass multiple banks and their varying approaches are limited. By providing empirical data and insights into CSR practices, this research contributes to academic

discourse and serve as a reference for future studies. The findings of this study is valuable for policymakers aiming to foster a more responsible banking sector in Ethiopia. By understanding the challenges faced by banks in implementing effective CSR strategies, policymakers can develop supportive frameworks and regulations that encourage socially responsible practices across the industry. Understanding effective CSR practices can help Ethiopian banks enhance their social responsibility initiatives. The findings provide insights into best practices and strategies that can be adopted to improve community engagement and environmental sustainability. This is essential for banks seeking to strengthen their corporate image and build trust with stakeholders. By highlighting the importance of CSR, this study aims to promote greater accountability among banks toward their communities. Effective CSR initiatives can lead to substantial benefits for local populations, including improved access to education, health services, and economic opportunities. This aligns with broader development goals in Ethiopia, contributing to social welfare and community development. As global awareness of sustainability grows, this study emphasizes the role of Ethiopian banks in promoting sustainable business practices. By integrating social and environmental considerations into their operations, banks can contribute positively to national development goals while enhancing their long-term viability.

1.6 Scope of the Study

Geographical Focus:

The research is concentrated on commercial banks operating within Ethiopia. Given the dynamic nature of the Ethiopian banking sector, which includes numerous commercial banks, this study has examined a selection of these institutions to understand their CSR practices.

Target Population:

The study has targeted employees and management of selected commercial banks, focusing on those involved in CSR planning and implementation. This includes gathering insights from various levels within the banks to ensure a comprehensive understanding of CSR activities.

Key Areas of Investigation:

The research has explored several key aspects of CSR, including:

Types of CSR activities undertaken by the banks (e.g., community development, environmental sustainability).

Management and organizational structures supporting CSR initiatives.

Stakeholder engagement practices in planning and executing CSR activities.

Challenges faced by banks in implementing effective CSR strategies.

1.7 Organization of the Thesis

The organization of this thesis on Corporate Social Responsibility (CSR) practices among commercial banks in Ethiopia is structured to provide a clear and logical flow of information. Each chapter is designed to build upon the previous one, guiding the reader through the research process from introduction to conclusion. Below is an outline of the thesis organization: Chapter 1: Introduction, this chapter provides the background of the study, defines the research problem, outlines objectives and research questions, and discusses the study's significance to academic literature, banking practices, and community welfare. Chapter 2: Literature Review, a comprehensive review of existing research on Corporate Social Responsibility (CSR) in the banking sector, focusing on theories, frameworks, and gaps that this study addresses. Chapter Three Research Design and Methodology, details the research approach, sample selection, data collection methods, and analytical techniques used to examine CSR practices. Chapter 4: Presentation and Analysis of Findings, presents collected data using tables and graphs, followed

by an analysis and interpretation of findings aligned with the study objectives and research questions. Chapter 5: Discussion, links findings to the reviewed literature, explores implications for theory and practice, and considers limitations while providing suggestions for future research. Chapter 6: Conclusion, summarizes key findings, reflects on their relevance to CSR practices in Ethiopian banks, and offers final thoughts on contributions to understanding CSR in a developing country context.

CHAPTER TWO: RELATED LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 The Concept & History of CSR

Corporate Social Responsibility (CSR) as a concept has no consensus definition. Various writers defined it based on their background, interest, exposure, as well as values embodied in the writer's frame of reference. CSR was first used and defined as a concept by Bowen (1953) & according to him; CSR refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. A lot of the ambiguity behind CSR seems to derive from the lack of universal definition to the subject. While corporations today are encouraged to behave socially responsible on a wide array of issues, there is confusion in both the corporate and academic world as how to define the concept of CSR (Dahlsrud, 2006; as cited in Bimir, 2016). In the context of increasing importance of CSR among financial companies, some of the existing definitions of CSR are summarized in table 2.1 as below;

Definition Source	Definition
Commission of the European Communities, 2001	A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis
World Business Council for Sustainable Development	The commitment of business to contribute to sustainable economic development working with employees, their families, the local community

Development, 1999	and society at large to improve their quality of life
Business for Social Responsibility, 2001	Business decision making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment
IBLF, 2003	Open and transparent business practices based on ethical values and respect for employees, communities and the environment, which will contribute to sustainable business success
CSR wire, 2003	CSR is defined as the integration of business operations and values, whereby the interests of all stakeholders including investors, customers, employees and the environment are reflected in the companies policies and actions

Source: Dahlsrud (2008)

2.1.1.1 The Origin of CSR

Carroll (1999), one of the prominent figures of CSR, divided the development in different time periods. He claimed that, CSR emerged during the mid-20s century, before 60 years from now. He further claimed that USA played a key role in the emergence of the concepts of CSR with the birth of modern activists movement between 1950s and 1960s (Cochran, 2007) although other developed countries also showed vigorous contributions.

He divided the development of CSR concept into every 10 years period where 1950 remained as the modern area of social responsibility; 1960 as expansion period of CSR literature; 1970 as proliferation of CSR definitions; 1980 as more researches and the emergence of alternative themes; and 1990 as further expansion of CSR themes. He further clarified alternative themes as CSP,

stakeholder theory and business ethics theory (Carroll, 1999). Further attempts also made to define CSR approaches at the same time. Preston and Post's (1975) thought of public responsibility; Carroll's categorization of CSR into four-part responsibility as economic, legal, social and philanthropic and Sethi's (1979) division of corporations in terms of reactive, defensive and responsive remained as one of the prominent cornerstones in the history of CSR development (Wood, 2010).

2.1.1.2 Expansion of CSR

CSR gradually gained enough attention from theorists and practitioners. After noticing considerable environmental related problems created by firms in United States and other industrial countries, Sethi (1979) classified corporate psychology into three segments as corporate behavior or social obligation, social responsibility and social responsiveness. In addition, Sethi classified businesses response to the society into two ways; market and non- market. Since media influence increased significantly in 70s decade, the managers diverted their attention slightly towards Corporate Social Performance (CSP) and Corporate Social Responsiveness (CSR) from the mainstream of CSR. Before that, CSR2 and CSP considered as a synonym of CSR (Wartick and Cochran, 1985; as cited on Adhikari, 2013). Later, Carroll (1979) described CSP in a broad way including three areas of corporate duty- CSR, CSR2 and Social Responsiveness. Eells and Walton also contributed to expand CSR models to some extent during 60s (Zenisek, 1979: as cited on Adhikari, 2013). Eells presented CSR model with a continuum from the perspective of organizational behaviors on which minimum responsibility showed on the left side and vice versa. On the other hand, Schwartz and Carroll developed a new three-domain approach after reviewing and modifying the Carroll's previously presented four-domain and Pyramid of CSR approach.

their revised three-domain (Venn diagram) model including economic, legal and ethical domains attempts to address previous shortcomings by discovering some overlapping categories (Schwartz and Carroll, 2003) which also does not remain without criticisms. The main conceptual viewpoints that have emerged out of the literature over time, as captured in Table 2.2 illustrate CSR as a social obligation, CSR as stakeholder obligation, CSR as ethics-driven and CSR as managerial processes.

2.1.1.3 CSR Theories

In the literature on corporate social responsibility, there are different theories developed by different writers. This encompasses the stakeholders approach, Carroll's Pyramid, legitimacy theory ISO 2600 etc.

I. *Carol's CSR Pyramid*

Carroll initially developed the CSP model in response to Friedman's critique and the overall responsibility confusion among academics and managers. The CSP model contained a three- fold purpose; (1) to define the essential aspects of CSR, (2) connect them to the relevant social issues and (3) aid practitioners to choose a responsive corporate philosophy to address those issues (Carroll, 1979). In 1991 the CSP model was further developed and depicted in a pyramid model that addressed the four responsibilities that businesses have towards society at any given point in time (Carroll, 1991). Carroll argued that the total responsibility of business should entail the simultaneous fulfillment of economic, legal, ethical and philanthropic dimensions by the company.

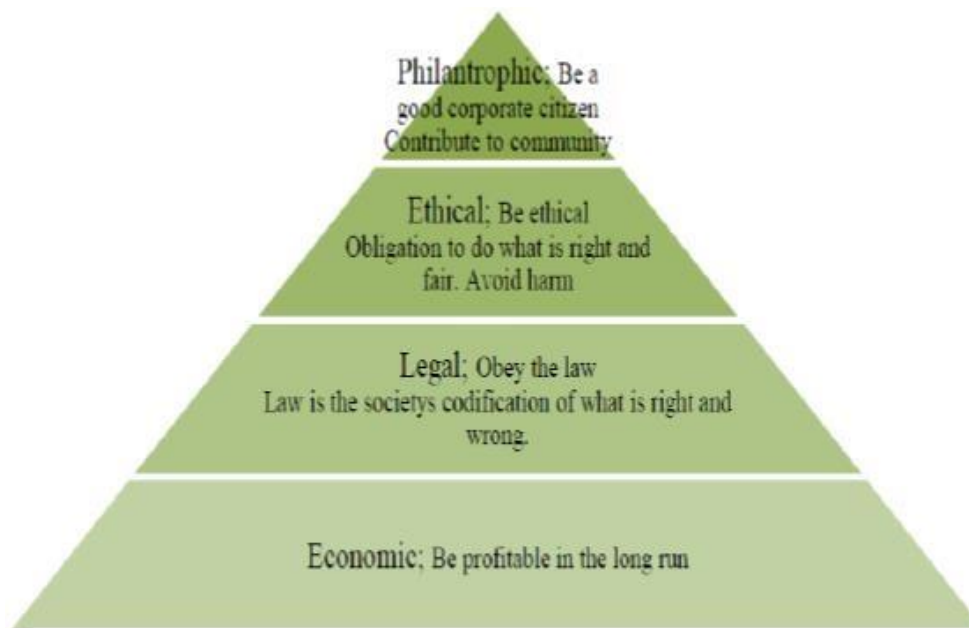


Fig 2.1: The pyramid of Corporate Social Responsibility, Carroll, 1991

Economic Responsibility; According to Carroll (1991) the bottom responsibility of a company is to produce “*goods and services that the society wants and sell them at a price that society thinks represents their true values*”, this eventually benefits the company with profits. Profits serve as return on investments to owners and shareholders resulting in jobs and fair pay for workers.

Legal Responsibility; According to Carroll (1991) because society has granted companies to assume the productive role, they must always keep in mind that expectation exists for them to fulfill their economic mission within the framework of legal requirements. Carroll (1991) concluded that this was part of the social contract between business and society.

Ethical Responsibilities; According to Carroll (1991) ethical responsibilities overcome the limitations of law concerning the difficulty to legislate morality. Although the two first categories shall always embody ethical behavior, there are activities and practices that are expected by the

society but not covered by legislation. Carroll (1991) emphasized the focus on voluntariness - that society keeps expectations of business over and above the legal requirements.

Discretionary (Philanthropic) Responsibilities; According to Carroll (1991) the last obligation concern responsibilities that society has no clear-cut message for business, it is up to the individual company's judgment and choice. From this perspective business is expected to contribute to enhanced quality of life in society. The difference between ethical and philanthropic responsibilities is that the latter is not regarding moral and ethics (Carroll & Buchholtz, 2008).

Carroll's (1979) model of four dimensions including economic, legal, ethical and discretionary responsibilities remained as the backbone during 80s and 90s. The model has also included six extra dimensions as consumerism, environment, racial/gender discrimination, product safety, occupational safety and shareholder.

