

**Assessment on Corporate Social Responsibility Practices and
Determinants: A Comparative Study Conducted in Addis Ababa
Tannery and Awash Tannery**

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**Assessment on Corporate Social Responsibility Practices and
Determinants: A Comparative Study Conducted in the Ethiopian
Leather Industry**

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Declaration

I, Abdulhamid Yusuf certify that this thesis which I now submit for examination for the award of Masters of Business Administration, is entirely my own work and has not been taken from the work of others and to the extent that such work has been cited and acknowledged within the text of my work. This thesis has been prepared according to the regulations of postgraduate study of the Addis Ababa University and has not been submitted in whole or in part for an award in any other University or Institute. The work reported on in this thesis also conforms to the principles and requirements of ethics in research.

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Acronyms

Abbreviation	Explanation
CD	Consumer Demands
CE	Community Enforcement
CP	Consumer Protection
CSR	Corporate Social Responsibility
CW	Community Welfare
Env'tal	Environmental
EP	Environmental Protection
EU	European Union
FAO	Food and Agriculture Organization
FMCG	Fast Moving Consumer Goods
HR	Human Rights
IBM	International Business Machines
ILO	International Labor Organization
ISO	International Organization for Standardization
KPI	Key Performance Indicators
LP	Labor Pressure
LT	Labor Treatment
NF	Nature of the Firm
NGO	Non Governmental Organization
OECD	Organization for Economic Co-operation & Development

PLC	Private Limited Company
SC	Share Company
SL	Social License
SP	Sustainability and Profitability
SPSS	Statistical Package for the Social Sciences
USA	United States of America
TA	Transparency and Ant-corruption

Abstract

The study aimed at studying the existence and practices of different dimensions of Corporate Social Responsibility (CSR) in Ethiopian Leather Industry by taking Awash and Addis Ababa tanneries as case studies corresponding to the determinants namely labor pressure, consumer demands, community enforcement, sustainability and profitability, social license and nature of the firm. It is relevant to labors, customers, and industries, especially for leather industries to implement CSR concepts and to get benefit from it. In relation to the methodology, simple random sampling technique was used in selecting respondents. The study has been conducted on the basis of the quantitative and qualitative research techniques to assess the nature or practice of CSR and its determinants in the selected two tanneries. 88 and 35 workers in Awash and Addis Ababa tanneries were selected from the total employees of 654 and 275 in each tannery. Data were collected through questionnaire. Moreover, structured and unstructured interview have been also conducted with managers and administrators of the respected companies through open ended questions which are designed to elicit their perception about the nature of CSR in their respected companies. Finally, the data collected through the questionnaires were coded, entered into computer and analyzed and presented in the form of tables using SPSS version 20 Software. Hence, it is through analysis of the direct relationships that insight is developed between the dependent and independent variables. CSR (dependent variable) was found to have a strong positive relationship with labor pressure, consumer demands, community enforcement, sustainability and profitability. This dissertation concludes with a discussion of the implications of these findings as well as recommendations for further research in the area.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

By any count, the world is changing faster than ever before. Human numbers are growing faster, and the impact of our activities is being felt in more and more ways. This change has profound implications for business, and means that the world of corporate social responsibility (CSR) is at the forefront of this change. So it's worth looking for what are the current trends and where are they heading (Mallen B., 2012).

Attitudes to business and its relationship with society are changed and shaped by outside events. These can be demonstrations of social problems that substantially change the environment within which companies do business, which are partially or wholly caused by business activities. These can be as diverse as extreme climate events raising the profile and public concern about climate change, right through to a run of incidences of corporate corruption. Businesses are calling upon to change behaviors or solve problems because of something external to them.

All organizations governmental or non-governmental, non-profit or for profit, should do business in the way that maximize positive effects and to minimize negative effects of that business activity. This is the concept of corporate social responsibility (CSR). European Commission (2002) describes CSR a close relationships between companies and societies to tackle social and environmental concerns. They define CSR as:

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.

The principal aim of the leather industry, which plays a significant role in today's global economy, is to transform animal hides/skins into a physically and chemically stable material by subjecting them to chemical and mechanical sequential processes, and therefore to obtain products for meeting various needs of people. In this respect, the leather industry could have easily been distinguished as an environmentally friendly industry, since it processes waste products from meat production (Lang M., Kolozmik K., Sukop S., Mla M., 1999). However, the leather industry has commonly been associated with high pollution due to the bad smell, organic wastes and high water consumption caused during traditional manufacturing processes (Tayl M., Cabeza L., Dimaio G., Brown E., Marmer W., Carrio R., Celma P., and Cot J, 1998). Different forms of waste in quality and quantity, which emerge during the transformation of hides and skins into leathers in thousands of leather factories, from primitive to modern all around the world, have negative impacts on the environment.

According to the data received from the studies of several researchers, approximately 200 kg of leather is manufactured from 1 tone of wet-salted hide (Veeger L., 1993). This amount constitutes about 20% of rawhide weight. More than 600 kg of solid waste is generated during the transformation of rawhide into leather. That is to say, solid wastes containing protein and fat that constitute more than 60% of rawhide weight are disposed to the environment by leather factories without turning them to good use.

In other words, besides the waste water disposed to environment during the processing of every 1 ton of rawhide in world leather industry, the data from FAO reveals that approximately 8.5 million

tons of solid waste is generated during the production of 11 million tons of raw hide processed in the world (FAO Statistics, 2004).

This study has tried to assess the nature of CSR and its determinants in Ethiopian leather industry in the form of comparison. Attempt had been made to compare the condition or the nature of CSR practices of Awash Tannery P.L.C and Addis Ababa Tannery S.C. The Addis Ababa leather industry is located 18 km of south-west of the Addis Ababa city. The company is the premier tannery in the tanning industry in Ethiopia, in which its establishment dates back to 1925, under the share agreement of two Armenians, Mr. Muse Savajian and Avadis Savajian. Currently, the Company manages to create considerable employment opportunity to citizens of the nation, enables the country to earn foreign currency and also paves a smooth way for the expansion of similar manufacturing industrial sectors that are indispensable for the developmental effort of the nation. Ethio-Leather Industry Private Limited Company (ELICO) - Awash Tannery is located to the Southern part of the city. ELICO is a member of MIDROC Ethiopia Technology Group and established in August 1997 after acquisition of three factories from the Ethiopian Privatization Agency. The Industry has three operating units, and the Awash Tannery (Gloving and Hides Unit) is one of them.

1.2. Statement of the Problem and Research Questions

Corporate social responsibility (CSR) is a citizenship function with moral, ethical and social obligations between a corporation and its consumers (Maignan I. and O'Ferrell O. 2001). The purpose of the company is to provide return on investment for shareholders and thus corporations are seen as instruments of creating economic value for those who risk capital in the enterprise (Greenwood M. 2001). Former Chief Economist of the OECD, David Henderson argued against

CSR and argued its general adoption by business would reduce welfare and undermine the market economy (Tyrrell A. 2006). Carroll A. and Buchholtz A. (2000) argue that many critics of CSR view it too narrowly and merely take into account its ethical and philanthropic categories.

Friedman M. (1970) argument that the social responsibility of business begins and ends with profit maximization, but this plays less well according to Hopkins M. (2003) today than in the heyday of Reaganomics or Margaret Thatcher's conservative government. Curran M. (2005) refers to this as "social permission theory", which holds that corporations exist and act by permission of society at large corporations are obliged to consider all possible stakeholders because they make up society at large and these stakeholders were the ones who gave corporations permission to do business in the first place. Further, if corporations use that power in ways that are not consistent with society's expectations, they will eventually face increasing externally imposed controls over their behavior, thus society will circumscribe that power.

Equally, Jensen M. (2002) argues that CSR and stakeholder theory is fatally flawed because it violates the proposition that any organization must have a single-valued objective as a precursor to purposeful or rational behavior. He argues that the adoption of CSR leaves a firm handicapped in the competition for survival because, as a basis for action, stakeholder theory politicizes the corporation and leaves managers empowered to exercise their own preference in spending the firm's resources. Essentially, this core argument against CSR criticizes that CSR involves expending limited resources on social issues necessarily decreases the competitive position of a firm by unnecessarily increasing its costs. Devoting corporate resources to social welfare is tantamount to an involuntary redistribution of wealth, from shareholders, as rightful owners of the corporation, to others in society who have no rightful claim.

In line with literature (Agle B. and Mitchell R. 2008; Vaaland T. 2008) and interview findings (Sweeney L. 2008), CSR activities were categorized under the headings; Environment, Customers, Employees and Community. Firstly, in relation to the environment, the most common activities include waste reduction and recycling. Energy conservation is also quite common. To a lesser extent; reduction in water consumption, air pollution and packaging is carried out by firms. The most common activity toward customers is commitment to providing value to customers. Responding to customer complaints in a timely manner is also quite popular and to a lesser extent, supplying clear and accurate information to customers and considering customer accessibility. The most common activities in relation to employees are a commitment to the health and safety of employees and ensuring adequate steps are taken against discrimination. Slightly less popular activities include encouraging employees to develop skills and long term career paths and work/life balance. Lastly, in relation to the community, the most common activity involved donating to charity. Having employees volunteer on behalf of the firm and having recruitment and purchasing policies in favor of the local community are also popular activities. There was a positive correlation noted between extent of many CSR activities and firm size.

Furthermore, William F. and Jose C. (2009) conversed that the CSR standards hinge on many aspects of life such as human rights, treatment of labor, the environment, consumer protection, health, fighting corruption and transparency in reporting.

Regarding the determinants of CSR, one of the most pragmatic reasons for business to be socially responsible is to ward off future government intervention and regulation, which is costly to business and restricts its flexibility of decision making. Arguably, if business voluntarily exceed their regulatory obligations then the need or will for government interference in business affairs is reduced (Tyrrell et al, 2006).

The other argument states that business (nature of the firm) has valuable resources such as a substantial pool of management talent, functional expertise and capital resources; therefore business should use these resources to solve social problems (Hillman and Kein, 2001, Schaper and Savery, 2004; Jenkins, 2006 as cited by Lorraine S. 2009). Nick C. (2010) stated 45 forces driving CSR including community, shareholders, employees, social -license, nature of the firm, and sustainability and profitability. He has organized these drivers into overarching themes. Despite this separation, it is worth noting that many of these drivers are related and complementary.

Although these are the arguments on CSR practices and determinants, business of this complex and dynamic environment should consider the concepts or core components of CSR such as integration of social and environmental concern; voluntariness; ethical behavior; economic development; improving the quality of life of the citizens; human rights; labor rights; protection of environment; fight against corruption; transparency and accountability. The arguments, however, faced short sights in terms of findings, approaches, content and so on. Consequently, certain individuals argued on the favor of stockholders' benefit other focused on only stakeholders' interest. Similarly, many studies described CSR practices only in few dimensions, for instance, in terms of ethics. The arguments also faced excluding of important determinants for instance they focused on financial matters. These arguments also focused on Europe and Far East countries.

In this respect, the leather industry could have certain problems in the processes of being socially responsible business sector. Because the steps in producing and tanning animal skins starting in the corral and ending at the sales counter as finished goods is a long process that leaves its effects on individuals and communities worldwide.

Correspondingly, although the leather industry and its associated sectors contribute significantly to the Ethiopian economy the waste which is discharging from tanneries pollutes the air, soil, and water, causing serious health problems. Exposure to such contaminated environmental setting has been seen to culminate in a multiple array of disease processes such as asthma, dermatitis, hepatic and neurological disorders, and various malignancies. These problems are inherent in every leather company especially those which are beginners. Thus, these firms take labor rights, marketplace policies, the welfare of the community and the physical environment into consideration.

Hence, on the basis of the data which have been collected from the employees and management of Awash Tannery P.L.C and Addis Ababa Tannery S.C, the researcher tried to analyze the extent to which the above mentioned problems exist in these companies in the form of comparison to fill the above gaps.

To this end, the study has tried to answer the following research questions:

- i) What does the condition of CSR practices in Addis Ababa and Awash Tanneries looks like?
- ii) How the determinants affect CSR practices?

1.3. Objectives of the Study

1.3.1. General Objective

The primary purpose of the study is to assess the nature of corporate social responsibility practices and assess the determinants in Ethiopian leather industry in the form of comparison between Awash Tannery P.L.C and Addis Ababa Tannery S.C, and to give recommendations based on the concepts and standards in the literature review, and the empirical findings of the study.

1.3.2. Specific Objectives

The specific objectives of the study are to:

- ✓ Assess the condition of CSR practices in both companies.
- ✓ Assess the determinants which affect CSR practices.
- ✓ Summarize, conclude, and recommend alternative ways to create good CSR in both firms.

1.4. Significance of the Study

The results of this study are significant in various respects. Firstly, on the basis of the findings of the study, the report has drawn some conclusions and identified certain problems which are related to economical, legal, ethical and environmental issues and had gave signal to the respected companies to take remedial action to reduce or eradicate these problems. Second, it has a piece of contribution to the current knowledge in the area of CSR for many Ethiopian industries particularly for leather industry. Thus, the researcher believes that it helps as a source document and as a stepping stone for those researchers who want to make further study on the area afterwards.

1.5. Delimitation and Limitations of the Study

The scope of the study is mainly related to investigating the CSR practices and determinants of Ethiopian leather industry. All organizations, for profit or not for profit, governmental or non-governmental, need intensive effort on the area of corporate social responsibility to create good organizational and social environment. For the sake of quality and specialization as well as to cope with the available time and resource constraints, this study focused only on corporate social responsibility practices of Awash Tannery P.L.C and Addis Ababa Tannery S.C (both are in Addis Ababa) although CSR is equally important in all other industries, particularly other leather industries

currently operating in Ethiopia. In the case of determinants of CSR, six predictors were selected despite other variables were available.

The limitation of the study emanates from the instruments such as interview and observation. They did not perform as much the researcher as did want. For instance, the researcher wanted to observe the condition of CSR practices as a member of a company but it was impossible. Similarly, interviews should be held with employees, customers and community. However, it does not affect the findings of the study due to at least three reasons. The first is that the study is field survey and the questionnaire which is the main instrument was performed well. Second, interviews and observations were taken into consideration as they fill as the gap of the questionnaire. Third, it has positive impact on reliability (consistency) of the instruments of the study. The study also did not implement a case study which is an approach that may provide a clearer understanding of the nature, type and extent of CSR practices within the particular organization(s). One important limitation of this study is that the selected companies are in Addis Ababa. Tanneries such as Hafade (Sebeta) and Colba (Modjo) were under the plan to include in study area. Unfortunately these companies didn't respond positively. The other limitation of the study is lack of consultancy on the profession of CSR. Because, getting a professional who specialized in this area is very difficult to ensure content validity of the instruments used.

1.6. Ethical Considerations

The study tried to implement core universal ethical principles through respecting participants of the study, enhance their beneficence and ethical treatments of stakeholders of the study. Autonomy and dignity of research participants is ensured to protect them from expatiation of their vulnerability. That is their rights to privacy and confidentiality were protected. In relation to beneficence of

people, the study tried to maximize benefits and minimize harms via recommendations on treatment of labor, consumers, communities and environments. With respect to justice, the study treats each person in accordance with what due to him or her. The study also considers prohibitions against fabricating, falsifying, or misrepresenting research data, and it promotes the truth and avoids error.

1.7. Organization of the Thesis

This study is organized under five chapters. Chapter one deals with the introduction which in turn contains the background of the study, statement of the problem, basic research questions, objectives of the study, delimitation and limitations, ethical considerations. Chapter two presents concepts and definition, review of both the theoretical and empirical literatures, and conceptual framework of the study. Chapter three is about research approach, research design, sample design, data sources and instruments, analytical method of the research, and, model variables. Chapter four provides findings and discussions of both descriptive and econometric analyses corresponding to the research questions of the study. Finally, chapter five constitutes conclusions and recommendation so as to solve observed problems and to accelerate the development of CSR practices in Ethiopian leather industry particularly.

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

2.1. Introduction

The literature review in a research study accomplishes several purposes. It shares with the reader the results of other studies that are closely related to the study being reported. It relates a study to the larger ongoing dialogue in the literature about a topic, filling in gaps and extending prior studies (Creswell J., 2003). It provides a frame work for establishing the study as well as a benchmark for comparing the results of a study with other findings.

