

**ASSESSMENT OF PRACTICES OF
CORPORATE SOCIAL RESPONSIBILITY
IN ETHIOPIAN AIRLINES**

BY

YORDANOS MINDA DEMSSIE

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DECLARATION

This research project is my original work and has not been presented for any academic award in any other institution.

Signature

Date

YORDANNOS MINDA DEMSSIE

JUNE, 2107

This research project has been presented for examination with my approval as the University Supervisor (advisor).

Signature

Date

Dr. WORKU

Addis Ababa University

School of Commerce

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ABSTRACT

The subject of this thesis was to analyze the global airline business environment and corporate social responsibility (CSR) program implementations of the well-known airline, Ethiopian Airlines. The research has been conducted with the assumption that corporate social responsibility theory is valid. The purpose is to give the reader and overall impression of airline industry in general, CSR theory and its most important elements.

The work is divided into two distinct parts; theory and practical analysis of CSR reports of the chosen airline. In the theory part, the reader will gain basic understanding of CSR theory, general information over airline industry and strategic benefits gained through applying CSR programs. The practical part includes a qualitative analysis and deals with practical application of the elements discussed in the theory. It also provides an overview of the application of CSR programs of Ethiopian Airlines that provide a global perspective.

Based on the theory and airline overviews, the most important CSR elements were discussed. Moreover, the appropriate structure and style of these CSR program presentations were discussed.

As a result of this thesis it can be concluded that due to the increased importance and media coverage of environmental issues, airlines are faced with increasing pressure to implement actions that will contribute to sustainable business, even though the actual environmental impact of airline industry remains relatively low. Although environmental, economic and social concerns have increased, environmental issues gain the most attention. It became obvious that due to cost and confidentiality issues many airlines are struggling to implement any kind of CSR programs.

Key words: corporate social responsibility, sustainability, airlines, stakeholder theory, competitive advantage, CSR programs, airline industry

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CHAPTER ONE: INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Organizations are defined as "social entities that are goal oriented, and are designed as deliberately structured and coordinated activity systems and are linked to the external environment" (Morris& Wood, 2001;219). One of the most important organizational elements highlighted by this definition is that organizations are indeed open systems, thus they must interact with the environment in order to survive. According to Morris and Woods (2001), the organization has to find and obtain needed resources, interpret and act on environmental changes, dispose of outputs, and control and coordinate internal activities in the face of environmental disturbances and uncertainty. The fact that organizations are open systems means that although they must make a profit in order to survive, they must balance their desire for profit against the needs and desires of the society within which they operate.

In striving to satisfy their goals and achieve their objectives, they cannot operate in isolation from the environment which they are part of. They require the use of factors of production and other facilities of society. The economic efficiency of organizations is affected by governmental, social, technical and cultural variables. In return, the society is in need of goods and services created and supplied by organizations including creation and distribution of wealth. Organizations survival is therefore dependent upon a series of exchanges between it and its environment.(Bomann&Wiggen, 2004).

Corporate social responsibility (CSR) has attained a high profile in the academic domain. It has also achieved prominence in political and business debate since the early 1990s, due to the activities of pressure groups and also the emergence of the "market for virtues" such as socially responsible investment which create further pressures to adopt corporate social responsibility initiatives. Moreover, it has spread geographically from its original US setting to become a global concept. This is mainly in response to corporate scandals and also due to the realization that development which is only centered on economic growth paradigms is unsustainable. As well, many consider it an absolute necessity that organizations define their roles in society and apply social, ethical, legal and responsible standards to their businesses (Lindgreen and Swaen, 2004).

In addition to the prime requirement to deliver profits to shareholders, organizations are frequently subject to wider stakeholder interests and the need to demonstrate a balanced perspective. As a result, they are developing and updating their programs and policies, and attempting to measure their social and environmental performance, whilst at the same time engaging in consultations with stakeholders and during this process, communicating their values to employees, environmental groups, local communities, and governments (Pearce and Doh, 2005). Carroll (1991) concludes that in addition to their economic and legal obligations towards their owners and governments, organizations have to take a more proactive role regarding their social performance.

CSR is considered to be a vital part of any contemporary business strategy. Hence, focusing on CSR can provide companies with both operational efficiency as well as image benefits. People are becoming more aware of the social and environmental effects of their consuming habits, hence it be projected that innovative and responsible companies will continue to do well in the future, as their actions affect the purchasing behavior of customers.

Therefore the purpose of this study is for different actors to learn that it is very important to have awareness of differences in understanding and usage of CSR definitions and concepts. Business cannot function if employees and environment are affected, therefore the research project will give its contribution on how philanthropic motives and business motives are closely interconnected. Besides the research project will help CSR practices of Ethiopian Airlines to generate positive impacts on the society in Ethiopia.

1.2. STATEMENT OF THE PROBLEM

The aviation industry plays a significant role in the economic development of any country. It is one of the most competitive and strategic industries in the world. Ethiopian Airlines (ET) being Ethiopia's flag bearer has grown to become a major force in the African aviation industry, and is ranked among other highly successful and respected airlines in Africa and across the globe. Despite ruthless competition from larger established international airlines, ET has not only managed to survive, but has continued growing and remained profitable.

1.3. RESEARCH QUESTIONS

1. How is the CSR mission integrated in the overall company mission? (How does Ethiopian Airlines execute its CSR mission/program(s)?)
2. What are the company's activities with its stakeholders for CSR implementation in the Airline?
3. What is the connection between CSR activities and cultural situations/ is CSR considered as charity?
4. What is the role of employees for CSR activities/implementation in Ethiopian Airlines?
5. What are the experiences for the future with regard to business participation and employee engagement in creating a sustainable CSR program in the company?

1.4. RESEARCH OBJECTIVES

1.4.1. GENERAL OBJECTIVES

The general purpose of this study is therefore to analyze whether or not CSR could be considered beneficial and to uncover the extent to which Ethiopian Airlines is implementing its CSR programs primarily to gain a firsthand understanding of CSR from the company's perspective and form a baseline for further research to make a positive contribution to the development of society and business which can bring change on economic, environmental or social advantages that can be used for competitive purposes, such as community support, better brand identity, reduced waste disposal costs or better employee working conditions.

1.4.2. SPECIFIC OBJECTIVE

The specific purposes of this research are

- to analyze the practices of CSR in Ethiopian Airlines, and discuss the activities of the stakeholders for its CSR implementation and who the beneficiaries are
- to determine whether or not employee participation is ensured in its CSR activities and,
- to identify the gaps in implementation of CSR policy and offer plausible recommendations.

