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**Addis Ababa University
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Department of Marketing Management

Title

***Effects of Corporate Social Responsibility
on Market Performance: The Case of
Commercial Bank of Ethiopia***

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***June, 2017
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*Effects of Corporate Social Responsibility on Market
performance: The Case of Commercial Bank of
Ethiopia*

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Advisor: Rakshit Negi (PhD)

*Addis Ababa University Graduate study
School of Commerce
Department of Marketing Management*

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STATEMENT OF DECLARATION

*I, Dereje Asegedew Moltote, declare that this research “**Effects of Corporate Social Responsibility on Market Performance: The Case of Commercial Bank of Ethiopia**” is my own work done as partial fulfillment of my Masters Degree in Marketing Management. I have carried out the research by my own with the support and guidance of my advisor. I declare that this research has not been submitted to any institution for any other purpose.*

Dereje Asegedew: _____

Date: _____

STATEMENT OF CERTIFICATION

I certify that Dereje Asegdew Moltote has finalized his research entitled “Effects of Corporate Social Responsibility on Business Development: The Case of Commercial Bank of Ethiopia”. This research work is original in nature and is suitable for submission for the award of Masters Degree in Marketing Management.

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God Bless You All!

Abstract

This paper aims at investigating the effect of Corporate Social Responsibility on Market Performance taking the case of the Commercial Bank of Ethiopia (CBE). The research implements more of a quantitative approach. The data collection mainly uses two types of questionnaires, one prepared for employees of the CBE and the other for customers of this same Bank. The analysis mainly concentrates on the data collected through employees' questionnaire. The customers' questionnaire and a report produced by the CBE on the Bank's CSR practices have been mainly used to reinforce the findings extracted from the employees' questionnaire. Three sets of independent variable have been tested against one set of dependent variables. The dependent variable being achievement of Market Performance of the Bank, the independent variable are the actual practice of the Bank in CSR activities, the motive of the Bank behind CSR implementation and how the respondents view the overall accomplishment of the Bank's CSR activities. It has been possible to see a significant positive relationship between the Bank's CSR activities and the achievement of the business development targets.

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1. Introduction

1.1. Background of the Study

The concept of Corporate Social Responsibility (CSR) emerged in the 1950s. There are many reasons reckoned for the emergence and development of this concept as well as its practice especially in Europe and the United states. In the late nineteenth century, businesses raised concerns on the welfare of their employees and their impact on society in general. With the emergence of the labor movement and spreading of slums triggered by the industrial revolution, businesses started to provide social welfare on a limited scale, including the construction of hospitals and bath houses and provision of food coupons (Carroll, 2008). Similar developments were witnessed in the United States around this time.

Although there are no specific definitions which have enjoyed worldwide consensus, there are a wide variety of concepts and definitions associated with the term “corporate social responsibility”, but no general agreement of terms (Hopkins, 2004). However a close look at on definitions given by scholars reveals closer resemblance among definitions given for CSR. As many scholars agree, there are a lot of reasons for the lack of an agreed definition. Among these reasons, the ever changing and dynamic nature of the concept of CSR and its interchangeable and overlapping character with other related terms are usually mentioned (Nasrullah and Rahim, 2014). Anyway, few representative definitions have been presented here. Accordingly, CSR has been defined in many but very much related manner by different scholars, institutions and International Organizations. For example, Bowen (1953) defined CSR as the obligations of businessmen to pursue their policies, to make their decisions or to follow their lines of action which are desirable in terms of the objectives and values of society. According to his definitions businessmen are responsible for the consequences of their actions in a sphere somewhat wider than corporate financial performance, indicating the existence and importance of corporate social performance.

The World Bank defines CSR as “the commitment of business to contribute to sustainable economic development working with employees, their families, the local community, and society to improve their quality of life, in ways that are both good for business and good for development” (Chung et al., 2015). One important point added in this definition is that

businesses while doing good for the society, they reap important benefits. The fact that businesses committed for the implementation of CSR ideals in any way mean doing good for their business too.

There are various approaches, models and dimensions of CSR introduced by scholars in the field which facilitate the implementation of CSR in different contexts.

At the end of the 1970s, perhaps the earliest and most comprehensive framework of CSR was proposed by Carroll (1979). He constructed a three-dimensional CSR conceptual model, which consisted of corporate responsibilities, social issues of business and corporate actions. Corporate responsibilities embodied four types, namely economic, legal, ethical and Philanthropic. While social issues of business can include various topics, such as labor standards, human rights, environment protection and anti-corruption, corporate actions are more concerned with specifying generalized modes of response (e.g. reactive, defensive, accommodative and proactive). Later Schwartz and Carroll, (2003) reduced Carroll's four categories of corporate responsibilities (i.e. economic, legal, ethical and philanthropic) to three domain approach, namely economic, legal and ethical. Developments in recent years even made CSR as important as the major business itself, especially in some industries and business areas.

In the 21st century businesses require to deal competition from various fronts and dimensions. Actively involving in CSR practices and get the public and government wink has increasingly became an important issue. For example, the contribution of CSR to sustainable development has recently attracted more attention. Sustainable development is defined as development that meets the needs of the present without compromising the ability of the future generations to meet their own needs (Strategis, 2003). This is not a thing governments around the world and the society/customers in general pass without careful scrutiny. In general terms, businesses operate their production and distribution tasks smoothly, and get buyers for their products when they cherish what the society cares for. In this context Porter and Kramer, (2011) present four motives for business to integrate the CSR concept into their core business: moral obligation, sustainability, license to operate and reputation. The moral obligation is the argument that emphatically propagate that companies have duties to be good citizens and "to do the right thing". Sustainability highlights environmental and community stewardship. The concept of

license to operate derives from the fact that every company needs tacit or explicit permission from Governments, communities and numerous other stakeholders to do business.

Following the liberalization of the previously command economic system two decades back, businesses are flourishing in Ethiopia. According to Alemayehu Geda, following the demise of the Derg regime in 1991, post-1991 economic policy witnessed a marked departure from the previous “Socialist’ System”. Its main difference lies on openly adopting a market-oriented economic policy (Alemayehu, 1999). The liberalization has also brought with it a good opportunity for the financial sector in general and the banking industry in particular. Alemayehu claims that, this new change in policy brought about a significant change in the functioning of the financial sector. Not only is the financial sector is going to serve the private sector, which hitherto had been demonized, but also new private financial institutions were emerging. Currently there are 18 commercial banks with their more than 3600 branches operating in the country (NBE, 2016)

When an economy is liberalized it brings about a lot of changes and developments in the socio-economic system. One among such developments is how much a business cares about the wellbeing of the society. As (Tran, yen, 2014) puts it by quoting Chaudhury et al., 2011; Das, 2012; Omur et al., 2012, In the recent years the concept of Corporate Social Responsibility (CSR) is spreading very rapidly in the whole world and all the sectors including banking. This prevalence is because the fast pace of globalization and social development appeals to all corporations. As a result CSR is no longer exclusively a developed country phenomenon. Managers operating in developing countries are also showing interest and commitment to CSR (Quazi, Rahman and Keating, 2007). But there is one big problem to promote CSR with a required level in a developing country context. CSR has been historically viewed as a developed-country phenomenon. As such, a large body of literature on social performance of firms has emerged in the context of developed countries (Quazi, Rahman and Keating, 2007) .

As in the other developing nations of our glob practice and research in the area of CSR is very much lacking. When we come to the practice, developing countries generally struggle in dealing with human rights, labour issues, discrimination, etc. in business. Thus a global standardised CSR practice scenario has not been observed in developing countries. It is therefore necessary to

consider country-specific determinants of CSR practices before prescribing a model for a developing country (Majumdar et al., 2008). This is largely attributed to the very much limited research in the area and development of country and sector specific models to practice CSR. As the review of related literature shows, especially Africa does not have a positive score in the development of literature and other scholarly articles. Even the few experiences themselves are not evenly distributed as most of such works are found in countries like South Africa, Cote Divoire, Kenya, Nigeria, Tanzania, Mali and Zambia (visser, 2007)

The other lacking element is that most of the researches on CSR in developing countries are generalized about all developing countries. Moreover, they are mostly framed in the western context and the developing world have no choice but adopting the models to their situation.

Ethiopia is among the ill favored nations in terms of the development of literature in the area. This research work is designed just to contribute a slice in terms of contributing for a poorly treated subject matter in our country.

1.2. Statement of the problem

Those who stand against the practice of CSR bring forward profitability and related issues to warn that businesses should keep themselves away from CSR practices. For example, Friedman stresses that CSR should not be the responsibility of a business firm. According to him, there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game” (Hopkins, 2004). Others from the outset don’t believe the act as the responsibility of businesses. Friedman and other writers in this category, do not see much about the success rather failure of businesses that endeavor to promote a societal good. Levitt thought that social concerns and the general welfare were not the responsibility of business, but of government. He believes that attention to social responsibilities would detract from the profit motive that was so essential for business success (Caroll and Shabana, 2010).

However, the majority and increasing number of entities stand against this view. They consider CSR as important as the major line of business of an organization. As many scholars, writers and interest groups argue carrying out Social Responsibility duties by no means compromises

business objectives but rather support it. CSR can differentiate a company from its competitors by engendering consumer and employee goodwill (McWilliams & Siegel, 2001). Ideally, well-managed CSR creates social and environmental value, while supporting a company's business objectives and reducing operating costs, and enhancing relationships with key stakeholders and customers. It is therefore imperative that corporations establish a CSR unit (Rangan, Chase and Karim, 2012).

The major objective in this paper is to evaluate how important CSR is in attaining the overall market performance of a business organization. Therefore, this study aims at quantitatively measuring CSR activities of the Commercial Bank of Ethiopia (CBE) and their effect on market performance.

1.3. Research Questions

Investigating the relationship between the major dependent variable / market performance and the independent variables is the major concern of this research. In due course, the research is mainly supposed to answer the following general and specific research questions:-

1. How employees of the CBE relate CSR with Market Performance of the Bank.
2. How customers of the CBE relate CSR with Market Performance of the Bank.
3. The types of CSR activities CBE engaged in and the Bank's resource allocation for CSR activities.
4. The link between CSR practices and achievement of market performance of the Bank. Targets of the CBE (like customer base, sales volume, profitability and the likes)?.

1.4. Research Objective

1.4.1. General Objective

The major objective of this study is to assess the effect of Corporate Social Responsibility on market performance activities in the CBE.

1.4.1.1. Specific Objectives

Based on the general objective of this research, this study has the following specific objectives:

1. To Assess the nature and scope of CSR practices of the CBE
2. To investigate the level of awareness on CSR activities of the CBE.

3. To find out if people are willing to bank, work or associate themselves with a bank that performs its CSR duties.
4. To assess the contribution of CSR practices of the CBE in the fulfillment of market performance.
5. Identify gaps and propose ideas that enhance the CSR practices of the CBE in a way it supports market performance.

1.5. Significance of the Study

Companies around the world are becoming very much conscious of their role in the society beyond expanding their market and generate incremental pattern. Thinking strategically and giving more emphasis for long term interest rather than shorter one has become a commanding issue. To this end, rolling out CSR initiatives has become key success factors and sustainable competitive advantages. Market performance is a comprehensive view which goes beyond volume of sale. Therefore, this paper will contribute a bit in elaborating how these market performances are affected or supported by the implementation of CSR initiatives.

The other most important significance comes through contributing a relatively understudied subject especially in the developing nation context. Although extensive research has been conducted on CSR in the developed countries, much less is known about CSR in the developing countries. This is an attempt to contribute taking this ground in to consideration.

1.6. Scope of the study

The scope of the study is delimited to the Commercial Bank of Ethiopia (CBE) and the role of the CSR practices of the Bank in supporting the market performance goals of CBE.

Theoretical backgrounds discussed in the literature review have been used as a spring board to deal with the argument for CSR. Out of the four theories of CSR: Instrumental Theory, Political Theory, Integrative Theory and Ethical Theory (Garriga & Mele', 2004), the researcher tries to concentrate and proof the validity of Integrative Theory.

There are a lot of other factors that contribute for the success of market performance of the Bank. This other factors will not be included or be in the scope of this study.

1.7. Limitations of the study

Success in the market performance of the bank will be investigated from the direction of CSR practices only. As a result, the methodology selected here will try to look in to the effect of CSR activities on market performance.

As far as the researchers' knowledge is concerned, CSR as a practice as well as reporting CSR activities of firms are not well developed practices in the local context. Consequently, performing a comparative analysis at least within the banking industry has not been found viable. It greatly limits the potential of viewing the CSR practices of the CBE in such a wider context. Moreover, there has not been much literature developed in the Ethiopian context which again limits researcher's endeavor to frame the study in the local theoretical framework

When compared to the largeness of the target population, the researcher resorts to a smaller sample size. It is believed that when compared to a census, sampling method generally suffers some kind of limitation. This limitation increases even more in magnitude when the sample size decreases. Budget, time and resource can be taken as the major contributors for the limitation of this study.

1.8. Definition of Key Terms

BD- Business development

Business development entails tasks and processes to develop and implement growth opportunities within and between organizations. It is a subset of the fields of business, commerce and organizational theory. Business development is the creation of long-term value for an organization from customers, markets, and relationships.

CSP - Corporate Social Performance

Corporate social performance (CSP) is defined as a business organization's configuration of principles of social responsibility, processes of social responsiveness, and observable outcomes as they relate to the firm's societal relationships.

CSR - Corporate Social Responsibility

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

1.9. Organization of the Study

The first chapter of this paper is dedicated for the introduction part where the background about CSR, statement of the problem, objectives, scope and limitation of the study among other related things were explored. The second chapter is a section for the exploration of related literature. In this part attempts have been made to show how the term CSR is defined. Limited attempt has also been made to discuss theories and models developed by scholars in the field. The last part of this chapter is devoted for the explanation of the importance of engaging in CSR practices. Here, how companies are benefited from enrolling in CSR programs in their firm is discussed. Chapter three describes the research methodology mainly used in conducting the research.

Chapter four is the major body of this research to discuss the findings and results of the study. In fifth and final chapter of this study, conclusions and recommendations will be presented.

2. Literature Review

2.1. Theoretical Review

2.1.1. How the Concept CSR is defined

As stated by many writers contributed for this field of study, there are a lot and at the same time variety of definitions that have been given for the term “corporate social responsibility”, but hardly possible to come up with definitions that have enjoyed general agreement. A lot of reasons have been forwarded for the lack of definitions that enjoyed universal consensus. For instance (Nasrullah and Rahim, 2014) forwarded the interchangeable and overlapping character that CSR shares with other terminologies such as ‘corporate citizenship’, ‘the ethical corporation’, ‘corporate governance’, ‘corporate sustainability’, ‘social responsible investment’, and ‘corporate accountability’.