This chapter tries to deal with review of literature on “Corporate Social Responsibility (CSR)” under the study background. Attempts were made to briefly begin with the definitions and concepts of CSR followed by the theoretical framework, empirical reviews and conceptual framework.

2.2. Definitions and Concepts of CSR

Many CSR definitions were developed by the scholars in the past based on the social, economical, political and environmental context of that period since 1950s. The definitions and comments on them are presented below.

Paul H. (2007), states that corporate social responsibility (CSR) is also known by a number of other names. These include corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability.” These

meanings or concepts, however, are very general and they indicate only the other names of CSR. They didn't point out technical and practical definitions of CSR

Shafiqur R. (2011) supposed that various definitions of CSR cover various dimensions including economic development, ethical practices, environmental protection, stakeholders' involvement, transparency, accountability, responsible behavior, moral obligation and corporate responsiveness. This definition focused only on the dimensions of CSR despite other dimensions such as health and human rights were existed. Thus, it generalizes the meaning of CSR on its standards or dimensions.

Business for Social Responsibility (2003) defines CSR: Socially responsible business practices strengthen corporate accountability respecting ethical values and in the interests of all stakeholders. Responsible business practices respect and preserve the natural environment. Helping to improve the quality and opportunities of life, they empower people and invest in communities where a business operates. The definitions of Global Corporate Social Responsibility Policies Project (2003) as well as World Business Council for Sustainable Development are also very similar with the definitions of Business for Social Responsibility. These definitions are good and technical although they didn't included other CSR indicators. The definitions reflect only ethical, environmental, quality of life and community views of CSR.

Hopkins M. (2011), in his concept of Corporate Social Responsibility, Corporate Social Responsibility is concerned with treating the stakeholders of a company or institution ethically or in a responsible manner. 'Ethically or responsible' means treating key stakeholders in a manner deemed acceptable according to international norms. This definition is too broad and focuses on stakeholders of a company. CSR can be considered beyond this, for instance, in terms of the community, the country, the continent as well as globally as a whole.

European Commission (2002) describes CSR as close relationships between companies and societies to tackle social and environmental concerns. They define CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. In its new Communication on CSR, the Commission puts forward a new definition of CSR: “the responsibility of enterprises for their impacts on society.” The Communication then states that: “To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, and ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders” (New EU definition on CSR mirrors Enterprise 2020 aspirations –2012). These definitions more or less describe CSR as a whole. However, the definitions tie CSR only with business operations and strategies. CSR practices should be treated beyond business operations and strategies. For instance, assisting the national team is beyond companies activities. Although CSR sometimes is obligatory, the European Commission definitions limit it as a voluntary activity.

Different meanings in a variety of contexts are raised about the definition of CSR by diverse academic scholars or/and researchers. But, the above definitions more or less included these varieties of concepts on CSR. Meanwhile, as a reference to this study, CSR can be defined as a voluntary as well as obligatory activity of a business or an institution towards labor treatment, consumer protection, community welfare, environmental protection, human rights, transparency and anti-corruption, health and quality of life to enhance economical, social, political, ethical and environmental standards of the society as a whole.

2.3. Theoretical Framework of the Study

There are a variety of theories in the concept of CSR which are designed in different perspectives and which are contradicting each other. In practice, most CSR theory presents four dimensions related to profits (economic), political performance, social demands and ethical values. Thus, this section deals about the theoretical framework of CSR supported by different authors on the basis stakeholders' theory. Note: the references which have been listed below are not references which are referred primarily rather they referred by Lorraine S. (2009).

From the time of Adam Smith, through the age of industrialization, the Great Depression and the recent half-century globalization and prosperity, the purpose and role of business has been a focus of debate (Post, 2002). Much of the debate has revolved around two elements; namely shareholder theory and stakeholder theory (Rugimbana, 2008). Shareholder theory represents the classical approach to business, according to this theory a firm's responsibility rests solely with its shareholders (Cochran, 1994). On the other hand stakeholder theory argues that organizations are not only accountable to its shareholders but should balance a multiplicity of stakeholders interests (Van Marrewijk, 2003). These two competing views of the firm contrast each other so sharply that stakeholder and shareholder theories are often described as polar opposites (Shankman, 1999).

Stakeholder theory has emerged as an alternative to shareholder theory (Spence, 2001). The term stakeholder explicitly and intendedly represents a softening of (if not a fundamental challenge to) strict shareholder theory (Windsor, 2001). According to Goodpaster (1991) the term "stakeholder" has been invented as a deliberate play on the word "shareholder" to signify that there are other parties having a "stake" in the decision making of the modern corporation in addition to those holding equity positions (Carson, 2003).

Post, (2002) define stakeholders as “individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities and that are therefore its potential beneficiaries and/or risk bearers”. The resources provided by stakeholders can include social acceptance as well as more obvious contributions such as capital, labor and revenue. Halal (2000) argues that the resources contributed by stakeholders are greater than the financial investments of shareholders by roughly a factor of ten. The risks are not only financial exposure but employment and career opportunity, the quality of products and services and environmental impact (Post, 2002; Lorca and Garcis-Diez, 2004). If the firm fails, employees lose their jobs and often their retirement package and health benefits. In line with the benefits provided by stakeholders and the risks borne by them, according to the contribution justice principle, the profits of a firm should be divided among those bearing risk within the organization, in what so ever form.

The basis of the theory depicts to Freemans (1984) although his work formally recognizes the importance of stakeholders it leaves the status of the stakeholder concept as theory unclear (Jones, 1995).

Donaldson and Preston (1995), in their widely quoted paper, organized a diverse range of articles on stakeholder theory and formulated a three part typology of the theories of stakeholder theory: descriptive, instrumental and normative. Jones (1995) argues that Stakeholder Theory answers the following questions: what happens? (Descriptive) What happens if? (Instrumental) and what should happen? (Normative).

To describe stakeholder theory, as descriptive, argues that it explains specific corporate characteristics and behaviors (Cooper, 2001), thus it describes the corporation as a constellation of cooperative and competitive interests possessing intrinsic values. In support of the theory's

descriptive basis, Donaldson and Preston (1995) point to empirical studies which show that many managers believe themselves, or are believed by others to be practicing stakeholder management often without making explicit reference to stakeholder theory.

The instrumentals imply that it makes a connection between stakeholder approaches and commonly desired objectives such as profitability, stability or growth. Instrumental theory is basically a hypothesis of what will happen if certain courses of action are followed. Donaldson and Preston (1995) identify instrumental uses as making “a connection between stakeholder approaches and commonly desired objectives such as profitability”. One of the earlier arguments in favor of the instrumental power of stakeholder theory is seen in General Robert Wood's (1950 cited in Clarkson, 1995) assertion that the four parties to any business in order of importance are customers, employees, community and shareholders. He maintained that if the appropriate needs and interests of the first three groups were cared for effectively, the company's shareholders would benefit as a result.

Finally as a normative theory, it is used to interpret the function of the corporation and to identify moral or philosophical guidelines for corporate operations. Normative theory attempts to prescribe what should happen based on moral propriety. Donaldson and Preston (1995) argue that ultimate justification for stakeholder theory is to be found in its normative base. In support for the moral justification of stakeholder theory, Gibson (2000) referred to the theory of deontology. Kant believed that individuals have the right to be treated as ends in themselves and not merely as a means to an end (Shankman, 1999; Metcalfe, 1998).

Post, (2002) believe that effective stakeholder management is a critical requirement for sustaining and enhancing the wealth creating capacity of the organization. Jones (1995) suggests that

stakeholder management is a source of competitive advantage, as contracts between organizations and stakeholders will be on the basis of trust and cooperation and therefore less expense will be required in monitoring and enforcing such contracts. Clarkson (1995) argues that failure to retain the participation of a primary stakeholder group will result in the failure of that corporate system and its ability to continue as a going concern. Jarillo (1988) and Jones (1995) argue that collaborative working relations with stakeholders will deliver organizational success.

2.4. Empirical Reviews

CSR practice of the study are described according to ISO 26000 seven fundamental subjects of CSR which are supported by lots of research findings of CSR. These CSR standards are environment, labor practice, human rights, organizational governance, fair operating practice, consumer issues and social development. Thus, on the basis of these standards, empirical studies of the thesis are summarized and presented below including CSR determinants.

2.4.1 Labor Treatment

Anupam S. and Ravi K. (2012), in their study called “Corporate Social Responsibility Initiatives of Major Companies of India” described CSR with focus on health, education and environment. The study based 12 large scale organizations basically from the IT, FMCG and Auto sectors. The detailed study of CSR initiatives by all these firms has been taken and then scores compiled for all three sectors undertaken for the study vise education, health and environment. Using a combination of case studies and industry - matrices for all three sectors, i.e. education, health and environment sectors the results are discussed. The results indicate that the selected companies (IBM, Tata consultancy service and Nestel) are practicing CSR via the selected CSR standards including labor

treatment. These firms are trying to provide different services such as education and training for their skills and long-term career, health care, work life balance and safety facilities.

Dirk M. and Jeremy M. (2004), in their study of CSR standards, described labor treatment seeing that fair wages, working time and conditions, healthcare, redundancy, protection against unfair dismissal, just to name a few examples, have been key issues to which CSR policies have been addressed. Currently, many outlets of Starbucks Coffee in the USA announce that the company is offering to pay the healthcare benefits of all employees (respectively franchisees) who are employed by the company for more than 20 days per month. In general, the theme is firms should respect fundamental human rights and facilitate a fair, safe, healthy and pleasant work environment.

2.4.2 Consumer Protection

Consumers are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. For instance, Carroll A. and Shabana M. (2011) in their business cases suggested that CSR initiatives can contribute to strengthening a firm's competitive advantage, its brand loyalty, and its consumer patronage. Anupam and Ravi (et al, 2012) also stated that consumer protection can be achieved through improved products. In the main, these and other findings indicate that consumer protection can be achieved through different dealings such as:

- Firms should deal with all customer issues in a fair and honest manner, by listening to them and giving sincere consideration to their comments and suggestions.
- They should strive to deliver high value, quality products and services that meet and/or exceed the expectations of their customers.
- They should ensure that all products meet the required safety and environmental standards.

- They will carefully monitor cost issues in order to provide our customers with affordable products.
- They will provide goods and services that can be used for socially beneficial purposes.
- They will actively invest in research, development, and manufacturing improvements that enable them to add value to the customer by consistently creating innovative products and services.

2.4.3 Community Welfare

Nirmala L. (2008) studied about CSR as “the Social and Environmental Impacts of Leather Production”. The study indicates health problems which are related to tanneries. People who work in or live near tanneries are dying from cancer caused by exposure to toxic chemicals used to process and dye the leather. As a result leather companies in different countries should spot the incidence of disease among residents near to tannery. Companies have made public stands against the inhumane slaughter of animals and improper processing of hides. The remedies of the social and environmental injustices are as varied and in some cases as obscure as the victims. In each country, governing agencies should supposedly regulate and watch over the processes involved. Hadi C. and Raveed K. (2011) also described CSR in terms “social values and behavioral issues” in order to reduce unemployment level of the community. These and other research findings on community standard of CSR summarized as:

- Firms should crate strategic partnership between civil society, organizations and business gain momentum
- They should participate in local purchase
- Companies should provide various social services in infrastructure, entertainment, health, culture and so on.

- Business organizations should produce socially beneficial products
- Dialogue with the local community is also other thing which be considered in community standard of CSR

2.4.4 Environmental Protection

Hadi and Raveed (et al, 2011), on their article “Iranian Corporations and Corporate Social Responsibility: An Overview to Adoption of CSR Themes” explained certain CSR descriptions. They used a combination of qualitative and quantitative methods to identify the CSR themes and measure the priority of each theme, and also the extent to which the Industrial Management Institute (Iran) have contributed toward each of them. The research population primarily includes 100 top - in terms of annual sales - Iranian companies and semi-structured questionnaire are developed and used as instrument. The findings of the article indicate that promotional programs for environment, in environmental group should be designed in CSR strategies and practices of firms.

Shafiqur (et al, 2011), in his study “Evaluation of Definitions: Ten Dimensions of Corporate Social Responsibility” stated that environmental protection is one of the dimensions by which CSR described. As a methodology, dimensions of CSR were identified through a content analysis of its definitions. According to Anupam and Ravi (et al, 2012)., the environment can be protected via various measures such as using less water, emitting fewer green house gases and reduction of energy consumptions. CSR standard studies of William and Jose (et al, 2009) proposed that environmental protection using means such as:

- Comply with or surpass set environmental laws, rules and regulations to promote environmental protection and minimize, if not eliminate, environmental risks.

- Companies will continue to work towards developing innovative products that integrate environmental standards, minimize environmental impacts in integrated manner and enhance the social value.
- They will participate in environmental protection and restoration projects.
- They will promote environmental awareness and provide information to their employees to enhance their understanding of environmental issues.

2.4.5 Human Rights

With reference to, William and Jose (et al, 2009) study of CSR standards, the CSR standards hinge on many aspects of life such as human rights, treatment of labor, the environment, consumer protection, health, fighting corruption and transparency in reporting. The findings of the study claim that companies are under obligation to respect and promote human rights in their operations. The Universal Declaration of Human Rights of 1948 recognizes the dignity and equality of all persons as members of the global community. This also forms the basis for freedom, justice and peace across the world. Corporations, as organs of society are under obligation to comply wherever they may be operating in the world. It stated that corporations are required to:

- i) Promote human rights in those countries where they operate.
- ii) Investigate how human rights might be affected by the various types of business operations.
- iii) Ensure that all security personnel respect human rights and comply with the principles of the UN Code of Conduct for Law Enforcement Officials
- iv) Include in their code of conduct, the aspect of respect for human rights.

Similar to his description about environmental dimension, Shafiqur (et al, 2011), has declared that CSR be treated in terms of human rights.

2.4.6 Transparency and Anti-corruption

According to Australian Government (2010) study, social responsibility is premised on fair operating practices, meaning ethical conduct in an organization's dealings with others, including government agencies, partners, suppliers, contractors, competitors and the associations in which they are members. A key issue in fair operating practices is anti-corruption. Corruption can result in the violation of human rights, the erosion of political processes, impoverishment of political processes, impoverishment of societies and damage to the environment. It can also distort competition, distribution of wealth and economic growth. Socially responsible companies will consequently have in place robust anti-corruption policies and practices, backed up by senior management buy-in, staff training, and reporting, and accountability arrangements. Similar explanation about transparency and anti-corruption are also raised by Shafiqur (et al, 2011).

2.4.7 Determinants of CSR

In the last decade, in particular, empirical research has brought evidence of the measurable payoff of corporate social responsibility (CSR) initiatives to companies as well as their stakeholders. Companies have different reasons for being attentive to CSR. Varieties of studies about factors which determine CSR are discussed below.

Different CSR determinants were stated by Matthias H. and Ludwig T. (2009), though their empirical findings in terms of Corporate Social Responsibility in Agribusiness of Germany. In the study a total 170 enterprises agribusiness sectors participated in the survey. Questionnaires and interviews used regarding data collection. The questionnaire focused on the perception of external pressure and the motives for implementing CSR. It was designed on the basis of five-point Likert-scales. It was employed in such a way that allowed respondents to agree or disagree with pre-

formulated statements. In order to identify groups of interrelated variables and to understand how they are related to one another, a factor analysis was conducted.

The results of the study show that agribusiness firms in general perceive high public pressure that might threaten their legitimacy. Nevertheless, companies in agro-food chains often do not deny the legitimacy of general protests and claims concerning food production. Some aspects such as acceptable social standards for employees, higher environmental standards are considered to be legitimate by a majority of respondents. A majority of respondents agree that they are engaged in the company's local environment (corporate citizenship) as well as in social initiatives and make suppliers commit to social and environmental standards. Further, these empirical findings show that CSR in agribusiness is a top management matter as it is often advised in the literature. For the implementation and controlling of CSR, numerous management systems exist. ISO standards and risk management are used most frequently.