1.5. SIGNIFICANCE OF THE STUDY

- The general purpose of this study is therefore to analyze whether or not CSR could be considered beneficial and to uncover the extent to which Ethiopian Airlines is implementing its CSR programs and therefore the research project will give its contribution how philanthropic motives and business motives are closely interconnected.
- This research project will therefore help CSR practices of Ethiopian airlines to generate positive impacts on the employees, different departments, and managements.
- Most importantly, the research will develop as a means for creating sustainable businesses in Ethiopia, as well as improving the conditions of citizens we might need to consider how a CSR concept can be developed not only multinational enterprises can embrace but also the national companies too.
- The results of this study will be of benefit to policy makers who could use the findings to set guidelines and benchmarks for environmental conservation. They could also be of importance in coming up with appropriate tools for conducting social audits on organizations.
- Finally, the findings of this study could be of benefit to academicians, students and researchers since it will add to the current scope of knowledge and theory in CSR. They could therefore use it as a basis for further research in CSR and strategic management in general.

1.4. SCOPE AND LIMITATIONS OF THE STUDY

This paper is scoped to the description of CSR policy implementation in the context of Ethiopian Airlines and therefore its boundary is limited to respondents those chosen employees and individual/organizational beneficiaries“ of CSR of Ethiopian Airlines that were available at the time of the administration of questionnaire and interviews. Hence, other commercial and/or private Airlines operating in the country, or any stockholders of those airlines are not be considered.

This may affect the effectiveness of the findings. Moreover, the paper does not distinguish between those private airlines and Ethiopian Airline under the topic of CSR. From this point of view any employee and/or stockholder or a higher management from Ethiopian Airlines and those beneficiaries from its CSR program is considered as a respondent regardless of their year of service and/or position in the company.

1.7. DEFINITIONS OF THE TERM

Various terms are used for corporate social responsibility. Among those are corporate citizenship, corporate sustainability, corporate accountability, corporate governance, and business ethics.

According to Loew, Ankele, Braun, & Clausen, 2004: 2, CSR is defined as “The principle that business should contribute to the welfare of society and not be solely devoted to maximizing profits.” This definition means that the highest priority of management should not only be the maximization of profits but at the same time, and with the same consideration, the dedication to support the society in which they operate. It is usually interpreted as “social responsibilities of the firm had to reflect the expectations and values of the society” (Loew, Ankele, Braun, & Clausen, 2004: 2). Today, CSR has diverged into several different interpretations. CSR is by some users viewed as a philanthropic initiative, while other users consider it to be more of a management system for the firm. It could also be seen as a form of regulation (Sheehy, 2012).

CSR is also defined as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (Hughey&Sulkowski, 2012:25).

According to the definition outlined by the European Commission (EC) CSR is: “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis” (Öberseder, Schlegelmilch, & Gruber, 2011:450). It is therefore not unrealistic to connect CSR with actions that are not directly taken in order to increase profit. Some firms consider CSR activities to be a form of charity (Sheehy, 2012). Hence, firms can claim to be practicing CSR even if they only make small contributions to different charitable

Some firms consider CSR activities to be a form of charity (Sheehy, 2012). Hence, firms can claim to be practicing CSR even if they only make small contributions to different charitable organizations. The distinguished factor here is not the numerical amount of the contribution, but the fact that CSR is considered to be actions that is not a part of the internal management system.

CSR is also viewed by some firms as actions taken in order to mitigate environmental and other impacts on society beyond what is required by law. Sheehy (2012) has done a survey based on three different multinational companies (MNC). The survey consisted of interviews with employees regarding their opinions and ideas on CSR. The prevailing opinion among the employees was to think of CSR as “*serious effort to behave ethically as a corporate citizen in the community*” (Sheehy, 2012, p. 125). This is to say that CSR is considered to be something much more than charitable donations. Sheehy (2012) also concludes that CSR becomes a type of regulation within the firm, a form of self-regulation.

According to Jejurissen (2004), CSR is a social role that is “characterized by an orientation towards the social contract, collective and active responsibility, as well as a positive attitude towards the juridical state” (Jeurissen, 2004: 87). This suggests that CSR demands an active participation by the firm regarding duties and responsibilities. If CSR is considered to be a form of citizenship, then the responsibilities are not only on the firm itself. Instead, in order to achieve good CSR both parties, i.e. the people and the firms, need to acknowledge that the success of CSR is dependent on the correlation between the actions taken by them.

Therefore, this paper adopts the comprehensive and straightforward definition provided above by Loew, Ankele, Braun, & Clausen (2004: 2): “The principle that business should contribute to the welfare of society and not be solely devoted to maximizing profits.”

1.4. ORGANIZATION OF THE STUDY

This thesis begins with a background chapter, chapter one, which provides the most important information concerning specific challenges the Airline faces regarding CSR issues. The next chapter reviews the literature on some theoretical concepts, reviews on the concepts of CSR. Moreover, CSR is reviewed in general, including its value, development and current status of research, objectives, qualitative characteristics and assurance of such reports. The subsequent chapter comprises the methodology, in which the research strategy, research design, sampling and research methods are explained. Thereafter, the research results are presented. Each of the individual sections concludes with a theme-specific discussion. This includes opinions and facts that were collected in the conducted expert interview and distributed questionnaires. After that, a concluding chapter summarizes the major findings of this thesis including suggestions for further valuable research.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1. CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

In the past decade, CSR has been the primary subject of a limited number of studies from a small academic community of practice and these studies have primarily focused on three macro-level topic areas: implementation; the economic rationale for acting more responsibly; and the social relations of CSR. Both academics and practitioners have explored concepts similar to CSR, such as corporate social performance (CSP), corporate sustainability (CS), and environmental management (Bienstock; 1997).

According to Elkington (2004), the definition of CSR can be broken down into three main aspects: equity–social concerns, ecological–environmental considerations, and economic mergers. The World Business Council on Sustainable Development (WBCSD) has proposed a more extensive definition of CSR: “Corporate social responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large” (The World Business Council on Sustainable Development (WBCSD). *Corporate Social Responsibility: Meeting Changing Expectations*; WBCSD: Geneva, Switzerland, 1999). Although CSR has different definitions, the basic idea of CSR is to examine how businesses integrate stakeholder interests with social values in order to consolidate the relation between organization and society (Zhao, Zhao, Davidson, Zuo, A corporate social responsibility indicator system for construction enterprises. *J. Clean Prod.* **2012**, 29–30, 277–289)

While the term CSR may appear to be relatively new to the corporate world, the literature reveals that the evolution of the concept itself has taken place over several decades. The fact that the terminology itself has changed over this time also suggests that the meaning ascribed to concepts such as CSR will continue to evolve in tune with business, political and social developments. The impact of globalization and mass communication also means that while definitions will reflect local situations, they will also be strongly influenced by global trends and changes in international law (Thomas and Norwak, 2005).