II. *Stakeholders Theory*

The core of the stakeholder theory steps away from the shareholder capitalism orientations that see business as an instrument for profit maximization (Freeman *et al.*, 2010; as cited in Bimir, 2016). It presents an alternative that has been very suitable in regard to the parallel development of corporate responsibility and sustainability in the business community. The stakeholder theory concerns how to manage a business effectively while creating shared value between a company and its surroundings. According to Lee (2008) in Emil and Dennis (2013), the development of CSR has been inspired and propelled by the notion of stakeholder theory. The rational connection between CSR and stakeholder theory is that if CSR explains *what* responsibilities business ought to fulfill, the stakeholder concept addresses the question of to *whom* business should be accountable to.

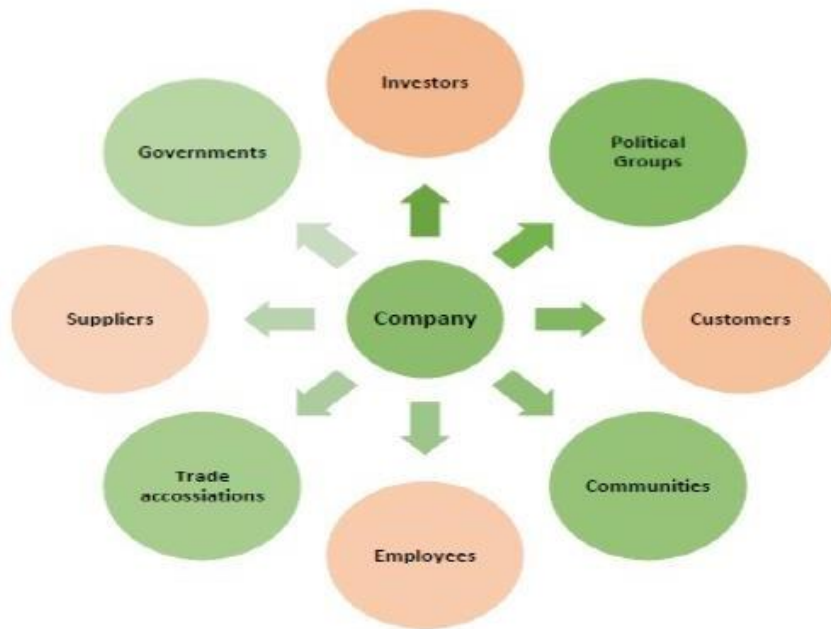


Figure 2.2: Company Stakeholders, inspired by Donaldson & Preston, (1995) as cited in Bimir (2016)

III. ISO 26000

ISO standards in general are commonly adapted and certified among companies and products around the world, usually they are used as a mean to ensure quality of products and operations. International Organization for Standardization (ISO, 2010) has identified six areas of corporate sustainability that companies face in society. These are environment, human rights, consumer issues, fair operating practices, labor practices and community involvement. This is one of the major frameworks for companies to shoulder their social responsibilities.

Despite the aforementioned theories are popular in CSR literature, Maignan and Ralston (2002) developed five categories as community stakeholders, customer stakeholders, employee

stakeholders, shareholders and suppliers including 11 dimensions of CSR. They are- art and culture, education, quality of life, safety and environmental protection, product/service quality and safety, equal opportunities, health and safety, profit creation commitment, information disclosure, corporate governance and equitable opportunity (Maignan and Ralston, 2002).

2.1.1.4 Benefits & Costs of having CSR

Proponents of CSR argue that company can benefit from having CSR, such as enhancing reputation, generating greater employee and customer loyalty and retention (Lance, 2001). Firstly, CSR can generate reputation and then create business value to the social responsible company. CSR can maintain customer loyalty which is important for company because it is more costly to attract new customers than to retain existing customers. Secondly, adopting CSR can make company more profitable. Company can increase sales revenue by gaining customer support and reduce cost by having environmental friendly approach in production. More tax reduction will be obtained by using environmental friendly machinery or making charitable donations. Having environmental-friendly production can also achieve cost efficiency position. Thirdly, CSR has positive impact on strategic decision of the company. CSR facilitates product differentiation strategy to be successful and a higher price can be charged for the product. For instance, differentiating through the use of CSR resources like recycled products or organic pest control. Company can also gain competitive advantage since the company shows the uniqueness of the value to community (Holme, 2010).

However, implementing CSR is not without costs. Firstly, using new machinery in production will involve intensive capital investment which may then result in liquidity problem (Yeoh, 2007). Higher capital cost may shake the position of cost leadership of the company. Secondly, company may hire additional staff to advocate and conduct CSR through affirmative action, community

outreach, and improved labor relations (McWilliams & Siegel, 2001), therefore higher wages and benefits have to be provided. Thirdly, CSR may require higher cost of materials or inputs from suppliers. For instance, Body Shop purchases special ingredients and formulas that have not been animal tested (McWilliams & Siegel, 2001).

2.1.2 The Role of Banks in CSR

Some scholars consider CSR is a public relations issue. Frankental P. (2001) suggested that CSR is an invention of public relations and CSR can only have real substance if it considers all stakeholders and it is reinforced by changes in company law or rewarded in financial markets.

Yeung (2011) has described role of banks in CSR that global regulations imposed for banks is holding reserve against loans and achieving AAA grade ratings. Yeung (2011) defines key element of CSR in the banking sector such as: understanding of financial services complexity, risk management, strengthen ethics in the banking business, strategy implementation for financial crisis, protection of customers' rights and channels settings for customer complaints. Yeung (2011) concluded that CSR in banking industries shall comprise the above-mentioned elements: risk assessment, effective and efficient internal audit process with value added to stakeholders. Hence, in order to maintain competitiveness in the market and responsible to customers, bankers need to understand the economic situation, re-focus marketing strategy with prudent risk management system, identify the concerns of customers, implement fair operation procedures to protect customers and the community as a whole.

Largely, the banking industry does not realize the central importance of having a defined CSR policy. Many banks do not fully understand the worth of CSR. Yet, there are banks that do well in

this area (Hany, 2019). It is not surprising to see that the role of banks in CSR is subject to considerable amount of debate and criticism. Advocates argue that banks benefit in many ways by operating with a perception broader and longer than their own immediate, short-term profits. For instance, Hany (2019) argued that there are obvious and real gains on hand for banks which have well-designed and successful CSR strategies. The advantages for banks lie in the following areas: encourage sustainable behavior by customers; support development of separate business models for various segments; provide real benefits for the society as a whole; create higher employee motivation, and superior performance levels; and make banks more aware of their potential role in society. But, opponents argue that CSR diverts from the basic economic role of banks; others argue that it is nothing more than superficial window-dressing (Hany, 2019).

Nowadays, it seems that in banking sector the most important capital is the relational capital (Marcinkowska, 2013). Implementing CSR is one of the most important instruments of building the relational capital with the banks' stakeholders. Today the social, environmental and ethical investing is a way to strengthen the corporate competitiveness strategy. Therefore, as an important driver for the development of CSR, social responsibility measures must be formalized under legal regulations that require economic operators to include and implement CSR principles in their business practice (Adamczyk, 2013; as cited in Bimir, 2016). Formal regulations for specific requirements do not include limitations regarding environment and occupational safety. They provide the businesses with the ability to voluntarily take various measures and social initiatives aimed at improved competitiveness. Contrarily, CSR consist of actions that companies undertake to become environmentally and socially sustainable beyond their legal obligations. They know that in the short run CSR means a decrease in profits for the sake of social and environmental

investments, but in the long run CSR is a value driver through risk reduction and increases the business's profits (Bosch-Badia, *et al.*, 2013).

2.2 Empirical Literature Review

According to the theoretical findings philanthropic responsibility is highly rated in Ethiopia (Kassaye, 2016). The empirical findings support this statement since all the people interviewed in Ethiopia evidenced the need for companies and organizations to engage in philanthropy since the government and institutions not succeed to support the socioeconomic needs of the Ethiopia society. According to the theoretical findings CSR is socio culturally implanted. With regard to Ethiopia and the empirical findings in the field study there is an obvious relation between CSR activities and cultural or societal circumstances (Kassaye, 2016). Philanthropic activities are main activities since social needs in Ethiopia are so endemic.

In Ethiopia there is no understandable connection between CSR activities and cultural situations meaning that there is a disconnection between philanthropic motives and business motives (Kassaye, 2016). Businesses in Ethiopia cannot function if employees are affected by different problems or if infrastructure is unavailable and therefore philanthropic motives and business motives are closely interconnected. Likewise, almost all national companies and government organizations have not developed CSR policy and a strategy since CSR is not operated on a formal basis. Besides, the challenges that affect the practices and implementations of corporate social responsibility, according to recent research findings there are a number of factors which decisively affect the nature or outcome of CSR, are known as determinants of CSR (Reverte, 2009).

In Ethiopia corporate governance is a topic that is recognized by the academics and government level, not implemented, but it does not seem to be a priority given Ethiopia's serious problems, and few steps have been taken to assure that adequate corporate governance measures are in place

(Ayalew, 2018). This is due to the private sector is not taking the leadership in CSR and private-public partnership is very limited (Robertson, 2009).

A study conducted on CSR practices and understandings of multinational companies (MNC), national companies, government organizations and NGO regard to Ethiopian perspectives revealed that CSR as idea is new and started off as a retort by multinationals and NGOs to remedy the effects of their extraction activities on the local communities (Kassaye, 2016). Consequently, the result has been viewed as two-fold. Firstly, there is the recent development of formal CSR practices mainly driven by MNCs and NGOs. Secondly almost all of national companies and government organizations have not developed a concept of CSR. However, some of Ethiopian companies have a tradition of partnership and dialogue with their communities and stakeholders in the form of informal CSR practices. The study further indicated there are no CSR practices being integrated into management systems and daily business operations within many companies and organizations. But there is an enhancement of philanthropic initiatives in Ethiopia to a great amount has been institutionalized. Therefore, there are a number of traditional institutions that can be taken as major external factors governing social responsibility practices in Ethiopia. These institutions are being serving as instruments to organize socio-economic collaboration and mutual assistance among villagers (Poluha, 1995). According to Tewelde (2012), as per the discussion of CSR in Ethiopia it is clear that the legal and ethical responsibilities are the least in terms of practice as it is the case in most of African countries context. A study conducted by Bimir (2016) revealed that though commercial bank of Ethiopia is making efforts in the CSR areas, still there are gaps in implementing well planned CSR and making disclosure. It also shows that existing altruistic practices in this bank are of reactive to meet the interests of social and community concerns and the bank lacks proactive involvement.

A study conducted by Kassie (2015) on selected commercial banks in Ethiopia such as Wegagen Bank S.C, Bunna International Bank S.C, Awash International Bank, United Bank, Abay Bank S.C, Zemen Bank S.C and NIB International Bank S.C indicated that commercial banks of Ethiopian has looser attitude to support greener industries, lower lending options to low income individuals and small business, less engage in community development and less understanding on poor financial management in banking organizations which results to adverse effect to the environment and society, and less understanding on the idea that it is not fair holding more than three building collaterals which are offered by different mortgagors when a bank granting loan to single borrower. The study has concluded that Corporate Social Responsibility requires more for the commercial banks to pay special attention towards integration of social and environmental concerns in their business operations to achieve sustainability.