But, at the same time most of the definitions are not far off from each other in terms of conveying what CSR mean. These definitions treated CSR from various angles and perspectives. According to (Nasrullah and Rahim, 2014) CSR is a sequence of three approaches, each having a different perspective in terms of definition and boundary of responsibility. They are the shareholder approach, the stakeholder approach, and the societal approach. The shareholder approach is regarded as the classical view on CSR and for many reasons Milton Friedman is considered the major proponent of this view. Accordingly, Friedman defines CSR as a means of increasing or maximizing the profits of the company where the shareholders are the focal points. According to Friedman, social responsibility activities are not the main concern for companies. The second approach, a stakeholder approach was propounded first by Freeman in 1984. According to Freeman, the business organizations are not only responsible and accountable to their shareholders, but also take into consideration the legitimate interests of the stakeholders that can affect or is affected by the operational activities, as well as the achievement of organizational objectives. The societal approach is a broader view of the stakeholder approach and suggests that companies as an integral part of society should undertake responsibilities to the society as a whole. They should constructively serve the needs of the society to the satisfaction of public consent.

Another very important development in providing definition and meaning for CSR is the development of typology for which Carroll is mentioned. Carroll distinguished four different nature of responsibility: economic, legal, ethic and philanthropic. CSR involves environmental friendliness, community support, the sale of local products and fair treatment of employees (Tilakasiri K., etal. ,2011) and (Majumdar, etal. , 2008).

A lot of definitions have been developed by taking these typologies as common ground. Davis and Frederick Cited in (Tilakasiri K., etal. 2011) defined CSR as an organization's obligation to engage in activities that protect and contribute to the welfare of society, including general communities, customers, shareholders, the environment, and employees. In this same passage, The World Business Council for Sustainable Development (WBCSD) defined CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large”.

Later attempts to define CSR even make the demand tighter on businesses. Michael Porter defined CSR by forwarding what is expected from companies. Accordingly, he defined CSR as the activities companies should accomplish to provide goods and services and reach new customers in ways that address the world's major challenges including poverty, climate change, resource depletion, globalization, and demographic shifts. Similarly Niall Fitzgerald, former CEO & Chairman, Unilever said the following “Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organisation.” (Hohnen, 2007). Almost all the definitions given for CSR do not defy the profit motives of businesses. Moreover, the definitions make clear that CSR practices of businesses should be conducted on a voluntary basis. However, more definitions equate the CSR tasks as important as their products and services provided by a company. Just to strength these claim, the following two extracts have been selected. By quoting The Commission of the European Communities (Tilakasiri K., etal. 2011) defines CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions

with their stakeholders on a voluntary basis. Moreover, (Davis & Frederick, 1984) stated that CSR is an organization's obligation to engage in activities that protect and contribute to the welfare of society, including general communities, customers, shareholders, the environment, and employees.

From the above discussion it is possible to see for some extent that Corporate Social Responsibility (CSR) do not have precise definition. But all definitions to some extent communicate the notion that businesses have a great deal to contribute for the sustainable development of the society. Most importantly, it is repeatedly stated that business have to take into account the five dimensions of CSR, namely the economic, social, environmental, stakeholder and voluntariness as well as the impact their operations will have on the society. In this instance the definition by The Centre for Business and Government of the Kennedy School of Government at Harvard: "Corporate social responsibility encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm." (Zhang, 2008) is among a lot of definitions that strongly supports this claim.

2.1.2. Theories and Models

2.1.1.1. The Evolution of the Theory of CSR

The concept, Corporate Social Responsibility is a relatively recent phenomena which gets its roots in the 1950's labor movements in the US and latter in Europe. Since then various theories and models developed on CSR.

Before it enjoys a worldwide acceptance, the theory of CSR evolved through various stages of development starting from the 1950's. According to (Paul Lee, 2008) and many other scholars in the field, four historic stages in the development of CSR theories are particularly mentioned: Social Responsibilities of Businessmen (the 1950s and 1960s), Enlightened Self-Interest (The 1970s), Corporate Social Performance Model (The 1980s) and Strategic Management (The 1990s).

Social Responsibilities of Businessmen: The 1950s and 1960s: As quoted by Paul Lee, (Bowen, 1953) contributed a great deal in terms of discussing the developments in this first stage. According to his argument, institutional changes in the first half of the twentieth century forced, persuaded and made it easier and favorable for corporate managers to be concerned about their social responsibilities. Bowne further elaborates that during the late 1950s and 1960s, numerous legislations were enacted to regulate conducts of businesses and to protect employees and consumers. Moreover, an increasing number of consumer protests led to the creation of the consumer rights movement that directly challenged corporate power.

Enlightened Self-Interest: The 1970s: According to the review of related literature, breakthrough in conceptual development did not come until 1970. Researches that mark this particular era in the development of CSR theories and practices, mainly conceptualizes CSR as supporting the corporation's long-term interest by strengthening the environment which corporations belong to. Accordingly, (Paul lee, 2008) says by quoting Davis, 1973 that a firm has an obligation to evaluate in its decision making process the effects of its decision on the external social system in a manner that will accomplish social benefits along with the traditional economic gains which the firm seeks.

According to Paul Lee, most studies that were published in the 1970s focus on the content and the implementation process of CSR that does not conflict with corporations' fundamental interest.

Corporate Social Performance Model: The 1980s: For this model, the contribution of (Carroll, 1979) is particularly mentioned. His model which is known as three-dimensional conceptual model of corporate social performance (CSP) immediately gained acceptance and was further developed by others. The main thrust in Carroll's three-dimensional model is the combination of three dimensions in CSP, which are CSR, social issues and corporate social responsiveness under one rubric.

As discussed by Paul Lee, the most important contribution of the model is that the three-dimensional model does not treat the economic and social goals of corporations as incompatible trade-offs. Rather, both corporate objectives are integrated into the framework of total social

responsibility of business which includes economic, legal, ethical and discretionary categories. According to his argument, the shortcoming of the CSP model was that it lacked one critical aspect needed for implementation: the capacity to measure and empirically test the model (Wood and Jones 1995).

Strategic Management: The 1990s: In particular, the question of why some companies persistently perform better than others has produced a vast amount of research on strategic management. One strain of strategic management research, stakeholder analysis, is found to be applicable to CSR. The most important benefit from this stage of development is that, the stakeholder model solved the problem of measurement and testing by more narrowly identifying the actors and defining their positions and function in relation to one another.

2.1.1.2. Theories

The role of Participating in CRS as an important and crucial requirement for the success of an organization is a concept that has got a wider acceptance. Many firms has taken CSR practices as critical success factor and enlisted it as a major duty of organizations. The development of CSR theories truly exhibited how CSR has become important from time to time. Four theories of CSR: Instrumental Theory, Political Theory, Integrative Theory and Ethical Theory (Garriga & Mele', 2004) are the theories that got wider consideration and they are applied by the organizations to develop image of a socially oriented firm. The theories are presented below as discussed by Garriga & Mele', 2004:

Instrumental theory

In this theory the CSR are considered as means of attaining economic objectives of wealth maximization. Consequently, maximization of shareholders value, strategies for attaining competitive advantage and marketing related to cause are the three approaches encouraged by this theory in order to fulfill the firm's wealth creation ends. Among the proponents of this view, Friedman is constantly mentioned here. He strongly supports the idea that "the only one responsibility of business towards society is the maximization of profits to the shareholders within the legal framework and the ethical custom of the country" (Friedman, 1970). Scholars in this category don't rule out the importance of adequate level of investment in social activity. Though profit is the major concern, stakeholders concern for the social good has to be

considered. Many scholars agree on the issue and one among them (McWilliams and Siegel, 2001) agrees that an adequate level of investment in philanthropy and social activities is also acceptable for the sake of profits.

Political theory:

This represents a group of CSR theories and approaches that focus on interactions and connections between business and society and on the power and position of business and its inherent responsibility. This theory recognizes the powerful status firms have in the society and corporations have to use this power in the political field. According to (Nelgade, 2010), this theory has three main approaches that are corporate constitutionalism, integrative social contract and corporate citizenship, which are directed to different tools. Corporate constitutionalism argues that all the social responsibilities and authorities are the result of social power, which is occupied by the corporations. Second approach states that social contract is a bond between the firm and society. This contract is based on the duties organizations have for the society for which it also attains a lot in terms of profitability and reputation. Corporate citizenship approach argues that corporations are similar to citizens who have some responsibilities for the society into which they reside. (Garriga & Mele', 2004) consider Corporate Constitutionalism and Corporate Citizenship as the two major theories among the various approaches identified.

Integrative theory:

This group of theories looks at how business integrates social demands, arguing that business depends on society for its existence, continuity and growth (Garriga & Mele', 2004). Accordingly, the theory states that the main aim of organizations should be focused on the satisfaction of requirements of society. This theory further elaborates that firms should focus on the detection and scanning of, and response to, the social demands that achieve social legitimacy, greater social acceptance and prestige.

Integrative theory has chiefly four approaches: management issue, public responsibility, stakeholder management and corporate social performance, which are aimed to fulfill the social demands. First approach is related to the response of organizations to the political and social issues. By responding to the issues encountered by political and social environment, an organization can perform its public responsibility effectively. Second approach states the use of

public policies and legal rules to locate the society. Third approach is related to the stakeholder management that is aimed to balance the identified interests of all key members of the stakeholder group. Corporate social performance on the other hand states that corporations should identify some process and social legitimacy to respond to the social issues and needs.

Ethical theory:

They are based on principles that express the right thing to do or the necessity to achieve a good society. Ethical theory of CSR states that corporations should focus over the right paths to create a good society. It also has four approaches that are stakeholder normative theory, universal rights, sustainable development and common good.

The first approach, normative stakeholder theory, considers duties toward all stakeholders of the firm - suppliers, customers, employees, stockholders, and the local community. The second approach, universal rights, states that company should consider universal rights, based on human rights, labor rights, and respect for the environment. The third one refers to sustainable development. This theory aimed at achieving human development, while taking into account both present and future generations. To evaluate its own sustainability, the business should adopt a "triple bottom line", which would include not only economic, but also social and environmental aspects of performance. The last one, the common good approach, maintains that a business must contribute to the common good, because it is part of the society. A corporation has many means to achieve this: by creating wealth and providing goods and services efficiently and fairly, while at the same time respecting the dignity and the inalienable and fundamental rights of the individual. It may also contribute to social well-being and a harmonious way of living together in just, peaceful and friendly conditions, now and in the future.

According to these theories and models of CSR, organizations should invest their resources for ensuring the standards set by CSR. Framework provided by CSR theories and model is in favor of constructing a better world by showing proper response to the stakeholders needs (Fang, Huang and Huang, 2010).

2.1.3. Importance of CSR Practices

Although increasing number of scholars supports the notion that businesses have to consider CSR as an important part of their activity, there are certain scholars that argue against. As stated in the previous section, Scholars like Friedman assert that a business's primary responsibility is to make profit, and the only interests that matter when making managerial decisions are those of the shareholders. Proponents of this notion usually argue that ethical and discretionary considerations are irrelevant, and decisions that include these factors may harm a firm's financial performance. For them Corporate Social Responsibility is a practice that harms a firm's financial performance. Those in favor of CSR practices in businesses have a fundamentally opposing view and argue that social issues can be just as important as market factors in determining long-run success, and thus deserve the same attention (Lin, Yang & Liou, 2008).

It seems therefore that there is almost a general consensus concerning the notion that businesses should contribute their share in solving social problems of the society in which they are operating. Their contribution has to be more of voluntary, not every time consider their economic interest but rather more concerned with moral responsibility. But this contribution by any means compromise their profit making and other business objectives. Based on this notion, people forward view concerning the importance of engaging in CSR activities.

(Lin, Yang & Liou, 2008) argue that CSR plays a role in consumer behavior and has a spill over or "halo effect" on consumer judgments, such as the evaluation of new products. They explain that there are clear, concrete, market-driven benefits and competitive advantages for companies that integrate their business policies with CSR. As an example they forward that, strong local communities with quality housing, schools, and shopping attract and retain competent workers. A company's efforts in these areas may pay off in recruiting and retaining skilled personnel. Similarly, workers tend to want to work for a "good company."

Bearing in mind such benefits, corporations around the world seem to understand the importance of participating in CSR activities and start taking part in the actual CSR practices. In the 2011 report, the Global Fortune Top 250 companies were reviewed. The report found that 95 percent of global companies issue annual CSR reports that summarize their CSR initiatives. In comparison, the 2002 report disclosed that only 45 percent published a separate corporate report

on their performance. In sum, the last decade has realized a 111 percent increase in CSR reporting to stakeholders (Palmer, 2012). Palmer further confirms the findings of other scholars concerning the relation between increased involvement in CSR practices and the expanding customer base. CSR initiatives lead to an increase in customer base because customers are willing to switch brands for a company that supports a cause, which translates into increases in revenue. In addition, customers build self-identity through consumption choices, and will switch to brands with effective CSR initiatives to enhance their self-identities. (Ibid)

Banks play a crucial role in a nation's economic development through their function as financial intermediary. Due to the nature of their service, as depositors and borrowers, their CSR demand an exceptional devotion. Prior to anything else, The impact of the banking sector on the stability of the economy requires a sector managed with integrity and due diligence that: handles the risks inherent to its activity in a realistic and responsible manner; is transparent to customers and stakeholders about its operational management and the products offered; and pays attention to its basic function as engine of the economy, by e.g. lending to private persons and companies (<https://www.febelfin.be/en>). Besides, banks are expected to watch environmental and societal harms that might be inflicted through credits they provide for various projects. In this instance, although banks have smaller direct impact on the environment, their indirect environmental and social responsibility may increase if they grant credit to companies which pollute the environment, produce unsafe products or violate human rights. (Lentner, Szegedi and Tatay, 2015)

The nature of competition in the banking industry is another compelling factor that makes banks consider CSR as their main line of duty. Winning customers and sustaining long term profitability have become a great challenge in the industry through the conventional business development and promotion activities alone. They are not helping in a required manner in expanding customer base and boosting sales volume. The following extract might clearly show why banks should have adequate CSR policy and make it part of their core activity.

“These days, competition in the banking sector has a non-price nature: many banks offer similar conditions in the same markets. The necessity of searching for additional benefits is got mainly through the promotion of new products and brand development. It should be taken into account that to maintain the uniqueness in the market within the introduction of innovations is not

possible in the long term – financial engineering does not stand still, and competitors can always offer something similar, if the product is successful. That is why the development of brand of the bank by creating a positive image in front of the main groups of stakeholders is an important aspect of the performance in a high-competitive environment. To achieve this target, tools of socially responsible business are often used... ” (I. Mozghovyi, etal.)

Many theoretical and quantitative studies have been conducted to identify relation, if there is any between corporate social performance (CSP) and corporate financial performance (CFP). Four or three hypotheses regarding possible relationships linking CSP and CFP have been proposed: For example, (Soana, 2009) compiled four: negative relationship, positive relationship, mixed relationship and no relationship. (J. Palmer, 2012) on the other hand dwells on the three of them: Negative association, null association and positive association. As discussed in the previous sections, the majority of recent empirical and theoretical studies on CSP and CFP indicate they are positively associated. Among the major factors contributing for positive relationship are: Enhanced organizational reputation, Increased sales, Increased ability to attract better employees, Decreased operation costs, and reduced business risk are uniformly mentioned in the studies. The relationships developed by J. Palmer are selected for discussion:-

Enhanced Organization Reputation: Here the theories and quantitative findings assert that Stakeholders are more likely to engage in transactions with companies that have a CSR record of showing a commitment to the community and environment. The benefits of enhanced reputation include less scrutiny from society, an increase in customer and investor loyalty, and an increase in intangible assets—all of which lead to stronger financial performance in the long run. CSR programs also improve the esteem of customers because they enable customers to feel more valued by society since they are helping improve the community with their consumer decisions.