The concept and business awareness of CSR has evolved considerably since it first emerged in the 1950s (De Bakker, Groenewegen, and Den Hond, 2005). Over this time, the concept has developed from relatively uncoordinated and voluntary practices into more explicit commitments in response to stakeholder pressures and eventually into ongoing future commitments. With these changing perspectives of CSR a significant body of literature has been produced but the problems of definition remain (Clarkson, 1995). There seems to be infinite number of definitions of CSR ranging from the simplistic to the complex, and the range of associated terms and ideas (some used interchangeably), including corporate sustainability, corporate citizenship, corporate investment, the triple bottom line, socially responsible investment, business sustainability and corporate governance (Prime Minister's Community Business Partnership, 2007)

Kotler and Lee (2005) also revealed the following shopping list of related concepts; corporate social responsibility, corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community relations, community affairs, community development, corporate responsibility, global citizenship, and corporate societal marketing. While some may argue over the distinctions among these terms, at the core they all point towards the same fundamental principle: that a company is responsible for providing more benefits than just profits for shareholders. It has a role to play in treating its employees well, preserving the environment, developing sound corporate governance, supporting philanthropy, fostering human rights, respecting cultural differences and helping to promote fair trade, among others. All are meant to have a positive impact on the communities, cultures, societies and environments in which companies operate as well as all the stakeholders (The Economist Intelligence Unit, 2005).

Carroll (1983) defines the social responsibility of business as the economic, legal, ethical, and voluntary or philanthropic expectations that society has of organizations at a given point in time. He asserts that companies should fulfill all of the four dimensions at all times, and explains these four dimensions as a pyramid: economic aspects as the foundation followed by legal, ethical, and philanthropic factors (Carroll, 1991). Carroll's definitions concerning CSR have been influential for the conceptual development and empirical studies on CSR and related themes.

All the various definitions under 2.1 and perceptions of CSR converge on the understanding that CSR is a concept whereby organizations integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. In addition, while the economic, legal, ethical and discretionary expectations placed on organizations may differ, it is probably accurate to say that all societies at all points in time have had some degree of expectation that organizations would act responsibly.

2.2 DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY

The history of social and environmental concern about business is as old as trade. Commercial logging operations together with laws to protect forests can both be traced back almost 5,000 years. In Ancient Mesopotamia around 1700 BC, King Hammurabi introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused deaths or major inconvenience to local citizens. In Ancient Rome senators grumbled about the failure of businesses to contribute sufficient taxes to fund their military campaigns, while in 1622 disgruntled shareholders in the Dutch East India Company started issuing pamphlets complaining about management secrecy and "self-enrichment" (The Economist Intelligence Unit, 2005).

The impact of business on society and the environment assumed an entirely new dimension with industrialization. The “corporate paternalists” of the late nineteenth and early twentieth centuries used some of their wealth to support philanthropic ventures. By the 1920s discussions about the social responsibilities of business had evolved into what we can recognize as the beginnings of the “modern” CSR movement. The modern era of CSR thus started in the 1950s, although the notion of the social responsibility of business appeared in the 1930s (Carroll, 1999).

Bowen (1953) who is recognized as the “Father of Corporate Social Responsibility” expressed a foundational definition of the social responsibility of business as “the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”. The second founder of CSR Davis (1973) formulated the “Iron Law of Responsibility,” by stating that “companies” avoidance of social responsibility leads to gradual erosion of social power” (Carroll, 1999). Davis (1973) then defined social responsibility as “the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm. In addition, Davis (1973) stated that “Social responsibility begins where the law ends. A firm is not being socially responsible if it merely complies with the minimum requirements of the law, because this is what any good citizen would do”.

2.3 CONCEPT OF STAKEHOLDERS

Gray, Owen and Adams (1996) defined CSR as a stakeholder oriented concept that extends beyond the boundaries of the organization, driven from an ethical understanding of the responsibility of the organization for the impact of its business activities, seeking in return the willingness of society to accept the legitimacy of the business. This definition emphasizes that corporate social responsibility should result in a win-win situation for both the organization and its stakeholders. Therefore, the concept of stakeholders is central to that of CSR. In his book, Freeman (1984) cited that when the word “stakeholder” appeared in an international memorandum at the Stanford Research Institute back in 1963 during the formative stages of the stakeholder theory, they were defined as *‘those groups without whose support the organization would cease to exist’* (p.31). The core concept, in other words was “survival” without the support of these key groups, the firm will not survive.

Stakeholders may be defined as “groups and individuals who can affect, or are affected by the achievement of an organization’s mission” or alternatively “those groups who have a stake in or a claim on the firm”(Freeman, 1984). Johnson et al. (2005) stresses that both parties depend on each other by defining stakeholders as individuals or groups who depend on the organization to fulfill their own goals and on whom in turn the organization depends. The concept of stakeholders may be given a wider perspective as simply all those entities with a "critical eye" on corporate actors (Bomann and Wiggen, 2004). Stakeholders thus form a link between the aims and ambitions of the organization and the expectations of society (Whetten, Rands, and Godfrey, 2002).

There are two categories of stakeholders, inside and outside stakeholders. The insiders are the employees, board of directors and the stockholders. The outsiders are all the other groups that the firm’s actions affect. It includes the customers, suppliers, government, unions, competitors, local community, financial institutions and the general public. Past study indicates that the board of directors no longer believes that the stockholder is the only constituency to whom they are responsible (Pearce and Robinson, 1997).

Johnson et al. (2005) divided the external stakeholders into three categories in terms of the nature of their relationship with the organization; stakeholders from the market environment who include the suppliers, competitors, distributors and shareholders. These shareholders have an economic relationship with the organization and influence the Value creation process as members of the value network. The second category comprises of the stakeholders from the social political environment such as policy makers, regulators, government agencies who influence the social legitimacy of the strategy. The final category comprises of the stakeholders in the technological environment such as key adapters, standard agencies and owners of competitive technologies who will influence the diffusion of new technologies and the adoption of industry standards.

The three sets are rarely of equal importance in any specific situation. Since their expectations are different, it is quite normal for conflict to exist. Thus compromise will need to be reached between expectations that can't be achieved simultaneously. Individuals may belong to more than one group and stakeholders groups will line up differently depending on the issue and the strategy at hand (Johnson et al., 2005). Outsiders often demand that insider's claims be subordinated to the greatest good of the outsiders, e.g. pollution, disposal of solid and liquid waste and conservation of natural resources should be principle considerations in strategic decision making. Insiders on the other hand believe that the competing claims of outsiders should be balanced against one another in a way that protects the company mission (Pearce and Robinson, 1997).

These expectations and pressures keep changing and the situation is further complicated by the need for managers to resolve the interests of different stakeholders and to integrate this within the managerial decision-making process. Managers must therefore make decisions about the extent of their responsibilities and the nature of the stakeholders to whom they are both responsible and accountable. Therefore, in defining or redefining the company mission, strategic managers must recognize the legitimate rights of the firms' claimants who include not only the stockholders and employees but also the outsiders affected by the firm's actions each of these interest groups has justifiable reasons for a mission statement which is developed with all stakeholders in mind provides the management with unity of direction, transcending individuals, parochial and temporary needs.