On the factor - critics - reflects the perceived external pressure from stakeholders, such as non-governmental organizations, and society in general, represented by, for instance, the mass media as well as firm reputation. The other factor - profit focus - consists of statements regarding possible cost and profit effects of CSR strategies as well as statements linked to the priority of CSR. Besides these direct CSR benefits which can be due, for instance, to cost reductions, there can also be indirect interrelations between CSR and performance.

Carroll and Shabana (et al, 2011), through their business cases, contributed certain concepts for Corporate Social Responsibility. They proposed, companies may also justify their CSR initiatives on the basis of creating, defending, and sustaining their legitimacy and strong reputations. The win-win perspective on CSR practices aims to satisfy stakeholders' demands while allowing the firm to

pursue financial success. By engaging its stakeholders and satisfying their demands, the firm finds opportunities for profit with the consent and support of its stakeholder environment. CSR activities also directed at managing community relations may also result in cost and risk reductions. For example, building positive community relationships may contribute to the firm's attaining tax advantages offered by city and county governments to further local investments. In addition, positive community relationships decrease the number of regulations imposed on the firm because the firm is perceived as a sanctioned member of society.

Craig N., Read D. and Sofia L. (2010), studied consumer perceptions of CSR using CSR halo effects. In the study, 165 participants were selected randomly for experimental conditions and were debriefed and compensated on departure. Each participant read a brief scenario describing a firm in terms of CSR initiatives, local community, customers, employees work life balance and environment. The study findings shows that consumers were exposed to a CSR initiative, their evaluation of the company's CSR performance within four domains (excluding the initiative described in the scenario) was significantly higher than the control condition (of not initiative).

Martin M. and Yunita A. (2012), on "Impact of Corporate Social Responsibility toward Firm Value and Profitability" tried to describe profitability as a determinant of CSR. This research used data from 30 Indonesian listed corporations in 2007-2009. Data used in this research are financial data, stock price, and information of CSR activities extracted from annual report. For profitability testing, they used three indicators: Return on Asset, Return on Equity, and Net Profit Margin. As a result, descriptive statistics and linear regression model were designed for the analysis. Accordingly, the findings shows, CSR defined as business contribution to sustainable development and that corporate behavior must not only ensure return to shareholders, wage to employees and products and services to consumers, but they must respond to societal and environmental concerns and value.

Antonia A. and vonWeltzein H. (2009), in their study stated determinants of CSR. The study was done through hypothesis testing. The findings show that a variety of drivers emerged upon CSR namely utopian philosophers and social critics, philanthropists, religious and ethical thinkers, political and business interests. Accordingly, CSR is not only business ethics, but also social ethics and even political ethics, and besides the corporate responsibilities, there are also responsibilities of government, public administration, trade unions, the media, consumers, workers and etc.

On the basis of the above descriptions about determinants of CSR and other related studies mainly based on Nick C. (et al, 2010) “45 Forces Driving Corporate Social Responsibility” the findings of CSR determinants are summarized as follows:

- More than ever before, the public-at-large (community) is placing social, ethical and environmental expectations on organizations large and small. Many companies are now engaging in corporate social responsibility simply to catch up with these expectations.
- Shareholder resolutions related to social and environmental issues have steadily increased year-on-year. Through these resolutions, activist investors attempt to sway management policies either by passing a binding resolution or simply by forcing the board and senior management to respond publicly to social concerns.
- Indeed, employees at all levels are suffering a lack of meaning at work. Even at the lowest levels of many companies, entrepreneurial employees are launching their own initiatives targeting social and environmental issues within the context of their company. So grassroots employee activism is the other critical determinant of the practice of CSR.
- CSR and ethics education is the other determinant of CSR practices. In response to the growing interest in corporate social responsibility, companies are sending staff to workshops

focused on sustainability, ethical decision making, and other dimensions of CSR. MBA programs worldwide are incorporating these aspects into their curriculum.

- The other determinant which rose was level of social license. In order for buyers to verify the social and environmental record of their suppliers, many are turning to certification programs that provide independent verification. ISO 14001 was one of the first and most popular of these programs, but many more have been launched since.
- The internet and social media is also affects the activity. Once, the internet enhanced the public's access to information - including information about social issues and the social & environmental performance of companies. On Facebook, Twitter, Myspace, thousands of review sites and tens of thousands of discussion forums, people's compliments, complaints, and criticisms are readily shared with the world.
- Regulation on social and environmental reporting influences the company to be socially responsible. In a fairly recent development, some jurisdictions and laws are now pursuing legislation or securities regulation that would force companies to report on social and environmental performance, similar to mandatory financial reporting to shareholders.
- The other very important factor is sustainability and profitability. One common myth of corporate social responsibility is that it is costly to implement. But on the contrary, many companies are being driven to engage in responsible business practices out of a desire to save money. Firms that conserve energy & resources and create a more efficient value chain help the environment and their bottom line. Some companies are even earning revenue through their activities. For example, some are installing solar panels on roofs and selling energy back to the grid.

- International organizations including NGOs also put pressure on CSR practices. A major role of these organizations is to raise public awareness of social issues and to pressure those with the power to fix those issues. This activism is responsible for much of the increase in public awareness of social issues and the questionable activities of some companies, as well as shifting attitudes toward the social role of the corporation.

In summary, the preceding description about the empirical studies of CSR presents a landscape of CSR standards and determinants although some of them provided a propagation of approaches, which are controversial and complex. These concepts have been examined and classified by scholars since the mid-1970s. However, owing to the evolving meaning of CSR and the huge number of scholars who have begun to analyze the issue in recent years fresh efforts are needed to understand new developments. Subsequently, the above empirical findings faced hole or holes, they are not all contented. These gaps can be summarized below as per the knowledge and understanding of the researcher.

- The studies did not investigate CSR practices in accordance with their determinants. In addition to this, greater number of studies focused only on certain dimensions of CSR.
- The methodologies were based on questionnaires and interviews as instrument for data collection, although, observation is the other instrument especially related to environmental matters.
- The studies used descriptive statistics, liner regression or qualitative analysis to find out the results of their analysis. Logistic regression which is a best tool for respondents' attitudes, however, did not put into practice as an analysis tool.

2.5. Conceptual Framework

There is no agreed measurement system for CSR, although companies such as Shell have tried measure CSR through their Key Performance Indicators (KPI). There is no single methodological framework in existence which has achieved widespread agreement (Hopkins et al, 2011). The nearest might well be the framework that can be developed based on CSR standards, which have been adapted and to be applied to the selected companies.

As we can see Figure 1.1 below, the conceptual framework can be present in form of a cycle in which companies exist, i.e. with an external and a company internal environment which together define the CSR response and performance.

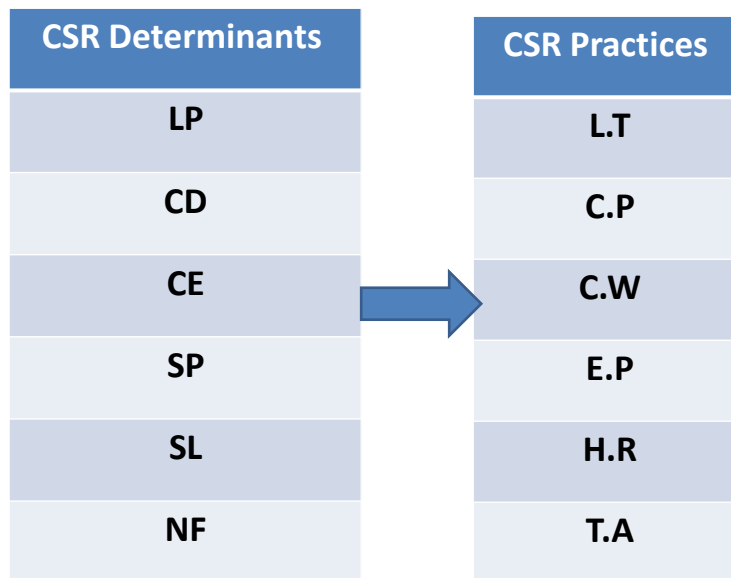


Figure 2.1 Conceptual Framework of the Study

The above figure shows that CSR can be described via six issues or concepts such as labor treatment (L.T), consumer protection (C.P), community welfare (C.W), environmental protection (E.P), human rights (H.R), and transparency and ant-corruption (T.A). These CSR practices, however, depends on various factors also called independent variables such as labor pressure (LP), consumer demands (CD), community enforcement (CE), sustainability and profitability (SP), social license (SL) and nature of the firm (NF). The cause and effect relation of these factors or predictors and the dependent variable (CSR practice) is described figure 2.1 and the explanations are stated on the model specification part of the study in chapter three. To make each of the dependent and independent variables selected for the study more clear, the explanations and research finding reported by different periods of time are presented in the previous part of this chapter. In relation to this study, the independent variables are discussed and presented in the following certain subtopics and paragraphs.

2.5.1 Labor Pressure

Grassroots employee activism is a critical factor which influences CSR practices of a firm. Indeed, employees at all levels are suffering a lack of meaning at work, even at the lowest levels of many companies, entrepreneurial employees are launching their own initiatives targeting social and environmental issues within the context of their company.

Firms should respect fundamental human rights and facilitate a fair, safe, healthy and pleasant work environment for their workers. They should also draw strength from workers diversity, creating a positive synergy between the individual and the company. Because business performances of a firm is more depends on the activities of its employees. So, employees influences CSR activities of their organization through their labor unions or/and in the informal groups.

2.5.2 Consumers Demands

Marketplace demand primarily focuses on consumers pressure towards the companies' policy of CSR corresponding to marketplace polices. Consequently, firms should keep their customer in mind at all times and make the quality of their products and services their highest priority. From the quality assurance efforts of each employee to the quality of their company as a whole, a firm should devote itself to creating products and services that please their customers and earn their trust.

Generally consumers of a particular company have impact on the business activities of that company. Many companies tried to resist this impact using different strategies including CSR. For some companies, corporate social responsibility is becoming a core component of their overall branding strategy. Given the positive impact that CSR can have on a firm's reputation, and the usefulness of CSR to bond with stakeholders on an emotional level, firms are increasingly turning to it as an alternative to traditional marketing activities. Some other companies implements ethical consumerism which is a strategy to encourage sustainability and responsibility in their systems of production and consumption, by making purchase decisions based on social and environmental criteria.

2.5.3 Community Enforcement

Many companies are engaging in various activities which enhance the welfare of the community. As a result, companies should actively contribute to the communities, in which they operate, as well as the international community, and facilitating mutually beneficial relationships. Because community enforcement, threat profitability as well as survival of business organizations. More than ever before, the public-at-large is placing social, ethical and environmental expectations on organizations

large and small. Many companies are now engaging in corporate social responsibility simply to catch up with these expectations.

Community welfare includes different social, economical and political activities regarding to the problems of the society. These activities might be in education, health, sport, infrastructure or other similar activities. Organizational or institutional participation in these activities can be considered as a CSR practice.

2.5.4 Sustainability and Profitability

The objective of many firms is to sustain in the business and to achieve the objective of the firm. CSR activities concerning labor, customers, community and the environment are key elements to sustain and to achieve its objectives. The sustainability approach to CSR is based on the idea that the corporate entity should remain economically viable over the long run. The corporation must generate profits because survival requires it, but survival most emphatically does not require short-term profit maximization. In fact, a short-term time horizon may impede the corporation's long-run sustainability because it can result in policies that sacrifice future earnings for current net income.

In the competitive environment companies should identify new markets for their existence. Not only are these trends increasing demand for socially-responsible, sustainable products, they are also creating whole new markets centered on them. For example, organic foods, green brands, and locally-produced goods are niche markets quickly becoming main stream. Further, heightened demand for energy conservation and renewable energy has propelled a rapidly-growing environmental industry focused on innovation to meet those needs.

Firms also take CSR activities related to waste reduction and operational efficiency. One common myth of corporate social responsibility is that it is costly to implement. But on the contrary, many

companies are being driven to engage in responsible business practices out of a desire to *save* money. Firms that conserve energy and resources and create a more efficient value chain help the environment and their bottom line. Some companies are even earning revenue through their activities.

2.5.5 Social License

Social license includes recognition from various angles such as buyers, media, government, international organizations and self certification. In order for buyers to verify the social and environmental record of their suppliers, many are turning to certification programs that provide independent verification. ISO 14001 was one of the first and most popular of these programs, but many more have been launched since.

Social media has impact on CSR activities especially in the transformation of information among stakeholders to create awareness. It is not the only thing giving individuals a louder voice; the traditional media is complicit too. Many prominent news outlets (Aljazeera, BBC and CNN perhaps being the most famous example) have turned to the public-at-large to provide news reports and opinion.

Regulation on social and environmental reporting is the other factor which influences CSR activities. In a fairly recent development, some jurisdictions are now pursuing legislation or securities regulation that would force companies to report on social and environmental performance, similar to mandatory financial reporting to shareholders. These laws will have a similar effect as the CSR reporting norms already established for large companies, but more pronounced and more widespread.

International organization such as UN, ILO, and other governmental and non-governmental organizations influences CSR practices of a firm. The major role of the non-governmental organization (NGO) is to raise public awareness of social issues and to pressure those with the power to fix those issues. This activism is responsible for much of the increase in public awareness of social issues and the questionable activities of some companies, as well as shifting attitudes toward the social role of the corporation.

Governments are also using positive and negative financial incentives to encourage more sustainable behavior by both individuals and corporations. Here, governments attempt to reward companies for the positive impact they have on society as a whole, and punish them for negative impacts. Through financial incentives, governments attempt to correct this problem and encourage appropriate levels of CSR.

2.5.6 Nature of the Firm

The business case for CSR differs from firm to firm, depending on a number of factors. These include the firm's size, products, activities, location, leadership and reputation (as well as the reputation of the sector within which the firm operates). Another factor is the approach a firm takes to CSR, which can vary from being strategic and incremental on certain issues to becoming a mission-oriented CSR leader.

CSR and ethics education has impact on the practice of the concept of CSR. In response to the growing interest in corporate social responsibility, companies are sending staff to workshops focused on sustainability, ethical decision making, and other dimensions of CSR.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

Research design is the conceptual structure within which research would be conducted. This part of the study briefly states about the research design applied on the study and how the research was conducted (for this study the strategy is mixed method). That is, the sampling for the study, the means to collect the data, plan of analysis etc. (Amel A., 2009).

In a mixed methods design format, the research brings together approaches that included both the quantitative and qualitative formats (Creswell et al, 2003). Clearly indicate the methods of data collection either within a quantitative or qualitative methodology; as well as the techniques for data collection, e.g. questionnaires, and measurement (the validation of the techniques). It also indicates whether field workers will be used to collect data and whether computer programs will be employed to analyze the data. Identify the target population, i.e. the respondents and the sample sizes.

Therefore, in this chapter attempt has been made to design and describe research approach, research design, unit of analysis, sampling design and sources of data, methods of data collection and instruments, method of data analysis, modeling, validity and reliability, and variables of the study.

3.2. Research Approach

The study have been conducted based on mixed research method with the development and perceived legitimacy of both qualitative and quantitative research approaches which employs the data collection associated with both forms of data to describe the nature of CSR in Awash Tannery

P.L.C and Addis Ababa Tannery S.C. A mixed methods design is useful to capture the best of both quantitative and qualitative approaches.

Mixed methods research is the type of research in which a researcher or team of researchers combines elements of qualitative and quantitative approaches (e.g., use of qualitative and quantitative viewpoints, data collection, analysis, inference techniques) for the purpose of breadth and depth of understanding and corroboration (Jackson S. 2007).

In this method the researcher may want both generalize the findings to a population and develop a detailed view of the meaning of a phenomenon or concept for individuals (Creswell et al. 2003). Therefore, the reason behind to select this method was to congregate or corroborate findings from different data sources. In addition to this, the reason why a mixed method design employed was to expand an understanding from one method to another, to converge or confirm findings from different data sources.

Both the quantitative and qualitative data were collected in phases (sequentially). Thus, when the data are collected, the quantitative data came first then the qualitative data. Consequently, the priority (domination) has been skewed toward quantitative data. Therefore, these two types of data were integrated at stage data interpretation.