Atraga (2014) in his study on NIB International Bank S.C revealed that the least existence of socially responsible actions rather than fulfilling the minimum requirements by the law, the non-existence of credit access by the bank to poor and disadvantaged social groups, the bank's good commitment in full and timely payment of tax obligations and the bank's goodwill in fulfilling some of the components of economic responsibility are the major practices of CRS in the bank. He concluded that there is minimum involvement of the bank in community activities and the need for the existence of access to financial products and services by the bank in helping the poor and disadvantaged group of the society.

3 CHAPTER THREE: RESEARCH METHODOLOGY

3.1 General Description about the study area

The Ethiopian banking sector is believed to be growing in recent times as the number of banks escalates and branch outreach also diversified. As stated in NBE, as of the end of June 2024, there are 30 commercial banks in Ethiopia. These are; Abay Bank S.C, Addis International Bank S.C, Bank of Abyssinia S.C., Ahadu Bank S.C, Amhara Bank S.C, Awash International Bank S.C., Berhan International Bank S.C., Buna International Bank S.C., Commercial Bank of Ethiopia, Cooperative Bank of Oromia S.C., Dashen Bank S.C., DEBUB GLOBAL BANK S.C, ENAT BANK S.C, Gadaa Bank S.C, Hijira Bank S.C, Lion International Bank S.C., Nib International Bank S.C., Oromia International Bank S.C., Omo Bank S.c, Rammis Bank S.C, Shabelle Bank S.C, Sidama Bank S.C, Siinqee Bank S.c, Siket Bank S.C, Tsehay Bank S.c, Tsedey Bank S.C, United Bank S.C., Wegagen Bank S.C., ZamZam Bank S.c and Zemen Bank S.C. those banks will be the study area for the researcher.

3.2 Research Approach

The purpose of this study was to assess the practice & intensity of CSR in selected commercial banks in Ethiopia. On the bases of this, the researcher has used quantitative approach that enable us to answer the research questions and meet the objectives of the study. A quantitative approach is one in which the investigator primarily use post positivist claim for developing knowledge (i.e. cause and effect thinking), reduction of specific variables and question (Cresswell 2003). Quantitative approach enables the researcher to gain better knowledge and understanding of the results. Quantitative research relies on deductive reasoning or deduction (Sekaran and Bougie, 2010).

For the purpose of this study, in order to answer the research questions and meet the general & specific objectives, descriptive design has been used to explore to what extent the commercial banks in Ethiopia practice CSR. The descriptive design describes the basic features of the data in the research, it presents quantitative descriptions of large amount of data in a manageable form that helps to simplify it in a sensible way; it compares, explains, and evaluates data in order to generalize meaningful results to enrich knowledge in the field of the research (Trochim & Donnelly, 2006). On the other hand, regarding data collection techniques, qualitative techniques and procedures has been used. Questionnaires was prepared and used as tools for collecting the data.

Justification for Quantitative Approach

Although exploratory research is often associated with qualitative methods, a quantitative approach is also appropriate when the goal is to explore phenomena in a structured and measurable way (Creswell, 2014). In the context of this study, where the aim is to assess the practice and perception of Corporate Social Responsibility (CSR) among commercial banks in Ethiopia, a quantitative design enables the researcher to gather standardized, empirical data from a broader population. This is essential in contexts like Ethiopia, where CSR practices are underdeveloped and limited prior research exists (Kesto, 2017).

Quantitative methods are particularly effective for identifying patterns, testing initial hypotheses, and generalizing findings (Saunders et al., 2019). The use of structured questionnaires helps explore the extent of CSR awareness, stakeholder participation, and implementation intensity. In line with Sekaran & Bougie (2016), quantitative research is suitable for descriptive and exploratory purposes when statistical analysis is used to make sense of attitudes, practices, and observed behaviors. Therefore, this approach provides a strong empirical foundation for understanding CSR

practices in the Ethiopian banking sector and paves the way for future, more in-depth investigations.

3.3 Research Design

Research design, according to De Vaus (2001), is the overall strategy that you choose to integrate the different components of the study in a coherent and logical manner to enable the researcher gather appropriate data to unambiguously achieve the study objectives.

There are different types of research designs or research types depending on the purpose and or objectives of the research. Based on the purpose of the research, according to De Vaus (2001), research design can be categorized as exploratory, descriptive and cross-sectional design; as Robson (2002) also pointed out.

Based on the nature of the research questions stated in this study, a mixture of exploratory and cross-sectional approach will deem most appropriate for this study. Cuthil (2002) and Taylor et al (2002) explains that exploratory research design focuses on gaining insights and familiarity on phenomenon which have very few or no earlier studies to refer to. It is used largely when the problems being investigated are in a preliminary stage of investigation. In this study, the exploratory research design will be used to gather data to give more understanding of, ideas about and insights into CSR as practiced among commercial banks in Ethiopia. The study employs exploratory methods, including literature review and structured interviews.

The study conducted a cross-sectional survey of various identified stakeholders mainly marketing department of selected commercial banks found in head offices. This design has been used to identify the extent of prevalence and dominance of various patterns of CSR and how they vary across the industry and over time. It was also to enable the researcher conduct some form of triangulation for the data collected from the interviews.

3.4 Population and Sample Design

3.4.1 Population of the Study

According to Tilahun (2011) quoting the works of Babbie (1989) that the aggregation of elements from which the sample is actually selected is called population. Ethiopia's financial sector is characterized by a diverse range of commercial banks, each contributing to the economic development of the nation. Among the 30 commercial banks currently operating in the country, this study focuses on a selected group of 15 banks that have more than 15 years of experience in the banking sector. The criteria and rationale for selecting these banks are outlined below.

Population Size

The population size of this study consists of 30 commercial banks in Ethiopia, which form the entirety of the commercial banking sector. These banks vary in terms of establishment dates, experience, and scope of operations. As a key driver of economic growth, the banking sector's evolution has led to the proliferation of institutions catering to diverse financial needs. However, for this study, the focus has been narrowed to include only those banks that have a proven track record of operation spanning at least 15 years. This criterion ensures that the selected banks have accumulated sufficient experience to provide valuable insights into the study's objectives.

Selection Criteria

The selection process was guided by a specific criterion: operational experience of more than 15 years. This benchmark was chosen for several reasons:

Stability and Maturity: Banks with more than 15 years of experience have demonstrated resilience and stability in navigating Ethiopia's economic and financial landscape. Their longevity reflects their ability to adapt to regulatory changes, market dynamics, and customer needs.

Established Track Records: These banks possess comprehensive financial data and operational histories that are critical for informed analysis. Their performance over time provides a robust basis for evaluating trends, challenges, and opportunities within the sector.

Relevance to the Study’s Objectives: The study aims to assess the role and practices of Corporate Social Responsibility in commercial banks in Ethiopian. Including banks with at least 15 years of experience ensures that the findings are both relevant and meaningful.

Sampling Method

The sampling method used for this study will be purposive sampling, also known as judgmental sampling. This method is chosen because it allows for the deliberate selection of banks based on their relevance to the study’s objectives.

Criterion-Based Selection: The inclusion of banks with more than 15 years of experience reflects a targeted approach to selecting institutions with sufficient operational maturity.

Non-Probability Sampling: Not all banks in the population had an equal chance of being selected; only those meeting the experience criterion were included.

Efficiency and Focus: This method ensures the sample is aligned with the research objectives, enabling the study to gather insights from the most relevant and experienced banks.

Selected Banks

No	Name of the Bank	Year of Establishment	Experience
1	Commercial Bank of Ethiopia (CBE)	1963	61
2	Awash Bank	1994	30

3	Dashen Bank	1995	29
4	Bank of Abyssinia	1996	28
5	Wegagen Bank	1997	27
6	United Bank	1998	26
7	Nib International Bank	1999	25
8	Cooperative Bank of Oromia	2005	19
9	Lion International Bank	2006	18
10	Enat Bank	2008	16
11	Oromia International Bank	2008	16
12	Zemen Bank	2008	16
13	Berhan International Bank	2009	15
14	Bunna International Bank	2009	15
15	Abay Bank	2010	14

Source; Website of the banks.

3.4.2 Target Population

As it was indicated in the previous part, currently there are 30 commercial banks in Ethiopia i.e. also termed as population/sample frame. Census surveys has been carried out due to the small number of the population and the intention of reaching concrete findings. As it is stated in Kothari (2008), a census is feasible when the population is small and necessary when the elements are quite different from each other. Besides this, rather than considering all departments within selected commercial banks, the researcher preferred to choose the most responsible department for CSR activity. As it was indicated in Kassie (2015) & Atraga (2014), marketing department is the most responsible department for CSR in commercial banks in Ethiopia. Hence, marketing

department found in the head offices of commercial banks will be the center of (target population) primary sources of collecting data.

S.N	List of Target Banks	Total Strata Size
1	Commercial Bank of Ethiopia	40
2	Awash Bank	35
3	Dashen Bank	28
4	Bank of Abyssinia	29
5	Wegagen Bank	20
6	United Bank	24
7	Nib International Bank	22
8	Cooperative Bank of Oromia	26
9	Lion International Bank	19
10	Enat Bank	15
11	Oromia International Bank	18
12	Zemen Bank	20
13	Berhan International Bank	18
14	Bunna International Bank	22
15	Abay Bank	20
	Total Sample Size	356

3.4.3 Sample Design

sample design is a defined plan for obtaining a sample from a given population (Kothari, 2004). So in this section the sampling frame, sampling size & the sampling techniques were described as follow.

3.4.3.1 Sample Size

Use of a sample enables a researcher to save time and money hence get more detained information for its respondents. In this study number of respondents to the questionnaire has been selected from the staff of marketing department in the selected commercial bank found in the head offices. In order to determine the sample size from the population, the researcher used Slovin's formula, cited in Kebite (2018). He provided a simplified formula to calculate the sample size. This formula is based on a 95% desired confidence level and a 5% desired level of precision. The formula is described as follow;

$$n=N/[1+N(e^2)]$$

Where: n = Sample size

N = Population size

E = Level of precision or acceptable sampling error (0.05)

n= Sample size

Sample size (n) =356/ [1+356(0.05)]

n=188

3.4.3.2 Sampling Techniques

Due to time and resource constraints it has been difficult to study all the population of the study and taking a sample is necessary. Sekeran, (2001) defines a sample as a portion of the population that has attributes as the entire population. A random probability sampling method has been used to select the participants from the population. In probability sampling, all people within the research population have a specifiable chance of being selected. These types of sample are used if the researcher wishes to explain, predict or generalize to the whole research population (Dawson, 2002).

Stratified sampling method has utilized for selecting the focused employee groups found in head offices of the commercial banks. Stratified sampling is a type of sampling method in which the total population is divided into smaller groups or strata to complete the sampling process (Kothari, 2004). The strata have been formed based on their common characteristics in the population data. After dividing the population into strata, the researcher will randomly select the sample proportionally across all commercial banks. While conducting a proportionate stratified sampling technique, the number of sampling unit drawn from each stratum will be in proportion to the population size of that stratum.