Increased Sales: Another potential explanation for a positive associate between CSP and CFP is that CSR programs are revenue generators especially in the long run either through an increased customer base or an ability to increase prices. According to a study by a brand consulting U.S firm, Burson-Marsteller, American consumers are willing to pay a premium for goods from socially responsible companies, with 70 percent saying they would pay more for a \$100 product from a company they regard as responsible. In another study that same year in the U.S, 80

percent of customers are likely to switch brands, similar in price and quality, to one that supports a cause.

Increased Ability to Attract Better Employees: Corporations with CSR programs have a competitive advantage because they attract better employees. Results indicated that that “job seekers consider CSR records important at all stages of the job search, but most important when determining whether to take a job offer.” Thus, companies with CSR programs attain competitive advantage by receiving the benefit of attracting a larger pool of employees to select from.

Decreased Operating Costs: One argument against CSR programs is it is an increase in cost and thus clashes with the objective of a business. However, this is a short-term focus, and when implemented correctly, CSR programs can actually decrease operating costs in the long run.

Reduced Business Risk: Corporate culture culminates from the actions of top executives, and reputation is developed through the values of trust, credibility, reliability, quality, and consistency. Companies that do not link a comprehensive CSR program with risk management “can leave a company vulnerable, with no appropriate controls or countermeasures.

To reap these benefits from carrying out their CSR duties, companies including banks have to accomplish a variety of CSR tasks. Dr. Archie B. Carroll identifies these four categories the most important: Economic responsibility, Legal responsibility, Ethical responsibility and Discretionary (philanthropic) responsibility.

Economic responsibility is the traditional reason for having banks, in other words to increase the owners’ welfare, ensure profitability and growth. Since individual and corporate financial interests are constantly changing, banks create new opportunities for risk management and the effective mediation of resources. This involves developing new products, redefining the existing ones and creating new channels. Legal responsibility is largely concerned with regulations put in place to minimize risk and ensure safety and confidence in the financial system. Banks are expected to comply with such legal provisions. The basic ethical principles of honesty and sincerity, which together with trust, are traditionally linked to the financial sector. The codes of ethics that embody voluntary constraints also include the basic principles of integrity, fair

conduct, respect and transparency in the financial sector. Discretionary (philanthropic) responsibility is a voluntary activity; however, it has become common practice among banks, contributing to the better reputation of the financial sector

2.2. Empirical Review

There are authors that took the emergence of Corporate Social Responsibility to the early twentieth century. The roots of CSR certainly extend before World War II (Carroll and Shabana, 2010). But a lot of empirical literature agrees on the late twentieth century as the time for development of CSR in its strictest sense. For example, one of the distinguished contributors in the subject Carroll and other agree that the concern of businesses on the welfare of their employees and the society in general is responsible for the emergence. With the emergence of the labor movement and spreading of slums triggered by the industrial revolution, businesses started to provide social welfare on a limited scale, including the construction of hospitals and bath houses and provision of food coupons (Carroll, 2008). The idea of corporate social responsibility (CSR) that is, businesses bearing a responsibility to society and a broader set of stakeholders beyond its shareholders gained currency in the 1960s. Since then, attention on CSR has been growing in both academic and practitioner communities around the world (Wang et al., 2016). As (Lee and Carroll, 2011) witnesses by quoting (Clark, 2000), In the 1970s, the idea of the firm as a social actor began to be accepted, and thus expectations for corporations to respond to social issues and demands for ethical behavior emerged. However, survey respondents at the time did not believe businesses should be involved in social problems such as education, support of charities, or the decay of cities unless they were directly related to business matters.

There is no consensus concerning the contribution of businesses for the societal cause through CSR practices. While certain group of scholars held the view that the major concern of businesses is generating shareholder profit, other argue against it and label businesses as the right entities to engage in CSR practices.

Arguments in favor of CSR comprise many scholars in the field. According to this view, businesses have to participate in CSR primarily to maintain a business's long-term existence. According to this view, for businesses to have a healthy climate in which they function in the

future, it must take actions now that will ensure its long-term viability. The second argument for this group of scholars is involves going in harmony with government regulation (Carroll and Shabana, 2010). Still another argument forwarded by this group in favor of CSR concerned with the better position businesses have in terms of recourses at their disposal ready for expenditure for social causes, management talent they posses and mix of expertise under their possession.

Contributors in the field have identified areas where CSR of companies should considerer. As pointed out by Carroll, economic, social, and environmental issues and areas are popularly recognized and distinguished as fundamental to the CSR agenda. It is because the activities and the operations of corporations mainly impact the economic and social life of the people in and outside as well as the natural and human environment (Nasrullah and Rahim, 2014). This responsibility, according to the authors involves two dimensions, internal and external. The internal dimension includes human resource management, health and safety at work, management of environmental impacts, and natural resources. The external dimensions involve local communities, business partners, suppliers, consumers, human rights and global environment.

The development of research and empirical literature has not been evenly distributed across the globe. By Quoting Quazi, Rahman and Keating, (Belal, 2000) viewed CSR practices and research as “CSR has been historically viewed as a developed-country phenomenon. As such, a large body of literature on social performance of firms has emerged in the context of developed countries. Literature on the theory and practice on CSR in the developing countries therefore remains scant.” As visser puts it statistically, researches show that between 1995 and 2005 only 12 of Africa’s 53 countries have had researches published in core CSR journals, with 57% of all articles focused on South Africa and 16% on Nigeria (visser, 2008).

Beside the lack of adequate amount of research and literature in the developing nations’ context, how the CSR practices are organized and their area of concern varies from that of the developed part of the world. Divergence on policies and practices of CSR between developed and developing countries are evident in the literature. Developed countries, such as the US, Australia, and regions such as the OECD and the EU, have incorporated CSR into their business lexicon. But in developing countries it is hard to find CSR practices used in a logical way (Majumdar et

al.,2008). Moreover out of the four dimensions of CSR (economic, legal, philanthropic and ethical responsibilities) identified by Carroll, the prioritization of these different responsibilities is different in developing and developed countries (CESD, 2013). Accordingly, economic responsibilities are the top priority both in developed and in developing countries, but particularly in developing countries, which suffer from wide unemployment and inadequacy of direct foreign investment, the economic contribution of companies has special significance, and they are highly praised by government and community.

This trend has to be changed as there are a lot of economic, legal, philanthropic and ethical issues that need the intervention of business organizations through their CSR programs. As Aasad, 2010, Pokorny, 1995 and others pointed out, in this decade, the perception about CSR has to change significantly. The success of a company should be also measured by its contribution to society. The same can be said about the development of research and literature in the area of CSR. A lot of researches, theories and views about CSR in the developing part of the world have to be produced. As (visser, 2008) critically puts it, CSR in developing countries is a rich and fascinating area of enquiry, which is becoming ever more important in CSR theory and practice. And he continues, since it is profoundly under-researched, it also represents a tremendous opportunity for improving our knowledge and understanding about CSR.

Moreover, in the present world, the contribution of CSR for sustainable development has attracted increasingly important attention. In this sense, sustainable development is inextricably linked to environmental issues in addition to social and economic issues (Sachs, 2012). For instance, the environmental damage caused by business (e.g. water pollution and deforestation) has an impact on local communities which, in turn, becomes a barrier to their long-term socio-economic development. As such, CSR activities in the context of sustainable development could reverse or mitigate the adverse impacts of business (Carroll, 2006).

One or the combination of the following: moral obligation, sustainability, license to operate and reputation will always be there to check companies to take their CSR programs very seriously (Masato Abe, 2007). The Banking sector will not be different but rather have a multiple role to play. In one way it is expected to engage in a CSR activities of its own and as an industry engaged in availing credit to companies and investors, has to make sure that its credit goes to

socially responsible projects. This is mainly due to the number of people affected by the activities of financial organizations tends to be very large, since not only owners and employees, but also those using their services are linked to a given institution for years or decades (Lentner, Szegedi and Tatay, 2015).

Ethiopia as one member of the developing part of the world is also suffering from this limitation. Therefore, the intention of this research work entitle “Effect of Corporate Social Responsibility on Market Performance: the Case of Commercial Bank of Ethiopia” is just to contribute a bit in the area.

2.3. Conceptual Framework

As the assessment of the objective situation in the developing nations of the world shows, there are some peculiar characteristics (Visser, 2006). First of all, developing countries have dynamic changing economies. This presents the regions with potential business activities with attractive profit margin and fast growth. In contrast, these countries are facing social crises and environmental disasters. However, the good news about these countries is that they are places where globalization, economic growth, investment, and business activity are likely to have the most dramatic social and environmental impacts (both positive and negative). Due to all these developing countries present a distinctive set of CSR agenda and their challenges are quite different to those faced in the developed world (Tilakasiri et al., 2011).

As a result, despite the slow start in the CSR activities, companies in the developing countries are showing remarkable progress in the implementation of CSR programs. As (Fetscherin, 2010) argues by quoting Lichtenstein et al., (2004), increasingly, companies are rolling out CSR initiatives which have also shown to become key success factors and sustainable competitive advantages. As the developments in the late 1990s witnessed, CSR attracted worldwide attention and several scholars had determined that socially responsible companies enjoy a number of benefits. These include profitability factors, such as achieving a competitive advantage, generating a positive corporate image, attracting and retaining high quality employees and enhancing product loyalty via an overall evaluation of the firm (Tilakasiri et al., 2011).

Ethiopia will not be an exception to this world wide phenomenon. Businesses in general and the banking sector in particular have to be studied to understand whether or not the CSR is now an integral part of the overall business operation.

The position of scholars like Friedman that promote the notion that there is one and only one social responsibility of business- to use its resources and engage in activities designed to increase its profits has to be proved right or wrong in the Ethiopian context. This paper tries to investigate if it is also working in Ethiopia by taking the case of the Commercial Bank of Ethiopia.

This paper tries to investigate the effect of CSR on business development goals of the Bank. The research tries to prove the casual relation between the various CSR activities of the Bank on selected business development target as indicated in the following diagram.

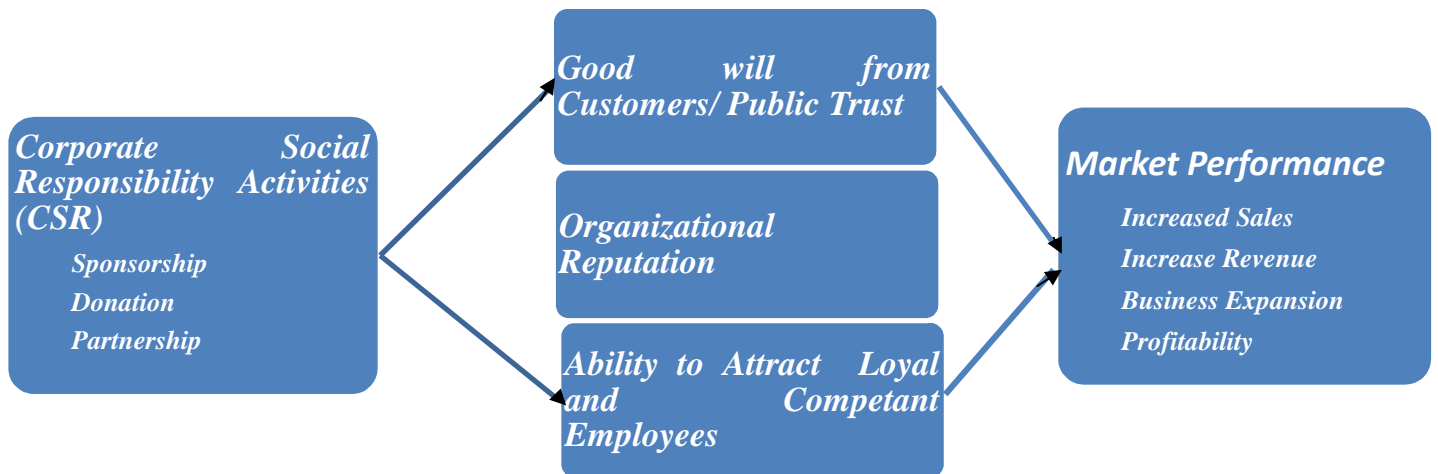


Figure 1 Diagrammatic Representation of Conceptual Frame work

Source: Adapted from (Turker 2009) and (Raman, Lim and Nair 2012)

3. Research Methodology

3.1. Research Design

The major objective of this research is to assess the “Effect of Corporate Social Responsibility on Market Performance.” To this end the research has to show casual relation between the dependent and independent variables. Therefore, the researcher applies more of an explanatory design believing that it is a preferable research design to arrive at the required result.

Based on the type of data collected for this research, a mixed approach or analysis technique has been used as preferable technique or approach to answer the research question. It is possible to say that a predominantly quantitative with a somewhat little mix from a qualitative format has been applied.

The paper predominantly focuses on the various CSR activities accomplished by the CBE and their contribution for Market Performance of the Bank like profitability, market base, and sales volume. To this end a methodology is primarily relays on data collected through questionnaires and to some extent interview with managerial staff in charge of the CSR activities is applied. The Bank’s publications and other sources especially a report related to the CSR practices of the Bank are explored for information. The findings will be seen in relation to findings by the related literature and theories developed in the area.

There are two types of questionnaires presented in a structured format for employees and customers of the Commercial Bank of Ethiopia. While the questionnaire for employees is used as a major data source to frame the research, responses from customers have been given a role to support data from employees.

3.2. Sampling Technique

It is usually recommended that a sample size should neither be excessively large, nor too small. An optimum size, a sample size that fulfills the requirements of efficiency, representativeness, reliability and flexibility is taken to be appropriate for a successful research work. However, the researcher has found coming up with this recommended sample size a bit difficult. The fact that CBE with its more than 1160 branches (as at June 2016) stretched across the width and breadth of the country, the more than 14 million account holders and around 28 thousand employees (As

at 2016) distributed all over the country makes deciding the optimal sample size difficult. Distance, cost and time are major constraints in this respect.

Be as it may, the researcher tried its best to make the sample design fulfill the characteristics embodied in a good sample design. Consequently, proper attention has been given to make the sample design as representative as possible, minimize the sampling error, control systematic bias as much as possible and other necessary measures.

The types of sample design selected for this research is probability sampling and simple random sampling is the major technique applied to collect the required information through the questionnaires prepared for this purpose. Questionnaires are distributed for customers mainly at the branch level and for CBE staff at branch and head office organs.

Table 1- Information on CBE Branch within the Addis Ababa area (as at June 2016)

<i>Name of District</i>	<i>Number of Branches</i>				<i>Total</i>
	<i>Grade 1</i>	<i>Grade 2</i>	<i>Grade 3</i>	<i>Grade 4</i>	
<i>East Addis Ababa District</i>	15	53	1	4	73
<i>North Addis Ababa District</i>	4	39	3	5	51
<i>South Addis Ababa District</i>	7	50	2	7	66
<i>West Addis Ababa District</i>	12	37	3	5	57
<i>Total</i>	38	179	9	21	247

The researcher intended to collect data from Grade 2, 3 and 4 branches by taking one representative branch from each category. Grade 1 branches are omitted due to the fact that as many of them are newly opened relatively few customers visit such branches on a daily basis. Moreover, as the Bank currently pursues branchless banking, an account holder is normally a customer to every branch throughout the country. The researcher selected the branches where questionnaires are distributed largely for convenient sake.