3.3. Research Design

Research designs can be classified as positivist and interpretive depending how their goal in scientific research. Positivist studies are those that are used for theory (hypotheses) testing, while interpretive studies are those that are used for theory building. Popular examples of positivist designs include laboratory experiments, field experiments, field surveys, secondary data analysis, and case research (Bhattacharjee A. 2012).

Field survey method of positivist research design was selected for the study as a method. Field surveys are non-experimental designs that do not involve controlling for or manipulating independent variables or treatments. Field surveys capture snapshots of practices, beliefs, or situations from a random sample of subjects in field settings through a survey questionnaire or less frequently, through a structured interview. Cross-sectional field surveys, independent and dependent variables are measured at the same point in time (e.g., using a single questionnaire), while in longitudinal field surveys, dependent variables are measured at a later point in time (Bhattacharjee et al. 2012). Again cross-sectional field survey was preferable and which was also stackable with the study.

In the case of the type of research, sequential explanatory research strategy was preferable regarding the characteristics of study. Explanatory research seeks explanations of observed phenomena, problems, or behaviors. While descriptive research examines the what, where, and when of a phenomenon, explanatory research seeks answers to why and how types of questions. It attempts to “connect the dots” in research, by identifying causal factors and outcomes of the target phenomenon (Bhattacharjee et al. 2012).

The sequential explanatory strategy is the most straightforward of the six major mixed methods approaches. It is characterized by the collection and analysis of quantitative data followed by the collection and analysis of qualitative data. As discussed above, the priority typically is given to the quantitative data, and the two methods are integrated during the interpretation phase of the study. The purpose of the sequential explanatory design typically is to use qualitative results to assist in explaining and interpreting the findings of a primarily quantitative study (Creswell et al. 2003).

3.4. Sources of Data

Data can be defined as the quantitative or qualitative values of a variable. Data is thought to be the lowest unit of information from which other measurements and analysis can be done. Data can be numbers, images, words, figures, facts or ideas. It can be classified as primary (that has been collected from first-hand) and secondary data (that has already been published).

Sources of data for the study are included both primary and secondary. The study had begun with secondary data analysis through the detailed review of related literature. In this regard, the researcher had tried to refer different books, published and unpublished documents, journals, articles and research papers to get information on theoretical and empirical frame work of the study.

The primary data have been collected from employees and management of both companies through questionnaires, interview and observation. Since the study uses statistical surveys it is necessary to get information from primary sources and work on primary data. Because the statistical records of CSR in a country or in the tanneries could not be on the basis of newspapers, magazine and other printed sources. One such source will be old and secondly they will contain limited information as well as they can be misleading and biased.

3.5. Unit of Analysis

One of the first decisions in any social science research is the unit of analysis of a scientific study. The unit of analysis refers to the person, collective, or object which is the target of the investigation. Understanding the unit of analysis is important because it shapes what type of data we should collect for our study and who we collect it from the population (Bhattacharjee et al. 2012). With respect to the study, the unit of analysis was Ethiopian leather industry.

31 leather and leather product factories or tanneries including four currently establishing firms are established in our country - Ethiopia. 9 of them are in Addis Ababa and others are in Modjo, Combolcha, Bahir Dar and so on. Among the 31 tanneries, Awash Tannery P.L.C and Addis Ababa Tannery P.L.C were selected based on their nearness and convenience to collect data in the given time. In addition to this, these tanneries are selected to make the finding relatively generalizable (i.e. to infer about all tanneries). Because Addis Ababa Tannery is old and experienced, and Awash Tannery is modern and relatively recent.

3.6. Sample Design

Sampling is the statistical process of selecting a subset (called a “sample”) of a population of interest for purposes of making observations and statistical inferences about that population. Social science research is generally about inferring patterns of behaviors within specific populations. We cannot study entire populations because of feasibility and cost constraints, and hence, we must select a representative sample from the population of interest for observation and analysis (Bhattacharjee et al. 2012). So this section of the paper included the target population, the sampling method and the sample size.

3.6.1. Target Population

Related to the study the source population is the current management and non management staff members of Awash Tannery P.L.C and Addis Ababa Tannery S.C (both tanneries are in Addis Ababa). The preliminary survey undertaken by the researcher before the questionnaire were distributed indicated that there are 929 grand total population (total staff members) of both tanneries. 654 of the population were from Awash Tannery P.L.C and 275 of them were from Addis Ababa Tannery S.C.

3.6.2. Sampling Method

From the source population of both companies appropriate samples for questionnaire administration have been determined by using simple random sampling technique to give equal weights for each company. Random sampling selected because it is the simplest of all probability sampling techniques; however, the simplicity is also the strength of this technique. Because the sampling frame is not subdivided or partitioned, the sample is unbiased and the inferences are most generalizable amongst all probability sampling techniques (Bhattacharjee et al. 2012).

The other most important reason is that quantitative data often involve random sampling, so that each individual has an equal probability of being selected and the sample can be generalized to the larger population. In qualitative data collection, certain individuals are selected because who have experienced on the central phenomenon. Consequently, the personnel manager of Awash Tannery and general Service manager of Addis Ababa Tannery were communicated.

3.6.3. Sample Size

As to the sample size determination, from among different methods, the one which has developed by Carvalho (1984) was used. The method is preferred because it is a well known for many papers and journals (e.g. International Journal of Food Microbiology and Oxford Journals). The method is presented below in Table 3.1.

Table 3.1 Carvalho’s Sample Size Determination Table

Population Size	Sample Size		
	Low	Medium	High
51 – 90	5	13	20
91 – 150	8	20	32
151 – 280	13	32	50
281 – 500	20	50	80
501 – 1200	32	80	125
1201 – 3200	50	125	200
3201 – 10000	80	200	315
10001 – 35000	125	315	500
35001 – 50000	200	500	800

(Source: Zelalem, Issues and Challenges of Rural Water Scheme, 2005)

As indicated Table 3.1, the population size of the study is 654 in Awash Tannery and 275 in Addis Ababa Tannery. The first population which is 654 lies in the range between 501 and 1200, according to Carvalho’s sample size determination indicated in table 3.1. Likewise, the second population lies between 151 and 280. Thus, taking in to account a small population size variance and the cost of taking samples and time consuming for large sample size, medium sample size have been applied in accordance with the given population size. Therefore, the samples size which has been selected for the study under consideration is 80 and 32 in Awash and Addis Ababa tanneries respectively. To keep the response rate relatively constant, the sample size has increased by 10% as allowance. Thus, the final sample sizes were 88 and 35 for Awash and Addis Ababa tanneries respectively.

3.7. Methods of Data Collection and Instruments

Data collection methods of the study were questionnaires, interview and observation in order to consider mixed method. Mixed methods research, then, is more than simply collecting qualitative data from interviews, or collecting multiple forms of qualitative evidence (e.g. observations and interviews) or multiple types of quantitative evidence (e.g., surveys and diagnostic tests). It involves the intentional collection of both quantitative and qualitative data and the combination of the strengths of each to answer research questions (Jackson et al, 2007).

Questionnaire was the main instrument of the study. Questionnaire items come from many sources, but the sources of the study have been developed for this study particularly. The questionnaire has designed to encompass two sections: the first part of the questionnaire is about the practices of CSR (the dependent variable). 31 questions were prepared concerning six standards of CSR such as treatment of labor, consumer protection, welfare of the community, the environment, human rights, and fighting corruption and transparency in reporting. Six of them are reverse questions and they did not considered in the analysis because they are designed to identify the qualified responses. The second part of the questionnaire was about the independent variables of the study. It included 18 questions regarding the six independent variables such as labor pressure, consumer demands, community enforcement, sustainability and profitability, social license and nature of the firm. Thus, 88 questionnaires and 35 questionnaires have been distributed for all samples of Awash and Addis Ababa tanneries respectively. The questionnaires included only closed ended questions, the gap of open ended questions tried to fill via interview and observation.

Therefore, structured and unstructured interview have been also conducted with managers and administrators of the respected tanneries through open ended questions which have been designed to

elicit their perception about the nature of CSR and determinants in their respected companies. The researcher has also tried to observe the condition of workers at work, methods of discharging wastes in both industries and other things which are related to the study.

3.8. Data Type

The variables that we will generally encounter fall into four broad categories: ratio scale, interval scale, ordinal scale, and nominal scale. In relation to the study, nominal scale was the measurement scale which is preferable for data type of the study. Nominal scale variables in this category have none of the features of the ratio scale variables. Variables such as gender (male, female) and marital status (married, unmarried, divorced, separated) simply denote categories (Bhattacharjee et al. 2012). This data type determined the model type of the study. As we can see in section 3.12 of this chapter, the model was established on the concept of logistic regression.

3.9. Methods of Data Analysis

Data analysis in mixed methods research relates to the type of research strategy chosen for the procedures. However, analysis occurs both within the quantitative (descriptive and inferential numeric analysis) approach and the qualitative (description) approach, and often between the two approaches (Creswell et al. 2003).

After the required data were collected, both descriptive and inferential statistics and the version 20 of SPSS have been used for the purpose of processing and analyzing of the results through logistic regression. The first part of the questionnaire which is about the practices of CSR have analyzed through descriptive statistics. Thus, certain statistical tools such as average ratings, frequencies and standard deviations were used. The data that have been gathered through the second part of

questionnaire in relation to the independent variable has quantified using econometric models (logistic regression). Thus, the responses of the questionnaire have been coded, inserted into computer and analyzed, and presented in the form of tables using SPSS Software.

Finally, the results of the interview guides had integrated to the responses of employees through questionnaires and have been analyzed accordingly. Similarly facts of the observations also integrated to the responses of employees on questionnaires, and the comments of managers which have been investigated in the interview and then it have been analyzed accordingly.

3.10. Validity and Reliability

Validity, often called construct validity, refers to the extent to which a measure adequately represents the underlying construct that it is supposed to measure. **Reliability** is the degree to which the measure of a construct is consistent or dependable (Bhattacharjee et al, 2012). It can be also defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials.

The **validity** of this study have been ascertained via different methods or techniques corresponding to whether the validity is internal, external, construct or statistical. **Interval validity** of the study tied to achieve by demonstrating that the independent variables are directly responsible for the effect of the dependent variable (CSR practices). These cause and effect relationship between the independent and dependent variables are discussed in the model specification part of this chapter. Implementation of random sampling is the other method used to achieve the required quality of the study. As it is expressed in sampling design, simple random sampling is the sampling technique of the study. By avoiding the effects of extraneous variables, simple random sampling protected the internal validity of the study.

The quality of the study also depends on its **external validity** in some extent. Through the accurate representation of the population by the sample, external validity of the study achieved. As the sampling design of the study pointed out the sample is selected using the well known sampling technique. Additionally, qualities of the study have been realized using data collection instruments such as questionnaires, interview and observation concurrently. Recognizing that all methods have limitations, it is obvious that biases inherent in any single method could reduce the biases of other methods. Extract of primary data was another method to attain the validity of the study. Using primary data in the study could improve the validity (external) of the research paper. First hand information obtained from a sample that is representative of the target population would yield data that will be valid for the entire target population.

Besides internal and external validity, **construct validity** plays important role in the quality of the study by creating similarity between the concept of the study and its findings. This attained through a clear operational definition of the independent variables of the study. Independent variables of the study are briefly stated in the subsequent two sections of this chapter besides the discussions of the empirical review. It was also attempted to attain by collecting data which demonstrates that the empirical representation of the independent variables produces the expected outcome. This is also described in the literature review of the study in relation to empirical studies.

In order to make the validity of the study somehow all rounded **statistical validity** was also aimed to attain. It has achieved through the control of statistical measures of the data analysis. Since the data collected is in nominal scale it was analyzed via logistic regression model. Additionally, data analysis was based on the sample size and distribution requirements. As a result residual values and chi-square statistics have been calculated and measures were undertaken accordingly.

The quality of the findings of the study accomplished when the **reliability** of the study achieved corresponding to its validity. The reliability of this study reached its highest level by determining whether the participants feel that they are accurate. This has been realized through brief, clear and concise preparation of questions in the questionnaire. Additionally, questionnaires have been translated to Amharic, which is an official language of Ethiopia, in order to make the respondents comfortable in understanding the essence of the questionnaire. In relation to the translation and evaluation, two scholars (one is a student in doctoral program of journalism and communication in Turkey and the other is Amharic teacher) had communicated.

Reverse questions have been employed in the questionnaire so that the accuracy of the respondents be enhanced. Peer debriefing was also another method which used to enhance the accuracy of the questionnaire as well as the results of this study. Finally, Cronbach's Alpha test (Nunnally J. 1998) was done and the values are greater than 0.7 as we can see the first part of the analysis. Hence, the validity, reliability and practicality of this study have been ascertained.

3.11. Variables of the Study

The main purpose of this study was to examine the relation of six CSR determinants (independent variables) with the dependent variable (CSR practice). To make each of the independent variables selected for this study more clear, one can see the explanations and research finding reported by different periods of time and literature part of the study. With respect to the study, these six variables have been discussed as follows:

Labor Pressure: Grassroots employee activism is the other thing that influences CSR practices of a firm. Indeed, employees at all levels are suffering a lack of meaning at work. Even at the lowest

levels of many companies, entrepreneurial employees are launching their own initiatives targeting social and environmental issues within the context of their company.

Consumer Demand: consumers' demand primarily focuses on consumers' pressure towards the companies' policy of CSR generally, corresponding to marketplace policies particularly. Generally consumers of a particular company have impact on the business activities of that company. Many companies tried to resist this impact using different strategies including CSR. For some companies, corporate social responsibility is becoming a core component of their overall branding strategy. Given the positive impact that CSR can have on a firm's reputation, and the usefulness of CSR to bond with stakeholders on an emotional level, firms are increasingly turning to it as an alternative to traditional marketing activities.

Community Enforcement: Many companies are engaging in various activities which enhance the welfare of the community. More than ever before, the public-at-large is placing social, ethical and environmental expectations on organizations large and small. Many companies are now engaging in corporate social responsibility simply to catch up with these expectations.

Sustainability and Profitability: The sustainability approach to CSR is based on the idea that the corporate entity should remain economically viable over the long run. The corporation must generate profits because survival requires it, but survival most emphatically does not require short-term profit maximization. In fact, a short-term time horizon may impede the corporation's long-run sustainability because it can result in policies that sacrifice future earnings for current net income.

In the competitive environment companies should identify new markets for their existence. Not only are these trends increasing demand for socially-responsible, sustainable products, they are also

creating whole new markets centered on them. Thus, firms design strategies and implementations of CSR practices in such a way at the firm's profitability sustainability will be achieved.

Social License: Social license includes recognitions of the firm from various angles such as buyers, media, government, international organizations, and self-certification etc. Social media has impact on CSR activities especially in the transformation of information stakeholders to create awareness. It is not the only thing giving individuals a louder voice; the traditional media is complicit too. Many prominent news outlets (Aljazeera, BBC and CNN perhaps being the most famous example) have turned to the public-at-large to provide news reports and opinion.

Regulation on social and environmental reporting is the other factor which influences CSR activities. In a fairly recent development, some jurisdictions are now pursuing legislation or securities regulation that would force companies to report on social and environmental performance, similar to mandatory financial reporting to shareholders. These laws will have a similar effect as the CSR reporting norms already established for large companies, but more pronounced and more widespread.

International organization such as UN, ILO, and other governmental and non-governmental organizations influences CSR practices of a firm. The major role of the non-governmental organization (NGO) is to raise public awareness of social issues and to pressure those with the power to fix those issues..

Governments are also using positive and negative financial incentives to encourage more sustainable behavior by both individuals and corporations. Through financial incentives, governments attempt to correct this problem and encourage appropriate levels of CSR.

The emergence of independent certifiers of social and environmental performance, together with public interest in CSR performance, leads to demands for and expectations of the performance needed to meet those standards. Companies attempting to demonstrate their social responsibility to stakeholders will be motivated to improve performance in order to attain the recognition of certifying bodies.

Nature of the Firm: The business case for CSR differs from firm to firm, depending on a number of factors. These include the firm's size, products, activities, location, leadership and reputation (as well as the reputation of the sector within which the firm operates). Another factor is the approach a firm takes to CSR, which can vary from being strategic and incremental on certain issues to becoming a mission-oriented CSR leader.