A formula provided by Kothari (2004) to calculate the number of elements selected from each stratum was applied: -

$$i = n \cdot p_i / N$$

Where i = number of items selected from stratum i

P_i = proportion of population included in stratum i

n = total sample size

N = total population size

Table 3.3: Proportionate Stratified Sample

S.N	List of Target Banks	Total Strata Size	Proportionate Sample Size
1	Commercial Bank of Ethiopia	40	21
2	Awash Bank	35	18
3	Dashen Bank	28	15
4	Bank of Abyssinia	29	15
5	Wegagen Bank	20	11
6	United Bank	24	13
7	Nib International Bank	22	12
8	Cooperative Bank of Oromia	26	14
9	Lion International Bank	19	9
10	Enat Bank	15	8
11	Oromia International Bank	18	9
12	Zemen Bank	20	11
13	Berhan International Bank	18	9
14	Bunna International Bank	22	12
15	Abay Bank	20	11
	Total Sample Size	356	188

Source: Data from each Commercial banks in Ethiopia (as of May,2025)

3.5 Sources of Data and Data Collection Techniques

3.5.1 Data Type and Source

The main purpose of this research was to assess the practice of CSR in selected commercial banks in Ethiopia. In order to achieve the general & specific objectives, both primary and secondary data sources was utilized. A range of secondary data source was reviewed, including banks' reports, manuals and booklets. In addition, the researcher has reviewed some of the banks' strategic plans

and practices. Furthermore, many textbooks, journals, academic thesis, internet websites and other literature in the field of CSR practices has been reviewed and used in this research. Additional information about each bank was retrieved from the banks' websites and manuals. Whereas primary data sources were those data which has been collected from selected commercial banks for this study for the first time. The main advantages of these sources are more reliable than the secondary one, but with their limitations too (Cooper and Schindler, 2008).

Primary sources of data were collected from all selected commercial banks especially from marketing department found in the head offices of each selected commercial bank since these departments are the most responsible bodies for CSR in Ethiopian banks as it was indicated in Kassie (2015) & Atraga (2014); hence this department is assumed to have enough information about the subject matter.

3.6 Data Collection Methods

According to Cooper and Schindler (2008), data collection is the systematic and calculated gathering of information based on research variables. For collecting data from primary data sources i.e. from selected commercial banks in Ethiopia, the researcher was utilized survey data collection method. Cooper and Schindler (2006) defined a survey as an instrument process used to collect information during a highly structured interview through use of structured questionnaires. The data were collected particularly from employees of marketing department found in head offices of each selected commercial banks. Relevant data were also collected, reviewed and utilized from secondary sources of data such as banks' reports & strategic plans, manuals, booklets in the field of CSR practices.

3.7 Methods of Data Analysis

In this study as it was indicated in the previous parts, quantitative data will be collected from the target population. The quantitative data will analyze by using SPSS v.25). Descriptive statistics were used to summarize respondents' demographic characteristics, CSR awareness, and the presence of CSR policies. Likert-scale responses were grouped into five thematic areas, and composite mean scores were computed to explore the intensity of CSR practice. Cross-tabulations and visualizations were applied to examine patterns by bank and position. The SPSS is preferred due to its robustness with respect to the precision, accuracy and clarity of outputs of commands and syntaxes.

3.8 Validity of the Questionnaire

Validity refers to the degree to which an instrument measures what it is supposed to be measuring (Pilot et al., 2002). Validity is a general term denoting “correctness of measure” (Almaquist et al., 2016). To be valid instrument the survey questions must measure the identified dimension or construct of interest (Almaquist et al., 2016). Validity has a number of different aspects and assessment approaches. Statistical validity is used to evaluate instrument validity, which includes internal validity and structure validity (Shehadah, 2017). There are several ways of establishing validity such as content validity; convergent validity concurrent; predictive validity; construct validity; and convergent validity. The validity of this research paper, as it was stated in the literature review part, all the variables are adopted from previous research works such as Samour (2016), Kesto (2017) & Mensah (2015). Therefore, this study addressed content validity through the review of literature and adapting instruments used in previous studies.

3.9 Reliability

Reliability is the extent to which a study's operations can be repeated with the same results and it involves the accuracy of the chosen research (Wiedersheim-Paul and Eriksson as cited on Endale, 2016). Cronbach's coefficient alpha was used to measure the reliability of the questionnaire between each questions and the mean of the major variables (mentioned as "sub-sections" in the questionnaire) and whether all items within the instrument measure the same thing. The normal range of Cronbach's coefficient alpha value between 0.0 to +1.0, and the higher values reflects a higher degree of internal consistency (Almaquist et al., 2016). Therefore, the reliability of the questionnaire was analyzed by using Cronbach's alpha statistics. As it is indicated in the table 3.7 below, all Cronbach's alpha indexes are above 0.7 suggesting that the variables are consistent

Table 3.7: Reliability Analysis

No.	Variables	Cronbach's Alpha	No. of Items
1	Awareness & Practices of CSR	.810	4
2	Extent/intensity of CSR activities in the banks	.929	33
A	<i>Labor practice in your bank</i>	.827	7
B	<i>Customer relation</i>	.803	7
C	<i>Community development</i>	.784	6
D	<i>Environment protection</i>	.877	7
E	<i>Contribution to government development plan</i>	.788	6
	Total	.936	42

Source: Authors' Computation (2025)

The above table 3.7 shows the values of Cronbach's Alpha for each field of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's Alpha were in the range from 0.767 to 0.929. This range is considered as high and the result ensures the reliability of each field of the questionnaire. The Cronbach's Alpha value of the entire questions were equals 0.936 (93.6%) and this indicates very good reliability of the entire questionnaire. This means that there is very high internal consistency and reliability in the questionnaire. Therefore, the level of alpha was considered to be reliable enough to proceed with the data analysis. Thereby, it can be said that the researcher proved that the questionnaire was valid, reliable, and ready for distribution to the

population sample. Generally, this constituted a basis for making valid conclusions through the reliable data in this research

3.10 *Variable Description*

After having intensive theoretical and empirical literature review, as it was shown in the previous chapter the researcher has developed a conceptual framework for assessing the practice and intensity of CSR in commercial banks in Ethiopia. For addressing the research questions and objectives of the study, the major variables that was used as a tool were the awareness and practice of CSR, labor practice in their bank, customer relation, community development, environment protection & contribution to governmental development plans in CSR planning and implementation process.

3.11 *Ethical Consideration*

The researcher addressed ethical considerations of confidentiality and privacy throughout the research process. A written guarantee was given to the respondents that their names will not be revealed in the questionnaire and the research report. Moreover, the participants were given a verbal and written description of the study, and informed consent before the survey. Participation in the study was held through only voluntarily and also, they were assured that the responses would be kept confidentially and only be used for the purpose of this study.

4 CHAPTER FOUR: DATA ANALYSIS, DISCUSSION AND RESULTS

This chapter presents in-depth analysis of structured interviews of employees of marketing department found in head offices of each commercial banks. The close-ended questionnaires allowed respondents to rank and indicate their preferences. The analysis is, therefore, done using descriptive and inferential statistics. While the statistical analysis helped in describing the important characteristics and patterns of the aspects of the interview that are quantitative in nature. The chapter consists of three major sections. These includes an analysis of the socio-demographic characteristics of the selected respondents that participated in the study, awareness of commercial banks about CSR and the extent/intensity of CSR activities in commercial banks i.e. labor practices, customer relation, community development, environmental protection and contribution to government development plans in CSR planning & implementation.

4.1 Analysis of the Questionnaire

Socio-demographic Characteristics of Respondents The socio-demographic data was taken to know certain characteristics personal to the respondents which seem relevant to the study. The areas covered include gender, age, academic level, years of experience in their respective banks and their current job position within their working banks. As it was indicated in the previous parts, as stated in NBE June, 2024, there are 30 commercial banks in Ethiopia. As it was indicated in research methodology part of this study, the employees of marketing department working in these commercial banks were the target group. As it was indicated in Kassie (2015) & Atraga (2014), marketing department is the most responsible department for CSR in all commercial banks in Ethiopia. Hence, marketing department found in the head offices of commercial banks were the center of (target population) primary sources of collecting data. The planned sample size were 188 but the researcher was able to collect the filled questionnaire from 181 employees. Hence, the response rate was 96%. The characteristics of banks is presented as below

Table 4.1 Number of Respondents across Commercial banks

	Bank			
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Abay Bank	10	5.5	5.5	5.5
Awash Bank	17	9.4	9.4	14.9
Bank of Abyssinia	14	7.7	7.7	22.7
Berhan International Bank	9	5.0	5.0	27.6
Bunna International Bank	10	5.5	5.5	33.1
Commercial Bank of Ethiopia	19	10.5	10.5	43.6
Cooperative Bank of Oromia	13	7.2	7.2	50.8
Dashen Bank	14	7.7	7.7	58.6
Enat Bank	8	4.4	4.4	63.0
Lion International Bank	10	5.5	5.5	68.5
Nib International Bank	12	6.6	6.6	75.1
Oromia International Bank	10	5.5	5.5	80.7
United Bank	13	7.2	7.2	87.8
Wegagen Bank	11	6.1	6.1	93.9
Zemen Bank	11	6.1	6.1	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

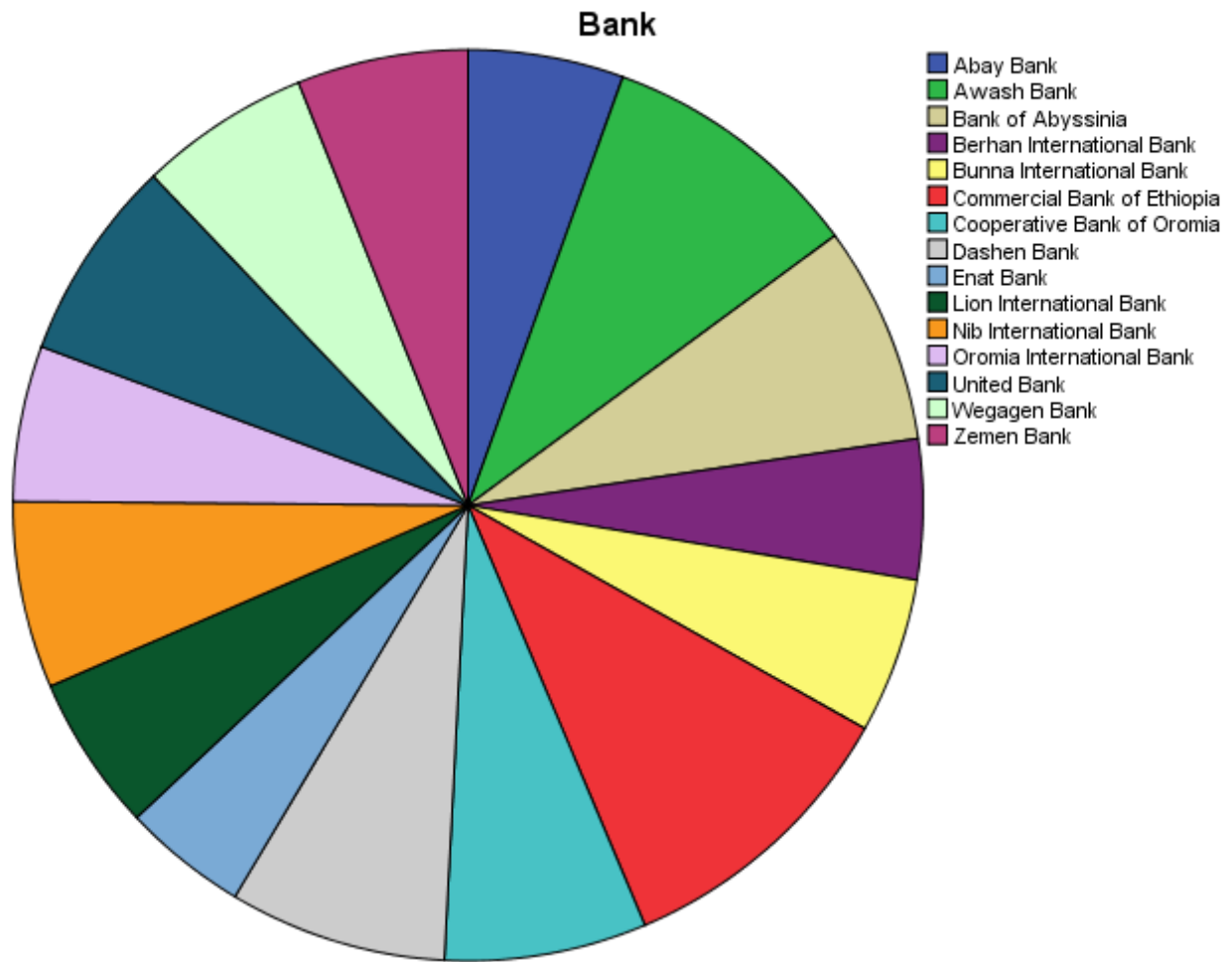


Table 4.1 presents the frequency distribution of respondents by bank. The highest representation came from Commercial Bank of Ethiopia (10.5%), followed by Awash Bank (9.4%) and Dashen Bank (7.7%). All 15 banks included in the stratified sample design contributed to the 181 valid responses collected, ensuring proportional representation of the Ethiopian banking sector.