It promotes a sense of shared expectations among all levels and generations of employees. It consolidates values over time, across individuals and interest groups. It projects a sense of worth and intent that can be identified and assimilated by outside stakeholders. Finally, it asserts the firm's commitment to responsible action in symbiosis with preservation and protection of the essential claims of inside stakeholders' survival, growth and profitability (Pearce and Robinson, 1997).

Given the conflict amongst the various stakeholders, Johnson et al. (2005) suggested that organizations may need to manage them through stakeholder mapping. Stakeholder mapping identifies their expectations and power and helps in understanding political priorities. It underlines the importance of how interested each stakeholder group is to impress its expectations on the organization's purposes and choice of specific strategies and whether stakeholders have the power to do so. Stakeholder mapping is brought out through the power/interest matrix which classifies the stakeholders in relation to the power they hold and the extent to which they are likely to show interest in supporting or opposing a particular strategy. The matrix also shows the type of relationship which organizations typically establish with stakeholder groups in the different quadrants and helps in establishing who the blockers and facilitators of a particular strategy is likely to be and how to manage them (Johnson et al., 2005).

2. 4 CORPORATE SOCIAL RESPONSIBILITY

Successful organizations do not engage in CSR to merely give away but they give back to society with a view to get payback in the long run without letting the pressures of short term profits distract them. They dedicate time to have it entrenched in their strategy since they understand its critical role in business (Porter and Kramer, 2006). According to Tsoutsoura (2004), it is crucial that the CSR principles are entrenched in the corporations' values and strategic planning to facilitate successful implementation. The CSR strategy should also be aligned with the company's specific corporate objectives and core competencies.

In implementing CSR, organizations should articulate a relevant CSR philosophy based on the scope and reach of the business and incorporate it in the mission and the vision; appoint an executive leader as the CSR officer to be the cheerleader, watchdog and the subject matter of initiatives; incorporate CSR in the long-range strategic planning to guarantee continuity and commitment; constantly communicate the results of the ongoing efforts to all the stakeholders and publicly celebrate the successes .Finally they should use the same kind of energy, initiative and commitment to develop, integrate and implement CSR programs as it does for the other core business of the firm (Gustafson, 2006).

Backman (1975) was one of the first scholars to present various examples of social responsibility practices, which many companies currently pursue: Employment of minority groups, reduction in pollution, greater participation in programs to improve the community, improved medical care and improved industrial health and safety. These and other programs designed to improve the quality of life are covered by the broad umbrella of social responsibility. In the 1980s Milton Friedman argued that companies have to use their resources to create better products, generate jobs, and increase the living standards. Friedman also states that companies accomplish their moral obligations by obeying the law and focusing on profitability.

Hill, Stephens, and Smith (2003) conducted a research among some of the most prominent corporations to identify the CSR practices which a socially responsible entity pursues. According to the conclusion of this study a company is socially responsible when it has high ethical standards, makes significant investments of money and other resources to assist communities, allows diversity in its workforce, provides a good environment for its employees, shows compassion for the disadvantaged, has a strong commitment to charitable giving, and strives to do business in a manner to minimize the impact on the environment. Being socially responsible entails a high awareness of societal needs. According to Smith (2003), the respect of human rights is one of the most important corporate social responsibility practices.

Johnson et al. (2005) categorizes CSR practices into internal and external practices. The internal practices include employee welfare, working conditions, job design and intellectual property, which is observed by respecting the private knowledge of individuals and not claiming corporate ownership. On the other hand, the external practices include the green issues, products safety, markets and marketing, suppliers, equal opportunity employment, upholding human rights and engaging in community activities. Finally, they propose that CSR practices be systematically reviewed through social auditing. It can take several forms ranging from social audits undertaken by independent external bodies through aspects of social agenda that are now mandatory in company reporting to voluntary social accounting by organizations themselves

2.5. CSR IN THE AIRLINE INDUSTRY

Although many studies have explored the airline industry, few have focused on this industry's CSR activities. Coles (2011) presented a review of tourism and CSR that compared recent academic research on CSR in the tourism sector. The research indicated that in the tourism sector, the airline industry attracts the most academic attention. The reasons for this include the industry's contributions to climate change and the fact that airlines have several characteristics similar to those of manufacturing industries: intense regulation, high entry barriers, high capital costs, and tendencies toward oligopolies (Lynes&Andrachuk(2008).

At present, studies on the CSR of the airline industry is more focused on cost assessment, benefits quantitative assessment, CSR motivations and CSR reporting, but less on CSR strategic factors (Tsai(2008)

The airline industry plays an important role in the tourism sector, thus encouraging the airline industry to live up to the high expectations in regards to CSR practices. The airline industry induces not only environmental effects but also economic and social effects. As Coles *et al.* in his book "*Tourism and corporate social responsibility: A critical review and research agenda.*" pointed out, the airline industry is more concerned with environmental issues than its economic or social implications and Sustainability.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter covers the methodology and procedures which were followed in conducting the research work. It includes the research design, the means through which data was collected and the data analysis method that was used.

3.2. DESCRIPTION OF THE STUDY AREA

Ethiopian Airlines (ET) is the flag carrier of Ethiopia. During the past sixty plus years, the airline has become one of the continent's leading carriers, unrivalled in Africa for efficiency and operational success, turning profits for almost all the years of its existence. Operating at the forefront of technology, it has also become one of Ethiopia's major industries and a veritable institution in Africa. It commands a lion's share of the Pan African network including the only daily east-west flight across the continent. Ethiopian Airlines serves 60 plus international destinations. Furthermore, it is working diligently to make the Ethiopian Aviation Academy the leading aviation academy in Africa. Ethiopian is one of the airlines, in Africa, operating the newest and youngest fleets. It is established in 1945 G.C and owned totally by the Ethiopian government. Its vision is be the most competitive and leading aviation group in Africa by providing safe, market driven and customer focused passenger and cargo transport, aviation training, flight catering and ground services by 2025.

The airline has three important missions which are expressed as; to become the leading Aviation group in Africa by providing safe and reliable passenger and cargo transport, aviation training, flight catering, MRO and ground services whose quality and price is "value proposition", to be always better than its competitors, to ensure being an airline of choice to its customers, employer of choice to its employees and an investment of choice to its owner, and to contribute positively to socio-economic development of Ethiopia in particular and the countries it operates in general by undertaking its corporate social responsibilities and providing vital global air connectivity.

Ethiopian airline has a total of 47 Aircrafts among which 6 are cargo aircrafts and the remaining 41 are passenger aircrafts. Out of the total aircrafts 32 are Boeing aircrafts. In addition 39 to the current fleets that the airline has there are 39 aircrafts ordered. The orders are from Airbus, Boeing and Diamond aircraft industries. The order includes 10 Dream liner jets from Boeing.

Ethiopian airline serves a total of 78 destinations among which 61 are international destinations and 17 are domestic destinations. When we see the regional classification of the destinations it has 39 in Africa, 7 in Europe & America, 15 in the Middle East & Asia, 17 Domestic. In addition to the passenger destinations the airline gives cargo service for a total of 25 destinations. Of these destinations 18 are in Africa, 5 in the Middle East and 2 in Europe.