CSR and ethics education has impact on the practice of the concept of CSR. In response to the growing interest in corporate social responsibility, companies are sending staff to workshops focused on sustainability, ethical decision making, and other dimensions of CSR.

3.12. Research Model

As we discussed in the previous section of this chapter, this study has six independent variables which affect the dependent variable. The relationships between the independent variables and the dependent variable as well as among the independent variables themselves are discussed below.

The first independent variable which affects CSR practices in the context of this study is **labor pressure**. Employees perceive environmentally friendly firms good for their works and for others. They influence companies individually and in collective so that the firm participates in good labor handling activities. In the labor market, employees express a preference for working for socially responsible companies.

Consequently, firms are participating in socially responsible activities to resist this force. This can be the direct result of pride in the company's products and practices, or of introducing improved human resources practices, such as “family-friendly” policies. Thus, one can conclude that labor pressure is the most critical factor which influences the practices of CSR.

Consumer demand is the second variable which affects CSR practices. Consumers are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues.

Research has found that product boycott announcements are associated with significant negative stock market reactions. Stock market reactions reflect investor beliefs about boycotts having an effect on sales both directly and indirectly, through harm to the firm and brand's reputation. To keep and attract customers business organizations are undertaking different measures including CSR strategies and implementations. Since the practice of consumer protection is the practice of CSR with the consideration of other standards, consumer demand has direct effect on the practice of CSR. Therefore, they have cause and effect relationship.

Community enforcement is the third independent variable which causes for CSR practices. Business is one of the components to form a society, and it ought to take social responsibility first. There is a close relationship between business and society; the outcome from business benefits society while the resource of the society is also benefit. The relationship is the foundation of the social responsibility businesses should take, and is the precondition of business to grow and expand.

Citizens in many countries are making it clear that corporations should meet standards of social and environmental care, no matter where they operate. Firms are under increasing pressure to give

money to charities, protect environment, and help solve social problems in their communities – other words, to behave in socially responsible ways.

The fourth variable which affects the dependent variable of this study is **sustainability and profitability**. CSR practices and sustainability has a cause and effect relation in which the latter affects the former in various dimensions such as labor handling, customers and community treatment. Because companies are facing increasing pressure to both maintain profitability and behave in socially responsible ways. Social responsibility is also closely linked to sustainable development. Because sustainable development is about the economic, social and environmental goals common to all people, it can be used as a way of summing up the broader expectations of society that need to be taken into account by organizations seeking to act responsibly.

The connection between sustainability and CSR is simply the realization that the corporation's long-run prosperity depends on the well-being of its various stakeholders, including workers, suppliers, and customers.

The fifth variable which has impact on the practices of CSR activities is **social license**. It indicates that a project is accepted by a majority of its hosts, both local communities and the stakeholders of the host nation. In other words, companies should get recognition from its stakeholders such as media, government, community, international organization and so on. In order to get this social license, companies should practice CSR activities. Fear of losing the license to operate could drive an organization to exaggerate or even invent positive impact of its actions.

Governments and intergovernmental bodies, such as the United Nations, the organization for Economic Co-operation and Development and the International Labor Organization has developed compacts, declarations, guidelines, principles and other instruments that outline social norms for

acceptable conduct. There is a close relationship between CSR and the law. The main instrument governments use to address a firm's social, environmental and economic impacts is the law. In order to gain and maintain a social license to operate, projects will need to do more than just talk to community members. Working with local communities on projects of their own devising is far more effective. This also shows the cause and effect relation of community enforcement and CSR practices. These concepts show the cause and effect relationship between social license and CSR practices.

The final variable which has cause and effect with CSR is **nature of the firm**. Nature of the firm includes firm's size, products, activities, location, leadership, ethics, religion, and so on. It is obvious that these characteristics of the firm affect its CSR practices. For instance, the type product that the firm produces may influence labor handling, customer treatment, and environmental strategies of the firm. Large-scale businesses are usually more active in supporting public welfare than medium or small scale businesses on account of institutionalization and specialization. Leadership has been also argued to be a key driver of corporate ethics. Awareness of the firm about CSR is also included here and it affects CSR practices. Thus, nature of the firm cause for CSR activities in other words they have cause and effect relationship.

Thus the model of the study formulated on the basis of the relation of the dependent variable (CSR practice) and six independent variables which have been discussed above. The fitness of the model has tested in the next chapter through residual values log-likelihood statistic values.

In quantitative response models, the variable to be explained 'y' is a random variable. The leading case occurs where y is a binary response, taking on the values zero and one, which indicates whether

or not a certain event has occurred (Rune C. 2012). In relation to this, in this study ‘y = 1’ if a single factor affects CSR practices’ ‘y = 0’ otherwise.

$$P(x) \equiv P(y=1 | x) = P(y=1 | x_1; x_2; \dots; x_k)$$

y indicates the dependent variable - CSR practice

X includes the independent variables of this study such as:

- Labor Pressure = LP
- Consumer Demands = CD
- Community Enforcement = CE
- Sustainability and Profitability = SP
- Social license = SL
- Nature of the Firm =NF

Thus, the binary response model (logistic model) the study can be stated as:

$$P(\text{CSR} = 1 / \text{LP, CD, CE, SP, SL and NF})$$

To fix ideas, consider the following regression model:

$$Y_i = \beta_0 + \beta_i X_i + e_i$$

In this formulation β_0 is a constant representing the baseline value of the transformed cumulative probability and β_i represents the effect of the covariates on the transformed cumulative probabilities.

This model looks like a typical linear regression model but because the regress is binary, or dichotomous, it is called a linear probability model (LPM). This is because the conditional expectation of Y_i given X_i , $E(Y_i | X_i)$, can be interpreted as the conditional probability that the

event will occur given X_i , that is, $\Pr(Y_i = 1 | X_i)$. Thus, in this study, $E(Y_i | X_i)$ gives the probability of the existence of CSR practices due a determinant X_i . (Gujarati N. 2004)

The justification the above model can be seen as follows: Assuming $E(e_i) = 0$, as usual (to obtain unbiased estimators), we obtain

$$E(Y_i | X_i) = \beta_0 + \beta_i X_i \quad \text{or}$$

$$P_i = E(Y_i = 1 | X_i) = \beta_0 + \beta_i X_i$$

P_i is the probability of existence of CSR practice, then $(1 - P_i)$ is the probability of non existence of CSR practice. Thus $P_i/(1-P_i)$ is simply the odds ratio in favor of existence of CSR practice. It is the ratio of the probability that a firm practices CSR to the probability that a firm do not practice CSR. Now if we take the natural logarithm of this ratio we obtain the following model.

$$Li = \log \left(\frac{P_i}{1 - P_i} \right)$$

$$P(\text{CSR}) = \beta_0 + \beta_1 LP + \beta_2 CD + \beta_3 CE + \beta_4 SP + \beta_5 SL + \beta_6 NF$$

L is called the logit and the equation is the logit model of the study. This equation also could be written as:

$$P(Y) = \left(\frac{1}{1 + \varepsilon^{-(\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n)}} \right)$$

$$P(\text{CSR}) = \left(\frac{1}{1 + \varepsilon^{-(\beta_0 + \beta_1 LP + \beta_2 CD + \beta_3 CE + \beta_4 SP + \beta_5 SL + \beta_6 NF)}} \right)$$

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1. Introduction

Data analysis is the final part of the research paper. It involves making sense out of text and image data. Qualitative and quantitative data analyses as well as descriptive and inferential statistical tools are considered in this section.

Thus, this section mainly includes two categories such as descriptive statistics and results of the estimation of the model. The first part which is descriptive statistics primarily provides CSR practices of both companies (Addis Ababa and Awash Tannery) corresponding to six dimensions namely treatment of labor, consumer protection, welfare of the community, protection of the environment, health, human rights, and fighting corruption and transparency in reporting and. Therefore, descriptive statistics tools such as frequencies, percentage, mean, and standard deviation are employed in this regard. The second part provides the results of the estimations of the model (econometric method). The relationship between the dependent variable (CSR) and independent variables (labor pressure, consumer demands, community enforcement, sustainability and profitability, social license, and nature of the firm) is presented in this part of the study.

Qualitative analysis is developed using data which have been collected using interview and observation. This is used to assist or/and to seal the gap of the questionnaire as well as the quantitative analysis. With respect to this, the administrative head of Awash Tannery P.L.C and general service head of Addis Ababa Tannery S.C were interviewed. Quantitative analysis, however, focused on the results of the questionnaire, which is the main instrument of the study. 88 and 33

questionnaires are distributed to Awash and Addis Ababa tanneries employees respectively. Among these questionnaires 72 and 26 questionnaires of Awash and Addis Ababa tanneries employees are qualified and analyzed in this chapter. 7 questionnaires from Addis Ababa Tannery and 16 questionnaires from Awash Tannery are excluded. Because some of them are not responded and the rest are disqualified during validity and reliability test (Cronbach's Alpha), as well as through residuals. Thus, as mentioned above 26 and 72 questionnaires from Addis Ababa and Awash tanneries respectively, are used in the analysis. Cronbach's Alpha result of the questionnaire is 0.743 and it fulfills the requirement of Nunnally J. (1998).

4.2. Descriptive Statistics Results

In this section, CSR practices in terms of treatment of labor, consumer protection, welfare of the community, protection of the environment, human rights, and fighting corruption and transparency are described using various statistical tools.

Regarding the descriptive interpretations for variables or dimensions used on Likert scale; the measurement was used on the basis of the survey; 5 = Strongly agree; 4 = Agree; 3 = Neutral; 2 = Disagree; 1 = Strongly disagree. The mean level of agreement between the group or of the group is categorized on the scale; SA = Strongly Agree (4.51 or greater); A = Agree (3.51 – 4.50); N = Neutral (2.51 – 3.50); D = Disagree (1.51 – 2.50); and, SD = Strongly Disagree (1.49 or less). And, to make more comfortable for analysis three base scale is used, Agree (3.51 and above), Neutral (2.51 to 3.50), and Disagree (less than 2.50) (Dane B. 2007).

The means and standard deviations of the responses are described in Appendix 1. The mean indicates that to what level of agreement the response of all respondents is approached. It also measures CSR practices of companies with regard to the samples. Standard deviation, however,

measures the mean difference between responses. In other words, it measures variation of responses with respect to the mean. It show us whether respondents are highly deviated one another in their responses. Thus, the means and standard deviations of variables are described as request as the analysis.

4.2.1. CSR in Terms of Labor Handling

CSR practice can be described in terms of labor treatment in a specific dimension. In other words labor dimension of CSR can be describe in terms of development of skills and long-term careers, freedom of association of workers, health and safety of employees, good work life and corrective action for faults. These variables and their numerical description are listed in table 4.1.a and 4.1.b.

From table 4.1.a, it is possible to infer that about 65% respondents agreed while around 35% of them disagreed regarding the existence of skill and long-term career development of the company. And no one is indifferent whether it is existed or not. The mean or average response is 3.23 which lie between ‘agree’ and ‘neutral’.

Table 4.1.a CSR in terms of labor treatment at Addis Ababa Tannery

Degree of agreement	Skills and long-term careers		Freedom of association		Health and safety		Good work life		Corrective action	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
SD	6	23.1	8	30.8	10	38.5	8	30.8	8	30.8
D	3	11.5	4	15.4	2	7.7	4	15.4	4	15.4
N	0	0.0	2	7.7	2	7.7	2	7.7	2	7.7
A	13	50.0	8	30.8	8	30.8	4	15.4	8	30.8
SA	4	15.4	4	15.4	4	15.4	8	30.8	4	15.4
Total	26	100.0	26	100.0	26	100.0	26	100.0	26	100.0

Data Source: May, 2013

Similarly the standard deviation is 1.48 and indicates that there is almost one level of average difference between respondents. In cases of availability of workers freedom of association, health and safety, good work life and corrective action against faults, same numbers of employees that cover 46% of respondents responded positively as well as negatively in similar manner. But around 8% of them are indifferent.

To sum up, the description shows, the firm practices labor standard of CSR only in terms of skill and long-term career development. Whereas, in reference to other four variables of labor handling the description do not declare CSR practice of Addis Ababa Tannery although the interview conducted declared that the firm is working safety of workers and good working environment. The observation also supports the responses of employees.

Table 4.1.b CSR in terms of labor treatment at Awash Tannery

Degree of agreement	Skills and long-term careers		Freedom of association		Health and safety		Good work life		Corrective action	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent	Count	Percent
SD	5	6.8	5	6.8	5	6.8	0	0.0	6	8.2
D	18	24.7	4	5.5	14	19.2	16	21.9	18	24.7
N	0	0.0	13	17.8	0	0.0	23	31.5	8	11.0
A	46	63.0	30	41.1	46	63.0	29	39.7	31	42.5
SA	4	5.5	21	28.8	8	11.0	5	6.8	10	13.7
Total	73	100.0	73	100.0	73	100.0	73	100.0	73	100.0

Data Source: May, 2013

As we can observe from table 4.1.b, majority of the respondents (68.5%) agree and 31.5% of them agree with the statement ‘the firm tries to develop skills and long-term careers of employees’ and no one is indifferent in this regard. With respect to freedom of association, about 70% of respondents agree, 12% of them disagree while 18% were neutral. To seek further interpretation the mean of the responses is 3.79 which lie down under the shade of agreement. In terms of health and safety of

workers, most of the employees which is 74% agree, 26% disagree and no neutral. In another dimension of labor treatment which is good work life, 46.5% of the respondents agree, about 22% disagree and the rest 31.5% indifferent. In this part of labor treatment relatively huge number of respondent are neutral. Similarly, out of the total number of respondent approximately 56% are agree about the existence of corrective action against faults, about 33% of them disagree while 11% are neutral. Therefore, on the subject of labor handling, the descriptions show that Awash Tannery is practicing CSR. The interview results also declared this. Similarly the observation ensured the firm CSR practices through cafeteria and clinic services.

Based on the above two descriptions about labor treatment of both tannery, Awash Tannery is better than Addis Ababa Tannery almost in all variables. More specifically the former is entirely better than the latter corresponding to freedom of association, health and safety, and taking corrective action. However, both companies are similar despite Awash Tannery P.L.C a little well again. Furthermore, means levels of agreement of Awash Tannery respondents are greater than the corresponding means of Addis Ababa tannery in all five labor treatment variables. For instance, the average level of agreement corresponding to freedom of association is 3.80 for Awash Tannery and 2.85 for Addis Ababa Tannery.

To sum up related to labor standard of CSR practice, Awash Tannery performed well than Addis Ababa Tannery. The data collected through interviews also supported this conclusion. It shows that Awash Tannery S.C provides medical services for its worker with its own clinic, facilitates good working condition and flexible working hours. These activities were checked during the observation of the firm.

4.2.2. CSR in Terms of Consumer Protection

A customer is not only a king for a firm, but also a boss for the firm. Because, survival of a firm is directly relates to customers. If this is the case, the firm should protect the needs, interests, health of customers. For the case of this discussion, customer protection described in four terms or variables such as quality product, fulfilling the required standard, customer feedback and product information.

Table 4.2.a and b provides attitudes of respondents of both companies about this CSR standard.

Table 4.2.a CSR in terms of Consumer protection at Addis Ababa Tannery

Degree of agreement	Quality product		Required standard		Customer Feedback		Product information	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	0	0	8	30.8	6	23.1	4	15.4
D	4	15.4	4	15.4	2	7.7	2	7.7
N	2	7.7	0	0	2	7.7	0	0
A	8	30.8	4	15.4	10	38.5	8	30.8
SA	12	46.2	10	38.5	6	23.1	12	46.2
Total	26	100.0	26	100.0	26	100.0	26	100.0

Data Source: May, 2013

It is possible to understand from table 4.2.a, greater part (i.e. 77%) of respondents agreed that the tannery provides quality product for its customers, about 15% of respondents disagree whereas around 8% of them are indifferent. On the statement ‘the company tries to provide a product which fulfils the required standard’ approximately 54% of respondents agree, 46% of them disagree and no indifferent respondent. On the subject of customer feedback, around 62% of the employees responded optimistically, 31% among them responded pessimistically, whereas, around 8% of them are neutral. Of the total number of employees, majority (77%) approved that the firm is well in relation to product information; only 23% of them were disapproved.