4.2 Demographic Information of Respondents

Table 4.2.1 Number of Respondents across Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Female	89	49.2	49.2	49.2
Valid Male	92	50.8	50.8	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

As shown in Table 4.2.1, the sample was nearly evenly split by gender, with 49.2% of respondents identifying as male and 50.8% as female. This balance enhances the credibility of the results by reducing gender bias in the perception and awareness of CSR practices.

Table 4.2.2 Age Group

	Frequency	Percent	Valid Percent	Cumulative Percent
26-30	37	20.4	20.4	20.4
31-35	61	33.7	33.7	54.1
36-40	52	28.7	28.7	82.9
Valid 41-45	13	7.2	7.2	90.1
Above 46	8	4.4	4.4	94.5
Below 25	10	5.5	5.5	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

As shown in Table 4.2.2, the majority of respondents were between the ages of 31–35 (33.7%) and 36–40 (28.7%). This suggests that the surveyed employees largely fall within mid-career age groups. The representation of younger employees (Below 25) and older employees (Above 46) was comparatively lower.

Table 4.2.3 Education Level

	Frequency	Percent	Valid Percent	Cumulative Percent
< Grade 12/10	6	3.3	3.3	3.3
Above Master	12	6.6	6.6	9.9
Valid BA/BSC Degree	79	43.6	43.6	53.6
Diploma	22	12.2	12.2	65.7
MA/MSc Degree	62	34.3	34.3	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

Table 4.2.3 shows the educational background of respondents. The largest group held a BA/BSc degree (43.6%), followed by those with an MA/MSc (34.3%). Only 6.6% had education above the master’s level, and a small portion (3.3%) had not completed grade 12. This indicates that the majority of participants have attained at least undergraduate-level education, aligning with expectations for marketing department roles in the banking sector

Table 4.2.4 Experience Years

	Frequency	Percent	Valid Percent	Cumulative Percent
<= 5 years	50	27.6	27.6	27.6
>= 16 years	17	9.4	9.4	37.0
Valid 11 – 15 years	38	21.0	21.0	58.0
6 – 10 years	76	42.0	42.0	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

As shown in Table 4.2.4, the majority of respondents (42%) had between 6 and 10 years of experience in the banking sector. This was followed by those with 5 years or less (27.6%) and those with 11 to 15 years (21%). Only 9.4% of respondents had 16 years or more, indicating that the sample leaned toward mid-career professionals

Table 4.2.5 Position

	Frequency	Percent	Valid Percent	Cumulative Percent
Branding Manager	7	3.9	3.9	3.9
Director	5	2.8	2.8	6.6
Junior Officer	31	17.1	17.1	23.8
Manager	22	12.2	12.2	35.9
Valid Officer	42	23.2	23.2	59.1
Other	29	16.0	16.0	75.1
Secretary	2	1.1	1.1	76.2
Senior Officer	43	23.8	23.8	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

As illustrated in Table 4.2.5, the largest groups of respondents were Senior Officers (23.8%) and Officers (23.2%), followed by Junior Officers (17.1%). This indicates that the survey captured a significant number of mid- to senior-level employees. Managers accounted for 12.2% of the sample, while Directors and Branding Managers made up smaller proportions. The inclusion of various job levels enhances the representativeness of the findings.

4.3 The Awareness level of Commercial Banks about CSR

In exploring the awareness of CSR among the commercial banks, the study sought to seek response on the bank’s perception about the term CSR by seeking their familiarity with the concept of CSR, if they are familiar with CSR how they come to know about CSR, the availability of CSR policy in their banks. In addition, the study sought to examine whether their banks disclose its CSR policy or not and the respondents were requested to rank 1 – 3 the major activities of CSR which their banks mostly involved in. these responses helped to benchmark the commercial banks awareness of CSR, in view of the fact that most studies such as Carroll (1979), Perrini (2006) and Panapanan et al (2003) as cited in Menash (2015) have argued that the lack of awareness about CSR was one major factor contributing to the growing ambiguity of CSR.

4.3.1 Familiarity and Availability of CSR in Commercial Banks

Commercial banks’ Familiarity with CSR & Existence of CSR Policy

Table 4.3.1.1 Binomial Test

		Category	N	Observed Prop.	Test Prop.	Exact Sig. (2-tailed)
CSR Awareness	Group 1	Yes	159	.88	.50	.000
	Group 2	No	22	.12		
	Total		181	1.00		
Has CSR Policy	Group 1	Yes	144	.80	.50	.000
	Group 2	No	37	.20		
	Total		181	1.00		
Discloses CSR Policy	Group 1	Yes	127	.70	.50	.000

Group 2	No	54	.30	
Total		181	1.00	

Source: Survey, 2025

The results from the binomial test in Table 4.3.1 show that a significant majority (88%) of the respondents confirmed that their banks are aware of the concept of Corporate Social Responsibility (CSR), while only 12% reported otherwise. The difference between the two proportions is statistically significant at the 5% level ($p = .000$), indicating that CSR awareness is well established across the sampled banks. This suggests that commercial banks in Ethiopia are not only aware of CSR but also recognize its importance in modern banking operations.

Further, the binomial test showed that 80% of respondents reported that their banks have a formal CSR policy, while only 20% indicated the absence of such a policy. This difference is also statistically significant ($p = .000$), confirming that most banks have institutionalized CSR within their governance structures. Such formalization is vital in guiding consistent CSR implementation and aligning activities with strategic objectives.

When asked whether banks disclose their CSR policy, 70% of respondents responded affirmatively, while 30% stated that their banks do not disclose the policy. The result is statistically significant ($p = .000$), implying that a majority of banks practice CSR disclosure. This reflects a positive trend toward transparency and accountability in the banking sector, even though full disclosure is not yet universal.

Bank * CSR Awareness Cross tabulation

Table 4.3.1.2 Bank * CSR Awareness Crosstabulation

			CSR Awareness		Total
			Yes	No	
Bank	Abay Bank	Count	9 _a	1 _a	10
		% within Bank	90.0%	10.0%	100.0%
	Awash Bank	Count	13 _a	4 _a	17
		% within Bank	76.5%	23.5%	100.0%
Bank of Abyssinia	Count	11 _a	3 _a	14	
	% within Bank	78.6%	21.4%	100.0%	

Berhan International Bank	Count	8 _a	1 _a	9
	% within Bank	88.9%	11.1%	100.0%
Bunna International Bank	Count	9 _a	1 _a	10
	% within Bank	90.0%	10.0%	100.0%
Commercial Bank of Ethiopia	Count	18 _a	1 _a	19
	% within Bank	94.7%	5.3%	100.0%
Cooperative Bank of Oromia	Count	12 _a	1 _a	13
	% within Bank	92.3%	7.7%	100.0%
Dashen Bank	Count	14 _a	0 _a	14
	% within Bank	100.0%	0.0%	100.0%
Enat Bank	Count	7 _a	1 _a	8
	% within Bank	87.5%	12.5%	100.0%
Lion International Bank	Count	9 _a	1 _a	10
	% within Bank	90.0%	10.0%	100.0%
Nib International Bank	Count	11 _a	1 _a	12
	% within Bank	91.7%	8.3%	100.0%
Oromia International Bank	Count	6 _a	4 _b	10
	% within Bank	60.0%	40.0%	100.0%
United Bank	Count	10 _a	3 _a	13
	% within Bank	76.9%	23.1%	100.0%
Wegagen Bank	Count	11 _a	0 _a	11
	% within Bank	100.0%	0.0%	100.0%
Zemen Bank	Count	11 _a	0 _a	11
	% within Bank	100.0%	0.0%	100.0%
Total	Count	159	22	181
	% within Bank	87.8%	12.2%	100.0%

Table 4.3.1.2 shows a cross-tabulation between the respondent's bank and their awareness of CSR. Overall, **87.8%** of respondents across all banks indicated awareness of CSR, while **12.2%** stated they were not aware. However, awareness levels varied slightly between banks.

Banks such as **Dashen Bank, Wegagen Bank, and Zemen Bank** recorded **100% CSR awareness** among respondents. These banks reflect the highest internalization of CSR knowledge, suggesting robust internal communication or institutional CSR culture. Similarly, **Commercial Bank of Ethiopia (94.7%)**,

Cooperative Bank of Oromia (92.3%), and **Nib International Bank (91.7%)** also exhibited very high awareness levels.

In contrast, banks like **Oromia International Bank** showed a lower CSR awareness rate, with only **60% of respondents indicating awareness**. This significant gap may point to differences in internal CSR education, managerial emphasis on CSR, or communication flow within the bank. **Awash Bank** and **United Bank** also demonstrated relatively lower CSR awareness rates at **76.5%** and **76.9%**, respectively.

These differences suggest that while CSR is widely recognized across Ethiopian commercial banks, **the consistency of CSR knowledge among employees is not uniform**. Banks with lower awareness rates may benefit from **targeted training programs, internal policy dissemination, and improved employee engagement** in CSR initiatives to match sector-wide standards.

4.3.2 where did the Employees learn about CSR?

Table 4.3.2 CSR Source

	Frequency	Percent	Valid Percent	Cumulative Percent
Commercial code	43	23.8	23.8	23.8
Company code	28	15.5	15.5	39.2
Formal education	40	22.1	22.1	61.3
Own reading	37	20.4	20.4	81.8
Training by bank	33	18.2	18.2	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

Table 4.3.2 presents the distribution of sources through which respondents became aware of Corporate Social Responsibility (CSR). The **Commercial Code (23.8%)** and **formal education (22.1%)** were the most cited sources, followed by **own reading (20.4%)**, **training provided by the bank (18.2%)**, and the bank’s internal **Company Code (15.5%)**.

These findings highlight that **external channels**—legal frameworks and academic education—play a dominant role in shaping CSR awareness among banking professionals. Surprisingly, **only 18.2%** of respondents attributed their CSR knowledge to **training provided by their own banks**, indicating that

internal institutional efforts are comparatively limited. This suggests a **potential weakness** in internal capacity-building for CSR, where banks could enhance employee engagement and understanding by offering **more structured training programs**.