Table 2: Number of questionnaires Distributed to branches (Customer Questionnaires)

<i>District Name</i>	<i>Selected Branches</i>	<i>Questionnaire Distributed (N)</i>	<i>Total Number of Questionnaires (N X 3)</i>
<i>East Addis Ababa District</i>	3	10	30
<i>North Addis Ababa District</i>	3	10	30
<i>South Addis Ababa District</i>	3	10	30
<i>West Addis Ababa District</i>	3	10	30
<i>Special outlets</i>	2	15	30
<i>Total</i>			<i>150</i>

Similar numbers of questioners are distributed to all selected branches of the CBE that are found in Addis Ababa. First of all the sample type are taken to be similar, Customers that have accounts in the CBE. Thanks to the network connection through T-24 core banking solutions, these customers have the privilege to get services from every branch at their convenience. This makes reasonable enough to use probability sampling especially random probability sampling fit enough to collect data from the branches.

As for the employees of the Bank, in addition to the branches, questionnaires are distributed to some of the head office organs with the following sample size.

Table 3: Number of questionnaires Distributed to CBE Employees

<i>Sample Site</i>	<i>Grad 2 Branches</i>	<i>Grad 3 Branches</i>	<i>Grad 4 Branches</i>	<i>Total</i>
<i>North Addis Ababa District</i>	10	10	10	30
<i>East Addis Ababa District</i>	10	10	10	30
<i>West Addis Ababa District</i>	10	10	10	30
<i>South Addis Ababa District</i>	10	10	10	30
<i>Special outlets (H.O)</i>				30
<i>Special outlets (TS)</i>				30
<i>Total</i>				180

The same sampling technique as indicated in the case of customer questionnaire is applied here. The Questionnaires are evenly distributed among the major departments of the head office organs and at branches.

3.3. Method of Data Collection

Two types of data collection methods, primary or secondary or the combination of the two are used in any research work.

This research uses primary data sources as a major input with an occasional use of secondary data sources. The primary data are collected through two types of questionnaires prepared for this purpose and an interview scheduled to managerial staff closely linked to CSR activities of the Bank. The first and main questionnaire is distributed for employees of the CBE. The sample includes employees of the Bank working at branches and head office organs. A total of 180 questionnaires are distributed to employees of the Commercial Bank of Ethiopia within the Addis Ababa area. Questionnaire of almost similar content is distributed to customers at the branch and head office. A total of 150 questionnaires were distributed.

The questionnaires are primarily prepared in English and all employees of the CBE are expected to answer this English version without difficulty. However, as all customers are not expected to have the required level of language proficiency, the questionnaire prepared for customers is translated to the working language of the federal government as well as the Addis Ababa city administration 'Amharic'.

Secondary sources of data are the second in terms of importance in collecting data for the study. Both published and unpublished secondary sources are used here. Reports developed by the Bank on its CSR practices, budget allocation and utilization as well as the areas of CSR the Bank engaged in during the past 3-5 years are major sources of secondary data. An interview was also scheduled for the process currently in charge of the CSR activities of the Bank.

The respondents for the questionnaires are randomly selected and will fill the questionnaires by themselves without intervention from the researcher or the managers, customer service managers or customer service officers who will be in charge of distributing and collecting the questionnaires. The distribution and collection of the questionnaire have been made randomly

without any prior qualification. Customers and employees will be selected 'on first come first served' basis by requesting their will only.

3.4. Data Analysis

All data collected for the study especially the primary data collected through questionnaire are screened to check that adequate level of response has been obtained. Questionnaires that display defect, incompleteness and other problems that have a drawback to the final output are disqualified.

Most of the primary data collected through questionnaires are designed in way that they could be coded and converted in to numerical format. Statistical representations of the findings are used to make the presentation descriptive enough. A relevant statistical program is used to bring the required output. SPSS and STATA are the major statistical tools to be applied for the analysis technique.

As the major objective of this research is to find out the effect of CSR activities of the CBE on Market Performance and to show that relations between dependent and independent variables, Pierson Correlation and Regression analysis are used to analyze the relationship as well as causality between the constructs of the study.

The two types of questionnaires are administered for the employees and customers of the Bank have got three sections. The first section is for collecting demographic and related information about the respondents. The second section of the questionnaires has been intended to solicit information pertaining to awareness on CSR activities. The last or third part of the questionnaire is where the major objective of the research relies. The responses to this part of the questionnaire have been rated according to Fifth Likert Scale, (1) = Strongly Disagree and (5) = Strongly Agree. (Best, 1977) is applied to determine the level of the mean score in the five point Liker scale. Accordingly a mean score from 1-1.8 is lowest, 1.81-2.61 is low, 2.62-3.41 is moderate/average, 3.42-4.2 is high and from 4.22-5 is very high.

3.5. Ethical Considerations

The researcher has tried its level best to minimize respondents' bias that would come due to the design of the questionnaires as well as in selecting the respondents. Most importantly, the original questionnaires and their Amharic translation have been made simple enough to be attempted by the respondents with no or little intervention from the researcher.

Respondents are recruited based on their consent and the researcher has made sure that the participants express their full consent before they start answering the questionnaires. They are promised that their identity will not be exposed or clues will not be given about their identity.

All the literature reviewed for this research has been properly acknowledged and other materials used as inputs in the process are properly cited to make this research work free from unethical conducts in the form of plagiarism.

The researcher makes sure that the responses are properly coded, entered and only based on this information the analysis is made.

4. Data Analysis and Discussion

This chapter deals with analyzing the data collected through primary data source ‘questionnaires’ and reports compiled by the Commercial Bank of Ethiopia (CBE). As stated in chapter three of this research, two types of questionnaires have been distributed for respondents. One for employees of the Commercial Bank of Ethiopia (CBE) and another for customers of this same Bank.

Accordingly, the number of questionnaires distributed and the response rate looks like the following.

Table 4: Number of questionnaires Distributed to branches (Customer Questionnaires)

<i>Questionnaires Types</i>	<i>Questionnaire Distribute</i>	<i>Questionnaire Returned</i>	<i>Return rate(%)</i>
<i>Employees Questionnaire</i>	180	163	90.5
<i>Customers Questionnaire</i>	150	120	80
<i>Total Number</i>	330	283	85.75

The study mainly analyzed the responses provided by employees of the bank concerning the Corporate Social Responsibilities (CSR) practices of the Bank and later see how much this same variables are considered by the customers of the Bank. Therefore, the questionnaires for the customers of the Bank are taken for the sole purpose of seeing the consistency between the responses from these major stakeholders on the CSR practices of the CBE and its outcome.

4.1. Respondents Profile

4.1.1. Employees of the CBE

The profile of the respondents as provided in the questionnaire is presented as follows.

Table 5: Gender of respondents

Gender	Frequency	Percent
Male	92	56.4
Female	71	43.6
Total	163	100.0

(Source: Survey Data, 2017)

92 (56.4 percent) of the respondents were found to be male and the remaining 71 (43.6 percent) of the respondents were Females.

Table 6: Age of respondents

	Frequency	Percent
18-25 years	28	17.2
26-35 years	81	49.7
36-45 years	39	23.9
46-55 years	12	7.4
Over 56 years	3	1.8
Total	163	100.0

(Source: Survey Data, 2017)

The highest percentage of respondents that accounts for 81 (49.7 percent) constitutes people of 26-35 years of age. Respondents which are over 56 years of age constitute the lowest number of respondents with 3 (1.8 percent) of the total response. The remaining age groups have the share of response as indicated in Table 3.

Table 7: Level of Education

	Frequency	Percent
Secondary School	1	.6
Diploma/Vocational Education	3	1.8
Bachelor's Degree	102	62.6
Masters Degree or Above	57	35.0
Total	163	100.0

(Source: Survey Data, 2017)

Out of the 163 respondents, 102 (62.6 percent) are first degree holders, 57 (35 percent) of them have a post graduate degree and the remaining insignificant number is taken by secondary and diploma/vocational education.

Table 8: Place of Assignment in the CBE

	Frequency	Percent
Head office organ	23	14.1
CBE branch	140	85.9
Total	163	100.0

(Source: Survey Data, 2017)

The majority of respondents are from the operational department of the CBE with 140 (85.9 percent) representation. The remaining 23 or 14.1 percent are from selected head office departments of the Bank.

Table 9: Current Job Position

	Frequency	Percent
Managerial	44	27.0
Officer	112	68.7
Other	7	4.3
Total	163	100.0

(Source: Survey Data, 2017)

Out of the total 163 responses, 112 (68.7 percent) of employees are officers, 44 (27 percent) managers and the remaining 7 (4.3 percent) of the respondents work at other positions in the head office and branches.

4.1.2. Profile of Customer Sample

A total of 150 questionnaires were distributed and 124 questionnaires returned. Four of the questionnaire were not taken for analysis as they were not filled properly and leave the number of responses fit for analysis just 120. The profiles of these 120 customers of the CBE selected for the study are presented below.

Table 10: Gender of respondents

	Frequency	Percent
Male	77	64.2
Female	43	35.0
Total	120	100.0

(Source: Survey Data, 2017)

77 (64.2 percent) of the respondents were male and the remaining 42 (35 percent) were female. Only one respondent has missed to fill the gender box.

Table 11: Age of respondents

	Frequency	Percent
18-25 years	17	14.2
26-35 years	54	45.0
36-45 years	28	23.3
46-55 years	15	12.5
Over 56 years	6	5
Total	120	100.0

(Source: Survey Data, 2017)

As indicated in the table a relatively large number of respondents fall within the second group, 26-35 years of age. They constitute 54 (45 percent) of the respondents. Customers of the Bank 36-45 years of age were 28 (23.3 percent), 18-25 years of age 17 (14.2 percent) and the smallest share is taken by those respondents over 56 years of age with just 4 (3.3 percent) of the total responses.

Table 12: Level of Education

	Frequency	Percent
Secondary School	4	3.3
High School	13	10.8
Diploma/Vocational Education	24	20.0
Bachelor's Degree	57	47.5
Masters Degree or Above	22	18.3
Total	120	100.0

(Source: Survey Data, 2017)

56 (46.7 percent) of the respondents have a first degree, 24 (20 percent) diploma or vocational training and 22 (18.3 percent) masters degree or above. The remaining respondents are students or graduates of secondary school.

Table 13: Employment status

	Frequency	Percent
Student	6	5
Employed in the private sector	20	16.7
Self Employed	10	8.3
Employed In the Public sector	76	63.3
Unemployed	8	6.6
Total	120	100.0

(Source: Survey Data, 2017)

The next profile taken from customer's responses is information pertaining to their employment status. The majority of respondents, 75 (62.5 percent) are employed in the public sector. The next large number goes to those employed in the private sector and their number is 20 (16.7 percent). Self employed, unemployed and students took the third, fourth and fifth positions.

Table 14: How long do you know the Commercial Bank of Ethiopia as a customer?

	Frequency	Percent
Less than 5 years	30	25.0
5-10 years	36	30.0
More than 10 years	53	44.2
Total	120	100.0

(Source: Survey Data, 2017)

The next important information about the respondents is related to the number of years they stayed as customers of the CBE. Accordingly, 53 (44.2 percent) of the respondents know the Bank for more than 10 years as customers. 35 (29.2 percent) have been with the Bank for 5-10 years, and the remaining 30 (25 percent) have been with the CBE for less than 5 year.

4.2. Analysis of Employees' Responses

The employees questionnaires constitutes four parts where the first three which has been denoted in the upcoming sections as CSR 1, CSR 2, CSR 3 representing the independent variables and the fourth one, CSR 4 representing the dependent variable. The dependent variable is the target of this analysis 'Marketing Performance of the CBE'. The mean averages have been calculated for each group of variables to come up with the result.

The responses of employees of the CBE has presented in order as follows.

4.2.1. Corporate Social Responsibility Activities of the CBE

This section is coded as (CSR 1). In this section a set of questions have been presented to the respondents to investigate how much they knew about the CSR practices of the CBE. Five questions have been found important to find out the perception of the employees of the CBE as presented in the following table.

Table 15: Corporate Social responsibility of CBE

	Mean Frequency	Percent	Mean Score
Strongly Disagree	4	2.3	3.94
Disagree	5	3.1	
Not Decided	34	20.7	
Agree	76	46.6	
Strongly Agree	45	27.3	
Total	163	100	

(Source: Survey Data, 2017)

The majority of the respondents are affirmative about the Bank's CSR duties. 46.6 percent of the respondent agrees and 27.3 of them strongly agree that the CBE involves in various CSR activities listed down in this part of the questionnaire. The mean score for this section is 3.94 and falls within the mean range of 3.42 and 4.21 which is good or high. However, among the six questions presented in this category, a relatively large number of employees fall under 'undecided' for one item. The question demands if CBE is more active in CSR activities than its competitors. Here 35 percent of respondents not decided, 34 percent agree and the other 28.6

percent strongly agree.¹ This signifies there are significant numbers of respondents who have found comparing the CSR of the CBE with its competitors in the industry.

4.2.2. CBE's CSR Practices and Loyalty, Trust and Goodwill

In this second part the questionnaire denoted as CSR 2 for convenience sake, the major concern is to investigate the motive of the Bank for engaging in the CSR practices and how the practices are accepted by the employees in terms of winning their trust and loyalty as well as the goodwill brought with it. Six questions are particularly taken from this part and the mean has been calculated. The responses are presented as follows.

Table 16: CBE's CSR Practices and Loyalty, trust and Goodwill

	Mean Frequency	Percent	Mean Score
Strongly Disagree	4	2.6	3.70
Disagree	14	8.5	
Not Decided	41	25.4	
Agree	71	43.3	
Strongly Agree	33	20.3	
Total	163	100	

(Source: Survey Data, 2017)

The majority of responses 43 percent agree and 20.3 strongly agree that CBE participates in CSR activities out of genuine interest to contribute for the well being of the society. This makes the respondents remain loyal and trust the Bank. The mean score here is 3.70 which are again within the interval appropriate for good or high. Out of the six questions presented here, a slight reservation has been observed on the part that asks the employees if they are willing to recommend other to join CBE. The response is 36.8 percent not decided, 31.9 percent for agree and 17.8 for strongly agree which exhibits a significant number of undecided voters.² However, the overall result is affirmative that CBE's CSR practices are contributing for the Bank to win the loyalty, trust and goodwill of its employees.

¹ The main table is annexed

² Table is annexed

4.2.3. CSR Activities of the CBE and Organizational Reputation

The third independent variable CSR 3 is designed based on the major argument discussed in the theoretical part. This largely deals with the motive for business organizations to devote their resources to CSR duties and their reputable tasks. Here a total of six questions were presented to the employees of the CBE. Their response has been summarized in the following table.