Moreover, as it is shown in Appendix 1, the means of levels of agreement corresponding to variables of customer protection are between neutral and strongly agree. For instance, the mean level of agreement regarding quality product is 4.07 which lie in the interval of ‘agree’. Thus, with respect to these descriptions and the interview results the firm is practicing CSR in this dimension.

Table 4.2.b CSR in terms of Consumer protection at Awash Tannery

Degree of agreement	Quality product		Required standard		Customer Feedback		Product information	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	0	0.0	4	5.5	6	8.2	0	0.0
D	0	0	5	6.8	2	2.7	10	13.7
N	2	2.7	9	12.3	22	30.1	8	11.0
A	42	57.5	9	12.3	34	46.6	28	38.4
SA	29	39.7	46	63.0	9	12.3	27	37.0
Total	73	100.0	73	100.0	73	100.0	73	100.0

Data Source: May, 2013

With reference to table 4.2.b, 97% of Awash Tannery respondents surprisingly agree on the quality of their product, only 3% of them are indifferent and no disagreement in this specific expression of consumer protection as well as CSR practice. As regards required standard of the product, majority (75%) of respondents agree though 12% of them disagree and 12% neutral. On the topic of customer feedback, about 59% of employees agree, only 11% of them disagree despite about 30% of them indifferent. Likewise, majority (75.4%) of the respondents agree, (14%) disagree while (11%) indifferent related to product information. Furthermore, Appendix 1 shows that, all means under this customer protection stretch out between agree and strongly agree. For example, the average level of agreement is 4.37 as regards product quality of the firm. Thus, one can decide that Awash Tannery practices CSR in the standard of consumer protection entirely. The interview conducted for the study also supports this.

To decide on the above two descriptions, Awash Tannery is better in terms of quality product and required standard. On the contrary, Addis Tannery is better in terms of customer feedback and product information. Generally both firms are undertaking CSR practices in customer treatment dimension in accordance to the responses of employees.

4.2.3. CSR in Terms of Community Welfare

Community welfare dimension of CSR described in four variables namely community service, local purchase, dialogue with the community and supplying beneficial products for the society. Based on the responses gathered from Addis Ababa Tannery and Awash Tannery employees, levels of agreement of respondents of both companies are described in Table 4.3.a and b.

As it is possible to observe from the table 4.3.a, approximately 62% of employees approved that the firm provides various services for the community, 31% do not where as about 8% of them are indifferent. In relation to local purchase, relatively majority (46%) of respondents disagree, 23% of the respondents agree while about 31% of them are indifferent.

Table 4.3.a CSR in terms of Community welfare at Addis Ababa Tannery

Degree of agreement	Community Services		Local Purchase		Dialogue with the community		Beneficial products for the society	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	6	23.1	6	23.1	8	30.8	9	34.6
D	2	7.7	6	23.1	1	3.8	0	0.0
N	2	7.7	8	30.8	2	7.7	2	7.7
A	8	30.8	4	15.4	6	23.1	8	30.8
SA	8	30.8	2	7.7	9	34.6	7	26.9
Total	26	100.0	26	100.0	26	100.0	26	100.0

Data Source: May, 2013

The responses of the interview with head of general service bear witness to this. The firm does not purchase locally rather it purchases materials from associations or business companies which are in home country and abroad. As per the statement 'your organization facilitates dialogues with the community on adverse issues' 57.7% of responses show that respondents' agreement, 34.6% confirm their disagreement and 7.7% of the responses demonstrate neither agree nor disagree. Similar levels of agreement are scored on the statement 'the firm provides beneficial products to the community'.

Generally, respondents agree on community services, dialogue with the community and supplying beneficial products for the society although they do not agree on local purchase of the firm. Thus, one can conclude that the firm practices CSR regarding community welfare in some extent. The results also reflect this.

As we can be seen in the table 4.3.b, about 40% of employees accept that the firm provides services for the community even though 48% of them do not agree. While about 12% of them are indifferent regarding the services.

Table 4.3.b CSR in terms of Community welfare at Awash Tannery

Degree of agreement	Community Services		Local Purchase		Dialogue with the community		Beneficial products for the society	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	7	9.6	1	1.4	2	2.7	5	6.8
D	28	38.4	14	19.2	23	31.5	5	6.8
N	9	12.3	30	41.1	10	13.7	24	32.9
A	20	27.4	20	27.4	29	39.7	21	28.8
SA	9	12.3	8	11.0	9	12.3	18	24.7
Total	73	100.0	73	100.0	73	100.0	73	100.0

Data Source: May, 2013

In relation to local purchase, however, relatively large numbers of the respondents (i.e. 41.1%) are indifferent, 38.4% and 20.6% among them agree and disagree respectively. This is true, as the interview conducted declare, because most business like Addis Ababa Tannery purchases materials from business sector. The levels of agreement on ‘dialogue with community’ are 52% agree, 34.2% disagree and 13.7 neutral. The table also shows that out of the total respondents 53.5% of employees agree, 13.6% disagree and 32.9% indifferent on the issue that the company provides beneficial products for the society.

On the basis of these descriptions, Awash Tannery P.L.C is somehow practicing CSR in the area of community welfare, though majority of the respondents approved that the firm do not provide services to the society. In relation to this, the interview notes show that the firm itself does not provide social services. Instead its mother company (i.e. MEDIROC ETHIOPIA) assisting the society in various sectors.

In comparison, Addis Ababa Tannery is better than Awash Tannery in almost all variables. In addition to this the responses of respondents of employees of both tanneries shows that these companies are not as such active in social service activities or in general community welfare.

4.2.4. CSR in Terms of Environmental Protection

The most critical dimension of CSR, especially for leather and similarly industries, is protection of the environment. Because, it relates to the community, workers, animals as well as the physical environment such as water bodies, soil, plants and so on. On the subject of CSR in leather industry, environmental protection has described in terms of:

- Comply with environmental laws, rules and regulation
- Waste reduction and pollution minimization

- Protection of natural environment
- Creating environmental awareness

Numerical descriptions of this standard are presented in Table 4.4.a and b. Besides to this the interpretations of the numerical figures are stated under the corresponding tables or descriptions.

Table 4.4.a CSR in terms of Environmental protection at Addis Ababa Tannery

Degree of agreement	Comply with env'tal laws, rules and regulations		Waste reduction and pollution minimization		Protection of natural environment		Environmental awareness	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	10	38.5	6	23.1	6	23.1	10	38.5
D	0	0.0	0	0.0	2	7.7	2	7.7
N	2	7.7	2	7.7	2	7.7	2	7.7
A	4	15.4	10	38.5	8	30.8	8	30.8
SA	10	38.5	8	30.8	8	30.8	4	15.4
Total	26	100.0	26	100.0	26	100.0	26	100.0

Data Source: May, 2013

As it is possible to observe from table 4.4.a, majority (53.9) of the respondents agree, (38.5) disagree, while 7.7% of them indifferent on the subject of comply with environmental laws, rules and regulations. As regards waste reduction and pollution minimization, about 69% of employees argue positively, around 23% of them argue negatively and approximately 8% of respondents are neutral. In the case of natural resource protection, majorities (61.6%) of the respondents agree; 30.8% of them however, disagree and 7.7 of them are indifferent. The table also shows that 46.2% of the responses of employees accepted that the firm tries to build environmental awareness. In contrast the same numbers of response do not about it. But two individuals (i.e. 7.7%) are indifferent concerning the level of environmental awareness of their company.

To sum up, the description reflects that Addis Ababa tannery is practicing CSR via environmental protection. Despite levels of agreement and disagreements are responded equally corresponding environmental awareness, the firm is well in terms of other three variables of environmental dimension. In this regard, observational views show that the firm is trying to make the local environment green and avoid wastes well. It also tries to aware its workers through notice.

Table 4.4.b CSR in terms of Environmental protection at Awash Tannery

Degree of agreement	Comply with env'tal laws, rules and regulations		Waste reduction and pollution minimization		Protection of natural environment		Environmental awareness	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	1	1.4	1	1.4	5	6.8	4	5.5
D	7	9.6	7	9.6	5	6.8	9	12.3
N	5	6.8	5	6.8	18	24.7	5	6.8
A	39	53.4	30	41.1	36	49.3	46	63.0
SA	21	28.8	30	41.1	9	12.3	9	12.3
Total	73	100.0	73	100.0	73	100.0	73	100.0

Data Source: May, 2013

Table 4.4.b show that about 82% of the respondents agree on the statement 'your organization complies with environmental laws, rules and regulations', only 11% of them disagree and approximately 7% are indifferent. Regarding waste reduction and pollution minimization, again majority (i.e. 82.2%) of the respondents responded positively, 11% among them reflected their negative attitude, and 6.8% of them were indifferent. Related to protection of the natural environment, 61.6% of respondents agree, 13.6% disagree and 24.7 of the neutral. Similarly, as regards environmental awareness, most (75.3%) of employees be in agreement, 17.8% disagree while 6.8% out of the respondents indifferent.

Generally, the descriptions declare that Awash Tannery practices environmental protection activities, which are parts of environmentally - friendly tricks. However, the observation held around the firm claims that waste avoiding pumps are unlock and it have very badly odder or sniff. The waste also mixes with the river called Akaki which causes unaffordable effect on the health of people and animals.

The comparison between two tanneries announce that Awash Tannery overlook Addis Ababa Tannery in all variables of environmental protection except in protection of natural resources. In the case of natural resource protection the levels of agreement are similar. Means of variables of the dimension which are in Table 1 of annex also approve that Awash Tannery is in better condition of environmental protection.

4.2.5. CSR in Terms of Human Rights

CSR practice of a company also can be expressed in terms of whether the firm carries out human rights or not. For this section of the paper human rights articulated through promotion of human rights, investigation of how business activities affect it, comply of code of conduct with human rights and fighting discrimination.

As it is shown in table 4.5.a, 46.2% of respondents disagree that the organization promotes human rights, where as 38.5% agree and the rest 15.4% indifferent. On the statement ‘the organization investigates how working activities affect human rights most (61.5%) of employees responded that the firm do nothing in this regard, while 23.1% agree and 15.4% neutral. A similar pattern of agreement and disagreement could be observed from Table 4.6.a about comply of the firm’s code of conduct with human rights. To seek more interpretation 38.5% agree and the other 38.5% disagree. Whereas, about 23% indifferent about the statement. The table also indicates that 38.5% of

employees do not agree on ‘the firm struggles against discrimination’. While 30.8% of the respondents agree and equal number of employees were indifferent.

Table 4.5.a CSR in terms of Human rights at Addis Ababa tannery

Degree of agreement	Promotion of human rights		Investigation of how work affect human rights		Comply with code of conduct and human rights		Against discrimination	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	10	38.5	14	53.8	8	30.8	8	30.8
D	2	7.7	2	7.7	2	7.7	2	7.7
N	4	15.4	4	15.4	6	23.1	8	30.8
A	6	23.1	4	15.4	2	7.7	2	7.7
SA	4	15.4	2	7.7	8	30.8	6	23.1
Total	26	100.0	26	100.0	26	100.0	26	100.0

Data Source: May, 2013

To decide at these levels of agreement, Addis Ababa Tannery does not practice CSR along the dimension of human rights. In all variables of the dimension employees argued unenthusiastically except they are indifferent in relation to the code of conduct. In this case, however, numbers of employee who agree are equal to those who do not. The interview results also claims

From table 4.5.b, we can deduce the following facts. Of the total number of respondents, majority (61.7%) agree, 16.5% disagree and 21.9% neutral concerning promotion of human rights in their company. On the statement ‘the organization investigates how working activities affect human rights’, 43.8% workers responded positively, 19.1% opposed it while 37% indifferent. In the subject of code of conduct conform to human rights, most (67.1%) of the respondents agree, 21.9% disagree and 11% indifferent. On struggling against discrimination, approximately 49% responded optimistically, 15% pessimistically and about 36% neutral.

Table 4.5.b CSR in terms of Human rights at Awash Tannery

Degree of agreement	Promotion of human rights		Investigation of how work affect human rights		Comply of code of conduct with human rights		Against discrimination	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	4	5.5	5	6.8	5	6.8	5	6.8
D	8	11.0	9	12.3	11	15.1	6	8.2
N	16	21.9	27	37.0	8	11.0	26	35.6
A	37	50.7	26	35.6	36	49.3	31	42.5
SA	8	11.0	6	8.2	13	17.8	5	6.8
Total	73	100.0	73	100.0	73	100.0	73	100.0

Data Source: May, 2013

To sum up Awash Tannery participates in human rights although the levels of agreement are not that much satisfactory though the interview conducted indicates nothing. That is why, as we can see from Table 1 in the annex, means levels of agreement are between neutral and agree.

As per the comparison between CSR practices of both companies in this dimension, Awash Tannery P.L.C is better than Addis Ababa Tannery S.C even though its practice is poor.

4.2.6. CSR in Terms of Transparency and Anti-corruption

In response to the growing interest in corporate social responsibility, companies are trying to create ethical work force, ethical decision making, and other dimensions of CSR. Transparency and anti-corruption activities also included in this regard. Transparency, sense of accountability and preventing corruption are variables which are designed to describe transparency and anti-corruption in this section. These variables are numerically described below in Table 4.6.a and b. The explanations and the comparison between two companies are stated corresponding to the descriptions.

Table 4.6.a CSR in terms of anti-corruption and transparency at Addis Ababa Tannery

Degree of agreement	Transparency in activities		Sense of accountability		Preventing corruption	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	6	23.1	6	23.1	4	15.4
D	0	0.0	2	7.7	0	0.0
N	2	7.7	8	30.8	2	7.7
A	12	46.2	6	23.1	12	46.2
SA	6	23.1	4	15.4	8	30.8
Total	26	100.0	26	100.0	26	100.0

Data Source: May, 2013

According to the data collected from employees of Addis Ababa Tannery, most (69.3%) of respondents witness that the company is transparent in its activities, 23.1% of them said it is not transparent while 7.7% of them were indifferent about it. In another variable of transparency and anti-corruption, that is sense of accountability, 38.5% of respondents agree, 30.8% disagree and again 30.8% of the neutral. The table also shows that majority (77%) of employees accept that the firm fights against corruption, 15.4% do not accept while 7.7% of them unsympathetic.

Based on these descriptions we can conclude that the firm is practicing CSR in terms of transparency and anti-corruption despite the level of agreement is weedy regarding sense of accountability. In relation to this, the observation notes show that, the firm is doing to minimize corruption as the same time to achieve transparency. For instance, the company posted different materials which enhance workers attitude about accountability and transparency.

As table 4.6.b depicts, approximately 48% of respondents agree that the firm is transparency in its activity, about 24% of them, however, object it and around 27% out of the total respondents neither support nor object the idea. With reference to sense of accountability, about 48% of employees responded positively, only 8% responded negatively even though about 44% of them were

indifferent. The table also shows, 41% of the respondents agree that the organization tries to prevent corruption, about 21% of the do not agree with this while approximately 40% of them indifferent.

Table 4.6.b CSR in terms of anti-corruption and transparency at Awash Tannery

Degree of agreement	Transparency in activities		Sense of accountability		Preventing corruption	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
SD	6	8.2	0	0.0	9	12.3
D	12	16.4	6	8.2	5	6.8
N	20	27.4	32	43.8	29	39.7
A	26	35.6	30	41.1	25	34.2
SA	9	12.3	5	6.8	5	6.8
Total	73	100.0	73	100.0	73	100.0

Data Source: May, 2013

In conclusion, Awash Tannery is nearly practicing CSR corresponding transparency and anti-corruption. But the levels of agreement do not indicate that the tannery is practicing CSR in this dimension entirely or satisfactorily. For instance, on the subject of anti-corruption numbers of respondents who agree and indifferent are almost equal. This shows that the activity is lean or weak. The observation results also show that the firm is practicing CSR in some extent in terms ethical matters.