Moreover, the relatively strong influence of **self-initiated learning (own reading)** reflects a personal interest in CSR among employees, which banks could leverage through targeted education and CSR communication strategies. Collectively, the data suggests that while CSR awareness is high, the **responsibility for building that awareness is still largely external**, and there is room for banks to strengthen internal learning pathways.

4.3.3 CSR focus areas among Commercial Banks: Employees' Perspective

Table 4.3.2.1 CSR_Rank_1

	Frequency	Percent	Valid Percent	Cumulative Percent
Agricultural support	23	12.7	12.7	12.7
Disaster management	14	7.7	7.7	20.4
Education	31	17.1	17.1	37.6
Environment protection	21	11.6	11.6	49.2
Health	15	8.3	8.3	57.5
Human rights	23	12.7	12.7	70.2
Livelihood promotion	19	10.5	10.5	80.7
Publicity sponsorship	16	8.8	8.8	89.5
Rehabilitation	19	10.5	10.5	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

Table 4.3.2.2 CSR_Rank_2

	Frequency	Percent	Valid Percent	Cumulative Percent
Agricultural support	14	7.7	7.7	7.7
Disaster management	29	16.0	16.0	23.8
Education	22	12.2	12.2	35.9
Environment protection	23	12.7	12.7	48.6
Health	7	3.9	3.9	52.5
Human rights	19	10.5	10.5	63.0

Livelihood promotion	16	8.8	8.8	71.8
Publicity sponsorship	27	14.9	14.9	86.7
Rehabilitation	24	13.3	13.3	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

Table 4.3.2.3 CSR Rank 3

	Frequency	Percent	Valid Percent	Cumulative Percent
Agricultural support	23	12.7	12.7	12.7
Disaster management	14	7.7	7.7	20.4
Education	22	12.2	12.2	32.6
Environment protection	17	9.4	9.4	42.0
Health	21	11.6	11.6	53.6
Human rights	23	12.7	12.7	66.3
Livelihood promotion	27	14.9	14.9	81.2
Publicity sponsorship	19	10.5	10.5	91.7
Rehabilitation	15	8.3	8.3	100.0
Total	181	100.0	100.0	

Source: Survey, 2025

The study also asked respondents to rank various CSR activities in terms of their importance, identifying their first, second, and third priorities. This provided deeper insight into which areas are perceived as most urgent or impactful by employees across the sector.

Table 4.3.2.1 shows the CSR activities identified by respondents as their top priority. The most frequently selected activity was education, chosen by 17.1% of respondents. This was followed by agricultural support and human rights, each at 12.7%, and environmental protection at 11.6%. Livelihood promotion and rehabilitation were each selected by 10.5% of respondents, reflecting a meaningful focus on economic and social development.

The emphasis on education as the highest-ranking priority may reflect a shared understanding of education as a long-term investment in community and national development, consistent with

global CSR trends. The strong presence of agricultural support and human rights also aligns with Ethiopia's socioeconomic context, where access to food security, land rights, and basic freedoms are vital community concerns.

Notably, publicity sponsorship and health services received lower top rankings, at 8.8% and 8.3% respectively, suggesting that while banks recognize these as important, they are less frequently viewed as their primary CSR responsibility. This ranking reinforces the idea that banks are increasingly prioritizing structural and sustainable interventions over promotional or short-term efforts.

When taken together with the second and third priority rankings, the data reveal a consistent theme: CSR efforts by Ethiopian banks are most heavily concentrated around education, disaster recovery, livelihood support, and human rights. This illustrates a balanced and socially aware approach to CSR, focused not only on compliance or image but on meaningful community impact.

In the second priority ranking, the most frequently chosen activity was disaster management (16%), followed by publicity sponsorship (14.9%), rehabilitation (13.3%), and environmental protection (12.7%). Education and human rights were also prominent, at 12.2% and 10.5% respectively. The prioritization of disaster management may reflect growing recognition of banks' roles in national recovery and resilience. The prominence of publicity sponsorship as a second-tier priority suggests a strategic blend of impact and visibility.

The third priority ranking revealed that livelihood promotion (14.9%) led the list, followed by agricultural support (12.7%), human rights (12.7%), and education (12.2%). Health (11.6%), environment protection (9.4%), and disaster management (7.7%) followed. This indicates that banks see their CSR role extending to a broad spectrum of social issues, but with slightly more variation in third-tier priorities.

Overall, these rankings suggest that CSR in Ethiopian commercial banks is multi-dimensional, with strong attention to education, social justice, environmental sustainability, and economic empowerment. The findings confirm that CSR in the sector is not narrowly focused on branding, but rather reflects a deeper alignment with national development goals and community needs.

4.4 Extent of CSR activities in Commercial Banks

This section attempts to discuss the extent/intensity of CSR practice among commercial banks depending on the perception of employees. As it was indicated in the conceptual framework, five variables were identified for measuring the intensity of CSR practice. The result of the analysis is presented as follow;

On a Likert scale of 1 to 5, respondents were asked to indicate the extent to which their banks engaged in various environment-related CSR activities. Table 4.4 shows a descriptive statistics that reveal (from banks’ perspective) the extent to which commercial banks engage in the various CSR activities for physical environment.

4.4.1 Likert-scale CSR intensity results

Table 4.4 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
LaborPractice	181	2.43	4.71	3.5975	.39137
CustomerCare	181	2.43	4.71	3.6654	.43419
CommunityDev	181	2.50	4.50	3.6188	.42475
Environment	181	2.57	4.57	3.6496	.38434
GovSupport	181	2.50	4.67	3.6409	.41827
Valid N (listwise)	181				

Source: Survey, 2025

Table 4.4.1 presents the descriptive statistics for each of the five CSR dimensions measured using Likert-scale items. All dimensions’ exhibit **average (mean) scores above 3.5 on a 5-point scale**, indicating that, on average, respondents **agree** with the statements related to CSR practices in their respective banks.

The **highest mean score** was recorded for **Customer Care (M = 3.67, SD = 0.43)**, suggesting that banks are particularly strong in providing quality services, being responsive to client needs, and ensuring accessibility. This reflects an emphasis on **client-focused CSR initiatives**, which are often highly visible and tied to brand reputation.

Environment Protection (M = 3.65) and **Government Support (M = 3.64)** also scored relatively high, indicating that banks are involved in eco-friendly initiatives and contribute to national development through tax compliance and public sector support.

Labor Practice (M = 3.60) and **Community Development (M = 3.62)** followed closely, reflecting moderate to strong engagement in employee welfare and local development initiatives. These scores suggest that CSR efforts are **fairly balanced** across dimensions, with slightly greater emphasis on customer and environmental concerns.

The **standard deviations** across all dimensions are relatively low (all below 0.45), indicating **low variability** in responses and thus a **consistent perception** of CSR practices among respondents across different banks.

Overall, the findings show that commercial banks in Ethiopia are **actively implementing CSR activities across all key areas**, with particular strengths in customer care and environmental stewardship.

4.5 RESULTS AND DISCUSSION

This chapter presents the results of the data analysis conducted to assess the practice of Corporate Social Responsibility (CSR) in selected commercial banks in Ethiopia. The findings are presented in line with the research objectives and organized around the key dimensions: CSR awareness, policy presence and disclosure, sources of CSR knowledge, and the extent of CSR implementation.

Descriptive statistics and inferential tests such as the binomial test were used to interpret the data collected from 181 respondents.

4.5.1 CSR Awareness and Policy Availability

The results from the binomial test in Table 4.3.1 show that a significant majority (88%) of the respondents confirmed that their banks are aware of the concept of Corporate Social Responsibility (CSR), while only 12% reported otherwise. The difference between the two proportions is statistically significant at the 5% level ($p = .000$), indicating that CSR awareness is well established across the sampled banks. This suggests that commercial banks in Ethiopia are not only aware of CSR but also recognize its importance in modern banking operations.

Further, the binomial test showed that 80% of respondents reported that their banks have a formal CSR policy, while only 20% indicated the absence of such a policy. This difference is also statistically significant ($p = .000$), confirming that most banks have institutionalized CSR within their governance structures. Such formalization is vital in guiding consistent CSR implementation and aligning activities with strategic objectives.

When asked whether banks disclose their CSR policy, 70% of respondents responded affirmatively, while 30% stated that their banks do not disclose the policy. The result is statistically significant ($p = .000$), implying that a majority of banks practice CSR disclosure. This reflects a positive trend toward transparency and accountability in the banking sector, even though full disclosure is not yet universal.

4.5.2 Sources of CSR Awareness

As presented in Table 5.2, respondents indicated a variety of sources through which they became aware of CSR. The most frequently cited source was the Commercial Code (23.8%), followed closely by formal education (22.1%), and personal reading (20.4%). Only 18.2% of respondents

stated that their awareness was due to training provided by their banks, while 15.5% referred to their company's internal code.

These findings highlight that although CSR awareness is widespread, much of it is driven by **external sources** such as education and legal frameworks, rather than by **internal training efforts**.

The relatively low percentage of respondents who attributed their awareness to institutional training (18.2%) suggests that banks have not adequately prioritized internal CSR education. This gap could affect employees' alignment with CSR goals and limit their capacity to advocate and implement CSR initiatives at various operational levels.

4.5.3 Interpretation and Implications

Taken together, the binomial test results and awareness sources provide a comprehensive picture of CSR practice maturity in Ethiopian commercial banks. CSR is broadly understood and supported by formal policies in most banks, indicating progress toward strategic CSR adoption. However, the findings also point to areas for improvement, particularly in enhancing employee engagement through structured training programs and improving consistency in policy disclosure. These results align with the global CSR trend that emphasizes not only awareness but also institutional ownership, employee involvement, and public transparency. Ethiopian banks, therefore, have a strong foundation on which to build but must further internalize CSR at all organizational levels to fully realize its impact.

4.5.4 Ranking of CSR Priorities

The study also asked respondents to rank various CSR activities in terms of their importance, identifying their first, second, and third priorities. This provided deeper insight into which areas are perceived as most urgent or impactful by employees across the sector.

Table 4.54 shows the CSR activities identified by respondents as their **top priority**. The most frequently selected activity was **education**, chosen by **17.1%** of respondents. This was followed by **agricultural support** and **human rights**, each at **12.7%**, and **environmental protection** at **11.6%**. **Livelihood promotion** and **rehabilitation** were each selected by 10.5% of respondents, reflecting a meaningful focus on **economic and social development**.

The emphasis on **education as the highest-ranking priority** may reflect a shared understanding of education as a **long-term investment in community and national development**, consistent with global CSR trends. The strong presence of **agricultural support** and **human rights** also aligns with Ethiopia's socioeconomic context, where access to food security, land rights, and basic freedoms are vital community concerns.

Notably, **publicity sponsorship** and **health services** received lower top rankings, at 8.8% and 8.3% respectively, suggesting that while banks recognize these as important, they are less frequently viewed as their **primary CSR responsibility**. This ranking reinforces the idea that banks are increasingly **prioritizing structural and sustainable interventions** over promotional or short-term efforts.

When taken together with the **second and third priority rankings**, the data reveal a consistent theme: CSR efforts by Ethiopian banks are most heavily concentrated around **education, disaster recovery, livelihood support, and human rights**. This illustrates a **balanced and socially aware approach to CSR**, focused not only on compliance or image but on **meaningful community impact**.