Table 17: CSR of the CBE and Organizational Reputation

	Mean Frequency	Percent	Mean Score
Strongly Disagree	7	4.5	3.59
Disagree	13	8.1	
Not Decided	33	20.0	
Agree	68	41.8	
Strongly Agree	42	25.5	
Total	163	100	

(Source: Survey Data, 2017)

The majority of respondents, represented by 41.8 percent, agree that the Banks motive for engaging in CSR activities is societal good rather than mere profit and the Bank runs its business in a responsible manner. 25.5 percent of the respondents also strongly agree with this proposition. The responses for the remaining items in this category uniformly confirm similar fact. The mean score further signifies this claim as the 3.59 falls within the range of 3.42 and 4.21 which is very suitable for good or high.

4.2.4. Marketing performance of the CBE

The last section of employees' questionnaire is label as CSR 4 and represents the dependent variable of the research. This part investigates the extent to which employees of the CBE perceive the marketing performance of the Bank. Five questions were included in this part to see how the CSR activities of the Bank impacted its marketing performance.

Table 18: CBE's Market Performance

	Mean Frequency	Percent	Mean Score
Strongly Disagree	3	1.8	4.29
Disagree	4	2.5	
Not Decided	17	10.4	
Agree	60	36.7	

Strongly Agree	79	48.5
Total	163	100

(Source: Survey Data, 2017)

The mean score 4.29 is considered very good or very high. According to the mean frequency the majority or 48.5 percent of the respondents strongly agree with the achievement of the Bank. If we look at individual responses from the main table³, out of the five items presented in this section, except in item number 1, all the respondents strongly agree that CBE is successful in its business performance.

4.3. Analysis of Customers Responses

Similar questionnaire was dispatched to the customers of the CBE and the questionnaires again divided in to four sections. The first three which CSR-1, CSR-2, CSR-3 represent the independent variables and the fourth one, CSR-4 represents the dependent variable or CBE's market performance. The findings are analyzed in the following tables.

4.3.1. Corporate Social Responsibility Activities of the CBE

Table 19: Corporate Social responsibility of CBE

	Mean Frequency	Percent	Mean Score
Strongly Disagree	5	3.8	3.65
Disagree	9	7.5	
Not Decided	32	26.3	
Agree	54	45.0	
Strongly Agree	21	17.3	
Total	120	100	

(Source: Survey Data, 2017)

With the mean score of 3.65 respondents expressed their positive view about the CSR practices of the CBE. With this average mean, the overall tendency of the response shows that 'Agree' is a majority response. This value is true in four of the five questions posed for this part. Only for one question, 'CBE Contributes Money to campaigns and projects that promote the well-being of the

^{3, 4} Main table annexed

society.’ the majority response 41.7 percent happens to be Not Decided while 34.2 agree and 14.2 strongly agree on the issue.⁴

4.3.2. CSR Loyalty, Trust and Goodwill

The second group of dependent variables, CSR 2 is presented to see how much the CSR practices of the Bank helped to cultivate the loyalty trust and goodwill of its customers. The average score of the responses for the six questions in this section looks like the following.

Table 20: CBE's CSR Practices and Loyalty, trust and Goodwill

	Mean Frequency	Percent	Mean Score
Strongly Disagree	3	2.1	3.76
Disagree	9	7.2	
Not Decided	28	22.9	
Agree	58	48.2	
Strongly Agree	24	19.6	
Total	120	100	

(Source: Survey Data, 2017)

With an average mean score of 3.76, the majority of responses agree that CBE has cultivated the loyalty, trust and goodwill of its customers. The responses say that the customers are comfortable with the Bank and even willing to stay as customers.

4.3.3. CSR Motives of the CBE and Organizational Reputation

The third independent variable CSR 3 is all about the CSR practices of the Bank and organizational reputation that has come out of it. The respondents have the following view about the Bank’s organizational reputation.

Table 21: CSR of the CBE and Organizational Reputation

	Mean Frequency	Percent	Mean Score
Strongly Disagree	7	6.1	3.47
Disagree	12	9.6	
Not Decided	38	31.4	
Agree	46	38.2	
Strongly Agree	18	14.7	
Total	120	100	

(Source: Survey Data, 2017)

The mean score 3.47 reveals that customers have positively viewed the CBE and the Bank has possessed a good name or reputation. The majority of respondents are affirmative that CBE participates in CSR practice for the sake of doing good for the society rather than simply perusing profit motives. Similarly, the respondents have been affirmative that the Bank conducts its business in a responsible manner.

4.3.4. Marketing performance of the CBE

This section represents the dependent variable of the study coded as CSR 4. The major objective of this section is to find out to what extent the CSR activities of the Bank impacted its marketing performance. Six questions are presented for customers of the Bank and the responses are the following.

Table 22: CBE's Market Performance

	Mean Frequency	Percent	Mean Score
Strongly Disagree	2	1.7	4.15
Disagree	4	3.0	
Not Decided	20	16.7	
Agree	43	36.2	
Strongly Agree	51	42.5	
Total	120	100	

(Source: Survey Data, 2017)

The mean score 4.15 is the highest score which represents strong agreement or very good/very high. This shows that there is a highest approval rate by customers of the Commercial Bank of Ethiopia pertaining to its achievement in marketing performance. If we look at the individual responses for the six questions in the main table, except for one item 'CBE is a favorite Bank for many people' the respondents express their strong agreement. Even for this single item, the second largest number of respondents selected 'Agree'.⁵

⁵ The full table is annexed

4.4. Comparison of Employees and Customers Responses

The comparison of responses given by the employees and customers of the Bank has been presented in the following table. The comparison constitutes all the three independent and one dependent variables of the study.

Table 23: Comparison of Employees and Customers Response

Variable	Mean Score	
	Employees Responses	Customers Responses
Corporate Social Responsibility Activities of the CBE (CSR 1)	3.94	3.65
CSR Loyalty, Trust and Goodwill (CSR 2)	3.70	3.76
CSR of the CBE and Organizational Reputation (CSR 3)	3.59	3.47
CBE's Market Performance (CSR 4)	4.29	4.15

The responses provided for the variables displays constancy in all the four cases. First of all, both the employees and customers of the Bank confirm that they knew the CSR practices of the Bank with 3.94 and 3.64 mean scores respectively which confirms CBE is a Bank with many CSR involvements. These activities enabled the Bank to win loyalty, trust and goodwill of its employees and customers. CBE conduct its business in responsible manner and eventfully the Bank displays a successful market performance. 4.29 mean score for employees and 4.15 mean score for customers reveals that there is a strong agreement concerning the success in the market performance of the Bank.

The mean score for employees' responses is relatively greater than the customers' responses in all the responses except for the item under CSR 2.

4.5. Relationship between Variables

4.5.1. Correlation Analysis

The researcher has tried to analyze the correlation between the dependent and the independent variables. As stated in chapter three, the research methodology part, Pearson correlation has been selected for this test. The dependent variables in section four, Marketing Performance has been compared with the independent variables in sections one, two and three denoted as (CSR- 1, CSR- 2 & CSR- 3) respectively.

As each section of the questionnaire consists of 4-6 questions, the researcher has found it convenient to take the average of each section and compute the correlation between the dependent variable (Marketing Performance) and the independent variables in the remaining three sections.

The comparison and the nature of correlation existed between the independent and the dependent variable is presented in the following tables.

Table 24: Correlations Analysis of Customers Responses

		CSR1	CSR2	CSR3
Marketing Performance	Pearson Correlation	.626**	.650**	.514**
CSR4	N	120	120	120

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

(Source: Survey Data, 2017)

Correlation has been found significant at 0.01. The correlation that exists in the responses for the dependent and independent variables is significant almost in all the three cases. The relation between the dependent variable CSR-4 and the first two independent variables, CSR-1 & CSR-2 is relatively stronger as the value is approaching towards 1. As shown in the table the dependent variable, marketing performance has a relatively more significant relation with CSR -2 or CBE's CSR activities and the resultant loyalty, trust and goodwill of customers.

Table 25: Correlations Analysis of Customers Responses

		CSR1	CSR2	CSR3
Marketing Performance	Pearson Correlation	.434**	.532**	.307**
CSR4	N	120	120	120

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

(Source: Survey Data, 2017)

The same relationship has been exhibited in the analysis of customers' response. A relatively weaker relationship when compared to the employees' responses but significant analysis result has been found.

Therefore, it is possible to say that the Bank's engagement in various types of CSR activities has some kind of contribution to the achievement of its Marketing Performance. At least it is easy to deduct that there is consistency in the response.

4.5.2. Regression Analysis

To further test the causality between the independent and dependent variables, regression analysis has also been applied here. A different statistical software known as STATA has been used for this purpose. Based on this the following model has been developed:

$$BDG = \alpha_0 + \alpha_1 CSR1 + \alpha_2 CSR2 + \alpha_3 CSR3 + \epsilon$$

Where:-

BDG denotes Business Development Goals

CSR1 denotes the CSR practices of the Bank as stated in section 1 of the questionnaire

CSR2 denotes the way employees perceive the CSR practices of the Bank as in section 2 of the questionnaire

CSR3 Reputational aspects as stated in part 3 of the questionnaire

Accordingly the result obtained looks like the following.

Table 42: regression result for the Determinates of BDG (Dependent variable: BDG) ⁶

VARIABLES	BDG
CSR1	0.435*** -0.0816
CSR2	0.356*** -0.07
CSR3	0.132 -0.0801
Constant	0.765 -0.468

⁶ Regression result to be annexed

Observations	163
R-squared	0.531

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

The finding in the regression analysis again exhibits a significant casual relation between the dependent and independent variables. The contribution of the two independent variables, the CSR-1 which represents the CSR activities of the CBE and CSR-2 which represents the way the respondents view the CSR practices of the CBE especially have a very strong significant relation with the dependent variable (BDGs) as exhibited in the p value.

4.5.3. Diagnosis tests

The following diagnosis test procedures have been undertaken on the regression model to analyze the result without violating the basic assumptions of the ordinary least square (OLS) regression estimation method. Since the regression method uses a robust technique, heterocsedasity problem is not expected, hence no test has been performed.

a) Goodness of fit tests

The overall/ model test of goodness using F-test shows that the model is statically significant at 1 percent of level of significance. This implies that the independent variables in fact have an impact on the dependent variable.

b) Specification test

The specification test using Ramsey RESET test shows that the model has no significant omitted variable as shown in the following table.

Table 43: Ramsey RESET/OV test

RESET test using powers of the fitted values
Ho: model has no omitted variables
F(3, 156) = 8.25
Prob > F = 0.0000

c) Multicollinearity test

There is no significant multicollinearity among the explanatory variables as test by variance inflation Factor (VIF) test as the VIF statistics is lesser than 10 or its inverse (1/VIF) is greater than 0.1 as shown in the following table.

Table 44: VIF test

Variable	VIF	1/VIF
CSR2	1.61	0.622264
CSR1	1.37	0.730449
CSR3	1.32	0.755323
Mean VIF	1.43	

4.6. Overview of CBE's Actual Corporate Social Responsibility Practices

The researcher believes that it is wise to see what the Bank is actually doing in executing its CSR duties. For this purpose an exploration has been made on reports especially on the assessment made on CBE's existing Corporate Social Responsibility practices (CBE, 2016) and interviews held with the department in charge of handling the issue. The report mostly covers recent practices and the activities, lines of duties and the finance involved for some extent. The following presentation somewhat represents the CSR of the Bank in glimpse.

4.6.1. Donation

As the researcher learned from the Promotion and Brand management Sub-Process of the CBE, the Bank don't proactively select the social, health, education and humanitarian projects which it makes financial support. Rather, it accepts donation or financial support requests, process them as per the procedure of the bank, identify potential donation cases and avail aid mostly in monetary terms. Only in rare occasions like during natural disaster and unexpected crisis at national level the Bank takes proactive measures.

Table 45: Donation cases processed CBE during 2012/13-2015/16⁷

Year	No. of cases processed	No. of cases approved	(Approved/Processed) (%)
2012/13	81	15	18.52
2013/14	130	18	13.85
2014/15	140	11	7.86
2015/16	89	10	11.24

Source: CBE promotion and Brand Management Sub-Process report (July 2016)

As we see from the report, there is a wider gap between donation requests and the response made. A number of reasons have been provided by the Bank for this low performance versus demand. The major reason forwarded is 'Priority'. According to the Bank's procedure, projects that have larger beneficiaries are much prefer as donation target.

⁷ Only half year report is compiled for the year 2015/16

This selection procedure has impacted the budget utilization. The budget allocated annually to provide financial support to social, health, education, humanitarian and environmental and related Projects and activities has not seen full utilization. The following budget utilization during the stated periods substantiates this argument.

Table 46: CBE's Donation Budget Utilization

Budget year	Annual budget (In birr)	Utilized amount (In birr)	Utilization rate
2012/13	8,000,000.00	1,592,966.00	19.91%
2013/14	15,000,000.00	2,396,268.00	15.97%
2014/15	45,000,000.00	6,207,299.00	13.79%
2015/16	10,000,000.00	8,804,028.00	88.04%

Source: CBE promotion and Brand Management Sub-Process report (July 2016)

4.6.2. Membership

The other mechanism by which the Bank discharges its social responsibility is membership. The bank has a practice to be a member of various associations that are established to develop a certain profession or solve a specific social matter (CBE, 2016). As the Bank's procedure clearly stipulates, besides selecting an association for its impact in the society, its annual performance is evaluated before membership is renewed.

When compared to the Bank's practice of donation, its involvement in membership activities is insignificant. Although it is difficult to find organized financial data for the preceding years, in 2016 budget year, the budget allocated for 2015/16 was 1,056,182.00 birr.

4.6.3. CBE's Sport Association as One Way of Discharging CSR

When we see from the budget allocation as well as the visibility from the employees and customers point of view, Sport is the major area where the Bank disposes its CSR. The Bank's sport association manages men and women football clubs (currently competing in the countries major league), Athletics, tennis and other clubs competing at various levels in the country.

According the report compiled by the Bank in 2015/16 fiscal year alone, the bank has budgeted 64 million birr to be managed by the Bank's association. The annual budget allocated for the sport club is increasing in the past few years (CBE report, 2016).

The Bank has also allocated 500 million birr special budget to build a modern multi -purpose stadium at a 50,000 meter square area in Addis Ababa. Upon its completion, the stadium will have a capacity to provide service for both local and international sport competitions.

4.6.4. CBE's Resource Allocation as One Way of Discharging CSR

As clearly indicated in the Bank's strategic document, quarter and annual reports, the lion's share of the Bank's resource allocation/credit in the form of local and foreign currency goes to nationally prioritized projects. The sectors and projects for which the Bank stretches its credit should have a wider impact to the socio economic development of the country. In one way or another, the Bank makes sure the beneficiaries are the wider public. Therefore resource allocation is one important area where the Commercial Bank of Ethiopia disposes its CSR duties.

Accordingly, the manufacturing industry, agriculture, exports oriented industries, infrastructure and power projects are among the highly prioritized sectors. The proportional allocation of credits in the past few years may say something about the socially responsible loan disbursement practices of the CBE. Table 47 discusses finance availed to various sectors in five years (2010/11-204/15).