As per the comparison of tanneries regarding transparency and anti-corruption, Addis Ababa Tannery is better than Awash Tannery. Specifically, the former is well as compare to the latter on the subjects of transparency and anti-corruption. Regarding accountability, however, Awash Tannery looks as if superior in spite of weak levels of agreement of both companies.

The previous descriptions on six standards of CSR tried to explain CSR practices in Ethiopian leather industry specifically in Addis Ababa Tannery and Awash Tannery. The descriptions confirm

that in certain standards Addis Ababa Tannery is better than Awash Tannery, while in other standards Awash Tannery was well. The following table summarizes CSR practices of these companies with the comparison exist among them.

Table 4.7 Summary of Comparative CSR practices of Addis Ababa and Awash Tanneries

CSR Standards	Addis Ababa Tannery		Awash Tannery	
	CSR practice	Better in comparison	CSR practice	Better in comparison
Labor Handling	Yes	No	Yes	Yes
Consumer Protection	Yes	No	Yes	Yes
Community Welfare	Yes	Yes	Yes	No
Protection of the Environment	Yes	No	Yes	Yes
Human Rights	No	No	Yes	Yes
Transparency and Anti-corruption	Yes	Yes	Yes	No

Data Source: May, 2013

It is possible to understand from table 4.7 that Addis Ababa Tannery practices CSR in terms of five standards namely labor handling, consumer protection, community treatment, environmental protection, and transparency and anti-corruption. However, in the case of human rights, the organization does nothing despite the human right growth or development of the country. Likewise Awash Tannery carries out CSR practices corresponding to all standards which are described above.

Therefore, Awash Tannery which practice CSR in terms of all its standards is better than Addis Ababa Tannery which carries out CSR activities in relation to all standards except human rights. Specifically, Awash Tannery is well than Addis Ababa Tannery in the cases of labor handling, consumer protection, environmental protection and human rights. In contrast, Addis Ababa Tannery

is better in terms of community welfare, and transparency and ant-corruption. Regards less of the comparison both companies are well in CSR practices.

4.3. Results of the Estimations of the Model

This section of the chapter discusses about the results of the estimations of the research model. In reference to chapter three, the research model is designed based on logistic regression. Logistic regression equation bears many similarities to the ordinary regression equations. In logistic regression, instead of predicting the value of a variable Y from a predictor variable X_1 or several predictor variables (Xs), we predict the probability of Y occurring given known values of X_1 (or Xs).

Therefore, CSR practice (dependent variable) to be explained in this study on the basis of six predictors such as Consumer Demands (CD), Labor Pressure (LP), Community Enforcement (CE), Sustainability and Profitability (SP), Social License (SL) and Nature of the Firm (NF). The first three variables are described as individual variable. Consequently, main effect is specified to determine their respective effects on the outcome variable. However, the last three variables are described in terms of two or more items. Therefore, the outcome (dependent) variable is predicted on the basis of the interaction effect of elements. The dependent and explanatory variables used in the regression are described and annexed Appendix 2.

In relation to the method of logistic regression, forced entry method is selected. It is a method in which all predictors are forced into the model simultaneously. This method is selected because stepwise techniques (forwarded and backward) are influenced by random variation in the data and so seldom give replicable results if the model is retested. In addition to this, forward method runs a higher risk of making a Type II error (i.e. missing a predictor that does in fact predict the outcome). Generally, in this section of the analysis, residual values, log-likelihood statistics of the constant,

chi-square statistics of the constant, log-likelihood and chi-square statistics of the model, and coefficients and statistics of predictors are discussed and presented.

4.3.1. Residual Values

To be sure that the model is a good one, it is important to examine the residuals. The differences between the values of the outcome predicted by the model and the values of the outcome observed in the sample are known as residuals (Field et al, 2009). In relation to this, standardized residuals are selected, which are the residuals divided by an estimate of their standard deviation. By converting residuals into z-scores (standardized residuals) we can compare residuals from different models and use what we know about the properties of z-scores to devise universal guidelines for what constitutes an acceptable (or unacceptable) value (Field et al, 2009). The other statistical tool which measures residuals is Cook’s distance. One statistic that does consider the effect of a single case on the model as a whole is Cook’s distance. It is a measure of the overall influence of a case on the model and Cook and Weisberg (1982) have suggested that values greater than 1 may be cause for concern. The other thing that should be discussed related to residuals is predicted probabilities. The predicted probabilities are the probabilities of Y occurring given the values of each predictor for a given participant.

Table 4.8 SPSS results of residuals

Company	Predicted Probabilities		Cook’s Distance		Standardize Residuals	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Addis Ababa	0.19	0.97	0.003	0.99	-1.11	1.62
Awash	0.31	0.99	0.0003	0.87	-1.92	1.48

Data Source: June, 2013

As we can see from Table 4.8, the maximum probabilities of CSR practice existing in Addis Ababa Tannery and Awash Tannery are 0.97 and 0.99 respectively. In contrast the minimum probability of existence of CSR is 0.19 in Addis Ababa Tannery and 0.31 for Awash Tannery. The maximum and the minimum probabilities indicates the ranges or intervals at which the probability of existence of CSR for a single case. In general these probabilities of both companies lies between 0 and 1.

On the subject of Cook's Distance, the maximum values are 0.99 and 0.87 for the data which are collected from Addis Ababa Tannery S.C. and Awash Tannery P.L.C. respectively. Since both values are less than 1, the data collected do not concern in case of fitting the model. Initial SPSS outputs, however, show that Cook's values for few cases or individuals were greater than 1. Consequently the cases were deleted from the list.

The table also describes that standardize residual values of both companies lies between -1.96 and +1.96. It is obvious that in a normally distributed sample, 95% of z-scores should lie between -1.96 and +1.96, 99% should lie between -2.58 and +2.58, and 99.9% (i.e. nearly all of them) should lie between -3.29 and +3.29. Therefore, standardized residuals with an absolute value greater than 3.29 (3 approx.) are cause for concern because in an average sample case a value this high is unlikely to happen by chance. But, in reference to the initial SPSS outputs of both data, the Standardize residuals of few cases were above absolute value of 3.29. These cases were deleted because they might cause concern for the model.

4.3.2. Log-likelihood Statistics of the Constant

In logistic regression, we can use the observed and predicted values to assess the fit of the model. The measure we use is the log-likelihood (-2LL). The log-likelihood is based on summing the probabilities associated with the predicted and actual outcomes (Tabachnick & Fidell, 2007, as cited

by Field et al, 2009). The log-likelihood statistic is analogous to the residual sum of squares in multiple regression in the sense that it is an indicator of how much unexplained information there is after the model has been fitted. It, therefore, follows that large values of the log-likelihood statistic indicate poorly fitting statistical models, because the larger the value of the log-likelihood, the more unexplained observations there are. According to Field (et al, 2009) -2LL which is less than 145 is not significant. The following table ties to describe these concepts.

Table 4.9 SPSS results of Iteration History

Iteration	-2 Log likelihood	
	Addis Ababa Tannery	Awash Tannery
1	32.10	50.23
Step 0 2	32.10	50.23
3	32.10	50.23

Data Source: June, 2013

The above SPSS output tells us about the model when only the constant is included [i.e. all predictor (explanatory) variables are omitted]. The Iteration History describes that the log-likelihood values of this baseline model are 32.10 and 50.23 for Addis Ababa and Awash tanneries respectively. These values represent the fit of the most basic model to the data. Because, these log-likelihoods value are not that much large relative to Field (et al, 2009) -2LL standard.

4.3.3. Chi-Square Statistics for the Constant

Initial SPSS outputs of the data indicate that chi-square statistic values are calculated by excluding the predictors or independent variables. If the chi-square statistic is significantly different from 0, we can conclude that the addition of one or more independent variables to the model will significantly affect the predictive power. If the value is not significant the opposite is true. Table

4.10 describes the value of the constant (β_0) and chi-square statistics of the data which have been collected from Addis Ababa Tannery and Awash Tannery.

Table 4.10 Chi-square values when all predictors excluded from the model

Variables in the Equation							
	Tannery	B	S.E.	Wald	Df	Sig.	Exp(B)
Step 0 Constant	Addis Ababa	0.81	0.425	3.64	1	0.06	2.25
	Awash	2.08	0.38	30.75	1	0.00	8.00

Variables not in the Equation							
Variables	Addis Ababa Tannery			Awash Tannery			
	Score	Df	Sig.	Score	Df	Sig.	
CD	5.06	1	0.02	1.87	1	0.17	
LP	1.35	1	0.25	5.14	1	0.02	
CE	1.21	1	0.27	0.45	1	0.30	
SP	0.35	1	0.56	1.96	1	0.16	
SL	0.25	1	0.32	0.89	1	0.34	
NF	0.34	1	0.06	0.28	1	0.60	
Overall Statistics	7.18	6	0.05	9.75	6	0.05	

Data Source: June, 2013

Table 4.10 summarizes the model (Variables in the Equation), and at this stage the output requires quoting the value of the constant (β_0). In this regard, β_0 is equal to 0.81 for Addis Ababa Tannery and it is equal to 2.08. The table labeled Variables not in the Equation tells us that the residual chi-square statistics are 7.18 and 9.75 for Addis Ababa and Awash tanneries respectively. These values are significant at $p < .05$ (as we can see from the Overall Statistics). This statistic tells us that the coefficients for the variables not in the model are significantly different from zero – in other words, that the addition of one or more of these variables to the model will significantly affect its predictive power. If the probability for the residual chi-square had been greater than .05 it would have meant

that forcing all of the variables excluded from the model into the model would not have made a significant contribution to its predictive power (Field et al, 2009).

4.3.4. Log-likelihood and Chi-square of the Model

Section 4.3.2 and 4.3.3 of the analysis tried to explain log-likelihood and chi-square values of the constant i.e. exclusive of the predictors. This section, however, explains log-likelihood and chi-square statistics by inserting predictors in to the model. At this stage of the analysis the value of log-likelihood should be less than the value when only the constant was included in the model. Because lower values of log-likelihood indicate that the model is predicting the outcome variable more accurately. The log-likelihood and the related statistic, chi-square values of the SPSS outputs of the model are presented on the following table. The table also tells us the values of Cox and Snell's and Nagelkerke's R^2 , but we will discuss these a little later.

Table 4.11 Chi-square and log-likelihood values of the model

Omnibus Tests of Model Coefficients							
		Addis Ababa Tannery			Awash Tannery		
		Chi-square	df	Sig.	Chi-square	Df	Sig.
Step		8.00	6	0.24	8.87	6	0.18
Step 1	Block	8.00	6	0.24	8.87	6	0.18
	Model	8.00	6	0.24	8.87	6	0.18

Model Summary				
Step	Tannery	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	Addis Ababa	24.10	0.27	0.37
	Awash	41.36	0.12	0.23

Data Source: June, 2013

With reference to Table 4.9, when only the constant was included, log-likelihood is equals to 32.10 (for Addis Ababa Tannery) and 50.23 (Awash Tannery). But now regarding table 4.11, the predictors has been included the values has been reduced to 24.10 and 41.36 respectively. This reduction tells us that the model is better at predicting whether CSR practices existed than it was before predictors were added. The question of how much better the model predicts the outcome variable can be assessed using the model chi-square statistic, which measures the difference between the model as it currently stands and the model when only the constant was included. The value of the model chi-square statistic works on this principle and is, therefore, equal to log-likelihood with predictors included minus the value of log-likelihood when only the constant was in the model. The calculations can be stated as follow:

- Addis Ababa Tannery: $32.10 - 24.10 = 8.00$
- Awash Tannery: $50.23 - 41.36 = 8.87$

4.3.5. Coefficients and Statistics of Predictors

This part of the analysis is crucial because it tells us the estimates for the coefficients for the predictors included in the model. This sections of the SPSS output gives us the coefficients and statistics for the variables that have been included in the model at this point (namely CD, LP, CE, SP, SL, NF and the constant). The β value is the same as the β value in linear regression: they are the values that we need to replace in model equation to establish the probability that a case falls into a certain category. The interpretation of this coefficient in logistic regression is very similar in that it represents the change in the logit of the outcome variable associated with a one-unit change in the predictor variable. In logistic regression, instead of predicting the value of a variable Y from a predictor variable X_1 or several predictor variables (Xs), we predict the probability of Y occurring given known values of X_1 (or Xs). The logit of the outcome is simply the natural logarithm of the

odds of Y occurring (Field et al, 2009). The odds ratio is described as $\text{Exp}(B)$ in the SPSS output. If the value is greater than 1, then it indicates that as the predictor increases, the odds of the outcome occurring increase. Conversely, a value less than 1 indicates that as the predictor increases, the odds of the outcome occurring decrease.

Table 4.12.a Coefficients and statistics of the model regarding Addis Ababa Tannery

Variables	B	S.E.	Wald	Df	Sig.	Exp(β)
CD	2.01	1.11	3.30	1	0.07	7.48
LP	1.89	1.32	2.03	1	0.15	6.59
CE	0.90	1.20	0.56	1	0.45	2.46
Step 1 ^a SP	0.56	1.07	0.27	1	0.60	1.75
SL	-1.49	1.42	1.09	1	0.30	0.23
NF	-0.72	1.66	0.19	1	0.66	0.49
Constant	-1.86	1.41	1.76	1	0.19	0.16

Note: $R^2 = 0.25$ (Hosmer & Lemeshow), 0.27 (Cox & Snell), 0.37 (Nagelkerke), Model $\chi^2 = 8.00$

Table 4.12.b Coefficients and statistics of the model regarding Awash Tannery

Variables	B	S.E.	Wald	Df	Sig.	Exp(β)
CD	1.34	0.95	2.01	1	0.16	3.83
LP	1.86	1.00	3.47	1	0.06	6.44
CE	0.27	1.04	0.07	1	0.80	1.30
Step 1 ^a SP	-1.46	1.15	1.61	1	0.20	0.23
SL	0.74	1.21	0.38	1	0.54	2.10
NF	-0.11	0.97	0.01	1	0.91	0.90
Constant	0.42	1.71	0.06	1	0.81	1.51

Note: $R^2 = 0.18$ (Hosmer & Lemeshow), 0.12 (Cox & Snell), 0.23 (Nagelkerke), Model $\chi^2 = 8.87$

In reference to table 4.12.a and b, we can say that the odds of a CSR practice is existed due to consumers demand is 7.48 (Addis Ababa Tannery) and 3.83 (Awash Tannery) times higher than consumer demand is not existed. Similarly, the odds ratios (Exp. B) are greater than 1 corresponding to labor pressure and community enforcement in both companies. Regarding sustainability and

profitability, the odds ratio is 1.75 in Addis Ababa Tannery and 0.23 in Awash Tannery. Thus, corresponding to Addis Ababa Tannery, the probability of existence of CSR practice is increases as sustainability and profitability increase and the opposite is true regarding Awash Tannery. In the context of social license, however, Exp. (B) is less than 1 (i.e. 0.23) in relation to Addis Ababa Tannery, while it is greater than 1 (i.e. 2.10) related to Awash Tannery. With reference to nature of the firm, the odds ratios are less than 1 in both companies. Therefore, the likelihood of existence of CSR practice is decrease as the value of nature of the firm increases.

The other thing which is described in table 4.12.a and b is R-statistic. In linear regression, the multiple correlation coefficient R and the corresponding R^2 -value were useful measures of how well the model fits the data. However, we can calculate a more literal version of the multiple correlation in logistic regression known as the R-statistic. This R-statistic is the partial correlation between the outcome variable and each of the predictor variables and it can vary between -1 and 1 . A positive value indicates, that as the predictor variable increases, so does the likelihood of the event occurring. A negative value implies that as the predictor variable increases, the likelihood of the outcome occurring decreases. If a variable has a small value of R then it contributes only a small amount to the model (Field et al, 2009).