In the **second priority ranking**, the most frequently chosen activity was **disaster management (16%)**, followed by **publicity sponsorship (14.9%)**, **rehabilitation (13.3%)**, and **environmental protection (12.7%)**. Education and human rights were also prominent, at 12.2% and 10.5%

respectively. The prioritization of disaster management may reflect growing recognition of banks' roles in national recovery and resilience. The prominence of publicity sponsorship as a second-tier priority suggests a strategic blend of impact and visibility.

The **third priority ranking** revealed that **livelihood promotion (14.9%)** led the list, followed by **agricultural support (12.7%)**, **human rights (12.7%)**, and **education (12.2%)**. Health (11.6%), environment protection (9.4%), and disaster management (7.7%) followed. This indicates that banks see their CSR role extending to a broad spectrum of social issues, but with slightly more variation in third-tier priorities.

Overall, these rankings suggest that CSR in Ethiopian commercial banks is **multi-dimensional**, with strong attention to education, social justice, environmental sustainability, and economic empowerment. The findings confirm that CSR in the sector is not narrowly focused on branding, but rather reflects a deeper alignment with national development goals and community needs.

4.5.5 CSR Awareness by Bank

Table 4.4.5 shows a cross-tabulation between the respondent's bank and their awareness of CSR. Overall, **87.8%** of respondents across all banks indicated awareness of CSR, while **12.2%** stated they were not aware. However, awareness levels varied slightly between banks.

Banks such as **Dashen Bank, Wegagen Bank, and Zemen Bank** recorded **100% CSR awareness** among respondents. These banks reflect the highest internalization of CSR knowledge, suggesting robust internal communication or institutional CSR culture. Similarly, **Commercial Bank of Ethiopia (94.7%)**, **Cooperative Bank of Oromia (92.3%)**, and **Nib International Bank (91.7%)** also exhibited very high awareness levels.

In contrast, banks like **Oromia International Bank** showed a lower CSR awareness rate, with only **60% of respondents indicating awareness**. This significant gap may point to differences in

internal CSR education, managerial emphasis on CSR, or communication flow within the bank. **Awash Bank** and **United Bank** also demonstrated relatively lower CSR awareness rates at **76.5%** and **76.9%**, respectively.

These differences suggest that while CSR is widely recognized across Ethiopian commercial banks, **the consistency of CSR knowledge among employees is not uniform**. Banks with lower awareness rates may benefit from **targeted training programs, internal policy dissemination, and improved employee engagement** in CSR initiatives to match sector-wide standards.

4.5.6 Intensity of CSR Practice

Table 4.6.1 presents the descriptive statistics for each of the five CSR dimensions measured using Likert-scale items. All dimensions' exhibit **average (mean) scores above 3.5 on a 5-point scale**, indicating that, on average, respondents **agree** with the statements related to CSR practices in their respective banks.

The **highest mean score** was recorded for **Customer Care (M = 3.67, SD = 0.43)**, suggesting that banks are particularly strong in providing quality services, being responsive to client needs, and ensuring accessibility. This reflects an emphasis on **client-focused CSR initiatives**, which are often highly visible and tied to brand reputation.

Environment Protection (M = 3.65) and **Government Support (M = 3.64)** also scored relatively high, indicating that banks are involved in eco-friendly initiatives and contribute to national development through tax compliance and public sector support.

Labor Practice (M = 3.60) and **Community Development (M = 3.62)** followed closely, reflecting moderate to strong engagement in employee welfare and local development initiatives. These scores suggest that CSR efforts are **fairly balanced** across dimensions, with slightly greater emphasis on customer and environmental concerns.

The **standard deviations** across all dimensions are relatively low (all below 0.45), indicating **low variability** in responses and thus a **consistent perception** of CSR practices among respondents across different banks.

Overall, the findings show that commercial banks in Ethiopia are **actively implementing CSR activities across all key areas**, with particular strengths in customer care and environmental stewardship.

4.5.6.1 Descriptive Analysis of CSR Dimensions

In addition to mean scores, further descriptive statistics were analyzed for each CSR dimension, including the **median, range, interquartile range (IQR), and distribution shape** through skewness and kurtosis, as shown in Appendix X.

The **mean scores** across all five dimensions ranged from **3.597 (Labor Practice)** to **3.665 (Customer Care)**, indicating moderate to high agreement with CSR-related practices across the board. The **median values** closely matched the means, with **minimal skewness**, suggesting that the data is **fairly symmetrical** and free from extreme outliers. For instance, the skewness values ranged between -0.206 (Labor Practice) and -0.303 (Community Development), indicating slight left skewness, but well within acceptable limits (± 1).

Similarly, **kurtosis values** were all close to zero (ranging from -0.404 to +0.107), suggesting that the data is **mesokurtic**—normally distributed and neither too peaked nor too flat. This distribution supports the reliability of using mean values as central indicators of CSR engagement levels.

The **interquartile ranges (IQR)**, all around 0.57 to 0.67, confirm **moderate consistency** in how respondents perceived CSR engagement across the banks. The **range of scores** (Minimum to Maximum) across dimensions was fairly similar, generally spanning between 2.00 to 2.29 points, reflecting an expected spread of perceptions without extreme dispersion.

These patterns confirm the earlier conclusion that Ethiopian commercial banks exhibit **consistent and relatively strong CSR engagement** across all key areas, particularly in customer care, environmental protection, and government support. Additionally, the symmetry and normality of distributions further validate the appropriateness of the Likert-scale analysis and strengthen confidence in the reliability of the data.

5 CHAPTER FIVE – SUMMARY OF MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter consists of conclusion derived from the study and provides appropriate recommendations to commercial banks in Ethiopia regarding the CSR practices and programs to be implemented as one breadth of operation.

5.1 Summary of Major Findings

Based on the analysis and discussion presented in this chapter, the following major findings have been identified regarding the practice of Corporate Social Responsibility (CSR) in selected commercial banks in Ethiopia:

- 1. CSR Awareness:**

The study revealed that a significant majority (88%) of respondents across the sampled banks are aware of the concept of CSR. This indicates that CSR awareness is well established and widely recognized among employees in the Ethiopian banking sector.
- 2. Presence and Disclosure of CSR Policies:**

Most banks (80%) have formal CSR policies incorporated within their organizational frameworks, and 70% of respondents confirmed that their banks disclose these CSR policies to the public. These findings suggest that CSR has been institutionalized in many banks and there is a positive trend toward transparency and accountability in CSR practices.
- 3. Sources of CSR Awareness:**

CSR knowledge among employees is largely influenced by external sources such as the Commercial Code, formal education, and personal reading. Internal training on CSR by the banks themselves accounted for only 18.2% of awareness, indicating a gap in internal capacity building and the need for enhanced CSR training programs within banks.
- 4. Variation in CSR Awareness Across Banks:**

The level of CSR awareness differs among banks. While some banks, including Dashen Bank, Wegagen Bank, and Zemen Bank, demonstrated full (100%) CSR awareness, others, such as Oromia International Bank, recorded considerably lower awareness levels (60%). This disparity points to varying degrees of CSR emphasis and communication effectiveness within different institutions.
- 5. Ranking of CSR Priorities:**

Education was identified as the highest CSR priority by employees, followed by agricultural support, human rights, and environmental protection. Other significant priorities included disaster management and livelihood promotion. This distribution reflects a comprehensive and socially responsive approach to CSR, aligned with Ethiopia's socioeconomic realities and development goals.
- 6. Intensity of CSR Practice:**

The study found moderate to high engagement in CSR activities across five key dimensions: Customer Care, Environmental Protection, Government Support, Labor

Practice, and Community Development. Customer Care received the highest mean score, suggesting strong emphasis on client-focused CSR initiatives, while other dimensions also showed consistent commitment.

7. Data Normality and Analysis:

Despite statistical tests indicating mild deviations from normality, the distribution of CSR dimension data was approximately normal based on skewness, kurtosis, and sample size considerations. Consequently, parametric tests applied in the study were deemed appropriate and reliable.

Correlation of Findings with Research Questions

Research Question 1:

What is the perception of CSR practices among Ethiopian commercial banks at the head office level?

- The findings show a generally positive perception of CSR practices among employees at the head office level. A significant majority (88%) are aware of CSR, and 80% confirm the presence of formal CSR policies within their banks. The emphasis on customer care, environmental protection, and government support reflects a broad acceptance of CSR as integral to banking operations. The prioritization of education, agricultural support, and human rights further demonstrates employees' perception that CSR should address long-term community development and national priorities.

Research Question 2:

What are the key challenges hindering the effective implementation of CSR in the Ethiopian banking sector?

- The study identified several challenges that may hinder CSR effectiveness. Notably, internal CSR training is limited, with only 18.2% of respondents citing institutional training as a source of CSR awareness, indicating a gap in employee engagement and capacity building. Additionally, variations in CSR awareness between banks (e.g., lower awareness in Oromia International Bank) suggest inconsistency in internal communication and CSR culture. While most banks disclose CSR policies, full transparency is not universal, indicating room for improvement in policy disclosure and implementation consistency.

Research Question 3:

What opportunities exist for enhancing CSR practices and maximizing their positive impact?

- The existence of formal CSR policies in 80% of banks and the growing transparency in CSR disclosure offer a solid foundation to build upon. Enhancing internal CSR training and employee involvement presents a clear opportunity to strengthen CSR practices. The strong prioritization of education and livelihood support suggests areas where banks can deepen their impact through focused programs. Furthermore, the relatively balanced engagement across CSR dimensions implies potential for integrated, multi-faceted CSR initiatives that align with Ethiopia's socio-economic development goals.

Research Question 4:

What challenges do Ethiopian commercial banks face in implementing effective CSR strategies?

- The primary challenges include uneven CSR awareness among banks and employees, limited internal training and capacity building, and inconsistent policy disclosure. Banks with lower CSR awareness may face difficulties in embedding CSR into their organizational culture and ensuring coherent strategy implementation. Additionally, the mild non-normality in data distribution hints at diverse perceptions and experiences of CSR practice, which may reflect underlying organizational or operational disparities impacting strategy effectiveness.

In summary, the findings indicate that Ethiopian commercial banks have made significant progress in adopting and practicing CSR, with strong awareness, policy formulation, and implementation across multiple areas. However, challenges remain, particularly in internal CSR training and ensuring consistent awareness across all banks. The prioritization of CSR activities also demonstrates a balanced focus on long-term sustainable development and community needs.

5.2 Conclusions

This study set out to assess the practice of Corporate Social Responsibility (CSR) in selected commercial banks in Ethiopia, guided by four key research questions relating to the perception, implementation, challenges, and opportunities surrounding CSR. The results have offered valuable insights into the current state of CSR awareness, policy formalization, disclosure practices, training, and the prioritization of social initiatives across the banking sector.

First, in addressing the question of perception at the head office level, the findings confirm that CSR is widely acknowledged among Ethiopian commercial banks. A substantial majority of respondents (88%) indicated that their banks are aware of the concept of CSR, and 80% confirmed the presence of formal CSR policies. Moreover, 70% affirmed that their banks disclose CSR policies, reflecting growing transparency and accountability. These findings suggest that CSR is no longer viewed as a peripheral activity but rather as a strategic element of banking operations.