Ethiopian has a code share agreements with a total of eleven airlines. Of which two are African airlines, five are from Europe, three from the Middle East and one from Asia. The airline has also Signed Memorandum of Understanding with ASKY Airline on Strategic Partnership and Investment. ASKY Airline is a newly established airline based in Lome-Togo. The airline has a special feature called Cloud Nine: Combined service of First and Business Classes, Cloud Nine has the space, comfort and a style of service that makes flying with Ethiopian a pleasure all the time. In the Economy Class, Passengers are offered 12 audio channels with access to a video library of more than seven titles. Sheba Miles is Ethiopian's Frequent Flyer customer loyalty program. As a member of Sheba Miles, passengers accumulate miles which will entitle them to free ticket awards, upgrading to business class, extra luggage allowances, and access to fast tracks in Airport check-in, immigration, boarding processes and many other privileges. The more passengers fly the higher the benefits they get. Since October 2007 it has reciprocal business partnership with Lufthansa's Miles & More which is a frequent flyer program by Lufthansa.

As to its capacity building, the ultra-modern airport terminal was inaugurated on January 21, 2003. This spacious terminal handles all international flights with its 21st century facilities. Ethiopian Airlines is self-sufficient in all aviation training systems. The Ethiopian Aviation Academy offers training for pilots both for foreign nationals and Ethiopians, aircraft technicians, cabin crew (Service trainee), and marketing and ground handling, management and finance staff. Ethiopian airline has won eight awards between the year 2008 and 2011 for different nominations including best air line of Africa for the year 2009.

3.3. RESEARCH APPROCH

Information was acquired through questionnaires, direct interviews and documentary analysis. The questionnaires used in this study are comprised of queries centered on demographic information like sex, education level, age, occupation, monthly income, and experience with the Airline for both the company employees and to the beneficiaries from the Ethiopian Airlines CSR programs.

The questionnaire has achieved getting the information about the activities attained by employees of change management and employee engagement departments and members of Ethiopian Airlines CSR activities as well. It has gained full information from the organization and/or individual CSR beneficiaries which the airline has provide with and supported in a multiple ways, including both financial and non-financial supports.

Descriptive research method was used to conduct this research which involves describing a problem, context or a situation. This has a feature of exploratory research as well of course; however descriptive type questions are more structured, and more reliant on prior ideas and methods.

The knowledge obtained in the thesis is mainly base on primary research data. The research is conducted on CSR and its subsequent role on employees with regard to the airline as mentioned in the problem identification. Hence, in order to solve the research problem at hand, the thesis has relied on primary data sources mainly the use of questionnaires and interviews to the selected department airline employees and the beneficiaries as well. Nonetheless, supporting arguments or patterns found in annual reports and brochures are involved where necessary.

3. 4 RESEARCH DESIGN

This study was conducted through a case study even though it is mainly a descriptive type research. A case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence (Robson, 2002). As the main objective of this study was to carry out an in-depth investigation of corporate social responsibility practices in Ethiopian Airlines.

Researchers have used the case study research method for many years across a variety of disciplines. According to Morris and Woods (1991), use of a case study is helpful when a researcher wishes to gain a rich understanding of the context of the research and the process. Cooper and Emory (1995) also cited that a case study allows for details to be obtained from multiple sources of information and evidence to be verified through in-depth probing. It was deemed the best design to fulfill the objectives of the study because it was expected to enable the researcher have an in-depth understanding of corporate social responsibility practices in the airline.

3.5. POPULATION AND SAMPLE

To conduct the research a census of Ethiopian Airlines all Change Management and Employee Engagement department employees and top management are selected as a respondent. The respondents were selected at Ethiopian Airlines Headquarter, Addis Ababa Bole international Airport Terminal 1 and 2, Ethiopian cargo, Ethiopian Maintenance and Repair Service, Ethiopian Airlines Aviation Academy, Ethiopian Catering Service, Ethiopian Airlines Transportation Service department, Ethiopian Airlines Central Ticket Offices and Ethiopian Inflight Service departments who are members of the airlines' CSR program activities.

All Change Management and Employee Engagement department employees of Ethiopian Airlines and members of the CSR activities of the airline were selected as a respondent. Therefore, census technique was used in the study. The reason for using census is because the population is not too large and fair enough to take the whole population as a sample (census). A total of 152 employees were taken as a respondent. Out of which 144 employees returned a completely filled questionnaire, 4 employees returned a questionnaire with missing data and 4 others returned unfilled. Therefore, 144 provide a response that served as data for analysis to present the findings and draw conclusion.

3. 6. DATA COLLECTION

To meet the objectives of this study, the researcher relied on both primary and secondary data. The primary data was collected using interview and questioner. An interview guide in the form of face to face interviews with both internal and external respondents was used. An interview guide is a set of questions that the interviewer asks when interviewing (Mugenda and Mugenda, 2003).

The internal respondents, the employees of Ethiopian Airlines change management and employee engagement department and other employees of the airlines who are not under the change management department but members of the airline CSR programs were taken as a whole, which are a total of 152 employees.

The external respondents, the individual and company beneficiaries from the airlines' CSR program are taken from the company documented analysis were interviewed at their office using face to face interview and e-interviews that includes phone conversation and by a use of internet depending on their available schedules.

Face to face interviews creates an opportunity for follow up through gentle probing. A researcher has therefore elicit more in-depth responses or fill in information if the participant does not understand the question. The secondary data on the other hand was collected from company records, the company's website, the company's Facebook page, the vision and mission statements, investor press releases and the annual CSR performance records.

The data was also collected by interviewing the top level managers since CSR decisions are top management's decisions and middle level managers who implement the CSR strategies. To ensure proper presentation, the respondents who were interviewed were drawn from different functions. The interview guide which was used to collect the secondary data (appendix 11) consists of open ended questions covering issues on corporate social responsibility.

3. 7 DATA ANALYSIS

The data collected was analyzed through content analysis as it was qualitative in nature. Strauss and Corbin (1997) define qualitative analysis as a research for general statements about relationships and underlying themes. The researcher made inferences from the detailed conversations and observations which were made during the interview process with the respondents.

This is supported by Mugenda and Mugenda (2003), who define content analysis as the systematic qualitative description of the composition of objects or materials of the study. It involves observation and detailed description of objects, items or phenomena that comprise the study. Bryman (2004) asserts that qualitative content analysis is “probably the most prevalent approach to the qualitative analysis of the documents” and that it “comprises a searching out of underlying themes in the materials being analyzed” (p.392).