R – statistic can be calculated using $-2\log$ -likelihood, Wald Statistic and the degree of freedom. But the Wald statistic values are sometimes inaccurate. Thus, we use the Hosmer and Lemeshow's measure (RL^2), which is calculated by dividing the model chi-square by the original $-2\log$ -likelihood. In Table 4.11 the model chi-squares after the predictors have been entered into the model are 8.00 and 8.87 for Addis Ababa Tannery and Awash Tannery respectively. With the reference of Table 4.9, the original $-2\log$ -likelihoods (before any variables were entered) are 32.10 and 50.23 for Addis Ababa Tannery and Awash Tannery respectively. So, $RL^2 = 8.00/32.10 = 0.25$ regarding the data

collected from Addis Ababa Tannery. Similarly, $RL^2 = 8.87/50.23 = 0.18$ corresponding to the data collected from Awash Tannery. These two R^2 values indicate that predictors and the existence of CSR practices are positively related. The above two tables also gave us two other measures of R^2 statistics such as Cox and Snell's measure and Nagelkerke's adjusted value. As you can see, all of these values in both companies are positive.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

After careful examination of CSR practices and determinants throughout the selected companies, analysis and interpretation of the study was made based on the data obtained through questionnaire distributed to, an interview conducted and the observation held in Addis Ababa Tannery S.C. and Awash Tannery P.L.C. Based on the analysis and interpretation, conclusion and recommendations of the study are presented in this chapter.

5.1. Conclusion

The result of the descriptive as well as econometric analysis on CSR practices and determinants of the selected tanneries was summarized. On the basis of the findings the following conclusions were forwarded.

- Awash Tannery practices labor standard of CSR practice in terms of skill and long-term career development, freedom of association, health and safety, and taking corrective action. While, Addis Ababa Tannery practices labor standard of CSR only in terms of skill and long-term career development. In line with the fact that employees are deemed to be a very important stakeholder, firms undertake CSR activities for the benefit of employees. In reflecting CSR activities for employees with the selected industry, Awash Tannery participates in these activities with the consideration of optimality of the company as well as the benefit of workers. Addis Ababa Tannery, however, seems as if it practices CSR for the success of the firm regardless of other interests of workers, because it practices only in skill and long-term career development. In relation to this labor standard of CSR practices firms

should consider which activities should come first and which are next. The most familiar activities in relation to employees should be a commitment to the health and safety of employees and ensuring adequate steps should be taken against discrimination. In addition to this employees should be encouraged to develop skills and long term career paths and work-life balance.

- Regarding consumer protection, both companies are nearly practicing corporate social responsibility (CSR) practices well. This happened due to the product of firms is based on the quality standard of customers. In other words, firms produce customer oriented products to optimize their profit and this is fortunately the most important CSR practice regarding customers. Because the most critical CSR activity toward customers is commitment to providing value to customers. Other similar activities such as responding to customer complaints in a timely manner is also quite popular and to a lesser extent, supplying clear and accurate information to customers and considering customer accessibility also sustains the exited customers and creates new customers.

- The employees' response indicates implications that Addis Ababa Tannery practices community welfare activities in terms of various community services, dialogue with the community and supplying beneficial products for the society. But the firm does not participating in local purchase. On similar basis, Awash Tannery P.L.C is somehow practicing CSR in the spot of community welfare, though majority of the respondents approved that the firm do not provide services to the society. In relation to this, the interview notes show that the firm itself does not provide social services. Instead its mother company (i.e. MEDIROC ETHIOPIA) assisting the society in various sectors including sport, health and infrastructure. Though purchasing policies in favor of the local community are popular

CSR activities both tanneries did not participate in because these firms purchase products from business organizations.

- With the reference to the analysis, Addis Ababa tannery is practicing CSR via environmental protection, modestly. In this regard, observational views show that the firm is trying to make the local environment green and develops workers awareness about it. Awash Tannery also practices environmental protection activities, which are parts of environmentally - friendly tricks. However, the observation held around the firm claims that waste avoiding pumps are open for short distance and it have very badly odder or sniff. To reveal these results, both tanneries perform CSR practices corresponding to the environment with the consideration for workers and laws of the country. In relation the community and the physical environment namely rivers and soil, unfortunately, do not perform such activities because waste material are mixing in the rivers.
- Based on the analyses of respondents' levels of agreement, Addis Ababa Tannery does not practice CSR along the dimension of human rights. However, Awash Tannery participates human rights although the levels of agreement are not that much satisfactory.
- With respect to transparency and anti-corruption, both tanneries are practicing CSR despite the level of agreement is weedy regarding sense of accountability. In other words, the levels of agreement do not indicate that the both tanneries are practicing CSR in this dimension entirely or satisfactorily. Because firms handle CSR practices of this dimension only in their organization to save their resource even though it is inadequate.
- In general, Awash Tannery is well than Addis Ababa Tannery in the cases of labor handling, consumer protection, environmental protection and human rights. In contrast, Addis Ababa

Tannery is better in terms of community welfare, and transparency and ant-corruption. Thus the former one is better than the latter in many CSR standards. Because Awash Tannery is under well performing organization (i.e. MEDIROC ETHIOPIA) and it has modern system and adequate resource. Regardless of the comparison both companies are well in CSR practices.

- With reference to the determinants of CSR practices of Addis Ababa Tannery, the odds ratios are greater than 1 regarding Labor Pressure, Consumer Demand, Community Enforcement, and Sustainability and Profitability. Likewise, the odds ratios corresponding to these predictors (except Sustainability and Profitability) are greater than 1 for the data collected from Awash Tannery. Thus, the probability of existence of CSR practice increases as the extent of the above variables increase. In other words, the existence of the above determinants around the leather industry affects CSR practice positively. These factors are also critical in the determination of the optimality of the firm directly or indirectly. The growing interest among workers, customers, community, and governmental and non-governmental organizations in the performance and significance of CSR determines CSR practices. Consequently, managers and leaders are attentive to the fact that business norms and standards, regulatory frameworks, and stakeholders' demands for CSR can vary considerably across nations, regions, and lines of business.

5.2. Recommendation

On the basis of analysis and its findings, the following recommendations have been given:

- In relation to labor treatment, Addis Ababa Tannery, Awash Tannery and other related companies, especially tanneries should continue their activities in more advance manner to achieve high level of performance in CSR practices. So to protect workers' health, trainings and awareness creative workshops should be facilitated.
- Since the extent of CSR practices of these companies, corresponding to customer satisfaction and community welfare are appreciative, the activities or performances of these and other tanneries should continue in more progressive mode. For instance, policies related to new product development or innovation, trainings for pastoralists and other related sectors, and community capacity-building activities should be designed and implemented.
- Hence, Addis Ababa Tannery, Awash Tannery and other leather factories need to design better CSR strategies and practices in the area of environmental protection such as purchasing and using cost oriented high quality chemicals, good waste pumping materials, better natural resource protection procedures, transparent dialogue with responsible parties especially Ethiopian Environmental Protection Agency and so on.
- With reference to the analyses and the results, both tanneries should work hard to change and progress the development of human rights in the country. Companies are under obligation to respect and promote human rights in their operations. This can be achieved though trainings and motivation of employees as well as the community as whole targeting equitable and effective engagement of companies. In general, these and other companies necessitate placing issues of democracy both in the economy and in the political arena - locally, nationally and globally.

- So, Ethiopia is poor in terms of transparency and anti-corruption, Addis Ababa Tannery, Awash Tannery and other organizations of the sector need to evolve intensively in ethical matters namely responsibility, accountability, transparency and anti-corruption. Specifically, the companies' code of conduct should be designed and implemented in such a way that it is compatible with laws and rules of the constitution and anti-corruption rules.
- Generally, both tanneries should design CSR strategies and implementations in harmony with the determinants especially on the focuses of labor pressure, consumer demand, community enforcement, and sustainability and profitability. Particularly, Addis Ababa Tannery should work hard relative to Awash Tannery corresponding to the stated standards.
- For future research, it is recommended that a longitudinal study be adopted. This may provide deeper insight into CSR practices and determinants. Longitudinal study would allow assessment of the directionality of the relationships between CSR and the determinants, both which have been stated in study and that did not.
- It is also proposed that a case study approach may provide a clearer understanding of the nature, type and extent of CSR practices within the particular organization(s). It may also provide insight into the motivation for undertaking CSR and the impact of such activities.
- Lastly, it was noted earlier that the limitation of this research is that it focused on tanneries of Addis Ababa city. Future research may include other Ethiopian leather factories, or other countries' companies which would allow for comparison between countries and other industries (for instance soap factories).

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Appendices

Appendix A: Descriptive Statistics Values

Descriptions	Addis Ababa Tannery			Awash Tannery		
	N	Mean	Std. Deviation	N	Mean	Std. Deviation
Skills and long-term careers	26	3.2308	1.47804	73	3.3562	1.12262
Freedom of association	26	2.8462	1.54123	73	3.7945	1.12988
Health and safety	26	2.7692	1.60767	73	3.5205	1.13173
Good work life	26	3.0000	1.69706	73	3.3151	.89562
Corrective action	26	2.8462	1.54123	73	3.2877	1.21883
Quality product	26	4.0769	1.09263	73	4.3699	.54024
Required standard	26	3.1538	1.78196	73	4.2055	1.22428
Feedback	26	3.3077	1.51708	73	3.5205	1.02888
Product information	26	3.8462	1.48842	73	3.9863	1.02053
Services	26	3.3846	1.57675	73	2.9452	1.24600
Local Purchase	26	2.6154	1.23538	73	3.2740	.94664
Dialogue	26	3.2692	1.71015	73	3.2740	1.12126
Beneficial products	26	3.1538	1.68979	73	3.5753	1.14161
Comply with environmental laws, rules and regulations	26	3.1538	1.82630	73	3.9863	.93531
Waste reduction and pollution minimization	26	3.5385	1.52920	73	4.1096	.99389
Protection of natural environment	26	3.3846	1.57675	73	3.5342	1.02851
Environmental awareness	26	2.7692	1.60767	73	3.6438	1.03239
Promotion of human rights	26	2.6923	1.56893	73	3.5068	1.01548
Investigation of how work affect human rights	26	2.1538	1.43366	73	3.2603	1.01417
Comply code of conduct and human rights	26	3.0000	1.64924	73	3.5616	1.15454
Against discrimination	26	2.8462	1.54123	73	3.3425	.97495
Transparency in activities	26	3.4615	1.47596	73	3.2740	1.13358
Sense of accountability	26	3.0000	1.38564	73	3.4658	.74689
Preventing corruption	26	3.7692	1.33589	73	3.1644	1.08030

Appendix B: Descriptions of dependent and explanatory variables

Variables	Description	Type
CSR	Corporate Social Responsibility	Dummy (1 if practiced, otherwise 0)
CD	Consumers Demand	Dummy (1 if influences, otherwise 0)
SPI	Sustainability	Dummy (1 if influences, otherwise 0)
SPII	Profitability	Dummy (1 if influences, otherwise 0)
SLI	Government	Dummy (1 if influences, otherwise 0)
SLII	Media	Dummy (1 if influences, otherwise 0)
SLIII	International Organizations	Dummy (1 if influences, otherwise 0)
SLIV	Self certification	Dummy (1 if influences, otherwise 0)
NFI	The size of the firm	Dummy (1 if influences, otherwise 0)
NFII	Products of the firm	Dummy (1 if influences, otherwise 0)
NFIII	Production activities	Dummy (1 if influences, otherwise 0)
NFIV	Location of the firm	Dummy (1 if influences, otherwise 0)
NFV	Leadership	Dummy (1 if influences, otherwise 0)
NFVI	Reputation	Dummy (1 if influences, otherwise 0)
NFVII	Ethics	Dummy (1 if influences, otherwise 0)
NFVIII	Awareness	Dummy (1 if influences, otherwise 0)
NFIX	Shareholder activism	Dummy (1 if influences, otherwise 0)
LP	Employee activism	Dummy (1 if influences, otherwise 0)
CE	Community Enforcement	Dummy (1 if influences, otherwise 0)

Appendix C: Questionnaires, interview guides and observation checklists

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MBA PROGRAM

A Questionnaire to Be Filled by Awash and Addis Ababa tanneries' Employees

The purpose of this questionnaire is to collect data for a research work on the title of “CORPORATE SOCIAL RESPONSIBILITY PRACTICES AND DETERMINANTS IN ETHIOPIAN LEATHER INDUSTRY”. Corporate social responsibility can be defined as a process of making business activities towards employees, customers, the community and the environment responsible. It is inherent that the availability of good corporate social responsibility could bring a profound impact on the company’s success in business undertakings. Hence, the objective of this study is to assess the condition of condition of corporate social responsibility practices and identifies its determinants. Thus, your free will and cooperation in giving the reliable information is worth for the success of this work.

General Instruction:

- ✓ Your participation is voluntary
- ✓ Guarantee you that your responses will not be disclosed to any one
- ✓ Do not write your name on the questionnaire
- ✓ Please simply tick the most appropriate responses for you and your enterprise

Thank you in advance for your kind cooperation!

Part I: Questions related to corporate social responsibility practices

1) Your organization encourages its employees to develop real skills and long-term careers (e.g. via training).

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

2) The firm encourages freedom of association of workers.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

3) The organization has suitable arrangements for health and safety that provide sufficient protection for its employees.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

4) Your organization actively offers a good work life balance for its workers, for example, by considering flexible working hours.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

5) It creates a corporate culture that ensures prompt corrective action is taken against undesirable behavior including.

- b) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

6) Your company does not encourage its workers so that they develop real skills and long-term careers.

- b) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

7) The firm strives to deliver high value, quality products that meet and/or exceed the expectations of their customers.

- c) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

8) It ensures that all products meet the required safety and environmental standards.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

9) Your company has a process to ensure effective feedback and consultation with customers.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

10) The organization lets its customers to access information about its products

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

11) Your company did not have a process to ensure effective feedback and consultation with customers.

- b) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

12) Your company offers services for local community (e.g. financial aid and training).

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

13) Your company tried to purchase locally.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

14) The company has an open dialogue with the local community on adverse issues (e.g. accumulation of waste outside the factory).

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

15) The organization provides goods that can be used for socially beneficial purposes.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

16) Your company did not offer any service for local community.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

17) Your organization complies with the environmental laws, rules and regulations to promote environmental protection.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

18) The company tried to reduce the enterprises' environmental impact in terms of waste minimization and pollution prevention.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

19) The company tried to reduce the enterprises' environmental impact in terms of protection of the natural environment.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

20) The organization promotes environmental awareness by providing information to their employees to enhance their understanding of environmental issues.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

21) The company did not try to reduce the enterprises' environmental impact such as waste of the production process and pollution.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

22) Your organization tries to promote human rights in Ethiopia.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

23) The company tries to investigate how human rights might be affected by the various types of business operations.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

24) The organization includes in its code of conduct, the aspect of respect for human rights.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

25) Your organization takes adequate procedures against discrimination. (e.g. women, ethnic group)

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

26) Your organization contributes nothing to human rights in Ethiopia.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

27) The organization is transparent in the activities that the enterprise is involved. (For example in hiring)

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

28) The organization is also develops a sense of being accountable for the results of its activities.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

29) It ties to avoid or reduce corruption.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

30) The organization is not transparent in the activities that the enterprise is involved.

- a) Strongly agree b) Agree c) Neutral
d) Disagree e) Strongly disagree

31) In general the firm practices CSR.

a) Yes

b) No

Part II: Questions related to factors affecting the practice of corporate social responsibility

The table below contains probable factors which influence the company to practice corporate social responsibility. If you perceive that a single factor affects the corporate social responsibility practices of your company tick “Yes” otherwise “No”.

No.	Factor	Yes	No
1	Employee activism		
2	Consumers		
3	Community Enforcement		
4	Sustainability		
5	Profitability		
6	Government		
7	Media		
8	International organizations		
9	Self certification		
10	The size of the firm		
11	Products of the firm		
12	Production activities		
13	Location of the firm		
14	Leadership		
15	Reputation		
16	Ethics		
17	Awareness		
18	Shareholder activism		

Thank you once again for your kind cooperation!

Interview Guides

- 1) Does your company offer arrangements and procedures for the wellbeing of workers?
- 2) From the consumers' perspective, does your organization have a responsibility to the society?
- 3) What efforts are made in the enterprise to offer good community welfare?
- 4) What types of human rights are you handling?

Observation Checklists

- What does the condition of labor handling in Addis Ababa and Awash Tanneries look like?
- How much do both firms try to protect the environment from pollution and damage?
- How much do both firms contribute to the struggle against corruption?