Second, with regard to the challenges hindering effective implementation, the study revealed several important issues. While general awareness is high, only 18.2% of respondents attributed their knowledge to internal bank training. This reveals a critical gap in employee engagement and

capacity building. Furthermore, inconsistencies in awareness across banks—ranging from 60% to 100%—highlight differences in institutional emphasis and communication strategies. These disparities suggest that some banks have not yet fully internalized CSR values or disseminated them effectively across organizational levels.

Third, the study examined opportunities for enhancing CSR impact. The prioritization of education, agricultural support, human rights, and environmental protection by respondents illustrates a strong alignment with Ethiopia's broader development needs. This alignment presents a strategic opportunity for banks to reinforce their social license to operate and deepen their community impact. The fact that CSR activities are perceived as multi-dimensional and sustainable rather than promotional also underscores a shift toward more meaningful and long-term interventions.

Lastly, regarding challenges to strategic implementation, the study found that while CSR is recognized and practiced, its intensity and consistency remain variable. Descriptive and inferential analyses showed that although the average scores for CSR dimensions exceeded 3.5 (on a 5-point scale), the results of the normality tests indicated some statistical irregularities. However, the consistency in skewness, kurtosis, and interquartile ranges reinforced the reliability of the findings. Notably, CSR practices were strongest in customer care, followed by environmental protection and government support, while labor practices and community development showed relatively moderate engagement.

In conclusion, while Ethiopian commercial banks have made significant strides in CSR awareness, policy development, and alignment with national priorities, the sector still faces challenges in fully operationalizing CSR strategies across all levels. Limited internal training, uneven policy disclosure, and varied awareness among employees represent barriers to full integration. To move

forward, banks must prioritize structured training programs, internal communication, and consistent CSR disclosure practices. By doing so, they can institutionalize CSR more deeply, enhance stakeholder trust, and contribute more effectively to inclusive and sustainable national development. The findings call for a more strategic, coordinated, and holistic approach to CSR implementation that leverages existing awareness and builds upon it to achieve more impactful, measurable outcomes.

5.3 Recommendations

Based on the findings and conclusions of the study, the following recommendations are proposed to strengthen the practice of Corporate Social Responsibility (CSR) in Ethiopian commercial banks:

1. Enhance Internal CSR Training and Capacity Building

While general awareness of CSR is high, only a small proportion of employees gained this knowledge through internal training programs. Banks should institutionalize regular and comprehensive CSR training for employees at all levels to ensure shared understanding, internal alignment, and enhanced implementation of CSR initiatives. These programs should be practical, tailored to the banking context, and integrated into ongoing professional development.

2. Improve CSR Policy Communication and Disclosure

The study found that although many banks have formal CSR policies, not all disclose them consistently. It is recommended that banks increase transparency by openly communicating their CSR frameworks, objectives, and performance both internally and externally. Public disclosure through websites, annual reports, and CSR-specific publications can improve stakeholder trust and accountability.

3. Standardize CSR Implementation Across the Sector

The variation in CSR awareness and practice across different banks highlights the need for standardization. Regulators, such as the National Bank of Ethiopia or industry associations, should consider introducing guidelines or a CSR code of conduct tailored to the banking industry. This will ensure a more uniform understanding and implementation of CSR principles across the sector.

4. Align CSR Activities with National Priorities and Community Needs

Given that respondents ranked education, agriculture, human rights, and environmental protection as top priorities, banks should strategically align their CSR initiatives with Ethiopia's national development goals and pressing social issues. Doing so will enhance the relevance, visibility, and impact of CSR interventions while fostering community goodwill.

5. Encourage Multi-Stakeholder Collaboration

CSR effectiveness can be amplified when banks collaborate with NGOs, community groups, government agencies, and educational institutions. Banks should pursue partnerships that allow for resource sharing, innovation, and scalable interventions that address systemic challenges such as youth unemployment, climate change, and rural development.

6. Develop Clear Monitoring and Evaluation (M&E) Mechanisms

To ensure accountability and continuous improvement, banks should establish measurable CSR targets and robust monitoring and evaluation frameworks. These should include performance indicators, impact assessments, and periodic reviews to assess progress and inform strategic adjustments.

7. Promote a CSR-Driven Organizational Culture

Finally, CSR should be embedded in the organizational culture of banks. Senior management must champion CSR by demonstrating commitment, allocating resources, and recognizing CSR

achievements. Embedding CSR into performance metrics and employee evaluations can also reinforce its strategic importance.

5.4 Implications for Policy and Future Research

5.4.1 Implications for Policy

The findings of this study offer several implications for policy-making within the Ethiopian banking sector:

1. **Need for a National CSR Framework:** The lack of uniformity in CSR awareness and practice across banks indicates the need for a national CSR framework specific to the financial sector. Regulatory bodies such as the National Bank of Ethiopia and the Ministry of Trade and Regional Integration could spearhead the development of a standardized CSR guideline to promote consistency and accountability.
2. **Incentivizing CSR Disclosure:** Policymakers should encourage public disclosure of CSR policies and performance by linking it to regulatory incentives or recognition schemes. Transparent disclosure promotes stakeholder trust and enables benchmarking of best practices.
3. **Integration of CSR into Compliance and Governance Standards:** CSR considerations should be integrated into existing regulatory compliance checks and corporate governance codes. This would elevate CSR from a voluntary activity to a strategic and regulatory priority within the banking sector.
4. **Capacity Building Initiatives:** National-level efforts to build the CSR capacity of banks, including through workshops, seminars, and knowledge-sharing platforms, can support more effective implementation across the sector.

5.4.2 Implications for Future Research

This study provides a foundation for future academic inquiry into CSR in Ethiopia's financial sector. The following areas are recommended for further research:

1. **Comparative Studies Across Sectors:** Future research could compare CSR practices in banking with those in other key sectors such as manufacturing, telecom, or insurance to identify sector-specific strengths and challenges.
2. **Longitudinal Impact Analysis:** Studies assessing the long-term social and financial impacts of CSR initiatives by banks would provide valuable insights into their sustainability and return on investment.
3. **CSR and Financial Performance:** Further empirical investigation into the correlation between CSR activities and banks' financial performance or customer loyalty could support stronger business cases for CSR integration.
4. **Qualitative Insights into CSR Challenges:** In-depth qualitative studies involving interviews with CSR officers, executives, and community stakeholders would provide richer context around the barriers and enablers of effective CSR implementation.
5. **CSR and Digital Banking:** As digital transformation reshapes banking, future research could explore how CSR is evolving in the context of fintech, mobile banking, and digital inclusion.

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Appendix

Appendix A: Questionnaire for Marketing Department of the Bank

Dear Respondents

The purpose of this study is ASSESSING THE PRACTICE OF CORPORATE SOCIAL RESPONSIBILITY in commercial banks in Ethiopia. The study will generate knowledge about CSR practice, intensity of commercial banks in Ethiopia and indicate their understanding of CSR thereby indicate areas of intervention to take some remedial actions or corrective measures on the problems identified in the research. The outcome of the study will have significant contribution for the academic purpose, policy makers and for the banking sector. As an employee of the bank, your participation in this study will be valuable and greatly appreciated in order to tackle the problems identified by the study.

So, we kindly request you to spent your precious time to fill the questionnaire as frank as and reasonable as possible. Information gathered will be treated with utmost confidentiality and will not be used for any other purpose. Therefore, you all not expected to write your name.

Thank You for Your Cooperation

Researcher: Ephrem Girma

Write the name of your Bank: -

I. General Background of Respondents (Demographic Information) Please Tick only one box for the following questions

1. Gender A. Male B. Female
2. Your age groups (years)
A. Below 25 B. 26-30 C. 31-35 D. 36-40 E. 41-45 F. Above 46
3. Academic level
A. \leq Grade 12/10 B. Diploma C. BA/BSC Degree
D. MA/MSc Degree E. Above Master
4. Years of experience in the bank
A. Less than/equal to 5 year B. 5 – 10 years C. 11 – 15 years
D. Equals to/Above 16 years
5. Your current position in the bank
B. Director B. Manager C. Branding Manager D. Officer
E. Junior Officer F. Senior Officer G. Secretary H. If other, please mention it

ii. Awareness & Practice of CSR in your

bank Please Tick only one box for the

following questions

1. Are you familiar with the concept of Corporate Social Responsibility (CSR)?
A. Yes B. No
2. If you know the concept of CSR, how do you come to know about CSR?
A. Through formal education C. Through my own reading
B. Through training provided by the bank D. Your company's code
C. From commercial code
3. Does your bank have a CSR policy?
B. Yes B. No
4. Does your bank disclose his corporate social responsibility policy?
C. Yes B. No

5. In which activities of CSR your bank most involved? Please write your top three ranks 1 – 3 for the following activities?

S.N	CSR activities	Write your rank 1 – 3 Only
1	Health (such as HIV, Child care & etc)	
2	Agricultural input support	
3	Rehabilitation	
4	Disaster management	
5	Livelihood promotion	
6	Education	
7	Human rights	
8	Environment protection	
9	Sponsorship in publicity	

ii. Extent/intensity of CSR activities in your bank

To what extent is your bank involved in the following CSR activities? (Please tick one from each row). 1 (Strongly disagree) 2(Disagree) 3(Neutral) 4(Agree) and 5(Strongly Agree)

No	Statement	Strongly disagree – to a Strongly Agree				
		1	2	3	4	5
A	Labor Practice in your Bank					
11	The bank organizes training courses to improve employees' capacity and efficiency.					
12	The bank ensures safe and healthy working conditions for all employees.					
13	The bank has a fair and just pay system.					
14	The bank has a satisfactory pension scheme.					
15	The bank has a satisfactory health insurance.					
16	The bank applies a fair promotion and incentive system and policy.					
17	The bank staff participates in external volunteer activities concerning corporate social responsibility.					
B	Customer Relation/ taking care of clients					
18	The bank branches are around the country so that clients can access bank services easily and conveniently.					
19	The bank considers clients' suggestions and complaints.					
20	The bank ensures providing its services with high quality.					

21	The bank ensures creating place to receive clients comfortably and appropriately in terms of heating, air conditioning, lighting etc.					
22	The bank provides the necessary information to its clients and deal with them transparently.					
23	The bank takes into account providing services for all segments and strata of community, especially for low-income people.					
24	Employees interact with clients gently during working hours.					
C	Community Development/helping community & solving societal problems					
25	The bank regularly donates and provides services for the community.					
26	The bank provides scholarships for needy students.					
27	The bank sponsors the institutions that provide free health services for the community.					
28	The bank employs people with special needs.					
29	The bank donates for charities.					
30	The bank supports and stimulates the national economy through supporting small and medium enterprises.					
D	Environment Protection					
31	The bank considers environmental sides when providing services and carries out its activities.					
32	The bank conducts activities and provides services that encourage concern for environment.					
33	The bank gives importance to increasing green space, beautifying and reforesting the country.					
34	The bank implements and participates in environmental protection and pollution reduction programs.					
35	The bank helps and supports institutions that deal with environment.					
36	The bank invests in projects that produce eco-friendly products.					
37	The bank funds eco-friendly projects.					
E	Contribution to Governmental Development Plans					
38	The bank cooperates with the public sector to handle the community challenges such as poverty, employment etc.					
39	The bank is committed to the legislations and rules issued by government.					
40	The bank pays the financial benefits, taxes and other fees in a timely manner.					
41	The bank contributes in supporting public sector intuitions that care for children, youth and sport.					
42	The bank, in collaboration with the concerned government body like Ministry of Social Affairs and others provide financial aids for poor families.					
43	The bank provides financial support for the health sector.					