3.8. ETHICAL CONSIDERATIONS

Research participants were not subjected to harm in any way whatsoever, The researcher respects for the dignity of research participants, Full consent have been obtained from the participants prior to the study, The protection of the privacy of research participants prior to the study, Adequate level of confidentiality of the research data was ensured, Anonymity of individuals and organizations participating in the research were ensured, There was not any deception or exaggeration about the aims and objectives of the research, Any type of communication in relation to the research was done with honesty and transparency, Any type of misleading information, as well as representation of primary data findings in a biased way has been avoided.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4. 1 INTRODUCTION

This research thesis has adopted qualitative and quantitative approach to analyze and interpret the data collected through that the data collection tools. This is because the data for this specific study is qualitative by its nature: it addresses practices, understanding, implementation and other related themes regarding CSR. On the other hand, quantitative approach has been used to analyze and interpret the demographic data of and number of CSR program activities of employees and members of Ethiopian Airlines department of Change management and employee engagement.

Therefore, the chapter discusses the various corporate social responsibility practices which Ethiopian Airlines pursues and the results and discussion of the findings of the research following the distribution of questionnaires and conduct of interviews with senior and middle level managers as well as employees under the department of CSR. For ease of presentation and analysis, thematic topics are used in this chapter.

4. 2 CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN ETHIOPIAN AIRLINES

The study established that Ethiopian Airlines has a CSR policy, which is well articulated in the overall corporate strategy to ensure alignment and eliminate potential conflict which may arise between the stakeholder goals and the shareholder goals. The importance of corporate social responsibility in Ethiopian Airlines is emphasized as one of the key issues by entrenching it in the mission statement, which states that Ethiopian Airlines endeavors to maximize stakeholder value by consistently providing the highest level of customer satisfaction, upholding the highest level of safety and security and maximizing employee satisfaction whilst being committed to corporate and social responsibility.

For smooth execution of the CSR strategy, Ethiopian Airline constituted a corporate social responsibility (CSR) committee charged with spearheading and managing the organization's CSR strategy. This committee was constituted through an open balloting from all Ethiopian Airlines staff that showed interest by entering their names for a draw. The chairman of this committee is the CEO, who is supposed to report to the board at regular intervals informing the directors of the matters it has reviewed and making recommendations when considered appropriate as and when requested.

The duties which the committee is tasked with are ensuring that its representation encompasses all relevant functions and divisions of Ethiopian Airlines. It should also review and ensure that Ethiopian Airlines prioritized need areas are focused on in the implementation of CSR projects and initiatives by coming up with a suitable CSR management framework covering each of Ethiopian Airlines areas of activity, gathering and recording information about all existing CSR projects and initiatives taking place in the company.

The committee should also constantly monitor and review the progress made in achieving the targets and ensuring that action is taken where necessary. This is achieved by developing indicators and measures that are used to ascertain performance against prioritized CSR impact areas and approving improvement targets against these, alongside specific responsibilities. The committee gets to evaluate the links between Ethiopian Airlines overall performance and the company's social and environmental performance.

Finally, Ethiopian Airlines recognizes the importance of involving and constantly communicating the company's CSR responsibilities and achievements internally and externally to both the staff and the other external stakeholders respectively. External communication is done through reports such as press releases, monthly CEO newsletter, annual CSR Report to be presented to all stakeholders and the CSR content contained in the Group's CSR reports. The press releases are also sent to the company's website and its Facebook page.

Ethiopian Airlines believes in transforming lives. This is achieved by building relationships with customers, giving back to the community, managing safety and security risks, attracting and retaining talented staff and maintaining the company's visibility and reputation. The intended outcome of all the CSR practices the organization undertakes is to create a positive change in society and support improvement in the lives of individuals. The practice of corporate social responsibility is centered on five main areas which include educational infrastructure, water accessibility, environmental sustainability, medical travel and health.

Table 4.1 Distribution of Demographic Variables (N = 144)

No	Variable	Frequency	Percent
1	Gender		
	A. Male	92	63.89
	B. Female	52	36.11
	Total	144	100
2	Highest Education Qualification		
	A. Doctoral Degree	23	15.97
	B. Post Graduate	39	26.39
	C. Degree	29	20.14
	D. Diploma	7	4.86
	E. Other Certificate	47	32.64
	Total	144	100
3	Number of CSR activities attained		
	A. 1-9	19	13.19
	B. 10-19	30	20.83
	C. 20-29	21	14.58
	D. 30 +	74	51.34
	Total	144	100

Table 1 reveals the demographic information and number of CSR activities attained by the CSR activity of the respondents. When we see the first demographic variable that is gender division of the respondents, the majority of the respondents are males, i.e. 63.89% representing a bigger part of the sample group. However, 36.11% percent of the respondents are females. This study was only aimed at the specific department employees. However, it seems that the information gained was sufficient enough to conduct the analysis.

With regard to the distribution of the second demographic variable which is the level of education, most of the respondents have an educational level above college diploma. When we see the specific qualification level, 15.97% of the respondents have a qualification of doctorate degree, 26.39% have a second degree qualification, 20.14% of the respondents have a first degree qualification, 4.86% of the respondents have an educational qualification of college diploma and the certificate and other qualification level comprises of 32.64%.The other main variable that the respondents were asked was the number of corporate social responsibility activities they had attained. For this question, the majority (51.34%) of the respondents reported they had attained the activities with the airline more than thirty times, 13.19% of the respondents answered one to nine activities, 20.83% of the respondents answered ten to nineteen activities and 14.58% answered twenty to twenty nine.

According to the data gained from individual/company beneficiaries of the airline CSR activities using interview and questionnaire, the results gained are presented here.

4.3 DISCUSSION OF RESULTS

The objective of the study was to establish the corporate social responsibility practices in Ethiopian Airlines. The research was conducted through a case study which relied on both primary data and secondary data. The primary data was conducted by interviewing top level managers and middle level managers and employees under the change management department and individual/company beneficiaries, while the secondary data was collected through the company records, press releases, annual financial statements and investor briefings.

4.3.1 COMPARASION WITH THEORY

The study established that CSR is one of the key priorities in Ethiopian Airlines. The airline recognizes that in order to survive in the turbulent environment in which it operates, it has to balance the needs of its shareholders with those of the community. It has a moral obligation towards the society. This is in line with the definition of CSR by Johnson et al. (2005) as the obligation/ responsibility that an organization has not only to its stockholders but also towards the community. Carroll (1991) also cited that in addition to their economic and legal obligations towards their owners and governments, organizations have to take a more proactive role regarding their social performance.

The airline has shown commitment towards CSR by entrenching it in the company mission statement. It has a CSR policy which is well articulated in the overall corporate strategy. Porter & Kramer (2006) asserted that a firms' CSR strategy should be aligned with the company strategy.

The airline's involvement in CSR is motivated by the desire to transform lives by creating a positive change in the society, the need to build relationships with customers, giving back to the society and maintaining the company's visibility and reputation. This complies with its mission to maximize the stakeholder's values whilst being committed to CSR.

According to the findings of the study, Ethiopian Airlines partners with its stakeholders and other partners who have an interest in CSR. Info track East Africa concurs that organizations require implementing partners for their CSR programs since the activities are often not within the company's core competence. By coming together, they are able to complement each other on their strengths and weaknesses hence achieving maximized benefits (<http://www.infotrackea.co.ke>).