Table 47: Percentage of loan disbursement of CBE to various sectors

Economic sectors and projects	Share of loan disbursement (%)				
	2010/11	2011/12	2012/13	2013/14	2014/15
Manufacturing	16	20	28	24	22
Agriculture	22	23	16	16	15
Export	2	1	1	-	1
Railway Projects	-	-	-	7	11
Condominium housing projects	9	7	11	11	13
Power Projects	38	35	33	36	40
Other sectors	12	13	12	12	11

Source: CBE promotion and Brand Management Sub-Process report (July 2016)

As the five years data shows projects that benefit the wider public and that have a long term impact on the country's socio economic development take the largest share of resources

allocated. As we can see from the table the share of credit availed for ‘Other Sectors’ is only from 11-13 percent each year.

The following table shows the finance availed to these high impact projects during these same five years.

Table 48: Loan disbursement of the bank in the last five years (millions of Birr)

Economic Sectors	Year					Average growth rate (%)	Average share of loan disbursement
	2010/11	2011/12	2012/13	2013/14	2014/15		
Manufacturing	5,519.8	11,343.0	13,516.8	14,844.2	15,246.8	34%	22%
Export	672.4	411.5	337.5	267.6	499.1	2%	1%
Agriculture	7,520.5	12,812.3	7,707.5	9,815.6	10,474.3	16%	18%
Condominium housing	3,017.0	4,101.0	5,675.0	7,000.0	8,850.0	31%	11%
Railway Project	-	-	-	4,200.0	7,700.0	83%	4%
Renaissance dam	13,000.0	19,300.0	16,200.0	22,000.0	28,000.0	24%	36%
Other sectors	4,067.2	7,373.3	5,617.4	7,255.7	7,439.7	22%	12%
Total disbursed loan per year	33,796.9	55,341.1	49,054.2	61,183.1	70,510.0	-	-

Source: CBE promotion and Brand Management Sub-Process report (July 2016)

The beneficiaries of these priority projects are the wider public and the impact is sustainable. As we see from the table, the finance allocated for such projects and sectors is increasing throughout the five years period. When we take out the other sectors, the credit availed for this priority sectors was around 29.7 billion birr in 2010/11. It was increasing each year by a substantial amount and at the end of 2014/15 it jumped to 63.1 billion birr.

4.7. Summary of Findings

4.7.1. Summary of Findings from the Primary Data

The major objective of this research is to investigate the effects of CSR practices of the CBE on its Market Performance. To this end, it is mandatory to know how much the CSR initiatives of the Bank known or observed by the respondents. Accordingly, among the sampled group of respondents, with 3.94 mean score the employees and with 3.65 mean score customers confirmed that CBE is a socially responsible Bank and engaged in various CSR duties listed in the questionnaires. Consequently, they liked their association with the CBE as employee and customer and even willing to encourage others to do so. Although the majority of respondents are willing to provide their service of a word-of-mouth promotion, still significant number is found in the 'No Response' zone.

Among employee responses many of them believe that CBE participates in CSR practices out of genuine interest to contribute for the wellbeing of the society rather than maximizing profit. However customers' responses show a balance between the two extremes. While 43 (35.8 percent) of them say that CBE's motive is not profit, 46 (38.3 percent) of them believe that the motive is profit.

Respondents of the two questionnaires believe that CBE conduct its business in a responsible manner. According to the respondents, The Bank's participation in various CSR fields and its compliance to responsible business operations helped the Bank to enjoy trust, loyalty and goodwill of its employees, customers and general public. Just to take one item, 120 (73.7 percent) of the sampled employees and 85 (70.8 percent) of customer respondents say that CBE is a favorite brand for many people from different walks of life.

The last section of the analysis is devoted for dependent variable, Achievement of Business Market Performance. The section asks respondents if they agree that the Bank registered success along the five Market Performance targets. The largest majority of them from both groups provide answers that denote strong agreement.

From this analysis of variables in each section, it will be logical to deduct that other things being constant, there is the contribution of the Bank's CSR initiatives for the attainment of the Bank's Market Performance Targets. The correlation and regression analysis further strengthen this claim.

The actual CSR performance of the Commercial Bank of Ethiopia, as it can be seen from the analysis of the Bank's report, is supportive of the analysis result of the primary data collected through the two types of questionnaires. The Bank participates in many CSR activities, conducts its business responsibly and devotes large amount of many for the cause.

5. Conclusion and Recommendation

The purpose of this research is to investigate the effect of Corporate Social Responsibility activities on the fulfillment of business development goals of the Commercial Bank of Ethiopia. A predominantly quantitative approach has been adopted to come up with the result. The findings of the study has been discussed in the previous chapter in detail and the conclusion and recommendation are presented in this final chapter of the paper

5.1. Conclusion

As the findings from the analysis of questionnaires distributed to the employees as well as customers of the Commercial Bank of Ethiopia reveals, there was awareness about the CSR practices of the Bank. Generally, the findings of the study can be summarized as follows.

- The large majority of respondents believe that CBE is a socially responsible Bank. 88.3 percent of employees and 69.8 percent of customers included in the sample in one way or another agree on this. The respondents are also aware of the fact that the Bank participates in the list of CSR practices indicated in the questionnaire.
- It was also possible to see that the CSR activities of the Bank have helped to win the trust and loyalty of its employees and customers. Consequently employees and customers are willing to continue with the Bank as employee and customer in the future.
- The overall practice of the Bank has shown a positive cumulative result on the achievement of the Bank's Business Development Goals. With an average mean score of 4.29 and 4.15 for employees and customers responses, this part of the questionnaire have the highest score that signifies strong agreement.

However, there were some shortcomings or points that have been found during the analysis of the primary and secondary data that need attention. The most important ones include the following.

- In many of the responses, the second largest responses are found in the form of 'Not Decided'. Such respondents are either uninformed or at the edge that most probably go to disagreement.

- Just 52.1 percent of customers of the Bank believe that CBE is more active in CSR activities than its competitors. A positive response from employees is a bit higher 60.1 percent. Although the figure is statistically above mid-score, for a big Bank like CBE, the comparative result is not as significant as expected.
- Although the majority of respondents approved of the Bank's CSR activities, reluctance has been exhibited in promoting the Bank through a word of mouth communication.
- Although the Bank allocates a large sum of money for CSR tasks annually, there is no policy, procedure and most importantly a separate department to handle this big issue. This has a greatly limits the Bank's endeavor to practice CSR efficiently.
- The Bank does not have a reporting mechanism to communicate its CSR activities in a manner as expected or in a way that matches its reputation in the industry.

5.2. Recommendation

Increasing number of scholarly arguments suggest that business firms have to allocate significant portion of their resources for projects intended for the good of society. Although the primary purpose of engagement in CSR is just to alleviate the socio-economic problems of the society, there is a significant promotional byproduct from which companies could greatly benefit.

The Commercial Bank of Ethiopia, the leading banking service provider in Ethiopia is expected to have a significant contribution in this respect. As we have seen in the data analysis, there is the initiative that gets the respondents consent. However, there is a lot to accomplish in this respect and make the Bank's contribution more visible as well as benefit from the promotional potential. To this end the following recommendation worth proper attention.

- As per the finding, the Bank does not have a separate body that executes the CSR activities of the Bank. The Bank will be successful in its CSR engagements if it set up a separate body in charge of the CSR duties of the Bank, produce a separate procedure to select, follow up and upraise projects and areas where the Bank should intervene in its CSR activities.

- Although not majority, significant number of responses falls within ‘Not Decided’ category along some items in the questionnaire. The Bank has to promote its CSR activities in a proper manner and implement a mechanism to cultivate a word of mouth promotion that come through its CSR commitments.
- CBE has to make CSR reporting part of its CSR duties; reach its stakeholders, partners and the general public with the report in the same way as reporting the Bank’s operational performance.

5.3. Limitations and Future Research Direction

As far as the researcher’s knowledge is concerned, there is only little research done in CSR practices of the public and private sectors of the country. As a result it was difficult to get a well developed literature as well as a research direction that reflects the local situation.

The experience of the Banking sector in carrying out CSR is not that much appealing. Relatively speaking, it was the target of this study, CBE which is by far better in its involvement as well as resource allocation for CSR activities. This greatly affects the researcher’s intention to substantiate this study with comparative analysis. Therefore, one limitation of this study is the inability to come up with the industry’s experience of CSR duties.

As in the other performance areas, reporting the CSR activities is poorly handled in all institutions including the CBE. The researcher has made a fruitless endeavor to get a formally produce report that shows the CSR activity of firms. In many cases they have not been mentioned even in the main/ the organizations’ periodic reports. Worst of all, officials are not willing to respond requests concerning their CSR status, if there is any. These all limits the researches out put in a certain manner.

Be as it may, there is a light at the end of the tunnel. A topic barely touched by researchers give a lot of opportunity for those who want to contribute in the area. It is even the intention of the presenter of this researcher to do a lot in the area in the future.

Although poor reporting habit deprived the researcher of the privilege to witness developments in the area, there are some encouraging initiatives. Limitations and such appreciable beginnings by themselves make the future research direction optimistic.

But, there is no question that a lot of research work is required in the area and to this end:-

- A lot has to be done to make the researches as practical as possible and relevant to the local setting.
- Encourage firms like CBE with a better accomplishment in the area to support research works.
- Provide incentives in higher education institutions to make CSR interesting and attractive research topic.

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Appendix A:

Questionnaires for Employees of the Commercial Bank of Ethiopia

Dear Respondent,

I am attending a post graduate program in Marketing Management at Addis Ababa University College of Business and Economics School of Commerce. I am doing my dissertation on Corporate Social Responsibility (CSR) as partial fulfillment of my post graduate degree (MA/Msc) in marketing management. This questionnaire is intended to gather data on the topic selected for the study.

Properly attempting the questions here will help the researcher to understand first of all the status of CSR initiatives of the CBE, its impact on employees' and then the impact of CSR activities of the bank on the Bank's Business development targets. To make this research a success your contribution through responding the entire questions will have a paramount importance. Therefore the researcher would like to appreciate your contribution from the outset.

I would like to assure you that information about the respondents will remain confidential and to assist the confidentiality you are requested not to write your names or any information that reveals your identity.

If you have any questions about the question here or any additional information, please contact the researcher (Dereje Asegdew, Mobile: 0911 69 14 81, email: deraseg2@yahoo.com).

Sincerely

Part I
Respondents Information

Please, provide your responses by putting ‘ ’ mark in the space provided.

1. Gender

Male

Female

2. Age

18–25 years

26–35 years

36–45 years

46–55 years

Over 56 years

3. Level of Education

Under Secondary School

Secondary School

High School

Diploma/Vocational Education

Bachelor’s Degree

Masters Degree or Above

4. Your Place Assignment in the CBE

Head Office Organ

CBE Branch

5. Your current Job Position

Managerial

Officer

Other, Please Specify _____

Part II
Awareness on Corporate Social Responsibility (CSR)

1. Are you familiar with the theme of Corporate Social Responsibility (CSR)?

Yes, I know very well about CSR

Yes, I heard and know a little about it

I don't know so well that topic

I have never heard about the topic

2. How important do you think is for a bank to participate in CSR activities?

Very important

Fairly important

Neutral

Not important at all

3. According to your observation/information, which Corporate Social responsibility (CSR) activities does the Commercial Bank of Ethiopia (CBE) implements/practices : (select all that apply)

Donates to charity.

Participate in health and development.

Sponsors sport and cultural events.

Participate in Climate change and other environment protection activities.

Responsible business practice (socially responsible credit procedure, investment etc.).

Does not participate in any socially responsible initiatives.

Participates in other socially responsible initiatives such as (please specify below)

Part III
Corporate Social Responsibility in the CBE

Please, Provide your responses by selecting the ranges from strongly *Agree* – *Strongly Disagree* represented by *Strongly Agree- SA*, *Agree-A*, *Not Decided-NA*, *Disagree –DA* and *Strongly Disagree-SD*.

<i>S/N</i>	<i>CSR Activities</i>	<i>SD</i>	<i>D</i>	<i>ND</i>	<i>A</i>	<i>SA</i>
1.1	In my view CBE is a socially responsible Bank					
1.2	CBE donates money to charities in the country					
1.3	CBE Contributes Money to campaigns and projects that promote the well-being of the society.					
1.4	CBE Sponsors various sport, cultural and social events					
1.5	CBE is partner to various socio-economically important projects in the country					
1.6	CBE is more active in CSR activities than its competitor banks					
2	<i>CSR Loyalty, Trust and Goodwill</i>	<i>SD</i>	<i>D</i>	<i>ND</i>	<i>A</i>	<i>SA</i>
2.1	CBE participates in CSR activities out of genuine interest to contribute for the well being of the society.					
2.2	I feel good and comfortable working in the CBE					
2.3	I feel good and comfortable in CBE because it involves in different social initiatives.					
2.4	I prefer to work for CBE rather than other institution of lesser CSR reputation.					
2.5	I recommend others to join the Bank for this same reason.					
2.6	The CSR activities of The Bank contributed positively for its image					
3	<i>CSR and Market Performance</i>	<i>SD</i>	<i>D</i>	<i>ND</i>	<i>A</i>	<i>SA</i>
3.1	The major reason behind CBE’s participation in CSR activities is customers’ value					
3.2	The major reason behind CBE’s participation in CSR activities is generating profit					
3.3	CBE’s participation in various CSR activities helped to improve its relation with the society, government, local					

	administration and the society in general.					
3.4	CBE cares for the environment in its business operations					
3.5	CBE provides loans and credits to socially responsible investments/projects					
3.6	CBE do not encourage malpractices in its business operations					
3.7	CBE's CSR activities are consistent with long-term future of the Bank					
4	<i>Achievement of Market Performance Goals</i>	<i>SD</i>	<i>D</i>	<i>ND</i>	<i>A</i>	<i>SA</i>
4.1	It is possible to say that CBE is a favorite brand for many people from different walks of life					
4.2	CBE's customer base has been expanding every year					
4.3	CBE's annual revenue and profit has shown a marked increment in the Past consecutive years.					
4.4	CBE is more accessible than its competitors					
4.5	CBE's market share will continue to grow in the future					

Thank you Very Much!

Appendix B:-

Questionnaires for Customers of the Commercial Bank of Ethiopia

Dear Respondent,

I am attending a post graduate program in Marketing Management at Addis Ababa University College of Business and Economics School of Commerce. I am doing my dissertation on Corporate Social Responsibility (CSR) as partial fulfillment of my post graduate degree (MA/Msc) in marketing management. This questionnaire is intended to gather data on the topic selected for the study.

Properly attempting the questions here will help the researcher to understand first of all the status of CSA initiatives of the CBE and then its impact on customers' attitudes and behaviors. To make this research a success your contribution through attempting the entire question will have a paramount importance. Therefore the researcher would like to appreciate your contribution from the outset.

I would like to assure you that information about the respondents will remain confidential and to assist the confidentiality you are requested not to write your names or any information that reveals your identity.

If you have any questions about the question here or any additional information, please contact the researcher (Dereje Asegdew, Mobile: 0911 69 14 81, email: deraseg2@yahoo.com).

Sincerely

Part I
Respondents Information

Please, provide your responses by putting ‘ ’ mark in the space provided.

1. Gender

Male

Female

2. Age

18–25 years

26–35 years

36–45 years

46–55 years

Over 56 years

3. Level of Education

Under Secondary School

Secondary School

High School

Diploma/Vocational Education

Bachelor’s Degree

Masters Degree or Above

4. Employment status

Student

Employed in the private sector

Self Employed

Employed In the Public sector

Unemployed

5. How long do you know the Commercial Bank of Ethiopia as a customer?

Less than 5 years

5-10 years

More than 10 years

Part II
Awareness on Corporate Social Responsibility (CSR)

1. How much do you know about the CSR involvements of the CBE?

I know very well about CSR activities of CBE

I know very little about CSR activities of the CBE

I have never heard about that

2. How do you usually get information about CSR activities of The CBE?

Part III

Corporate Social Responsibility in the CBE

Please, Provide your responses by selecting the ranges from strongly **Agree** – **Strongly Disagree** represented by **Strongly Agree- SA**, **Agree-A**, **Not Decided-NA**, **Disagree –DA** and **Strongly Disagree-SD**.

S/N	CSR Activities	SD	D	ND	A	SA
1.1	In my view CBE is a socially responsible Bank					
1.2	CBE donates money to charities in the country					
1.3	CBE Contributes Money to campaigns and projects that promote the well-being of the society.					
1.4	CBE Sponsors various sport, cultural and social events					
1.5	CBE is more active in CSR activities than its competitor banks					
2	CSR Loyalty, Trust and Goodwill	SD	D	ND	A	SA
2.1	CBE participates in CSR activities out of genuine interest to contribute for the well being of the society.					
2.2	I feel good and comfortable working with the CBE					
2.3	I feel good and comfortable with CBE because it involves in different social initiatives.					
2.4	I prefer to stay as a customer to CBE rather than other institution of lesser CSR reputation.					
2.5	I recommend others to be customers of CBE for this same reason.					
2.6	The CSR activities of The Bank contributed positively for its image					
3	CSR and Organizational Reputation	SD	D	ND	A	SA
3.1	The major derive behind CBE’s participation in CSR activities because it values the society.					
3.2	The major derive behind CBE’s participation in CSR activities is generating profit					
3.3	CBE cares for the environment in its business operations					
3.4	CBE provides loans and credits to socially responsible					

	investments/projects					
3.5	CBE does not encourage malpractices in its business operations					
3.6	CBE's CSR activities are consistent with long-term future of the Bank					
4	<i>Achievement of Market Performance Goals</i>	<i>SD</i>	<i>D</i>	<i>ND</i>	<i>A</i>	<i>SA</i>
4.1	It is possible to say that CBE is a favorite Bank for many people					
4.2	CBE's customer base has been expanding every year					
4.3	CBE's annual revenue and profit has shown a marked increment in the Past consecutive years.					
4.4	CBE is more accessible than its competitors					
4.5	CBE's market share will continue to grow in the future					

Appendix C:-

Amharic version of Questionnaire Presented to Customers of the Commercial Bank of Ethiopia

ለኢትዮጵያ ንግድ ባንክ ደንበኞች የተዘጋጀ መጠይቅ

ውድ መላሾች

የዚህ ጥናት ዘጋጅ በአዲስ አበባ ዩኒቨርሲቲ ቢዝነስና ኢኮኖሚክስ ፋኩልቲ የንግድ ሥራ ኮሌጅ የድህረ ምረቃ ፕሮግራም የመጨረሻ አመት ተማሪ ሲሆን፣ ለምረቃ ማሟያ የሚሆን ጥናት በተቋማት የማህበራዊ ኃላፊነት (Corporate Social Responsibility) ዙሪያ እየሰራ ይገኛል። ይህ መጠይቅ የተዘጋጀውም ለምረቃ ጽሁፉ የሚሆኑ መረጃዎችን ለማሰባሰብ ሲሆን፣ ጥናቱ በተለይ የኢትዮጵያ ንግድ ባንክ ማህበራዊ ኃላፊነቶችን ለመወጣት የሚያከናውናቸው ተግባራት ላይ ያተኮረ ነው።

በዚህ መጠይቅ አማካኝነት የሚሰበሰበው መረጃ የዚህ ጥናት አቅራቢ የባንኩን የማህበራዊ ኃላፊነት ተግባራት በደንበኞች ዘንድ ምን ያህል እንደሚታወቁ እንዲሁም እነዚህ ተግባራት በደንበኞች አመለካከት ላይ ያሳደሩትን ተጽዕኖ መለካት ነው። ለዚህ ጥናት ውጤታማነትም የመጠይቁ መላሾች ለሁሉም ጥያቄ የሚሰጡት ምላሽ እጅጉን ወሳኝ ነው። ስለሆነም የጥናቱ አቅራቢ ለመላሾች ትብብር ያለውን ምስጋናና አክብሮት ከወዲሁ መግለጽ ይወዳል።

በዚህ መጠይቅ አማካኝነት የሚገኘው ምላሽ ለዚህ ጥናት አገልግሎት ብቻ እንደሚውል እና የመላሾች ማንነት በምንም መንገድ እንደማይገለጽ ማሳወቅ ይወዳል። ለዚህ ሲባልም መላሾች መጠይቁን ሲሞሉ ስማቸውንም ሆነ ሌላ ስለማንነታቸው ጠቋሚ የሆነ መረጃ መጻፍ አይኖርባቸውም።

መጠይቁንም ሆነ ጥናቱን በተመለከተ ጥያቄና አስተያየት ካለዎ፣ የጥናቱን አቅራቢ በሚከተለው አድራሻ ማግኘት ይቻላል (ደረጃ አሰጣደው፣ ስልክ 0911 69 14 81፣ ኢሜይል አድራሻ deraseg2@yahoo.com)

ከምስጋና ጋር

ክፍል-1
የተሳታፊዎች መረጃ

በሳጥኖቹ ውስጥ የ ' ' ምልክት በማድረግ ለሚከተሉት ጥያቄዎች ምላሽዎን ይስጡ

- | | | | |
|--|---------------------|--------------|-------------|
| 1. ጾታ | ወንድ | ሴት | |
| 2. ዕድሜ | h18-25 | h26-35 | |
| | h36-45 | h46-55 | h56 በላይ |
| 3. የትምህርት ደረጃ | የ1ኛ ደረጃ ት/ርት | የ2ኛ ደረጃ ት/ርት | |
| | ዲፕሎማ | የባችለር ዲግሪ | |
| | የማስተርስ ዲግሪና ከዚያ በላይ | | |
| 4. የሥራ ሁኔታ | ተማሪ | የግል ሥራ | የግል ተቀጣሪ |
| | የመንግስት ሠራተኛ | ሥራ ፈላጊ | |
| 5. ከኢትዮጵያ ንግድ ባንክ ጋር በደንበኝነት ለምን ያህል ጊዜ ቆይተዋል? | | | |
| | h5 አመት በታች | h5-10 አመት | h10 አመት በላይ |

ክፍል 2
የተቋማት ማህበራዊ ኃላፊነት ዙሪያ ያለ ግንዛቤ

1. የኢትዮጵያ ንግድ ባንክ ማህበራዊ ኃላፊነቶቹን ከመወጣት አንጻር ስለሚያከናውናቸው ተግባሮች ምን ያህል ያውቃሉ?
 - ባንኩ ማህበራዊ ኃላፊነቶቹን ለመወጣት ስለሚያከናውናቸው ተግባራት በሚገባ አውቃለሁ።
 - ባንኩ ማህበራዊ ኃላፊነቶቹን ለመወጣት ስለሚያከናውናቸው ተግባራት በተወሰነ ደረጃ/በመጠኑ አውቃለሁ።
 - ስለነዚህ ተግባራቱ ሰምቼ አላውቅም/መረጃ የለኝም።

2. የኢትዮጵያ ንግድ ባንክ ማህበራዊ ኃላፊነቶቹን ለመወጣት ስለሚያከናውናቸው ተግባራት መረጃ የሚያገኙት በየትኛው መንገድ ነው?

ከቴሌቪዥን እና/ወይም ከሬድዮ ከጋዜጣ፣ ከመጽሔት ከኢንተርኔት
ከንደኛ በሌላ መንግድ (እባክዎን በተሰጠው ክፍት ቦታ ያመልክቱ)

3. ማህበራዊ ሃላፊነትን መወጣት የንግድ ተቋማት በተለይ የባንኮች ግዴታ ነው ብለው ያምናሉ?

አዎን መሆን አለበት የለም መሆን የለበትም

4. የኢትዮጵያ ንግድ ባንክ ማህበራዊ ሃላፊነት የመወጣት ግዴታ አለበት ብለው ያምናሉ?

አዎን አለበት የለም የለበትም

5. ማህበራዊ ሃላፊነቱን በሚገባ የሚወጣ ባንክ ደንበኞች መሆን ምርጫዎ ነው?

በጣም አስማማለሁ እስማማለሁ አልስማማም በጣም አልስማማም

6. ከሚከተሉት ማህበራዊ ሃላፊነቶች መካከል የኢትዮጵያ ንግድ ባንክ ሲሳተፍባቸው ያስተዋሏቸው የትኞቹ ናቸው? (እስከ ሦስት ተግባራት መምረጥ ይችላሉ)

ለምግባረ ሰናይ ድርጅቶች የገንዘብ ድጋፍ ያደርጋል

በድህነት ቅነሳ ተግባራት ይሳተፋል

በአካባቢና በአየር ንብረት ለውጥ ዙሪያ ይሳተፋል

የስፖርትና ማህበራዊ እንቅስቃሴዎችን በገንዘብ ይደግፋል

የንግድ ትርጉሞችን ይደግፋል

በጤና ዙሪያ የሚከናወኑ ፕሮጀክቶችን በገንዘብ ይደግፋል

ለአደጋ የተጋለጡ ወገኖችን ይደግፋል

7. ከነዚህ ተግባራት መካከል ብዙውን ጊዜ የሚስተዋሉ የባንኩን ተግባራት ከ1-3 በቅደም ተከተል ቢያመልክቱ

1ኛ _____

2ኛ _____

3ኛ _____

ክፍል 3

የማህበራዊ ኃላፊነት ተግባራት በኢትዮጵያ ንግድ ባንክ

ከዚህ በታች ለቀረቡት ጥያቄዎች መስማማት አለመስማማት ወይንም በተሰጡት ምርጫዎች አንጻር የ ' ' ምልክት በማድረግ ይግለጹ (1- በጣም አልስማማም፣ 2- አልስማማም፣ 3- መወሰን ያስቸግረኛል፣ 4- እስማማለሁ እና 5- በጣም እስማማለሁ ናቸው)

ተ.ቁ	1. ማህበራዊ ኃላፊነት ተግባራት	1	2	3	4	5
1.1	በእኔ አመለካከት ኢትዮጵያ ንግድ ባንክ ማህበራዊ ኃላፊነቶቹን የሚወጣ ተቋም ነው።					
1.2	ባንኩ ለልዩ ልዩ የእርዳታ ድርጅቶች የገንዘብ አስተዋጽኦ ያደርጋል።					
1.3	የኢትዮጵያንግድ ባንክ የህብረተሰቡን ኑሮ ለማሻሻል በሚነደፉ ፕሮጀክቶች ላይ ተሳትፎ ያደርጋል።					
1.4	ባንኩ የስፖርትና ማህበራዊ እንቅስቃሴዎችን በገንዘብ ይደግፋል					
1.5	ባንኩ ልዩ ልዩ በጎ አላማዎችን በሚያራምዱ ማህበረሰብና ውስጥ በአባልነት ተሳትፎ ያደርጋል።					
ተ.ቁ	2. ማህበራዊ ኃላፊነት፣ ታማኝነት እና ተቀባይነት ማትረፍ	1	2	3	4	5
2.1	የኢትዮጵያ ንግድ ባንክ ማህበራዊ ኃላፊነቶቹን የሚወጣው የህብረተሰቡን ኑሮ ለማሻሻል ካለው ቅን አመለካከት በመነሳት ነው።					
2.2	ከኢትዮጵያ ንግድ ባንክ ጋር በመሆኔ ደስተኛ ነኝ።					
2.3	ማህበራዊ ኃላፊነቱን የሚወጣ ባንክ ደንበኛ በመሆኔ ምቹት ይሰማኛል፣ ደስተኛም ነኝ።					
2.4	ማህበራዊ ኃላፊነቱን ከማይወጣ ሌላ ባንክ ይልቅ የኢትዮጵያ ንግድ ባንክ ደንበኛ ሆኜ መቆየት እመርጣለሁ።					
2.5	ሌሎች ሰዎች የኢትዮጵያ ንግድ ባንክ ደንበኞች እንዲሆኑ አበረታታለሁ።					
2.6	የኢትዮጵያ ንግድ ባንክ ማህበራዊ ኃላፊነቱን መወጣቱ መልካም ስም እንዲኖረው እንደረዳው አስተውያለሁ።					
ተ.ቁ	3. ማህበራዊ ኃላፊነትና ተቋማዊ መልካም ሥም	1	2	3	4	5
3.1	የኢትዮጵያ ንግድ ባንክ ማህበራዊ ኃላፊነቱን የሚወጣው የህብረተሰቡን እሴቶች ስለሚያከብር ነው።					
3.2	የኢትዮጵያ ንግድ ባንክ ማህበራዊ ኃላፊነቱን የሚወጣው ትርፉን ለማሳደግ ስለሚረዳው ነው።					
3.4	የኢትዮጵያ ንግድ ባንክ ተግባሩን በሚያከናውንበት ጊዜ ለከባቢ አየር ደህንነት ትኩረት ያደርጋል።					
3.5	የኢትዮጵያ ንግድ ባንክ የሚሰጣቸው ብድሮች ማህበራዊ ኃላፊነት ላገናዘቡ ፕሮጀክቶችና ልማቶች እንዲውሉ ይፈልጋል።					

3.6	የኢትዮጵያ ንግድ ባንክ በአገልግሎት አሰጣጥ ወቅት ብልሹ አሰራር እንዳይከሰት በትኩረት ይንቀሳቀሳል።					
3.8	ባንኩ ማህበራዊ ኃላፊነቱን መወጣት የባንኩ የረጅም ጊዜ ዓላማዎች ለማስጠበቅ ያስችላል።					
ተ.ቁ	4. የቢዝነስ ግቦችን ስኬት	1	2	3	4	5
4.1	የኢትዮጵያ ንግድ ባንክ በብዙዎች የሚወደድና የሚመረጥ ባንክ ነው ማለት ይቻላል።					
4.2	የባንኩ ደንበኞች ቁጥር በየአመቱ እየጨመረ መጥቷል።					
4.3	ባለፉት ጥቂት አመታት የባንኩ ገቢና አመታዊ ትርፍ እያደገ መጥቷል።					
4.4	የኢትዮጵያ ንግድ ባንክ ከሌሎች ባንኮች የበለጠ ተደራሽ ነው።					
4.5	የኢትዮጵያ ንግድ ባንክ የገበያ ድርሻ ወደፊትም እያደገ እንደሚሄድ መመስከር ይቻላል።					

Appendix D - Responses from Customers of the CBE

CSR 1- Corporate Social responsibility of CBE

1.1. In my view CBE is a socially responsible Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.8	1.8	1.8
	Disagree	4	2.5	2.5	4.3
	Not Decided	12	7.4	7.4	11.7
	Agree	85	52.1	52.1	63.8
	Strongly Agree	59	36.2	36.2	100.0
	Total	163	100.0	100.0	