The other aspect of CSR in Ethiopian Airlines which came out in the findings is the fact that most of the CSR initiatives it undertakes are open ended in nature as they surpass one fiscal year. According to Infotrack East Africa, CSR activities are likely to be more effective both to the target beneficiaries and the initiating organization when carried out either as high impact projects, timed or open ended programs than when done as one off events. Programmatic CSR activities eventually cultivate loyal partners and a grateful clientele thereby developing a highly productive and sustainable relationship between the initiating organizations, partner donors both individual and corporate as well as beneficiaries in the community (<http://www.infotrackea.co.ke>).

4.3.2 COMPARATION WITH OTHER STUDIES

The study established that Ethiopian Airlines constantly communicates with its stakeholders through press releases and the monthly CEO newsletter and involving them in the CSR activities. The airline also recognizes the importance of involving and constantly communicating the company's CSR responsibilities and achievements to the staff. This is in agreement with Mulei (2011) who found out that the company has in place policies, systems and rules where they can register interests and raise concerns or any issues for both internal and external stakeholders.

The study revealed that the airline's approach to CSR is strategic. There is need to align the needs of the stakeholders with those of the shareholders for sustainability in the long run. The importance of corporate social responsibility in Ethiopian Airlines is emphasized as one of the key issues by entrenching it in the mission statement, which states that Ethiopian Airlines endeavors to maximize stakeholder value by consistently providing the highest level of customer satisfaction, upholding the highest level of safety and security and maximizing employee satisfaction whilst being committed to corporate and social responsibility. This is supported by Mulei (2011) in his study on corporate governance. He cited that CSR is one of the key strategies entrenched in the mission statement.

The findings of the study also pointed out that Ethiopian really values its employees .The company spends a hefty amount annually on people development, retention, training and health. It also conducts surveys to have a feel of the employee's needs. It is also found out that Ethiopian Airlines seeks to maximize employee satisfaction by streamlining recruitment process and compensation packages in order to motivate and retain them. The respondents mentioned the various ways which the airline addresses the needs of the customers in a bid to retain them and attract new customers. The airline came up with an initiative dubbed as flying green to enhance customer loyalty. The customers who travel frequently earn points which when accumulated can earn them extra and personalized services. Chemayiek (2005) emphasizes on how the airlines benefit by retaining the customers loyalty.

For smooth execution of the CSR strategy, Ethiopian Airlines constituted a corporate social responsibility (CSR) committee charged with spearheading and managing the organization's CSR strategy. This committee was constituted through an open balloting from all Ethiopian staff that showed interest by entering their names for a draw. The chairman of this committee is the CEO, who is supposed to report to the board at regular intervals informing the directors of the matters it has reviewed and making recommendations when considered appropriate as and when requested. Kwalanda (2007) supports the need to formalize the execution of CSR strategy by forming a CSR taskforce whose role is execution, monitoring and constant evaluation of the CSR strategies. The respondents mentioned the various ways which the airline addresses the needs of the customers in a bid to retain them and attract new customers. The airline came up with an initiative dubbed as flying blue to enhance customer loyalty. The customers who travel frequently earn points which when accumulated can earn them extra and personalised services. Chemayiek (2005) emphasizes on how the airline benefits by retaining the customers loyalty.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter provides a summary of the findings, conclusion and details of recommendations for the research in line with research objective and the research question outlined in chapter one of this study. The section concludes by giving limitations of the study and makes suggestions for further research.

5.2 SUMMARY OF RESULTS

The objective of this study was to analyze; the corporate social responsibility practices in Ethiopian Airlines. The data was collected through both primary data and secondary data. The primary data was collected by way of interviews with the top level managers and the middle level managers as well as employees and members of Change Management department and beneficiaries of the airlines CSR program. The secondary data on the other hand was collected through the annual reports, press releases, the airline's website and investor presentations.

The research established that the company formed a CSR committee whose main roles are overseeing the implementation process, evaluating and monitoring the progress made in achieving the CSR goals. The committee is also meant to report to the board regularly. At the implementation level, the company is keen to establish partnerships with its key stakeholders and other organizations which have the same interests in corporate social responsibility. The airline's main areas of focus include educational infrastructure, water accessibility, environmental sustainability and health.

Various initiatives have been launched in the past few years under the five areas in partnership with other organization like “adopt a school” initiative under education infrastructure, “Bombay ambulance” initiative under health and “plant a future” initiative under environment conservation. In addition, some money is allocated to any other emergency which may occur that the airline deems fit to sponsor in line with its CSR strategy.

The study also analyzes that the airline is keen on involving the employees and the customers in its social practices. The airline identified an opportunity in February 2008 to involve the passengers in a key charitable campaign called the “changing lives” campaign. The initiative’s sole purpose is to change the lives of the less fortunate in the society. Passengers are requested to deposit their leftover coins into sachets provided by the planes. The airline then sorts and redirects the money to carefully selected charity programs which are aligned to its focus areas. In a bid to get involved in the implementation process of CSR strategies, Ethiopian Airlines came up with an initiative called “double your effort” campaign where every department in the organization contributes towards a project and the amount is then doubled by the organization.

The customers and employees form part of the wider stakeholder group. By involving them and aligning its strategies to their needs, the company is able to address the conflicts which may arise in its operation between the shareholder goal of wealth maximization and the various stakeholder goals. The other solution to the potential conflicts which the company has identified is ensuring that the CSR strategies are entrenched in the company mission and their alignment with the corporate strategy.

5.3 CONCLUSION

This research project has reviewed corporate social responsibility practices in Ethiopian Airlines comprehensively in an attempt to answer the research question and meet the research objective of the study. The researcher established that Ethiopian Airlines has been consistently voted among the top ten airlines in the world and recently scooped top awards at the Africa Investor (Ai) Tourism Investor awards and was declared the “business airline of the year.” This is indeed due to its commitment to all its employees by prioritizing CSR.

CSR demands that good corporate leadership and governance should strive to maintain a balance between the organizational interests and those of stakeholders in order for the organization's business to be conducted in a profitable and sustainable manner. CSR therefore is not just a goodwill gesture by organizations wanting to look good to the public in order to hike their profits. It is a prerequisite for good corporate leadership and governance as well as sustained operation and profitability.

CSR is a corporate competitive marketing strategy that ensures high organizational and product visibility thereby branding the business as an organization that cares about its consumers, the community it does business with and other stakeholders. It is an effort by organizations to deploy their resources in a way that helps the organizations build a mutually productive and sustainable business relationship between them and the communities with which they do business. If well implemented, CSR is a win-win initiative for both the organization and the CSR beneficiaries.

According to Porter and Kramer, (2006), the essential test that should guide CSR is not whether a cause is worthy but whether it presents an opportunity to create shared value. It should therefore result in a meaningful benefit to the society that is also valuable to the business.

5. 4 IMPLICATION OF THE STUDY

In this research it is found that poverty eradication and sustainable development through CSR will not be attained in Ethiopia by certain actors alone. All actors should have the CSR concept and enhance their concentration to the potential contribution of the international and national sector and have their CSR policy and strategies. Because currently the concept of CSR is used as a shorthand for business' contribution to sustainable development and a number of core development issues are already central to the international CSR agenda in different countries. In regard to Ethiopia and the empirical findings in this study there is no understandable connection between CSR activities and cultural situations. This is evidenced in the study by the fact that Ethiopian Airlines understand CSR practices mainly as corporate charity primarily aimed at addressing socio-economic development challenges.

In addition what can be learnt from the company is that, it is important to be aware of differences in sympathetic and usage of CSR definitions and concepts. What is regarded as philanthropic motive in Ethiopian Airlines is typically a business motive. Business cannot function if employees are affected by different problems or if infrastructure is unavailable and therefore philanthropic motives and business motives are closely interconnected.

As mentioned earlier, CSR from Ethiopian airlines perspective can be viewed as two fold. Firstly, there is the current development of certain formal CSR activities made. These initiatives are mainly philanthropic with practices and understanding to a large extent imported from the developed countries.

The proper CSR agenda is very much in accordance with the CSR practices in the western countries even if adopted to the socio-economic desires in the Ethiopian society. Secondly, some of the respondents have made it clear the extent of some informal CSR activities that are closely linked to cultural Ethiopian Traits found in Ethiopia. Despite the fact that the concept of CSR is new in Ethiopia its functioning has already started in multinational companies and NGO's formally and a very few national companies informally.

Therefore, all actors in Ethiopian Airlines should include labor standards and right, human rights, education, health, poverty reduction, conflict and environmental impacts in their CSR agenda. Thus, their inputs to sustainable development in Ethiopia could be strengthened by tracking capacity constraints working with multinational companies, international and local NGO's, and civil society institutions/organizations, building the drives for responsible business development socially orients companies, and encouraging local business linkages through creating space for national dialogue among all stakeholders on the role of national companies and government organizations in growth that can assist to localize the CSR agenda and to create trust and mutual understanding of the potential and the limits of business' contribution to development.

The government is one of the key stakeholders of the airline, through the taxes levied on jet fuel and other products, the effects of the fiscal regulations and also political risk which has a direct effect on the tourism industry that Ethiopian Airlines relies on. This therefore dictates that the organization's CSR strategy be well aligned with the broad national objectives of the country. The airline can achieve this by getting the input of the policy makers when making CSR decisions and developing the CSR strategies.

Though the committee is mandated to evaluate and monitor the impact of the CSR activities the organization invests in, management can also resolve to hire an independent external body to conduct occasional social audits. This would give management an opportunity to get an objective review of the CSR initiatives.

5. 5 LIMITATION OF THE STUDY

As a result of the nature of the working conditions in the organization, it was not possible to interview managers who had tight schedules of work and those who were away on official duties. There was also a challenge scheduling the interview sessions with the identified respondents, especially the top level managers. As much as Ethiopian Airlines is listed in one of the top profitable organization, some of the financial information could not be divulged for confidentiality reasons. The study therefore limited itself to issues that could be discussed without compromising any part of the business aspect.

In addition, some of the managers who had been in the organization when the major CSR strategies and decisions were made had since left and their input could not be incorporated in the study. Some managers refused to be interviewed as they felt that the information they were to provide to the research was very sensitive.

5. 6 SUGGESTIONS FOR FURTHER STUDY

The study's main focus was the corporate social responsibility practices in Ethiopian Airlines. However, given that each company has a unique orientation in CSR, study on CSR practices in the airline industry could be done in future. The findings of the study would be crucial since the environment in the airline industry is complex and very turbulent.

In all the profit organizations, the shareholders goal is profit maximization. In a bid to evaluate that their interests are secured, further research could be done to determine whether the airline's CSR practices have any impact on Ethiopian Airlines' financial performance. The other aspect which has a direct influence on the profitability is competitive advantage. This is very crucial since the airline industry has seen many new entrants in the recent past. Research on the relationship between CSR and Ethiopian Airlines' competitive advantage would be very informative.

Finally, a survey could be done to evaluate the stakeholder's perception of the CSR practices in Ethiopian Airlines. The findings would give the organization an objective opinion on whether it is successful in reaching out to its stakeholders and also the greatest areas of need of the stakeholders would be identified.

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APPENDIX 1: LETTER OF INTRODUCTION

REQUEST FOR RESEARCH INFORMATION.

Dear Sir/Madam,

I am a student at the Addis Ababa University, School of Commerce pursuing a Master degree in Human Resource Management (HRM). I am undertaking a research project on Corporate Social Responsibility Practices in Ethiopian Airlines as part of the academic requirements for the award of the stated degree.

I would be grateful if you could spare a moment of your time and fill the attached questionnaire, to help me gather the necessary information. The information you give shall be treated with utmost confidentiality and shall be used solely for this research problem. A copy of the same shall be availed to you on request.

Any additional information you might consider necessary for this study will be highly appreciated.

In case of any queries pertaining to this research project, do not hesitate to contact me;

Tel: +251968596500

Email: jordan.m624@yahoo.com

Thank you in advance.

Yours sincerely.

Yordanos M.

APPENDIX 1.1: INTERVIEW GUIDE

**INTERVIEW GUIDE FOR CORPORATE SOCIAL RESPONSIBILITY PRACTICES
IN ETHIOPIAN AIRLINES**

SECTION A: RESPONDENTS PROFILE

1. Gender
2. Educational Background.....
3. Position held
4. Departments
5. Number of years of service in the Corporation
6. Number of years served in the position

SECTION B: GENERAL INFORMATION

1. How does the mission of the company integrate with its CSR missions?
2. What is the connection between CSR activities and cultural situations/ is CSR considered as charity?
3. Are employees interested and actively participated in the CSR activities?

SECTION C: CORPORATE SOCIAL RESPONSIBILITY PRACTICES

1. How do you execute your social mission/program(s)?
2. Please describe the main categories of CSR activities which the company pursues?
3. Think of all the CSR activities which the company participated in last year.
 - They were?

 - What was the total approximate amount spent?

4. Which conflicts arise amongst the various stakeholder groups? In lieu of the problems, what solutions would you suggest?

5. How do the employees get involved in the CSR practices the organization undertakes?

6. What measures are usually taken to ensure that the employees work in a conducive environment?

7. What problems are experienced in implementing Corporate Social Responsibility? In the presence of the problems, what solutions would you suggest?

8. How do you determine the success/failure of the social mission?

SECTION E: CONCLUSION

1. What do you think are the benefits of having a good CSR approach?

2. How does the future look for your company and your CSR engagements? What are your upcoming objectives and goals?

3. What other comments do you have?

THANK YOU FOR YOUR PARTICIPATION