1.2. CBE donates money to charities in the country

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	3.1	3.1	3.1
	Disagree	9	5.5	5.5	8.6
	Not Decided	41	25.2	25.2	33.7
	Agree	76	46.6	46.6	80.4
	Strongly Agree	32	19.6	19.6	100.0
	Total	163	100.0	100.0	

1.3. CBE Contributes Money to campaigns and projects that promote the well-being of the society.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.2	1.2	1.2
	Disagree	9	5.5	5.5	6.7
	Not Decided	33	20.2	20.2	27.0
	Agree	89	54.6	54.6	81.6
	Strongly Agree	30	18.4	18.4	100.0
	Total	163	100.0	100.0	

1.4. CBE is member to clubs and associations that run different causes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	1.2	1.2	1.2
	Not Decided	20	12.3	12.3	13.5
	Agree	85	52.1	52.1	65.6
	Strongly Agree	56	34.4	34.4	100.0
	Total	163	100.0	100.0	

1.5. CBE is partner to various socio-economically important projects in the country

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	3.7	3.7	3.7
	Disagree	6	3.7	3.7	7.4
	Not Decided	40	24.5	24.5	31.9
	Agree	66	40.5	40.5	72.4
	Strongly Agree	45	27.6	27.6	100.0
	Total	163	100.0	100.0	

1.6. CBE is more active in CSR activities than its competitor banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.8	1.8	1.8
	Disagree	2	1.2	1.2	3.1
	Not Decided	57	35.0	35.0	38.0
	Agree	56	34.4	34.4	72.4
	Strongly Agree	45	27.6	27.6	100.0
	Total	163	100.0	100.0	

CSR2- CSR of the CBE Loyalty, Trust and Goodwill

2.1. CBE's Participation in CSR activities strengthens employees' sense of belongingness.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.8	1.8	1.8
	Disagree	14	8.6	8.6	10.4
	Not Decided	41	25.2	25.2	35.6
	Agree	76	46.6	46.6	82.2
	Strongly Agree	29	17.8	17.8	100.0
	Total	163	100.0	100.0	

2.2. I feel good and comfortable working in the CBE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	3.7	3.7	3.7
	Disagree	16	9.8	9.8	13.5
	Not Decided	31	19.0	19.0	32.5
	Agree	76	46.6	46.6	79.1
	Strongly Agree	34	20.9	20.9	100.0
	Total	163	100.0	100.0	

2.3. I feel good and comfortable in CBE because it involves in different social initiatives.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	3.7	3.7	3.7
	Disagree	21	12.9	12.9	16.6
	Not Decided	50	30.7	30.7	47.2
	Agree	68	41.7	41.7	89.0
	Strongly Agree	18	11.0	11.0	100.0
	Total	163	100.0	100.0	

2.4. I prefer to work for CBE rather than other institution of lesser CSR reputation.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.8	1.8	1.8
	Disagree	11	6.7	6.7	8.6
	Not Decided	39	23.9	23.9	32.5
	Agree	67	41.1	41.1	73.6
	Strongly Agree	43	26.4	26.4	100.0
	Total	163	100.0	100.0	

2.5. I recommend others to join the Bank for this same reason.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	3.1	3.1	3.1
	Disagree	17	10.4	10.4	13.5
	Not Decided	60	36.8	36.8	50.3
	Agree	52	31.9	31.9	82.2
	Strongly Agree	29	17.8	17.8	100.0
	Total	163	100.0	100.0	

2.6. The CSR activities of The Bank contributed positively for its image

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.2	1.2	1.2
	Disagree	4	2.5	2.5	3.7
	Not Decided	27	16.6	16.6	20.2
	Agree	84	51.5	51.5	71.8
	Strongly Agree	46	28.2	28.2	100.0
	Total	163	100.0	100.0	

CSR-3 CBE's CSR and Organizational Reputation

3.1. The major reason behind CBE's participation in CSR activities is customers' value

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	2.5	2.5	2.5
	Disagree	15	9.2	9.2	11.7
	Not Decided	29	17.8	17.8	29.4
	Agree	79	48.5	48.5	77.9
	Strongly Agree	36	22.1	22.1	100.0
	Total	163	100.0	100.0	

3.2. The major reason behind CBE's participation in CSR activities is generating profit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	24.5	24.5	24.5
	Disagree	26	28.8	28.8	53.4
	Not Decided	34	20.9	20.9	74.2
	Agree	47	16.0	16.0	90.2
	Strongly Agree	40	9.8	9.8	100.0
	Total	163	100.0	100.0	

3.3. CBE cares for the environment in its business operations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	3.1	3.1	3.1
	Disagree	7	4.3	4.3	7.4
	Not Decided	46	28.2	28.2	35.6
	Agree	77	47.2	47.2	82.8
	Strongly Agree	28	17.2	17.2	100.0
	Total	163	100.0	100.0	

3.4. CBE provides loans and credits to socially responsible investments/projects

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	4.3	4.3	4.3
	Disagree	15	9.2	9.2	13.5
	Not Decided	30	18.4	18.4	31.9
	Agree	69	42.3	42.3	74.2
	Strongly Agree	42	25.8	25.8	100.0
	Total	163	100.0	100.0	

3.5. CBE do not encourage malpractices in its business operations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	3.1	3.1	3.1
	Disagree	3	1.8	1.8	4.9
	Not Decided	24	14.7	14.7	19.6
	Agree	69	42.3	42.3	62.0
	Strongly Agree	62	38.0	38.0	100.0
	Total	163	100.0	100.0	

CSR- 4 CSR and Market Performance

4.1. It is possible to say that CBE is a favorite brand for many people from different walks of life

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	1.8	1.8	1.8
	Disagree	10	6.1	6.1	8.0
	Not Decided	30	18.4	18.4	26.4
	Agree	79	48.5	48.5	74.8
	Strongly Agree	41	25.2	25.2	100.0
	Total	163	100.0	100.0	

4.2. CBE's customer base has been expanding every year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.2	1.2	1.2
	Disagree	3	1.8	1.8	3.1
	Not Decided	9	5.5	5.5	8.6
	Agree	55	33.7	33.7	42.3
	Strongly Agree	94	57.7	57.7	100.0
	Total	163	100.0	100.0	

4.3. CBE's annual revenue and profit has shown a marked increment in the Past consecutive years.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	2.5	2.5	2.5
	Not Decided	8	4.9	4.9	7.4
	Agree	57	35.0	35.0	42.3
	Strongly Agree	94	57.7	57.7	100.0
	Total	163	100.0	100.0	

4.4. CBE is more accessible than its competitors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	2.5	2.5	2.5
	Disagree	1	.6	.6	3.1
	Not Decided	10	6.1	6.1	9.2
	Agree	48	29.4	29.4	38.7
	Strongly Agree	100	61.3	61.3	100.0
	Total	163	100.0	100.0	

4.5. CBE's market share will continue to grow in the future

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.2	1.2	1.2
	Disagree	3	1.8	1.8	3.1
	Not Decided	28	17.2	17.2	20.2
	Agree	60	36.8	36.8	57.1
	Strongly Agree	70	42.9	42.9	100.0
	Total	163	100.0	100.0	

Appendix E - Responses from Customers of the CBE

CSR 1- Corporate Social responsibility of CBE

1.1. In my view CBE is a socially responsible Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.7	1.7	1.7
	Disagree	6	5.0	5.0	6.7
	Not Decided	28	23.3	23.3	30.0
	Agree	51	42.5	42.5	72.5
	Strongly Agree	33	27.5	27.5	100.0
	Total	120	100.0	100.0	

1.2 CBE donates money to charities in the country

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	5.8	5.8	5.8
	Disagree	12	10.0	10.0	15.8
	Not Decided	30	25.0	25.0	40.8
	Agree	58	48.3	48.3	89.2
	Strongly Agree	13	10.8	10.8	100.0
	Total	120	100.0	100.0	

1.3. CBE Contributes Money to campaigns and projects that promote the well-being of the society.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.5	2.5	2.5
	Disagree	9	7.5	7.5	10.0
	Not Decided	50	41.7	41.7	51.7
	Agree	41	34.2	34.2	85.8
	Strongly Agree	17	14.2	14.2	100.0
	Total	120	100.0	100.0	

1.4. CBE Sponsors various sport, cultural and social events

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.5	2.5	2.5
	Disagree	7	5.8	5.8	8.3
	Not Decided	12	10.0	10.0	18.3
	Agree	69	57.5	57.5	75.8
	Strongly Agree	29	24.2	24.2	100.0
	Total	120	100.0	100.0	

1.5. CBE is more active in CSR activities than its competitor banks

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	6.7	6.7	6.7
	Disagree	11	9.2	9.2	15.8
	Not Decided	38	31.7	31.7	47.5
	Agree	51	42.5	42.5	90.0
	Strongly Agree	12	10.0	10.0	100.0
	Total	120	100.0	100.0	

CSR2- CSR of the CBE Loyalty, Trust and Goodwill

2.1. CBE participates in CSR activities out of genuine interest to contribute for the well being of the society.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.7	1.7	1.7
	Disagree	13	10.8	10.8	12.5
	Not Decided	38	31.7	31.7	44.2
	Agree	55	45.8	45.8	90.0
	Strongly Agree	12	10.0	10.0	100.0
	Total	120	100.0	100.0	

2.2. I feel good and comfortable working with the CBE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.5	2.5	2.5
	Disagree	6	5.0	5.0	7.5
	Not Decided	12	10.0	10.0	17.5
	Agree	65	54.2	54.2	71.7
	Strongly Agree	34	28.3	28.3	100.0
	Total	120	100.0	100.0	

2.3. I feel good and comfortable in CBE because it involves in different social initiatives.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.7	1.7	1.7
	Disagree	7	5.8	5.8	7.5
	Not Decided	36	30.0	30.0	37.5
	Agree	56	46.7	46.7	84.2
	Strongly Agree	19	15.8	15.8	100.0
	Total	120	100.0	100.0	

2.4. I prefer to stay as a customer to CBE rather than other institution of lesser CSR reputation.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.5	2.5	2.5
	Disagree	9	7.5	7.5	10.0
	Not Decided	22	18.3	18.3	28.3
	Agree	48	40.0	40.0	68.3
	Strongly Agree	38	31.7	31.7	100.0
	Total	120	100.0	100.0	

2.5. I recommend others to be customers of CBE for this same reason.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.5	2.5	2.5
	Disagree	10	8.3	8.3	10.8
	Not Decided	36	30.0	30.0	40.8
	Agree	56	46.7	46.7	87.5
	Strongly Agree	15	12.5	12.5	100.0
	Total	120	100.0	100.0	

2.6. The CSR activities of The Bank contributed positively for its image

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.7	1.7	1.7
	Disagree	7	5.8	5.8	7.5
	Not Decided	21	17.5	17.5	25.0

Agree	67	55.8	55.8	80.8
Strongly Agree	23	19.2	19.2	100.0
Total	120	100.0	100.0	

CSR-3 CBE's CSR and Organizational Reputation

3.1. The major derive behind CBE's participation in CSR activities because it values the society.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	4	3.3	3.3	3.3
Disagree	8	6.7	6.7	10.0
Not Decided	37	30.8	30.8	40.8
Agree	43	35.8	35.8	76.7
Strongly Agree	28	23.3	23.3	100.0
Total	120	100.0	100.0	

3.2. The major derive behind CBE's participation in CSR activities is generating profit

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	19	15.0	15.0	15.0
Disagree	28	20.8	20.8	35.8
Not Decided	30	25.0	25.0	60.8
Agree	25	23.3	23.3	84.2
Strongly Agree	18	15.8	15.8	100.0
Total	120	100.0	100.0	

3.3. CBE cares for the environment in its business operations

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	5	4.2	4.2	4.2
Disagree	8	6.7	6.7	10.8
Not Decided	53	44.2	44.2	55.0
Agree	42	35.0	35.0	90.0
Strongly Agree	12	10.0	10.0	100.0
Total	120	100.0	100.0	

3.4. CBE provides loans and credits to socially responsible investments/projects

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	7	5.8	5.8	5.8
Disagree	5	4.2	4.2	10.0
Not Decided	44	36.7	36.7	46.7
Agree	48	40.0	40.0	86.7
Strongly Agree	16	13.3	13.3	100.0
Total	120	100.0	100.0	

3.5. CBE does not encourage malpractices in its business operations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	4.2	4.2	4.2
	Disagree	11	9.2	9.2	13.3
	Not Decided	33	27.5	27.5	40.8
	Agree	53	44.2	44.2	85.0
	Strongly Agree	18	15.0	15.0	100.0
	Total	120	100.0	100.0	

3.6. CBE's CSR activities are consistent with long-term future of the Bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	3.3	3.3	3.3
	Disagree	9	7.5	7.5	10.8
	Not Decided	29	24.2	24.2	35.0
	Agree	64	53.3	53.3	88.3
	Strongly Agree	14	11.7	11.7	100.0
	Total	120	100.0	100.0	

CSR- 4 CSR and Market Performance

4.1. It is possible to say that CBE is a favorite Bank for many people

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.5	2.5	2.5
	Disagree	5	4.2	4.2	6.7
	Not Decided	26	21.7	21.7	28.3
	Agree	51	42.5	42.5	70.8
	Strongly Agree	35	29.2	29.2	100.0
	Total	120	100.0	100.0	

4.2. CBE's customer base has been expanding every year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.8	.8	.8
	Disagree	4	3.3	3.3	4.2
	Not Decided	20	16.7	16.7	20.8
	Agree	41	34.2	34.2	55.0
	Strongly Agree	54	45.0	45.0	100.0
	Total	120	100.0	100.0	

4.3. CBE's annual revenue and profit has shown a marked increment in the Past consecutive years.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.7	1.7	1.7
	Disagree	4	3.3	3.3	5.0
	Not Decided	19	15.8	15.8	20.8
	Agree	44	36.7	36.7	57.5
	Strongly Agree	51	42.5	42.5	100.0
	Total	120	100.0	100.0	

4.4. CBE is more accessible than its competitors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.8	.8	.8
	Disagree	2	1.7	1.7	2.5
	Not Decided	13	10.8	10.8	13.3
	Agree	38	31.7	31.7	45.0
	Strongly Agree	66	55.0	55.0	100.0
	Total	120	100.0	100.0	

4.5. CBE's market share will continue to grow in the future

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.5	2.5	2.5
	Disagree	3	2.5	2.5	5.0
	Not Decided	22	18.3	18.3	23.3
	Agree	43	35.8	35.8	59.2
	Strongly Agree	49	40.8	40.8	100.0
	Total	120	100.0	100.0	

Appendix F:-

Regression result

```
. reg BDG CSR1 CSR2 CSR3, rob
```

```
Linear regression
```

```
Number of obs =    163  
              159) =    24.03
```

```
Root MSE     =    .46145
```

CSR1	.4353463	.0815859	5.34	0.000	.2742144	.5964783
CSR2	.3559143	.0699656	5.09	0.000	.2177324	.4940962
CSR3	.132207	.0800635	1.65	0.101	-.0259182	.2903322
_cons	.7654438	.4684532	1.63	0.104	-.1597494	1.690637